

**YUANTA FUTURES CO., LTD. AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

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

PWCR23000305

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, 2023 and 2022, 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, 2023 and 2022, 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 Financial Statement Audit and Attestation of Engagements 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:

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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, 2023 was NTD 2,146,883 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 technique used by Yuanta Futures Co., Ltd. is 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, 2023.

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 Company's valuation data and 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:

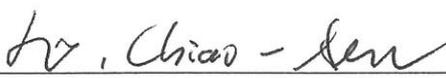
1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the parent company only audit. We remain solely responsible for our audit opinion.

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

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

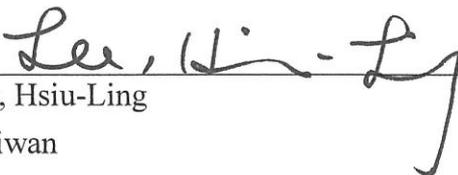
From the matters communicated with those charged with governance, we determine those matters of the Company that were of most significance in the audit of the parent company only financial statements of the current period and are therefore the key audit matter. We describe these matters in our auditors'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



Lo, Chiao-Sen

For and on behalf of PricewaterhouseCoopers, Taiwan

February 27, 2024



Lee, Hsiu-Ling

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. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

ASSETS	Notes	December 31, 2023		December 31, 2022		
		AMOUNT	%	AMOUNT	%	
Current assets						
111100	Cash and cash equivalents	6(1) and 7	\$ 11,262,291	10	\$ 9,709,678	9
112000	Financial assets at fair value through profit or loss - current	6(2), 7 and 11	686,305	1	320,880	-
113200	Financial assets at fair value through other comprehensive income - current	6(5)	152,712	-	677,015	1
114070	Customer margin deposits	6(3) and 7	95,469,319	85	97,049,812	86
114100	Security lending deposits		-	-	20,094	-
114130	Accounts receivable		251,176	-	20,105	-
114140	Accounts receivable - related parties	7	1,648	-	979	-
114150	Prepayments	7	13,497	-	16,564	-
114170	Other receivables		186,587	-	85,998	-
114180	Other receivables - related parties	7	122,815	-	135,372	-
114300	Leverage margin contract trading client margin deposits	7	573,860	1	536,152	1
110000	Subtotal current assets		<u>108,720,210</u>	<u>97</u>	<u>108,572,649</u>	<u>97</u>
Non-current assets						
123200	Financial assets at fair value through other comprehensive income - non-current	6(5)	2,276,213	2	2,155,716	2
123300	Financial assets at amortised cost - non-current	6(6) and 7	57,095	-	-	-
125000	Property and equipment	6(9)	712,032	1	653,265	1
125800	Right-of-use assets	6(10)	79,576	-	128,033	-
127000	Intangible assets	6(11)	97,986	-	74,012	-
128000	Deferred income tax assets	6(32)	23,772	-	27,643	-
129010	Operating guarantee deposits	6(7) and 7	161,447	-	145,907	-
129020	Clearing and settlement funds	6(8)	446,100	-	453,658	-
129030	Refundable deposits	7	21,521	-	36,798	-
129130	Prepayment for equipment		13,266	-	89,591	-
129990	Other non-current assets - other		28,228	-	18,123	-
120000	Subtotal non-current assets		<u>3,917,236</u>	<u>3</u>	<u>3,782,746</u>	<u>3</u>
906001	Total assets		<u>\$ 112,637,446</u>	<u>100</u>	<u>\$ 112,355,395</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, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
