

Stock Code: 6023



Yuanta Futures Co., Ltd.

2022 Annual Report

Date published: January 31, 2023

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

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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 financial market remained in turbulence in 2022. The outbreak of the military conflicts between Russia and Ukraine in the first quarter of the year led to prices soaring in global energy and raw materials. China adopted a strict containment measure to deal with the secondary outbreak of the pandemic, causing another impact on the global supply chain and inflation. The global central banks successively adopted monetary tightening policies, raised interest rates, and reduced bond purchases. Since the economies of many countries remain affected by geopolitics, financial fluctuations, etc., the demand for hedging and trading in the futures market has gone up. The trading volume of global futures and options reached a new high in 2022 for a volume of 83.85 billion units, an increase of 34% over last year.

In terms of global options trading, according to the statistics from the Futures Industry Association (FIA), futures trading volume increased by only 0.1% compared with last year, while options increased by 63.7% compared with last year. In terms of the commodity category, the trading volume of stocks and stock price indexes remains the highest, accounting for 73.7%, with an annual growth rate of 47.7%; followed by exchange rate transactions accounting for 9.2%, with an annual growth rate of 38.8%; then, interest rate transactions accounting for 6.1%, with an annual growth rate of 12.4%. The transaction volume of agricultural category, energy, and metal contracts declined from that of in the same period last year.

In terms of the domestic market, due to the impact of inflation and soaring interest rate, the real economic growth is sluggish. The average daily volume of Taiwan stock market was NT\$242.1 billion in 2022, an annual decrease of 38.1%, which affected the hedging demand in the Taiwan futures market negatively as a result. The option transactions reached 384 million units in 2022, a slight decrease of 2% from 392 million units in 2021, of which the daily trading volume dropped by 16.7%, while the night trading volume increased by 59.3% compared with last year, indicating that investors could connect to the trading hours of the US stocks through the night trading flexibly to help create a diversified trading trend in Taiwan's futures market. FITX, FIMTX, stocks and futures, and TXO were the most popular instruments traded in 2022. However, a wave of micro commodity trading has emerged in recent years. The average daily volume of MIMTX increased by 10.8% compared with last year. The average daily volume of ZEF increased by 25.2% compared with last year. The average daily volume of ZFF increased by 120% compared with last year. Also, the average daily trading volume of standard contract specifications declined, indicating the advantages of flexible fund use and low entry barriers for small contract specifications that made it a potential commodity in the futures market.

In terms of the regulatory environment, regarding the issues of great importance to the financial supervisory agencies in 2022, in terms of trading systems, for the protection of the trading rights and interests of financially disadvantaged groups, the competent authority enhanced the risk-tolerance evaluation of and trading monitoring mechanism for elderly traders, so that futures merchants could implement the Fair Dealing Principle. In addition, in terms of sustainable development, the competent authority issued the "Sustainable Development and Transformation Strategy for Securities and Futures Industry" in 2022, which included 3 structures, 10 strategies, and 27 specific measures with the relevant measures formulated, including the objectives of sustainable development and transformation of the securities and futures industry, promoting the

development of financial technology, and enhancing the protection of information security. The company strives to support the policies of the competent authorities, continues to enhance the information security protection network, optimizes and replaces the front-end and back-end operating systems, actively grasps opportunities for digital financial development, and expands digital platform channels. The company in response to the changes in laws and regulations complies with the supervisory regulations prudently, deepens the company's risk control and internal control system, and dynamically adjusts the company's operating policies and operating procedures through formulating internal regulations and education and training so as to ensure operational stability and protect customer rights.

While facing the concern over inflation and the global trade uncertainties in the post-pandemic era, the company will continue to integrate the department of legal compliance, risk management, information, settlement, and auditing, to establish a solid control line of defense across departments, to comprehensively enhance the company's internal policies and risk control measures, and to improve the cognition and cultural development of relevant personnel on risk control, money laundering prevention, and combating terrorism financing in order to effectively substantiate the objectives of customer risk management and stable operation.

II. Operating results

The company continued to enhance various operations and management in 2022, including improving the profitability of shareholders' equity, substantiating risk management, enhancing brokerage and trading objectives, etc., and had achieved various operational objectives as follows:

- (I) In terms of financial performance, the Company's net income was NT\$1,145 million, the highest of the futures brokerage; also, the net EPS was NT\$3.95 and ROE after tax was 9.08%.
- (II) In terms of business performance, the market share of futures brokerage was 21.95% with 80.48 million lots traded, the market share of option brokerage was 19.22% with 77.34 million lots traded, and the market share of foreign futures was 25.14% with 12.26 million lots traded.
- (III) In terms of corporate governance implementation: The company adheres to the principle of the highest ethical corporate management to establish a rigorous corporate governance system and to substantiate internal control, compliance with laws and regulations, and risk control. Also, for the protection of the customers' rights and interests, the company convenes the Fair Dealing Principle meeting every quarter, and reports the implementation result to the board of directors. The board of directors supervises the indicators and actions related to customer rights and interests. The related governance performance has been repeatedly recognized and won domestic and foreign corporate governance awards.
 1. The company was ranked on the top 5% of the TPEX companies in the 8th "Corporate Governance Evaluation" of Taiwan Stock Exchange and has been awarded for 8 consecutive years since 2015, demonstrating the high affirmation of the company's substantiating corporate governance by the competent authority.
 2. The company was ranked for the first time in the top 25% of the futures category in the "Evaluation of Fair Dealing Principle in the Financial Services Industry" announced by the Financial Supervisory Commission.

3. Yuanta Futures is the first futures merchant to receive an excellent domestic long-term credit rating of “AA-(tw’n)” and a domestic short-term credit rating of “F1+(tw’n)” from Fitch Ratings and a prospect of “stable.”
4. Received Taiwan Intellectual Property Management System (TIPS) Level A certification for two consecutive years.

(IV) In terms of award-winning records and international certification: The company as a leading “Futures Brand” in Taiwan values the importance of promoting the sustainable development of the industry while securing financial business development and generating profits; also, taking into account the research and development capabilities and innovation, striving to provide investors with the best futures trading platform services, and adhering to the core value of the brand in order to become the brand benchmark in the Asian financial market.

Credits and honors in 2022:

1. No. 1 in futures companies amongst the Top 5000 large corporations in Taiwan.
2. National Brand E.Sun Award “Outstanding Enterprise Award” and “Best Product Award: iTRADER”
3. Ranked No. 3 on the Little Giant List of “CommonWealth Magazine Sustainable Citizenship Award” – the only futures enterprise on the list, winning the award for five consecutive years.
4. Awarded with the “Best Brokerage House of the year” by The Asset magazine.
5. The Asset Magazine awarded the “ESG Corporate Awards Platinum Medal.”
6. Taiwan Futures Exchange 8th “Futures Diamond Award – Futures Brokers Trading Volume Diamond Award No. 1” and “Futures Market Promotion Diamond Award”
7. The 2021 sustainability report has been certified for the first time by the British Standards Institution – Taiwan Branch (BSI) with a confirmation report issued by the CPA.
8. The company strives to introduce various ISO management tools, and has been certified by the British Standards Institute Taiwan Branch for: ISO 14001 Environmental Management System, ISO 14064-1 Greenhouse Gas, ISO 45001 Occupational Health and Safety Management System, ISO 20400 Sustainable Procurement Guidelines, ISO 14046 Environmental Management – Water Footprint, ISO 27001 Information Security Management System, ISO 10002 Customer Complaint Management System, and BS 10012 PIMS Personal Information Management System.

(V) The Company’s 2022 income and expense and profitability analysis as follows:

(Unit NTD thousand)

Item	2022	2021	Difference	Variation
Operating gains	3,999,798	3,888,691	111,107	2.86%
Earnings before tax	1,422,465	1,048,960	373,505	35.61%
Current period net profit	1,145,348	860,282	285,066	33.14%
Net worth (NT\$100mn)	128.7	123.5	5.2	4.21%
After-tax EPS (NTD)	3.95	2.97	0.98	33.00%
Return on shareholders' equity	9.08%	7.11%	1.97	27.71%

III. Research and development

- (I) Construct and develop various front-end trading systems and back-end accounting systems in response to the launch of new products and new systems by Taiwan Futures Exchange; also, enhance system functions and comply with various regulatory projects of the competent authority. In addition, Yuanta Futures has constructed a security information and event management system (SIEM) along with the increasing awareness of information security protection in recent years; also, introduced an endpoint security protection system with ISO 27001 certification performed continuously in order to ensure the security of customers' trading environments.
- (II) Continue to refine the readability and diversity of research reports, and provide traders with more real-time research information in the form of community posts, audio-visual, and audio. Prepare customized industry and corporate project briefings for corporate customers; provide strategic hedging and forward-looking analysis to have futures services extended to industry and corporate physical economy services.
- (III) Launch various trading platforms to meet the diverse needs of customers for PC and mobile orders. Launched Yuanta Futures' own electronic trading platform – iTRADER in 2021 with its functions optimized continuously. New technologies, such as robotic process automation (RPA) and digital reporting system, are introduced to the back-end operation process simultaneously to provide customers with smoother service performance in order to improve operation efficiency comprehensively. Yuanta Futures cooperated with the Group to introduce the Fast Identity Online (FIDO) in 2022. In the future, it will provide customers with a more convenient financial service experience and improve the convenience and security of financial transactions.

IV. Future operating plans and development strategies

In the prospect of 2023, Yuanta Futures takes “ethical management, sustainable wealth” as the core of its business strategy to realize a stable and profitable operating policy and to achieve the objective of sustainable development. Yuanta Futures adheres to the belief in “integrity”; bases the business operation on corporate governance and legal compliance, risk management and customer care, and implementation of fair dealing principle and friendly service; focuses on expanding various business momentum; develops overseas markets; establishes a competitive advantage against peers; works to become a large futures merchant in Asia. Also, Yuanta Futures incorporates the concept of sustainable development into business strategies, promotes green operations and sustainable commodities comprehensively, accelerates the promotion of digital transformation engineering, and grasps green financial business opportunities to create maximum value for employees, customers, and shareholders.

In 2023, the operating plans of Yuanta Futures are highlighted below:

- (I) Expand the momentum of the brokerage business team, and increase the market share and gross profit margin of domestic and foreign options.
- (II) Focus on profitable business opportunities in leveraged business, and actively expand the market scale.
- (III) The trading team operates steadily and continues to optimize trading strategies.
- (IV) Expand cross-border services in the Asia-Pacific region, and enhance the synergy of reinvestment business.
- (V) Optimize digital financial value-added services and improve the information security protection system.
- (VI) Realize sustainable business operations and substantiate ESG action objectives.

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, Ziyou 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.
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.

Year	Major events:
2004	<ul style="list-style-type: none"> ● 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. ● 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 trading, arbitrage modeling etc. ● 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.

Year

Major events:

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- 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
- 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.
 - 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
- In January, The Company was granted the role of Market Maker for TAIFEX NT Dollar Gold Futures.

Year

Major events:

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- 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 commenced business on 11 November.
 - 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 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
- 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.

Year	Major events:
2010	<ul style="list-style-type: none"> ● 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 Taiwan. ● 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. ● 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.

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- Our "Global Strategic Platform" launched in May offered a fine selection of trading strategies, through which investors were able to minimize risks and choose portfolios that best suited their preferences.
 - 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 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
- 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 "Yuanta Futures Co., Ltd."
 - 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.
 - 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.

Year

Major events:

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- 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.
 - July: Entered into MOU with China Development Bank Futures in consulting cooperation
 - 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.
 - August: Entered into the “Agreement on Futures Options Consulting Cooperation” with China Development Bank Futures of Mainland China.
 - October: Worked in cooperation with CME Group in holding the “US Bonds Election Campaign”, with US bonds as the products in the contest.
 - 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.
 - 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.
 - 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.
 - 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
- 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.
 - 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.
 - In April, transferred the investment in the subordinate, SYF Information (Shanghai) Limited in China and was officially licensed to run a business for an enterprise legal person in China. It is leading the industry in running business and operations actively in China.
 - 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

Year	Major events:
2014	<p>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.</p> <ul style="list-style-type: none"> ● 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. ● 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 products. ● 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

Year	Major events:
2015	<p>arranged in Taipei, Hsinchu, Taichung, Tainan, and Kaohsiung that attracted more than 1,100 young student participants.</p> <ul style="list-style-type: none"> ● 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 Yuanta Securities won the third place in the IB trade Gold Medal. ● 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. ● 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.

Year	Major events:
2016	<ul style="list-style-type: none"> ● 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. <hr/> <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. ● 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.
2017	<ul style="list-style-type: none"> ● 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. ● The capital increase of the subsidiary, Yuanta Futures (HK) Co., Limited., was authorized by the competent authorities in April and the process of capitalization was completed in October 2018. ● 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.

Year

Major events:

2018

- 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 Award.
- In November, awarded with the “Outstanding Enterprise and “Most Popular Brand” at the 14th National Brand Yushan Award.
- In December, awarded with the “Outstanding Futures Talent”, “Outstanding Risk Management”, “Outstanding Financial Innovation” at the 14th Golden Goblet Award.
- 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.
- In March, the Company launched the independently developed “Smart API” with high compatibility with various programming languages in the market.
- In May, Awarded with the honor of the 4th corporate governance “OTC company top five-percent performance.”
- In May, the Company was rated No. 1 in the futures sector, Taiwan Top 2000, *CommonWealth Magazine*.
- In June, No. 1 in futures companies amongst the Top 5000 large corporations in Taiwan.
- In August, the Company was the only public futures company to win the “Excellence in Corporate Social Responsibility” in the Little Giant Group.
- 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.
- In September, awarded with the “Derivatives House of the Year - Highly Commended)” by The Asset magazine.
- In September, the Company was awarded the Emerging Market Non-Bank Broker of the Year from the FOW Awards for Asia.
- 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.
- In October, awarded with the “Outstanding Enterprise and “Most Popular Brand” at the 15th National Brand Yushan Award.
- In November, awarded with the 72th ROC Excellent Businessmen Award.

Year	Major events:
2019	<ul style="list-style-type: none"> ● 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. ● 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 market.

Year

Major events:

Year	Major events:
	<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 Digital Technologies Project”. ● 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.

Year

Major events:

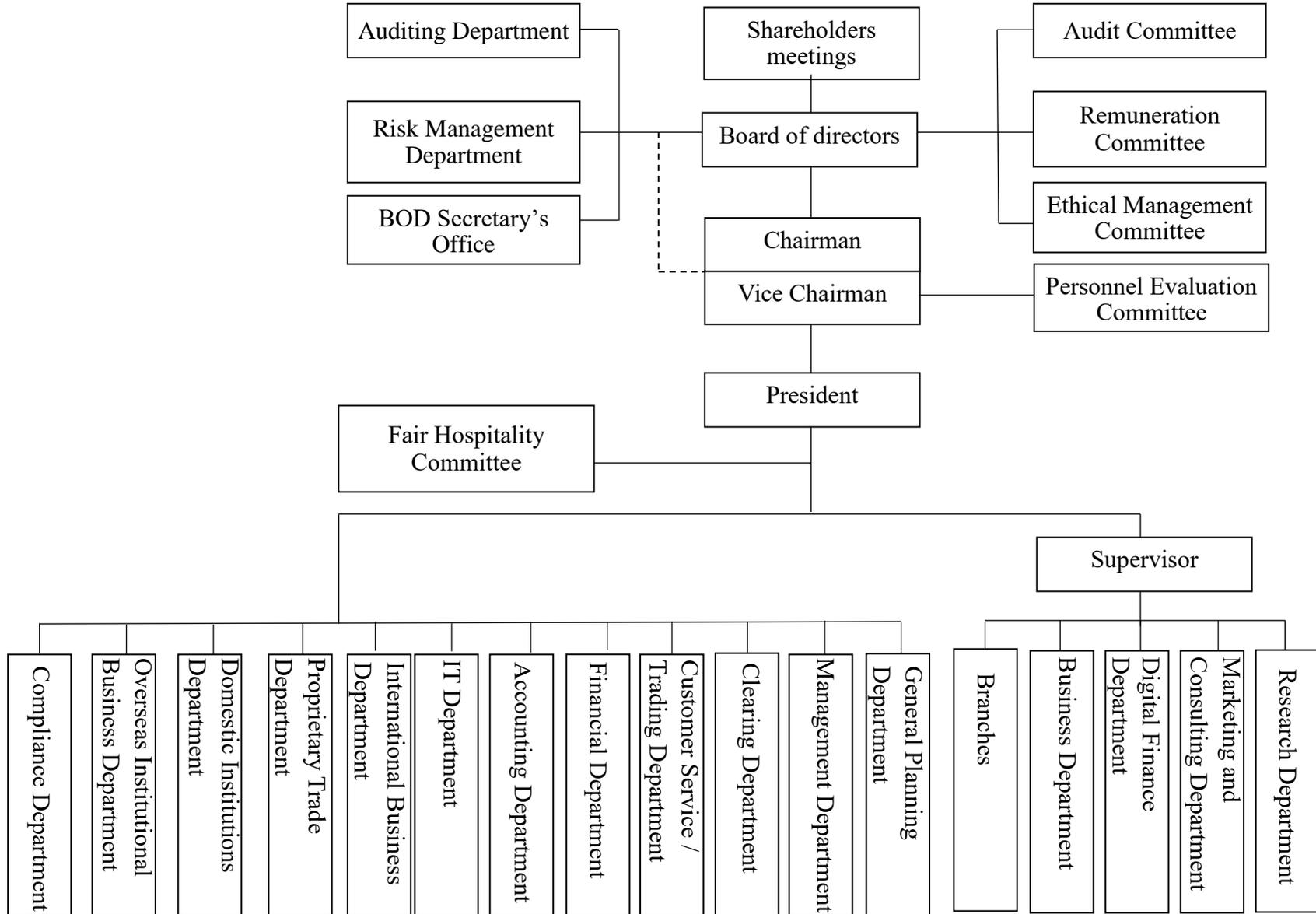
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- The Company received a long-term credit rating of “AA-(tw’n)” from Fitch Ratings in August with a prospect of “stable.”
 - The Company was awarded with the 7th Futures Diamond Award “Futures Merchants Trading Volume Diamond Award” in August, ranked 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 *CommonWealth Magazine* and supported clean beach movement in the Bali Beidi Beach.
 - 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 operations in December.
 - 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.
- 2022
- In April, Awarded with the honor of the 8th corporate governance “OTC company top five-percent performance.”
 - The company based on the “commercial green power model” to purchase renewable energy (green power) in April. Taichung branch was the first futures trading base in Taiwan to use “100% green power.”
 - Won the “Outstanding Enterprise Award” and “Best Product Award-iTRADER” of the 19th National Brand Yushan Award in June.
 - In July, No. 1 in futures companies amongst the Top 5000 large corporations in Taiwan.
 - Selected as the top 25% of the futures industry in the “Principle for Financial Service Industries to Treat Clients Fairly” by the Financial Supervisory Commission in July.
 - On the winner list of “the 8th Diamond Award” of Taiwan Futures Exchange, the winning futures broker in trading volume for seven consecutive terms, and awarded

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- with the “Futures Market Promotion Diamond Award” by other juridical institution in August.
 - Ranked in the 3rd place of the “Excellence in Corporate Social Responsibility” Rising Star List of the *CommonWealth Magazine* in September for five consecutive terms, the one and only futures merchant on the list.
 - The Company was awarded with the “Investment Awards - 2022 Best Futures Merchant” by The Asset in September.
 - Received an excellent domestic long-term credit rating of “AA-(tw)
 - Received an excellent domestic long-term credit rating of “AA-(tw)” and a domestic short-term credit rating of “F1+(tw)” from Fitch Ratings and a prospect of “stable” in September.
 - The company’s 2021 Sustainability Report was audited and certified by the British Standards Institution Taiwan Branch (BSI) for the first time in September with an assurance report issued by the CPA.
 - Approved by Taiwan Financial Supervisory Commission to invest in Yuanta International (Singapore) Company in November with the company registration certificate obtained from the Accounting and Corporate Regulatory Authority (Singapore).
 - Obtained Level-A certification of the Industrial Development Bureau, Ministry of Economic Affairs – Taiwan Intellectual Property Management System (TIPS) in December.
 - In October, signed the “Tan Shui River Convention” in response to the urge of *CommonWealth Magazine* and supported clean beach movement in the Danshui River Wazaiwei Natural Ecological Reserve.
 - Received the Occupational Safety and Health Administration, Ministry of Labor(OSHA) - The best 10% excellent enterprise of the non-required documents disclosures of 《Global Reporting Initiative in accordance with the Standards, GRI 403 : Occupational Health and Safety》 in November.
 - Received the “Information Resilience – Excellence Award” from the British Standards Institution (BSI) in December.
 - Awarded with The Asset “ESG Corporate Awards – 2022 ESG Platinum Award” in January 2023.

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	Responsible for collecting the governing laws and regulations related to the company's business operations and analyzing and reviewing its legality; the planning, management, and implementation of law compliance system, and handling and supervising the company's anti-money laundering and combating terrorism financing operations, research on and management of external contracts, and consultation and handling of legal disputes or litigations.
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 sustainable development, 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, repairmen, 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.
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.
Marketing and Consulting Department	Counsel and assist futures introducing brokers, solicit and act as an agent of the company to help investors open accounts, place orders, etc., and accept the entrustment by specific individuals; also, provide research and analysis opinions or suggestions on futures trading related matters, issue publications or hold seminars, and other futures consulting services.
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, 2023

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 71	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, Director of Yuanta Securities Co., Ltd., 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 60	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.	Vice Chairman of the Company, Chief Executive Officer of the Corporate Finance Division of Yuanta Financial Holdings Co., Ltd., Director of Yuanta Bank Co., Ltd., Director of Yuanta Venture Capital Co., Ltd., Director of Yuanta	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 and Vice President of Oversea-Chinese Banking Corporation Limited President of Brokerage Department, Polaris Securities Co., Ltd. Master, Banking and Finance, National Taiwan University	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.			
Director	Republic of China	Yuanta Financial Holding Co., Ltd. Representative: Hsien-Tao Chiu (Note 4)	Male 75	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., Chairman of Fayaque International Co., Ltd.	None	None	None
Director	Republic of China	Yuanta Financial Holding Co., Ltd. Representative: Yueh-Tsang Li (Note 4)	Male 73	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: Pin-Cheng Chen (Note 4)	Male 59	2022.05.24	Two years and two months	2022.05.24	0	0%	0	0%	0	0%	0	0%	Director of KGI Futures Co., Ltd. President of KGI Securities (Thailand) Co., Ltd. Chairman of Grand Cathay Futures Co., Ltd.	Director of Yuanta Securities Co., Ltd.; Director of Alcor Micro, Corp.	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
															President of Grand Cathay Securities Corporation Director and President of Grand Cathay Securities (Hong Kong) Corporation Chairman of United Overseas Bank (Hong Kong) MBA, Syracuse University, USA				
Director	Republic of China	Yuanta Financial Holding Co., Ltd. Representative: Wei-Chen Chang (Note 4)	Male 52	2022.05.24	Two years and two months	2022.05.24	0	0%	0	0%	0	0%	0	0%	Vice President of Yuanta Securities Co., Ltd. MBA, Tulane University, USA	Vice President of the Department of Juridical Person of Yuanta Financial Holdings and Vice President of Yuanta Bank	None	None	None
Director	Republic of China	Yuanta Financial Holding Co., Ltd. Representative: Kuo-Tsun Hsu	Male 50	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 60	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 72	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	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
														Chairman of MasterLink Investment Consulting Co., Ltd. Independent Director of Taiwan Mask Corporation Independent Director of Chun Zu Machinery Industry Co., Ltd. Supervisor of Browave Corporation					
Former Independent Director	Republic of China	Nai-Kuan Huang (Note 5)	Male (dead)	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 66	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 Yuanta Life Insurance Company, 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: Yuanta Financial Holdings had Pin-Cheng Chen and Wei-Chen Chang delegated as the representative on April 16, 2022 for the period of May 24, 2022 ~ July 4, 2024. The former representative, Hsien-Tao Chiu and Yuch-Tsang Li, were discharged on 24, 2022.

Note 5: Nai-Kuang Huang, an independent director, deceased on January 28, 2023, and the vacancy will be filled with an election to be held in the latest shareholders meeting.

(II) Corporate shareholders' main shareholders

Date of information: August 20, 2022

Name of corporate shareholder	Corporate shareholders' main shareholders
Yuanta Financial Holding Co., Ltd.	Tsun Chueh Investment Co., Ltd. (3.54%), Hejia Investment Co., Ltd (3.32%), Yuan Hung Investment Co., Ltd. (2.92%), Yuan Hsiang Investment Co., Ltd. (2.89%), Trust account entrusted with Yuanta Bank (2.46%), Fubon Life Insurance Co., Ltd. (2.29%), Singapore Government Investment Account in the custody of Citibank (Taiwan) (2.18%), Yu Yang Investment Co., Ltd. (2.16%), Bank of Taiwan (2.10%), Teng Ta Investment Co., Ltd. (2.04%)

Note: The data of the top-10 shareholders are compiled according to the data of Yuanta Financial Holdings on the latest stock ex-rights date (August 20, 2022).

(III) Major shareholders of major corporate shareholders listed

Date of information: January 1, 2023

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%)
Hejia Investment Co., Ltd	Chen-Hai Lin (50%), Shu-Chiung Tseng (50%)
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%), Chiu Ta Investment Co., Ltd. (9.96%), Li-Chuang Tu (5.01%), Hsing Tsai Investment Co., Ltd. (2.96%)
Trust account entrusted with Yuanta Bank	Not applicable
Fubon Life Insurance Co., Ltd.	Fubon Financial Holding Co., Ltd. (100%)
Singapore Government Investment Account in the custody of Citibank (Taiwan)	Not applicable
Yu Yang Investment Co., Ltd.	Tsun Chueh Investment Co., Ltd. (100%)
Bank of Taiwan	Taiwan Financial Holdings (100%)
Teng Ta Investment Co., Ltd.	Lien Heng Investment Co., Ltd. (53.58%), Miao Kao Venture Capital Investment Co., Ltd. (45.87%), Li-Chuang Tu (0.55%)

(IV) The professional knowledge and independence of the directors

Date of information: January 1, 2023

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>The 11th Board of Directors Yuanta Financial Holdings Co., Ltd. Representative: Tien-Fu Lin</p>	<p>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>	<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: 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 more of the total number of issued shares of the company or ranking in the top 10 in holdings. 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; 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</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>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: Hsiao-Ling Chou</p>	<p>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.</p> <p>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.</p>	<p>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:</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</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>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 Company Act.</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>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</p>	<p>0</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>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: 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</p>	<p>0</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>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: Pin-Cheng Chen</p>	<p>Pin-Cheng Chen was the Vice Chairman of KGI Futures, the Chairman of UOB Holdings (Hong Kong), the Chairman of Grand Cathay Futures Corporation, the Director and President of UOB Securities (Hong Kong), the President of Grand Cathay Securities Corporation, and the President of KGI Securities (Thailand).</p> <p>Pin-Cheng Chen has a master's degree in business administration received from Syracuse University in the United States. He has served as a director in the finance industry, possessed professional capabilities in business management, leadership and decision-making, and finance, and has not</p>	<p>During the two years before being elected or during the term of office, Director Pin-Cheng Chen 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,</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
	committed any of the acts stated in Article 30 of the Company Act.	<p>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</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
		within the second degree of kinship with the directors and independent directors.	
The 11 th Board of Directors Yuanta Financial Holding Co., Ltd. Representative: Wei-Chen Chang	Wei-Chen Chang was the Vice President of Yuanta Securities. Wei-Chen Chang has a master's degree in business administration received from Tulane University in the United States. He has served as the Vice President in the finance industry, possessed professional capabilities in business management, leadership and decision-making, and finance, and has not committed any of the acts stated in Article 30 of the Company Act.	During the two years before being elected or during the term of office, Director Wei-Chen Chang 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	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
		within the second degree of kinship with the directors and independent directors.	
The 11 th 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 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. 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</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
		<p>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 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,</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
		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.”	
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 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. 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.	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: Employed by the company or any of its affiliated companies; Director or supervisor of the Company or 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 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. 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; 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	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
		<p>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</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
		their representatives elected as a director or supervisor pursuant to Article 27 of the Company Act	

(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 requirements 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. The ability to make judgments about operations.
2. Accounting and financial analysis ability.
3. Business management ability.
4. Crisis management ability.
5. Professional knowledge of futures and financial derivatives
6. An international market perspective.
7. Leadership ability.
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, 4 directors in the age group of 51~60 years old, and 3 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 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. Kuo-Tsun Hsu, the director, has worked for the company for more than a decade, possessed abundant experience in securities and futures, as well as business management, leadership and decision-making, and finance. Mei-Ling Kuo, the director, had worked in information and securities-related industries, possessed experience in finance and digital finance, as well as professional capabilities in business management, leadership and decision-making, and corporate management. Pin-Cheng Chen, the director, had served as a director in the finance industry, possessed professional capabilities in business management, leadership and decision-making, and finance. Wei-Chen Chang, the director, had served as a Vice President in the finance industry, possessed professional capabilities in business management, leadership decision-making, and finance. Yu-Chun Wu, the independent director, had held important positions in financial supervisory institutions and peripheral enterprises, possessed rich experience in securities and futures, financial supervision, and corporate governance operations, as well as professional capabilities in operation management, leadership and decision-making, and finance. 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. Nai-kuan Huang, former independent director, held important positions in the securities peripheral business, and has professional capabilities in information technology and electrical engineering. 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, 2023

Name of director	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	Republic of China	Female	-	V		V	V		V			V	V	V		

Name of director	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										
Vice Chairman																
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				
Pin-Cheng Chen Director	Republic of China	Male		V		V	V		V			V				
Wei-Chen Chang Director	Republic of China	Male		V		V	V		V			V				
Yu-Chun Wu 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
Nai-Kuan Huang Former Independent Director	Republic of China	Male	-	Pass away			V	V				V	V	V		

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

Date of information: January 1, 2023

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
Senior vice president	Republic of China	Ching-Jen Chen	Male	2022/03/16	0	0%	0	0%	0	0%	Vice President of the Operating Center of Yuanta Securities Co., Ltd.. MBA, Feng Chia University	Chairman, SYF Information Co., Ltd.	None	None	None	None
Senior vice president	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	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
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	Republic of China	Wei-Pin Chuang	Male	2017/04/17	0	0%	0	0%	0	0%	Vice President, Business Division, KGI Securities Master of Economics, Soochow University	None	None	None	None	None
Vice President	Republic of China	Ching-Yi Chang	Female	2022/07/01	20,000	0.01%	0	0%	0	0%	Vice President, Domestic Juristic Person Department, Yuanta Futures Dept of Business Administration, Shih Chien University	Director, Yuanta Futures (HK) Co., Limited	None	None	None	None
Vice President	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	Director, Yuanta Futures (HK) Co., Limited	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	
											Department of Economics, University of Washington, USA					
Vice President	Republic of China	Liang-Hui Yuan	Female	2019/06/01	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	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
Senior Assistant Vice Presidents	Republic of China	Yu-Hung Chen	Male	2019/06/01	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 Assistant Vice Presidents	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 Assistant Vice Presidents	Republic of China	Hsiu-Ling Chung	Female	2019/06/01	0	0%	0	0%	0	0%	Manager, Management Dept., Yuanta Futures MBA, National Chiayi University	Professional Senior Asst VP, Administrative Department, Yuanta Financial Holdings Co., Ltd.	None	None	None	None
Senior Assistant Vice Presidents	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

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 Assistant Vice Presidents	Republic of China	Hsin-Hsien Li	Male	2022/06/01	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
Senior Assistant Vice Presidents	Republic of China	Feng-An Liu	Male	2022/06/01	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
Senior Assistant Vice Presidents	Republic of China	Wei-Ching Chien	Female	2022/10/01	16,000	0.01%	0	0%	0	0%	Asst VP, Risk Management Department, Yuanta Futures Master of Business Administration, University of Liverpool, UK	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
Assistant Manager	Republic of China	Ming-Wen Tsou	Male	2022/05/01	0	0%	0	0%	0	0%	Manager of Xindian Zhongzheng Branch of Yuanta Securities Co., Ltd. Master, Banking and Finance, Fu Jen Catholic University		None	None	None	None
Senior Manager	Republic of China	Li-Li Lin	Female	2018/05/01	0	0%	0	0%	0	0%	Senior Deputy Manager, Clearing Dept., Yuanta Futures	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	
											Department of General Business, Chihlee Institute of Technology					
Senior Manager	Republic of China	Chia-Hui Hu	Female	2020/07/01	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
Managers,	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
Managers,	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
Managers,	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, Tatong University	None	None	None	None	None
Assistant Manager	Republic of China	Sheng-Wei Wu	Male	2022/06/01	21,896	0.01%	0	0%	0	0%	Senior Manager, Auditing Department, Yuanta Futures Department of Agricultural Marketing, National Chung Hsing University	None	None	None	None	None
Assistant Manager	Republic of China	Tsung-Hsiang Chen	Male	2018/05/01	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

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	
Assistant Manager	Republic of China	Chen-Ling Hsu	Female	2022/06/01	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
Assistant Manager	Republic of China	Kuo-Liang Wang	Male	2020/07/01	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, 2023, 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)			
Chairman	Name of corporate shareholder: Yuanta Financial Holding Co., Ltd. Representative: Tien-Fu Lin	25,000	25,000					208	208	25,208 2.20%	25,208 2.20%									25,208 2.20%	25,208 2.20%	None
Vice Chairman	Name of corporate shareholder: Yuanta Financial Holding Co., Ltd. Representative: Hsiao-Ling Chou	20,000	20,000					208	208	20,208 1.76%	20,208 1.76%									20,208 1.76%	20,208 1.76%	3,019

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)	Cash amount	Stock amount		Cash amount	Stock amount	
Director	Director co-headed President																		
	Director					832	832	832	832	14,561	14,561			16		16	14,577	14,577	14,822
	Director							0.02%	0.02%								1.29%	1.29%	
	Director																		

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	Yueh-Tsan Li; Hsien-Tao Chiu; Mei-Ling Kuo; Pin-Cheng Chen; Wei-Chen Chang; Kuo-Tsun Hsu	Yueh-Tsan Li; Hsien-Tao Chiu; Mei-Ling Kuo; Pin-Cheng Chen; Wei-Chen Chang; Kuo-Tsun Hsu	Yueh-Tsan Li; Hsien-Tao Chiu; Mei-Ling Kuo; Pin-Cheng Chen; Wei-Chen Chang	Wei-Chen Chang
NT\$1,000,000 ~ NT\$2,000,000 (exclusive)	Yu-Chun Wu	Yu-Chun Wu	Yu-Chun Wu	Yueh-Tsan Li; Hsien-Tao Chiu; Pin-Cheng Chen; Yu-Chun Wu
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)				
NT\$5,000,000 ~ NT\$10,000,000 (exclusive)				
NT\$10,000,000 ~ NT\$15,000,000 (exclusive)			Kuo-Tsun Hsu	Mei-Ling Kuo; Kuo-Tsun Hsu
NT\$15,000,000 ~ NT\$30,000,000 (exclusive)	Hsiao-Ling Chou; Tien-Fu Lin	Hsiao-Ling Chou; Tien-Fu Lin	Hsiao-Ling Chou; Tien-Fu Lin	Hsiao-Ling Chou; Tien-Fu Lin
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	11 persons	11 persons	11 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. The director who also serves as the President or Vice President

concurrently shall fill out this form and the following form “Remuneration to President and Vice President” or the “Remuneration Bracket of President and Vice President.”

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 shown in the financial report (Note 5)	The Company	All companies contained in the financial report (Note 5)	The Company	All companies shown in the financial report (Note 5)	The Company		All companies contained in the financial report (Note 5)		The Company	All companies shown in the financial report (Note 5)	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
President	Kuo-Tsun Hsu	19,009	31,155	0	0	36,913	42,460	127	0	127	0	56,048 4.89%	73,741 6.44%	None
Senior Vice Presidents	Ching-Jen Chen													
Senior Vice Presidents	Chien-Wan Lai													
Senior Vice Presidents	Min-Fang Wu													
Senior Vice Presidents	Chia-Ling Tsai													
Vice President	Liang-Hui Yuan													
Vice President	Chun-Hao Chang													
Vice President	Ching-Yi Chang													
Vice President	Wei-Pin Chuang													
Vice President	Shih-Ming Lin													
(Yuanta Futures (HK) Limited) President	Chun-Hsing Jen													
(Yuanta Futures (HK) Limited) COO	Fu-Chi Hsieh													
(Yuanta Futures (HK) Limited) Vice President	Ho Ting													

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 2022/12/31, i.e., HKD: TWD=1:3. 9383.

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	Shih-Ming Lin; Ho Ting
NT\$3,500,000 ~ NT\$5,000,000 (exclusive)	Ching-Jen Chen; Chien-Wan Lai; Min-Fang Wu Liang-Hui Yuan, Ching-Yi Chang, Wei-Pin Chuang	Ching-Jen Chen; Chien-Wan Lai; Min-Fang Wu Liang-Hui Yuan, Ching-Yi Chang, Wei-Pin Chuang Fu-Chi Hsieh
NT\$5,000,000 ~ NT\$10,000,000 (exclusive)	Chia-Ling Tsai; Chun-Hao Chang	Chia-Ling Tsai; Chun-Hao Chang
NT\$10,000,000 ~ NT\$15,000,000 (exclusive)	Kuo-Tsun Hsu	Kuo-Tsun Hsu; Chun-Hsing Jen
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	10 persons	13 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. The director who also serves as the President or Vice President concurrently shall fill out this form and the aforementioned form "Remuneration to Director (including Independent Director)" (respective) or the "Remuneration Bracket of Director (Including independent director (summarized) and director (including independent directors))."

- 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.

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

Distribution base line date: July 7, 2022

	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	312 thousand dollars	312 thousand dollars	0.03%
	Senior Vice President, Auditing Dept.	Min-Fang Wu				
	Senior Vice President of the Domestic Institutions Department	Chia-Ling Tsai				
	Senior Vice President of Information Management	Chien-Wan Lai				
	Finance Department Vice President	Liang-Hui Yuan				
	Vice President, Proprietary Trading Dept. (leverage transaction merchants)	Wei-Pin Chuang				
	Vice President, International Business Department	Ching-Yi Chang				
	Vice President of the Overseas Institutional Business Department	Chun-Hao Chang				
	Senior Asst VP, Accounting Dept.	Hui-Ching Lu				
	Senior Asst VP, Management Department	Hsiu-Ling Chung				
	Senior Asst VP, Proprietary Trading Dept.	Yu-Hung Chen				
	Senior Asst VP, Compliance Dept.	Shu-Hui Shih				
	Senior Asst VP of Business Department	Feng-An Liu				
	Senior Asst VP, IT Department	Hsin-Hsien Li				
	Senior Asst VP, Risk Management Dept.	Wei-Ching Chien				
	Senior Manger, Customer Service / Trading Department	Chia-Hui Hu				
	Senior Manager, Clearing Department	Li-Li Lin				
	Manager of General Planning Department	Chien-Yi Li				
	Manager, Digital financial Department	Yu-Chen Lin				
	Manager, Research Department.	Yi-Chung Hsu				
Hsinchu Branch Manager	Sheng-Wei Wu					
Taichung Branch Manager	Tsung-Hsiang Chen					
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-3-0920001301 dated 27 March 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 P48-55 of the remuneration disclosure form, this form shall also be filled out accordingly.

(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
2021	860,282	76,119	8.85	73,993	8.6
2022	1,145,348	67,209	5.87	73,742	6.44

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 the 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, sustainable development 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 used to assess the implementation effectiveness of annual operating objectives (including sustainable development objectives) and business plans, such as: operating income, net income, return on shareholders' equity, and other important operating data.

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

It is used to assess the planning and implementation capabilities of mid-term and long-term strategic objectives, such as: the implementation of sustainable development policies, the reinforcement of core competitiveness, the reformation of operating models, the improvement of asset quality, the adjustment of income structure, the improvement 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

14 Board of Directors meetings were held in the latest year (2022); 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	14	0	100%	
Director	Yuanta Financial Holdings Co., Ltd. Representative: Hsiao-Ling Chou	14	0	100%	
Director	Yuanta Financial Holdings Co., Ltd. Representative: Kuo-Tsun Hsu	14	0	100%	
Director	Yuanta Financial Holdings Co., Ltd. Representative: Mei-Ling Kuo	14	0	100%	
Director	Yuanta Financial Holdings Co., Ltd. Representative: Pin-Cheng Chen	8	0	100%	Newly elected director; reassignment date on May 24, 2022.
Director	Yuanta Financial Holding Co., Ltd. Representative: Wei-Chen Chang	8	0	100%	Newly elected director; reassignment date on May 24, 2022.
Independent Director	Yu-Chun Wu	14	0	100%	
Independent Director	Hui-Erh Yuan	14	0	100%	
Former Director	Hsien-Tao Chiu	6	0	100%	Former director: The dismissal date was May 24, 2022. There were 6 meetings convened during the tenure.
Former Director	Yueh-Tsang Li	6	0	100%	Former director: The dismissal date was May 24, 2022. There were 6 meetings convened during the tenure.
Former Independent Director	Nai-Kuan Huang	14	0	100%	Former director: The dismissal date was January 28, 2023. There were 14 meetings convened 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 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 Nai-Kuan Huang. 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.
March 2, 2022	Director, Tien-Fu Lin Independent Director Yu-Chun Wu Director, Hsien-Tao Chiu	This is regarding the trade of securities and the use of proprietary funds for trading the securities issued by any stakeholders or self-	Chairman, Tien-Fu Lin; Independent Director, Yu-Chun Wu; Director, Hsien-Tao Chiu and Director, Yueh-Tsang Li are the	Chairman, Tien-Fu Lin; Independent Director, Yu-Chun Wu; Director, Hsien-Tao Chiu and Director, Yueh-Tsang Li related

	Director Yueh-Tsang Li	regulatory objects and the transactions linked to the underlying subject.	related party in the case.	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.
March 10, 2022	Director Kuo-Tsun Hsu	Presenting the 2021 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 2022 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 13, 2022	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, Tien-Fu Lin Independent	This is regarding the trade of securities and the use of	Chairman, Tien-Fu Lin; Independent Director, Yu-Chun	Chairman, Tien-Fu Lin; Independent Director, Yu-Chun

	<p>Director Yu-Chun Wu Director, Hsien-Tao Chiu Director Yueh-Tsang Li</p>	<p>proprietary funds for trading the securities issued by any stakeholders or self-regulatory objects and the transactions linked to the underlying subject.</p>	<p>Wu; Director, Hsien-Tao Chiu and Director, Yueh-Tsang Li are the related party in the case.</p>	<p>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.</p>
<p>May 24, 2022</p>	<p>Director, Tien-Fu Lin Independent Director Yu-Chun Wu Director, Pin-Cheng Chen</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, Independent director, Yu-Chun Wu and Director, Pin-Cheng Chen are the related party in the case.</p>	<p>Chairman, Tien-Fu Lin; Independent Director, Yu-Chun Wu; and Director, Pin-Cheng Chen 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 Kuo-Tsun Hsu</p>	<p>Amidst evaluation on a regular basis, we duly work out the salaries and remuneration for the Company's managerial officers.</p>	<p>Director, Kuo-Tsun Hsu is the related party in the case.</p>	<p>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.</p>
<p>June 29, 2022</p>	<p>Director, Tien-Fu Lin Vice Chairman: Hsiao-Ling Chou Independent Director Yu-Chun Wu Independent Director, Nai-Kuan</p>	<p>Amidst evaluation on a regular basis, we duly work out the salaries and remuneration for the Company's directors.</p>	<p>Chairman Tien-Fu Lin, Vice Chairman Hsiao-Ling Chou, Independent Director Yu-Chun Wu Independent Director Nai-Kuan Huang, Independent Director Hui-Erh Yuan,</p>	<p>This proposal was resolved by separate voting: (I) Remuneration of directors (excluding independent directors): All directors had stated in writing the important</p>

	<p>Huang Independent Director, Hui-Erh Yuan Director Kuo-Tsun Hsu Director Mei-Ling Ku Director, Pin-Cheng Chen Director, Wei-Chen Chang</p>		<p>Director Kuo-Tsun Hsu, Director Mei-Ling Kuo, Director Wei-Chen Chang and Director Wei-Chen Chang are the related party in the case.</p>	<p>content of their conflict of interests in the meeting, and had not participated in person or through proxy or by proxy in discussion and voting. Yu-Chun Wu, the independent director, acted as the chairman and the proposal was resolved and approved by the remaining independent directors present. (II) Remuneration of independent directors: All independent directors had stated in writing the important content of their conflict of interests in the meeting, and had not participated in person or through proxy or by proxy in discussion and voting. The proposal was resolved and approved by the remaining independent directors present.</p>
July 27, 2022	<p>Director, Tien- Fu Lin Independent Director Yu-Chun Wu Director, Pin-Cheng Chen</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, Independent director, Yu-Chun Wu and Director, Pin- Cheng Chen are the related party in the case.</p>	<p>Chairman, Tien- Fu Lin; Independent Director, Yu-Chun Wu; and Director, Pin-Cheng Chen 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</p>	<p>For an amendment for part of the Company's "Regulations of Retirement and Pension for the Chairman and the Vice Chairman of the Board."</p>	<p>Chairman, Tien- Fu Lin and Director, Hsiao-Ling Chou are the related party in the case.</p>	<p>Related parties Chairman Tien-Fu Lin and Director Hsiao-Ling Chou withdrew from conflict involvement (recusal) and from the discussions and voting processes. All other present directors</p>

				voiced no objection at all in response to inquiry by Independent Director, Yu-Chun Wu. 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.
September 28, 2022	Director, Tien-Fu Lin Independent Director Yu-Chun Wu Director, Pin-Cheng Chen	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 and Director, Pin-Cheng Chen are the related party in the case.	Chairman, Tien-Fu Lin; Independent Director, Yu-Chun Wu; and Director, Pin-Cheng Chen 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 7, 2022	Director, Tien-Fu Lin Independent Director Yu-Chun Wu Director, Pin-Cheng Chen	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 and Director, Pin-Cheng Chen are the related party in the case.	Chairman, Tien-Fu Lin; Independent Director, Yu-Chun Wu; and Director, Pin-Cheng Chen 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 28, 2022	Director Kuo-Tsun Hsu	Issues for audit plans in 2023.	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	Amendment for part of the Company's "Rules Governing the Distribution of Remuneration to Employees".	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, 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, Yu-Chun Wu. The issue was duly passed without objection.
January 16, 2023	Director, Tien-Fu Lin Vice Chairman: Hsiao-Ling Chou Director Kuo-Tsun Hsu	It is to resolve the group performance bonus of the chairman, vice chairman, president, and other senior executives 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, Yu-Chun Wu. The issue was duly passed without objection.
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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, 2021 ~ October 31, 2022
Evaluation scope (Note 3)	Board of Directors
Evaluation Method (Note 4)	<p>Appoint an external professional organization (Taiwan Corporate Governance Association) 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> <ol style="list-style-type: none"> I. Composition of the board of directors II. Guidance of the board of directors III. Authorization of the board of directors. IV. Supervision of the board of directors V. Communication of the board of directors VI. Internal control and risk management VII. Self-discipline of the board of directors. VIII. Others, such as board meetings, support systems, etc. <p>Evaluation, suggestions, and the company’s improvement plan and progress:</p> <ol style="list-style-type: none"> I. The company has formulated the “Regulations Governing the Implementation of Whistleblowing System,” established a whistleblower mailbox, designated the Department of Compliance to handle the reported incidents; also, the Audit Office is to investigate the reported incidents. Furthermore, the Audit Committee can receive them simultaneously, but the actual implementation practice has not been included in the relevant internal specifications. The company is recommended to further enhance the existing whistleblower mechanism; also, to incorporate the process of having emails received by independent directors and the processing units simultaneously into the “Regulations Governing the Implementation of Whistleblowing System” in order to ensure that such mechanism has been operated effectively. Improvement plan and implementation: The “Regulations Governing the Implementation of Whistleblowing System” will be reported to the board of directors in March in accordance with the suggestions of Taiwan Corporate Governance Association. II. The company had conducted the performance assessment of the board of directors and functional committees in accordance with the internal regulation “Rules for Performance Assessment of the Board of Directors and Functional Committees.” All board directors rendered a positive confirmation on the assessment results. A suggestion is proposed to the company to review the design of the performance assessment questionnaire for the board of directors and functional committees in order to substantiate the “spirit of accountability” of the board of directors, to reflect the sufficient guidance and

	<p>supervision of the board of directors more effectively, and to facilitate the review and summary of the refined action plans at the same time.</p> <p>Corrective action plan and implementation: The company will review the rationality of the performance assessment questionnaires of the board of directors and functional committees occasionally in the future with dynamic revisions implemented. In addition, the company will make appropriate adjustments and improvements based on the opinions and feedback of the board of directors.</p>
(II)	
Evaluation cycle (Note)	At least once every year
Evaluation duration (Note 2)	January 1, 2022 ~ December 31, 2022
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 Method (Note 4)	Self-evaluation of the board of directors, self-evaluation of functional committees, and self-evaluation of individual board director
Evaluation content (Note 5)	<p>The evaluation result of the 2022 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 23rd meeting of the 10th term on January 16, 2023.</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>

	<p>1. Mastering the company’s goals and tasks (3 questions in total): Both directors and independent directors gave positive evaluations.</p> <p>2. Cognition of the responsibilities of the directors (6 questions in total): Both directors and independent directors gave positive evaluations.</p> <p>3. The level of participation in the company’s operations (8 questions in total): Directors and independent directors gave positive evaluations.</p> <p>4. Internal relationship management and communication (3 questions in total): Both directors and independent directors gave positive evaluations.</p> <p>5. Professional and continuous education of directors (3 questions in total): Both directors and independent directors gave positive evaluations.</p> <p>6. Internal control (3 questions in total): Both directors and independent directors gave positive evaluations.</p> <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> <p>1. The level of participation in the company’s operations (9 questions in total): The committee members all gave positive evaluations.</p> <p>2. Cognition of the responsibilities of the audit committee (5 questions in total): The committee members all gave positive evaluations.</p> <p>3. Improvement of the decision-making quality of the audit committee (8 questions in total): The committee members all gave positive evaluations.</p> <p>4. The composition of the audit committee and the election of members (5 questions in total): The committee members all gave positive evaluations.</p> <p>5. Internal control (7 questions in total): The committee members all gave positive evaluations.</p> <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> <p>1. The level of participation in the company’s operations (5 questions in total): The 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, 2022 to December 31, 2022.