Current liabilities						
212000	Financial liabilities at fair value	6(2) and 11				
	through profit or loss - current		\$ 8,422	-	\$ 26,458	-
214080	Futures traders' equity	6(3) and 7	95,307,015	85	96,731,027	86
214100	Leverage margin contract transaction					
	traders' equity		372,254	-	371,174	1
214130	Accounts payable		117,574	-	138,338	-
214140	Accounts payable - related parties	7	17,456	-	22,020	-
214160	Collection for third parties		9,445	-	8,442	-
214170	Other payables	6(12)	469,351	1	332,488	-
214180	Other payables - related parties	6(12) and 7	4	-	408	-
214600	Current income tax liabilities		137,762	-	97,830	-
216000	Lease liabilities - current	7	48,831	-	51,705	-
219000	Other current liabilities	6(13)	6,327	-	6,456	-
210000	Subtotal current liabilities		<u>96,494,441</u>	<u>86</u>	<u>97,786,346</u>	<u>87</u>
Non-current liabilities						
221100	Bonds payable	6(14)	1,498,157	1	1,497,779	2
226000	Lease liabilities - non-current	7	37,915	-	86,754	-
228000	Deferred income tax liabilities	6(32)	39,927	-	42,254	-
229000	Other non-current liabilities		54,297	-	71,413	-
220000	Subtotal non-current liabilities		<u>1,630,296</u>	<u>1</u>	<u>1,698,200</u>	<u>2</u>
906003	Total liabilities		<u>98,124,737</u>	<u>87</u>	<u>99,484,546</u>	<u>89</u>
Equity attributable to owners of the parent company						
Capital						
301010	Common stock	6(16)	2,899,763	2	2,899,763	3
Additional paid-in capital						
302000	Capital surplus	6(17)	3,070,484	3	3,070,484	3
Retained earnings						
304010	Legal reserve	6(19)	1,340,216	1	1,228,957	1
304020	Special reserve	6(18)(19)	2,923,533	3	2,701,014	2
304040	Undistributed earnings	6(19)	2,341,954	2	1,279,417	1
Other equity						
305000	Other equity interest	6(20)	1,936,759	2	1,691,214	1
906004	Total equity		<u>14,512,709</u>	<u>13</u>	<u>12,870,849</u>	<u>11</u>
906002	Total liabilities and equity		<u>\$ 112,637,446</u>	<u>100</u>	<u>\$ 112,355,395</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	For the years ended December 31,				
		2023		2022		
		AMOUNT	%	AMOUNT	%	
Revenues						
401000	Brokerage	6(21) and 7	\$ 3,200,814	93	\$ 3,859,473	96
410000	Losses on trading of securities	6(2)(22)	(50,775)	(1)	(88,117)	(2)
421300	Dividend income	6(2)	321,081	9	79,463	2
421500	Gains (losses) on valuation of trading securities	6(2)	13,211	-	(6,869)	-
421600	(Losses) gains on covering of borrowed securities and bonds with resale agreements-short sales	6(2)	(458)	-	34	-
421610	Valuation (losses) gains on borrowed securities and bonds with resale agreements-short sales at fair value through profit or loss	6(2)	(2,132)	-	2,132	-
424200	Securities commission revenue	7	15,533	1	13,585	-
424300	Clearance fee from consignment	6(23)	35,363	1	37,221	1
424400	Net (losses) gains on derivative financial instruments	6(2)(24)	(105,760)	(3)	94,352	3
424900	Futures advisory revenues	7	9,519	-	8,352	-
428000	Other operating revenues	7	(343)	-	172	-
400000	Total revenues		<u>3,436,053</u>	<u>100</u>	<u>3,999,798</u>	<u>100</u>
Costs and expenses						
501000	Brokerage fee	6(25)	(607,506)	(17)	(800,438)	(20)
502000	Dealer handling fee	6(25)	(641)	-	(608)	-
521200	Interest expense	7	(470,129)	(14)	(124,846)	(3)
425300	Expected credit impairment losses and reversal gains	6(4)	38,353	1	2,795	-
524100	Futures commission	6(26) and 7	(666,211)	(19)	(739,770)	(19)
524300	Clearance fee	6(27)	(436,442)	(13)	(569,590)	(14)
524700	Futures administrative expenses		(839)	-	-	-
528000	Other operating fee		(6,592)	-	(3,206)	-
531000	Employee benefit expense	6(28) and 7	(965,357)	(28)	(850,134)	(21)
532000	Depreciation and amortization	6(29) and 7	(180,050)	(5)	(172,914)	(4)
533000	Other operating expenses	6(30) and 7	(538,803)	(16)	(493,283)	(13)
500000	Total costs and expenses		<u>(3,834,217)</u>	<u>(111)</u>	<u>(3,751,994)</u>	<u>(94)</u>
	Operating income		(398,164)	(11)	247,804	6
602000	Other gains and losses	6(2)(5)(6)(31) and 7	<u>2,684,904</u>	<u>78</u>	<u>1,174,661</u>	<u>30</u>
902001	Income before income tax		<u>2,286,740</u>	<u>67</u>	<u>1,422,465</u>	<u>36</u>
701000	Income tax expense	6(32)	(434,021)	(13)	(277,117)	(7)
902005	Net income		<u>\$ 1,852,719</u>	<u>54</u>	<u>\$ 1,145,348</u>	<u>29</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	For the years ended December 31,					
		2023		2022			
		AMOUNT	%	AMOUNT	%		
Other comprehensive income							
Items that will not be reclassified to profit or loss							
805510	Remeasurement of defined benefit obligations	6(15)		\$ 19,518	1	\$ 8,500	-
805540	Unrealized gain (loss) on equity instrument investment measured at fair value through other comprehensive income	6(5)(20)		500,331	14	(68,495)	(2)
805599	Income tax related to components of items not to be reclassified	6(32)		(3,904)	-	(1,700)	-
Items that may be reclassified to profit or loss subsequently							
805610	Translation gain and loss on the financial statements of foreign operating entities	6(20)		(1,863)	-	104,243	3
805000	Total other comprehensive income (net of tax)			<u>\$ 514,082</u>	<u>15</u>	<u>\$ 42,548</u>	<u>1</u>
902006	Total comprehensive income			<u>\$ 2,366,801</u>	<u>69</u>	<u>\$ 1,187,896</u>	<u>30</u>
Consolidated net income attributable to:							
	Owners of the parent			<u>\$ 1,852,719</u>	<u>54</u>	<u>\$ 1,145,348</u>	<u>29</u>
Consolidated comprehensive income attributable to:							
	Owners of the parent			<u>\$ 2,366,801</u>	<u>69</u>	<u>\$ 1,187,896</u>	<u>30</u>
Earnings per share (in New Taiwan Dollars)							
	Basic and diluted earnings per share	6(33)		<u>\$ 6.39</u>		<u>\$ 3.95</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, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Equity attributable to owners of the parent							Unrealised gain and loss on equity instrument investment measured at fair value through other comprehensive income	Total equity
		Capital surplus			Retained earnings			Other equity interest		
		Capital - 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		
<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)(20)	-	-	-	-	-	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	6(19)	-	-	-	96,480	-	(96,480)	-	-	-
Special reserve	6(19)	-	-	-	-	192,960	(192,960)	-	-	-
Cash dividends	6(19)	-	-	-	-	-	(666,945)	-	-	(666,945)
Disposal of equity instrument investment measured at fair value through other comprehensive income	6(5)(20)	-	-	-	-	-	(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
<u>For the year ended December 31, 2023</u>										
Balance, January 1, 2023		\$ 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
Net income for the year		-	-	-	-	-	1,852,719	-	-	1,852,719
Other comprehensive income (loss) for the year	6(5)(20)	-	-	-	-	-	15,614	(1,863)	500,331	514,082
Total comprehensive income (loss)		-	-	-	-	-	1,868,333	(1,863)	500,331	2,366,801
Appropriations of 2022 earnings:										
Legal reserve	6(19)	-	-	-	111,259	-	(111,259)	-	-	-
Special reserve	6(19)	-	-	-	-	222,519	(222,519)	-	-	-
Cash dividends	6(19)	-	-	-	-	-	(724,941)	-	-	(724,941)
Disposal of equity instrument investment measured at fair value through other comprehensive income	6(5)(20)	-	-	-	-	-	252,923	-	(252,923)	-
Balance, December 31, 2023		\$ 2,899,763	\$ 3,024,151	\$ 46,333	\$ 1,340,216	\$ 2,923,533	\$ 2,341,954	\$ 5,157	\$ 1,931,602	\$ 14,512,709