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 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.
- (II) 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 16 times (A) in the most recent year (2022). 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	16	0	100	
Independent Director	Hui-Erh Yuan	16	0	100	
Former Independent Director	Nai-Kuan Huang	16	0	100	Dismissal: The dismissal date was on January 28, 2023. There were 16 meetings convened in a year 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 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 20221 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.
 2. On March 2, 2022, the 11th Meeting of the 11th Audit Committee was duly convened.
 - ⊙ Proposal for lifting competition restrictions on the Company's directors
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 10th meeting of the 11th board of directors convened on March 2, 2022,

the issue was duly resolved by all present directors except those in interested involvement who duly withdrew from the event and submitted to the shareholder meeting.

- ◎ The Company's 2021 “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 planarity in the 10th meeting of the 11th board of directors convened on March 2, 2022.

- ◎ The Company's 2021 “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 planarity in the 10th meeting of the 11th board of directors convened on March 2, 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 planarity in the 10th meeting of the 11th board of directors convened on March 2, 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 11th meeting of the 10th board of directors convened on March 2, 2019, the issue was duly resolved by all present directors except those in interested involvement who duly withdrew from the event.

3. On March 10, 2022, the 11th Meeting of the 12th Audit Committee was duly convened.

- ◎ The Company’s consolidated individual and financial statements for 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 planarity in the 10th meeting of the 11th board of directors convened on March 10, 2022.

- ◎ The Company’s earnings distribution in 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 planarity in the 10th meeting of the 11th board of directors convened on March 10, 2022.

- ◎ Partial amendments to the “Regulations Governing the Acquisition or Disposal of Assets Regulations Governing the Acquisition or Disposal of Assets”.

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 planarity in the 10th meeting of the 11th board of directors convened on March 10, 2022.

4. On April 6, 2022, the 13th Meeting of the 11th Audit Committee was duly convened.

- ◎ 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 planarity in the 12th meeting of the 11th board of directors convened on April 13, 2022.

- ◎ 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 11th meeting of the 10th board of directors convened on April 13, 2022, 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 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 11th meeting of the 10th board of directors convened on April 13, 2022, the issue was duly resolved by all present directors except those in interested involvement who duly withdrew from the event.

5. On May 6, 2022, the 10th Meeting of the 11^h 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 planarity in the 10th meeting of the 11th board of directors convened on May 6, 2022.

6. On May 18, 2022, the 17th Meeting of the 11^h 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 planarity in the 15th meeting of the 11th board of directors convened on May 24, 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 15th meeting of the 11th board of directors convened on May 24, 2022, the issue was duly resolved by all present directors except those in interested involvement who duly withdrew from the event.

7. On June 22, 2022, the 18th Meeting of the 11^h 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 planarity in the 10th meeting of the 11th board of directors convened on June 29, 2022.

8. On July 20, 2022, the 19th Meeting of the 11^h Audit Committee was duly convened.

Committee: The issue was duly resolved by all present directors planarity in the 21st meeting of the 11th board of directors convened on December 7, 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 21st meeting of the 11th board of directors convened on December 7, 2022, the issue was duly resolved by all present directors except those in interested involvement who duly withdrew from the event.

12. On December 21, 2022, the 25th 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 planarity in the 22nd meeting of the 11th board of directors convened on December 28, 2022.

- ◎ Issues for audit plans in 2023.

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 13rd meeting of the 11th board of directors convened on December 28, 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
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.
March 2, 2022	Independent Director Yu-Chun Wu	This is regarding the trade of securities and the use of proprietary funds for trading the securities issued	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.

		by any stakeholders or self-regulatory objects and the transactions linked to the underlying subject.		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.
April 6, 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.
May 18, 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.
July 20, 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.

September 21, 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.
December 23, 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 16 meetings in 2022, 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. Reviewed the “Statement of Internal Control System” and “Statement of Internal Control System on Money Laundering Control and Counter-Terrorism Financing.”
3. Review the 2021 consolidated and standalone financial reports, and the first half of 2022 consolidated and standalone financial reports.
4. Amendment of the revision of the “Internal Control System” and the “Enforcement Rules of Internal Audit”.
5. Partial amendments to the “Regulations Governing the Acquisition or Disposal of Assets Regulations Governing the Acquisition or Disposal of Assets”.

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 (%) is based on the number of Audit Committee meetings held during his/her tenure

(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	
I. 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> <ol style="list-style-type: none"> 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.yuantafutures.com.tw/corporategovernance_07). 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. 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, Ethnical 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. 	There is no difference detected.
II. Shareholding structure and shareholders’ equity (1) Will the Company have the internal procedures regulated to handle shareholders’ proposals, doubts,	V		<p>II. (I)</p> <ol style="list-style-type: none"> 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 	There is no difference detected.

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	
<p>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 related parties?</p> <p>(IV) Will the Company set up internal norms to prohibit insiders from</p>	V		<p>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> <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</p>	

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	
utilizing the undisclosed information to trade securities?	V		<p>overall risk management, control, supervision, and enforcement.</p> <p>(IV)</p> <ol style="list-style-type: none"> 1. The Company has the “Procedures for Handling Material Insider Information” regulated to prohibit insiders from utilizing the undisclosed information to trade securities. 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. 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>III. The constitution and obligations of the board of directors</p> <p>(I) Does the board of directors disclose the drafted diversity policies, specific management objectives, and implementation on the company’s website?</p>	V		<p>III.</p> <p>(I)</p> <ol style="list-style-type: none"> 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. 2. In order to achieve the ideal goal of corporate governance, the board of directors should have the 	There is no difference detected.

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	
<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</p>	V		<p>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 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</p>	

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	
<p>“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>	V		<p>functional committees will be evaluated based on the needs of operational development.</p> <p>(III)</p> <ol style="list-style-type: none"> 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. 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. 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). 	
	V		<p>(IV)</p> <ol style="list-style-type: none"> 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 	

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	
			<p>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 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 26th meeting of the 11th batch of audit committee on February 1, 2023 and the 24th meeting of the 11th batch of board on February 8, 2023 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	V		<p>IV.</p> <p>1. The company protects the rights and interests of shareholders and enhances the occupational functions of the board of directors in response to the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies." The board of directors resolved and approved the establishment of a corporate governance unit "Secretary Office of the Board of Directors" on October 31, 2018. Lianghui Yuan, the Vice President, is to serve as the Corporate Governance Officer who has abundant experience in financial and accounting management. Lianghui Yuan has served as a financial supervisor in the company for more than 10 years and met the qualification requirements. The "Secretary Office of the Board of Directors" is setup with competent and appropriate personnel designated to provide the board directors and Audit Committee members with the information needed to perform their duties, to assist directors and independent directors in complying with laws and regulations, and to be responsible for company registration, the affairs related to the Audit Committee meetings, board of directors meetings, and shareholders' meetings, and other corporate governance-related matters.</p> <p>2. The 2022 performance of the "BOD Secretary's Office" is as follows: (1) 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</p>	There is no difference detected.

Assessment items	Actual governance		Summary description	Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No		
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)?			<p>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>(2) Handle matters related to the Audit Committee meetings, the Board of Directors meetings, and the shareholders' meetings: Report the corporate governance implementation status to the Audit Committee and the Board of Directors regularly, confirm that the meeting procedures comply with relevant laws and corporate governance best-practice principles and codes, convene meetings, and provide meeting materials. The meeting agenda and notice should be issued 7 days in advance. A friendly reminder should be issued to directors who should have themselves recused from participating in the discussion or voting on specific proposals due to a conflict of interest. In addition, distribute the meeting minutes within 20 days after the meeting, arrange respective meetings for Audit Committee members, internal auditors, and risk control members to communicate with the CPAs in order to improve the efficient operation of the company's Audit Committee, to assist directors to comply with laws and regulations in performing job responsibility or in reaching a formal resolution of the board of directors, to release material information on important resolutions of the board of directors after the meeting, to ensure the legality and correctness of the content of material information announced in order to protect investors from information asymmetry, to process the registration for the shareholders' meeting prior to the commencement date, to prepare meeting notices, meeting handbook, meeting agenda, and to handle change registration at the time when the Articles of Incorporation or re-election of the board of directors takes place.</p> <p>(3) It is regarding company registration and change registration related matters.</p> <p>(4) Regular and irregular information disclosures on the Market Observation Post System.</p> <p>(5) Handle tasks related to corporate governance evaluation.</p> <p>3. Executive Vice President Liang-Hui Yuan has served as the head of corporate governance since July 1, 2022, and has a total of 18 hours of continuing education in 2022.</p>	

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies																																				
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			<table border="1"> <thead> <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> </thead> <tbody> <tr> <td rowspan="5">Corporate Governance Officer</td> <td rowspan="5">Liang-Hui Yuan</td> <td>2022/07/06</td> <td>2022/07/06</td> <td>Taiwan Securities Association</td> <td>Preparation of corporate financial reports, key audit matters, and analysis of financial reports</td> <td>3</td> </tr> <tr> <td>2022/07/14</td> <td>2022/07/14</td> <td>Taiwan Securities Association</td> <td>The latest trends in money laundering control and counter-terrorism financing (including insider trading prevention propaganda)</td> <td>3</td> </tr> <tr> <td>2022/08/10</td> <td>2022/08/10</td> <td>Taiwan Securities Association</td> <td>Challenges and opportunities of sustainable development</td> <td>3</td> </tr> <tr> <td>2022/08/11</td> <td>2022/08/11</td> <td>Taiwan Securities Association</td> <td>Enhance the information security resilience of the financial industry and the practice of risk management trends in the financial industry.</td> <td>3</td> </tr> <tr> <td>2022/09/22</td> <td>2022/09/22</td> <td>Taiwan Securities Association</td> <td>The “Principle for Financial Service Industries to Treat Clients Fairly” and the Protection and Empowerment of</td> <td>3</td> </tr> </tbody> </table>	Title	Name	Training date		Organizer	Course name	Training Hours	Start	End	Corporate Governance Officer	Liang-Hui Yuan	2022/07/06	2022/07/06	Taiwan Securities Association	Preparation of corporate financial reports, key audit matters, and analysis of financial reports	3	2022/07/14	2022/07/14	Taiwan Securities Association	The latest trends in money laundering control and counter-terrorism financing (including insider trading prevention propaganda)	3	2022/08/10	2022/08/10	Taiwan Securities Association	Challenges and opportunities of sustainable development	3	2022/08/11	2022/08/11	Taiwan Securities Association	Enhance the information security resilience of the financial industry and the practice of risk management trends in the financial industry.	3	2022/09/22	2022/09/22	Taiwan Securities Association	The “Principle for Financial Service Industries to Treat Clients Fairly” and the Protection and Empowerment of	3	
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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						
							Financial Consumers Corporate Governance and Corporate Financial Information Transparency	3	
			2022/10/12	2022/10/12	Taiwan Securities Association				
			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.yuanta futures.com.tw/corporategovernance_09).						
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> <ol style="list-style-type: none"> 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.yuanta futures.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. 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. 3. To develop an integral and transparent corporate culture, promote ethical 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. 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. 						There is no difference detected.
VI. Has the Company commissioned a	V		VI. The company entrusts Yuanta Securities Co., Ltd., a professional stock affairs agency, to handle the affairs of the shareholders' meeting.						There is no difference detected.

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	
professional stock service agent to handle shareholders affairs?				
<p>VII. Disclosure of information</p> <p>(I) Does the Company have a website setup and the financial business and corporate governance information disclosed?</p> <p>(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.)?</p> <p>(III) Has the Company announced and</p>	V	V	<p>VII.</p> <p>(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/</p> <p>(II)</p> <ol style="list-style-type: none"> 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. 	There is no difference detected.

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	
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		(III)The Company has announced and declared the quarterly reports of each quarter in 2022, 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 2022 and the annual financial report of 2022 have been announced and reported on May 6, 2022, August 18 2022, November 4, 2022, and March 8, 2023.	
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	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	There is no difference detected.

Assessment items	Actual governance		Summary description	Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/ GTSM Listed Companies
	Yes	No		
the Company's directors) that are helpful in understanding the corporate governance operation of the Company?			<p>and protect the informers who report any illegal and unethical act. Except for the "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 Directs 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. (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 offers employee shareholding trusts, health checkups, health seminars, health promotion activities and courses, and various resources; also, introduces the "Employee Assistance Program (EAP)" to substantiate employee care and consideration with an overall solution proposed to prevent and handle personal, work, and family problems that may affect employees' work and emotions.</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</p>	

Assessment items	Actual governance		Summary description	Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No		
			<p>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>6. 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>7. 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>8. 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 to address specific issues. All legal disputes are handled by the Compliance Department.</p> <p>9. 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.</p> <p>10. 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.</p> <p>(III) Directors' on-going education: Information regarding Directors' on-going education in the fields of corporate governance, finance,</p>	

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																																						
			<p>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).</p> <p>Continuing education of the directors in 2022:</p> <table border="1"> <thead> <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> </thead> <tbody> <tr> <td rowspan="5">Chairman</td> <td rowspan="5">Tien-Fu Lin</td> <td>2022/02/17</td> <td>2022/02/17</td> <td>Taiwan Securities Association</td> <td>How to Avoid Landmine Stocks – Application of Corporate Governance Risk Management</td> <td>3</td> </tr> <tr> <td>2022/07/14</td> <td>2022/07/14</td> <td>Taiwan Securities Association</td> <td>The latest trends in money laundering control and counter-terrorism financing (including insider trading prevention propaganda)</td> <td>3</td> </tr> <tr> <td>2022/08/11</td> <td>2022/08/11</td> <td>Taiwan Securities Association</td> <td>Enhance the information security resilience of the financial industry and the practice of risk management trends in the financial industry.</td> <td>3</td> </tr> <tr> <td>2022/09/22</td> <td>2022/09/22</td> <td>Taiwan Securities Association</td> <td>The “Principle for Financial Service Industries to Treat Clients Fairly” and the Protection and Empowerment of Financial Consumers</td> <td>3</td> </tr> <tr> <td>2022/10/12</td> <td>2022/10/12</td> <td>Corporate Governance Association in</td> <td>Prevention of insider trading</td> <td>3</td> </tr> </tbody> </table>			Title	Name	Training date		Organizer	Course name	Training hours	Start	End	Chairman	Tien-Fu Lin	2022/02/17	2022/02/17	Taiwan Securities Association	How to Avoid Landmine Stocks – Application of Corporate Governance Risk Management	3	2022/07/14	2022/07/14	Taiwan Securities Association	The latest trends in money laundering control and counter-terrorism financing (including insider trading prevention propaganda)	3	2022/08/11	2022/08/11	Taiwan Securities Association	Enhance the information security resilience of the financial industry and the practice of risk management trends in the financial industry.	3	2022/09/22	2022/09/22	Taiwan Securities Association	The “Principle for Financial Service Industries to Treat Clients Fairly” and the Protection and Empowerment of Financial Consumers	3	2022/10/12	2022/10/12	Corporate Governance Association in	Prevention of insider trading	3
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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								
						Taiwan					
			Vice Chairman	Hsiao-Ling Chou	2022/07/14	2022/07/14	Taiwan Securities Association	The latest trends in money laundering control and counter-terrorism financing (including insider trading prevention propaganda)	3		
							2022/08/11	2022/08/11	Taiwan Securities Association	Enhance the information security resilience of the financial industry and the practice of risk management trends in the financial industry.	3
							2022/09/22	2022/09/22	Taiwan Securities Association	The “Principle for Financial Service Industries to Treat Clients Fairly” and the Protection and Empowerment of Financial Consumers	3
			Director	Kuo-Tsun Hsu	2022/02/17	2022/02/17	Taiwan Securities Association	How to Avoid Landmine Stocks – Application of Corporate Governance Risk Management	3		
							2022/07/14	2022/07/14	Taiwan Securities Association	The latest trends in money laundering control and counter-terrorism financing (including insider trading prevention propaganda)	3
							2022/08/11	2022/08/11	Taiwan Securities Association	Enhance the information security resilience of the financial industry and the practice of risk management trends in the financial	3

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						
							industry.		
				2022/09/22	2022/09/22	Taiwan Securities Association	The “Principle for Financial Service Industries to Treat Clients Fairly” and the Protection and Empowerment of Financial Consumers	3	
			Director	Mei-Ling Kuo	2022/02/17	2022/02/17	Taiwan Securities Association	How to Avoid Landmine Stocks – Application of Corporate Governance Risk Management	3
					2022/07/14	2022/07/14	Taiwan Securities Association	The latest trends in money laundering control and counter-terrorism financing (including insider trading prevention propaganda)	3
					2022/08/11	2022/08/11	Taiwan Securities Association	Enhance the information security resilience of the financial industry and the practice of risk management trends in the financial industry.	3
					2022/09/22	2022/09/22	Taiwan Securities Association	The “Principle for Financial Service Industries to Treat Clients Fairly” and the Protection and Empowerment of Financial Consumers	3
			Director	Pin-Cheng Chen	2022/08/11	2022/08/11	Taiwan Securities Association	Enhance the information security resilience of the	3

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						
							financial industry and the practice of risk management trends in the financial industry.		
				2022/08/17	2022/08/17	Taiwan Securities Association	Trend and Development of Applicable Laws Governing AML/CFT at home and abroad	3	
				2022/09/16	2022/09/16	Taiwan Corporate Governance Association	Mis-presentation of Financial Reports and Directors' Responsibility Seminar	3	
				2022/11/11	2022/11/11	The Securities and futures Institution	Derivatives Strategies of the TWSE/TPEX Listed Companies and Market Prospect Seminar	3	
			Director		2022/07/14	2022/07/14	Taiwan Securities Association	The latest trends in money laundering control and counter-terrorism financing (including insider trading prevention propaganda)	3
			Wei-Chen Chang		2022/08/11	2022/08/11	Taiwan Securities Association	Enhance the information security resilience of the financial industry and the practice of risk management trends in the financial industry.	3
					2022/09/22	2022/09/22	Taiwan Securities Association	The "Principle for Financial Service Industries to Treat Clients Fairly" and the Protection and Empowerment of Financial Consumers	3

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							
					2022/10/13	2022/10/13	Taiwan Securities Association	How to read and analyze important business operation information in financial reports	3	
			Independent Director	Yu-Chun Wu	2022/02/17	2022/02/17	Taiwan Securities Association	How to Avoid Landmine Stocks – Application of Corporate Governance Risk Management	3	
					2022/07/14	2022/07/14	Taiwan Securities Association	The latest trends in money laundering control and counter-terrorism financing (including insider trading prevention propaganda)	3	
					2022/08/04	2022/08/04	Corporate Governance Association in Taiwan	CSR & ESG Trends and Development	3	
					2022/08/04	2022/08/04	Corporate Governance Association in Taiwan	Green Bonds and Sustainable Management	3	
					2022/08/11	2022/08/11	Taiwan Securities Association	Enhance the information security resilience of the financial industry and the practice of risk management trends in the financial industry.	3	
					2022/09/22	2022/09/22	Taiwan Securities Association	The “Principle for Financial Service Industries to Treat Clients Fairly” and the Protection and Empowerment of Financial	3	

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						
							Consumers		
			Independent Director	Hui-Erh Yuan	2022/02/17	2022/02/17	Taiwan Securities Association	How to Avoid Landmine Stocks – Application of Corporate Governance Risk Management	3
					2022/07/14	2022/07/14	Taiwan Securities Association	The latest trends in money laundering control and counter-terrorism financing (including insider trading prevention propaganda)	3
					2022/08/11	2022/08/11	Taiwan Securities Association	Enhance the information security resilience of the financial industry and the practice of risk management trends in the financial industry.	3
					2022/09/22	2022/09/22	Taiwan Securities Association	The “Principle for Financial Service Industries to Treat Clients Fairly” and the Protection and Empowerment of Financial Consumers	3
			Former Director	Hsien-Tao Chiu	2022/02/17	2022/02/17	Taiwan Securities Association	How to Avoid Landmine Stocks – Application of Corporate Governance Risk Management	3
			Former Director	Yueh-Tsang Li	2022/02/17	2022/02/17	Taiwan Securities Association	How to Avoid Landmine Stocks – Application of Corporate Governance Risk Management	3

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							
			Former Independent Director	Nai-Kuan Huang	2022/02/17	2022/02/17	Taiwan Securities Association	How to Avoid Landmine Stocks – Application of Corporate Governance Risk Management	3	
					2022/07/14	2022/07/14	Taiwan Securities Association	The latest trends in money laundering control and counter-terrorism financing (including insider trading prevention propaganda)	3	
					2022/08/11	2022/08/11	Taiwan Securities Association	Enhance the information security resilience of the financial industry and the practice of risk management trends in the financial industry.	3	
					2022/09/22	2022/09/22	Taiwan Securities Association	The “Principle for Financial Service Industries to Treat Clients Fairly” and the Protection and Empowerment of Financial Consumers	3	
			<p>(IV) Risk management policies and risk assessment standards:</p> <ol style="list-style-type: none"> 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 formulated the risk management policies and risk governing rules, which have been resolved and approved by the board of directors. The risk management policy is the highest guiding principle of the company, which mainly covers “operational risk,” “legal and compliance risk,” and “environmental risk” of the company taking as a whole. “Operational risk” includes market risk, credit risk, market liquidity risk, asset-liability 							

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	
			<p>matching risk, block risk exposure, operational risk, information security risk, human resource risk, and emerging risk. “Legal and compliance risk” includes legal compliance risk, legal risk, money laundering and terrorism financing risk, and ethical corporate management risk. “Environmental risk” includes climate change and natural disaster related risks. In terms of risk management system, appropriate risk management mechanisms should be formulated respectively in accordance with this policy, the attributes of risks, and the degree of impact on the company’s operational stability and capital security.</p> <p>3. The company’s risk management procedures include risk identification, risk measurement, risk monitoring, and risk management report.</p> <p>4. The company has disclosed the risk management policy in the “Market Information” > “Risk Control” of the official website to clearly stipulate the company’s risk management scope, main risk management authorities and responsibilities, risk management procedures, and information disclosure.</p> <p>(1) The company reports the implementation of risk management to the Audit Committee and the board of directors regularly, including the Department of Risk Management reporting the risk management implementation of the company and the subsidiaries to the Audit Committee on a monthly basis.</p> <p>(2) The Department of Risk Management reports the risk management implementation of the company and the subsidiaries to the board of directors on a quarterly basis.</p> <p>(3) The operation of risk management has been disclosed in the “Market Information” > “Risk Control” of the official website.</p> <p>(V) Implementation of customer policies:</p> <p>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.</p> <p>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</p>	

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	
			<p>with auditors and regulatory compliance personnel, and are responsible for handling issues related to customer rights and complaints.</p> <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 8th "Corporate Governance Evaluation." The Company was cited by Taiwan Stock Exchange Corporation. This was the 8th 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.</p> <p>Regarding the unscored assessment indicators in the 8th Corporate Governance Assessment, which is the 3.20 "Whether the company has been invited (voluntarily) to hold at least two investor conferences within a 3-month period between the first and second investor conference in the same year?" the company had held two investor conferences in 2022 (August 19, 2022 and December 21, 2022, respectively).</p>				

(IV) The operation of the Remuneration Committee:

1. Profiles of the members of the Remuneration Committee

Date of information: January 1, 2023

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.
Former 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 Rating 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 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</p>	0

			<p>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 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</p>	
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			of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange.”	
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 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>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 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</p>	1

			<p>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. 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>	
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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 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. 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>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 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</p>	1
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			<p>employee of other company that controls a majority of the Company's Director seats or voting shares 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 Page 24-27 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 11th Committee Members: From July 5, 2021 to July 4, 2024. The Remuneration Committee had seven meetings (A) held in the most recent year (2022).

Member attendances:

Title	Name	Actual attendance (B)	Proxy Attendance	Percentage of actual attendance (%) (B/A) (Note)	Remarks
Former Independent Director	Nai-Kuan Huang	7	0	100	Former appointment Dismissal Date: January 28, 2023 There were 7 meetings held in a year during the tenure.
Independent Director	Hui-Erh Yuan	7	0	100	
Independent Director	Yu-Chun Wu	7	0	100	

Other remarks:

- I. 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.
- II. 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.
- III. Reasons for discussions and resolutions of the Remuneration Committee and the Company’s handling of employee suggestions:

- (I) 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 plenary 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 9th meeting of the 11th 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.
- (II) The 16th Remuneration Committee meeting of 11th convened on March 10, 2022.
- ⊙ Presenting the 2021 Employees' Remuneration Distribution.
 - ⊙ Design of the work objectives of the managers of the Company in 2022.
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 11th meeting of the 11th board of directors convened on March 10, 2022, all present directors granted the issue with a pass except those in interested involvement who withdrew from the event.
- (III) The 17th Remuneration Committee meeting of 11th convened on May 18, 2022.
- ⊙ Amidst evaluation on a regular basis, we duly work out the salaries and remuneration for the Company's managerial officers.
 - ⊙ The promotion of the Company's 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 plenary in the 15th Meeting of the 11th board of directors convened on May 24, 2022.
- (IV) The 8th Remuneration Committee meeting of 11th convened on June 22, 2022.
- ⊙ 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 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 16th Meeting of the 11th board of directors convened on June 29, 2022.
 - ⊙ Amidst evaluation on a regular basis, we duly work out the salaries and remuneration for the Company's directors.
 - ⊙ Presenting the 2021 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 16th meeting of the 11th board of directors convened on June 29, 2022, all present directors granted the issue with a pass except those in interested involvement who withdrew from the event.
- (V) The 9th Remuneration Committee meeting of 11th convened on July 27, 2022.
- ⊙ For an amendment for part of the Company's "Regulations of Retirement and Pension for the Chairman and the Vice Chairman of the Board."
 - ⊙ 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 17th meeting of the 11th board of directors convened on July 27, 2022, all present directors granted the issue with a pass except those in interested involvement who withdrew from the event.

- ◎ 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 plenary in the 17th Meeting of the 11th board of directors convened on July 27, 2022.

(VI) The 10th Remuneration Committee meeting of 11th convened on November 23, 2022.

- ◎ 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 plenary in the 21st Meeting of the 11th board of directors convened on December 7, 2022.

(VII) The 11th Remuneration Committee meeting of 11th convened on December 21, 2022.

- ◎ Amendment for part of the Company's "Rules Governing the Distribution of Remuneration to Employees".

- ◎ 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 22nd meeting of the 11th board of directors convened on December 28, 2022, all present directors granted the issue with a pass except those in interested involvement who withdrew from the event.

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) The promotion of sustainable development and Variation with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reason for the variation.

Promotional items	Execution			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TSEC/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. 1. Yuanta Futures adheres to the sustainability promotion strategy and core philosophy of Yuanta Financial Holdings, and complies with the “Sustainable Development Best-Practice Principles” and “Sustainable Development Policy and Management Rules” stipulated by Yuanta Financial Holdings. The company has established a sustainable development promotion group (formerly known as the Corporate Social Responsibility Group and then renamed as the “Sustainable Development Promotion Group in 2022) since the year of 2014 with the President designated as the convener and the relevant management matters handled by the nine departments within, including the secretary office of the board of directors, the audit department, the compliance department, the management department, the risk management department, the customer transaction department, the planning department, the digital finance department, and the sales department; also, the planning department is responsible for the overall planning and promotion of sustainable development. The planning department as the designated unit for the company’s sustainable development will report on the implementation	There is no difference detected.

Promotional items	Execution			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TSEC/ GTSM Listed Companies
	Yes	No	Summary description	
			<p>results of various projects at the regular meetings, and presents proposals related to sustainable development to the board of directors for resolution in order to manage and substantiate the company's sustainable management policy effectively. The company prepares a sustainable report every year to disclose the company's sustainable development performance transparently.</p> <p>2. The company reports the specific achievements and promotion of the sustainable development to the board of directors on a regular basis (at least once a year) that allows the board directors to review the implementation completed in the current year, and conduct strategic reviews and propose suggestions for optimization in accordance with the impact of the industrial environment in the current year. The specific achievements and promotion of the company's 2021 sustainable development was reported in the 19th board meeting of the 11th officer term on September 28, 2022.</p> <p>3. The main work plans and responsibilities of the company's sustainable development promotion group are as follows:</p> <p>(1) Formulate annual sustainable development direction and goals.</p> <p>(2) Establish strategies for the implementation of each plan, and coordinate various departments to implement sustainable development-related activities and projects.</p> <p>(3) Follow up on the implementation of sustainable development projects and ethical corporate management.</p>	

Promotional items	Execution			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TSEC/ GTSM Listed Companies
	Yes	No	Summary description	
			<p>(4) Identify issues and material subjects that are the concerns of the stakeholders, and invite all stakeholders to participate in the promotion of relevant sustainable management.</p> <p>(5) Participate in the functional group formed by the “Corporate Sustainability Office” of Yuanta Financial Holdings, covering the issues of corporate governance, sustainable finance, customer care, employee care, environmental sustainability, social participation, etc.</p> <p>(6) Report the proposals related to sustainable development promotion to the board of directors with the sustainable report prepared.</p> <p>Disclose the implementation of the company’s sustainable development comprehensively on the company’s “Sustainable Development” section of the website at https://www.yuantafutures.com.tw/esg/esg_01.</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 2022 to December 2022. The risk assessment boundary is mainly based on the company, covering the offices 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,</p>	There is no difference detected.

Promotional items	Execution			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TSEC/ GTSM Listed Companies								
	Yes	No	Summary description									
			<p>society, and corporate governance; also, examines the impact of various 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 border="1"> <thead> <tr> <th>Major issues</th> <th>Risk assessment items</th> <th>Risk management policy or strategy</th> </tr> </thead> <tbody> <tr> <td rowspan="2">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 measurement report is issued by Yu Shin Safety and Health Management Consulting Co., Ltd. every year.</td> </tr> <tr> <td>Greenhouse gas, water, and waste management</td> <td>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</td> </tr> </tbody> </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 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	
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Promotional items	Execution			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TSEC/ GTSM Listed Companies								
	Yes	No	Summary description									
			<table border="1"> <tr> <td></td> <td>reduce emissions by 1% within the next five years to reduce the impact of our operations on the environmental load.</td> </tr> <tr> <td>Environmental governance (including climate risk management)</td> <td>The company has incorporated environmental risks (including climate change issues) into the risk management policy to further review and evaluate the impact of climate risks on the company's finances in order to continuously enhance the company's climate risk management.</td> </tr> <tr> <td>Human rights</td> <td>The Company has proposed the working guidelines as 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.</td> </tr> <tr> <td>Supplier management policy</td> <td>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 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</td> </tr> </table>		reduce emissions by 1% within the next five years to reduce the impact of our operations on the environmental load.	Environmental governance (including climate risk management)	The company has incorporated environmental risks (including climate change issues) into the risk management policy to further review and evaluate the impact of climate risks on the company's finances in order to continuously enhance the company's climate risk management.	Human rights	The Company has proposed the working guidelines as 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 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	
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Promotional items	Execution			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TSEC/ GTSM Listed Companies
	Yes	No	Summary description	
			<p>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.</p> <p>Corporate governance</p> <p>Law Compliance</p> <p>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 control of each department.</p> <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			III.	There is no difference

Promotional items	Execution			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TSEC/ GTSM Listed Companies
	Yes	No	Summary description	
(I) Does the Company have an appropriate environmental management system established in accordance with its industrial character?	V		(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, ISO 20400 Sustainable Procurement, ISO 14046 Environmental Management - Water Footprint, and other verification standards since the year of 2017, and contracts British Standards Institute (BSI) to conduct data inspection for maintaining the reliability and accuracy of data.	detected.
(II) Is the company committed to improving energy efficiency and using recycled materials with low impact on the environment?	V		(II) 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	

Promotional items	Execution			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TSEC/ GTSM Listed Companies
	Yes	No	Summary description	
(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>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.</p> <p>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.</p> <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>1. Establish a Task Force on Climate-Related Financial Disclosure (TCFD) to study the “Climate-related Financial Disclosure Recommendation” issued by the International Financial Stability Board (FSB) that requires enterprises to provide stakeholders with relevant and reliable financial measurement information, and to develop and adapt responsive strategies and adjustment measures through the identified climate change related risks and opportunities.</p> <p>2. The detailed information of the projects stated in the preceding paragraph is disclosed on pages 140–147 of the company’s annual report – the climate-related information of the TWSE/TPEX List Companies.</p>	

Promotional items	Execution			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TSEC/ 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>3. 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> <p>(1) 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>(2) The Company duly enacted managerial specifications governing interior environments with air conditioning temperature inside offices which exactly satisfy the</p>	

Promotional items	Execution			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TSEC/ GTSM Listed Companies
	Yes	No	Summary description	
			<p>requirements of the Autonomous Act of Taipei City in Guidance over Energy Saving & Carbon Reduction for Industries & Commerce.</p> <p>(3) 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>(4) Smoking is strictly prohibited in the office and it is limited to the designated outdoor area only in accordance with the governing laws and regulations. In addition, carry out the service of disinfection, rodent control, and insect, pest, and vector mosquito removal.</p> <p>(5) 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 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</p>	

Promotional items	Execution			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TSEC/ GTSM Listed Companies
	Yes	No	Summary description	
			<p>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 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) Adopt energy-saving sensor-control faucets comprehensively to save water.</p> <p>(H) Promote video conferencing, save energy consumption, and reduce carbon emissions resulted from commuting.</p>	

Promotional items	Execution			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TSEC/ GTSM Listed Companies
	Yes	No	Summary description	
			<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>4. The company strives to promote environmental sustainability. The pioneering work of green power transfer at all offices in Taiwan was completed in 2022, of which, Taichung branch office is with 100% green power in use now.</p> <p>5. 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 2022, which shows how the Group's efforts have been fully recognized by international professional organizations.</p> <p>6. The Company introduced the ISO 14064-1, the greenhouse gas inspection system in 2017, and was accredited by BSI. In 2022, the volume of direct emission of greenhouse gas was 73.37metric tons CO₂e/year and the indirect remission of greenhouse gas was 594.90 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>7. 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</p>	

Promotional items	Execution			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TSEC/ GTSM Listed Companies
	Yes	No	Summary description	
			<p>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 of Taichung branch office started in February 2022, adopting 100% green power for the first time in the futures industry. In cooperation with Yuanta Financial Holdings' 10% green power transfer project and the use of green power at all business stations in December 2022, the company has become the futures operator with the widest deployment of green power and strived to protect the earth and to work for environmental sustainability.</p> <p>8. The Company, in addition to cooperating with the government's energy conservation and carbon reduction policies and promoting the aforementioned measures, complies with the "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>9. 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</p>	

Promotional items	Execution			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TSEC/ GTSM Listed Companies												
	Yes	No	Summary description													
			<p>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>10. 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 border="1"> <thead> <tr> <th>Environmental goal</th> <th>Short-term goal</th> <th>Mid-term goal</th> <th>Long-term goal</th> </tr> </thead> <tbody> <tr> <td>Category I and II carbon reduction targets (2017 is the base year)</td> <td>1. Reduce carbon emissions per 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.</td> <td>1. Reduce carbon emissions per 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.</td> <td>1. Reduce carbon emissions 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.</td> </tr> <tr> <td>Waste reduction</td> <td>Reduce the</td> <td>Reduce the</td> <td>Reduce the</td> </tr> </tbody> </table>	Environmental goal	Short-term goal	Mid-term goal	Long-term goal	Category I and II carbon reduction targets (2017 is the base year)	1. Reduce carbon emissions per 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.	1. Reduce carbon emissions per 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.	1. Reduce carbon emissions 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	Reduce the	Reduce the	Reduce the	
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Promotional items	Execution						Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TSEC/ GTSM Listed Companies
	Yes	No	Summary description				
			goal (2019 is the base year)	volume by 1% per capita in 2022 compared to the base year.	volume by 2% per capita in 2024 compared to the base year.	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 the base year.	Reduce water consumption by 2.5% per square meter in 2024 compared to the base year.	Reduce water consumption by 4% per square meter in 2025 compared to 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. There will be at least four business offices with green power in use by 2024. 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.	

Promotional items	Execution			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TSEC/ GTSM Listed Companies																				
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			<p>11. The company’s environmental data in recent years are as follows:</p> <table border="1"> <thead> <tr> <th>Item</th> <th>2020</th> <th>2021</th> <th>2022</th> </tr> </thead> <tbody> <tr> <td>Greenhouse gas emissions (metric tons) (Category 1+2+3)</td> <td>1,355.486</td> <td>854.11</td> <td>669.32</td> </tr> <tr> <td>Power consumption (kWh)</td> <td>1981113</td> <td>1552990</td> <td>1168760</td> </tr> <tr> <td>Total waste (metric tons)</td> <td>15</td> <td>16.9</td> <td>14</td> </tr> <tr> <td>Water consumption (liters)</td> <td>10,975,000</td> <td>4,552,000</td> <td>3682000</td> </tr> </tbody> </table>	Item	2020	2021	2022	Greenhouse gas emissions (metric tons) (Category 1+2+3)	1,355.486	854.11	669.32	Power consumption (kWh)	1981113	1552990	1168760	Total waste (metric tons)	15	16.9	14	Water consumption (liters)	10,975,000	4,552,000	3682000	
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<p>IV. Social Issues</p> <p>(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?</p>	V		<p>IV.</p> <p>(I)</p> <p>1. The company recognizes and supports the spirit and basic principle of protecting human rights announced in the “Universal Declaration of Human Rights,” the “United Nations Global Compact,” and the “International Labor Conventions.” It bases the aforementioned spirit and basic principle and takes into account the human rights issues closely related on it to the company’s operations; also, refers to the “Human Rights Policy of Yuanta Financial Holdings” (hereinafter referred to as the “Human Rights Policy) to</p>	There is no difference detected.																				

Promotional items	Execution			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TSEC/ 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 of operation on the remunerations to the employees?	V		<p>regulate the protection of human rights in the workplace, provide a healthy and safe workplace, advocate human rights policies, etc., in order to realize the responsibility of respecting and protecting human rights. In order to substantiate the “Human Rights Policy,” the company identifies risk and formulates corresponding management measures for human rights issues, regularly evaluates the effectiveness of implementation and adjusts management measures based on the assessment results in order to control and mitigate risks, and refine the company’s human right protection in various issues, which will then be disclosed on the company’s “Human Rights Policy” and “Human Rights Risk Assessment and Management” sections on the company’s website at https://www.yuantafutures.com.tw/csr_07</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 50.83% and female employees accounted for 49.17% in 2022; also, there were more than 40% mid-level and high-level supervisors were female. The Company provides annual promotion and salary raise to outstanding employees</p>	

Promotional items	Execution			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TSEC/ GTSM Listed Companies
	Yes	No	Summary description	
(III) Does the Company provide employees with a safe and healthy work environment, and provide safety and health education to employees regularly?	V		<p>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 2022, which was 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>	

Promotional items	Execution			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TSEC/ GTSM Listed Companies
	Yes	No	Summary description	
			<p>2. The occupational safety and health education and training arranged in 2022 are as follows:</p> <p>(1) Occupational safety and health education and training for new recruits: 58 person-times</p> <p>(2) A routine 3-year occupational safety and health education and training for internal staff: 418 persons (once in every 3 years, which was completed in the year of 2021).</p> <p>(3) External occupational safety and health education and training: 6 person-times</p> <p>3. In addition to inspecting and maintaining the firefighting system and disaster prevention equipment regularly, the superintendents of the building where the head office is located implements 24-hour access control and security control strictly to provide a safe and perfect workplace for the company's employees. The company regularly arranges health checkups for the colleagues that is superior to the legal requirements; also, occupational medical doctors are contracted to provide on-site health consultation services specially and lawfully, including a nurse presents to regularly provide health seminars, health promotion courses, health information propaganda, and referrals in order to establish multi-faceted healthcare for employees' physical and mental health, as well as their social life. Take relevant emergency countermeasures (such as the daily pandemic investigation and reporting mechanism, pandemic prevention at the</p>	

Promotional items	Execution			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TSEC/ 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>workplace, work from home, and office diversion) in response to the COVID-19 pandemic in particular. Prepare protective goggles, isolation masks, isolation gowns, masks, quick screening agents, alcohol, and other anti-pandemic materials for the needs of the infected patients, those who are highly suspected of infection, and those who are traveling; also, call each infected patient by phone to show care.</p> <p>(IV) The company bases the 2022 development strategy and operational objectives on it, the core theme of “sustainable optimization, cross-border innovation,” the Group’s “stabilizing the core and driving growth,” and the comprehensive development strategies and enterprise sustainable development to promote the three projects of cultivating international operation talents, financial digital talents, and succession teams. When the colleagues report to duty and during their employment with the company, the company arranges orientations, on-job trainings, professional courses and managerial function courses for them; also, the company has helped the incumbent supervisors and employees expand their horizons by providing them with work practice and project support and internships, in addition, the company helps them fulfill individual development needs through job substitute, job rotation, project practice, and digital learning, and helps enhance the managerial functions and professional capabilities of the supervisors and employees. The</p>	

Promotional items	Execution			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TSEC/ GTSM Listed Companies
	Yes	No	Summary description	
			<p>company, for the sake of stimulating the potential of employees and cultivating talents, has the “Employee Education and Training Rules” formulated to train employees in building up effective career capabilities.</p> <p>1. Cultivation of international operation talents: The company plans the recruitment campaign in accordance with the theme of “Talents Gathering, Infinite Dreams.” The company has the internal recruitment positions classified into four categories to achieve synergy and expect more business talents, international brokers, and logistics elites to join. There were 21 physical and online talent recruitment briefings and expos held in Taipei, Hsinchu, Taichung, Tainan, and Kaohsiung. The company also participated in the “from campus to workplace-creating the future with Futures” activities arranged by Chinese National Futures Association with about 1,030 resumes received. The company was invited by colleges and universities to hold talent recruitment activities on campus so to recruit more excellent logistics elites.</p> <p>2. Cultivation of futures talents: Continue to enhance the promotion of money laundering control, compliance with laws and regulations, risk management and internal audit and internal control, financial consumer protection, treating clients fairly, intellectual property rights, and other related trainings</p>	

Promotional items	Execution			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TSEC/ GTSM Listed Companies
	Yes	No	Summary description	
			<p>with a total of 4,836.25 hours and 6,310 participants involved. The training on personal data protection and information security is arranged for a total of 3,121.18 hours and 4,061 participants involved. In addition, the cultivation of new recruits, financial professionals, corporate sustainable development, ethical corporate management, and other organizational culture value is arranged according to the company's operation and development strategy with a total of 3,197.70 hours and 3,590 participants involved.</p> <p>3. Cultivation of successors: The company selects candidates as the successors of the management based on their professional qualifications, work performance, development potential, corporate core value inclination, and personal development willingness. The company arranges to have the deputy supervisors participated in important meetings regularly and served as the substitute of the main managerial officers for a diversified development in order to understand the company's overall development strategy in-depth, cross-company communication and coordination mechanism, decision-making and thinking, policy implementation operations, and other management practices; also, enhance the level of thinking and execution that the management should have simultaneously. Therefore, the "successor training" is</p>	

Promotional items	Execution			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TSEC/ 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>incorporated as an important indicator of supervisor performance assessment. The company regularly measures the development achievements and succession maturity of each vice supervisor during the interim and annual performance assessment.</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 interests. Customers are able to obtain sufficient information through various channels. The Company has</p>	

Promotional items	Execution			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TSEC/ 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 environmental protection, occupational safety and health, or labor rights,	V		<p>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 has obtained the service verification of “ISO 10002:2018 Customer Complaint Management System” every year since the year of 2021 in order to further improve the service quality. Yuanta Futures is the first futures merchant in Taiwan to qualify for this verification with a more comprehensive customer complaint procedure established.</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 Conduct” that is also applicable to the other members of the Group. (I) For understanding the state of operation of the</p>	

Promotional items	Execution			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TSEC/ GTSM Listed Companies
	Yes	No	Summary description	
and the state of implementation?			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.	
V. Has the Company consulted the standard or directions commonly used worldwide in compiling the sustainability responsibility report for the disclosure of non-financial	V		V. 1. The company has the implementation of sustainable management disclosed in the annual report. The non-financial information reports have been issued regularly every year	There is no difference detected.

Promotional items	Execution			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TSEC/ GTSM Listed Companies
	Yes	No	Summary description	
information on the Company? Is the aforementioned report subject to the validation or guarantee by a third-party accreditor?			<p>since the year of 2015. The “Yuanta Futures 2021 Sustainability Report” was published in September 2022 on the “Sustainable Development” section of the company’s website and the Market Observation Post System. The said report covers the company’s 2021 economic, social, corporate governance, and environmental performance; also, the company’s management policies and actions on material subjects are disclosed in detail.</p> <p>2. The company’s sustainability report is prepared in compliance with the “core” options of the Global Reporting Initiative (GRI) and the “Taipei Exchange Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TPEX Listed Companies.”</p> <p>3. Report review and verification: The company’s 2021 Sustainability Report has been certified by the British Standards Institution Taiwan Branch in accordance with the AA1000ASv3 assurance standard and Global Reporting Initiative (GRI). This report has been verified of complying with the “core” options of the GRI standard and the moderate guarantee of AA1000Type 1. PwC Taiwan is entrusted to carry out the “Limited Assurance” in accordance with the Taiwan Standards on Assurance Engagements (TWSAE) No. 1 “Non-historical financial Information Audit or Review Assurance,” also, the accountant’s limited assurance report and a summary of assurance items are attached to the end of the report.</p>	

Promotional items	Execution			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
VI. Where the Company may have establish 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: Yuanta Financial Holdings had formulated “Sustainable Development Best Practice Principles” and “Sustainable Development Policies and Management Rules” in accordance with “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” in order for all corporate members of our group including the Company to comply. Currently there is no significant difference in operations.				
VII. Other important information to help understand the promotion of sustainable development: (I) Social care:				
1. In 2022, the Company donated NT\$2.40 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.				
2. The Company had donated NT\$0.95 million in 2022 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.				
3. In 2022, 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.				
4. The company is committed to making contribution to Taiwan’s ecological environment. The company has signed the “Tamsui River Treaty” initiated by Commonwealth Magazine since the year of 2020: Do one thing for Tamsui River. The company’s supervisors and colleagues bring their families to take part in the grand event. Encourage employees to do their best to protect the environment, and invite several suppliers to join us making contribution to the society and the earth; also, take advantage of this opportunity to let all colleagues get to know the natural ecology all over again.				
5. The company, for the sake of substantiating corporate social responsibility, has participated in the “Run for Earth” event every year since the year of 2021 to advocate outdoor activities instead of trying to reduce power consumption, to repair the earth with actions, to respond to 0422 Earth Day in advance, and to substantiate the sustainable development objectives of the enterprise while achieving the effect of staying close to nature and building up a strong body.				