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 years ended December 31,	
		2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 2,286,740	\$ 1,422,465
Adjustments			
Income and expenses having no effect on cash flows			
Depreciation	6(9)(10)(29)	146,305	145,809
Amortization	6(11)(29)	33,745	27,105
Interest income	6(31)	(2,347,418)	(926,281)
Interest expense		470,129	124,846
Dividend income	6(31)	(580,701)	(234,462)
Expected credit impairment losses and reversal gains		(38,353)	(2,795)
Losses on disposal of property and equipment	6(9)(31)	-	1,988
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss - current		(365,476)	(35,839)
Customer margin deposits		1,577,881	(13,258,684)
Futures trading margin receivable		38,353	2,795
Security lending deposits		20,094	(20,094)
Accounts receivable		(227,489)	(16,048)
Accounts receivable - related parties		(669)	1,023
Prepayments		3,081	(2,303)
Other receivables		2,034	1,007
Other receivables - related parties		32,599	(118,078)
Leverage margin contract trading client margin deposits		(37,708)	(188,747)
Other non-current assets - other		(10,105)	(6,707)
Changes in operating liabilities			
Financial liabilities at fair value through profit or loss - current		(18,036)	25,532
Futures traders' equity		(1,418,537)	13,278,756
Leverage margin contract transaction traders' equity		1,080	88,366
Accounts payable		(20,764)	1,482
Accounts payable - related parties		(4,564)	2,271
Collection for third parties		1,003	(656)
Other payables		118,998	126,136
Other payables - related parties		(404)	(1,434)
Other current liabilities		(131)	(24,729)
Other non-current liabilities		2,402	443
Cash (outflow) inflow generated from operations		(335,911)	413,167
Interest received		2,223,115	841,956
Interest paid		(451,754)	(110,968)
Dividends received		577,288	234,523
Income tax paid		(396,449)	(164,360)
Net cash flows generated from operating activities		<u>1,616,289</u>	<u>1,214,318</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at fair value through other comprehensive income		(909,693)	(543,350)
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(5)	1,813,830	381,687
Acquisition of financial assets at amortised cost		(55,032)	-
Acquisition of property and equipment	6(9)	(43,136)	(53,125)
Increase in intangible assets	6(11)	(17,884)	(10,545)
Increase in operating guarantee deposits		(15,729)	-
Decrease in clearing and settlement funds		7,558	90,807
Decrease in refundable deposits		15,279	3,086
Increase in prepayment for equipment		(76,875)	(19,133)
Net cash flows generated from (used in) investing activities		<u>718,318</u>	<u>(150,573)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal payment for lease liabilities		(51,794)	(54,715)
Payment of cash dividends	6(19)	(724,941)	(666,945)
Net cash flows used in financing activities		<u>(776,735)</u>	<u>(721,660)</u>
Effect of change in foreign exchange rates		(5,259)	63,507
Net increase in cash and cash equivalents		1,552,613	405,592
Cash and cash equivalents at beginning of year		9,709,678	9,304,086
Cash and cash equivalents at end of year		<u>\$ 11,262,291</u>	<u>\$ 9,709,678</u>

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, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

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, 2023, the Company had 4 branches.

(3) As of December 31, 2023 and 2022, the Group had 432 and 457 employees, respectively.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated financial statements were authorised for issuance by the Board of Directors on February 27, 2024.

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[®]") Accounting Standards 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 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
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Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
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Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023
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Amendments to IAS 12, 'International tax reform - pillar two model rules'	May 23, 2023
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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 IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC and will become effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
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Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
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Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
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Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024
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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) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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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
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IFRS 17, 'Insurance contracts'	January 1, 2023
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Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
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Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
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Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025
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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 MATERIAL 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 (%)		Note
			December 31, 2023	December 31, 2022	
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	100	Note

Note: 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.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

(A) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(B) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(C) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the consolidated balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the consolidated balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(D) Foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

The operating results and financial position of all the group entities and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(A) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that consolidated balance sheet;

(B) Income and expenses for each consolidated statement of comprehensive income are translated at average exchange rates of that period; and

(C) All resulting exchange differences are recognised in other comprehensive income.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(A) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(B) Assets held mainly for trading purposes;

(C) Assets that are expected to be realised within twelve months from the balance sheet date;

(D) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(A) Liabilities that are expected to be settled within the normal operating cycle;

(B) Liabilities arising mainly from trading activities;

(C) Liabilities that are to be settled within twelve months from the balance sheet date;

(D) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the consolidated balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash and cash equivalents

Cash and cash equivalents include petty cash, checking accounts, demand deposits and short-term highly liquid investments that are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

(7) Financial assets at fair value through profit or loss

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income. Financial assets at amortised cost or fair value through other comprehensive income are designated as at fair value through profit or loss at initial recognition when they eliminate or significantly reduce a measurement or recognition inconsistency.

- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:
The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(9) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
 - (A) The objective of the Group's business model is achieved by collecting contractual cash flows.
 - (B) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

(10) 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.

(11) Futures traders' equity / Futures trading margin receivable

Futures traders' equity is the trading margin/premiums deposited by customers and the difference of daily close-market balance. Futures traders' equity is shown under current liabilities. It cannot be offset except for the same customer with the same category of accounts. If payable to customer does not occur, it should be classified as futures trading margin receivable.

(12) Leverage margin contract trading client margin deposits

In accordance with the Regulations Governing Leverage Transaction Merchants, margin deposits accounts refer to the guarantee deposits and premiums collected from the leveraged trader, and the difference of daily evaluation.

(13) Leverage margin contract transaction traders' equity

Leverage margin contract transaction traders' equity is the trading margin/premiums deposited by customers and the difference of daily evaluation. Leverage margin contract transaction traders' equity is shown under current liabilities.

(14) Accounts receivable

A. Accounts receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(15) Impairment of financial assets

For financial assets at amortised cost, 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.

(16) Derecognition of financial assets

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

(17) Property and equipment

A. Property and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

- C. Equipment is recognised using the cost model and is depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors", from the date of the change. The estimated useful lives of various fixed assets are 3~6 years except for buildings, which have useful lives from 10~60 years.

(18) Leasing arrangements (lessee) – right-of-use assets/ lease liabilities

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:
 - (A) Fixed payments, less any lease incentives receivable; and
 - (B) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
 - (A) The amount of the initial measurement of lease liability;
 - (B) Any lease payments made at or before the commencement date; and
 - (C) Any initial direct costs incurred by the lessee.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

- D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognise the difference between remeasured lease liability in profit or loss.

(19) Intangible assets

A. Membership in a foreign Futures Exchange

Membership in a foreign Futures Exchange is stated at acquisition cost and regarded as having an indefinite useful life as it was assessed to generate continuous net cash inflow in the foreseeable future. Membership in a foreign Futures Exchange is not amortised, but is tested annually for impairment.

B. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 years.

(20) Impairment of non-financial assets

A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

B. The recoverable amounts of intangible assets with an indefinite useful life shall be evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

(21) Derivative financial instruments and non-hedging activities

Non-hedging derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Any changes in the fair value are recognised in profit or loss.

(22) Financial liabilities at fair value through profit or loss

A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges. Financial liabilities that meet one of the following criteria are designated as at fair value through profit or loss at initial recognition:

(A) Hybrid (combined) contracts; or

(B) They eliminate or significantly reduce a measurement or recognition inconsistency; or

(C) They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management policy.

B. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(23) Bonds payable

Ordinary corporate bonds issued by the Group are initially recognised at fair value, net of transaction costs incurred. Any difference between the proceeds (net of transaction costs) and the redemption value is accounted for as the premium or discount on bonds payable and presented as an addition to or deduction from bonds payable, which is amortised as an adjustment to the 'interest expense' over the period of bond circulation using the effective interest method.

(24) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(25) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as 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.

D. Employees' and directors' and supervisors' remuneration

Employees' remuneration and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(26) 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 and does not give rise to equal taxable and deductible temporary differences. 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.

(27) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities.