Promotional items	Execution			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TSEC/ GTSM Listed Companies
	Yes	No	Summary description	
<p>6. The company is the first to acquire the “Dementia Friendly Financial Institution” certification mark. The company extends its practical power to the community in response to the dilemma faced by an aging society. The “Community Care Center” is the best place for dementia prevention. The company had donated more than 100 large and small “hand warmers” to dementia activity stations and dementia families in 2022 through the “Yuanlai Hand Warmer” project; also, summoned the colleagues, suppliers, and Ruizhi Foundation to jointly organize dementia elderly care activities.</p> <p>7. The company arranges a variety of public welfare activities every quarter. In addition to encouraging colleagues to actively participate, the company also invites suppliers to join (such as buying local produces, Atemoya and pomelo, initiating the collection of necessities and cash to be donated to East Africa, collecting second-hand books to be donated to schoolchildren, and volunteering at the “1919 Food Bank” to help pack and deliver supplies to under privileged families) and to work together for the good of the disadvantaged. The Company employs the handicapped as employees too.</p> <p>8. The Company actively participates in public welfare activities.</p> <p>9. 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> <ol style="list-style-type: none"> 1. Promote electronic billing activities to save paper usage. 2. Promote the environmental protection policy of power-saving, water-saving, and energy conservation; also, disclose annual carbon emissions on MOPS. 3. Efforts toward resource recycling and reuse. 				

(VI) Climate related information of listed TWSE/TEPx Listed Companies

1. Implementation of climate-related information

Item	Execution
<p>I. Describe the supervision and governance of the board of directors and management over the climate-related risks and opportunities.</p>	<p>I.</p> <ol style="list-style-type: none"> 1. The board of directors is the highest governance unit for climate-related issues of the company and is responsible for supervising and managing climate-related risks and opportunities, as well as promoting the company’s overall climate strategy and policy. The company’s board of directors has taken into account the climate issues for corporate governance and business strategies, and has supported the Group to jointly combat climate change, implement the action plans to mitigate and adapt climate risks; also, has incorporated sustainable performance and reward mechanisms into the annual performance assessment of each unit in order to have the climate risk management blended into the organizational culture. The company strives to ensure a stable operation through the occasional discussion of climate risk issues, and the assessment and continuous monitoring of the implementation of various risk management mechanisms. 2. The Audit Committee of the company is composed of all independent directors with a monthly meeting convened regularly. Additional meetings are held as needed; also, the resolutions of the meeting are reported to the board of directors. The main responsibilities are to assist the board of directors in supervising the substantiation and implementation of the climate-related risk management system, agree on annual risk limits and monitoring indicator thresholds, ensure that risk management is compatible with the company’s policies, operating strategies, short-term objectives, and long-term development, and propagandize and communicate important risk management matters to help the company achieve its objectives and business strategies. 3. The company has organized a sustainable development promotion group with the President designated as the convener. The planning department is responsible for organizing and promoting the company’s sustainable development; also, supervising the implementation of each unit, and reporting the implementation of sustainable development to the board of directors every year. 4. The company’s climate governance-related management units include the Risk Management Department, the Administration Office, and the Planning Department to be responsible for internal operations and the implementation of energy and climate objectives; also, reporting to the Audit Committee and the Board of Directors on their respective responsibilities in order to control the implementation progress and effectiveness. The company, for the sake of establishing a sound climate governance structure, has complied with the climate risk management mechanism of Yuanta Financial Holdings to systematically plan the Group’s climate change operational objectives. The Risk Management Department of the company had participated in Yuanta Financial Holdings’ Task Force on Climate-Related Financial Disclosures (TCFD) that was setup in 2021 and chaired by the Chief Risk Control Officer of Yuanta Financial Holdings to facilitate the Group’s comprehensive management of climate-related issues and impacts, to identify climate-related risks and opportunities, to evaluate, analyze and monitor, and formulate adaptative strategies and indicators.

Item	Execution
<p>II. Describe how the identified climate risks and opportunities affect the business, strategy, and finances (short-term, mid-term, and long-term) of the enterprise.</p>	<p>II. The company bases business characteristics on its identification to identify the climate risks and opportunities every year. The relevant considerations include the classification of climate risks and opportunities recommended by TCFD, impact path, impact time and geographical scope, impact on value chain position, and financial impact. The company has countermeasures and strategies formulated for the following five risks and six opportunities identified in 2022 (in line with the operating scope of the company) according to the length of time and the scale of the impact, respectively.</p> <ol style="list-style-type: none"> 1. The five risks are summarized as follows: <ol style="list-style-type: none"> (1) Carbon Reduction Policy and Regulatory Response Costs <ol style="list-style-type: none"> A. Financial impact: The invested company may suffer additional carbon reduction costs due to stricter regulations, causing profits to decrease and stock price to go down thus resulting in a decrease in the company's assets. B. Countermeasures: Observe the trend of international carbon tax and carbon-related laws and regulations continuously, and enhance negotiation and cooperation with the invested company with high-carbon-emitting. (2) Industrial green energy and environmental protection transformation cost <ol style="list-style-type: none"> A. Financial impact: The invested company may need to spend additional expenses due to the transformation, or a decrease in revenue and a decrease in the company's assets due to a delay in the transformation. B. Countermeasures: Observe the market demand for low-carbon transformation continuously, and assist the invested company in low-carbon transformation. (3) The investment in highly polluting industries has impacted the company's reputation. <ol style="list-style-type: none"> A. Financial impact: The invested company suffers negative publicity thus affecting the company's reputation, causing investors to withdraw their capital and affect the company's stock price. B. Countermeasures: Enhance the review of, control over, and negotiation and cooperation with the invested company with high-pollution, and actively become a sustainable financial institution and establish a positive social image through independent initiatives or engaging in international actions. (4) The invested company's business operation is disrupted by extreme weather. <ol style="list-style-type: none"> A. Financial impact: The invested company suffers property loss or operation interruption due to extreme weather, causing the reduction of the company's assets. B. Countermeasures: Enhance due diligence investigation on invested companies, and understand the resilience of business partners against extreme weather. (5) Flooding causes damage and loss to the operation base and collateral. <ol style="list-style-type: none"> A. Financial impact: Flooding resulting from extreme weather had led to business interruption of the company's operating bases or a price drop of the company's property thus affecting the company's

Item	Execution
	<p>profit or loss and the decrease of income or assets.</p> <p>B. Countermeasures: Take the factor of flooding into consideration for the operation of the operating bases and proprietary property investment.</p> <p>2. The six opportunities are summarized as follows:</p> <p>(1) The attempts of the operating stations in improving energy efficiency</p> <p>A. Financial impact: Improve energy efficiency and reduce operating costs by adopting green buildings, using renewable energy, switching to energy-saving equipment, and introducing energy management systems.</p> <p>B. Cooperate with the Group’s policy of introducing ISO 50001 energy management system, acquiring renewable energy certificates, directly purchasing renewable energy (green power transfer), obtaining green office buildings certificates, and actively switching to energy-saving lamps and water-saving equipment.</p> <p>(2) Green Procurement and Supplier Management</p> <p>A. Financial impact: Support enterprises with low-carbon and sustainable instrument through green procurement and supplier management in order to reduce operating costs.</p> <p>B. Countermeasures: Yuanta Financial Holdings Group has formulated the “Sustainable Procurement Declaration,” “Ethical Corporate Management Best-Practice Principles,” “Procedures for Ethical Management and Guidelines for Conduct,” “Guidelines for Sustainable Procurement for Suppliers,” and “Directions for Supplier Management.” Also, continue to regulate suppliers in the contract signed in accordance with the “Statement of Ethical Conduct Commitment” and “Supplier Sustainable Procurement Clause.” The “Green Procurement Clauses” is included in the procurement regulations. The company cooperates with the Group’s policy to incorporate the aforementioned contracts into the procurement process comprehensively.</p> <p>(3) Develop and promote low-carbon products and services.</p> <p>A. Financial impact: Promote low-carbon products and services to meet investor needs and to increase operating income.</p> <p>B. Countermeasures: Introduce the concept of sustainability to existing financial products, promote sustainable financial products with investors jointly, expand the scale of sustainable products, meet customer investment needs, and introduce funds into sustainable and green energy enterprises.</p> <p>(4) Discuss and agree the concept of sustainable and green consumption with customers.</p> <p>A. Financial impact: Make good use of financial products and service platforms, discuss and agree with customers on the concept of sustainable and green consumption in a diversified manner, and increase operating income.</p> <p>B. Countermeasures: Encourage customers to respond to energy conservation and carbon reduction or to</p>

Item	Execution
	<p>make green investments through multiple channels, such as the official website and APP. Discuss and agree with the investing juridical person verbally or in a meeting to implement ESG actions actively.</p> <p>(5) Sustainable financial market</p> <p>A. Financial impact: Formulate relevant action plans and specifications through credit and investment, actively direct funds to flow into sustainable enterprises, and increase operating income.</p> <p>B. Countermeasures: Initiate investments in accordance with the “Sustainable Finance Standards” and “Environmental and Social Risk Management System by Industry” formulated by Yuanta Financial Holdings Group. The investing units have also formulated relevant specification and indicators to introduce ESG concepts into the investment process.</p> <p>(6) Natural Disaster Crisis Management and Alarm Measures</p> <p>A. Financial impact: Formulate and ensure the effectiveness of adaptative measures, provide stable services for all businesses, enhance customer trust, and reduce operating losses.</p> <p>B. Countermeasures: The company is equipped with uninterruptible power supply equipment, backup servers, remote backup, and other mechanisms, regularly conducts disaster contingency plan to ensure the normal operation of equipment and mechanisms in an emergency, and prepares to introduce relevant international certification in accordance with the Group’s policies, to establish standard processes to reduce the risk of disruption to operations.</p>
<p>III. Describe the financial impact of extreme climate events and transformational action.</p>	<p>III. Please refer to Item II stated in the preceding paragraph for the impact of extreme weather (extreme weather causes the operation of the invested company interrupted, or causes flooding to result in losses to the operating bases and collaterals) and transformation actions (carbon reduction policies and regulations response costs, industrial green energy and environmental protection transformation costs, and the impact of investment in high-pollution industries on the company’s reputation) on finance in detail.</p> <p>The company will continue to reduce the impact of climate risk factors on the value of financial instruments through the diversified investment portfolio. In addition, the company will base on the scenario analysis results to re-delineate self-risk tolerance and asset risk pricing. Formulates climate valuation at risk (VaR) monitoring indicators according to the estimated loss value of the investment portfolio in order to prevent value loss caused by extreme climate risks.</p> <p>In order to properly manage the risks associated with extreme weather events and the transformation to a low-carbon economy, the risk of climate change has been incorporated into operational decision-making in order to identify and manage risks. Also, the company observes the crisis of global warming and resource depletion, and fully responds to the trend of energy conservation and carbon reduction with adequate mitigation and adaptation plans implemented.</p>

Item	Execution
<p>IV. Describe how climate risk identification, assessment, and management processes are incorporated into the overall risk management system.</p>	<p>IV. The company has set up three lines of defense for risk management with the organization, responsibilities, and functions of each defense line clearly defined to ensure the effective operation of the risk management mechanism. The assessment and management of transformation risks or physical risks included in environmental risks (including climate risks) are incorporated into the existing risk management framework, including qualitative and quantitative analysis.</p> <p>The company's climate risk management process is mainly divided into four steps, from risk identification, measurement, monitoring, to reporting, and the responsible units and management actions of each step are described as follows:</p> <ol style="list-style-type: none"> 1. Risk identification <ul style="list-style-type: none"> (1) The company conducts climate risk identification according to its business characteristics every year. (2) Refer to the climate risk reports of international organizations. 2. Risk measurement <ul style="list-style-type: none"> (1) The company bases business characteristics on it to evaluate the impact and influence of various risks. (2) The scope of measurement includes impact path, impact time and geographical scope, impact value chain position, and financial impact. (3) Enhance quantitative management of climate risk in accordance with the climate valuation at risk (VaR) measurement model established by the Risk Management Department of Yuanta Financial Holdings. 3. Risk control <ul style="list-style-type: none"> (1) Incorporate the environmental and social risk factors of each industry into the industry risk level assessment mechanism. (2) The company has formulated climate risk quantitative indicators and limits. 4. Risk report <ul style="list-style-type: none"> (1) Develop responsive strategies for various risks and submit them to the Audit Committee and the Board of Directors for deliberation and resolution. (2) The company reports the application of various risk indicators or limits to the Audit Committee and the Board of Directors regularly. (3) The company reports the climate risk-related information to the Audit Committee and the Board of Directors occasionally.
<p>V. If scenario analysis is applied to evaluate the resilience against climate change risks, the scenarios, parameters, assumptions, analysis factors, and major financial impacts should be described in detail.</p>	<p>V. The current risk level assessment of each industry is based on the Yuanta Financial Holdings standard. Incorporated the environmental and social risk factors of each industry into the scope of consideration for each industry risk level by referring to the industrial risk assessment and economic situation analysis reports issued by well-known domestic and foreign institutions in 2021, including the impact of emerging environmental or social factors on industry trends, climate transformation risk costs, and industry entry barriers.</p>

Item	Execution
	<p>The company analyzes climate-related financial impacts at different time and under different scenarios from the aspect of “Top Down” (scenario analysis of the overall investment position) and “Bottom Up” (scenario analysis of individual firm).</p> <ol style="list-style-type: none"> 1. Scenario analysis of the overall investment position (Top Down) <ol style="list-style-type: none"> (1) Object of assessment: The company’s not-held-for-trade investment position. (2) Assessment method: Climate Valuation at Risk (VaR) Method. (3) Assessment of climate scenarios: The four “climate scenarios (SSP1-RCP2.6, SSP2-RCP4.5, SSP3-RCP7.0, SSP5-RCP8.5) in IPCC “The Sixth Assessment Report, AR6.” (4) Assessment results: The company’s investment positions are mainly maintained in Taiwan, and the ratio of the investment in industries with high greenhouse gas emissions to the overall investment position is insignificant. Further analysis results indicate that although the company’s equity investment objects are industries with high greenhouse gas emissions, they are not more affected by climate changes than other industries. 2. Scenario analysis of individual firm (Bottom Up) <ol style="list-style-type: none"> (1) Transformation Risk Scenario Analysis: Quantitative assessment of equity investment positions impacted by carbon fees <ol style="list-style-type: none"> A. Objects of assessment: Issuing companies of the equity investment positions in high climate risk industries in Taiwan and abroad that are held by the company. B. Assessment method: Stock price valuation model. C. Assessment of climate scenarios: Incorporate the asset positions of the six major industries in the equity investment position into the stock price valuation model to calculate the expected loss amount affected by the carbon fee under the two scenarios (1.5°C/<2°C). D. Assessment results: Among the company’s equity investment positions, only the iron and steel and plastic industries belong to the aforementioned six major industries with risk exposure, and there are more significant changes in the degree of impact as time goes by. Of which, the change in the impact of 1.5°C scenario is more significant than that in the <2°C scenario. According to the further analysis, the asset scale of iron and steel and plastic industry is relatively small, and the industrial impact ratio (the ratio of the expected loss amount of the industry divided by the asset scale of the industry) in the 1.5°C scenario and the time scale of 2050 does not exceed 0.2%; therefore, the impact of climate change is relatively insignificant. (2) Physical Risk Scenario Analysis: Quantitative assessment of the impact of flooding on all business offices nationwide in Taiwan. <ol style="list-style-type: none"> A. Object of assessment: All business offices of the company located nationwide in Taiwan. B. Assessment method: Disaster risk model. C. Assessment results: The company has only one office in Taiwan located in the high flood risk area by the end

Item	Execution
	of this century, mainly in central and southern Taiwan.
<p>VI. Describe the transformation plan, if any, in response to managing climate-related risks, and the indicators and objectives used to identify and manage physical risks and transformational risks.</p>	<p>VI. The company has programmed the short-term/mid-term/long-term/SBT objectives for low-carbon operation management indicators and objectives based on greenhouse gas reduction emissions (category 1 and category 2) and the renewable energy usage ratio. The achievement of the objectives is described as follows:</p> <ol style="list-style-type: none"> 1. Greenhouse gas emissions (category 1 and category 2) <ol style="list-style-type: none"> (1) The Group's overall carbon intensity in 2021 had been reduced by 32% compared to that of 2017 in complying with Yuanta Financial Holdings' overall policies, which indicating a fulfillment of the mid-term and long-term objectives ahead of schedule. (2) Category 2 emissions dropped dramatically in 2021, mainly due to the relocation of the head office to a new building with better energy efficiency of equipment in use. The company will continue to monitor the emission situation. 2. Use of renewable energy: Taichung branch office used 100% green power through the renewable energy power purchase agreement (PPA) in 2021, achieved the mid-term objective ahead of schedule.
<p>VII. If internal carbon pricing is used as a planning tool, the pricing basis should be detailed.</p>	<p>VII. The boundary of Yuanta Group's internal carbon price mechanism is mainly based on Category 1 and Category 2 greenhouse gas emissions. The company adopts the shadow price ⑩ model to assist each subsidiary in assessing the benefits of energy-saving and carbon-reduction projects, and has it linked to ISO 50001 energy management system to realize synergy. Incorporate the input and output of each energy-saving improvement action plan into the carbon price parameter for calculation in order to have the carbon reduction benefit quantified and priced. Progress from a pure economic consideration (input costs of equipment, manpower, etc.) to environmental impact consideration; furthermore, comprehensively calculate the return on investment or cost-effectiveness of the action plan, and combine the internal carbon price with the carbon reduction objectives of each unit to review the annual carbon reduction performance of each unit. The incorporation of the carbon price factor into daily operations will help promote the implementation of more energy-saving and carbon-reduction projects, and make related purchasing decisions more sustainable.</p>
<p>VIII. If climate-related objectives are formulated, the related activities, scope of greenhouse gas emissions, planning schedule, annual progress, and other information should be detailed. If renewable energy credits (RECs) are used to achieve relevant objectives, it is necessary to explain the source and</p>	<p>VIII. Activities and scopes of greenhouse gas emissions:</p> <ol style="list-style-type: none"> 1. Direct greenhouse gas emissions: Including three types of emissions: Mobile combustion sources (such as gasoline official vehicles), stationary combustion sources (diesel emergency generators), and fugitive emission sources (such as CO2 fire extinguishers, septic tanks, and equipment using HFCs refrigerants). 2. Indirect greenhouse gas emissions: <ol style="list-style-type: none"> A. Indirect greenhouse gas emissions caused by imported energy: such as imported power (purchased power) B. Indirect greenhouse gas emissions caused by transportation: Such as upstream/downstream transportation and distribution of goods, employee commuting, customer/visitor transportation, and employee business travel.

Item	Execution
quantity of carbon reduction credits or the quantity of renewable energy credits (RECs).	<p>C. Indirect greenhouse gas emissions arising from the products used by the company: The use of financial instruments, such as purchased power, fuel, office materials, and capital instruments; the use of services, such as outsourced waste disposal.</p> <p>D. Indirect greenhouse gas emissions arising from the use of the company's products: The use of the company's lease assets, use of financial business network platforms, and investment.</p> <p>3. Use of renewable energy: The company's renewable energy refers to solar power. Number of certificates issued for Taichung branch office using 100% green power transfer in February 2022: 59,147 (1,000 degree of power per certificate).</p> <p>4. Please refer to page 125-126 of the annual report for the greenhouse gas-related objectives planning schedule in detail.</p>
IX. Greenhouse gas inventory and assurance	IX. Please refer to Table 2 below for the greenhouse gas inventory and assurance.

2. GHG accounting and assurance status

Scope I	Total Emission Volume (metric tons CO2e)	Intensity (Metric tons of CO2e/NT\$1 million)	Assurance Agency	Description of assurance situation
Yuanta Futures Co., Ltd.	73.37	0.641	BSI	The scope of Yuanta Futures' GHG accounting and assurance in 2022, including the business locations in Taiwan and SYF Information Co., Ltd.
Scope II	Total Emission Volume (metric tons CO2e)	Intensity (Metric tons of CO2e/NT\$1 million)	Assurance Agency	Description of assurance situation
Yuanta Futures Co., Ltd.	594.90	0.5196	BSI	The scope of Yuanta Futures' GHG accounting and assurance in 2022, including the business locations in Taiwan and SYF Information Co., Ltd.

Note: The complete assurance report issued by BSI is attached to this annual report.

(VII) 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>I. 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. (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 “Yuanta Financial Holding Ethical Corporate Management Procedure and Code of Conduct” on October 25, 2011 and December 27, 2011,</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	
	V	(II)	<p>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 Management Best-Practice Principles” and “Procedures for Ethical Management and Guidelines for Conduct” of Yuanta Financial Holdings.</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		<ol style="list-style-type: none"> 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. 2. The company formulated the “Directions for Potential Risk Assessment of Unethical Conduct of Yuanta Futures Co., Ltd.” on October 25, 2021 to substantiate the unethical conduct risk assessment mechanism. The company bases the aforementioned “Directions” on it to perform at least one unethical conduct potential risk assessment operation annually. The “2021 Unethical Conduct Risk Assessment Operation” was completed in 2022. A total of 11 	

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?			<p>inspection criteria are respectively assessed according to the business nature of each unit, regarding the degree of influence, possibility of occurrence, control effectiveness, and implementation and improvement measures or plans. According to the risk distribution map compiled of the risk results assessed by each unit of the company voluntarily, the overall potential risk of the company in 2021 is “low,” and each unit had had a corresponding response and control mechanism to each potential risk event.</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>	
<p>II. Proper enforcement of Ethical Management</p> <p>(I) Does the company have the integrity of the trade counterparty assessed and with the code of integrity expressed in the contract signed?</p>	V		<p>II.</p> <p>(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.</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	
(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?	V		(II) 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 company has presented the 2022 corporate governance operation and performance of ethical corporate management to the 25 th board meeting of the 11 th office term on March 8, 2023; also, the relevant information will be disclosed on the official website and annual report after the deliberation and resolution of the board of directors.	
(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		(III) 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,	

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	
(IV) Has the Company established an effective 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?	V		<p>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.</p> <p>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.</p> <p>(IV)</p> <p>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.</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	
(V) Has the Company organized corporate management internal and external education and training programs on a regular basis?	V		<p>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.</p> <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 2022 internal audit.</p> <p>(V) The company has arranged the “Ethical Corporate Management and Legal Compliance Propaganda” training course regularly every year. All employees must participate in and pass the test (a total of 423 employees participated in the 2022 training course and passed</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	
			the test completely) to ensure that employees are familiar with relevant laws and regulations and the meaning of ethical conduct, and containing the basic judgment ability. The “corporate social responsibility education and training” has been introduced since the year of 2017 to implement the corporate social responsibility of complying with laws and regulations and exercising ethical corporate management. In addition, the external training programs are handled in accordance with the “Guidelines for Employee Education and Training.”	
<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 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</p>	V	V	<p>III.</p> <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 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</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	
the investigation, and related mechanisms for confidentiality?			<p>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 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</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>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 “Ethical Corporate Management Best Practice Principles”, we also post them on the “Reporting System” section 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.</p>	
IV. Enhanced information disclosure Does the Company have the contents of corporate management and its implementation disclosed on the website and MOPS?	V		<p>IV. (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</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>regarding the status and effectiveness of implementation of our “Ethical Corporate Management Best Practice Principles”.</p> <p>(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.</p>	
<p>V. Where the Company may have establish its own ethical management best-practice principles in accordance with the “Ethical Corporate Management 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.</p>				
<p>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.</p>				

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.

(X) The implementation of internal control system

1. Declaration of internal control: please see page 172 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.

(XI) 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 company's traders executed the customer's offset operation on their behalf. There was an entrustment by Rest-of-Day (ROD) order with limit down, which was reviewed and corrected by the Financial Supervisory Commission. (Jin-Guan-Zheng-Chi-Tzi No. 1090377635 Letter dated January 25, 2021)

Rectification:

The propaganda of laws and regulations has been reinforced; also, the system control has been established. The traders execute the offsetting operation at the limit down; also, the system is programmed with the entrustment executed with the IOC order.

2. 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)

Rectification:

- A. The transaction limit has been approved according to the customer's risk attributes and financial proof provided; also, a system control has been established.
 - B. Customers should apply for lifting the transaction limit with the proof of financial resources provided; also, a system control has been established.
 - 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 standards for inspecting the conflicts of interest of trade entrusted by internal personnel have been established with an inspection mechanism established to audit and detect accounts that have a conflict of interest. Corrective action should be implemented for any nonconformity identified.
3. The Financial Supervisory Commission has identified nonconformities for corrective actions to be performed, which include the company's internal personnel and their spouse accounts not being distinguished from other clients' accounts, the accounts of the internal personnel of the futures introducing broker who left the employment or resigned not being canceled or changed to general customer accounts, and the orders placed through the IP address of non-internal personnel for unknown reasons. (Jin-Guan-Zheng-Chi-Tzi No. 10903759701 Letter dated February 3, 2021)

Rectification:

- A. The propaganda of laws and regulations has been reinforced; also, the inspection mechanism has been established. Corrective action should be implemented for any nonconformity identified in an account.
- B. The network segments of internal personnel and non-internal personnel have been

distinguished, and the inspection mechanism has been established. The reasons for the internal network segments used by non-internal personnel for transactions should be investigated.

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)

Rectification:

The propaganda of laws and regulations has been reinforced; also, the relevant records must be kept for the application, testing, and online of the system program with the system application program updated in a timely manner.

5. 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)

Rectification:

The system program has been modified. The trading price set by the trader on the order screen of the electronic platform is consistent with the price sent out by the system.

6. 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)

Rectification:

The propaganda of laws and regulations has been reinforced; also, the eligibility requirements for opening accounts by traders who are 70 years old or older and the review of proof of fixed income or financial resources have been implemented.

7. The Financial Supervisory Commission has imposed a fine of NT\$120,000 because the company's futures introducing broker failed to handle the high-risk account notification operation before executing the customer account offset operation. (Jin-Guan-Zheng-Chi-Far-Tzi No. 1100333915 Written Sanction dated July 26, 2021)

Rectification:

The system program has been modified and the high-risk notification record is marked. The traders should confirm that the high-risk notification has been processed before performing the offset operation.

8. The Financial Supervisory Commission had requested the company to perform corrective action because the company failed to report a litigation process arising from the futures transactions within the prescribed time limit. (Jin-Guan-Zheng-Chi-Tzi No. 1110356009 Letter dated October 6, 2022)

Rectification:

Enhanced the law awareness of personnel, and reviewed the litigation declaration process with a control mechanism established.

(XII) 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 2022 general shareholder meeting on

May 24, 2022

Subject	Resolution	Execution
<p>Acknowledging the Company's 2021 Business Report and Financial Statements. (The proposal was submitted by the Board of Directors)</p>	<p>The proposal was accepted by the voting results.</p>	<p>Announced in accordance with the resolution of shareholders regular meetings and reported to the competent authority for review.</p>
<p>Acknowledging the Company's 2021 Earnings Distribution. (The proposal was submitted by the Board of Directors)</p>	<p>The proposal was accepted by the voting results.</p>	<p>The distribution was completed in accordance with the resolution reached in the general shareholders' meeting. Cash dividends for an amount of NT\$666,945,462 were distributed completely on June 30, 2012.</p>
<p>Partial amendments to the Articles of Incorporation. (The proposal was submitted by the Board of Directors)</p>	<p>The proposal was approved by the voting results.</p>	<p>Approved by the Ministry of Economic Affairs for making change in registration on June 23, 2022 with announcement tracked on record.</p>
<p>Partial amendments to the Rules of Procedure for Shareholders Meetings. (The proposal was submitted by the Board of Directors)</p>	<p>The proposal was approved by the voting results.</p>	<p>Announcement of resolution by Shareholders Meeting in regular session on record, proceed in accordance with the procedure after amendment.</p>
<p>Partial amendments to the Regulations Governing the Acquisition or Disposal of Assets. (The proposal was submitted by the</p>	<p>The proposal was approved by the voting results.</p>	<p>Announcement of resolution by Shareholders Meeting in regular session on record, proceed in accordance with the procedure after</p>

Board of Directors)		amendment.
Proposal for lifting competition restrictions on the Company's directors. (The proposal was submitted by the Board of Directors)	The proposal was approved by the voting results.	It is based on the resolution of the regular shareholders' meeting announced.

2. Major resolutions of the Board of Directors meeting (dated 2022 to January 31, 2023)

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.

Major resolutions of the 10th Meeting of the 11th Board of Directors on March 2, 2022

- (1) Passed the date, place, agenda, accepting shareholder's proposal, and related matters of the 2022 general shareholder meeting.
- (2) Approval of the Company's 2021 "Declaration of Internal Control Policies".
- (3) Approval of the Company's 2021 Anti-Money Laundering and the Combating the Financing of Terrorism & Declaration of Internal Control Policies.

Major resolutions of the 11th Meeting of the 11th Board of Directors on March 10, 2022

- (1) Approval of the revision of part of the clauses contained in the Rules of Procedure for Shareholders Meetings.
- (2) Approval of partial amendments to the "Regulations Governing the Acquisition or Disposal of Assets".
- (3) Approval of the Company's business report in 2021.
- (4) Approval of the Company's consolidated and individual financial statements for the year 2021.
- (5) Approval of the 2021 Employees' bonus remuneration.
- (6) Approval of the Company's earnings distribution in 2021.

Major resolutions of the 12th Meeting of the 11th Board of Directors on April 13, 2022

- (1) Approved the amendments to some articles of the company's "Directions for the Implementation of Continuing Education for Directors."
- (2) Passed the implementation of principle of fair treatment of customers in 2021.

Major resolutions of the 13th Meeting of the 11th Board of Directors on April 20, 2022

- (1) Approved the "Non-compete" proposal for the directors of the company.

Major resolutions of the 14th Meeting of the 10th Board of Directors on May 6, 2022

- (1) Approval of partial amendments to the "Corporate Governance Best-Practice Principles."
- (2) Approval of the revision of the Internal Control System and the Enforcement Rules of Internal Audit of the Company.
- (3) Passed the implementation of principle of fair treatment of customers in Q1 2022.

Major resolutions of the 15th Meeting of the 10th Board of Directors on May 24, 2022

- (1) Duly resolved the issue of the Company's base date to distribute cash dividend and remuneration to employees in 2021.
- (2) Approval of the revision of the Internal Control System and the Enforcement Rules of Internal Audit of the Company.
- (3) Approved the amendments to some articles of the company's Market Risk Management Rules, Financial Transaction Credit Risk Management Rules, Block Risk Exposure Management Rules, Market Liquidity Risk Management Rules, and Guidelines for Operational Risk Management.
- (4) Approval of an amendment for part of the Company's Rules Governing Trades with the

Stakeholders.

- (5) Approval of an amendment for part of the Company's "Rules Governing General Appointing and Dismissal Authorization for Transactions Other Than Credit Extension with Interested Parties Mentioned in Article 45 of Financial Holding Company Act"

Major resolutions of the 16th Meeting of the 11th Board of Directors on June 29, 2022

- (1) Approval of the revision of the Internal Control System and the Enforcement Rules of Internal Audit of the Company.
- (2) Approval of amendment for part of the Company's "Plans for Anti-Money Laundering and the Combating the Financing of Terrorism (AML-CFT)".
- (3) Approval of the 2021 Managers and Employees' Remuneration Distribution.

Major resolutions of the 17th Meeting of the 11th Board of Directors on July 27, 2022

- (1) Approval of an amendment for part of the Company's Organizational Code.
- (2) Passed the implementation of principle of fair treatment of customers in Q2 2022.

Major resolutions of the 18th Meeting of the 11th Board of Directors on August 18, 2022

- (1) Approval of the Company's consolidated and individual financial statements for the first half of the year in 2022.
- (2) Approval of the revision of the Internal Control System and the Enforcement Rules of Internal Audit of the Company.

Major resolutions of the 19th Meeting of the 11th Board of Directors on September 28, 2022

- (1) Approved the submission of the Group's "Data Sharing and Identity Authentication Authorization Business Plan" to the competent authority.
- (2) Approved the amendments to the procedures for personnel placement, transfer, and part-time appointment between the company and Yuanta Financial Holdings and its direct affiliated companies.

Major resolutions of the 20th Meeting of the 11th Board of Directors on November 4, 2022

- (1) Approved the adjustment of the company's non-trading position market risk limit in 2022.
- (2) Approval of an amendment for part of the Company's "Table of Gate Approval" and Table of Gate Approval".
- (3) Passed the implementation of principle of fair treatment of customers in Q3 2022.

Major resolutions of the 21st Meeting of the 11th Board of Directors on December 7, 2022

- (1) Approved the formulation of the company's operations, legal compliance, and environmental risk management rules.
- (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 the revision of the Internal Control System and the Enforcement Rules of Internal Audit of the Company.
- (4) Approval of amendment for part of the Company's "Plans for Anti-Money Laundering and the Combating the Financing of Terrorism (AML-CFT)".

Major resolutions of the 22nd Meeting of the 11th Board of Directors on December 28, 2022

- (1) Approved the formulation of the company's accountability system implementation regulations.
- (2) Approval of the revision of part of the clauses contained in the "Board Meeting Procedure".
- (3) Approval of the revision of part of the clauses contained in the "Procedures for Handling Material Inside Information".
- (4) Approval of the revision of the Internal Control System and the Enforcement Rules of Internal Audit of the Company.

Major resolutions of the 9th Meeting of the 11th Board of Directors on January 16, 2023

- (2) Approval of the Self-evaluation results of the board and functional committee in 2022.

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

(XIII) 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.

(XIV) Resignation or discharge of persons related to financial reporting (including the

Chairman, President, Chief Accounting Officer, Chief Financial Officer, Chief Internal Auditor, Corporate Governance Officer, and Chief F&D Officer) in the most recent year to the date this report was printed:

Title	Name	Date on board	Date of discharge	Reason for resignation or discharge
Corporate Governance Officer	Chun-Chieh Wang	2018/11/1	2022/7/1	Retirement

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: NTD thousand

Accountant firm	Name of CPA	CPA auditing period	Audit remuneration	Non-audit remuneration	Total	Remarks
PwC Taiwan	Chiao-Sen Lo	2022 (2022/01/01~ 2022/12/31)	1,750	2,480	4,230	Business income tax audit and attestation, transfer pricing report, sustainable report and CPA assurance service, personal data management system introduction and verification consulting service, computer system information security assessment consulting, and information security service fees
	Hsiu- Ling Li					

- (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 remuneration was reduced by more than 10% from the previous year, the amount, percentage, and reasons for the reduction must be disclosed: Not applicable.

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:

- (I) **Equity changes, transfers, and pledges of directors, managerial officers, and major shareholders**

Unit: shares

Title	Name	2022		Up till January 31, 2023	
		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
Director	Kuo-Tsun Hsu	0	0	0	0

Title	Name	2022		Up till January 31, 2023	
		Increase (decrease) in shares held	Increase (decrease) in shares collateralized	Increase (decrease) in shares held	Increase (decrease) in shares collateralized
Director	Mei-Ling Kuo	0	0	0	0
Director	Pin-Cheng Chen (Onboard on 2022/5/24)	0	0	0	0
Director	Wei-Chen Chang (Onboard on 2022/5/24)	0	0	0	0
Independent Director	Yu-Chun Wu	0	0	0	0
Independent Director	Hui-Erh Yuan	0	0	0	0
President	Kuo-Tsun Hsu	0	0	0	0
Senior vice president	Ching-Jen Chen (Onboard on 2022/3/15)	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	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	0	0	0	0

Title	Name	2022		Up till January 31, 2023	
		Increase (decrease) in shares held	Increase (decrease) in shares collateralized	Increase (decrease) in shares held	Increase (decrease) in shares collateralized
Senior Assistant Vice Presidents	Wei-Ching Chien	16,000	0	0	0
Assistant Manager	Hsin-Hsien Li	0	0	0	0
Assistant Manager	Ming-Wen Tsou	0	0	0	0
Assistant Manager	Feng-An Liu	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,	Yi-Chung Hsu	21,896	0	0	0
Managers,	Yu-Chen Lin	0	0	0	0
Branch Manager	Sheng-Wei Wu	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	Nai-Kuan Huang (Discharged on 2023/1/28)	0	0	-	-
Former Director	Hsien-Tao Chiu (Discharged on 2022/5/2)	0	0	-	-
Former Director	Yueh-Tsang Li (Discharged on 2022/5/24)	0	0	-	-
Former Executive Vice President	Chun-Chieh Wang (Discharged on 2022/7/1)	0	0	-	-
Former Executive Vice President	Yi-Jui Kao (Discharged 2022/3/15)	0	0	-	-
Former Junior VP	Chen-Kang Shih (Discharged on 2022/7/1)	0	0	-	-

Title	Name	2022		Up till January 31, 2023	
		Increase (decrease) in shares held	Increase (decrease) in shares collateralized	Increase (decrease) in shares held	Increase (decrease) in shares collateralized
Former Professional Senior Managers	Hua-Wei Wang (Onboard on 2022/6/1, Discharged on 2022/8/1)	0	0	-	-
Former Manager	Fu-Chieh Hsieh (Discharged on 2022/6/1)	0	0	-	-
Former Manager	Chang-Sheng Ting (onboard on 2022/2/1, Discharged on 2022/5/1)	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	Percent age placed as collateral	Secured (redeemed) Amount
Not a counterparty	-	-	-	-	-	-	-	-

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

Date of information: June 12, 2022

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	1,124	0.39%	-	-	-	-	-	-	None
	0	0%	0	0%	0	0%	None	None	None
Hong-Tu Investment Holdings Limited Representative: Tsui-Feng Yin	1,001	0.35%	-	-	-	-	-	-	None
	0	0%	0	0%	0	0%	None	None	None
Mao-Lang Huang	720	0.25%	0	0%	0	0%	None	None	None
Chieh-Erh Lin	707	0.24%	0	0%	0	0%	None	None	None
Shou-Chuan Ho	702	0.24%	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, 2023

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 (Hong Kong) 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 1: The company is organized as a limited company; therefore, it is with stock rights but not stock shares.

Note 2: Yuanta (Singapore) was invested and established by the company on November 23, 2022 with the scope of business yet to be approved by the Singapore authorities.

Yuanta Futures Co., Ltd.

Declaration of Internal Control Policies

Date: March 8, 2023

The following declaration is based on the 2022 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 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, 2022 (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 8, 2023. None of the 8 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

Audit Director: 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, 2022)

Enhancement Items	Improvement Measures	Planned Date of Completion
The Financial Supervisory Commission had requested the company to perform corrective action because the company failed to report a litigation process arising from the futures transactions within the prescribed time limit. (Jin-Guan-Zheng-Chi-Tzi No. 1110356009 Letter dated October 6, 2022)	Enhanced the law awareness of personnel, and reviewed the litigation declaration process with a control mechanism established.	Improvement completed
The company had not reported the nonconformities of the system host message sequence transmission and the network order reporting system host to the “Securities and Futures Industry Information Sharing and Analysis Center” according to regulations; therefore, the Financial Supervisory Commission requested the company to perform corrective actions for the said nonconformities. (Jin-Guan-Zheng-Chi-Zi No. 1110332584 Letter dated March 14, 2022 and Jin-Guan-Zheng-Chi-Zi No. 1110350226 Letter dated September 16, 2022)	Enhanced the law awareness of personnel, reviewed and adjusted the information service system nonconformity reporting procedures.	Improvement completed

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, 2023; 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	None	Note

						totaling 27,400 thousand dollars		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: June 12, 2022

Shareholders structure Quantity	Government institutions	Financial institutions	Other corporations	Individuals	Foreign institutions and foreigners	Total
Head count	0	6	86	15551	42	15,685
Number of shares held	0	29,011,123	217,866,976	41,354,057	1,744,132	289,976,288
Shareholding percentage	0%	10%	75.13%	14.26%	0.61%	100%

Note: Companies initially listed at TWSE (TPEX) or in the emerging stock market shall disclose the proportion of investment from Mainland China. Investment from Mainland China refers to investment from the people, legal entities, organizations, or other institutions prescribed in Article 3 of the Regulations Governing the Investment of People from Mainland China in Taiwan, or the investment of the aforementioned people, legal entities, organizations, or other institutions in a third region.

(IV) Ownership diversification

1. Ordinary shares

Face value at ten dollars per share; the base date: June 12, 2022

Shareholding range	Number of shareholders	Number of shares held (shares)	Shareholding percentage (%)
1 to 999	8,237	387,007	0.13%
1,000 to 5,000	5,901	11,224,119	3.87%
5,001 to 10,000	790	5,858,838	2.02%
10,001 to 15,000	257	3,179,355	1.1%
15,001 to 20,000	123	2,190,386	0.76%
20,001 to 30,000	133	3,363,392	1.16%
30,001 to 40,000	74	2,532,478	0.87%
40,001 to 50,000	43	1,928,321	0.66%
50,001 to 100,000	61	4,367,606	1.51%
100,001 to 200,000	34	4,483,886	1.55%
200,001 to 400,000	13	3,419,591	1.18%
400,001 to 600,000	5	2,447,088	0.84%
600,001 to 800,000	7	4,722,607	1.63%
800,001 to 1,000,000	0	0	0%
1,000,001 and above	7	239,871,614	82.72%
Total	15,685	289,976,288	100%

2. Preference shares: none.

(V) List of major shareholders

Base date: June 12, 2022

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.		1,123,693	0.39%
Hong-Tu Investment Holdings Limited		1,001,000	0.35%
Mao-Lang Huang		720,712	0.25%
Chieh-Erh Lin		707,081	0.24%
Shou-Chuan Ho		701,575	0.24%

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

Unit: NTD; shares

Item	Year		2021	2022	Year-to-date January 31, 2023
	Market price per share (Note 1)	Highest		53.20	50.80	49.30
Lowest		48.25	45.30	48.85	
Average		51.20	48.68	49.01	
Net worth per share (Note 2)	Before dividend distribution		42.59	44.39	-
	After dividend distribution		40.29	41.89 (Note 9)	-
Earnings per share	Weighted average outstanding shares		289,976,288	289,976,288	289,976,288
	Earnings per share (Note 3)	Before adjustment	2.97	3.95	-
		After adjustment	2.97	3.95 (Note 9)	-
Dividends per share	Cash dividend		2.30	2.50 (Note 9)	-
	Stock dividends	From earnings	-	-	-
		From capital reserves	-	-	-
	Cumulative undistributed dividends (Note 4)		-	-	-
Analysis of investment returns	P/E ratio (Note 5)		17.24	12.32	-
	Price to dividends ratio (Note 6)		22.26	19.47	-
	Cash dividend yield (Note 7)		4.49%	5.14%	-

* 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 2012 earnings distribution is subject to approval during the annual general meeting on May 24, 2023.
- Note 9: The figures for distribution resolved by the Board on March 8 2023 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:

- I. The annual dividend to be distributed should be an amount not less than 50% of the earnings available for distribution.
- II. 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 this shareholders' meeting

The company's 2022 earnings distribution proposal was resolved by the board of directors on March 8, 2023, of which, the cash dividends for shareholders amounted to NT\$724,940,720 (NT\$2.5 per share). The said proposal is scheduled to be submitted to the regular shareholders' meeting for resolution on May 24, 2023. The board of directors will be authorized thereafter to determine the ex-dividend date, the payment distribution date, and other relevant matters.

(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 2022 earnings will be distributed in cash. The 2022 compensation for employees amounts to NT\$4,055,000, 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 2021 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 2021 compensation for employees amounts to NT\$3,951,668, 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	2021		2022	
	Operating revenues	Ratio (%)	Operating revenues	Ratio (%)
Brokerage revenue	3,743,909	96%	3,900,499	98%
Income from proprietary trade	125,458	3%	80,995	2%
Consultancy income	16,142	1%	8,352	0%
Other income	3,182	0%	9,952	0%
Total	3,888,691	100%	3,999,798	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) Continue to optimize digital services and enhance information security protection system:

In response to the rapid development of electronic futures, following the launch of “iTRADER,” a new generation of electronic trading platform, in October 2021, the company continued to optimize its functions and support the use of platforms by external securities companies; also, comprehensively planned to integrate and converge the functions of existing electronic platforms. The company has planned to combine big data computing and provide multiple analysis interfaces to gradually enhance the digital user interaction in-depth and to lay the foundation for customer solicitation in 2023. Also, the company focuses on optimizing the efficiency of front-end and back-end business operations, updating software and hardware equipment, reducing manual operations and risks, planning a more comprehensive platform service and information security protection system in order to provide customers with a higher-quality service experience.
 - (2) Expand the business of leveraged traders:

Focus on the growth potential of the leveraged traders, continue to recruit and cultivate the leveraged business talents and teams, actively optimize the digital services of the leveraged trading business, simplify the online account opening process, and develop futures introducing tools for program trading. The company plans to develop an electronic contract for difference trading platform in 2023 and expand the scale of the middle and back-end systems to improve the ability of processing orders, fulfilling the diversified trading needs of customers, and continuing to expand the profitability of leveraged traders.

(3) Expansion of start-up business in the Asia-Pacific region:

Establish overseas cross-border operation bases, solicit potential customers in Southeast Asian countries, enhance resource integration and business development synergy between the parent company and Asia-Pacific cross-border operation bases, develop overseas brokerage and B2B start-up business in-depth, build up a cross-market international trading platform, and provide traders in Taiwan and Asia with the most comprehensive asset allocation and hedging services.

(II) Industry overview

1. Current industry conditions

(1) Existing market participants

As of December 31, 2022, the futures brokerage participants numbered 70, with a total of 872 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 687 operating strongholds). In the area of proprietary trade, the Company has worked with 12 futures firms and 19 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 2015. In the area of clearing and settlement, the Company has 20 general clearing members, 10 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 composit futures consultation firm, and leveraged traders. In addition, in terms of brokerage, the Company has a total of 21 future introducing brokers, including Yuanta Securities, King's Town Securitie, GMStock, Easytrade Securities, Yung Shin Securities, Boom Securities, Kuanz-ho Securities, Yingyi Securities, Antay Securities, Quan Thai Securities, Taichung Bank Securities, Sunny Securities, Chung Nourn 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

Global economies remained under the influence of geopolitics and financial fluctuations in 2022. Market volatility continued, and the futures market demand for risk hedging and trading increased, causing the global futures and options trading volume to reach a new high of 83.85 billion units, a 34% growth from the year before. In terms of the domestic market, the annual volatility of the Taiwan futures market in 2022 was 20.97%, which was an increase from 18.01% in 2021. However, the real economic growth slowed down due to the impact of inflation and interest rate increase. The trading volume of Taiwan futures reached 384 million units in 2022, representing an average daily volume of 1.56 million units, a slight decrease of 2% from the 392 million units in 2021. FITX, FIMTX, stocks futures, and TXO were the most popular instruments traded in 2022. Taiwan's trading market structure has changed. The day trade volume fell by

16.7%, while the night trade volume increased by 59.3% from the year before, indicating that investors have linked to the US stock trading hours by practicing the night trade, creating a diversified trading trend in Taiwan's futures market. In terms of the number of futures accounts opened, 1.939 million accounts are held by natural persons and 11,092 accounts are held by juridical persons, indicating that the market momentum has been active continuously.

2. Industry development

(1) The development trend of market participants

Regarding the development of professional futures brokers, take the performance in the year of 2022 for example, international events took place frequently, including the Russia–Ukraine War, the United States' dramatic interest rate increase, and inflation, affecting the profitability of the financial industry. The net income before tax of the 14 futures companies amounted to NT\$4.9 billion in 2022, an annual increase of 37.93% from NT\$3.553 billion in 2021, mainly due to the increase in bank deposit interest rates, and the increase in interest income from proprietary funds and customer margin deposits. The overall profit generation still relies on the futures merchants with the background of financial holding, demonstrating the phenomenon of “rich getting richer.”