(28) Revenue recognition

- A. Brokerage fee income: Service fee income that is generated from futures merchants exercising futures transaction is recognised on the date of settlement.
- B. Security commission revenue: Commission revenues that are generated from the operation of securities introducing broker business by futures commission merchants. The revenue is recognised based on the related contract terms.
- C. Entrusted clearing settlement service fee: Service fee income that is generated by futures merchants who have 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 recognized 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.

(29) 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 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, 2023</u>	<u>December 31, 2022</u>
Petty cash	\$ 108	\$ 109
Cash in bank		
Demand deposits	682,304	431,378
Time deposits	10,232,081	8,813,059
Subtotal	10,914,493	9,244,546
Excess futures margin deposits	239,040	352,063
Excess margin in foreign exchange margin trading	108,758	113,069
	<u>\$ 11,262,291</u>	<u>\$ 9,709,678</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, 2023</u>	<u>December 31, 2022</u>
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	\$ 290,212	\$ 100,459
Beneficiary certificates	290,000	163,994
Futures trading margin - own funds	57,744	20,165
Buy options - futures	5,302	14,087
Derivatives assets - OTC	<u>26,787</u>	<u>26,008</u>
	670,045	324,713
Valuation adjustment	<u>16,260</u>	<u>(3,833)</u>
	<u>\$ 686,305</u>	<u>\$ 320,880</u>

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Financial liabilities held for trading		
Sell options - futures	\$ 8,422	\$ 12,184
Security borrowing payable - non-hedging	<u>-</u>	<u>16,406</u>
	8,422	28,590
Valuation adjustment	<u>-</u>	<u>(2,132)</u>
	<u>\$ 8,422</u>	<u>\$ 26,458</u>

A. Amounts recognised in profit or loss in relation to financial assets and liabilities at fair value through profit or loss are listed below:

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Financial assets and liabilities at fair value through profit or loss		
Listed stocks	\$ 283,510	(\$ 12,734)
Beneficiary certificates	7,474	(6,774)
Borrowed securities	(2,590)	2,166
Net loss on futures contracts	(182,254)	(43,790)
Net (loss) gain on options contracts	(26,175)	63,695
Net gain on leverage derivatives assets	102,669	74,447
Other financial instruments	<u>(3,912)</u>	<u>-</u>
	<u>\$ 178,722</u>	<u>\$ 77,010</u>

For the years ended December 31, 2023 and 2022, 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 on trading of securities, dividend income, gains (losses) on valuation of trading securities, (losses) gains on covering of borrowed securities and bonds with resale agreements-short sales, valuation (losses) gains on borrowed securities and bonds with resale agreements-short sales at fair value through profit or loss, net (losses) gains on derivative financial instruments and other gains and losses.

B. Futures

The Group entered into futures contracts to earn the spread. As of December 31, 2023 and 2022, customer margin deposits for the futures contract was \$296,784 and \$372,228, respectively, with excess margin of \$239,040 and \$352,063, 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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Customer margin deposits by customers:		
Cash in banks	\$ 69,632,709	\$ 77,005,493
Clearing house	15,032,931	11,137,549
Other futures commission merchants	10,807,591	8,906,770
Valuation adjustment on customer margin accounts		
-CGS	(3,912)	-
Total	95,469,319	97,049,812
Less: Fees and interest revenue pending for transfer	(148,887)	(286,990)
Futures exchange tax pending for transfer	(5,007)	(5,080)
Temporary receipts	(6,045)	(5,751)
Others	(2,365)	(20,964)
Futures traders' equity	<u>\$ 95,307,015</u>	<u>\$ 96,731,027</u>

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

B. As at December 31, 2023 and 2022, 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 \$95,469,319 and \$97,049,812, respectively.

(4) Futures trading margin receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Futures trading margin receivable	\$ 48,305	\$ 96,002
Less: Allowance for uncollectible accounts	(48,305)	(96,002)
	<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, 2023</u>	<u>December 31, 2022</u>
Up to 30 days	\$ -	\$ -
31-90 days	-	-
91-180 days	-	-
Over 181 days	48,305	96,002
	<u>\$ 48,305</u>	<u>\$ 96,002</u>

The above ageing analysis was based on posting date.

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current items:		
Equity instrument		
Listed stocks	\$ 171,420	\$ 822,634
Valuation adjustment	(18,708)	(145,619)
	<u>\$ 152,712</u>	<u>\$ 677,015</u>
Non-current items:		
Equity instrument		
Listed stocks	\$ 104,771	\$ 104,771
Valuation adjustment	24,559	(1,487)
Subtotal	<u>129,330</u>	<u>103,284</u>
Non-Listed stocks	221,132	221,132
Valuation adjustment	<u>1,925,751</u>	<u>1,831,300</u>
Subtotal	<u>2,146,883</u>	<u>2,052,432</u>
	<u>\$ 2,276,213</u>	<u>\$ 2,155,716</u>

- A. The Group has elected to classify stock investments that are considered to be strategic investments and earning steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$2,428,925 and \$2,832,731 as at December 31, 2023 and 2022, respectively.
- B. For the years ended December 31, 2023 and 2022, consider the asset allocation and adjust the investment portfolios, the Group sold listed stocks at fair value amounting to \$1,813,830 and \$381,687, respectively, which resulted in cumulative gains (losses) on disposal of \$252,923 and (\$39,553), respectively.
- C. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	<u>\$ 500,331</u>	<u>(\$ 68,495)</u>
Cumulative (gains) losses reclassified to retained earnings due to derecognition	<u>(\$ 252,923)</u>	<u>\$ 39,553</u>
Dividend income recognised in profit or loss		
Held at end of period	\$ 76,002	\$ 147,049
Derecognised during the period	183,618	7,950
	<u>\$ 259,620</u>	<u>\$ 154,999</u>

- D. The Group has no financial assets at fair value through other comprehensive income pledged to others.

(6) Financial assets at amortised cost

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Non-current items:		
Corporate bonds	\$ <u>57,095</u>	\$ <u>-</u>

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Interest income	\$ <u>2,336</u>	\$ <u>-</u>

B. As at December 31, 2023, 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 financial assets at fair value through other comprehensive income held by the Group was \$57,095. The Group has no financial assets at amortised cost at December 31, 2022.

C. The Group has no financial assets at amortised cost pledged to others.

D. Information relating to credit risk is provided in Note 21(6).

(7) Operating guarantee deposits

As at December 31, 2023 and 2022, 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 \$161,447 and \$145,907, respectively.

(8) Clearing and settlement funds

As at December 31, 2023 and 2022, 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 \$446,100 and \$453,658, respectively.

(9) Property and equipment

	2023			
	<u>Land (Note)</u>	<u>Equipment</u>	<u>Leasehold improvements</u>	<u>Total</u>
At January 1,				
Cost	\$ 466,947	\$ 243,830	\$ 92,034	\$ 802,811
Accumulated depreciation	-	(118,799)	(30,747)	(149,546)
	<u>\$ 466,947</u>	<u>\$ 125,031</u>	<u>\$ 61,287</u>	<u>\$ 653,265</u>
Opening net book amount				
at January 1,	\$ 466,947	\$ 125,031	\$ 61,287	\$ 653,265
Additions	-	43,011	125	43,136
Transfers	-	113,392	-	113,392
Disposals (cost)	-	(34,252)	-	(34,252)
Disposals (accumulated depreciation)	-	34,252	-	34,252
Depreciation expense	-	(67,051)	(30,713)	(97,764)
Net exchange differences	-	(4)	7	3
Closing net book amount				
at December 31,	<u>\$ 466,947</u>	<u>\$ 214,379</u>	<u>\$ 30,706</u>	<u>\$ 712,032</u>
At December 31,				
Cost	\$ 466,947	\$ 366,099	\$ 92,155	\$ 925,201
Accumulated depreciation	-	(151,720)	(61,449)	(213,169)
	<u>\$ 466,947</u>	<u>\$ 214,379</u>	<u>\$ 30,706</u>	<u>\$ 712,032</u>

	2022			
	Land (Note)	Equipment	Leasehold improvements	Total
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>\$ 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>\$ 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>\$ 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.