(2) The development trend of industrial customer structure

In the current client structure, the ratio of trading volume between natural persons and juridical persons is 1:1. The four major instruments in Taiwan futures market in 2022 were: TXO, FIMTX, Stock Futures (STF), and FITX. Of which, the average day trade volume of FIMTX increased by 12%, the average day trade volume of TXO increased by 0.9%, the average day trade volume of FITX decreased by 0.7%, and the average day trade volume of Stock Futures (STF) decreased by 28.6% due to the extensive decrease in securities trading volume. In addition, FIMTX and U.S. DJI have grown significantly. The average day trade volume of ZEF & ZFF has grown by 34.9%, and the average day trade volume of the three major U.S. stock index futures (Dow Jones Industrial Average Index, Standard & Poor's 500 Index, and NASDAQ) has increased by 37.2%. Apparently, the trade of microminiaturization instruments has been emerging in recent years. Small contract has the advantages of flexible fund use and low entry barriers; therefore, they are potential instruments in the futures market. In prospect of 2023, 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. The correlation of the upstream, midstream, and downstream of the industry

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 of the product

Instruments traded over the market in 2022 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, India Index, and FTSE Taiwan Index Futures. Hong Kong instruments consisted mainly of Heng Seng, H Stock Index futures, MSCI Taiwan index. 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
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	1,160,366	821,671,146
2022	366,624,586	402,312,408	32,458,318	889,920	11,888,618	1,743,311	1,785,316	817,702,477

Source: Chinese National Futures Association

5. Competition

The Company is a futures commission merchant. The profitability of the major competitors in 2022 is as follows:

Rank	Name of futures merchant	Cumulative pre-tax profit/loss	Cumulative pre-tax profit/loss EPS	Share capital
1	Yuanta Futures	1,421,867,130	4.90	2,899,762,880
2	Capital Futures	957,628,730	4.55	2,104,375,840
3	KGI Futures	707,594,595	4.20	1,685,564,000
4	Sinopac Futures	623,272,918	3.72	1,675,250,530
5	President Futures	253,906,946	3.85	660,000,000
6	Fubon Futures	207,691,907	1.48	1,400,000,000
7	Concord Futures	143,561,193	1.76	815,000,000
8	Masterlink Futures	120,325,540	1.72	700,000,000
9	Cathay Futures	109,345,426	1.64	667,000,000
10	Jih Sun Futures Co., Ltd.	95,434,327	1.36	700,000,000
11	IBF Futures	82,516,968	0.81	1,019,000,000
12	Hua Nan Futures	75,171,659	1.73	435,000,000
13	Mega futures	73,994,519	1.85	400,000,000
14	Da Chang Futures	27,699,181	0.92	300,000,000

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 has extended the spirit of 2021 into 2022 to optimize the diversity, immediacy, and depth of research reports continuously, and to actively promote financial innovation and digital platform.

The company's research team is committed to fulfilling the needs of customers in Taiwan and overseas. In addition to regularly providing financial market information, overseas futures quotations, special research and prospective reports, the company also applies research and analysis expertise to help customers build up data models. In addition, the research team exercises professional advantages in business promotion, actively supporting physical and online seminars, constructing real-time message receiving channels, reminding instrument fluctuations, participating in the visits to industrial juridical persons of the business team, integrating professional analysts' opinions, instrument prospect reports, customized strategic modeling services, issuing analysis reports that are close to market demand, improving customer service, and establishing the professional value of Yuanta Futures.

In terms of digital platform promotion, 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. Yuanta Futures studies the front-line YouTube channel. The professional analysts in the Research Department analyze and interpretate various featured topics, such as Groupie's focus, quarterly navigation, lectures by famous experts, and Trade Academy series. There are more than 7,830 subscribers and 2,283,045 viewers currently since the channel launch, reflecting the remarkable achievements of the research team in the combination of research content and digital innovation.

In terms of researching and developing strategic trading, the company continued to use the characteristics of big data in the futures and option markets in 2022 to provide data quantitative research results, and use the resulted instrument fluctuations to follow up on the changes in instrument price; also, to issue notifications through LINE and Telegram instant message groups so to help customers grasp market condition in real time.

In prospect of 2023, 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 9 staffs; their academic and career backgrounds are as follows:

Item \ Year	2022		Up till January 31, 2023	
	Head count	Percentage	Head count	Percentage
Postgraduate study and above	8	89%	8	89%
University	1	11%	1	11%
Total	9	100%	9	100%
4 years research experience and above	5	56%	5	56%
4 years research experience and below	4	44%	4	44%

In addition, the Company's Research Department maintains a close contact with Yuanta-Polaris Research Institute and Yuanta Securities Investment Trust Co., Ltd. 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	2018	2019	2020	2021	2022
R&D Department expenses	18,828	22,508	23,519	25,776	19,725

The research expenses invested by the company's research unit had changed in 2022 due to personnel rotation, which was to respond to customer needs with flexibility and quality in resources allocation. 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.

4. Successfully developed technologies or products

- (1) The optimization of online account opening process and expansion of convenient services:

Yuanta Futures actively provides customers with diversified account opening services and channels. The customers of the company are able to open futures accounts through Yuanta Securities Account Opening APP this year, providing customers with faster and more convenient selections; continuously optimizing the overall mobile account opening process and enhancing security control, shortening account opening procedures and enhancing user experience, as well as integrating OCR, LBS, and other automatic identification technologies to improve customer satisfaction.

- (2) Core Accounting System Replacement Project:

Follow the "fast market not slow market" policy of the futures market and improve the smooth operation of the active trading days suffered with severe market fluctuations. Yuanta Futures completed the optimization and upgrade of the core accounting system and hardware equipment in 2021; also, continued to implement clearing operations and trading system conversion plan in 2022. The clearing system was successfully transferred in August this year.

- (3) Integration and continuous optimization of the trading platform:

The company has comprehensively planned to integrate the functions of the existing electronic platforms in order to respond to the rapid development of the futures business. After the launch of the "iTRADER" (a new generation of electronic trading platform) in October 2021, the company continued with its stage II optimization and converged the existing AP platform this year to provide investors with more diversified trading tool selections and to help them experience exclusive and innovative services of new platform software. In addition, "iTRADER" has completed the common-building-block function support this year for the use of brokerage IBs and enhancing the start-up service content of Yuanta Futures.

- (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.

Construction and introduction of digital warehousing paperless electronic signature system – It is intended for enhancing and realizing a digital management, improving the efficiency of automatic process operation of back-end units and reducing the error rate of reports, in addition, enhancing the security of data storage and the promptness of data accessibility.

(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 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) The 9th category "asset management" business.
- (6) Other business functions approved by the Hong Kong competent authority.

2. Business weightage

Item \ Year	2021		2022	
	Operating revenues	Ratio (%)	Operating revenues	Ratio (%)
Brokerage revenue	32,173	90%	23,948	71%
Income from proprietary trade	(960)	(3%)	1,083	3%
Other income	4,679	13%	8,533	25%
Subtotal revenues	35,892	100%	33,564	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 9th category "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

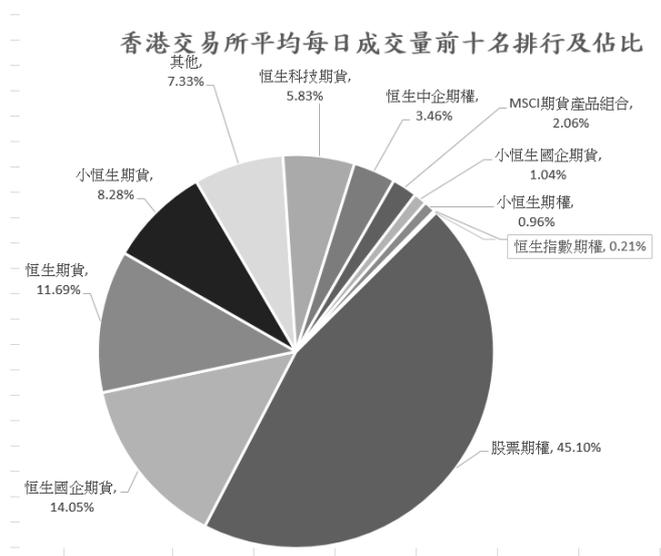
HKEx licensee / number of registers (Data as of December 31, 2022)

	The Stock Exchange of Hong Kong Limited Participants	Taiwan Futures Exchange Participants	The Stock Exchange/ Futures exchange Participants	Non-participant
Licensed institutional groups	577	91	84	2,501
Registration Authority	0	0	0	111
Licensed representative	11,539	775	5,350	18,216
Person in charge / Authorizer	2,099	146	677	6,512

*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	45.10%	1	490,123
Hang Seng China Enterprises Index Futures	14.05%	2	152,660
Hang Seng Index Futures	11.69%	3	127,065
Mini-Hang Seng Index Futures	8.28%	4	89,937
Hang Seng Technology Futures	5.83%	5	63,312
Hang Seng China Enterprises Index Options	3.46%	6	37,561
MSCI Futures Portfolio	2.06%	7	22,392
MCH FUTURES	1.04%	8	11,353
Mini-Hang Seng Index Options	0.96%	9	10,396
Hang Seng Index Options	0.21%	10	2,248
Others	7.33%	-	79,696
Total	100.00%	-	1,086,743

Data Source: HKEx 2022 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.

(IV) 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.

(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

(II) 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

2022 market share between The Company and its main competitors:

Name of futures merchant	Taiwan futures	Taiwan options	Sub-total of overseas
Yuanta Futures	21.95%	19.22%	25.14%
KGI Futures	25.12%	12.49%	11.63%
Sinopac Futures	6.28%	5.92%	9.26%
Capital Futures	10.57%	5.80%	20.48%
President Futures	3.79%	4.19%	6.21%
Concord Futures	2.53%	2.79%	5.20%
Masterlink Futures	2.31%	2.73%	2.54%
Hua Nan Futures	2.23%	2.30%	1.74%
Fubon Futures	3.30%	2.27%	5.95%
Jih Sun Futures Co., Ltd.	2.25%	2.25%	2.27%
IBF Futures	1.45%	1.94%	1.92%
Da Chang Futures	0.97%	1.36%	1.05%
Mega futures	1.46%	1.30%	1.04%
Cathay Futures	1.67%	1.18%	1.90%

Source: Chinese National Futures Association

2. Future market supply/demand and growth potentials

Taiwan stocks market had fluctuated violently in 2022, and the weighted index dropped by more than 4,000 points during the year. Taiwan's stock market was affected by inflation and interest rate increase; therefore, the market trading volume was limited. On the contrary, the futures market was relatively stable with the main channel for risk hedging available to traders. The total annual trading volume reached 384 million units and the average day trade volume reached 1,562,880 units. The foreign capital reached 31.38%, which was equivalent to the scale recorded in 2021.

According to the records of Taiwan Futures Exchange, TXO, FIMTX, Stock Futures (STF), and FITX were the four main futures markets in Taiwan in 2022, of which, the growth of microminiaturization instruments was outstanding. The average day trade volume of FIMTX grew by 10.8% from the year before. The average day trade volume of ZEF grew by 25.2% from the year before. The average day trade volume of ZFF grew by 120% from the year before, indicating that instruments with small contract specifications were favored by traders, and microminiaturization instruments would be the focus of the futures market. In addition, since the night trade of the Taiwan futures market and the U.S. stock market are linked simultaneously, the average night trade volume was close to 500,000 units in 2022, accounted for more than 50% of the day trade volume of the same instrument, and the trade volume increased by 59.3% from the year before. The night trade is becoming active in Taiwan and it is a major trend emerging in the market.

Taiwan Futures Exchange launched micro semiconductor 30 futures and shipping futures in 2022 in response to market changes and demands; also, actively enhanced the trading system and clearing system, and expanded the application of dynamic price stabilization measures to electronic and financial options and ETF options.

In the prospect of 2023, Taiwan Futures Exchange will continue to promote instrument diversification and integration with the international market; also, continue to promote customized contract trading platforms, expand OTC clearing operations, promote sustainable ecological development of the futures industry, enhance market risk defense mechanisms, and information security.

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 sustainable development 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		2021	2022	Up till January 31, 2023
Number of employees		412	423	423
Average age		39.36	39.50	39.54
Average years in service		9.47	9.67	9.75
Distributions by Education	Doctoral Degree	0.24%	0.24%	0.24%
	Master's Degree	22.33%	23.64%	23.88%
	Bachelor's Degree	72.82%	71.63%	71.39%
	High school	4.61%	4.49%	4.49%

Yuanta Futures (HK) Co., Limited

Year		2021	2022	Up till January 31, 2023
Number of employees		26	23	23
Average age		33.67	33.54	33.62
Average years in service		2.18	2.26	2.34
Distributions by Education	Doctoral Degree	0%	0%	0%
	Master's Degree	42.31%	34.78%	34.78%
	Bachelor's Degree	57.69%	65.22%	65.22%
	High school	0%	0%	0%

SYF Information Co., Ltd.

Year		2021	2022	Up till January 31, 2023
Number of employees		0	0	0
Average age		-	-	-
Average years in service		-	-	-
Distributions by Education	Master's Degree	-	-	-
	Bachelor's Degree	-	-	-
	High school	-	-	-

SYF Information (Shanghai) Limited

Year		2021	2022	Up till January 31, 2023
Number of employees		0	0	0
Average age		-	-	-
Average years in service		-	-	-
Distributions by Education	Master's Degree	-	-	-
	Bachelor's Degree	-	-	-
	High school	-	-	-

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.**

Number of employees in non-managerial positions and annual average employee benefits and the difference over the previous year:

Item	2022	2021	Difference
Number of person (persons)	398	386	12
The average benefit cost (Thousand)	\$1,167	\$1,065	102

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 Association)
 - ④ Monthly pension contributions in accordance with the Labor Standards Act
 - ⑤ Annual health check-up
 - ⑥ 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 2022:

Item	Female	Male	Total
The aggregate total of Yuanta staff in reinstatements after parental leave in 2022 (A)	2	0	2
The aggregate total of Yuanta staff in substantial reinstatements after parental leave in 111 (B)	2	0	2
Reinstatement percentage (%) (B/A*100)	100%	0	100%
The aggregate total of Yuanta staff in substantial reinstatements after parental leave in 110 (C)	1	0	1
The aggregate total of Yuanta staff still on the job within 12 months after reinstatements in 110 (D)	1	0	1
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\$1,452,341 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 employee trainings of the company in 2022 are as follows:

Date of information: December 31, 2022

Participants	Organizer	Course name	Hours	Persons
All employees	Yuanta E-Academy online education and training	Law Compliance Self-Assessment/Money Laundering Control/Information Security/Personal Data Protection Act/Whistleblower System/Corporate Social Responsibility/Stakeholders/Safe Workplace/Ethical Corporate Management/Financial Consumer Protection Act and other education and training/TIPS	1~1.5	12,698 persons
Reserve supervisors	Yuanta Financial Holding Co., Ltd.	Yuanta MBA- Department head training	120	3 persons
Reserve supervisors	Yuanta Financial Holding Co., Ltd.	Yuanta MBA - Section supervisor training	90	3 persons
Department Head/Management Trainee	Management Department of Yuanta Futures Co., Ltd.	Supervisor training course	1.5~2	31 persons
Sale personnel	Management Department of Yuanta Futures Co., Ltd.	Introduction and response to Financial Consumer Protection Act	3	4 persons
Senior manager	Yuanta Financial Holding Co., Ltd.	The “Principle for Financial Service Industries to Treat Clients Fairly” and the Protection and Empowerment of Financial Consumers	3	7 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	838 persons
Senior manager	Management Department of Yuanta Futures Co., Ltd.	The latest trend of money laundering control and countering-terrorism financing	3	8 persons
AML Supervisor/designated personnel	Chinese National Futures Association	Analysis and Case Study on AML/CFT Conference	3	7 persons
AML Supervisor/designated personnel	Securities and Futures Development Foundation	Anti-money laundering and countering the financing of terrorism on-job workshop	12	24 persons
AML Supervisor/designated personnel	Taiwan Securities Association	Anti-money laundering and countering the financing of terrorism on-job workshop	3	6 persons
AML Supervisor/designated personnel	Securities and Futures Development Foundation	Acquisition of AML/CTF qualifications	12	8 persons
Registered practitioners	Chinese National Futures Association	On-the-job training programs for futures salespeople (including futures/consultation/proprietary trading/leverage business)	3~15	185 persons
	Taiwan Securities Association	On-the-job training programs for securities salespeople	15	59 persons

Participants	Organizer	Course name	Hours	Persons
All personnel	Securities and Futures Development Foundation	Statutory pre-job training (including securities and futures/consultation/leverage business/futures intensive class)	3~12	117 persons
Proprietary Trading Department (leverage transaction merchant)	Taiwan Securities Association	61-hour On-the-job training programs for derivative financial instruments related personnel	61	8 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	41 persons
IT Department	Yuanta Financial Holding Co., Ltd.	Information security functional training	2~3	66 persons
Department heads	Securities and Futures Development Foundation	Special class for green and sustainable finance talents	14.5	2 persons
Sale personnel	Institute for Information Industry	TIPS (Level A) and Intellectual Property Law Compliance Training Course for Corporate Governance	25	2 persons
Incoming employees	Yuanta Financial Holding Co., Ltd.	Training of occupational safety and health for the new entrants	3	59 persons
Incoming employees	Management Department of Yuanta Futures Co., Ltd.	Newcomer education and training	7.5	144 persons

Employees' certification

Date of information: January 31, 2023

Certificate and license name	2021	2022	Up till January 31, 2023
Futures Practitioner, China	23	23	22
Futures Practitioner, Hong Kong	4	4	5
Futures Associated Persons	330	332	328
Futures Trading Analyst	26	26	27
Securities sales personnel	186	184	191
Senior securities sales personnel	120	123	125
Certified Securities Investment Analyst	7	7	7
Certified Securities Investment Trust and Consulting Professional	59	60	62
CFA 1 Chartered Financial Analyst	2	2	2
CFP Certified Financial Planner	3	3	2
CAMS Certified Anti-Money Laundering Specialists	2	2	2
Trust Personnel	75	75	73
The bank's internal controls and internal auditors	24	24	24
Derivative financial instruments salespeople	28	27	27
Structured instruments salespersons	97	98	94
Investment insurance salespersons	19	19	20
Certified Financial Planner	28	28	26
Wealth management salespersons	19	19	24
Bills personnel	2	3	3
Certified Life Insurance Representative	54	54	53
Certified Property Insurance Representative	27	27	26
Bond personnel	1	1	1
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 on June 24, 2021; also, the litigation cost was overruled and the case was remanded to Taiwan High Court. Taiwan High Court had the original ruling (except for the confirmed payment of NT\$2,664) overruled on June 7, 2022 in the remanding 2nd instance of the court, including aborting the principal and interest for an amount of NT\$161,064, as well as the judgment of litigation fees (except for the confirmed and

reduced amount). The client did not appeal and the case was closed. The case has no significant impacts to The Company's operation or shareholders' equity.

(III) List any violations of the Labor Standards Act found during a labor inspection, including the disposition date, disposition, reference number, the articles of laws or regulations breached, description of the violation, and the disposition: None

(IV) 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."

The company has set up a dedicated information security unit "Information Security Section" and 3 full-time staff and the Information Security Officer to enhance information security supervision, coordinate information security policies, and promote coordination and resource allocation; also, they are responsible for the company's information security governance, planning, supervision, promotion, and implementation of information security management operations, and must report the information security implementation 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 12.95% of the overall information capital expenditure in 2022, 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

(I) Yuanta Futures Co., Ltd.

Date of information: January 1, 2023

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
General trade contract	Mr. Watt Co., Ltd.	December 1, 2022 ~ December 1, 2027	Renewable energy power sales and certificate sales contract	None
Purchase Agreement on IT Hardware	Sanfran Technologies Inc.	A contract was signed on May 20, 2022 with a 5-year warranty provided starting from the day after the equipment delivery and inspection and acceptance is completed.	Procurement of switch and firewall equipment for foreign juridical person department	None

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

Date of information: January 1, 2023

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
Agreement on Property Leasing (Lessee)	Yuanta Securities (HK) Co., Limited	November 16, 2022 ~ November 15, 2024	Yuanta Futures (HK) office location: the lease for 23/ 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

Year Item	Consolidated financial information for the latest 5 years (Note 1)					Year-to-date January 31, 2023	
	2018	2019	2020	2021	2022		
Current assets	70,417,004	71,245,136	93,585,956	94,260,758	108,572,649	(Note 2)	
Property , plant, and equipment	612,943	597,740	618,532	630,948	653,265		
Intangible assets	42,832	41,049	42,169	86,979	74,012		
Other assets	2,219,075	2,399,964	2,695,546	3,001,047	3,055,469		
Total assets	73,291,854	74,283,889	96,942,203	97,979,732	112,355,395		
Current liabilities	Before dividend distribution	64,988,102	65,326,061	84,831,962	83,923,548		97,786,346
	After dividend distribution	65,638,475	66,125,985	85,643,896	84,590,493		(Note 3)
Non-current liabilities	83,202	101,691	251,679	1,706,286	1,698,200		
Total liabilities	Before dividend distribution	65,071,304	65,427,752	85,083,641	85,629,834		99,484,546
	After dividend distribution	65,721,677	66,227,676	85,895,575	86,296,779		(Note 3)
Attributable to owners of the parent company	8,220,550	8,856,137	11,858,562	12,349,898	12,870,849		
Share capital	2,322,763	2,322,763	2,899,763	2,899,763	2,899,763		
Capital reserve	Before dividend distribution	940,976	940,976	3,070,484	3,070,484		3,070,484
	After dividend distribution	940,976	940,976	3,070,484	3,070,484		(Note 3)
Retained earnings	Before dividend distribution	3,776,318	4,296,129	4,610,872	4,763,738		5,209,388
	After dividend distribution	3,125,945	3,496,205	3,798,938	4,096,793		(Note 3)
Other equity	1,180,493	1,296,269	1,277,443	1,615,913	1,691,214		
Treasury stock	0	0	0	0	0		
non-controlling interests	0	0	0	0	0		
Total equity	Before dividend distribution	8,220,550	8,856,137	11,858,562	12,349,898		12,870,849
	After dividend distribution	7,570,177	8,056,213	11,046,628	11,682,953	(Note 3)	

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

Note 2: There was no financial information audited or reviewed by the CPA as of the annual report publication date.

Note 3: As of the date this report was printed, the proposal for the distribution of earnings in 2022 has not been passed by the General Meeting of shareholders.

Unit: NTD thousand

Item	Year	Separate financial information in the last five years (Note 1)					Year-to-date January 31, 2023
		2018	2019	2020	2021	2022	
Current assets		68,078,674	68,897,983	91,215,855	90,816,473	104,902,918	(Note 2)
property , plant, and equipment		590,324	581,807	607,595	624,845	649,159	
Intangible assets		42,252	40,752	42,137	86,979	74,012	
Other assets		3,397,526	3,629,123	3,870,962	4,124,658	4,252,591	
Total assets		72,108,776	73,149,665	95,736,549	95,652,955	109,878,680	
Current liabilities	Before dividend distribution	63,805,024	64,215,319	83,636,571	81,596,771	95,316,184	
	After dividend distribution	64,455,397	65,015,243	84,448,505	82,263,716	(Note 3)	
Non-current liabilities		83,202	78,209	241,416	1,706,286	1,691,647	
Total liabilities	Before dividend distribution	63,888,226	64,293,528	83,877,987	83,303,057	97,007,831	
	After dividend distribution	64,538,599	65,093,452	84,689,921	83,970,002	(Note 3)	
Attributable to owners of the parent company		8,220,550	8,856,137	11,858,562	12,349,898	12,870,849	
Share capital		2,322,763	2,322,763	2,899,763	2,899,763	2,899,763	
Capital reserve	Before dividend distribution	940,976	940,976	3,070,484	3,070,484	3,070,484	
	After dividend distribution	940,976	940,976	3,070,484	3,070,484	(Note 3)	
Retained earnings	Before dividend distribution	3,776,318	4,296,129	4,610,872	4,763,738	5,209,388	
	After dividend distribution	3,125,945	3,496,205	3,798,938	4,096,793	(Note 3)	
Other equity		1,180,493	1,296,269	1,277,443	1,615,913	1,691,214	
Treasury stock		0	0	0	0	0	
non-controlling interests		0	0	0	0	0	
Total equity	Before dividend distribution	8,220,550	8,856,137	11,858,562	12,349,898	12,870,849	
	After dividend distribution	7,570,177	8,056,213	11,046,628	11,682,953	(Note 3)	

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

Note 2: There was no financial information audited or reviewed by the CPA as of the annual report publication date.

Note 3: As of the date this report was printed, the proposal for the distribution of earnings in 2022 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)					Year-to-date January 31, 2023
	2018	2019	2020	2021	2022	
Operating revenues	3,638,296	2,918,325	3,877,625	3,888,691	3,999,798	(Note 2)
Operating gross profit	1,602,070	1,335,036	1,759,163	1,817,486	1,764,135	
Operating gains and losses	415,785	143,087	473,241	461,866	247,804	
Non-operating revenues and expenses	829,797	1,266,925	852,339	587,094	1,174,661	
Earnings before tax	1,245,582	1,410,012	1,325,580	1,048,960	1,422,465	
Current net profits from continuing operations	1,000,045	1,135,799	1,070,099	860,282	1,145,348	
gain(loss) from discontinued operations	0	0	0	0	0	
Current period net profit (loss)	1,000,045	1,135,799	1,070,099	860,282	1,145,348	
Other comprehensive income for the period (post-tax profit or loss)	217,931	150,161	25,742	442,988	42,548	
Total comprehensive income for the period	1,217,976	1,285,960	1,095,841	1,303,270	1,187,896	
Net income attributable to owners of the parent company	1,000,045	1,135,799	1,070,099	860,282	1,145,348	
Net income attributable to non-controlling interests	0	0	0	0	0	
Total comprehensive income attributable to owners of the parent company	1,217,976	1,285,960	1,095,841	1,303,270	1,187,896	
Total comprehensive income attributable to non-controlling interests	0	0	0	0	0	
Base earnings per share (Note 3)	4.31	4.89	4.23	2.97	3.95	

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

Note 2: There was no financial information audited or reviewed by the CPA as of the annual report publication date.

Note 3: 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)					Year-to-date January 31, 2023
	2018	2019	2020	2021	2022	
Operating revenues	3,431,314	2,738,631	3,721,526	3,782,309	3,921,823	(Note 2)
Operating gross profit	1,529,881	1,271,664	1,709,468	1,770,058	1,714,311	
Operating gains and losses	479,078	187,566	525,295	516,415	298,190	
Non-operating revenues and expenses	766,504	1,222,446	800,285	532,545	1,123,677	
Earnings before tax	1,245,582	1,410,012	1,325,580	1,048,960	1,421,867	
Current net profits from continuing operations	1,000,045	1,135,799	1,070,099	860,282	1,145,348	
gain(loss) from discontinued operations	0	0	0	0	0	
Current period net profit (loss)	1,000,045	1,135,799	1,070,099	860,282	1,145,348	
Other comprehensive income for the period (post-tax profit or loss)	217,931	150,161	25,742	442,988	42,548	
Total comprehensive income for the period	1,217,976	1,285,960	1,095,841	1,303,270	1,187,896	
Profit attributable to: Owners of parent	1,000,045	1,135,799	1,070,099	860,282	1,145,348	
Net income attributable to non-controlling interests	0	0	0	0	0	
Total comprehensive income attributable to owners of the parent company	1,217,976	1,285,960	1,095,841	1,303,270	1,187,896	
Total comprehensive income attributable to non-controlling interests	0	0	0	0	0	
Base earnings per share (Note 3)	4.31	4.89	4.23	2.97	3.95	

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

Note 2: There was no financial information audited or reviewed by the CPA as of the annual report publication date.

Note 3: 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
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
2022	Chiao-Sen Lo, Hsiu-Ling Li	PwC Taiwan	Unqualified opinion

II. Financial analysis for the previous 5 years (historical performance indicators)

(I) Financial analysis

Items of analysis		Year	Consolidated financial analysis for the latest 5 years (Note 1)					Year-to-date January 31, 2023
			2018	2019	2020	2021	2022	
Financial structure%	Debt to assets ratio		88.78	88.08	87.77	87.40	88.54	(Note 2)
	Ratio of long-term capital to property, plant and equipment		1354.73	1498.62	1957.90	2227.79	2230.19	
Solvency%	Current ratio		108.35	109.06	110.32	112.32	111.03	
	Quick ratio		108.34	109.05	110.31	112.30	111.01	
	Interest coverage ratio		0	0	0	0	0	
Operating capacity	Turnover of receivables (per time)		Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	
	Average collection days		Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	
	Inventory turnover (times)		Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	
	Accounts payable turnover ratio (times)		Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	
	Average days of sale		Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	
	Property, plant, and equipment turnover (times)		6.12	4.82	6.38	6.22	6.23	
	Total asset turnover ratio (times)		0.06	0.04	0.05	0.04	0.04	
Profitability	Return on assets (%)		1.53	1.54	1.25	0.88	1.09	
	Return on equity (%)		12.75	13.30	10.33	7.11	9.08	
	Percentage of net profit before tax to the paid-in capital (%)		53.63	60.70	45.71	36.17	49.05	
	Net profit margin (%)		27.49	38.92	27.60	22.12	28.64	
	Earnings per share (\$) (Notes 3 and 4)		4.31	4.89	4.23	2.97	3.95	
Cash flow (Note 5)	Cash flow ratio (%)		1.56	1.60	0.44	2.01	1.24	
	Cash flow adequacy ratio (%)		95.03	99.82	116.70	122.06	134.06	
	Cash flow reinvestment ratio (%)		6.55	4.35	(3.49)	6.18	3.72	
Special purpose ratios (%)	Ratio of total equity to total adjusted liabilities		1113.07	981.51	898.49	503.77	467.43	
	Ratio of total equity to minimum paid-in capital		775.52	835.48	1118.73	1165.08	1214.23	
	Adjusted net capital to required margins on futures traders' outstanding position		46.74	47.89	54.56	64.72	77.46	
Leverage	Operating leverage		2.28	(3.01)	0.41	0.73	1.64	

	Financial leverage	1.14	2.32	1.05	1.02	2.02	
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)							
<ol style="list-style-type: none"> 1. The increase in return on assets in the current period was mainly due to the increase in the net income in the current period. 2. The increase in return on equity in the current period is mainly due to the increase in net income in the current period. 3. The increase in the ratio of paid-in capital (net profit and loss before tax) in the current period was mainly due to the increase in non-operating income and expense in the current period. 4. The rise of net income in the current period was mainly caused by the increase of operating income in the current period. 5. The increase in earnings per share in the current period was mainly due to the increase in the net income in the current period. 6. The decrease in the cash flow ratio in the current period was mainly due to the decrease in the net cash flow from operating activities in the current period. 7. The decrease in cash reinvestment ratio in the current period is mainly due to the decrease in net cash flow from operating activities in the current period. 							

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

Note 2: There was no financial information audited or reviewed by the CPA as of the annual report publication date.

Note 3: 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 4: 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 5: 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 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. Operating capabilities

- (1) Accounts receivable turnover (including accounts receivable and notes receivable resulting from business operations) = Net sales / Average accounts receivable in various periods (including accounts receivable and notes receivable resulting from business operations)
- (2) Average collection days = 365 / Accounts receivable turnover
- (3) Inventory turnover = Cost of goods sold / average inventory amount.

- (4) Accounts payable turnover (including accounts payable and notes payable resulting from business operations) = $\text{Cost of goods sold} / \text{Average accounts payable in various periods (including accounts payable and notes payable resulting from business operations)}$
- (5) Average days in sales = $365 / \text{Inventory turnover}$
- (6) Property, plant and equipment turnover rate = $\text{Net sales} / \text{Net average property, plant and equipment}$
- (7) Total assets turnover (times) = $\text{Net sales} / \text{Average total assets}$
4. 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 = $(\text{profits or loss attributable to owners of the parent company} - \text{preferred stock dividend}) / \text{weighted average stock shares issued}$
5. 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 = $(\text{net cash flow from operating activity} - \text{cash dividend}) / (\text{gross property, plant, and equipment} + \text{long-term investment} + \text{other noncurrent assets} + \text{working capital})$
6. Special purpose ratios:
- (1) The ratio of total equity to adjusted total liabilities = $\text{Shareholders' equity} / (\text{Total liabilities} - \text{futures investors' equity})$.
- (2) The ratio of total equity to minimum paid-in capital = $\text{Shareholders' equity} / \text{minimum paid-in capital}$.
- (3) Adjusted net capital to required margins on futures traders' outstanding position = $\text{Adjusted net capital} / \text{Total margins required for futures traders' outstanding positions}$
7. Leverage:
- (1) Operating leverage = $(\text{Net operating income} - \text{variable operating costs and expenses}) / \text{operating profit}$.
- (2) Financial leverage = $\text{Operating profit} / (\text{operating profit} - \text{interest expense})$

Items of analysis		Individual financial analysis within five years (Note 1)					Year-to-date January 31, 2023
		2018	2019	2020	2021	2022	
Financial structure%	Debt to assets ratio	88.60	87.89	87.61	87.09	88.29	(Note 2)
	Ratio of long-term capital to property, plant and equipment	1406.64	1534.18	1965.20	1989.19	2243.29	
Solvency%	Current ratio	106.70	107.29	109.06	111.30	110.06	
	Quick ratio	106.69	107.28	109.06	111.29	110.04	
	Interest coverage ratio	0	0	0	0	0	
Operating capacity	Turnover of receivables (per time)	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	
	Average collection days	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	
	Inventory turnover (times)	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	
	Accounts payable turnover ratio (times)	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	
	Average days of sale	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	
	Property, plant, and equipment turnover (times)	6.01	4.67	6.26	6.14	6.16	
	Total asset turnover ratio (times)	0.05	0.04	0.04	0.04	0.04	
Profitability	Return on assets (%)	1.55	1.56	1.27	0.90	1.11	
	Return on equity (%)	12.75	13.30	10.33	7.11	9.08	
	Percentage of net profit before tax to the paid-in capital (%)	53.63	60.70	45.71	36.17	49.03	
	Net profit margin (%)	29.14	41.47	28.75	22.74	29.20	
	Earnings per share (\$) (Notes 3 and 4)	4.31	4.89	4.23	2.97	3.95	
Cash flow (Note 5)	Cash flow ratio (%)	1.56	1.58	0.61	2.01	1.29	
	Cash flow adequacy ratio (%)	99.38	102.85	123.84	127.10	135.73	
	Cash flow reinvestment ratio (%)	6.32	4.00	(2.35)	5.82	3.85	
Special purpose ratios (%)	Ratio of total equity to total adjusted liabilities	1134.71	1040.36	919.74	507.34	471.83	
	Ratio of total equity to minimum paid-in capital	775.52	835.48	1118.73	1165.08	1214.23	
	Adjusted net capital to required margins on futures traders' outstanding position	46.74	47.89	54.56	64.72	77.46	
Leverage	Operating leverage	1.57	(3.21)	0.09	0.47	1.13	

	Financial leverage	1.12	1.76	1.04	1.02	1.72	
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 increase in return on assets in this period was mainly due to the increase in net income in the current period.							
2. The increase in return on equity in the current period is mainly due to the increase in net income in the current period.							
3. The increase in the ratio to paid-in capital (net income/profit before tax) in the current period is mainly due to the increase in other interests in the current period.							
4. The rise of net income in the current period was mainly caused by the increase of operating income in the current period.							
5. The increase in earnings per share in the current period is mainly due to the increase in net income in the current period.							
6. The decrease in cash flow ratio in the current period is mainly due to the decrease in net cash inflow from operating activities in the current period.							
7. The decrease in the cash reinvestment ratio in the current period was mainly due to the decrease in the net cash inflow from operating activities in the current period.							

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

Note 2: There was no financial information audited or reviewed by the CPA as of the annual report publication date.

Note 3: 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 4: 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 5: 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 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. Operating capabilities

(1) Accounts receivable turnover (including accounts receivable and notes receivable resulting from business operations) = Net sales / Average accounts receivable in various periods (including accounts receivable and notes receivable resulting from business operations)

(2) Average collection days = 365 / Accounts receivable turnover

(3) Inventory turnover = Cost of goods sold / average inventory amount.

(4) Accounts payable turnover (including accounts payable and notes payable resulting from

- business operations) = Cost of goods sold / Average accounts payable in various periods (including accounts payable and notes payable resulting from business operations)
- (5) Average days in sales = 365 / Inventory turnover
 - (6) Property, plant and equipment turnover rate = Net sales / Net average property, plant and equipment
 - (7) Total assets turnover (times) = Net sales / Average total assets
4. 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
 5. 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)
 6. Special purpose ratios:
 - (1) The ratio of total equity to adjusted total liabilities = Shareholders' equity / (Total liabilities - futures investors' equity).
 - (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
 7. Leverage:
 - (1) Operating leverage = (Net operating income - variable operating costs and expenses) / operating profit.
 - (2) Financial leverage = Operating profit / (operating profit - interest expense)

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 2022 consolidated and individual financial statements, 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 review 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.

To

The 2023 Annual General Meeting of Yuanta Futures Co., Ltd.

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

March 8, 2023

- 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	2022	2021	Difference	
			Amount	Variation (%)
Current assets	108,572,649	94,260,758	14,311,891	15.18
Property and equipment	653,265	630,948	22,317	3.54
Intangible assets	74,012	86,979	(12,967)	(14.91)
Other assets	3,055,469	3,001,047	54,422	1.81
Total assets	112,355,395	97,979,732	14,375,663	14.67
Current liabilities	97,786,346	83,923,548	13,862,798	16.52
Non-current liabilities	1,698,200	1,706,286	(8,086)	(0.47)
Total liabilities	99,484,546	85,629,834	13,854,712	16.18
Share capital	2,899,763	2,899,763	-	-
Capital reserve	3,070,484	3,070,484	-	-
Retained earnings	5,209,388	4,763,738	445,650	9.36
Other equity	1,691,214	1,615,913	75,301	4.66
Total shareholders' equity	12,870,849	12,349,898	520,951	4.22

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:

None.

II. Financial Performance Analysis

Unit: NTD thousand

Item \ Year	2022	2021	Increase (decrease)	Variation (%)
Operating revenues	3,999,798	3,888,691	111,107	2.86
Operating gross profit	1,764,135	1,817,486	(53,351)	2.94
Operating gains and losses	247,804	461,866	(214,062)	(46.35)
Non-operating revenues and expenses	1,174,661	587,094	587,567	100.08
Earnings before tax	1,422,465	1,048,960	373,505	35.61
Income tax expense	277,117	188,678	88,439	46.87
Current period net profit	1,145,348	860,282	285,066	33.14
Other comprehensive income (post-tax profit or loss)	42,548	442,988	(400,440)	(90.40)
Total comprehensive income for the period	1,187,896	1,303,270	(115,374)	(8.85)

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

Operating profit or loss: It is mainly due to the decrease in net income from the sale of operating securities.

Non-operating income and expense: The income from interest increased compared to the last period.

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

Income tax expenses: It is mainly due to the increase in income tax expenses arising from taxable income in the current period compared with the previous period.

Net income in the current period: It is mainly due to the increase in interest income compared with the previous period.

Other comprehensive profit or loss (net after tax): It is mainly due to the increase in unrealized valuation losses of equity instrument investments measured at fair value through other comprehensive profit or loss in the current period compared with the previous period.

(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

(I) Changes in cash flow for the current year (2022)

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
9,304,086	1,214,318	(808,726)	9,709,678	—	—

Cash flow changes for the current year

Item	Increase (decrease) in net cash flow	Description
Operating activities	\$ 1,214,318	Due to brokerage business and proprietary trade strategies.
Investing activities	(150,573)	It is mainly due to the decrease in the disposal of financial assets measured at fair value through other comprehensive profit or loss.
finance activities	(721,660)	Caused by the distribution of cash dividends
Foreign exchange impact amount	63,507	
Total	\$ 405,592	

(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	2022	2021	Variation (%)
Cash flow ratio (%)	1.24	2.01	(0.77)
Cash flow adequacy ratio (%)	134.06	122.06	12.00
Cash flow reinvestment ratio (%)	3.72	6.18	(2.46)
Explanation to major variations: The increase in the cash flow adequate ratio is mainly due to the decrease in capital expenditure in the current period.			

(III) Liquidity analysis for the next year (2023)

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
9,709,678	1,067,118	86,984	10,689,812	—	—
Responsive measures and liquidity analysis on cash flow deficits: not applicable.					

IV. The major assets acquisition or disposition in the last five years

(I) Purchases of major assets:

Asset title	Acquisition date	All proceeds of the acquisition	Price reference presented	Purpose of acquisition and the state of use
Land: Sub-Section 1 no. 764, Chang Chun Section, Zhongshan District, Taipei Construction: 7F-1,2 No. 225, Section 3, Nanjing E. Rd.	2017/5/3	\$482,569	According to the appraisal report issued by G-beam Real Estate Appraisers Firm and Honda Real estate Group, under the appraisal of property appraiser: Chih-Hao Chen , Yi-Jen Chen on April 18, 2017.	Property for self-use

(II) Disposal of major assets: None.

V. 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.

VI. 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: giving advices on futures contracts Category 9: Asset Management	1,033,971	(20,155)	1. The continued tightening of capital flow in mainland China has caused client funds restricted, transaction volume decreased, and revenue declined. 2. The U.S. Federal Reserve continues to raise interest rates causes the capital costs of institutional juridical person to go up and the trade volume to go down indirectly. 3. The trade business is conservative with an aim for stable operation; therefore, the budget objective has not been achieved.	1. Actively develop the Vietnamese and Thai market, and strive to solicit buyers in the Southeast Asian market. 2. Plan new and emerging market businesses, and develop marketable securities and asset management businesses. 3. Establish different types of trading teams to increase trading business income.
SYF Information Co., Ltd.	IT software and information processing service providers	350,000	(6,969)	The loss from the disposal of the investment in Sheng-Yuan-Chi Information Technology (Shanghai) Co., Ltd. in 2022 was recognized; therefore, a loss was booked for the year.	The investment management will be enhanced to mitigate losses.

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
SYF Information (Shanghai) Limited (in liquidation)	IT software and information processing service providers	157,209	1,991	The company has a profit generated this year due to a beneficial exchange rate conversion.	The board of directors of Sheng-Yuan-Chi Information Technology (Shanghai) Co., Ltd. had resolved to dissolve and liquidate with the base date of liquidation scheduled for June 30, 2022. The subsequent dissolution and liquidation procedures are currently in progress.

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

VII. 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 the futures service industry with the main income generated from domestic investors; also, most of the income is denominated in domestic currency, and the fee income for transactions denominated in foreign currency is transferred to the proprietary income at least once a month in accordance with the customer deposit management rules. The company had exchange profit of NT\$33,901 thousand in 2022 due to the changes in foreign currency exchange rates such as U.S. dollars, which accounted for 0.85% and 2.38% of the consolidated income and consolidated net income before tax, respectively. Therefore, the impact of changes in exchange rate on income and profit or loss is insignificant.

(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 increased from \$83,476,983 thousand in 2021 to \$97,049,812 thousand in 2022; net interest income decreased from \$341,186 thousand in 2021 to \$801,435 thousand in 2022, representing a change of \$460,249 thousand; the change ratio was 134.90%; 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 1.35%, 0.56%, -0.23%, 1.96% and 2.95% in 2018, 2019, 2020, 2021 and

2022, 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 3.63%,-2.26%, -7.80%, 9.42% and 12.43% in 2018, 2019, 2020, 2021 and 2022, 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.

In order to provide a stable and excellent trading environment, the company after completing the upgrade of the core accounting system and hardware equipment in 2021 will enhance more application services and upgrade the system loading capacity; also, the information department and the digital finance department will jointly research and develop innovative transactions system functions, optimize the electronic 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.

The future research and development direction of the company's information department and digital finance department:

(1) Domestic core accounting back-end trading system replacement project

In order to improve the smooth operation of the active trading days suffered with severe market fluctuations, Yuanta Futures has comprehensively optimized and upgraded the core accounting system and enhanced more application services for providing a stable and excellent trading environment. The company after successfully completing the major brokerage system in 2021 and the account clearing system conversion plan in 2022 will carry on the trading system replacement project continuously this year.

(2) In supporting the TAIEX 2023 Information Project

In cooperation with the information project internal system modification and new product launch plan 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) A new-generation electronic intelligent trading platform continuous optimization project

Yuanta Futures' new-generation electronic intelligent trading platform – iTRADER has been successfully launched in October 2021. The project has been developed and optimized continuously in line with the future development of futures data and business and enhancing customer operation experience. The company will continue to optimize and enhance the platform function, and will plan to integrate the functions of the existing electronic platforms.

(4) Off-site backup computer room construction plan

In order to enhance the stability of the overall operation and reduce the risk of information disasters, Yuanta Futures plans by phase for the off-site IDC computer rooms and the purchase of related system equipment in this year to achieve the purpose of uninterrupted operations.

(5) Big data center system construction project

Yuanta Futures continues to build the Big Data Center and integrate the Customer Relationship Management (CRM) platform; also, links and integrates various data channels for information analysis, such as customer network behavior and transaction history, in order to save time and manpower, to improve data analysis capabilities, and to quickly respond to market demands. Furthermore, create an optimized data analysis module through data vision, artificial intelligence, machine learning, and other advanced technologies, operationalize data, understand customer trading habits from data, group customers, and activate strategies through data to achieve precision marketing, improve customer operation and management, and optimize customer experience.

(6) Account opening process optimization project

Continue to optimize the overall account opening process and enhance security control, shorten account opening procedures and enhance customer

experience, integrate FIDO identity authentication mechanism, add the option of one holder with four account openings, securities futures (STF) account opening, etc. to improve customer experience and customer market share.

(7) Customer relationship management and data analysis project

In order to enhance the management of customer grouping and classifications, grasp the implementation of business strategies and the information on operational control, improve the efficiency of precision marketing and opportunities for potential customer solicitation.

(8) Customer management digital platform project

Integrate marketing activities and we-media through the customer management platform, divert business services to solicit new customers, activate idling accounts, and enhance the loyalty of existing customers

2. Estimated R&D expenses

An amount of NT\$17,000 thousand that is equivalent to a certain percentage of the annual turnover will be invested in 2023 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. The Research Department continues to refine research reports, enhance the diversity, immediacy, and depth of research reports, and actively promote financial innovation and digital platforms in order to improve customer service. 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.

(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. Construction of the Information Security and Event Management (SIEM) platform: Construct the SIEM active analysis management system that can collect information equipment logs comprehensively. The effort of setting alarm indicators and applying the system data correlation analysis capabilities can greatly help shorten manual work and reduce event misjudgments, and achieve rapid detection and response to new types of attacks and threats.
2. Introduce an endpoint security protection system: In order to detect malicious programs in time and automatically defend attacks, an “Endpoint Detection and Response” (EDR) system will be constructed to analyze users’ behavior through the monitoring software installed on each terminal computer in order to prevent the risks of malicious programs or latent attacks by hackers induced by Internet access in order to improve the security protection capabilities of endpoints.
3. Construction of the host security protection system: In order to enhance the anti-virus protection mechanism of non-Windows operating systems and arrange compensatory measures when the system and application system fail to correct vulnerabilities in time, it is important to enhance the host’s ability to defend against exploiting attacks through virtual patch protection technology.
4. Introduce a risk-based vulnerability management system: In order to quickly grasp vulnerability and ensure that the processing personnel will be informed automatically of the new vulnerability discovered by scanning, a vulnerability repair management system is introduced to manage vulnerability and to notify the asset management personnel automatically and correspondingly, grasp the timing of vulnerability repairs, and utilize automated process and screen important vulnerability for repair to reduce the chance of system vulnerability being exploited by hackers and cause information security threats.
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	(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	1. On October 31, 2014, 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 29, 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. Taiwan High Court had ruled on November 22, 2019 in the remanding 1 st instance of	The case has no significant impacts to The Company's operation or shareholders' equity.

Facts	Target Amount (NT\$)	Commencement date of litigation	Main parties involved in the litigation	Status up to the publish date of annual report	Remarks
<p>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.</p>				<p>the court to have Mr. Hsu, the former employee of the company, and the company jointly compensated the client for 30% of the losses, which was a partially favorable and partially unfavorable ruling to the company. Therefore, the company appealed against the unfavorable ruling.</p> <p>5. The case was remanded to the High Court for retrial by the Supreme Court on June 17, 2021.</p> <p>6. Taiwan High Court further ruled on November 15, 2022 in the remanding 2nd instance of the court for the company. The client filed an appeal.</p>	
<p>(Former) Employee Hong 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>(First trial) Requested a salary and bonus for an amount of NT\$19,080 and special retention amount of NT\$6,197,520 and statutory interest.</p> <p>(Second trial) (1) The Company appealed for an amount of NT\$813,730 and statutory interest. (2) Hong appealed for an amount of NT\$5,402,900, then reduced to NT\$4,775,246 and statutory interest.</p> <p>(Modified First trial) Further to the part under the original ruling, Hung claimed the sum of NT\$4,772,290 and mandatory interest from the Company.</p>	June 6, 2015	<p>Defendant: The Company.</p> <p>Complainant Former employee Hung</p>	<p>1. On January 19, 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.</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 on December 27, 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</p>	<p>The case has no significant impacts to The Company's operation or shareholders' equity.</p>

Facts	Target Amount (NT\$)	Commencement date of litigation	Main parties involved in the litigation	Status up to the publish date of annual report	Remarks
				<p>payment of NT\$797,606 in principal and interest being annulled was returned to the High Court of Taiwan in the ruling of March 13, 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 1, 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 on June 4, 2021.</p> <p>7. Taiwan High Court had the original ruling (except for the confirmed payment of NT\$2,664) overruled on June 7, 2022 in the remanding 2nd instance of the court, including aborting the principal and interest for an amount of NT\$161,064, as well as the judgment of litigation fees (except for the confirmed and reduced amount). The client did not appeal and the case was closed.</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	1 st instance: NT\$42,435,140	July 13, 2018	Complainant The Company. Defendant: Li and Kuo.	<ol style="list-style-type: none"> False seizure ruling and enforcement on file. The Taiwan Ciaotou District Court ruled that the company won all the cases in the first instance on July 31, 2020. The defendant appealed. The second instance is currently pending at the Taiwan High Court Kaohsiung Branch Court. 	The case has no significant impacts to The Company's operation or shareholders' equity.

Facts	Target Amount (NT\$)	Commencement date of litigation	Main parties involved in the litigation	Status up to the publish date of annual report	Remarks
contract on file, and the said amount was not paid. A civil lawsuit was therefore filed.					
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 appealed to the 2 nd instance of the court for the unfavorable ruling to their disadvantage. The Tainan Branch of Taiwan High Court reached a settlement in the 2 nd instance of the court and had the case closed.	The case has no significant impacts to The Company's operation or shareholders' equity.
Seven clients of Yuanta Futures, including Mr. Li, engaged in leveraged trade claimed losses and filed a civil lawsuit on the ground that Yuanta Futures increased bond amount and banned the trade of South African currency instruments.	1 st instance: NT\$36,843,042	March 31, 2022	Plaintiff: Seven clients including Mr. Li Defendant: Yuanta Futures	1. The trial of the first instance of Taiwan Taipei District Court is in progress.	The case has no significant impacts to The Company's operation or shareholders' equity.

- Material litigations, non-litigious or administrative disputes (whether concluded or pending for judgment) involving 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.

- 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.

(XIV) Contingency Plan Mechanism:

The company, for the sake of improving the crisis prevention and response mechanism, has formulated relevant regulations according to the nature of the crisis researched and concluded, and the integration and use of manpower and resources in order to effectively and quickly respond to related hazards by the departmental function and to reduce the damage and loss caused by the crisis.

(I) Handling of material incidents

1. Accidents involving natural disasters and personal casualties: The company has formulated the “Directions for Attendance Management during Natural Disasters or Other Incidents” and “Labor Safety and Health Best-Practice Principles.” In addition to formulated disaster prevention, rescue precautions, and accident and occupational disaster reporting procedures in advance, the company has clearly defined the procedures for personnel at all levels to respond to material events, such as natural disasters, severe injuries, and other material emergencies before and after the event. Also, the company has formulated the “Infectious disease prevention measures and contingency plans” to respond to material infectious disease crises nationally or regionally.
2. Information security, personal data leakage, etc.: The company has formulated the “information security policy,” “information security incident notification and emergency response procedures” to have the company’s information and network systems that have been damaged or improperly used quickly handled with notification and emergency response implemented. The company has also formulated the “Personal Information Management Enforcement Rules” to improve the security control of customer and company information, and clearly stipulate the response measures for personal safety accidents.

(II) Emergency incident filing

1. The company has formulated the “Directions for Filing Material Contingencies” and “Directions for Notification of Material Risks” to promptly grasp and clearly define the filing mechanism for various material accidents that have occurred or are likely to occur.
2. In addition to taking response measures for any material incident in a timely manner, the responsible unit for the event occurs should promptly notify the direct supervisors; also, the subsidiary shall notify the company.

VIII. Other important matters: The Company did not adopt the hedge accounting principle.

Eight. Special remarks

I. Affiliated companies

Please see pages 240~244 of this annual report

II. Private placement of securities during the latest year up till the publication date of this annual report: none.

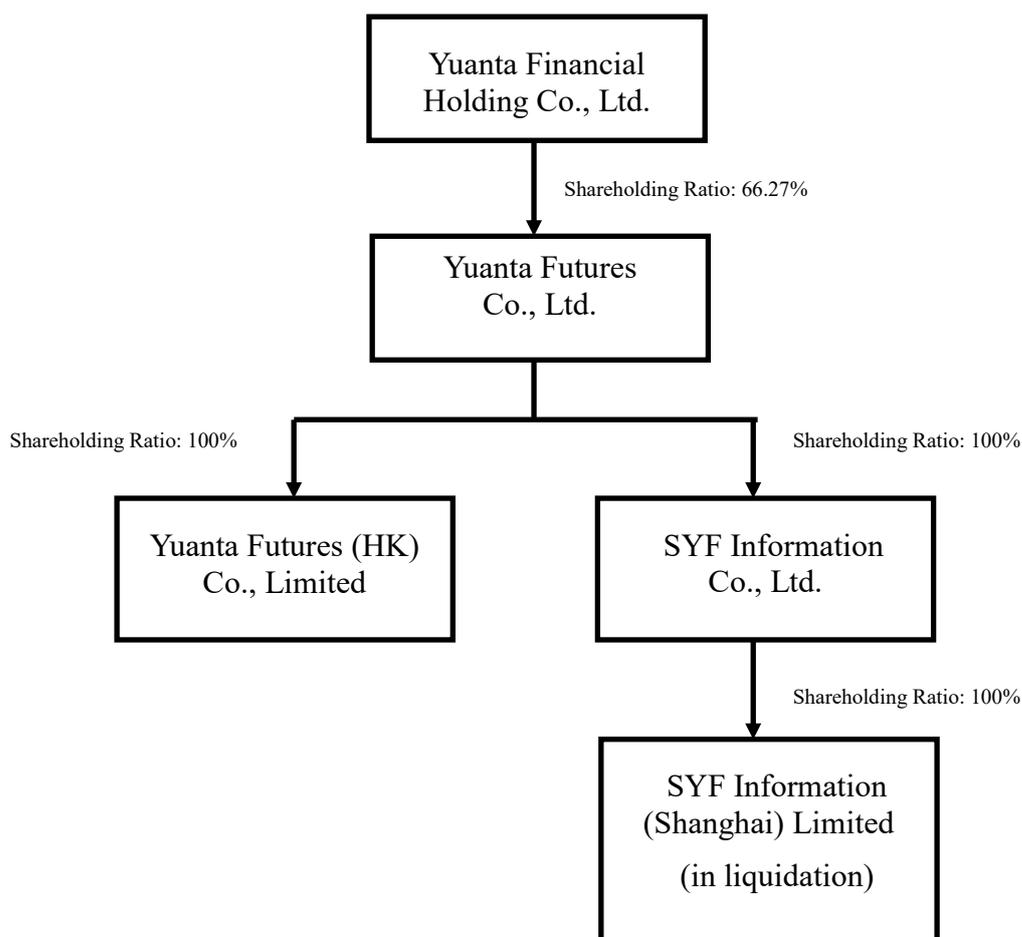
III. Holding or disposal of the company's shares by its subsidiaries during the latest financial year, up to the publication date of this annual report: None.

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



Note: Yuanta (Singapore) was invested and established by Yuanta Futures on November 23, 2022 with the scope of business yet to be approved by the Singapore authorities.

2. Basic information of affiliated enterprises

In NTD thousand, USD thousand, RMB thousand
Date of information: January 1, 2023

Name of enterprise	Date of foundation	Address	Paid-up Capital	Main business activities or products
Yuanta Futures (HK) Co., Limited	2010.12.02	23F., Tower 1, Admiralty Centre, 18 Harcourt Road, Hong Kong	US\$ 34,000	Class 1: Securities trade Class 2: business dealing in futures contracts Class 4: Consultation in securities Class 5: giving advices on futures contracts Class 9: 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.)

Note: Yuanta (Singapore) was invested and established by Yuanta Futures on November 23, 2022 with the scope of business yet to be approved by the Singapore authorities.

3. Information on directors, supervisors, and general managers of affiliated enterprises

Date of information: January 1, 2023

Name of enterprise	Title	Name or the representative person	Shares held		Remarks	
			Shares (Thousand Shares)	Shareholding percentage	Shares (Thousand Shares)	Shareholding percentage
Yuanta Futures (HK) Co., Limited	Director Director Director President COO	Chun-Hsing Jen Chun-Hao Chang Ching-Yi 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: Ching-Jen Chen Hsiao-Ling Chou Hsin-Hsien Li Chien-Wan Lai	35,000	100%	-	-
SYF Information (Shanghai) Limited (in liquidation)	Liquidation Team Leader Liquidation team members Liquidation team members	Chun-Hsing Jen 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.

Note 3: Yuanta (Singapore) was invested and established by Yuanta Futures on November 23, 2022 with the scope of business yet to be approved by the Singapore authorities.

4. Business Performance of Affiliated Enterprises

Unit: NTD thousand
Date of information: December 31, 2022

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	1,046,030	4,321,816	3,394,065	927,751	95,232	(50,630)	(20,155)	(0.59)
SYF Information Co., Ltd.	350,000	291,992	835	291,157	0	(484)	(6,969)	(0.20)
SYF Information (Shanghai) Limited (in liquidation)	145,807	118,816	0	118,816	0	(1)	3,514	0.00

(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	Shareholding percentage	Shares Pledged	Title	Name
Yuanta Financial Holding Co., Ltd.	Exercises significant influence	192,167,005	66.27	-	Chairman Vice Chairman Director Director Director Director	Tien-Fu Lin Hsiao-Ling Chou Kuo-Tsun Hsu Pin-Cheng Chen Mei-Ling Kuo Wei-Chen Chang

Note: The cut-off date for the above information was scheduled on December 31, 2022. As of December 31, 2022, 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:

A. As of December 31, 2022, the Company shared the expenses incurred from other business and management of Yuanta Financial Holding. Other related payables amounted to NT\$319 thousand.

3. Guarantees and endorsements: none.

4. Disclosure of other financial or business items with material impact: none.

Declaration

The Company's 2022 Affiliation Report (for the period from January 1 to December 31, 2022) 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 8, 2023

Auditor's opinion on relationship report

(112) zi-kuai-zhong-22008284

Recipient: Yuanta Futures Co., Ltd.

The Company hereby declares that the 2022 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 2016 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 2022 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 8, 2023

Attachment

**YUANTA FUTURES CO., LTD. AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
FOR THE YEARS ENDED DECEMBER 31, 2022 AND
2021**

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

PWCR22000442

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, 2022 and 2021, 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, 2022 and 2021, 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 that came into effect 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 Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public 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 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; 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, 2022 was NTD 2,052,432 thousand.

Because there are no active market quoted prices for the 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's main assumption is determining similar and comparable companies in order to obtain the related parameters as a reference for calculations. 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, 2022.

How our audit addressed the matter

We obtained an understanding of management's valuation procedures for unlisted equity securities. We sample tested the management authorization procedures for the fair value valuation reports of unlisted equity securities.

In addition, we and our valuation expert discussed with management and sample tested the Group's valuation data for unlisted stocks, evaluated whether the valuation methods used by management were commonly used; we and our valuation expert also evaluated the reasonableness of the comparable companies under the market method and sample tested related supporting documents regarding the parameters used in the valuation.

Other matter – Parent company only financial statements

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, 2022 and 2021.

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 that came into effect 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 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 Standards on Auditing of 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 Standards on Auditing of the Republic of China, we exercise professional judgement and professional skepticism throughout the audit. We also:

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient 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 8, 2023

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.

YUANTA FUTURES CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

ASSETS	Notes	December 31, 2022		December 31, 2021		
		AMOUNT	%	AMOUNT	%	
Current assets						
111100	Cash and cash equivalents	6(1) and 7	\$ 9,709,678	9	\$ 9,304,086	10
112000	Financial assets at fair value through profit or loss - current	6(2), 7 and 11	320,880	-	286,529	-
113200	Financial assets at fair value through other comprehensive income - current	6(5)	677,015	1	806,830	1
114070	Customer margin deposits	6(3) and 7	97,049,812	86	83,476,983	85
114100	Security lending deposits		20,094	-	-	-
114130	Accounts receivable		20,105	-	4,057	-
114140	Accounts receivable - related parties	7	979	-	2,002	-
114150	Prepayments	7	16,564	-	13,776	-
114170	Other receivables		85,998	-	14,824	-
114180	Other receivables - related parties	7	135,372	-	4,266	-
114300	Leverage margin contract trading client margin deposits	7	536,152	1	347,405	-
110000	Subtotal current assets		<u>108,572,649</u>	<u>97</u>	<u>94,260,758</u>	<u>96</u>
Non-current assets						
123200	Financial assets at fair value through other comprehensive income - non-current	6(5)	2,155,716	2	1,932,733	2
125000	Property and equipment	6(8) and 7	653,265	1	630,948	1
125800	Right-of-use assets	6(9) and 7	128,033	-	156,634	-
127000	Intangible assets	6(10)	74,012	-	86,979	-
128000	Deferred income tax assets	6(30)	27,643	-	31,686	-
129010	Operating guarantee deposits	6(6) and 7	145,907	-	145,326	-
129020	Clearing and settlement funds	6(7)	453,658	-	544,465	1
129030	Refundable deposits	7	36,798	-	39,598	-
129130	Prepayment for equipment		89,591	-	139,189	-
129990	Other non-current assets - other		18,123	-	11,416	-
120000	Subtotal non-current assets		<u>3,782,746</u>	<u>3</u>	<u>3,718,974</u>	<u>4</u>
906001	Total assets		<u>\$ 112,355,395</u>	<u>100</u>	<u>\$ 97,979,732</u>	<u>100</u>

(Continued)

YUANTA FUTURES CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

LIABILITIES AND EQUITY	Notes	December 31, 2022		December 31, 2021		
		AMOUNT	%	AMOUNT	%	
Current liabilities						
212000	Financial liabilities at fair value through profit or loss - current	6(2) and 11	\$ 26,458	-	\$ 926	-
214080	Futures traders' equity	6(3) and 7	96,731,027	86	83,178,336	85
214100	Leverage margin contract transaction traders' equity		371,174	1	282,808	-
214130	Accounts payable		138,338	-	136,856	-
214140	Accounts payable - related parties	7	22,020	-	19,749	-
214160	Collection for third parties		8,442	-	9,098	-
214170	Other payables		332,488	-	192,019	-
214180	Other payables - related parties	7	408	-	1,842	-
214600	Current income tax liabilities		97,830	-	18,479	-
216000	Lease liabilities - current	7	51,705	-	52,260	-
219000	Other current liabilities	6(11)	6,456	-	31,175	-
210000	Subtotal current liabilities		<u>97,786,346</u>	<u>87</u>	<u>83,923,548</u>	<u>85</u>
Non-current liabilities						
221100	Bonds payable	6(12)	1,497,779	2	1,497,401	2
226000	Lease liabilities - non-current	7	86,754	-	118,224	-
228000	Deferred income tax liabilities	6(30)	42,254	-	11,191	-
229000	Other non-current liabilities		71,413	-	79,470	-
220000	Subtotal non-current liabilities		<u>1,698,200</u>	<u>2</u>	<u>1,706,286</u>	<u>2</u>
906003	Total liabilities		<u>99,484,546</u>	<u>89</u>	<u>85,629,834</u>	<u>87</u>
Equity attributable to owners of the parent company						
Capital						
301010	Common stock	6(14)	2,899,763	3	2,899,763	3
Additional paid-in capital						
302000	Capital surplus	6(15)	3,070,484	3	3,070,484	3
Retained earnings						
304010	Legal reserve	6(17)	1,228,957	1	1,132,477	1
304020	Special reserve	6(16)(17)	2,701,014	2	2,508,054	3
304040	Undistributed earnings	6(17)	1,279,417	1	1,123,207	1
Other equity						
305000	Other equity interest	6(18)	1,691,214	1	1,615,913	2
906004	Total equity		<u>12,870,849</u>	<u>11</u>	<u>12,349,898</u>	<u>13</u>
906002	Total liabilities and equity		<u>\$ 112,355,395</u>	<u>100</u>	<u>\$ 97,979,732</u>	<u>100</u>

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)

Items	Notes	Year ended December 31				
		2022		2021		
		AMOUNT	%	AMOUNT	%	
Revenues						
401000	Brokerage	6(19) and 7	\$ 3,849,693	96	\$ 3,658,844	94
410000	(Losses) gains on trading of securities	6(2)(20) and 7	(88,117)	(2)	119,534	3
421300	Dividend income	6(2)	79,463	2	7,518	-
421500	Losses on valuation of trading securities	6(2)	(6,869)	-	(2,576)	-
421600	Gains (losses) on covering of borrowed securities and bonds with resale agreements-short sales	6(2)	34	-	(49,017)	(1)
421610	Valuation gains on borrowed securities and bonds with resale agreements-short sales at fair value through profit or loss	6(2)	2,132	-	35,719	1
424200	Securities commission revenue	7	13,585	-	19,880	1
424300	Clearance fee from consignment	6(21) and 7	37,221	1	65,185	2
424400	Net gains on derivative financial instruments	6(2)(22)	94,352	3	14,280	-
424900	Futures advisory revenues	7	8,352	-	16,142	-
428000	Other operating revenues	7	9,952	-	3,182	-
400000	Total revenues		<u>3,999,798</u>	<u>100</u>	<u>3,888,691</u>	<u>100</u>
Costs and expenses						
501000	Brokerage fee	6(23)	(800,438)	(20)	(776,978)	(20)
502000	Dealer handling fee	6(23)	(608)	-	(3,586)	-
521200	Interest expense	7	(124,846)	(3)	(9,165)	-
425300	Expected credit impairment losses and reversal gains		2,795	-	3,755	-
524100	Futures commission	6(24) and 7	(739,770)	(19)	(708,571)	(18)
524300	Clearance fee	6(25)	(569,590)	(14)	(573,923)	(15)
528000	Other operating fee		(3,206)	-	(2,737)	-
531000	Employee benefit expense	6(26)	(850,134)	(21)	(731,790)	(19)
532000	Depreciation and amortization	6(27)	(172,914)	(4)	(143,441)	(4)
533000	Other operating expenses	6(28) and 7	(493,283)	(13)	(480,389)	(11)
500000	Total costs and expenses		<u>(3,751,994)</u>	<u>(94)</u>	<u>(3,426,825)</u>	<u>(87)</u>
	Operating income		247,804	6	461,866	13
602000	Other gains and losses	6(2)(29) and 7	1,174,661	30	587,094	15
902001	Income before income tax		1,422,465	36	1,048,960	28
701000	Income tax expense	6(30)	(277,117)	(7)	(188,678)	(5)
902005	Net income		<u>\$ 1,145,348</u>	<u>29</u>	<u>\$ 860,282</u>	<u>23</u>

(Continued)

YUANTA FUTURES CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

Items	Notes	Year ended December 31					
		2022		2021			
		AMOUNT	%	AMOUNT	%		
Other comprehensive income							
Items that will not be reclassified to profit or loss							
805510	Remeasurement of defined benefit obligations	6(13)		\$ 8,500	-	\$ 5,163	-
805540	Unrealized (loss) gain on equity instrument investment measured at fair value through other comprehensive income	6(5)(18)	(	68,495)	(2)	471,095	12
805599	Income tax related to components of items not to be reclassified	6(30)	(	1,700)	-	(1,032)	-
Items that may be reclassified to profit or loss subsequently							
805610	Translation gain and loss on the financial statements of foreign operating entities	6(18)		104,243	3	(32,238)	(1)
805000	Total other comprehensive income (net of tax)			<u>\$ 42,548</u>	<u>1</u>	<u>\$ 442,988</u>	<u>11</u>
902006	Total comprehensive income			<u>\$ 1,187,896</u>	<u>30</u>	<u>\$ 1,303,270</u>	<u>34</u>
Consolidated net income attributable to:							
	Owners of the parent			<u>\$ 1,145,348</u>	<u>29</u>	<u>\$ 860,282</u>	<u>23</u>
Consolidated comprehensive income attributable to:							
	Owners of the parent			<u>\$ 1,187,896</u>	<u>30</u>	<u>\$ 1,303,270</u>	<u>34</u>
Earnings per share (in New Taiwan Dollars)							
	Basic and diluted earnings per share	6(31)		<u>\$ 3.95</u>		<u>\$ 2.97</u>	

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, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Equity attributable to owners of the parent									
	Notes	Capital surplus			Retained earnings			Other equity interest		Total equity
		Common stock	Paid-in capital in excess of par value	Paid-in capital from business merger	Legal reserve	Special reserve	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	
<u>For the year ended December 31, 2021</u>										
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)(18)	-	-	-	-	-	4,131	(32,238)	471,095	442,988
Total comprehensive income (loss)		-	-	-	-	-	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	6(17)	-	-	-	-	-	(811,934)	-	-	(811,934)
Disposal of equity instrument investment measured at fair value through other comprehensive income	6(5)(18)	-	-	-	-	-	100,387	-	(100,387)	-
Balance, December 31, 2021		<u>\$ 2,899,763</u>	<u>\$ 3,024,151</u>	<u>\$ 46,333</u>	<u>\$ 1,132,477</u>	<u>\$ 2,508,054</u>	<u>\$ 1,123,207</u>	<u>(\$ 97,223)</u>	<u>\$ 1,713,136</u>	<u>\$ 12,349,898</u>
<u>For the year ended December 31, 2022</u>										
Balance, January 1, 2022		\$ 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
Net income for the year		-	-	-	-	-	1,145,348	-	-	1,145,348
Other comprehensive income (loss) for the year	6(5)(18)	-	-	-	-	-	6,800	104,243	(68,495)	42,548
Total comprehensive income (loss)		-	-	-	-	-	1,152,148	104,243	(68,495)	1,187,896
Appropriations of 2021 earnings:										
Legal reserve		-	-	-	96,480	-	(96,480)	-	-	-
Special reserve		-	-	-	-	192,960	(192,960)	-	-	-
Cash dividends	6(17)	-	-	-	-	-	(666,945)	-	-	(666,945)
Disposal of equity instrument investment measured at fair value through other comprehensive income	6(5)(18)	-	-	-	-	-	(39,553)	-	39,553	-
Balance, December 31, 2022		<u>\$ 2,899,763</u>	<u>\$ 3,024,151</u>	<u>\$ 46,333</u>	<u>\$ 1,228,957</u>	<u>\$ 2,701,014</u>	<u>\$ 1,279,417</u>	<u>\$ 7,020</u>	<u>\$ 1,684,194</u>	<u>\$ 12,870,849</u>

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)

	Notes	For the year ended December 31,	
		2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 1,422,465	\$ 1,048,960
Adjustments			
Income and expenses having no effect on cash flows			
Depreciation	6(8)(9)(27)	145,809	131,246
Amortization	6(10)(27)	27,105	12,195
Interest income	6(29)	(926,281)	(350,351)
Interest expense		124,846	9,165
Dividend income	6(29)	(234,462)	(160,228)
Expected credit impairment losses and reversal gains		(2,795)	(3,755)
Losses (gains) on disposal of property and equipment	6(8)	1,988	(271)
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		(35,839)	649,836
Customer margin deposits		(13,258,684)	513,156
Futures trading margin receivable		2,795	3,755
Security lending deposits		(20,094)	169,187
Accounts receivable		(16,048)	195,552
Accounts receivable - related parties		1,023	1,567
Prepayments		(2,303)	(4,026)
Other receivables		1,007	(2,428)
Other receivables - related parties		(118,078)	42
Leverage margin contract trading client margin deposits		(188,747)	(52,957)
Other current assets		-	29,237
Other non-current assets - other		(6,707)	(2,999)
Changes in operating liabilities			
Financial liabilities at fair value through profit or loss - current		25,532	(220,061)
Futures traders' equity		13,278,756	(521,349)
Leverage margin contract transaction traders' equity		88,366	39,235
Accounts payable		1,482	(21,055)
Accounts payable - related parties		2,271	(3,837)
Collection for third parties		(656)	(516)
Other payables		126,136	(56,650)
Other payables - related parties		(1,434)	1,652
Other current liabilities		(24,729)	10,655
Other non-current liabilities		443	2,727
Cash inflow generated from operations		413,167	1,417,182
Interest received		841,956	359,805
Interest paid		(110,968)	(7,951)
Dividends received		234,523	160,998
Income tax paid		(164,360)	(241,652)
Net cash flows from operating activities		1,214,318	1,688,382
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at fair value through other comprehensive income		(543,350)	(1,141,643)
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(5)	381,687	1,147,130
Acquisition of property and equipment	6(8)	(53,125)	(52,703)
Proceeds from disposal of property and equipment	6(8) and 7	-	405
Increase in intangible assets	6(10)	(10,545)	(52,565)
Decrease in clearing and settlement funds		90,807	3,627
Decrease in refundable deposits		3,086	4,423
Increase in prepayment for equipment		(19,133)	(100,174)
Net cash flows used in investing activities		(150,573)	(191,500)
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal payment for lease liabilities		(54,715)	(53,158)
Proceeds from issuing of bonds	6(12)	-	1,497,350
Payment of cash dividends	6(17)	(666,945)	(811,934)
Net cash flows (used in) from financing activities		(721,660)	(632,258)
Effect of change in foreign exchange rates		63,507	14,264
Net increase in cash and cash equivalents		405,592	2,114,876
Cash and cash equivalents at beginning of year		9,304,086	7,189,210
Cash and cash equivalents at end of year		\$ 9,709,678	\$ 9,304,086

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

YUANTA FUTURES CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(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, 2022, the Company had 4 branches.

(3) As of December 31, 2022 and 2021, the Group had 457 and 449 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 8, 2023.

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") that came into effect as endorsed by the Financial Supervisory Commission ("FSC").

New standards, interpretations and amendments endorsed by the FSC and became 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.

(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 2023 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
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.

(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
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
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, 2024
Amendments to IAS 1, ‘Non-current liabilities with covenants’	January 1, 2024

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 that came into effect 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 the consolidated 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:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		
			December 31, 2022	December 31, 2021	Note
The Company	Yuanta Futures (Hong Kong) Co., Ltd.	Financial services	100	100	
The Company	SYF Information Co., Ltd.	Information technology services	100	100	
The Company	Yuanta Global (Singapore) Pte. Ltd.	Applying	100	-	Note 1
SYF Information Co., Ltd.	SYF Information (Shanghai) Limited	Information technology services	-	100	Note 2

Note 1: On November 23, 2022, Yuanta Global (Singapore) Pte. Ltd. was established by the Company through reinvestment, and its main business activities are currently under approval by Singapore authorities.

Note 2: On June 30, 2022, the Board of Directors of SYF Information Co., Ltd. approved the dissolution and liquidation of SYF Information (Shanghai) Limited. The record date for the liquidation was June 30, 2022.

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) 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.

(10) 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.

(11) 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.

(12) 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.

(13) 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.

(14) Impairment of financial assets

For financial assets at amortised cost, customer 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.

(15) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(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 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.

(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 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.

(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 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.

(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. 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.

(22) 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.

(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 expenses 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.

C. 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) 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.

(26) 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.

(27) 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. The revenue is recognised based on the related contract 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 futures advisory revenues: These revenues are recognised based on the related contract terms as performance obligations are satisfied over time.
- F. Interest income: All of the interest income of financial instruments are calculated using the effective interest rate.

(28) 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:

Fair value of unlisted stocks

Fair values of unlisted stocks without an active market or quoted prices are determined using valuation methods. Under such a situation, fair value is the observable data or methods of similar financial instruments. If there are no observable market parameters, the fair value of financial instruments are estimated from appropriate assumptions. When utilizing valuation models to determine fair value, all models need to be calibrated in order to ensure generated results reflect actual data and market prices. Models should only elect observable data as much as possible. 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, 2022</u>	<u>December 31, 2021</u>
Petty cash	\$ 109	\$ 101
Cash in bank		
Checking deposits	-	17
Demand deposits	431,378	577,011
Time deposits	<u>8,813,059</u>	<u>7,926,095</u>
Subtotal	9,244,546	8,503,224
Excess futures margin deposits	352,063	366,876
Excess margin in foreign exchange margin trading	113,069	74,275
Commercial paper (expiring within three months)	<u>-</u>	<u>359,711</u>
	<u>\$ 9,709,678</u>	<u>\$ 9,304,086</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, 2022</u>	<u>December 31, 2021</u>
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	\$ 100,459	\$ 224,771
Beneficiary certificates	163,994	-
Futures trading margin - own funds	20,165	16,992
Buy options - futures	14,087	1,219
Derivatives assets - OTC	<u>26,008</u>	<u>36,525</u>
	324,713	279,507
Valuation adjustment	<u>(3,833)</u>	<u>7,022</u>
	<u>\$ 320,880</u>	<u>\$ 286,529</u>

	December 31, 2022	December 31, 2021
Financial liabilities held for trading		
Sell options - futures	\$ 12,184	\$ 926
Security borrowing payable - non-hedging	<u>16,406</u>	<u>-</u>
	28,590	926
Valuation adjustment	<u>(2,132)</u>	<u>-</u>
	<u>\$ 26,458</u>	<u>\$ 926</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:

0	For the years ended December 31,	
	2022	2021
Financial assets and liabilities at fair value through profit or loss		
Listed stocks	(\$ 12,734)	\$ 129,154
Beneficiary certificates	(6,774)	79
Borrowed securities	2,166	(13,298)
Net loss on futures contracts	(43,790)	(18,677)
Net gain on options contracts	63,695	2,523
Net gain on leverage derivatives assets	74,447	30,434
Other financial instruments	<u>-</u>	<u>14</u>
	<u>\$ 77,010</u>	<u>\$ 130,229</u>

For the years ended December 31, 2022 and 2021, 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 (losses) gains on trading of securities, dividend income, losses on valuation of trading securities, gains (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 Group entered into futures contracts to earn the spread. As of December 31, 2022 and 2021, customer margin deposits for the futures contract was \$372,228 and \$383,868, respectively, with excess margin of \$352,063 and \$366,876, 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) Customer margin deposits /Futures traders' equity

December 31, 2022	December 31, 2021
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Customer margin deposits by customers:

Cash in banks	\$ 77,005,493	\$ 61,267,304
Clearing house	11,137,549	14,607,984
Other futures commission merchants	<u>8,906,770</u>	<u>7,601,695</u>
Total	97,049,812	83,476,983
Less: Fees and interest revenue pending for transfer	(286,990)	(155,154)
Futures exchange tax pending for transfer	(5,080)	(4,595)
Temporary receipts	(5,751)	(6,239)
Others	<u>(20,964)</u>	<u>(132,659)</u>
Futures traders' equity	<u>\$ 96,731,027</u>	<u>\$ 83,178,336</u>

A. The Group has no expected credit loss on customer margin deposits.

B. As at December 31, 2022 and 2021, 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 Group was \$97,049,812 and \$83,476,983, respectively.

(4) Futures trading margin receivable

	December 31, 2022	December 31, 2021
Futures trading margin receivable	\$ 96,002	\$ 107,770
Less: Allowance for uncollectible accounts	<u>(96,002)</u>	<u>(107,770)</u>
	<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:

	December 31, 2022	December 31, 2021
Up to 30 days	\$ -	\$ -
31-90 days	-	-
91-180 days	-	-
Over 181 days	<u>96,002</u>	<u>107,770</u>
	<u>\$ 96,002</u>	<u>\$ 107,770</u>

The above ageing analysis was based on posting date.

(5) Financial assets at fair value through other comprehensive income

	December 31, 2022	December 31, 2021
Current items:		
Equity instrument		
Listed stocks	\$ 822,634	\$ 700,524
Valuation adjustment	<u>(145,619)</u>	<u>106,306</u>
Total	<u>\$ 677,015</u>	<u>\$ 806,830</u>
Non-current items:		

Equity instrument		
Listed stocks	\$ 104,771	\$ 104,771
Valuation adjustment	(1,487)	21,704
Subtotal	103,284	126,475
Non-Listed stocks	221,132	221,132
Valuation adjustment	1,831,300	1,585,126
Subtotal	2,052,432	1,806,258
	\$ 2,155,716	\$ 1,932,733

- 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 \$2,832,731 and \$2,739,563 as at December 31, 2022 and 2021, respectively.
- B. For the years ended December 31, 2022 and 2021, consider the asset allocation and adjust the investment portfolios, the Group sold listed stocks at fair value amounting to \$381,687 and \$1,147,730, respectively, which resulted in cumulative (losses) gains on disposal of (\$39,553) and \$100,387, 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,	
	2022	2021
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	(\$ 68,495)	\$ 471,095
Cumulative losses (gains) reclassified to retained earnings due to derecognition	\$ 39,553	(\$ 100,387)
Dividend income recognised in profit or loss		
Held at end of period	\$ 147,049	\$ 113,928
Derecognised during the period	7,950	38,132
	\$ 154,999	\$ 152,060

- 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, 2022 and 2021 was 0.77% ~1.405% and 0.77%, respectively.

As at December 31, 2022 and 2021, 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 \$145,907 and \$145,326, respectively.

(7) Clearing and settlement funds

As at December 31, 2022 and 2021, 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 \$453,658 and \$544,465, respectively.

(8) Property and equipment

	2022				
	<u>Land (Note)</u>	<u>Buildings</u>	<u>Equipment</u>	<u>Leasehold improvements</u>	<u>Total</u>
At January 1,					
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>
Opening net book amount at January 1,	\$466,947	\$ -	\$143,047	\$ 20,954	\$630,948
Additions	-	-	44,307	8,818	53,125
Transfers	-	-	-	65,148	65,148
Disposals (cost)	-	-	(63,616)	(19,398)	(83,014)
Disposals (accumulated depreciation)	-	-	63,616	17,410	81,026
Depreciation expense	-	-	(62,513)	(32,031)	(94,544)
Net exchange differences	-	-	190	386	576
Closing net book amount at December 31,	<u>\$466,947</u>	<u>\$ -</u>	<u>\$ 125,031</u>	<u>\$ 61,287</u>	<u>\$653,265</u>
At December 31,					
Cost	\$466,947	\$ -	\$ 243,830	\$ 92,034	\$802,811
Accumulated depreciation	-	-	(118,799)	(30,747)	(149,546)
	<u>\$466,947</u>	<u>\$ -</u>	<u>\$ 125,031</u>	<u>\$ 61,287</u>	<u>\$653,265</u>

Note: A trust in Chang Hwa Bank was set up for the land due to the city renovation.

	2021				
	<u>Land(Note2)</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	-	(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>
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 1)	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 1: An old building with a book value of \$55,955 (Cost:\$71,577 & Accumulated depreciation:\$15,622) was adjusted as addition to book value of the land due to the city renovation.

Note 2: A trust in Chang Hwa Bank was set up for the land due to the city renovation.

(9) Leasing arrangements – lessee

A. The Group leases various assets including buildings. Rental contracts are typically made for periods of 2 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:

	December 31, 2022	December 31, 2021
	Carrying amount	Carrying amount
Buildings	<u>\$ 128,033</u>	<u>\$ 156,634</u>
	For the years ended December 31,	
	2022	2021
	Depreciation charge	Depreciation charge
Buildings	<u>\$ 51,265</u>	<u>\$ 60,877</u>

C. For the years ended December 31, 2022 and 2021, the additions to right-of-use assets were \$14,958 and \$6,038, respectively.

D. The information on profit and loss accounts relating to lease contracts is as follows:

	For the years ended December 31,	
	December 31, 2022	December 31, 2021
<u>Items affecting profit or loss</u>		

Interest expense on lease liabilities	\$	1,106	\$	1,470
Expense on short-term lease contracts		90		243
Gain on lease modification		-		502

E. For the years ended December 31, 2022 and 2021, the Group's total cash outflow for leases was \$55,911 and \$54,871, 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

	2022		
	Membership in a foreign Futures		
	Exchange	Others	Total
At January 1,			
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>
Opening net book amount at January 1,	\$ 24,125	\$ 62,854	\$ 86,979
Additions	-	10,545	10,545
Transfers	-	3,593	3,593
Disposals (cost)	-	(18,688)	(18,688)
Disposals (accumulated amortisation)	-	18,688	18,688
Amortisation expense	-	(27,105)	(27,105)
Closing net book amount at December 31,	<u>\$ 24,125</u>	<u>\$ 49,887</u>	<u>\$ 74,012</u>
At December 31,			
Cost	\$ 24,125	\$ 84,872	\$ 108,997
Accumulated amortisation	-	(34,985)	(34,985)
	<u>\$ 24,125</u>	<u>\$ 49,887</u>	<u>\$ 74,012</u>
	2021		
	Membership in a foreign Futures		
	Exchange	Others	Total
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>

(11) Other current liabilities

	December 31, 2022	December 31, 2021
Temporary receipts	<u>\$ 6,456</u>	<u>\$ 31,175</u>

(12) Bonds payable

	December 31, 2022	December 31, 2021
Bonds payable	\$ 1,500,000	\$ 1,500,000
Less: Discount on bonds payable	(2,221)	(2,599)
	<u>\$ 1,497,779</u>	<u>\$ 1,497,401</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:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligations	\$ 85,326	\$ 92,316
Fair value of plan assets	(28,463)	(26,045)
Net defined benefit liability	<u>\$ 56,863</u>	<u>\$ 66,271</u>

(C) Movements in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
<u>Year ended December 31, 2022</u>			
Balance at January 1	\$ 92,316	(\$ 26,045)	\$ 66,271
Interest expense (income)	<u>554</u>	<u>(157)</u>	<u>397</u>
	<u>92,870</u>	<u>(26,202)</u>	<u>66,668</u>
Remeasurements:			
Return on plan assets	-	(1,953)	(1,953)
Change in demographic assumptions	-	-	-
Change in financial assumptions	(5,977)	-	(5,977)
Experience adjustments	<u>(570)</u>	<u>-</u>	<u>(570)</u>
	<u>(6,547)</u>	<u>(1,953)</u>	<u>(8,500)</u>
Pension fund contribution	-	(740)	(740)
Paid pension	<u>(997)</u>	<u>432</u>	<u>(565)</u>
Balance at December 31	<u>\$ 85,326</u>	<u>(\$ 28,463)</u>	<u>\$ 56,863</u>

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
<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>-</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>-</u>	(<u>1,780</u>)
Balance at December 31	<u>\$ 92,316</u>	<u>\$ 26,045</u>	<u>\$ 66,271</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, 2022 and 2021 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(E) The principal actuarial assumptions used were as follows:

	For the years ended December 31,	
	December 31, 2022	December 31, 2021
Discount rate	<u>1.30%</u>	<u>0.60%</u>
Future salary increases	<u>3.00%</u>	<u>3.00%</u>

For the years ended December 31, 2022 and 2021, assumptions regarding future mortality rate were estimated in accordance with the 6th 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:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
<u>December 31, 2022</u>				
Effect on present value of defined benefit obligation	<u>(\$ 1,997)</u>	<u>\$ 2,068</u>	<u>\$ 1,752</u>	<u>(\$ 1,704)</u>

December 31, 2021

Effect on present

value of defined

benefit obligation (\$ 2,316) \$ 2,403 \$ 2,021 (\$ 1,963)

(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, 2023 amount to \$737.

(H) As of December 31, 2022, 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, 2022 and 2021 were \$19,018 and \$18,617, 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, 2022 and 2021, the foreign subsidiaries recognised \$1,354 and \$1,386, respectively, of pension expense under aforementioned regulations.

(14) Share capital

As of December 31, 2022, 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.

(15) 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.

(16) Special reserve

- 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. Except for offsetting the Company’s deficit by using the special reserve or cumulative special reserve exceeding 25% of the paid-in capital, the Company could transfer 25% of certain special reserve as share capital. No other purpose is permitted.
- B. 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.

(17) 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 Company’s earnings distribution for 2021 as resolved at the stockholders’ meeting on May 24, 2022 and the earnings distribution for 2020 as resolved at the stockholders’ meeting on July 5, 2021 are as follows:

2021	2020
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	Amount	Dividends per Share (in dollars)	Amount	Dividends per Share (in dollars)
Legal reserve	\$ 96,480		\$ 111,467	
Special reserve	192,960		214,020	
Cash dividends	666,945	\$ 2.30	811,934	\$ 2.80

E. On March 8, 2023, the Board of Directors resolved the distribution of profits for 2022 as follows:

	2022	
	Amount	Dividends per Share (in dollars)
Legal reserve	\$ 111,260	
Special reserve	222,519	
Cash dividends	724,941	\$ 2.50

(18) Other equity items

	Unrealised gains (losses) on valuation	Currency translation differences	Total
At January 1, 2022	\$ 1,713,136	(\$ 97,223)	\$ 1,615,913
Financial assets at fair value through other comprehensive income			
- Revaluation	(68,495)	-	(68,495)
- Revaluation transferred to retained earnings	39,553	-	39,553
Currency translation differences			
- Exchange differences	-	104,243	104,243
At December 31, 2022	\$ 1,684,194	\$ 7,020	\$ 1,691,214
	Unrealised gains (losses) on valuation	Currency translation differences	Total
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>1,713,136</u>	(	<u>\$ 97,223</u>	<u>\$ 1,615,913</u>

(19) Brokerage

		For the years ended December 31,	
		2022	2021
Dealers' commissions	\$	<u>3,849,693</u>	<u>\$ 3,658,844</u>

(20) Net (loss) gain on trading of securities

		For the years ended December 31,		
		2022	2021	
Revenue from sale of securities - dealing	\$	3,179,357	\$ 6,006,382	
Cost from sale of securities - dealing	(<u>3,267,474</u>)	(<u>5,886,848</u>)
	(	<u>\$ 88,117</u>)	<u>\$ 119,534</u>

(21) Clearance fee from consignment

		For the years ended December 31,	
		2022	2021
Clearance fee from consignment - non-related parties	\$	37,221	\$ 38,449
Clearance fee from consignment - related parties		-	26,736
	\$	<u>37,221</u>	<u>\$ 65,185</u>

(22) Net gain on derivative financial instruments

		For the years ended December 31,		
		2022	2021	
Non-hedging				
Gains (losses) from futures contract interests				
Futures contract gains	\$	186,566	\$ 392,770	
Futures contract losses	(<u>230,356</u>)	(<u>411,447</u>)
	(<u>\$ 43,790</u>)	(<u>\$ 18,677</u>)
Gains (losses) from options trading				
Gains from options trading	\$	235,207	\$ 483,549	
Losses from options trading	(<u>171,512</u>)	(<u>481,026</u>)

	<u>\$ 63,695</u>	<u>\$ 2,523</u>
Gains (losses) from leverage margin contract transactions		
Gains from leverage margin contract transactions	\$ 634,712	\$ 197,890
Losses from leverage margin contract transactions	(560,265)	(167,456)
	<u>\$ 74,447</u>	<u>\$ 30,434</u>
Gains from derivative financial instruments	\$ 1,056,485	\$ 1,074,209
Losses from derivative financial instruments	(962,133)	(1,059,929)
	<u>\$ 94,352</u>	<u>\$ 14,280</u>

(23) Service charge

	For the years ended December 31,	
	2022	2021
Service charge - brokerage	\$ 800,438	\$ 776,978
Service charge - dealing	608	3,586
	<u>\$ 801,046</u>	<u>\$ 780,564</u>

(24) Futures commission

	For the years ended December 31,	
	2022	2021
Entrusted futures transaction	\$ 391,395	\$ 349,057
Futures auxiliary business	348,375	359,514
	<u>\$ 739,770</u>	<u>\$ 708,571</u>

(25) Clearance fee

	For the years ended December 31,	
	2022	2021
Clearance fee - brokerage	\$ 569,255	\$ 571,691
Clearance fee - dealing	335	2,232
	<u>\$ 569,590</u>	<u>\$ 573,923</u>

(26) Employee benefit expense

	For the years ended December 31,	
	2022	2021
Wages and salaries	\$ 64,265	\$ 639,000
Labor and health insurance fees	39,530	38,908
Pension costs	20,769	20,225
Post-employment benefits	3,372	12,470
Other personnel expenses	22,198	21,187
	<u>\$ 850,134</u>	<u>\$ 731,790</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, 2022 and 2021, employees' compensation was accrued at \$4,055 and \$3,952, respectively, and the aforementioned amounts were recognised in salary expenses.
- B. Employees' compensation of 2021 as resolved at the meeting of Board of Directors were in agreement with those amounts recognised in the 2021 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.

(27) Depreciation and amortization

	For the years ended December 31,	
	2022	2021
Depreciation expense	\$ 145,809	\$ 131,246

Amortisation expense	<u>27,105</u>	<u>12,195</u>
	<u>\$ 172,914</u>	<u>\$ 143,441</u>

(28) Other operating expenses

	For the years ended December 31,	
	2022	2021
Postage and telephone costs	\$ 118,697	\$ 101,241
Tax expenses	104,915	115,957
Computer information expenses	115,898	112,666
Donation	4,165	10,475
Institutional membership fees	30,420	32,663
Operating lease payments	90	243
Repair charge	31,763	31,593
Advertising costs	8,513	10,061
Service expenses	23,391	19,623
Other expenses	<u>55,431</u>	<u>45,867</u>
	<u>\$ 493,283</u>	<u>\$ 480,389</u>

(29) Other gains and losses

	For the years ended December 31,	
	2022	2021
Interest income	\$ 926,281	\$ 350,351
(Losses) gains on disposal of investments	(9,129)	5,118
(Losses) gains on disposal of property and equipment	(1,988)	271
Dividend income	154,999	152,710
Net currency exchange gains (losses)	33,901	(4,756)
Losses on financial assets at fair value through profit or loss	(3,985)	(997)
Gains on lease modification	-	502
Others	<u>74,582</u>	<u>83,895</u>
	<u>\$ 1,174,661</u>	<u>\$ 587,094</u>

(30) Income tax

A. Income tax expense

(a) Components of income tax expense:

	For the years ended December 31,	
	2022	2021
Current tax:		
Current tax on profits for the period	\$ 244,688	\$ 165,816
Tax on undistributed surplus earnings	421	-
Prior year income tax (over) under estimation	(1,398)	742
Total current tax	<u>243,711</u>	<u>166,558</u>
Deferred tax:		
Origination and reversal of temporary differences	<u>33,406</u>	<u>22,120</u>
Total deferred tax	<u>33,406</u>	<u>22,120</u>
Income tax expense	<u>\$ 277,117</u>	<u>\$ 188,678</u>

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	For the years ended December 31,	
	2022	2021
Remeasurement of defined benefit obligations	<u>\$ 1,700</u>	<u>\$ 1,032</u>

B. Reconciliation between income tax expense and accounting profit

	For the years ended December 31,	
	2022	2021
Tax calculated based on profit before tax and statutory tax rate	\$ 284,373	\$ 209,792
Tax exempt income by tax regulation	(6,279)	(21,856)
Tax on undistributed surplus earnings	421	-
Prior year income tax (over) under estimation	(1,398)	742
Income tax expense	<u>\$ 277,117</u>	<u>\$ 188,678</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

For the year ended December 31, 2022

	January 1	Recognised in profit or loss	Recognised in other Comprehensive income	December 31
Deferred income tax assets:				
— Temporary differences				
Accrued pension liabilities	\$ 3,925	(\$ 182)	(\$ 1,700)	\$ 2,043
Unrealised exchange loss	2,814	(2,814)	-	-
Expected credit losses	23,201	(1,801)	-	21,400
Others	<u>1,746</u>	<u>2,454</u>	<u>-</u>	<u>4,200</u>
Subtotal	<u>31,686</u>	<u>(2,343)</u>	<u>(1,700)</u>	<u>27,643</u>
Deferred income tax liabilities:				
— Unrealised exchange income	-	(5,738)	-	(5,738)
Others	<u>(11,191)</u>	<u>(25,325)</u>	<u>-</u>	<u>(36,516)</u>
Subtotal	<u>(11,191)</u>	<u>(31,063)</u>	<u>-</u>	<u>(42,254)</u>
.	<u>\$ 20,495</u>	<u>(\$ 33,406)</u>	<u>(\$ 1,700)</u>	<u>(\$ 14,611)</u>

For the year ended December 31, 2021

	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
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	<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>
	<u>\$ 43,647</u>	<u>(\$ 22,120)</u>	<u>(\$ 1,032)</u>	<u>\$ 20,495</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 2020 have been assessed and approved by the Tax Authority.

(31) Earnings per share

For the year ended December 31, 2022

	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per Share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 1,145,348	289,976	\$ 3.95

For the year ended December 31, 2021

	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per Share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 860,282	289,976	\$ 2.97

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>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
SYF Information (Shanghai) Limited	The same group of enterprises (Note)
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
Other	Refer to the same enterprise group, parent company, substantial

B.Leverage margin contract trading client margin deposits

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Fellow subsidiary		
Yuanta Bank Co., Ltd.	\$ <u>123,367</u>	\$ <u>200,734</u>

C.Accounts receivable - related parties

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Fellow subsidiary		
Yuanta Securities Co., Ltd.	\$ <u>979</u>	\$ <u>2,002</u>

D.Prepayments

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Fellow subsidiary		
Yuanta Life Insurance Co., Ltd.	\$ <u>1,480</u>	\$ <u>1,449</u>

E.Other receivables - related parties

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Fellow subsidiary		
Yuanta Bank Co., Ltd.	\$ 17,213	\$ 4,196
Yuanta Securities (Hong Kong) Co., Ltd.	<u>-</u>	<u>70</u>
	\$ <u>17,213</u>	\$ <u>4,266</u>

F.Other receivables - refund receivable for investments

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Other related parties		
SYF Information (Shanghai) Limited	\$ <u>118,159</u>	\$ <u>-</u>

G.Leasing arrangements — lessee

- a. The Group leases buildings from Yuanta Bank Co., Ltd., Yuanta Securities Co., Ltd., Yuanta Securities (Hong Kong) 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

	For the years ended December 31,	
	2022	2021
Fellow subsidiary		
Yuanta Bank Co., Ltd.	\$ -	\$ 1,949
Yuanta Securities Co., Ltd.	-	4,089
Yuanta Securities (Hong Kong) Co., Ltd.	13,355	-
	<u>\$ 13,355</u>	<u>\$ 6,038</u>

c. Rental expense

	For the years ended December 31,	
	2022	2021
Fellow subsidiary		
Yuanta Bank Co., Ltd.	\$ -	\$ 16
Yuanta Securities Co., Ltd.	-	39
	<u>\$ -</u>	<u>\$ 55</u>

d. Lease liabilities

a. Outstanding balance

	December 31, 2022	December 31, 2021
	Fellow subsidiary	
Yuanta Bank Co., Ltd.	\$ 4,663	\$ 7,051
Yuanta Life Insurance Co., Ltd.	113,561	153,175
Yuanta Securities (Hong Kong) Co., Ltd.	13,013	-
	<u>\$ 131,237</u>	<u>\$ 160,226</u>

b. Interest expense

	For the years ended December 31,	
	2022	2021
Fellow subsidiary		
Yuanta Bank Co., Ltd.	\$ 35	\$ 26
Yuanta Securities Co., Ltd.	-	8
Yuanta Life Insurance Co., Ltd.	824	1,083
Yuanta Securities (Hong Kong) Co., Ltd.	111	-
	<u>\$ 970</u>	<u>\$ 1,117</u>

H. Refundable deposits

	December 31, 2022	December 31, 2021
Fellow subsidiary		
Yuanta Bank Co., Ltd.	\$ 10,304	\$ 10,304
Yuanta Life Insurance Co., Ltd.	<u>6,740</u>	<u>6,740</u>
	<u>\$ 17,044</u>	<u>\$ 17,044</u>
 <u>I. Futures traders' equity</u>		
	December 31, 2022	December 31, 2021
Fellow subsidiary		
Yuanta Bank Co., Ltd.	\$ 105,315	\$ 84,459
Yuanta Securities Co., Ltd.	2,989,090	4,904,272
Yuanta Securities (Hong Kong) Co., Ltd.	101,689	132,727
Yuanta Securities Korea Co., Ltd.	290,990	210,502
Funds managed by fellow subsidiary		
Funds managed by Yuanta		
Securities Investment Trust	37,679,405	29,244,360
Other related parties	<u>89,347</u>	<u>88,823</u>
	<u>\$ 41,255,836</u>	<u>\$ 34,665,143</u>
 <u>J. Accounts payable - related parties</u>		
	December 31, 2022	December 31, 2021
Fellow subsidiary		
Yuanta Securities Co., Ltd.	<u>\$ 22,020</u>	<u>\$ 19,749</u>
 <u>K. Other payables - related parties</u>		
	December 31, 2022	December 31, 2021
Parent Company		
Yuanta Financial Holdings	\$ 319	\$ 724
Fellow subsidiary		
Yuanta Securities Co., Ltd.	-	51
Yuanta Life Insurance Co., Ltd.	-	1,040
Other related parties	<u>89</u>	<u>27</u>
	<u>\$ 408</u>	<u>\$ 1,842</u>
 <u>L. Brokerage</u>		
	For the years ended December 31,	
	2022	2021
Fellow subsidiary		

Yuanta Bank Co., Ltd.	\$	725	\$	551
Yuanta Securities Co., Ltd.		100,975		87,986
Yuanta Securities (Hong Kong) Co., Ltd.		19,275		8,768
Yuanta Securities Korea Co., Ltd.		1,929		2,047
Funds managed by fellow subsidiary				
Funds managed by Yuanta Securities Investment Trust		135,584		134,998
Other related parties		9,820		8,662
	\$	<u>268,308</u>	\$	<u>243,012</u>

M. Securities commissions revenue

	For the years ended December 31,	
	2022	2021
Fellow subsidiary		
Yuanta Securities Co., Ltd.	\$ 13,581	\$ 19,880
Yuanta Securities (Hong Kong) Co., Ltd.	4	-
	<u>\$ 13,585</u>	<u>\$ 19,880</u>

N. Clearance fee from consignment

	For the years ended December 31,	
	2022	2021
Fellow subsidiary		
Yuanta Securities Co., Ltd.	\$ -	\$ 26,736

O. Futures advisory revenue

	For the years ended December 31,	
	2022	2021
Fellow subsidiary		
Yuanta Securities Co., Ltd.	\$ 15	\$ 88

P. Other operating revenue- Co-marketing revenue

	For the years ended December 31,	
	2022	2021
Fellow subsidiary		
Yuanta Securities Investment Trust	\$ 1	\$ 1

Q. Futures commissions expense

	For the years ended December 31,	
	2022	2021
Fellow subsidiary		
Yuanta Securities Co., Ltd.	\$ 292,413	\$ 303,403
Yuanta Securities (Hong Kong) Co., Ltd.	10	-
Yuanta Securities (Vietnam) Co., Ltd.	953	57
Yuanta Securities Korea Co., Ltd.	12	-
	<u>\$ 293,388</u>	<u>\$ 303,460</u>

R. Service fees

	For the years ended December 31,	
	2022	2021
Fellow subsidiary		
Yuanta Securities Investment Consulting Co., Ltd.	\$ 3,600	\$ 3,600
Yuanta Securities Co., Ltd.	1,775	1,874
	<u>\$ 5,375</u>	<u>\$ 5,474</u>

S. Computer information expense

	For the years ended December 31,	
	2022	2021
Fellow subsidiary		
Yuanta Securities Co., Ltd.	<u>\$ 456</u>	<u>\$ 456</u>

T. Interest income

	For the years ended December 31,	
	2022	2021
Fellow subsidiary		
Yuanta Bank Co., Ltd.	\$ 254,472	\$ 1,939
Yuanta Securities Co., Ltd.	-	19
Yuanta Life Insurance Co., Ltd.	53	53
Yuanta Securities (Hong Kong) Co., Ltd.	-	11
Yuanta Securities (Vietnam) Co., Ltd.	313	45
Yuanta Securities Korea Co., Ltd.	6	-
	<u>\$ 254,844</u>	<u>\$ 92,067</u>

Interest income includes the interest from demand deposits, time deposits, customer margin deposits, and operating guarantee deposits. See Note 6(6) for details of operations guarantee deposits.

U. Security lending expense

	For the years ended December 31,	
	2022	2021
Fellow subsidiary		
Yuanta Securities Co., Ltd.	<u>\$ 7</u>	<u>\$ -</u>

V. Interest expense

	For the years ended December 31,	
	2022	2021
Fellow subsidiary		
Yuanta Bank Co., Ltd.	\$ 103	\$ 5
Yuanta Securities (Hong Kong) Co., Ltd.	128	-
Yuanta Securities Co., Ltd.	3,956	935
Yuanta Securities Korea Co., Ltd.	539	6
Yuanta Life Insurance Co., Ltd.	53	53
Funds managed by fellow subsidiary		
Funds managed by Yuanta		
Securities Investment Trust	<u>38,027</u>	<u>1,952</u>
	<u>\$ 42,806</u>	<u>\$ 2,951</u>

W. Donation expenditure

For the years ended December 31,

	2022	2021
Other related parties		
Yuanta Cultural & Education Foundation	\$ 2,400	\$ 4,000
Yuanta Polaris Research	<u>950</u>	<u>1,050</u>
	<u>\$ 3,350</u>	<u>\$ 5,050</u>

X. Property transactions

	December 31, 2022	December 31, 2021
Acquisition of financial assets		
Funds managed by fellow subsidiary		
Funds managed by Yuanta		
Securities Investment Trust	<u>\$ 159,540</u>	<u>\$ -</u>

The (losses) gains on disposal of funds managed by fellow subsidiary were (\$2,727) and \$6,964 for the years ended December 31, 2022 and 2021, 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.

(4) Key management compensation

	For the years ended December 31,	
	2022	2021
Salaries and other short - term employee benefits	\$ 300,662	\$ 232,224
Post-employment benefits	4,445	4,802
Other long-term benefits	<u>1,912</u>	<u>1,923</u>
	<u>\$ 307,019</u>	<u>\$ 238,949</u>

8. PLEDGED ASSETS

None.

9. SIGNIFICANT COMMITMENTS AND CONTINGENT LIABILITIES

As of December 31, 2022, the amount for the contracts of capital expenditures signed by the Group is \$309,224. Based on the contracts, the amount that had been paid is \$95,592 and the amount that was not yet paid is \$213,632.

10. SIGNIFICANT LOSS FROM NATURAL DISASTER

None.

11. DERIVATIVE INSTRUMENT TRANSACTIONS

The Group had derivative financial instrument trading as follows:

December 31, 2022

Item	Object of transaction	Open Interest		Margin paid (received)	Fair value	Remarks
		Buyer /Seller	Number of contract(s) (lot)			
Futures contracts (Domestic)	TX	Buyer	3	\$ 8,447	\$ 8,481	
	TX	Seller	5	(14,079)	(14,055)	
	MTX	Buyer	64	45,136	45,151	
	MTX	Seller	117	(82,981)	(82,712)	
	Stock Futures	Buyer	270	97,530	93,807	
	Stock Futures	Seller	2,259	(174,902)	(173,274)	
	Index Futures	Buyer	9	5,967	5,989	
	Gold Futures	Seller	40	(22,361)	(22,433)	
Futures contracts (Overseas)	Foreign Exchange	Buyer	12	36,630	36,440	
	Metal Futures	Buyer	4	22,358	22,433	
	Index Futures	Buyer	3	3,360	3,358	
	Index Futures	Seller	13	(10,018)	(10,054)	
Option contracts (Domestic)	TXO	Buy call	286	6,673	5,716	
	TXO	Buy put	316	9,555	8,371	
	TXO	Sell call	216	(3,679)	(3,437)	
	TXO	Sell put	385	(9,716)	(8,747)	

Note: The Group does not have any derivative financial instruments for hedging purpose.

December 31, 2021

December 31, 2021

Item	Object of transaction	Open Interest		Margin paid (received)	Fair value	Remarks
		Buyer /Seller	Number of contract(s) (lot)			
Futures contracts (Domestic)	TX	Buyer	4	\$ 14,533	\$ 14,567	
	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 (Overseas)	Energy Futures	Seller	2	(4,180)	(4,164)	
	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 (Domestic)	TXO	Buy call	45	589	780	
	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.

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, 2022		December 31, 2021		Standard	Enforcement (Note 3)
		Calculation	Ratio	Calculation	Ratio		
17	<i>Equity</i> <i>(Total liabilities – Future traders' equity)</i>	12,870,849 2,727,864	4.72	12,349,898 2,434,221	5.07	≥ 1	Satisfied
17	<i>Current assets</i> <i>Current liabilities</i>	104,902,918 95,316,184	1.10	90,816,473 81,596,771	1.11	≥ 1	Satisfied
22	<i>Equity</i> <i>Minimum paid – in capital (Note 1)</i>	12,870,849 1,060,000	1214.23%	12,349,898 1,060,000	1165.08%	≥ 60% ≥ 40%	Satisfied
	<i>Adjusted net capital</i>	11,113,300		10,619,823		(Note 2)	
22	<i>Total margin deposit required for futures traders,</i> <i>not yet off-set</i>	14,347,089	77.46%	16,408,186	64.72%	≥ 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 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, 2022			
	Brokerage segment	Dealing segment	Other operating segment	Total
Segment revenue	<u>\$ 3,909,051</u>	<u>\$ 90,775</u>	<u>(\$ 28)</u>	<u>\$ 3,999,798</u>
Segment profit (loss)	<u>\$ 1,632,822</u>	<u>(\$ 22,124)</u>	<u>(\$ 188,233)</u>	<u>\$ 1,422,465</u>

	For the year ended December 31, 2021			
	Brokerage segment	Brokerage segment	Brokerage segment	Brokerage segment
Segment revenue	<u>\$ 3,757,069</u>	<u>\$ 131,631</u>	<u>(\$ 9)</u>	<u>\$ 3,888,691</u>
Segment profit (loss)	<u>\$ 1,210,810</u>	<u>(\$ 4,088)</u>	<u>(\$ 157,762)</u>	<u>\$ 1,048,960</u>

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

None.

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.

(Blank)

(7) Other: Significant transactions between parent company and subsidiaries:

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	9,803	No significant difference from general customers.	0.01%
0	Yuanta Futures Co., Ltd.	Yuanta Futures (Hong Kong) Co., Ltd.	1	Customer margin deposit	504,076	No significant difference from general customers.	0.45%
0	Yuanta Futures Co., Ltd.	Yuanta Futures (Hong Kong) Co., Ltd.	1	Other receivable	1	No significant difference from general customers.	0.00%
0	Yuanta Futures Co., Ltd.	Yuanta Futures (Hong Kong) Co., Ltd.	1	Futures traders' equity	404,304	No significant difference from general customers.	0.36%
0	Yuanta Futures Co., Ltd.	Yuanta Futures (Hong Kong) Co., Ltd.	1	Brokerage	3,333	No significant difference from general customers.	0.08%
0	Yuanta Futures Co., Ltd.	Yuanta Futures (Hong Kong) Co., Ltd.	1	Futures commission	13,924	No significant difference from general customers.	0.35%
0	Yuanta Futures Co., Ltd.	Yuanta Futures (Hong Kong) Co., Ltd.	1	Interest income	220	No significant difference from general customers.	0.01%
0	Yuanta Futures Co., Ltd.	Yuanta Futures (Hong Kong) Co., Ltd.	1	Financial costs	649	No significant difference from general customers.	0.02%
0	Yuanta Futures Co., Ltd.	Yuanta Global (Singapore) Pte. Ltd.	1	Other receivable	152	No significant difference from general customers.	0.00%
1	Yuanta Futures (Hong Kong) Co., Ltd.	Yuanta Futures Co., Ltd.	2	Cash	5,822	No significant difference from general customers.	0.01%
1	Yuanta Futures (Hong Kong) Co., Ltd.	Yuanta Futures Co., Ltd.	2	Customer margin deposit	398,482	No significant difference from general customers.	0.35%

1	Yuanta Futures (Hong Kong) Co., Ltd.	Yuanta Futures Co., Ltd.	2	Other payables	1	No significant difference from general customers.	0.00%
1	Yuanta Futures (Hong Kong) Co., Ltd.	Yuanta Futures Co., Ltd.	2	Futures traders' equity	513,879	No significant difference from general customers.	0.46%
1	Yuanta Futures (Hong Kong) Co., Ltd.	Yuanta Futures Co., Ltd.	2	Brokerage	13,924	No significant difference from general customers.	0.35%
1	Yuanta Futures (Hong Kong) Co., Ltd.	Yuanta Futures Co., Ltd.	2	Futures commission	3,333	No significant difference from general customers.	0.08%
1	Yuanta Futures (Hong Kong) Co., Ltd.	Yuanta Futures Co., Ltd.	2	Interest income	649	No significant difference from general customers.	0.02%
1	Yuanta Futures (Hong Kong) Co., Ltd.	Yuanta Futures Co., Ltd.	2	Financial costs	220	No significant difference from general customers.	0.01%
1	Yuanta Global (Singapore) Pte. Ltd.	Yuanta Futures Co., Ltd.	2	Other payables	152	No significant difference from general customers.	0.00%

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

1. 0 for the parent company.
2. According to the sequential order, subsidiaries are numbered from 1.

Note 2: There are three types of relationships with the counterparties and they are labeled as follows:

1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

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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, 2022		Book value	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, 2022	Balance as at December 31, 2021	Number of shares (in thousands)	Ownership (%)						
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%	927,751	\$ 95,232	(\$ 20,155)	(\$ 20,155)	-	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%	291,157	-	(6,969)	(6,969)	-	Subsidiaries
Yuanta Futures Co., Ltd.	Yuanta Global (Singapore) Pte. Ltd. (Note)	Singapore	2022.11.23	Gin-Gwen-Zheng-Qi Letter No. 1110357536	Applying	-	-	-	100.00%	(148)	-	(140)	(140)	-	Subsidiaries

Note: The Company's investment in incorporating Yuanta Global (Singapore) Pte. Ltd. has been approved by the FSC through Gin-Gwen-Zheng-Qi Letter No.1110357536 on October 20, 2022, as well as approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) through Jing-Shen-Er-Zi Letter No.11100198340 on December 26, 2022. The case was approved by the Singapore Accounting and Corporate Regulatory Authority (ACRA) on November 23, 2022, and the incorporation registration has been completed.

(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:

Creditor	Counterparty	Relationship with the Company	Accounts receivable Balance – related parties	Turnover rate	Overdue receivables Amount	Action taken	Amount collected subsequent to the balance sheet date	Allowance for credit losses
SYF Information Co., Ltd.	SYF Information (Shanghai) Limited	Affiliated company	\$ 118,159	N/A	\$-	N/A	\$ -	\$ -

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, 2022	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	\$3,514	100	\$1,991	\$ 118,159	-

Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022

\$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

\$ 7,722,509

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, 2022, the Board of Directors of SYF Information Co., Ltd. approved the dissolution and liquidation of SYF Information (Shanghai) Limited. The record date for the liquidation was June 30, 2022.

20. MAJOR SHAREHOLDERS INFORMATION

Major Shareholder	Shares	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%

Note1: The information on the major shareholders in this table is based on the last business day of the end of each quarter by CCB. The total number of ordinary shares and special shares of the company that have been delivered without physical registration (including treasury shares) is calculated by the shareholders of the company up to 5%. There may be differences due to the calculation basis of the preparation between share capital recorded in the company's financial report and the company's actual non-physical registration of shares.

Note2: If the information above belongs to the trust on behalf of the shareholders, it is disclosed by the individual and trustor who opened the trust account by the trustee. As for shareholders to declare shares who hold more than 10% of their shares in accordance with the Securities and Exchange Act, its shareholding includes personal holding of shares plus the shares delivered to the trust with decision right etc. Please refer to the Public Information Observatory for information on insider shareholding declarations.

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 Notes 6(1), 6(2) and 6(22).

(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

(A) Fair value information

Except for those listed in the table below, the carrying amounts of the Group's financial instruments not measured at fair value are approximate to their fair values, and thus their fair values are not disclosed.

		December 31, 2022			
			Fair value		
	Book value	Total	Level 1	Level 2	Level 3
Financial liabilities					
Bond payable	<u>\$ 1,497,779</u>	<u>\$ 1,427,078</u>	<u>\$ -</u>	<u>\$ 1,427,078</u>	<u>\$ -</u>
		December 31, 2021			
			Fair value		
	Book value	Total	Level 1	Level 2	Level 3
Financial liabilities					
Bond payable	<u>\$ 1,497,401</u>	<u>\$ 1,518,340</u>	<u>\$ -</u>	<u>\$ 1,518,340</u>	<u>\$ -</u>

(B) Financial valuation technique:

- 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.
- b. Bond payable: The fair values of corporate bonds issued by the Group, which were estimated based on the present value of the expected cash flows, are approximate to their carrying amounts.

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, 2022 and 2021 is as follows:

December 31, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Assets</u>				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value				
through profit or loss				
Listed stocks	\$ 100,594	\$ -	\$ -	\$ 100,594
Beneficiary certificates	160,026	-	-	160,026
Futures trading margin - own funds	20,165	-	-	20,165
Buy options - futures	14,087	-	-	14,087
Derivatives Assets - OTC	-	26,008	-	26,008
Financial assets at fair value				
through other comprehensive income				
Equity securities	<u>780,299</u>	<u>-</u>	<u>2,052,432</u>	<u>2,832,731</u>
	<u>\$ 1,075,171</u> #	<u>\$ 26,008</u> #	<u>\$ 2,052,432</u> #	<u>\$ 3,153,611</u>
<u>Liabilities</u>				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial liabilities at fair value				
through profit or loss				
Sell options - futures	\$ 12,184	\$ -	\$ -	\$ 12,184
Security borrowing payable - non-hedging	<u>14,274</u>	<u>-</u>	<u>-</u>	<u>14,274</u>
	<u>\$ 26,458</u> #	<u>\$ -</u> #	<u>\$ -</u> #	<u>\$ 26,458</u>

December 31, 2021	Level 1	Level 2	Level 3	Total
<u>Assets</u>				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value				
through profit or loss				
Listed stocks	\$ 231,793	\$ -	\$ -	\$ 231,793
Futures trading margin - own funds	16,992	-	-	16,992
Buy options - futures	1,219	-	-	1,219
Derivatives Assets - OTC	-	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>
	<u>\$ 1,183,309</u> #	<u>\$ 36,525</u> #	<u>\$ 1,806,258</u> #	<u>\$ 3,026,092</u>
<u>Liabilities</u>				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial liabilities at fair value				
through profit or loss				
Sell options - futures	<u>\$ 926</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 926</u>

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, 2022 and 2021, 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, 2022 and 2021.

	Equity securities
January 1, 2022	\$ 1,806,258
Gains and losses recognised in other comprehensive income (Note)	246,174
December 31, 2022	<u>\$ 2,052,432</u>

	Equity securities
January 1, 2021	\$ 1,514,827
Gains and losses recognised in other comprehensive income (Note)	291,431
December 31, 2021	<u>\$ 1,806,258</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:

	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity					
Non-listed stocks	\$ 2,052,432	Market multiplier approach	Discount of marketability	$\leq 40\%$	The higher the discount of marketability, the lower the fair value
Non-derivative equity					
Non-listed stocks	\$ 1,806,258	Market multiplier approach	Discount of marketability	$\leq 40\%$	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, 2022</u>	
	<u>Recognised in other comprehensive income</u>	
	<u>Favourable change</u>	<u>Unfavourable change</u>
Financial assets		
Equity instrument	\$ <u>8,796</u>	(\$ <u>8,796</u>)

	<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>)

(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, large exposures and credit risk management, and manages 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 following the Group's credit rating system. Operational risk is controlled by establishing standard operating procedures, operational risk loss notification mechanisms, self-assessments on operational risk controls and internal procedure reviews for external events.
- (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, so that risk monitoring and control will be specific, quantifiable and in compliance with the procedures to ensure the effectiveness 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. Climate risk

The Group has established three lines of defense for risk management. Each line of defense has clear organization, responsibilities, and functions to ensure the effective operation of the risk management mechanism. The assessment and management of transition risk or physical risk related to climate risk are integrated into the existing risk management framework, including qualitative and quantitative analysis.

The climate risk and opportunity management process of our group mainly consists of four steps, from risk and opportunity identification, measurement, monitoring to reporting, and the responsibilities and management actions of each step are described as follows:

(a) Risk identification:

- I. The Group conducts climate risk identification annually based on its business characteristics.
- II. Refers to international organizations' climate risk reports.

- (b) Risk measurement:
 - I. The Group evaluates the impact and influence of each risk based on its business characteristics.
 - II. The scope of measurement includes impact pathways, impact time and geographical scope, the position of the impact value chain, and financial impact.
 - III. The Risk Management Department of the Yuanta Financial Holdings establishes a climate risk value measurement model to enhance quantitative management of climate risk.
- (c) Risk monitoring:
 - I. Include environmental and social risk factors of each industry in the industry risk level assessment mechanism.
 - II. Establish quantifiable indicators and limits for climate risk.
- (d) Risk Reporting:
 - I. Develop response strategies for each risk and opportunity and report to the Audit Committee and the Board of Directors.
 - II. Regularly report on the use of various risk indicators or limits at the Audit Committee and the Board of Directors.
- III. Report climate risk-related information to the Audit Committee and the Board of Directors on an irregular basis.

G. 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, 2022

Type of Trading	Equity	Commodity	Foreign		Total
			Exchange Rate	Interest Rate	
December 31, 2022	\$ 2,062	\$ -	\$ 324	\$ -	\$ 1,733
Average	2,832	241	270	7	2,827
Lowest	272	-	145	-	359
Highest	16,892	2,361	1,281	267	17,046

Period: January 1 ~ December 31, 2021

Type of Trading	Equity	Commodity	Foreign		Total
			Exchange Rate	Interest Rate	
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

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, custodian 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) Custodian credit risk occurs when a custodian, an entrusted futures merchants with which the Group deposits its futures margin or premiums, fails to fulfill contractual obligations due to its default, bankruptcy or liquidation, which would cause a financial loss to the Group.

(D) 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 deposit¹ 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, 2022, the highest was Taiwan with 90.80%, the second was Asia (excluding Taiwan) with 4.73% and the third was Europe with 3.81%. Compared to the same period last year, the proportion of investments in Taiwan, Asia (excluding Taiwan) and Europe have decreased and America has increased in this period.

	December 31, 2022	December 31, 2021
Taiwan	\$ 98,526,162	\$ 85,529,878
Asia (excluding Taiwan)	5,137,405	4,614,585
Europe	4,135,299	3,742,773
America	705,568	154,027
Other	<u>6,407</u>	<u>4,255</u>
Total	<u>\$ 108,510,841</u>	<u>\$ 94,045,518</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 99.66% 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.

	December 31, 2022	December 31, 2021
Privately owned businesses	\$ 160,026	\$ -
Financial institutions	108,145,220	93,906,283

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.

Public enterprises	82,643	14,025
Other	<u>122,952</u>	<u>125,210</u>
Total	<u>\$ 108,510,841</u>	<u>\$ 94,045,518</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, 2022, the credit quality levels of the Group's financial assets were classified as follows: Excellent is 97.58%, standard is 2.31%. 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 and below standard had decreased while assets classified as standard had increased.

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Excellent	\$ 105,879,904	\$ 91,918,498
Standard	2,506,448	1,785,697
Below standard	<u>124,489</u>	<u>341,323</u>
Total	<u>\$ 108,510,841</u>	<u>\$ 94,045,518</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

- a. The Group 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 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

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, 2022			
Lifetime			
	Significant increase in credit risk	Credit impaired	
12 months			
Without past due or within 30 days	More than 30 days	More than 90 days	Total

Expected loss rate	0%	100%	100%	
Total book value	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 96,002</u>	<u>\$ 96,002</u>
Loss allowance	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 96,002)</u>	<u>(\$ 96,002)</u>
Maximum exposure amount	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2021

	Lifetime			Total
	12 months	Significant increase in credit risk	Credit impaired	
	Without past due or within 30 days	More than 30 days	More than 90 days	
	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>

b. Movements in loss allowance for futures trading margin receivable is as follows:

For the year ended December 31, 2022				
Lifetime				
	12 months	Significant increase in credit risk	Credit impaired	
	Without past due or within 30 days	More than 30 days	More than 90 days	Total
January 1, 2022	\$ -	\$ -	(\$ 107,770)	(\$ 107,770)
Reversal of impairment loss	-	-	2,795	2,795
Write-offs	-	-	8,973	8,973
December 31, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 96,002)</u>	<u>(\$ 96,002)</u>
For the year ended December 31, 2021				
Lifetime				
	12 months	Significant increase in credit risk	Credit impaired	
	Without past due or within 30 days	More than 30 days	More than 90 days	Total
January 1, 2022	\$ -	\$ -	(\$ 120,901)	(\$ 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>(\$ 107,770)</u>

(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, 2022

<u>Accounts</u>	<u>Financial liabilities</u>	Payment period					<u>Total</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>	
212000	Financial liabilities at fair value through profit or loss - current	\$ 26,458	\$ -	\$ -	\$ -	\$ -	\$ 26,458
214080	Futures traders' equity	96,731,027	-	-	-	-	96,731,027
214100	Leverage margin contract transaction traders' equity	371,174	-	-	-	-	371,174
214130	Accounts payable	2,163	136,175	-	-	-	138,338
214140	Accounts payable - related parties	-	22,020	-	-	-	22,020
214170	Other payables	-	325,813	6,636	39	-	332,488
214180	Other payables - related parties	-	408	-	-	-	408
216000	Lease liabilities - current	-	12,854	38,851	-	-	51,705
219000	Other current liabilities	-	484	5,972	-	-	6,456
221100	Bonds Payable	-	-	-	-	1,497,779	1,497,779
226000	Lease liabilities - non-current	-	-	-	86,754	-	86,754
	<u>Total</u>	<u>\$ 97,130,822</u>	<u>497,754</u>	<u>51,459</u>	<u>86,793</u>	<u>1,497,779</u>	<u>99,264,607</u>
	Percentage (%) of overall	97.85%	0.50%	0.05%	0.09%	1.51%	100.00%

Cash flow analysis of financial liabilities on December 31, 2021

<u>Accounts</u>	<u>Financial liabilities</u>	Payment period					Total
		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	\$ 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	-	-	-	118,224	-	118,224
	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%

The analysis of cash flow gap on December 31, 2022

Accounts	Financial assets	Receipt period					Total
		Prevailing Period	Less than 3 months	3 ~12 months	1~5 years	Over 5 years	
111100	Cash and cash equivalents	\$ 896,619	\$ 5,672,750	\$ 3,140,309	\$ -	\$ -	\$ 9,709,678
112000	Financial assets at fair value through profit or loss - current	320,880	-	-	-	-	320,880
113200	Financial assets at fair value through other comprehensive income - current	677,015	-	-	-	-	677,015
114070	Customer margin deposits	97,049,812	-	-	-	-	97,049,812
114080	Futures trading margin receivable	96,002	-	-	-	-	96,002
114100	Security lending deposits	20,094	-	-	-	-	20,094
114130	Accounts receivable	-	20,105	-	-	-	20,105
114140	Accounts receivable - related parties	-	979	-	-	-	979
114170	Other receivables	-	69,506	16,492	-	-	85,998
114180	Other receivables - related parties	-	17,170	118,202	-	-	135,372
114300	Leverage margin contract trading client margin deposits	536,152	-	-	-	-	536,152
123200	Financial assets at fair value through other comprehensive income - non-current	-	-	-	-	2,155,716	2,155,716
129010	Operating guarantee deposits	-	-	-	-	145,907	145,907
129020	Clearing and settlement funds	-	-	-	-	453,658	453,658
129030	Refundable deposits	-	4	-	36,794	-	36,798
	Subtotal	<u>\$ 99,596,574</u>	<u>\$ 5,780,514</u>	<u>\$ 3,275,003</u>	<u>\$ 36,794</u>	<u>\$ 2,755,281</u>	<u>\$ 111,444,166</u>
	Cash inflow	\$ 99,596,574	\$ 5,780,514	\$ 3,275,003	\$ 36,794	\$ 2,755,281	\$ 111,444,166
	Cash outflow	<u>97,130,822</u>	<u>497,754</u>	<u>51,459</u>	<u>86,793</u>	<u>1,497,779</u>	<u>99,264,607</u>
	The amount of capital gap	<u>\$ 2,465,752</u>	<u>\$ 5,282,760</u>	<u>\$ 3,223,544</u>	<u>(\$ 49,999)</u>	<u>\$ 1,257,502</u>	<u>\$ 12,179,559</u>

The analysis of cash flow gap on December 31, 2021

Accounts	Financial assets	Receipt period					Total
		Prevailing Period	Less than 3 months	3 ~12 months	1~5 years	Over 5 years	
111100	Cash and cash equivalents	\$ 1,377,991	\$ 2,182,140	\$ 5,743,955	\$ -	\$ -	\$ 9,304,086
112000	Financial assets at fair value through profit or loss - current	286,529	-	-	-	-	286,529
113200	Financial assets at fair value through other comprehensive income - current	806,830	-	-	-	-	806,830
114070	Customer margin deposits	83,476,983	-	-	-	-	83,476,983
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	-	12,948	1,876	-	-	14,824
114180	Other receivables - related parties	-	4,236	30	-	-	4,266
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	-	-	-	-	145,326	145,326
129020	Clearing and settlement funds	-	-	-	-	544,465	544,465
129030	Refundable deposits	-	-	-	39,598	-	39,598
	Subtotal	<u>\$ 86,403,508</u>	<u>\$ 2,205,383</u>	<u>\$ 5,745,861</u>	<u>\$ 39,598</u>	<u>\$ 2,622,524</u>	<u>\$ 97,016,874</u>
	Cash inflow	\$ 86,403,508	\$ 2,205,383	\$ 5,745,861	\$ 39,598	\$ 2,622,524	\$ 97,016,874
	Cash outflow	<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>
	The amount of capital gap	<u>\$ 2,927,721</u>	<u>\$ 1,838,981</u>	<u>\$ 5,694,215</u>	<u>(\$ 80,565)</u>	<u>\$ 1,124,926</u>	<u>\$ 11,505,278</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)

	December 31, 2022		December 31, 2021	
	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	\$ 1,260,451	30.7100	\$992,624	27.6800
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD/NTD	1,216,550	30.7100	982,275	27.6800

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, 2022 and 2021 amounted to \$33,901 and (\$4,756), respectively.

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YUANTA FUTURES CO., LTD.
PARENT COMPANY ONLY FINANCIAL
STATEMENTS AND INDEPENDENT AUDITORS’
REPORT
DECEMBER 31, 2022 AND 2021

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

PWCR22000418

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, 2022 and 2021, 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, 2022 and 2021, 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 Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' 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 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; 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, 2022 was NTD 2,052,432 thousand.

Because there are no active market quoted prices for the 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's main assumption is determining similar and comparable companies in order to obtain the related parameters as a reference for calculations. 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, 2022.

How our audit addressed the matter

We obtained an understanding of management's valuation procedures for unlisted equity securities. We sample tested the management authorization procedures for the fair value valuation reports of unlisted equity securities.

In addition, we and our valuation expert sample tested the Company's valuation data and discussed with management for unlisted stocks, evaluated whether the valuation methods used by management were commonly used; we and our valuation expert also evaluated the reasonableness of the comparable companies under the market method and sample tested related supporting documents regarding the parameters used in the valuation.

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 the audit committee, are responsible for overseeing the financial reporting process of the Company.

Auditors' 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 Standards on Auditing of 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 Standards on Auditing of the Republic of China, we exercise professional judgement and professional skepticism throughout the audit. We also:

- A. 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.

- B. 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.
- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- D. 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 auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- E. 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.
- F. 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 8, 2023

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
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2022		December 31, 2021		
		AMOUNT	%	AMOUNT	%	
Current assets						
111100	Cash and cash equivalents	6(1) and 7	\$ 8,657,642	8	\$ 8,286,016	9
112000	Financial assets at fair value through profit or loss - current	6(2), 7 and 11	320,027	-	285,884	-
113200	Financial assets at fair value through other comprehensive income - current	6(5)	677,015	1	806,830	1
114070	Customer margin deposits	6(3) and 7	94,577,662	86	81,058,821	85
114100	Security lending deposits		20,094	-	-	-
114130	Accounts receivable		20,105	-	4,057	-
114140	Accounts receivable - related parties	7	979	-	2,002	-
114150	Prepayments	7	12,854	-	8,741	-
114170	Other receivables		63,270	-	12,552	-
114180	Other receivables - related parties	7	17,118	-	4,165	-
114300	Leverage margin contract trading client margin deposits	7	536,152	-	347,405	-
110000	Subtotal current assets		<u>104,902,918</u>	<u>95</u>	<u>90,816,473</u>	<u>95</u>
Non-current assets						
123200	Financial assets at fair value through other comprehensive income - non-current	6(5)	2,155,716	2	1,932,733	2
124100	Investments accounted for under the equity method	6(6)	1,218,760	1	1,141,781	1
125000	Property and equipment	6(9) and 7	649,159	1	624,845	1
125800	Right-of-use assets	6(10) and 7	113,172	-	147,548	-
127000	Intangible assets	6(11)	74,012	-	86,979	-
128000	Deferred income tax assets	6(31)	27,643	-	31,686	-
129010	Operating guarantee deposits	6(7) and 7	140,000	-	140,000	-
129020	Clearing and settlement funds	6(8)	453,658	1	544,465	1
129030	Refundable deposits	7	35,928	-	35,978	-
129130	Prepayment for equipment		89,591	-	139,051	-
129990	Other non-current assets - other		18,123	-	11,416	-
120000	Subtotal non-current assets		<u>4,975,762</u>	<u>5</u>	<u>4,836,482</u>	<u>5</u>
906001	Total Assets		<u>\$ 109,878,680</u>	<u>100</u>	<u>\$ 95,652,955</u>	<u>100</u>

(Continued)

YUANTA FUTURES CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

LIABILITIES AND EQUITY	Notes	December 31, 2022		December 31, 2021		
		AMOUNT	%	AMOUNT	%	
Current liabilities						
212000	Financial liabilities at fair value through profit or loss - current	6(2) and 11	\$ 26,458	-	\$ 926	-
214080	Futures traders' equity	6(3) and 7	94,279,967	86	80,868,836	85
214100	Leverage margin contract transaction traders' equity		371,174	1	282,808	-
214130	Accounts payable		138,338	-	136,856	-
214140	Accounts payable - related parties	7	22,020	-	19,749	-
214160	Collection for third parties		8,442	-	9,098	-
214170	Other payables		321,990	-	184,185	-
214180	Other payables - related parties	7	408	-	1,842	-
214600	Current income tax liabilities		97,830	-	18,479	-
216000	Lease liabilities - current	7	43,322	-	42,849	-
219000	Other current liabilities	6(12)	6,235	-	31,143	-
210000	Subtotal current liabilities		<u>95,316,184</u>	<u>87</u>	<u>81,596,771</u>	<u>85</u>
Non-current liabilities						
221100	Bonds Payable	6(13)	1,497,779	1	1,497,401	2
226000	Lease liabilities - non-current	7	80,201	-	118,224	-
228000	Deferred income tax liabilities	6(31)	42,254	-	11,191	-
229000	Other non-current liabilities	6(14)	71,413	-	79,470	-
	Subtotal non-current liabilities		<u>1,691,647</u>	<u>1</u>	<u>1,706,286</u>	<u>2</u>
906003	Total Liabilities		<u>97,007,831</u>	<u>88</u>	<u>83,303,057</u>	<u>87</u>
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)	1,228,957	1	1,132,477	1
304020	Special reserve	6(17)(18)	2,701,014	2	2,508,054	3
304040	Undistributed earnings	6(18)	1,279,417	1	1,123,207	1
Other equity						
305000	Other equity interest	6(19)	1,691,214	2	1,615,913	2
906004	Total equity		<u>12,870,849</u>	<u>12</u>	<u>12,349,898</u>	<u>13</u>
906002	Total liabilities and equity		<u>\$ 109,878,680</u>	<u>100</u>	<u>\$ 95,652,955</u>	<u>100</u>

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)

Items	Notes	Year ended December 31				
		2022		2021		
		AMOUNT	%	AMOUNT	%	
Revenues						
401000	Brokerage	6(20) and 7	\$ 3,775,840	96	\$ 3,551,708	94
410000	(Losses) gains on trading of securities	6(2)(21) and 7	(88,117)	(2)	119,534	3
421300	Dividend income	6(2)	79,463	2	7,518	-
421500	Losses on valuation of trading securities	6(2)	(6,869)	-	(2,576)	-
421600	Gains (losses) on covering of borrowed securities and bonds with resale agreements-short sales	6(2)	34	-	(49,017)	(1)
421610	Valuation gains on borrowed securities and bonds with resale agreements-short sales at fair value through profit or loss	6(2)	2,132	-	35,719	1
424200	Securities commission revenue	7	13,581	1	19,880	1
424300	Clearance fee from consignment	6(22) and 7	37,221	1	65,185	2
424400	Net gain on derivative financial instruments	6(2)(23)	90,321	2	13,862	-
424900	Futures advisory revenues	7	8,352	-	16,142	-
428000	Other operating revenues	7	9,865	-	4,354	-
400000	Total revenues		<u>3,921,823</u>	<u>100</u>	<u>3,782,309</u>	<u>100</u>
Costs and expenses						
501000	Brokerage fee	6(24)	(800,438)	(20)	(776,978)	(21)
502000	Dealer handling fee	6(24)	(608)	-	(3,572)	-
521200	Interest expense	7	(124,495)	(3)	(8,229)	-
425300	Expected credit impairment losses and reversal gains		2,795	-	3,755	-
524100	Futures commission	6(25) and 7	(711,970)	(18)	(650,567)	(17)
524300	Clearance fee	6(26)	(569,590)	(15)	(573,923)	(15)
528000	Other operating fee		(3,206)	-	(2,737)	-
531000	Employee benefit expense	6(27)	(799,901)	(20)	(676,529)	(18)
532000	Depreciation and amortization	6(28)	(157,659)	(4)	(126,828)	(3)
533000	Other operating expenses	6(29) and 7	(458,561)	(12)	(450,286)	(12)
500000	Total costs and expenses		<u>(3,623,633)</u>	<u>(92)</u>	<u>(3,265,894)</u>	<u>(86)</u>
Operating income			298,190	8	516,415	14
601100	Share of profit or loss of subsidiaries, associates and joint ventures accounted for using the equity method	6(6)	(27,264)	(1)	(33,082)	(1)
602000	Other gains and losses	6(2)(30) and 7	1,150,941	29	565,627	15
902001	Income before income tax		<u>1,421,867</u>	<u>36</u>	<u>1,048,960</u>	<u>28</u>
701000	Income tax expense	6(31)	(276,519)	(7)	(188,678)	(5)
902005	Net income		<u>\$ 1,145,348</u>	<u>29</u>	<u>\$ 860,282</u>	<u>23</u>

(Continued)

YUANTA FUTURES CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

Items	Notes	Year ended December 31			
		2022		2021	
		AMOUNT	%	AMOUNT	%
Other comprehensive income					
Items that will not be reclassified to profit or loss					
805510	Remeasurement of defined benefit obligations	6(14)			
			\$ 8,500	-	\$ 5,163
805540	Unrealized gain and loss on equity instrument investment measured at fair value through other comprehensive income	6(5)(19)	(68,495)	(2)	471,095
805599	Income tax related to components of items not to be reclassified	6(31)	(1,700)	-	(1,032)
Items that may be reclassified to profit or loss subsequently					
805610	Translation gain (loss) on the financial statements of foreign operating entities	6(6)(19)	104,243	3	(32,238)
805000	Total other comprehensive income (net of tax)		\$ 42,548	1	\$ 442,988
	Total comprehensive income		\$ 1,187,896	30	\$ 1,303,270
Earnings per share (in New Taiwan dollars)					
	Basic and diluted earnings per share	6(32)	\$ 3.95		\$ 2.97

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, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Capital surplus			Retained earnings			Other equity interest		Total equity
		Common stock	Paid-in capital in excess of par value	Paid-in capital from business merger	Legal reserve	Special reserve	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	
<u>For the year ended December 31, 2021</u>										
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)(19)	-	-	-	-	-	4,131	(32,238)	471,095	442,988
Total comprehensive income (loss)		-	-	-	-	-	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	6(18)	-	-	-	-	-	(811,934)	-	-	(811,934)
Disposal of equity instrument investment measured at fair value through other comprehensive income	6(5)(19)	-	-	-	-	-	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
<u>For the year ended December 31, 2022</u>										
Balance, January 1, 2022		\$ 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
Net income for the year		-	-	-	-	-	1,145,348	-	-	1,145,348
Other comprehensive income (loss) for the year	6(5)(19)	-	-	-	-	-	6,800	104,243	(68,495)	42,548
Total comprehensive income (loss)		-	-	-	-	-	1,152,148	104,243	(68,495)	1,187,896
Appropriations of 2021 earnings:										
Legal reserve		-	-	-	96,480	-	(96,480)	-	-	-
Special reserve		-	-	-	-	192,960	(192,960)	-	-	-
Cash dividends	6(18)	-	-	-	-	-	(666,945)	-	-	(666,945)
Disposal of equity instrument investment measured at fair value through other comprehensive income	6(5)(19)	-	-	-	-	-	(39,553)	-	39,553	-
Balance, December 31, 2022		\$ 2,899,763	\$ 3,024,151	\$ 46,333	\$ 1,228,957	\$ 2,701,014	\$ 1,279,417	\$ 7,020	\$ 1,684,194	\$ 12,870,849

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)

	Notes	For the years ended December 31,	
		2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 1,421,867	\$ 1,048,960
Adjustments			
Income and expenses having no effect on cash flows			
Depreciation	6(9)(10)(28)	130,554	114,664
Amortization	6(11)(28)	27,105	12,164
Interest income	6(30)	(883,189)	(339,968)
Interest expense		124,495	8,229
Share of profit or loss of subsidiaries associates, and joint ventures accounted for using the equity method	6(6)	27,264	33,082
Gains on disposal of property and equipment	6(9)	-	(271)
Dividend income	6(30)	(234,462)	(159,578)
Expected credit impairment losses and reversal gains		(2,795)	(3,755)
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		(34,143)	574,306
Customer margin deposits		(13,518,841)	1,750,191
Futures trading margin receivable		2,795	3,755
Security lending deposits		(20,094)	169,187
Accounts receivable		(16,048)	195,552
Accounts receivable - related parties		1,023	1,567
Prepayments		(4,113)	(3,507)
Other receivables		224	(2,697)
Other receivables - related parties		(154)	-
Leverage margin contract trading client margin deposits		(188,747)	(52,957)
Other current assets		-	23
Other non-current assets - other		(6,707)	(2,999)
Changes in operating liabilities			
Financial liabilities at fair value through profit or loss - current		25,532	(219,746)
Futures traders' equity		13,411,131	(1,719,813)
Leverage margin contract transaction traders' equity		88,366	39,235
Accounts payable		1,482	(21,055)
Accounts payable - related parties		2,271	(3,837)
Collection for third parties		(656)	(516)
Other payables		124,305	(58,062)
Other payables-related parties		(1,434)	1,652
Other current liabilities		(24,908)	11,559
Other non-current liabilities		443	2,727
Cash inflow generated from operations		452,566	1,377,602
Interest received		819,387	348,029
Interest paid		(110,617)	(7,015)
Dividends received		234,523	160,348
Income tax paid		(163,762)	(241,652)
Net cash flows from operating activities		<u>1,232,097</u>	<u>1,637,312</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at fair value through other comprehensive income		(543,350)	(1,141,643)
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(5)	381,687	1,147,130
Acquisition of property and equipment	6(9)	(50,017)	(52,308)
Proceeds from disposal of property and equipment	6(9) and 7	-	405
Increase in intangible assets	6(11)	(10,545)	(52,565)
Decrease in clearing and settlement funds		90,807	3,627
Decrease in refundable deposits		50	4,478
Increase in prepayment for equipment		(19,133)	(100,034)
Net cash flows used in investing activities		<u>(150,501)</u>	<u>(190,910)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal payment for lease liabilities		(43,025)	(41,761)
Proceeds from issuance of bonds	6(13)	-	1,497,350
Payment of cash dividends	6(18)	(666,945)	(811,934)
Net cash flows (used in) from financing activities		<u>(709,970)</u>	<u>643,655</u>

(Continued)

YUANTA FUTURES CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

Notes	For the years ended December 31,	
	2022	2021
Net increase in cash and cash equivalents	\$ 371,626	\$ 2,090,057
Cash and cash equivalents at beginning of year	8,286,016	6,195,959
Cash and cash equivalents at end of year	\$ 8,657,642	\$ 8,286,016

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
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(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, 2022, 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 8, 2023.

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”) that came into effect as endorsed by the Financial Supervisory Commission (“FSC”).

New standards, interpretations and amendments endorsed by the FSC and became 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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
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.

(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 2023 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
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 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:

<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
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
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, 2024
Amendments to IAS 1, ‘Non-current liabilities with covenants’	January 1, 2024

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

(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 that came into effect 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 expenses 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) 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.

(26) 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.

(27) 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. The revenue is recognised based on the related contract 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 futures advisory revenues: These revenues are recognised based on the related contract terms as performance obligations are satisfied over time.

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:

Fair value of unlisted stocks

Fair values of unlisted stocks without an active market or quoted prices are determined using valuation methods. Under such a situation, fair value is the observable data or methods of similar financial instruments. If there are no observable market parameters, the fair value of financial instruments are estimated from appropriate assumptions. When utilizing valuation models to determine fair value, all models need to be calibrated in order to ensure generated results reflect actual data and market prices. Models should only elect observable data as much as possible. Please refer to Note 21(3) for the financial instruments fair value information.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Petty cash	\$ 30	\$ 30
Cash in bank		
Checking deposits	-	15
Demand deposits	388,676	317,585
Time deposits	7,818,125	7,203,600
Subtotal	8,206,831	7,521,230
Excess futures margin deposits	337,742	330,800
Excess margin in foreign exchange margin trading	113,069	74,275
Commercial paper (expiring within three months)	-	359,711
	<u>\$ 8,657,642</u>	<u>\$ 8,286,016</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

	December 31, 2022	December 31, 2021
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	\$ 100,459	\$ 224,771
Beneficiary certificates	163,994	-
Futures trading margin - own funds	19,312	16,347
Buy options - futures	14,087	1,219
Derivatives assets - OTC	26,008	36,525
	323,860	278,862
Valuation adjustment	(3,833)	7,022
	<u>\$ 320,027</u>	<u>\$ 285,884</u>
	December 31, 2022	December 31, 2021
Financial liabilities held for trading		
Sell options - futures	\$ 12,184	\$ 926
Security borrowing payable - non-hedging	16,406	-
	28,590	926
Valuation adjustment	(2,132)	-
	<u>\$ 26,458</u>	<u>\$ 926</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,	
	2022	2021
Financial assets and liabilities at fair value through profit or loss		
Listed stocks	(\$ 12,734)	\$ 129,154
Beneficiary certificates	(6,774)	(4,137)
Borrowed securities	2,166	(13,298)
Net loss on futures contracts	(47,821)	(17,765)
Net gain on options contracts	63,695	1,198
Net gain on leverage derivatives assets	74,447	30,429
Other financial instruments	-	14
	<u>\$ 72,979</u>	<u>\$ 125,595</u>

For the years ended December 31, 2022 and 2021, 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 (losses) gains on trading of securities, dividend income, losses on valuation of trading securities, gains (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, 2022 and 2021, margin deposits for the contract was \$357,054 and \$347,147, respectively, with excess margin of \$337,742 and \$330,800, 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

	December 31, 2022	December 31, 2021
Margin deposits by customers:		
Cash in bank	\$ 75,099,906	\$ 59,406,731
Clearing house	10,954,086	14,432,637
Other futures commission merchants	<u>8,523,670</u>	<u>7,219,453</u>
Total	94,577,662	81,058,821
Less: Fees and interest revenue pending for transfer	(286,864)	(154,452)
Futures exchange tax pending for transfer	(5,080)	(4,595)
Temporary receipts	(5,751)	(6,239)
Others	-	(24,699)
Futures traders’ equity	<u>\$ 94,279,967</u>	<u>\$ 80,868,836</u>

A. The Company has no expected credit loss on customer margin deposits.

B. As at December 31, 2022 and 2021, 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 \$94,577,662 and \$81,058,821, respectively.

(4) Futures trading margin receivable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Futures trading margin receivable	\$ 96,002	\$ 107,770
Less: Allowance for uncollectible accounts	<u>(96,002)</u>	<u>(107,770)</u>
	<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, 2022</u>	<u>December 31, 2021</u>
Up to 30 days	\$ -	\$ -
31-90 days	-	-
91-180 days	-	-
Over 181 days	96,002	107,770
	<u>\$ 96,002</u>	<u>\$ 107,770</u>

The above ageing analysis was based on posting date.

(5) Financial assets at fair value through other comprehensive income

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current items:		
Equity instrument		
Listed stocks	\$ 822,634	\$ 700,524
Valuation adjustment	<u>(145,619)</u>	<u>106,306</u>
	<u>\$ 677,015</u>	<u>\$ 806,830</u>
Non-current items:		
Equity instrument		
Listed stocks	\$ 104,771	\$ 104,771
Valuation adjustment	<u>(1,487)</u>	<u>21,704</u>
Subtotal	<u>103,284</u>	<u>126,475</u>
Non-Listed stocks	221,132	221,132
Valuation adjustment	<u>1,831,300</u>	<u>1,585,126</u>
Subtotal	<u>2,052,432</u>	<u>1,806,258</u>
	<u>\$ 2,155,716</u>	<u>\$ 1,932,733</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 \$2,832,731 and \$2,739,563 as at December 31, 2022 and 2021, respectively.

B. For the years ended December 31, 2022 and 2021, consider the asset allocation and adjust the investment portfolios, the Company sold \$381,687 and \$1,147,130, respectively, of listed stocks

at fair value and resulted in cumulative (losses) gains on disposal of (\$39,553) and \$100,387, 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,	
	2022	2021
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	(\$ 68,495)	\$ 471,095
Cumulative losses (gains) reclassified to retained earnings due to derecognition	\$ 39,553	(\$ 100,387)
Dividend income recognised in profit or loss		
Held at end of period	\$ 147,049	\$ 113,928
Derecognised during the period	7,950	38,132
	<u>\$ 154,999</u>	<u>\$ 152,060</u>

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>Company name</u>	December 31, 2022	
	Amount	Shareholding ratio
Yuanta Futures (Hong Kong) Co., Ltd.	\$ 927,751	100.00%
SYF Information Co., Ltd.	291,157	100.00%
Yuanta Global (Singapore) Pte. Ltd.	(148)	100.00%
	<u>\$ 1,218,760</u>	

<u>Company name</u>	December 31, 2021	
	Amount	Shareholding ratio
Yuanta Futures (Hong Kong) Co., Ltd.	\$ 855,254	100.00%
SYF Information Co., Ltd.	286,527	100.00%
	<u>\$ 1,141,781</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,	
	2022	2021
Loss for the year from continuing operations	(\$ 27,264)	(\$ 33,082)
Currency translation differences	104,243	(32,238)

Total comprehensive income (loss) \$ 76,979 (\$ 65,320)

(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, 2022 and 2021 was 0.77%~1.405% and 0.77%, respectively.

As at December 31, 2022 and 2021, 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, 2022 and 2021, 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 \$453,658 and \$544,465, respectively.

(9) Property and equipment

	2022				
	Land (Note)	Buildings	Equipment	Leasehold improvements	Total
At January 1,					
Cost	\$ 466,947	\$ -	\$ 247,398	\$ 18,261	\$ 732,606
Accumulated depreciation	=	=	(106,471)	(1,290)	(107,761)
	<u>\$ 466,947</u>	<u>\$ -</u>	<u>\$ 140,927</u>	<u>\$ 16,971</u>	<u>\$ 624,845</u>
Opening net book amount at January 1,	\$ 466,947	\$ -	\$ 140,927	\$ 16,971	\$ 624,845
Additions	-	-	44,307	5,710	50,017
Transfers	-	-	-	65,000	65,000
Disposals (cost)	-	-	(63,616)	-	(63,616)
Disposals (accumulated depreciation)	-	-	63,616	-	63,616
Depreciation expense	=	=	(61,330)	(29,373)	(90,703)
Closing net book amount at December 31,	<u>\$ 466,947</u>	<u>\$ -</u>	<u>\$ 123,904</u>	<u>\$ 58,308</u>	<u>\$ 649,159</u>
At December 31,					
Cost	\$ 466,947	\$ -	\$ 228,089	\$ 88,971	\$ 784,007
Accumulated depreciation	=	=	(104,185)	(30,663)	(134,848)
	<u>\$ 466,947</u>	<u>\$ -</u>	<u>\$ 123,904</u>	<u>\$ 58,308</u>	<u>\$ 649,159</u>

Note: A trust in Chang Hwa Bank was set up for the land due to the city renovation.

	2021				
	Land (Note2)	Buildings	Equipment	Leasehold improvements	Total
At January 1,					
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>
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 1)	55,955	(55,955)	-	-	-
Disposals (cost)	-	-	(56,633)	(9,692)	(66,325)
Disposals (accumulated depreciation)	-	-	56,575	9,616	66,191
Depreciation expense	=	(3,409)	(58,402)	(3,637)	(65,448)

Closing net book amount at December 31,	\$ 466,947	\$ -	\$ 140,927	\$ 16,971	\$ 624,845
At December 31,					
Cost	\$ 466,947	\$ -	\$ 247,398	\$ 18,261	\$ 732,606
Accumulated depreciation	-	-	(106,471)	(1,290)	(107,761)
	<u>\$ 466,947</u>	<u>\$ -</u>	<u>\$ 140,927</u>	<u>\$ 16,971</u>	<u>\$ 624,845</u>

Note 1: 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.

Note 2: A trust in Chang Hwa Bank was set up for the land due to the city renovation.

(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:

	December 31, 2022	December 31, 2021
	<u>Carrying amount</u>	<u>Carrying amount</u>
Buildings	<u>\$ 113,172</u>	<u>\$ 147,548</u>
	For the years ended December 31,	
	<u>2022</u>	<u>2022</u>
	<u>Depreciation expense</u>	<u>Depreciation expense</u>
Buildings	<u>\$ 39,851</u>	<u>\$ 49,216</u>

C. For the years ended December 31, 2022 and 2021, the additions to right-of-use assets were \$0 and \$6,038, respectively.

D. The information on profit and loss accounts relating to lease contracts is as follows:

	For the years ended December 31,	
	December 31, 2022	December 31, 2022
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 877	\$ 1,129
Expense on short-term lease contracts	-	123
Gains on lease modification	-	490

E. For the years ended December 31, 2022 and 2021, the Company's total cash outflow for leases was \$43,902 and \$43,013, 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 occurs which affects the assessment.

(11) Intangible assets

	2022		
	Membership in a foreign Futures Exchange	Others	Total
At January 1,			
Cost	\$ 24,125	\$ 78,776	\$ 102,901
Accumulated amortisation	-	(15,922)	(15,922)
	<u>\$ 24,125</u>	<u>\$ 62,854</u>	<u>\$ 86,979</u>
Opening net book amount as at January 1,	\$ 24,125	\$ 62,854	\$ 86,979
Additions	-	10,545	10,545
Transfers	-	3,593	3,593
Disposals (cost)	-	(8,287)	(8,287)
Disposals (accumulated amortisation)	-	8,287	8,287
Amortisation expense	-	(27,105)	(27,105)
Closing net book amount as at December 31,	<u>\$ 24,125</u>	<u>\$ 49,887</u>	<u>\$ 74,012</u>
At December 31,			
Cost	\$ 24,125	\$ 84,627	\$ 108,752
Accumulated amortisation	-	(34,740)	(34,740)
	<u>\$ 24,125</u>	<u>\$ 49,887</u>	<u>\$ 74,012</u>
	2021		
	Membership in a foreign		
	Futures Exchange	Others	Total
At January 1,			
Cost	\$ 24,125	\$ 35,077	\$ 59,202
Accumulated amortisation	-	(17,065)	(17,065)
	<u>\$ 24,125</u>	<u>\$ 18,012</u>	<u>\$ 42,137</u>
Opening net book amount as at January 1,	\$ 24,125	\$ 18,012	\$ 42,137
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	-	(12,164)	(12,164)
Closing net book amount	<u>\$ 24,125</u>	<u>\$ 62,854</u>	<u>\$ 86,979</u>

as at December 31,

At December 31,

Cost	\$ 24,125	\$ 78,776	\$ 102,901
Accumulated amortisation	(-)	(15,922)	(15,922)
	<u>\$ 24,125</u>	<u>\$ 62,854</u>	<u>\$ 86,979</u>

(12) Other current liabilities

	December 31, 2022	December 31, 2021
Temporary receipts	<u>\$ 6,235</u>	<u>\$ 31,143</u>

(13) Bonds payable

	December 31, 2022	December 31, 2021
Bonds payable	\$ 1,500,000	\$ 1,500,000
Less: Discount on bonds payable	(2,221)	(2,599)
	<u>\$ 1,497,779</u>	<u>\$ 1,497,401</u>

	<u>First issue of unsecured subordinate normal corporate bond in 2021</u>
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:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligations	\$ 85,326	\$ 92,316
Fair value of plan assets	(28,463)	(26,045)
Net defined benefit liability	<u>\$ 56,863</u>	<u>\$ 66,271</u>

(C) Movement in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
<u>Year ended December 31, 2022</u>			
Balance at January 1	\$ 92,316	(\$ 26,045)	\$ 66,271
Interest expense (income)	<u>554</u>	<u>(157)</u>	<u>397</u>
	<u>92,870</u>	<u>(26,202)</u>	<u>66,668</u>
Remeasurements:			
Return on plan assets	-	(1,953)	(1,953)
Change in demographic assumptions	-	-	-
Change in financial assumptions	(5,977)	-	(5,977)
Experience adjustments	<u>(570)</u>	<u>-</u>	<u>(570)</u>
	<u>(6,547)</u>	<u>(1,953)</u>	<u>(8,500)</u>
Pension fund contribution	-	(740)	(740)
Paid pension	<u>(997)</u>	<u>432</u>	<u>(565)</u>
Balance at December 31	<u>\$ 85,326</u>	<u>(\$ 28,463)</u>	<u>\$ 56,863</u>

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
<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>-</u>	<u>(1,900)</u>

	(<u>4,794</u>)	(<u>369</u>)	(<u>5,163</u>)
Pension fund contribution	-	(<u>750</u>)	(<u>750</u>)
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>

(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, 2022 and 2021 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(E) The principal actuarial assumptions used were as follows:

	For the years ended December 31,	
	2022	2021
Discount rate	<u>1.30%</u>	<u>0.60%</u>
Future salary increases	<u>3.00%</u>	<u>3.00%</u>

For the years ended December 31, 2022 and 2021, assumptions regarding future mortality rate were estimated in accordance both with the 6th 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:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
<u>December 31, 2022</u>				
Effect on present value of defined benefit obligation	<u>(\$ 1,997)</u>	<u>\$ 2,068</u>	<u>\$ 1,752</u>	<u>(\$ 1,704)</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>
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(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, 2023 amount to \$737.

(H) As of December 31, 2022, 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, 2022 and 2021, were \$19,018 and \$18,617, respectively.

(15) Share capital

As of December 31, 2022, 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.

(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

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. Except for offsetting the Company’s deficit by using the special reserve or cumulative special

reserve exceeding 25% of the paid-in capital, the Company may transfer 25% of certain special reserve as share capital. No other purpose is permitted. 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. 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.

(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. 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 2021 of the Company resolved by the stockholders' meeting on May 24, 2022 and the earnings distribution for 2020 resolved by the stockholders' meeting on July 5, 2021 are as follows:

	2021		2020	
	Amount	Dividends per Share (in dollars)	Amount	Dividends per Share (in dollars)
Legal reserve	\$ 96,480		\$ 111,467	
Special reserve	192,960		214,020	
Cash dividends	666,945	\$ 2.30	811,934	\$ 2.80

- E. On March 8, 2023, the Board of Directors resolved the distribution of profits for 2022 as follows:

2022	
Amount	Dividends per Share (in dollars)

Legal reserve	\$ 111,260		
Special reserve	222,519		
Cash dividends	724,941	\$	2.50

(19) Other equity items

	Unrealised gains (losses) on valuation	Currency translation differences	Total
At January 1, 2022	\$ 1,713,136	(\$ 97,223)	\$ 1,615,913
Financial assets at fair value through other comprehensive income			
- Revaluation	(68,495)	-	(68,495)
- Revaluation transferred to retained earnings	39,553	-	39,553
Currency translation differences			
- Exchange differences	-	104,243	104,243
At December 31, 2022	<u>\$ 1,684,194</u>	<u>\$ 7,020</u>	<u>\$ 1,691,214</u>

	Unrealised gains (losses) on valuation	Currency translation differences	Total
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>\$ 1,713,136</u>	<u>(\$ 97,223)</u>	<u>\$ 1,615,913</u>

(20) Brokerage

	For the years ended December 31,	
	2022	2021
Dealers' commissions	<u>\$ 3,775,840</u>	<u>\$ 3,551,708</u>

(21) Net (loss) gain on trading of securities

	For the years ended December 31,	
	2022	2021
Revenue from sale of securities - dealing	\$ 3,179,357	\$ 6,006,382
Cost from sale of securities - dealing	(3,267,474)	(5,886,848)

	(\$ 88,117)	\$ 119,534
(22) <u>Clearance fee from consignment</u>		
	For the years ended December 31,	
	2022	2021
Clearance fee from consignment - non-related parties	\$ 37,221	\$ 38,449
Clearance fee from consignment - related parties	-	26,736
	<u>\$ 37,221</u>	<u>\$ 65,185</u>

(23) <u>Net gain on derivative financial instruments</u>		
	For the years ended December 31,	
	2022	2021
Non-hedging		
Gains (losses) from futures contract interests		
Futures contract gains	\$ 182,535	\$ 393,682
Futures contract losses	(230,356)	(411,447)
	<u>(\$ 47,821)</u>	<u>(\$ 17,765)</u>
Gains (losses) from options trading		
Gains from options trading	\$ 235,207	\$ 482,224
Losses from options trading	(171,512)	(481,026)
	<u>\$ 63,695</u>	<u>\$ 1,198</u>
Gains (losses) from leverage margin contract transactions		
Gains from leverage margin contract transactions	\$ 634,712	\$ 197,885
Losses from leverage margin contract transactions	(560,265)	(167,456)
	<u>\$ 74,447</u>	<u>\$ 30,429</u>
Gains from derivative financial instruments	\$ 1,052,454	\$ 1,073,791
Losses from derivative financial instruments	(962,133)	(1,059,929)
	<u>\$ 90,321</u>	<u>\$ 90,321</u>

(24) <u>Service charge</u>		
	For the years ended December 31,	
	2022	2021
Service charge - brokerage	\$ 800,438	\$ 776,978
Service charge - dealing	608	3,572
	<u>\$ 801,046</u>	<u>\$ 780,550</u>

(25) <u>Futures commission</u>		
	For the years ended December 31,	
	2022	2021

Entrusted futures transaction	\$	364,843	\$	294,270
Futures auxiliary business		<u>347,127</u>		<u>356,297</u>
	\$	<u>711,970</u>	\$	<u>650,567</u>

(26) Clearance fee

	For the years ended December 31,	
	2022	2021
Clearance fee - brokerage	\$ 569,255	\$ 571,691
Clearance fee - dealing	<u>335</u>	<u>2,232</u>
	<u>\$ 569,590</u>	<u>\$ 573,923</u>

(27) Employee benefit expense

	For the years ended December 31,	
	2022	2021
Wages and salaries	\$ 716,156	\$ 585,887
Labor and health insurance fees	39,430	38,811
Pension costs	19,415	18,839
Post-employment benefits	3,372	12,470
Other personnel expenses	<u>21,528</u>	<u>20,522</u>
	<u>\$ 799,901</u>	<u>\$ 676,529</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, 2022 and 2021, employees' compensation was accrued at \$4,055 and \$3,952, respectively, and the aforementioned amounts were recognised in salary expenses.

B. Employees' compensation of 2021 as resolved at the meeting of Board of Directors were in agreement with those amounts recognised in the 2021 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.

(28) Depreciation and amortization

	For the years ended December 31,	
	2022	
Depreciation expense	\$	130,554
Amortisation expense		<u>27,105</u>
	\$	<u>157,659</u>

(29) Operating expenses

For the years ended December 31,

	2022	2021
Postage and telephone costs	\$ 115,999	\$ 98,725
Tax expenses	104,388	115,301
Computer information expenses	107,240	102,723
Donation	4,165	10,475
Institutional membership fees	30,107	32,269
Operating lease payments	-	123
Repair charge	31,414	31,254
Advertising costs	7,965	9,646
Service expenses	18,236	14,698
Other expenses	39,047	35,072
	<u>\$ 458,561</u>	<u>\$ 450,286</u>

(30) Other gains and losses

	For the years ended December 31,	
	2022	2021
Interest income	\$ 883,189	\$ 339,968
Gains on disposals of investments	-	765
Gains on disposals of property and equipment	-	271
Dividend income	154,999	152,060
Net currency exchange gains (losses)	44,649	(9,213)
Losses on financial assets at fair value through profit or loss	(3,985)	(210)
Gains on lease modification	-	490
Others	72,089	81,496
	<u>\$ 1,150,941</u>	<u>\$ 565,627</u>

(31) Income tax

A. Income tax expense

(a) Components of income tax expense:

	For the years ended December 31,	
	2022	2021
Current tax:		
Current tax on profits for the period	\$ 244,688	\$ 165,816
Tax on undistributed surplus earnings	421	-
Prior year income tax (over) under estimation	(1,996)	742
Total current tax	<u>243,113</u>	<u>166,558</u>
Deferred tax:		

Origination and reversal of temporary differences	<u>33,406</u>	<u>22,120</u>
Total deferred tax	<u>33,406</u>	<u>22,120</u>
Income tax expense	<u>\$ 276,519</u>	<u>\$ 188,678</u>

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	For the years ended December 31,	
	<u>2022</u>	<u>2021</u>
Remeasurement of defined benefit obligations	<u>\$ 1,700</u>	<u>\$ 1,032</u>

B. Reconciliation between income tax expense and accounting profit

	For the years ended December 31,	
	<u>2022</u>	<u>2021</u>
Tax calculated based on profit before tax and statutory tax rate	\$ 284,373	\$ 209,792
Tax exempt income by tax regulation	(6,279)	(21,856)
Tax on undistributed surplus earnings	421	-
Prior year income tax (over) under estimation	(1,996)	742
Income tax expense	<u>\$ 276,519</u>	<u>\$ 188,678</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

	For the year ended December 31, 2022			
	January 1	Recognised in profit or loss	Recognised in other Comprehensive income	December 31
Deferred income tax assets:				
— Temporary differences				
Accrued pension liabilities	\$ 3,925	(\$ 182)	(\$ 1,700)	\$ 2,043
Unrealised exchange loss	2,814	(2,814)	-	-
Expected credit losses	23,201	(1,801)	-	21,400
Others	<u>1,746</u>	<u>2,454</u>	<u>-</u>	<u>4,200</u>
Subtotal	<u>31,686</u>	<u>(2,343)</u>	<u>(1,700)</u>	<u>27,643</u>
Deferred income tax liabilities:				

– Unrealised exchange income	-	(5,738)	-	(5,738)
Others	(11,191)	(25,325)	-	(36,516)
Subtotal	(11,191)	(31,063)	-	(42,254)
	<u>\$ 20,495</u>	<u>(\$ 33,406)</u>	<u>(\$ 1,700)</u>	<u>(\$ 14,611)</u>

For the year ended December 31, 2021

	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
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	<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>
	<u>\$ 43,647</u>	<u>(\$ 22,120)</u>	<u>(\$ 1,032)</u>	<u>\$ 20,495</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 2020 have been assessed and approved by the Tax Authority.

(32) Earnings per share

For the year ended December 31, 2022

	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per Share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 1,145,348</u>	<u>289,976</u>	<u>\$ 3.95</u>

For the year ended December 31, 2021

	Amount after tax	Weighted average number of ordinary shares outstanding	Earnings per Share (in dollars)
	<u> </u>	<u> </u>	<u> </u>

(share in thousands)

Basic earnings per share

Profit attributable to ordinary
shareholders of the parent

\$ 860,282

289,976

\$ 2.97

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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 Global (Singapore) Pte. Ltd.	The subsidiary company of the Company(Note)
Yuanta Cultural & Educational Foundation	Related parties in substance
Yuanta Polaries Research	Related parties in substance
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: On November 23, 2022, Yuanta Global (Singapore) Pte. Ltd. was established by Yuanta Futures through reinvestment, and its main business activities are currently under approval by the Singapore authorities.

(3) Significant related party transactions and balances

A. Cash and cash equivalents/ operating guarantee deposits/ customer margin deposits

December 31, 2022					
	Bank deposits	Operating guarantee deposits	Customer margin deposits	Futures trading margin	
				Own funds	Excess margin
Subsidiary					
Yuanta Futures (Hong Kong) Co., Ltd.	\$ -	\$ -	\$ 504,076	\$ 409	\$ 9,394
Fellow subsidiary					
Yuanta Bank Co., Ltd.	<u>5,930,333</u>	<u>140,000</u>	<u>25,529,271</u>	<u>-</u>	<u>-</u>
	<u>\$ 5,930,333</u>	<u>\$ 140,000</u>	<u>\$ 26,033,347</u>	<u>\$ 409</u>	<u>\$ 9,394</u>

December 31, 2021				
	Bank deposits	Operating guarantee	Customer margin	Futures trading margin

		<u>deposits</u>	<u>deposits</u>	<u>Own funds</u>	<u>Excess margin</u>
Subsidiary					
Yuanta Futures (Hong Kong) Co., Ltd.	\$	-	\$ -	\$ 519,977	\$ 205
Fellow subsidiary					
Yuanta Bank Co., Ltd.	<u>3,188,646</u>	<u>140,000</u>	<u>16,272,127</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,188,646</u>	<u>\$ 140,000</u>	<u>\$ 16,792,104</u>	<u>\$ 205</u>	<u>\$ 15,425</u>

B. Leverage margin contract trading client margin deposits

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Fellow subsidiary		
Yuanta Bank Co., Ltd.	<u>\$ 123,367</u>	<u>\$ 200,734</u>

C. Accounts receivable - related parties

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Fellow subsidiary		
Yuanta Securities Co., Ltd.	<u>\$ 979</u>	<u>\$ 2,002</u>

D. Prepayments

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Fellow subsidiary		
Yuanta Life Insurance Co., Ltd.	<u>\$ 1,480</u>	<u>\$ 1,449</u>

E. Other receivables - related parties

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Fellow subsidiary		
Yuanta Bank Co., Ltd.	\$ 16,965	\$ 4,165
Subsidiary		
Yuanta Securities (Hong Kong) Co., Ltd.	1	-
Yuanta Global (Singapore) Pte. Ltd.	<u>152</u>	<u>-</u>
	<u>\$ 17,118</u>	<u>\$ 4,165</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

	For the years ended December 31,	
	2022	2021
Fellow subsidiary		
Yuanta Bank Co., Ltd.	\$ -	\$ 1,949
Yuanta Securities Co., Ltd.	-	4,089
	<u>\$ -</u>	<u>\$ 6,038</u>

c. Rental expense

	For the years ended December 31,	
	2022	2021
Fellow subsidiary		
Yuanta Bank Co., Ltd.	\$ -	\$ 16
Yuanta Securities Co., Ltd.	-	39
	<u>\$ -</u>	<u>\$ 55</u>

d. Lease liabilities

(a) Outstanding balance

	December 31, 2022	December 31, 2021
Fellow subsidiary		
Yuanta Bank Co., Ltd.	\$ 4,663	\$ 7,051
Yuanta Life Insurance Co., Ltd.	113,561	153,175
	<u>\$ 118,224</u>	<u>\$ 160,226</u>

(b) Interest expense

	For the years ended December 31,	
	2022	2021
Fellow subsidiary		
Yuanta Bank Co., Ltd.	\$ 35	\$ 26
Yuanta Life Insurance Co., Ltd.	824	1,083
Yuanta Securities Co., Ltd.	-	8
	<u>\$ 970</u>	<u>\$ 1,117</u>

G. Refundable deposits

	December 31, 2022	December 31, 2021
Fellow subsidiary		
Yuanta Bank Co., Ltd.	\$ 10,304	\$ 10,304
Yuanta Life Insurance Co., Ltd.	6,740	6,740
	<u>\$ 17,044</u>	<u>\$ 17,044</u>

H. Futures traders' equity

	December 31, 2022	December 31, 2021
Subsidiary		
Yuanta Futures (Hong Kong) Co., Ltd.	\$ 404,304	\$ 1
Fellow subsidiary		
Yuanta Bank Co., Ltd.	105,315	84,459
Yuanta Securities Co., Ltd.	2,861,905	118,304
Yuanta Securities (Hong Kong) Co., Ltd.	289,808	209,437
Yuanta Securities Korea Co., Ltd.		
Funds managed by fellow subsidiary		
Funds managed by Yuanta		
Securities Investment Trust	37,679,405	29,244,360
Other related parties	89,347	88,823
	<u>\$ 41,255,836</u>	<u>\$ 34,665,399</u>

I. Accounts payable - related parties

	December 31, 2022	December 31, 2021
Fellow subsidiary		
Yuanta Securities Co., Ltd.	<u>\$ 22,020</u>	<u>\$ 19,749</u>

J. Other payables - related parties

	December 31, 2022	December 31, 2021
Parent Company		
Yuanta Financial Holdings	\$ 319	\$ 724
Fellow subsidiary		
Yuanta Securities Co., Ltd.	-	51
Yuanta Life Insurance Co., Ltd.	-	1,040
Other related parties	89	27
	<u>\$ 408</u>	<u>\$ 1,842</u>

K. Brokerage

	For the years ended December 31,	
	2022	2021
Subsidiary		
Yuanta Futures (Hong Kong) Co., Ltd.	\$ 3,333	\$ 936
Fellow subsidiary		
Yuanta Bank Co., Ltd.	725	551
Yuanta Securities Co., Ltd.	98,168	84,103
Yuanta Securities (Hong Kong)	17,929	6,810

Co., Ltd.		
Yuanta Securities Korea Co., Ltd.	1,929	2,047
Funds managed by fellow subsidiary		
Funds managed by Yuanta Securities		
Investment Trust	135,584	134,998
Other related parties	9,820	8,662
	<u>\$ 267,488</u>	<u>\$ 238,107</u>

L. Securities commissions revenue

	For the years ended December 31,	
	2022	2021
Fellow subsidiary		
Yuanta Securities Co., Ltd.	<u>\$ 13,581</u>	<u>\$ 19,880</u>

M. Clearance fee from consignment

	For the years ended December 31,	
	2022	2021
Fellow subsidiary		
Yuanta Securities Co., Ltd.	<u>\$ -</u>	<u>\$ 26,736</u>

N. Futures advisory revenues

	For the years ended December 31,	
	2022	2021
Fellow subsidiary		
Yuanta Securities Co., Ltd.	<u>\$ 15</u>	<u>\$ 88</u>

O. Other operating revenues - Co-marketing revenue

	For the years ended December 31,	
	2022	2021
Fellow subsidiary		
Yuanta Securities Investment Trust	<u>\$ 1</u>	<u>\$ 1</u>

P. Futures commissions expense and consigned/entrusted foreign futures trading commissions

	For the years ended December 31,	
	2022	2021
Subsidiary		
Yuanta Futures (Hong Kong) Co., Ltd	\$ 13,924	\$ 7,942
Fellow subsidiary		

Yuanta Securities Co., Ltd.	<u>292,413</u>	<u>303,403</u>
	<u>\$ 306,337</u>	<u>\$ 311,345</u>

Q. Service fees

	For the years ended December 31,	
	<u>2022</u>	<u>2021</u>
Fellow subsidiary		
Yuanta Securities Investment Consulting Co., Ltd.	\$ 3,600	\$ 3,600
Yuanta Securities Co., Ltd.	<u>1,775</u>	<u>1,874</u>
	<u>\$ 5,375</u>	<u>\$ 5,474</u>

R. Computer information expense

	For the years ended December 31,	
	<u>2022</u>	
Fellow subsidiary		
Yuanta Securities Co., Ltd.	<u>\$ 456</u>	

S. Interest income

	For the years ended December 31,	
	<u>2022</u>	<u>2021</u>
Subsidiary		
Yuanta Futures (Hong Kong) Co., Ltd	\$ 220	\$ 210
Fellow subsidiary		
Yuanta Bank Co., Ltd.	252,952	89,062
Yuanta Life Insurance Co., Ltd.	53	53
Yuanta Securities Co., Ltd.	<u>-</u>	<u>19</u>
	<u>\$ 253,225</u>	<u>\$ 89,344</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. Security lending expense

	For the years ended December 31,	
	2022	2021
Fellow subsidiary		
Yuanta Securities Co., Ltd.	<u>\$ 7</u>	<u>\$ -</u>

U. Interest expense

	For the years ended December 31,	
	2022	2021
Subsidiary		
Yuanta Futures (Hong Kong) Co., Ltd.	\$ 649	\$ 2
Fellow subsidiary		
Yuanta Bank Co., Ltd.	103	5
Yuanta Securities (Hong Kong) Co., Ltd.	128	-
Yuanta Life Insurance Co., Ltd.	53	53
Yuanta Securities Co., Ltd.	3,956	935
Yuanta Securities Korea Co., Ltd.	539	6
Funds managed by fellow subsidiary		
Funds managed by Yuanta		
Securities Investment Trust	<u>38,027</u>	<u>1,952</u>
	<u>\$ 43,455</u>	<u>\$ 2,953</u>

V. Donation expenditure

	For the years ended December 31,	
	2022	2021
Other related parties		
Yuanta Cultural & Education Foundation	\$ 2,400	\$ 4,000
Yuanta Polaris Research	<u>950</u>	<u>1,050</u>
	<u>\$ 3,350</u>	<u>\$ 5,050</u>

W. Property transactions

	December 31, 2022	December 31, 2021
Acquisition of financial assets		
Funds managed by fellow subsidiary		
Funds managed by Yuanta		
Securities Investment Trust	<u>\$ 159,540</u>	<u>\$ -</u>

The (losses) gains on disposal of funds managed by fellow subsidiary were (\$2,727) and \$692 for

the years ended December 31, 2022 and 2021, 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.

(4) Key management compensation

	For the years ended December 31,	
	2022	2021
Salaries and other short - term employee benefits	\$ 276,554	\$ 203,555
Post-employment benefits	4,040	4,359
Other long-term benefits	1,912	1,923
	<u>\$ 282,506</u>	<u>\$ 209,837</u>

8. PLEDGED ASSETS

None.

9. SIGNIFICANT COMMITMENTS AND CONTINGENT LIABILITIES

As of December 31, 2022, the amount for the contracts of capital expenditures signed by the Company is \$309,224. Based on the contracts, the amount that was paid is \$95,592 and the amount that was not yet paid is \$213,632.

10. SIGNIFICANT LOSS FROM NATURAL DISASTER

None.

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11. DERIVATIVE INSTRUMENT TRANSACTIONS

The Company had derivative financial instrument trading as follows:

December 31, 2022

Item	Object of transaction	Open Interest		Margin paid (received)	Fair value	Remarks
		Buyer /Seller	Number of contract(s) (lot)			
Futures contracts (Domestic)	TX	Buyer	3	\$ 8,447	\$ 8,481	
	TX	Seller	5	(14,079)	(14,055)	
	MTX	Buyer	64	45,136	45,151	
	MTX	Seller	117	(82,981)	(82,712)	
	Stock Futures	Buyer	270	97,530	93,807	
	Stock Futures	Seller	2,259	(174,902)	(173,274)	
	Index Futures	Buyer	9	5,967	5,989	
	Gold Futures	Seller	40	(22,361)	(22,433)	
Futures contracts (Overseas)	Index Futures	Buyer	3	36,630	3,358	
	Index Futures	Seller	13	(10,018)	(10,054)	
	Metal Futures	Buyer	4	22,358	22,433	
	Foreign Exchange	Buyer	1	2,922	2,959	
Option contracts (Domestic)	TXO	Buy call	286	6,673	5,716	
	TXO	Buy put	316	9,555	8,371	
	TXO	Sell call	216	(3,679)	(3,437)	
	TXO	Sell put	385	(9,716)	(8,747)	

Note: The Group does not have any derivative financial instruments for hedging purpose.

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December 31, 2021

December 31, 2021

Item	Object of transaction	Buyer /Seller	Open Interest		Fair value	Remarks
			Number of contract(s) (lot)	Margin paid (received)		
Futures contracts (Domestic)	TX	Buyer	4	\$ 14,533	\$ 14,567	
	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 (Overseas)	Index Futures	Buyer	5	17,067	17,039	
	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 (Domestic)	TXO	Buy call	45	589	780	
	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.

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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, 2022		December 31, 2021		Standard	Enforcement (Note3)
		Calculation	Ratio	Calculation	Ratio		
17	<u>Equity</u> (Total liabilities - Future traders' equity)	<u>12,870,849</u> 2,727,864	4.72	<u>12,349,898</u> 2,434,221	5.07	≥ 1	Satisfied
17	<u>Current assets</u> Current liabilities	<u>104,902,918</u> 95,316,184	1.10	<u>90,816,473</u> 81,596,771	1.11	≥ 1	Satisfied
22	<u>Equity</u> Minimum paid - in capital (Note 1)	<u>12,870,849</u> 1,060,000	1214.23%	<u>12,349,898</u> 1,060,000	1165.08%	≥ 60% ≥ 40%	Satisfied
						(Note 2)	
22	<u>Adjusted net capital</u> Total margin deposit required for futures traders, not yet off-set	<u>11,113,300</u> 14,347,089	77.46%	<u>10,619,823</u> 16,408,186	64.72%	≥ 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

- (4) 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.
- (5) 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.
- (6) 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

None.

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, 2022		Book value	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, 2022	Balance as at December 31, 2021	Number of shares (in thousands)	Ownership (%)						
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%	927,751	\$ 95,232	(\$ 20,155)	(\$ 20,155)	-	Subsidiaries
Yuanta Futures Co., Ltd.	SYF Information Co., Ltd.	Taiwan	2012.11.9	Gin-Gwen-Zheng-Qi Letter No.1010035210	Information Technollogy Services	350,000	350,000	35,000	100.00%	291,157	-	(6,969)	(6,969)	-	Subsidiaries
Yuanta Futures Co., Ltd.	Yuanta Global (Singapore) Pte. Ltd.(Note)	Singapore	2022.11.23	Gin-Gwen-Zheng-Qi Letter No.1110357536	Applying	-	-	-	100.00%	(148)	-	(140)	(140)	-	Subsidiaries

Note: The Company's investment in incorporating Yuanta Global (Singapore) Pte. Ltd. has been approved by the FSC through Gin-Gwen-Zheng-Qi Letter No.1110357536 on October 20, 2022, as well as approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) through Jing-Shen-Er-Zi Letter No.11100198340 on December 26, 2022. The case was approved by the Singapore Accounting and Corporate Regulatory Authority (ACRA) on November 23, 2022, and the incorporation registration has been completed.

(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:

Creditor	Counterparty	Relationship with the Company	Accounts receivable Balance – related parties	Turnover rate	Overdue receivables Amount	Action taken	Amount collected subsequent to the balance sheet date	Allowance for credit losses
SYF Information Co., Ltd.	SYF Information (Shanghai) Limited	Affiliated company	\$ 118,159	N/A	\$-	N/A	\$ -	\$ -

G. Other: Significant transactions between parent company and subsidiaries: None.

18. DISCLOSURE OF INFORMATION ON SETTING UP BRANCH OFFICES AND REPRESENTATIVE
None.

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19. DISCLOSURE OF INFORMATION ON INDIRECT INVESTMENT IN MAINLAND CHINA

(1) Basic information:

Name of investee in Mainland China	Main business activities	Investment 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, 2022	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	\$ 3,514	100	\$ 1,991	\$ 118,159	-

Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Investment amount approved by the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
\$ 157,209	\$ 174,000	\$ 7,722,509

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, 2022, the Board of Directors of SYF Information Co., Ltd. approved the dissolution and liquidation of SYF Information (Shanghai) Limited. The record date for the liquidation was June 30, 2022.

20. MAJOR SHAREHOLDERS INFORMATION

Shares	Number of shares held	Shareholding ratio
Major Shareholder	(thousands)	
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%

Note 1: The information on the major shareholders in this table is based on the last business day of the end of each quarter by CCB. The total number of ordinary shares and special shares of the company that have been delivered without physical registration (including treasury shares) is calculated by the shareholders of the company up to 5%. There may be differences due to the calculation basis of the preparation between share capital recorded in the company's financial report and the company's actual non-physical registration of shares.

Note 2: If the information above belongs to the trust on behalf of the shareholders, it is disclosed by the individual and trustor who opened the trust account by the trustee. As for shareholders to declare shares who hold more than 10% of their shares in accordance with the Securities and Exchange Act, its shareholding includes personal holding of shares plus the shares delivered to the trust with decision right etc. Please refer to the Public Information Observatory for information on insider shareholding declarations.

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(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 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) Fair value information

Except for those listed in the table below, the carrying amounts of the Company's financial instruments not measured at fair value are approximate to their fair values, and thus their fair values are not disclosed.

		December 31, 2022			
				Fair value	
	Book value	Total	Level 1	Level 2	Level 3
Financial liabilities					
Bond payable	<u>\$ 1,497,779</u>	<u>\$ 1,427,078</u>	<u>\$ -</u>	<u>\$ 1,427,078</u>	<u>\$ -</u>
		December 31, 2021			
				Fair value	
	Book value	Total	Level 1	Level 2	Level 3
Financial liabilities					
Bond payable	<u>\$ 1,497,401</u>	<u>\$ 1,518,340</u>	<u>\$ -</u>	<u>\$ 1,518,340</u>	<u>\$ -</u>

(B) Financial valuation technique:

- 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.
- b. Bond payable: The fair values of corporate bonds issued by the Company, which were estimated based on the present value of the expected cash flows, are approximate to their carrying amounts.

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, 2022 and 2021 is as follows:

December 31, 2022	Level 1	Level 2	Level 3	Total
<u>Assets</u>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Listed stocks	\$ 100,594	\$ -	\$ -	\$ 100,594
Beneficiary certificates	160,026	-	-	160,026
Futures trading margin - own funds	19,312	-	-	19,312
Buy options - futures	14,087	-	-	14,087
Derivatives Assets - OTC	-	26,008	-	26,008
Financial assets at fair value through other comprehensive income				
Equity securities	<u>780,299</u>	<u>-</u>	<u>2,052,432</u>	<u>2,832,731</u>
	<u>\$ 1,075,171</u>	<u>\$ 26,008</u>	<u>\$ 2,052,432</u>	<u>\$ 3,152,758</u>
<u>Liabilities</u>				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Sell options - futures	\$ 12,184	\$ -	\$ -	\$ 12,184
Security borrowing payable - non-hedging	<u>14,274</u>	<u>-</u>	<u>-</u>	<u>14,274</u>
	<u>\$ 26,458</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,458</u>
December 31, 2021	Level 1	Level 2	Level 3	Total
<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 trading margin - own funds	16,347	-	-	16,347
Buy options - futures	1,219	-	-	1,219
Derivatives Assets - OTC	-	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>\$ 1,182,664</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				
Sell options - futures	<u>\$ 926</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 926</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:
 - c. Quoted market prices or dealer quotes for similar instruments.
 - d. 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, 2022 and 2021, 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, 2022 and 2021.

	<u>Equity securities</u>
January 1, 2022	\$ 1,806,258
Gains and losses recognised in other comprehensive income (Note)	<u>246,174</u>
December 31, 2022	<u>\$ 2,052,432</u>
	<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>\$ 1,806,258</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:

	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity					
Non-listed stocks	\$ 2,052,432	Market multiplier approach	Discount of marketability	≤ 40%	The higher the discount of marketability, the lower the fair value
	Fair value at December 31, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity					
Non-listed stocks	\$ 1,806,258	Market multiplier approach	Discount of arketability	≤ 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 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%:

	<u>December 31, 2022</u>	
	<u>Recognised in other comprehensive income</u>	
	<u>Favourable change</u>	<u>Unfavourable change</u>
Financial assets		
Equity instrument	\$ <u>8,796</u>	(\$ <u>8,796</u>)
	<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>)

(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. Climate risk

The Company has established three lines of defense for risk management. Each line of defense has clear organization, responsibilities, and functions to ensure the effective operation of the risk management mechanism. The assessment and management of transition risk or physical risk related to climate risk are integrated into the existing risk management framework, including qualitative and quantitative analysis.

The climate risk and opportunity management process of our company mainly consists of four steps, from risk and opportunity identification, measurement, monitoring to reporting, and the responsibilities and management actions of each step are described as follows:

(a) Risk identification:

- I. The Company conducts climate risk identification annually based on its business characteristics.
- II. Refers to international organizations' climate risk reports.

(b) Risk measurement:

- I. The Company evaluates the impact and influence of each risk based on its business characteristics.
- II. The scope of measurement includes impact pathways, impact time and geographical scope, the position of the impact value chain, and financial impact.
- III. The Risk Management Department of the Yuanta Financial Holdings establishes a climate risk value measurement model to enhance quantitative management of climate risk.

(c) Risk monitoring:

- I. Include environmental and social risk factors of each industry in the industry risk level assessment mechanism.
- II. Establish quantifiable indicators and limits for climate risk.

(d) Risk Reporting:

- I. Develop response strategies for each risk and opportunity and report to the Audit Committee and the Board of Directors.
- II. Regularly report on the use of various risk indicators or limits at the Audit Committee and the Board of Directors.
- III. Report climate risk-related information to the Audit Committee and the Board of Directors

on an irregular basis.

G. 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, 2022

Type of Trading	Equity	Commodity	Foreign		Total
			Exchange Rate	Interest Rate	
December 31, 2022	\$ 2,062	\$ -	\$ 324	\$ -	\$ 1,733
Average	2,832	241	270	7	2,827
Lowest	272	-	145	-	359
Highest	16,892	2,361	1,281	267	17,046

Period: January 1 ~ December 31, 2021

Type of Trading	Equity	Commodity	Foreign		Total
			Exchange Rate	Interest Rate	
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

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) Custodian credit risk occurs when a custodian, an entrusted futures merchants with which the Company deposits its futures margin or premiums, fails to fulfill contractual obligations due to its default, bankruptcy or liquidation, which would cause a financial loss to the Company.

(D) 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:

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.

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, 2022, the highest was Taiwan with 91.55%, the second was Asia (excluding Taiwan) with 4.11% and the third was Europe with 3.68%. Compared to the same period of last year, the proportion of investments in Taiwan, Asia (excluding Taiwan) and Europe have decreased in this period, America has increased in this period.

	December 31, 2022	December 31, 2021
Taiwan	\$ 95,982,595	\$ 83,221,481
Asia (excluding Taiwan)	4,312,889	3,821,681
Europe	3,861,554	3,429,684
America	674,598	120,220
Other	<u>6,407</u>	<u>4,256</u>
Total	<u>\$ 104,838,043</u>	<u>\$ 90,597,322</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 99.65% 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.

	December 31, 2022	December 31, 2021
Privately owned businesses	\$ 160,026	\$ -
Financial institutions	104,473,292	90,461,707
Public enterprises	82,643	14,025
Other	<u>122,082</u>	<u>121,590</u>
Total	<u>\$ 104,838,043</u>	<u>\$ 90,597,322</u>

(B) Analysis of credit risk levels

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, 2022, the credit quality levels of the Company’s financial assets were classified as follows: Excellent is 97.84%, standard is 2.05%. 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 decreased while assets classified as standard had increased.

	December 31, 2022	December 31, 2021
Excellent	\$ 102,578,454	\$ 88,872,6688
Standard	2,148,885	1,601,758
Below standard	110,704	122,896
Total	\$ 104,838,043	\$ 90,597,322

- 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:

	December 31, 2022			
	Lifetime			
	12 months	Significant increase in credit risk	Credit impaired	
	Without past due or within 30 days	More than 30 days	More than 90 days	Total
Expected loss rate	0%	100%	100%	
Total book value	\$ -	\$ -	\$ 96,002	\$ 96,002
Loss allowance	\$ -	\$ -	(\$ 96,002)	(\$ 96,002)
Maximum exposure amount	\$ -	\$ -	\$ -	\$ -
	December 31, 2021			
	Lifetime			
	12 months	Significant increase in credit risk	Credit impaired	
	Without past due or within 30 days	More than 30 days	More than 90 days	Total
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>

b. Movements in loss allowance for futures trading margin receivable is as follows:

	For the year ended December 31, 2022			
	Lifetime			
	12 months	Significant increase in credit risk	Credit impaired	
	Without past due or within 30 days	More than 30 days	More than 90 days	Total
January 1, 2022	\$ -	\$ -	(\$ 107,770)	(\$ 107,770)
Reversal of impairment loss	-	-	2,795	2,795
Write-offs	-	-	8,973	8,973
December 31, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 96,002)</u>	<u>(\$ 96,002)</u>
	For the year ended December 31, 2021			
	Lifetime			
	12 months	Significant increase in credit risk	Credit impaired	
	Without past due or within 30 days	More than 30 days	More than 90 days	Total
January 1, 2022	\$ -	\$ -	(\$ 120,901)	(\$ 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>(\$ 107,770)</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.

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, 2022

Accounts	Financial liabilities	Payment period					Total
		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			\$ -	\$ -	\$ -	\$ 26,458
214080	Futures traders' equity	94,279,967	-	-	-	-	94,279,967
214100	Leverage margin contract transaction traders' equity	371,174	-	-	-	-	371,174
221100	Bonds payable	-	-	-	-	1,497,779	1,497,779
214130	Accounts payable	2,163	136,175	-	-	-	138,338
214140	Accounts payable - related parties	-	22,020	-	-	-	22,020
214170	Other payables	-	316,149	5,802	39	-	321,990
214180	Other payables - related parties	-	408	-	-	-	408
216000	Lease liabilities - current	-	10,805	32,517	-	-	43,322
219000	Other current liabilities	-	483	5,752	-	-	6,235
226000	Lease liabilities - non-current	-	-	-	80,201	-	80,201
	Total	\$ 94,679,762	\$ 486,040	\$ 44,071	\$ 80,240	\$ 1,497,779	\$ 96,787,892
	Percentage (%) of overall	97.82%	0.50%	0.05%	0.08%	1.55%	100.00%

Cash flow analysis of financial liabilities on December 31, 2021

Accounts	Financial liabilities	Payment period					Total
		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	\$ 926	\$ -	\$ -	\$ -	\$ -	\$ 926
214080	Futures traders' equity	80,868,836	-	-	-	-	80,868,836

214100	Leverage margin contract transaction traders' equity	282,808	-	-	-	-	282,808
221100	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%

The analysis of cash flow gap on December 31, 2022

Accounts	Financial assets	Receipt period					Total
		Prevailing Period	Less than 3 months	3 ~12 months	1~5 years	Over 5 years	
111100	Cash and cash equivalents	\$ 839,517	\$ 5,177,725	\$ 2,640,400	\$ -	\$ -	\$ 8,657,642
112000	Financial assets at fair value through profit or loss - current	320,027	-	-	-	-	320,027
113200	Financial assets at fair value through other comprehensive income - current	677,015	-	-	-	-	677,015
114070	Customer margin deposits	94,577,662	-	-	-	-	94,577,662
114080	Futures trading margin receivable	96,002	-	-	-	-	96,002
114100	Security lending deposits	20,094	-	-	-	-	20,094
114130	Accounts receivable	-	20,105	-	-	-	20,105
114140	Accounts receivable - related parties	-	979	-	-	-	979
114170	Other receivables	-	63,207	63	-	-	63,270
114180	Other receivables - related parties	-	17,118	-	-	-	17,118
114300	Leverage margin contract trading client margin deposits	536,152	-	-	-	-	536,152
123200	Financial assets at fair value through other comprehensive income - non-current	-	-	-	-	2,155,716	2,155,716
129010	Operating guarantee deposits	-	-	-	-	140,000	140,000
129020	Clearing and settlement funds	-	-	-	-	453,658	453,658
129030	Refundable deposits	-	-	-	35,928	-	35,928
	Subtotal	<u>\$ 97,066,469</u>	<u>\$ 5,279,134</u>	<u>\$ 2,640,463</u>	<u>\$ 35,928</u>	<u>\$ 2,749,374</u>	<u>\$ 107,771,368</u>
	Cash inflow	\$ 97,066,469	\$ 5,279,134	\$ 2,640,463	\$ 35,928	\$ 2,749,374	\$ 107,771,368
	Cash outflow	<u>94,679,762</u>	<u>486,040</u>	<u>44,071</u>	<u>80,240</u>	<u>1,497,779</u>	<u>96,787,892</u>
	The amount of capital gap	<u>\$ 2,386,707</u>	<u>\$ 4,793,094</u>	<u>\$ 2,596,392</u>	<u>(\$ 44,312)</u>	<u>\$ 1,251,595</u>	<u>\$ 10,983,476</u>

The analysis of cash flow gap on December 31, 2021

Accounts	Financial assets	Receipt period					Total
		Prevailing Period	Less than 3 months	3 ~12 months	1~5 years	Over 5 years	
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>

(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)

	December 31, 2022		December 31, 2021	
	Foreign	Exchange	Foreign	Exchange
	currency	rate	currency	rate
<u>Financial instruments</u>	(in thousands)		(in thousands)	
<u>Financial assets</u>				
<u>Monetary items</u>				
USD/NTD	\$ 1,260,451	30.7100	\$ 992,624	27.6800
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD/NTD	\$ 1,216,550	30.7100	\$ 982,275	27.6800

- 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, 2022 and 2021 amounted to \$44,649 and (\$9,213), respectively.

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YUANTA FUTURES CO., LTD.
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Cash:			
Petty cash		\$ 30	
Demand deposits			
New Taiwan dollar		358,951	
Foreign currency	EUR \$13, exchange rate 32.7200	438	
(in thousands)	AUD \$3, exchange rate 20.8300	64	
	GBP \$5, exchange rate 37.0900	170	
	HKD \$69, exchange rate 3.9380	273	
	JPY \$766, exchange rate 0.2324	178	
	USD \$924, exchange rate 30.7100	28,391	
	CNY \$47, exchange rate 4.4080	209	
	SGD \$-, exchange rate 22.8800	2	
Time deposits			
New Taiwan dollar	expiring within one year, interest rate 0.090%~1.550%	6,973,600	
Foreign currency	USD \$27,500; exchange rate 30.7100, expiring within one year, interest rate 4.350%~5.170%	844,525	
(in thousands)			
		8,206,831	
Cash equivalents:			
Excess futures margin deposits		337,742	
Excess margin in foreign exchange margin trading		113,069	
		<u>\$ 8,657,642</u>	

YUANTA FUTURES CO., LTD.
STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT
DECEMBER 31, 2022
(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	Fair value		Amount of the fair value attributable to change in the credit risk	Note
						Unit price (dollars)	Total amount		
Listed stocks									
Catcher Technology Co., Ltd.		232				\$ 40,384	\$ 169.00	\$ 39,208	
Others		424				35,828		36,135	Note 1
Subtotal						76,212		75,343	
OTC stocks									
Others		119				24,247		25,251	Note 1
Beneficiary certificates									
Yuanta Global Leaders Balanced Fund-TWD(A)		3,071				32,000	9.92	30,465	
Yuanta Global Leaders Balanced Fund-USD (I)		101				31,525	300.41	30,430	
Yuanta 2-10 Year Investment Grade Corporate Bond Fund-TWD(A)		10,000				100,000	9.86	98,645	
Others		20				469		486	Note 1
Subtotal						163,994		160,026	
						<u>\$ 264,453</u>		<u>\$ 260,620</u>	
Derivative financial instruments – non-hedging									
Futures trading margin – own funds								\$ 19,312	
Call options – futures								14,087	Note 2
Derivatives assets – OTC								26,008	
Subtotal								59,407	
								<u>\$ 320,027</u>	

Note 1: The other items are not exceed 5%.

Note 2: Contract amount or premiums paid was \$16,228 and the fair value at the balance sheet date was \$14,087.

YUANTA FUTURES CO., LTD.
STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - CURRENT
DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Name of financial instrument	Description	Shares or units (in thousands)	Face value (in thousands)	Total amount (in thousands)	Interest rate	Cost	Accumulated impairment	Fair value		Note
								Unit price (dollars)	Total amount	
Listed stocks / OTC stocks										
Tung Ho Steel Enterprise Corp.		2,160				\$ 171,420	N/A	\$ 52.70	\$ 113,832	
Asustek Computer Inc.		745				251,603	N/A	268.50	200,032	
Micro-Star International Co., Ltd.		500				66,777	N/A	119.50	59,750	
Quanta Computer Inc.		3,725				285,869	N/A	72.30	269,318	
TSRC Corp.		1,260				46,965	N/A	27.05	34,083	
						<u>\$ 822,634</u>			<u>\$ 677,015</u>	

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YUANTA FUTURES CO., LTD.
STATEMENT OF FUTURES TRADING MARGIN - OWN FUNDS
DECEMBER 31, 2022

(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	\$ -	1.0000	\$ 321,845	
	Cash in bank	USD	98	30.7100	3,000	
	Cash in bank	CNY	948	4.4080	4,181	
	Cash in bank	JPY	2,980	0.2324	693	
					329,719	
ADM Investor Services, Inc Taiwan branch	Cash in bank	USD	56	30.7100	1,710	
Nissan Securities Co., Ltd.	Cash in bank	JPY	3,022	0.2324	702	
J.P.Morgan Securities Ltd.	Cash in bank	USD	447	30.7100	13,714	
	Cash in bank	GBP	4	37.0900	143	
	Cash in bank	EUR	4	32.7200	122	
					13,979	
Yuanta Futures (Hong Kong) Co., Ltd	Cash in bank	HKD	1,264	3.9380	4,976	Related party
	Cash in bank	USD	157	30.7100	4,827	Related party
					9,803	
StoneX Group Inc.	Cash in bank	USD	4	30.7100	128	
R.J. O'BRIEN & ASSOCIATES, LLC	Cash in bank	USD	33	30.7100	1,013	
					<u>\$ 357,054</u>	

Note: The Company's margin deposits for the futures contract was \$357,054 with excess margin of \$337,742, recognised in "Cash and cash equivalents".

YUANTA FUTURES CO., LTD.
STATEMENT OF CUSTOMER MARGIN DEPOSITS
DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

<u>Item</u>	<u>December 31, 2022</u>		<u>December 31, 2021</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Cash in bank	<u>\$ 75,099,906</u>	<u>79</u>	<u>\$ 59,406,731</u>	<u>73</u>
Clearing house				
-Cash in bank	11,083,955	12	14,452,372	18
-Losses on open futures positions	(129,932)	-	(19,815)	-
-Securities	<u>63</u>	<u>-</u>	<u>80</u>	<u>-</u>
	<u>10,954,086</u>	<u>12</u>	<u>14,432,637</u>	<u>18</u>
Other futures commission merchants				
-Cash in bank	8,383,984	9	7,200,181	9
-Gains on open futures positions	<u>139,686</u>	<u>-</u>	<u>19,272</u>	<u>-</u>
	<u>8,523,670</u>	<u>9</u>	<u>7,219,453</u>	<u>9</u>
Total	<u>\$ 94,577,662</u>	<u>100</u>	<u>\$ 81,058,821</u>	<u>100</u>

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YUANTA FUTURES CO., LTD.
STATEMENT OF CUSTOMER MARGIN DEPOSITS - CASH IN BANK
DECEMBER 31, 2022

(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	\$ 17,948,875	
E.SUN COMMERCIAL BANK, LTD.	15441025618	USD	210,090	30.7100	6,451,862	
E.SUN COMMERCIAL BANK, LTD.	15441025629	USD	205,011	30.7100	6,295,877	
Shin Kong Commercial Bank Co., Ltd	611101001582	NTD	-	1.0000	5,603,967	
Others(Note)		NTD	-	1.0000	22,012,496	
		USD	521,387	30.7100	16,011,782	
		HKD	20,191	3.9380	79,511	
		EUR	9,166	32.7200	299,913	
		JPY	267,840	0.2324	62,246	
		GBP	3,511	37.0900	130,236	
		AUD	919	20.8300	19,147	
		SGD	184	22.8800	4,204	
		CHF	-	33.2050	12	
		CNY	40,785	4.4080	179,778	
					<u>\$ 75,099,906</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, 2022

(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	\$ 9,923,642	
		USD	2,711	30.7100	83,269	
		HKD	772	3.9380	3,039	
		CNY	4,923	4.4080	21,700	
		JPY	42,689	0.2324	9,921	
		GBP	12,000	37.0900	445,080	
		EUR	18,255	32.7200	597,304	
	Gains (losses) on open futures position	NTD	-	1.0000	(129,954)	
		USD	(10)	30.7100	(315)	
		CNY	3	4.4080	15	
		JPY	1,386	0.2324	322	
	Securities	NTD	-	1.0000	63	
					<u>\$ 10,954,086</u>	

YUANTA FUTURES CO., LTD.
STATEMENT OF CUSTOMER MARGIN DEPOSITS -CLEARING BALANCES WITH OTHER
FUTURES COMMISSION MERCHANTS

DECEMBER 31, 2022

(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 rate</u> <u>(dollars)</u>	<u>New Taiwan</u> <u>dollar</u>	<u>Note</u>
G.H. Financials (Hong Kong) Limited	Cash in bank	AUD	\$ 3,345	20.8300	\$ 69,667	
	Gains (losses) on open futures position	AUD	(978)	20.8300	(20,380)	
					<u>49,287</u>	
	Cash in bank	USD	60	30.7100	1,828	
	Gains (losses) on open futures position	USD	-	30.7100	-	
					<u>1,828</u>	
J.P.Morgan Securities Ltd	Cash in bank	CHF	-	33.2050	1	
	Gains (losses) on open futures position	CHF	-	33.2050	-	
					<u>1</u>	
	Cash in bank	EUR	(32)	32.7200	(1,041)	
	Gains (losses) on open futures position	EUR	87	32.7200	<u>2,842</u>	
					<u>1,801</u>	
	Cash in bank	GBP	682	37.0900	25,299	
	Gains (losses) on open futures position	GBP	(25)	37.0900	(913)	
					<u>24,386</u>	
	Cash in bank	JPY	(308)	0.2324	(72)	
	Gains (losses) on open futures position	JPY	5,485	0.2324	<u>1,275</u>	
					<u>1,203</u>	
Cash in bank	SGD	697	22.8800	15,952		
Gains (losses) on open futures position	SGD	-	22.8800	-		
				<u>15,952</u>		
Cash in bank	USD	112,419	30.7100	3,452,376		
Gains (losses) on open futures position	USD	7,964	30.7100	<u>244,566</u>		
				<u>3,696,942</u>		

YUANTA FUTURES CO., LTD.
STATEMENT OF CUSTOMER MARGIN DEPOSITS -CLEARING BALANCES WITH OTHER
FUTURES COMMISSION MERCHANTS (Cont.)
DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

<u>Other futures</u> <u>commission 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>
Nissan Securities Co., Ltd	Cash in bank	JPY	\$ 208,931	0.2324	\$ 48,556	
	Gains (losses) on open futures position	JPY	(3,522)	0.2324	(818)	
					<u>47,738</u>	
OCBC Securities Private Limited	Cash in bank	JPY	(43,355)	0.2324	(10,076)	
	Gains (losses) on open futures position	JPY	22,859	0.2324	5,312	
					(4,764)	
	Cash in bank	SGD	(210)	22.8800	(4,806)	
	Gains (losses) on open futures position	SGD	-	22.8800	4	
					(4,802)	
	Cash in bank	USD	41,107	30.7100	1,262,385	
	Gains (losses) on open futures position	USD	3,004	30.7100	92,266	
					<u>1,354,651</u>	
Phillip Nova Pte Ltd	Cash in bank	USD	61,100	30.7100	1,876,380	
	Gains (losses) on open futures position	USD	4,759	30.7100	146,156	
					<u>2,022,536</u>	
R.J. O'BRIEN & ASSOCIATES, LLC	Cash in bank	USD	26,912	30.7100	826,455	
	Gains (losses) on open futures position	USD	(10,835)	30.7100	(332,739)	
					<u>493,716</u>	
StoneX Group Inc	Cash in bank	EUR	809	32.7200	26,457	
	Gains (losses) on open futures position	EUR	(1)	32.7200	(22)	
					<u>26,435</u>	
	Cash in bank	USD	9,068	30.7100	278,474	
	Gains (losses) on open futures position	USD	(23)	30.7100	(722)	
					<u>277,752</u>	

YUANTA FUTURES CO., LTD.
STATEMENT OF CUSTOMER MARGIN DEPOSITS -CLEARING BALANCES WITH OTHER
FUTURES COMMISSION MERCHANTS (Cont.)
DECEMBER 31, 2022
(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>
Yuanta Futures (Hong Kong) Co., Ltd	Cash in bank	HKD	\$ 31,426	3.9380	\$ 123,757	Related party
	Gains (losses) on open futures position	HKD	649	3.9380	<u>2,556</u>	Related party
					<u>126,313</u>	
	Cash in bank	USD	12,292	30.7100	377,479	Related party
	Gains (losses) on open futures position	USD	9	30.7100	<u>284</u>	Related party
					<u>377,763</u>	
ADM Investor Services, Inc Taiwan branch	Cash in bank	USD	486	30.7100	14,913	
	Gains (losses) on open futures position	USD	1	30.7100	<u>19</u>	
					<u>14,932</u>	
					<u>\$ 8,523,670</u>	

YUANTA FUTURES CO., LTD.
STATEMENT OF FUTURES TRADING MARGIN RECEIVABLE
DECEMBER 31, 2022
 (Expressed in thousands of New Taiwan dollars)

Client code	Account	Foreign amount	Exchange rate	New Taiwan dollar	Note
A				\$ 42,435	
B				11,230	
C				7,180	
D				11,740	
E				15,620	
Others (Note)				7,797	
Allowance for uncollectible accounts				(96,002)	
				<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, 2022
(Expressed in thousands of New Taiwan dollars)

Client	Description	Amount	Note
Non-related parties:			
Optiver Taiwan Futures Co., Ltd.	Price of settlement	\$ 2,708	
Mega Securities Co., Ltd.	Price of securities dealing	9,513	
Capital Securities Corp.	Price of securities dealing	6,894	
Others	Others	990	
		<u>\$ 20,105</u>	
Related parties:			
Yuanta Securities Co., Ltd.		<u>\$ 979</u>	

Note1: The ageing of the accounts receivable are all within 30 days.

Note2: 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 PREPAYMENTS
DECEMBER 31, 2022

(Expressed in thousands of New Taiwan dollars)

Client name	Description	Amount	Note
Non-related parties:			
Khieng Atelier Co., Ltd.	Employees uniform expense	\$ 4,131	
Payeasy Digital Integration Co., Ltd.	Advertising campaign expense	979	
Others		6,264	
		11,374	
Related parties:			
Yuanta Life Insurance Co., Ltd.	Group insurance	1,480	
		<u>\$ 12,854</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, 2022
 (Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Non-related parties:			
	Dividend receivable	\$ 169	
	Interest receivable	59,444	
	Others	3,657	
		<u>\$ 63,270</u>	
Related parties:			
	Interest receivable	\$ 16,965	
	Others	153	
		<u>\$ 17,118</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 CHANGES IN FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Name	Beginning balance		Addition		Decrease		Ending balance		Accumulated impairment	Collateral
	Shares (in thousands)	Fair value	Shares (in thousands)	Amount	Shares (in thousands)	Amount	Shares (in thousands)	Fair value		
Stocks:										
Taiwan Futures										
Exchange	20,993	\$ 1,806,258	2,939	\$ 246,174	-	\$ -	23,932	\$ 2,052,432	N/A	None
Chicago										
Mercantile										
Exchange	20	126,475	-	-	-	(23,191)	20	103,284	N/A	None
		<u>\$ 1,932,733</u>		<u>\$ 246,174</u>		<u>(\$23,191)</u>		<u>\$ 2,155,716</u>		

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YUANTA FUTURES CO., LTD.
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Name	Beginning balance		Addition		Decrease		Ending balance		Market value or net assets value			
	Share (in thousands)	Amount	Share (in thousands)	Amount	Share (in thousands)	Amount	Share (in thousands)	Percentage of ownership	Amount	Unit price	Total amount	CollateralNote
	Yuanta Futures (Hong Kong) Co., Ltd.	34,000	\$ 855,254	-	\$ 92,652	-	(\$ 20,155)	34,000	100%	\$ 927,751	\$ -	\$ 927,751	None
SYF Information Co., Ltd.	35,000	286,527	-	11,599	-	(6,969)	35,000	100%	291,157	-	291,157	None
Yuanta Global (Singapore) Pte. Ltd.	-	-	-	-	-	(148)	-	100%	(148)	-	(148)	None
		<u>\$ 1,141,781</u>		<u>\$ 104,251</u>		<u>(\$ 27,272)</u>			<u>\$ 1,218,760</u>		<u>\$ 1,218,760</u>	

YUANTA FUTURES CO., LTD.
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT
FOR THE YEAR ENDED DECEMBER 31, 2022
 (Expressed in thousands of New Taiwan dollars)

Item	Beginning balance	Addition	Decrease	Ending balance	Collateral	Note
Land	\$ 466,947	\$ -	\$ -	\$ 466,947	None	
Information equipment	233,702	41,652	(62,856)	212,498	None	
Miscellaneous equipment	4,669	2,655	(760)	6,564	None	
Office equipment	1,585	-	-	1,585	None	
Transpotation equipment	7,442	-	-	7,442	None	
Leasehold improvements	18,261	70,710	-	88,971	None	
Total	<u>\$ 732,606</u>	<u>\$ 115,017</u>	<u>(\$ 63,616)</u>	<u>\$ 784,007</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, 2022
(Expressed in thousands of New Taiwan dollars)

Item	Beginning balance	Addition	Decrease	Ending balance	Note
Information equipment	\$ 101,937	\$ 58,994	(\$ 62,856)	\$ 98,075	Note 1 and Note 2
Miscellaneous equipment	1,326	832	(760)	1,398	Note 1 and Note 3
Office equipment	44	264	-	308	Note 1 and Note 4
Transpotation equipment	3,164	1,240	-	4,404	Note 1 and Note 5
Leasehold improvements	1,290	29,373	-	30,663	Note 1 and Note 6
Total	<u>\$ 107,761</u>	<u>\$ 90,703</u>	<u>(\$ 63,616)</u>	<u>\$ 134,848</u>	

Note 1: Property and equipment are depreciated using the straight-line method to allocate their cost over their estimated useful lives.

Note 2: The useful life of information equipment is 4 years.

Note 3: The useful life of miscellaneous equipment is 6 years.

Note 4: The useful life of office equipment is 6 years.

Note 5: The useful life of transpotation equipment is 5 years.

Note 6: 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, 2022
 (Expressed in thousands of New Taiwan dollars)

Item	Beginning balance	Addition	Decrease	Ending balance	Note
Buildings	<u>\$ 194,971</u>	<u>\$ 5,561</u>	<u>(\$ 4,040)</u>	<u>\$ 196,492</u>	
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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, 2022
 (Expressed in thousands of New Taiwan dollars)

Item	Beginning balance	Addition	Decrease	Ending balance	Note
Buildings	<u>\$ 47,423</u>	<u>\$ 39,851</u>	<u>(\$ 3,954)</u>	<u>\$ 83,320</u>	

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YUANTA FUTURES CO., LTD.
STATEMENT OF CHANGE IN INTANGIBLE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Item	Beginning balance	Addition	Decrease	Ending balance	Note
Computer software	\$ 62,854	\$ 14,138	(\$ 27,105)	\$ 49,887	Note 1
Membership in a foreign Futures Exchange	24,125	-	-	24,125	Note 2
	<u>\$ 86,979</u>	<u>\$ 14,138</u>	<u>(\$ 27,105)</u>	<u>\$ 74,012</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.

YUANTA FUTURES CO., LTD.
STATEMENT OF DEFERRED INCOME TAX ASSETS
DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Accrued pension liabilities		\$ 2,043	
Expected credit losses		21,400	
Others		4,200	
		<u>\$ 27,643</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 NON-CURRENT ASSETS
DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Operating guarantee deposits		\$ 140,000	
Clearing and settlement funds		453,658	
Refundable deposits		35,928	
Prepayment for equipment		89,591	
Others		18,123	
		<u>\$ 737,300</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 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT
DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Name of financial instrument	Description	Shares or units (in thousands)	Face value (in thousands)	Total amount (in thousands)	Interest rate	Unit price (dollars)	Fair value	Amount of the fair value	Note
							Total amount	attributable to change in the credit risk	
Financial liabilities held for trading:									
Put options – futures		-	\$ -	\$ -	-	\$ -	\$ 12,184	\$ -	Note
Security borrowing payable – non-hedging		-	-	-	-	-	14,274	-	
							<u>\$ 26,458</u>		

Note: Contract amount or premiums received was \$13,395 and the fair value at the balance sheet date was \$12,184.

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YUANTA FUTURES CO., LTD.
STATEMENT OF FUTURES TRADERS' EQUITY
DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Client code	Currency	Foreign amount (in thousands)	Exchange rate	New Taiwan dollar	Note
A	NTD	\$ -	1.0000	\$ 9,354,876	Related party
B	NTD	-	1.0000	6,720,140	Related party
C	NTD	-	1.0000	417,559	
	USD	123,906	30.7100	3,805,148	
D	NTD	-	1.0000	443,059	
	USD	93,060	30.7100	2,857,887	
Others	NTD	-	1.0000	38,224,478	
	USD	987,505	30.7100	30,326,278	
	HKD	52,445	3.9380	206,530	
	EUR	28,256	32.7200	924,549	
	JPY	498,054	0.2324	115,748	
	GBP	16,156	37.0900	599,240	
	AUD	3,278	20.8300	68,272	
	SGD	669	22.8800	15,305	
	CHF	-	33.2050	13	
	CNY	45,573	4.4080	200,885	
				<u>\$ 94,279,967</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 ACCOUNTS PAYABLE
DECEMBER 31, 2022

(Expressed in thousands of New Taiwan dollars)

Client	Description	Amount	Note
Non-related parties:			
Taiwan Futures Exchange	Clearance fee	\$ 54,586	
	Service charge	77,708	
Others	Others	6,044	Others not exceeding 5%
		<u>\$ 138,338</u>	
Related parties:			
Yuanta Securities Co., Ltd.	Futures commissions	<u>\$ 22,020</u>	

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YUANTA FUTURES CO., LTD.
STATEMENT OF OTHER PAYABLES
DECEMBER 31, 2022

(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount
Non-related parties:		
	Bonuses payable	\$ 268,879
	Others	53,111
		<u>\$ 321,990</u>
Related parties:		
Yuanta Financial Holdings	Maintenance fee	\$ 319
Others	Others	89
		<u>\$ 408</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 CURRENT LIABILITIES
DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Temporary receipts	Others	<u>\$ 6,235</u>	
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YUANTA FUTURES CO., LTD.
STATEMENT OF LEASE LIABILITIES
DECEMBER 31, 2022
 (Expressed in thousands of New Taiwan dollars)

Item	Description	Leasing period	Discount rate	Ending balance	Note
Buildings		3~5 years	0.59%~1.60%	<u>\$ 123,523</u>	

Note: The amount of lease liabilities due within one year is \$43,322, which have been classified as current liabilities.

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YUANTA FUTURES CO., LTD.
STATEMENT OF BONDS PAYABLE
DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

		Amount									
Bonds	Trustee	Issuance	Interest Payme	Interest	Repayment	Ending	Unamortized Premiums	Carrying	Repayment		
Name		Date	nt Date	Rate	Par Value	Paid	Balance	(Discounts)	Amount	Term	Collateral
First issue											
of											
unsecured											
subordinate											
normal											
corporate	BANK										
bond in	SINOPAC									Repaid on	
2021	CO., Ltd	2021/11/12	Note	0.85	\$ 1,500,000	\$ -	\$ 1,500,000	(\$ 2,221)	\$ 1,497,779	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, 2022
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Unrealized exchange gain		\$ 5,738	
Others		36,516	
		<u>\$ 42,254</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 NON-CURRENT LIABILITIES
DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Accrued pension liabilities – non-current		\$ 56,863	
Other long-term liabilities		14,550	
		<u>\$ 71,413</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 ON DERIVATIVE INSTRUMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Non-hedging			
Gains (losses) from futures contract interests			
	Futures contract gains	\$ 182,535	
	Futures contract losses	(230,356)	
		<u>(\$ 47,821)</u>	
Gains (losses) from options trading			
	Gains from options trading	\$ 235,207	
	Losses from options trading	(171,512)	
		<u>\$ 63,695</u>	
Gains (losses) from leverage margin contract transactions			
	Gains from leverage margin contract transactions	\$ 634,712	
	Losses from leverage margin contract transactions	(560,265)	
		<u>\$ 74,447</u>	
Non-hedging			
	Gains from derivative financial instruments	\$ 1,052,454	
	Losses from derivative financial instruments	(962,133)	
	Net gains on derivative financial instruments	<u>\$ 90,321</u>	

YUANTA FUTURES CO., LTD.
STATEMENT OF FUTURES COMMISSIONS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Item	Payee	Amount	Note
Entrusted futures transaction	J.P.Morgan Securities Ltd	\$ 230,147	
	OCBC Securities Private Limited	39,215	
	Phillip Nova Pte Ltd	49,170	
	Others	46,311	
	Subtotal	364,843	
Futures auxiliary business	Yuanta Securities Co., Ltd.	292,413	Related party
	Taiwan Cooperative Securities Co., Ltd.	25,514	
	Others	29,200	
	Subtotal	347,127	
		<u>\$ 711,970</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 EMPLOYEE BENEFITS, DEPRECIATION, AMORTIZATION AND OTHER OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Item	2022	2021	Note
Employee benefit expense (Note1):			
Wages and salaries	\$ 663,524	\$ 522,667	
Director's remuneration	52,632	63,220	
Labor and health insurance fees	39,430	38,811	
Pension costs	19,415	18,839	
Post-employment benefits	3,372	12,470	
Other personnel expenses	21,528	20,522	
	799,901	676,529	
Depreciation and amortisation expense:			
Depreciation expense	130,554	114,664	
Amortisation expense	27,105	12,164	
	157,659	126,828	
Other operating expenses:			
Postage and telephone costs	115,999	98,725	
Tax expenses	104,388	115,301	
Computer information expenses	107,240	102,723	
Donation	4,165	10,475	
Institutional membership fees	30,107	32,269	
Operating lease payments	-	123	
Repair charge	31,414	31,254	
Advertising costs	7,965	9,646	
Service expenses	18,236	14,698	
Other expenses	39,047	35,072	
	458,561	450,286	
	<u>\$ 1,416,121</u>	<u>\$ 1,253,643</u>	

Note 1:

- A. The Company had 429 and 420 employees in 2022 and 2021, respectively, in which directors not concurrently serving as employees were both 6, respectively.
- B. The annual financial statements shall additionally disclose the information below:
 - (A) For the years ended December 31, 2022 and 2021, average employee benefit expense were \$1,767 and \$1,481, respectively.
 - (B) For the years ended December 31, 2022 and 2021, average wages and salaries were \$1,569 and \$1,262, respectively.
 - (C) Year on Year change in average employee wages and salaries was 24.33%.
 - (D) Supervisors' remuneration in 2022 and 2021 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.

YUANTA FUTURES CO., LTD.
STATEMENT OF EMPLOYEE BENEFITS, DEPRECIATION, AMORTIZATION AND OTHER OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

- (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, 2022
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Non-related parties		\$ 80,181	
Related parties:			
	Yuanta Futures (Hong Kong) Co., Ltd.	649	
	Yuanta Securities Co., Ltd.	3,956	
	Yuanta Bank Co., Ltd.	138	
	Yuanta Life Insurance Co., Ltd.	877	
	Yuanta Securities (Hong Kong) Co., Ltd.	128	
	Yuanta Securities Korea Co., Ltd.	539	
	Funds managed by Yuanta Securities Investment Trust	38,027	
		<u>\$ 124,495</u>	

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YUANTA FUTURES CO., LTD.
STATEMENT OF EXPECTED CREDIT IMPAIRMENT LOSSES AND REVERSAL GAINS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Futures trading margin receivable	Futures traders' default amount	<u>(\$ 2,795)</u>	Measured by the historical loss rate and consideration of forward-looking information

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YUANTA FUTURES CO., LTD.
STATEMENT OF OTHER GAINS AND LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Interest income		\$ 883,189	
Dividend income		154,999	
Net currency exchange gains		44,649	
Losses on financial assets at fair value through profit or loss		(3,985)	
Others		72,089	
		<u>\$ 1,150,941</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. SECURITIES DEPARTMENT
BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2022		December 31, 2021		
		AMOUNT	%	AMOUNT	%	
Current assets						
111100	Cash and cash equivalents	6(1) and 7	\$ 774,537	87	\$ 681,219	73
112000	Financial assets at fair value through profit or loss - current	6(2) and 7	101,080	11	231,793	25
114170	Other receivables		169	-	230	-
114600	Current income tax assets		621	-	402	-
110000	Subtotal current assets		<u>876,407</u>	<u>98</u>	<u>913,644</u>	<u>98</u>
Non-current assets						
129010	Operating guarantee deposits	6(3) and 7	10,000	1	10,000	1
129020	Clearing and settlement funds	6(3)	8,382	1	7,572	1
120000	Subtotal non-current assets		<u>18,382</u>	<u>2</u>	<u>17,572</u>	<u>2</u>
906001	Total Assets		<u>\$ 894,789</u>	<u>100</u>	<u>\$ 931,216</u>	<u>100</u>
Liabilities and Equity						
Current liabilities						
214130	Accounts payable		\$ 2,181	-	\$ 13,750	1
214160	Collection for third parties		4	-	7	-
214170	Other payables		7	-	7	-
210000	Subtotal current liabilities		<u>2,192</u>	<u>-</u>	<u>13,764</u>	<u>1</u>
906003	Total Liabilities		<u>2,192</u>	<u>-</u>	<u>13,764</u>	<u>1</u>
Capital						
301110	Operating capital		800,000	90	800,000	86
Retained earnings						
304040	Undistributed earnings		92,597	10	117,452	13
906004	Total equity		<u>892,597</u>	<u>100</u>	<u>917,452</u>	<u>99</u>
906002	Total liabilities and equity		<u>\$ 894,789</u>	<u>100</u>	<u>\$ 931,216</u>	<u>100</u>

The accompanying notes are an integral part of these parent company only financial statements.

YUANTA FUTURES CO., LTD. SECURITIES DEPARTMENT
STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars)

Items	Notes	Year ended December 31				
		2022		2021		
		AMOUNT	%	AMOUNT	%	
Revenues						
410000	(Losses) gains on trading of securities	6(2) and 7	(\$ 88,117) (565)	\$ 119,534	96	
421300	Dividend income	6(2)	79,463	509	7,518	6
421500	Losses on valuation of trading securities	6(2) and 7	(6,869) (44)	(2,576)	(2)	
421600	Losses on covering of borrowed securities and bonds with resale agreements-short sales	6(2)	(75)	-	-	-
400000	Total revenues		<u>(15,598) (100)</u>	<u>124,476</u>	<u>100</u>	
Costs and expenses						
502000	Dealer handling fee		(336) (2)	(626)	(1)	
531000	Employee benefit expense		(1,495) (10)	(6,395)	(5)	
533000	Other operating expenses	7	(10,287) (66)	(17,438)	(14)	
500000	Total costs and expenses		<u>(12,118) (78)</u>	<u>24,459)</u>	<u>(20)</u>	
	Operating (loss) income		<u>(27,716) (178)</u>	<u>100,017</u>	<u>80</u>	
602000	Other gains and losses	7	2,862	19	1,977	2
902005	Net (loss) income		<u>(\$ 24,854) (159)</u>	<u>\$ 101,994</u>	<u>82</u>	
	Total comprehensive (loss) income		<u>(\$ 24,854) (159)</u>	<u>\$ 101,994</u>	<u>82</u>	

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, 2022 AND 2021

(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 8, 2023.

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”) that came into effect as endorsed by the Financial Supervisory Commission (“FSC”).

New standards, interpretations and amendments endorsed by the FSC and became 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.

(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 2023 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
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.

(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
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
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, 2024
Amendments to IAS 1, ‘Non-current liabilities with covenants’	January 1, 2024

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 that came into effect 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

	December 31, 2022	December 31, 2021
Demand deposits	\$ 154,537	\$ 81,219
Time deposits	620,000	600,000
	\$ 774,537	\$ 681,219

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

	December 31, 2022	December 31, 2021
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	\$ 100,459	\$ 224,771
Beneficiary certificates	469	-
Valuation adjustment	152	7,022
	\$ 101,080	\$ 231,793

Amounts recognised in profit or loss in relation to financial assets and liabilities at fair value through profit or loss are listed below:

0	For the years ended December 31,	
	2022	2021
Financial assets and liabilities at fair value through profit or loss		
Listed stocks	(\$ 12,734)	\$ 129,154
Beneficiary certificates	(2,789)	(4,678)
Borrowed securities	(75)	-
	<u>(\$ 15,598)</u>	<u>\$ 124,476</u>

(3) Other assets

	December 31, 2022	December 31, 2021
Operating guarantee deposits	\$ 10,000	\$ 10,000
Clearing and settlement funds	<u>8,382</u>	<u>7,572</u>
	<u>\$ 18,382</u>	<u>\$ 17,572</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, 2022 and 2021, 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 \$18,382 and \$17,572, 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
Yuanta Securities Co., Ltd.	The same group of enterprises

(3) Significant related party transactions and balances

A. Cash and cash equivalents

	December 31, 2022	December 31, 2021
Fellow subsidiary		

Yuanta Bank Co., Ltd.	<u>\$ 520,000</u>	<u>\$ 320,000</u>
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B. Operating guarantee deposits

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Fellow subsidiary		
Yuanta Bank Co., Ltd.	<u>\$ 10,000</u>	<u>\$ 10,000</u>

C. Security lending expense

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Fellow subsidiary		
Yuanta Securities Co., Ltd.	<u>\$ 7</u>	<u>\$ -</u>

D. Interest income

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Fellow subsidiary		
Yuanta Securities Co., Ltd.	<u>\$ 2,203</u>	<u>\$ 274</u>

D. Property transaction

The (losses) gains on disposal of beneficiary certificates were (\$2,727) and \$692 for the years ended December 31, 2022 and 2021, 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 2022 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, 2022 and 2021, the Department's total carrying amount and maximum exposure to credit risk amount of account receivable were \$0.

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.

(Blank)

YUANTA FUTURES CO., LTD. SECURITIES DEPARTMENT
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2022

(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Demand deposits		\$ 154,537	
Time deposits	Expiring within one year, interest rate 1.20%~1.52%	620,000	
		<u>\$ 774,537</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, 2022
(Expressed in thousands of New Taiwan dollars)

Name of Financial Instrument	Description	Shares or units (in thousands)	Face Value	Total Amount		Cost	Fair Value		Amount of the fair value attributable to change in the credit risk	Note
				(in thousands)	Interest Rate		Unit Price (dollars)	Total Amount		
Listed stocks										
Hon Hai Precision Industry Co., Ltd.		86				\$ 9,294	\$ 99.90	\$ 8,592		
Catcher Technology Co., Ltd.		232				40,384	169.00	39,208		
ITEQ Corp.		156				10,683	72.60	11,326		
Others		182				15,851		16,217		Note
Subtotal						76,212		75,343		
OTC stocks										
Taidoc Technology Corp.		84				14,391	185.00	15,540		
Global Wafers Co., Ltd.		18				7,839	427.50	7,695		
Others		17				2,017		2,016		Note
Subtotal						24,247		25,251		
Beneficiary certificates										
Others		20				469	24.32	486		Note
						<u>\$ 100,928</u>		<u>\$ 101,080</u>		

Note: The other items do not exceed 5%.

YUANTA FUTURES CO., LTD. SECURITIES DEPARTMENT
STATEMENT OF ACCOUNTS PAYABLE
DECEMBER 31, 2022
 (Expressed in thousands of New Taiwan dollars)

Client	Description	Amount	Note
Non-related parties:			
Taiwan Stock Exchange	Securities settlement payables	\$ 1,175	
Taipei Exchange	Securities settlement payables	988	
Others		18	Note
		<u>\$ 2,181</u>	

Note: The other items do not exceed 5%.

(Blank)

YUANTA FUTURES CO., LTD. SECURITIES DEPARTMENT
STATEMENT OF EMPLOYEE BENEFITS, DEPRECIATION, AMORTIZATION AND OTHER
OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Item	2022	2021	Note
Employee benefit expense (Note):			
Wages and salaries	\$ 1,274	\$ 6,076	
Labor and health insurance fees	94	161	
Pension costs	50	63	
Other personnel expenses	77	95	
	1,495	6,395	
Other operating expenses:			
Tax expenses	8,706	15,934	
Computer information expenses	1,489	1,389	
Institutional membership fees	27	13	
Other expenses	65	102	
	10,287	17,438	
	<u>\$ 11,782</u>	<u>\$ 23,833</u>	

Note1:

1. The Department had 1 employee in 2022 and 2021. The Department has no director.
2. For the years ended December 31, 2022 and 2021, average employee benefit expense were \$1,495 and \$6,395, respectively.
3. For the years ended December 31, 2022 and 2021, average wages and salaries were \$1,274 and \$6,076, respectively.
4. Year on Year change in average employee wages and salaries was (79.03%).
5. Supervisors' remuneration in 2022 and 2021 were both \$0.
6. Please illustrate the remuneration policy of the Company. (Including directors, supervisors, managers and employees)

Please find the remuneration policy of the Department in 2022 parent company only financial statements, in the statements of employee benefits, depreciation, amortization and other operating expenses.

YUANTA FUTURES CO., LTD. SECURITIES DEPARTMENT
STATEMENT OF OTHER GAINS AND LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Other gains			
Interest income		<u>\$ 2,862</u>	
(Blank)			

YUANTA FUTURES CO., LTD. SECURITIES DEPARTMENT
STATEMENT OF OTHER GAINS AND LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

bsi.
Opinion Statement



Greenhouse Gas Emissions
Verification Opinion Statement

This is to verify that: Yuanta Futures Co.,Ltd.
5F.
No. 77, Sec. 2, Nanjing E. Rd.
Zhongshan Dist., Taipei City 10457
Taiwan (R.O.C.)

元大期貨股份有限公司
臺灣
台北市
南京東路二段
77 號
5 樓
10457

Holds Statement No: GHGEV 743922-5

Verification opinion statement

As a result of carrying out verification procedures in accordance with ISO 14064-3:2006, it is the opinion of BSI with reasonable assurance that:

- The Greenhouse Gas Emissions with the Yuanta Futures Co., Ltd. for the period from 2022-01-01 to 2022-12-31 was verified, including the direct greenhouse gas emissions 73.37 tonnes of CO₂ equivalent and indirect greenhouse gas emissions from imported energy 594.90 tonnes of CO₂ equivalent, and the other emission information is listed in the attached table on the next page.
- The indirect greenhouse gas emissions from imported energy are quantified according to the quantification specifications of local greenhouse gas authorities, covering specific types of power purchase agreements.
- No material misstatements for the period from 2022-01-01 to 2022-12-31 Greenhouse Gas Emissions calculation were revealed.
- Data quality was considered acceptable in meeting the principles as set out in ISO 14064-1:2018.
- The emission factor for electricity for the year 2022 is not published by Taiwan government so far, the emission factor used for electricity is 0.509 kilograms of Carbon Dioxide equivalent per kWh instead which may potentially result in different Greenhouse Gas Emission estimates.

The other selected indirect GHG emissions were also reported and thus verified with limited assurance, and data quality was not considered unacceptable in meeting the principles as set out in ISO 14064-1:2018.

For and on behalf of BSI:

Managing Director BSI Taiwan, Peter Pu

Originally Issue: 2023-04-24

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YUANTA FUTURES CO., LTD. SECURITIES DEPARTMENT
STATEMENT OF OTHER GAINS AND LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Statement No: GHGEV 743922-5

The greenhouse gas emissions information reported by the Yuanta Futures Co., Ltd. and SYF Information Co., LTD. for the period from 2022-01-01 to 2022-12-31 is as follows:

EMISSIONS		Notes	tonnes CO ₂ e
Category 1: Direct GHG emissions and removals			73.37
1.1	Stationary combustion		0.00
1.2	Mobile combustion		14.17
1.3	Industrial processes(anthropogenic systems)		0.00
1.4	Fugitive(anthropogenic systems)		59.20
1.5	Land use, land use change and forestry	N/A	-
Direct emissions in tonnes of CO ₂ e from biomass			0.00
Category 2: Indirect GHG emissions from imported energy			594.90
2.1	Indirect emissions from imported electricity		594.90
2.2	Indirect emissions from imported energy (steam, heating, cooling and compressed air)	N/A	-
Category 3: Indirect GHG emissions from transportation			1.05
3.1	Emissions from upstream transport and distribution for goods	NS	-
3.2	Emissions from Downstream transport and distribution for goods	NS	-
3.3	Emissions from Employee commuting	NS	-
3.4	Emissions from Client and visitor transport	NS	-
3.5	Emissions from Business travels	Estimated based on business travel expenses(domestic)	1.05
Category 4: indirect GHG emissions from products used by organization			110.44
4.1	Emissions from Purchased goods	Purchased electricity from upstream	103.08
4.2	Emissions from Capital goods	NS	-
4.3	Emissions from the disposal of solid and liquid waste	Solid waste only	7.36
4.4	Emissions from the use of assets	NS	-
4.5	Emissions from the use of services that are not described in the above subcategories	NS	-

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YUANTA FUTURES CO., LTD. SECURITIES DEPARTMENT
STATEMENT OF OTHER GAINS AND LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Statement No: GHGEV 743922-5

The total emissions were verified in selected branches and representative offices, including but not limited to the following:

Locations	Verification Information
Yuanta Futures Co., Ltd. 5F. No.77, Sec. 2, Nanjing E. Rd., Zhongshan Dist. Taipei City 10457, Taiwan (R.O.C.) 元大期貨股份有限公司 10457 臺灣台北市中山區南京東路二段 77 號 5 樓	The Direct GHG Emissions and Removals with the Yuanta Futures Co., Ltd. for the period from 2022-01-01 to 2022-12-31 is 73.37 tonnes of CO ₂ equivalent, and the Indirect GHG Emissions from Imported Energy is 594.78 tonnes of CO ₂ equivalent. The verification boundary is including head office, 4 branches in Taiwan of Yuanta Futures Co., Ltd. 涵蓋元大期貨總公司及 4 間國內分公司
SYF Information Co., LTD. 2F. No. 895, Sec. 4, Bade Rd., Nangang Dist. Taipei City 11577, Taiwan(R.O.C.) 勝元期貨資訊股份有限公司 11577 臺灣台北市南港區八德路四段 895 號 2 樓	The quantity of renewable electricity procured through contractual instruments by Yuanta Futures Co., Ltd. is 62,231 kWh in the year 2022. The Direct GHG Emissions and Removals with the SYF Information Co., LTD. for the period from 2022-01-01 to 2022-12-31 is 0.00 tonnes of CO ₂ equivalent, and the Indirect GHG Emissions from Imported Energy is 0.12 tonnes of CO ₂ equivalent.

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