(10) 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:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Buildings	<u>\$ 79,576</u>	<u>\$ 128,033</u>
	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Buildings	<u>\$ 48,541</u>	<u>\$ 51,265</u>

C. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets was \$0 and \$14,958, respectively.

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

	For the years ended December 31,	
	2023	2022
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 1,389	\$ 1,106
Expense on short-term lease contracts	93	90

E. For the years ended December 31, 2023 and 2022, the Group's total cash outflow for leases was \$53,276 and \$55,911, 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.

(11) Intangible assets

	2023		
	Membership in a foreign Futures Exchange	Others	Total
At January 1,			
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>
Opening net book amount at			
January 1,	\$ 24,125	\$ 49,887	\$ 74,012
Additions	-	17,884	17,884
Transfers	-	39,840	39,840
Disposals (cost)	-	(11,570)	(11,570)
Disposals (accumulated amortisation)	-	11,570	11,570
Amortisation expense	-	(33,745)	(33,745)
Net exchange differences	-	(5)	(5)
Closing net book amount at			
December 31,	<u>\$ 24,125</u>	<u>\$ 73,861</u>	<u>\$ 97,986</u>
At December 31,			
Cost	\$ 24,125	\$ 131,021	\$ 155,146
Accumulated amortisation	-	(57,160)	(57,160)
	<u>\$ 24,125</u>	<u>\$ 73,861</u>	<u>\$ 97,986</u>

	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>

(12) Other payables

	December 31, 2023	December 31, 2022
Other payables - related parties	\$ 4	\$ 408
Other payables - non-related parties		
Salaries and bonus payables	\$ 404,242	\$ 278,723
Operating expenses payable	31,365	38,018
Interest payables	33,744	15,747
	<u>\$ 469,351</u>	<u>\$ 332,488</u>

(13) Other current liabilities

	December 31, 2023	December 31, 2022
Temporary receipts	\$ 6,327	\$ 6,456

(14) Bonds payable

	December 31, 2023	December 31, 2022
Bonds payable	\$ 1,500,000	\$ 1,500,000
Less: Discount on bonds payable	(1,843)	(2,221)
	<u>\$ 1,498,157</u>	<u>\$ 1,497,779</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

(15) Pension

A. Defined benefit plan

(A) The Company has a defined benefit pension plan in accordance with the Labour Standards Law, covering all regular employees' service years prior to the enforcement of the Labour 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 labour pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions to cover the deficit by next March.

(B) The amounts recognised in the balance sheet are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligations	\$ 65,226	\$ 85,326
Fair value of plan assets	(27,930)	(28,463)
Net defined benefit liability	<u>\$ 37,296</u>	<u>\$ 56,863</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, 2023</u>			
Balance at January 1	\$ 85,326	(\$ 28,463)	\$ 56,863
Interest expense (income)	1,109	(370)	739
	<u>86,435</u>	<u>(28,833)</u>	<u>57,602</u>
Remeasurements:			
Return on plan assets	-	(112)	(112)
Experience adjustments	(19,406)	-	(19,406)
	<u>(19,406)</u>	<u>(112)</u>	<u>(19,518)</u>
Pension fund contribution	-	(735)	(735)
Paid pension	(1,803)	1,750	(53)
Balance at December 31	<u>\$ 65,226</u>	<u>(\$ 27,930)</u>	<u>\$ 37,296</u>

	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)	554	(157)	397
	<u>92,870</u>	<u>(26,202)</u>	<u>66,668</u>
Remeasurements:			
Return on plan assets	-	(1,953)	(1,953)
Change in financial assumptions	(5,977)	-	(5,977)
Experience adjustments	(570)	-	(570)
	<u>(6,547)</u>	<u>(1,953)</u>	<u>(8,500)</u>
Pension fund contribution	-	(740)	(740)
Paid pension	(997)	432	(565)
Balance at December 31	<u>\$ 85,326</u>	<u>(\$ 28,463)</u>	<u>\$ 56,863</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 Labour 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 securitisation 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 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, 2023 and 2022 is given in the Annual Labour Retirement Fund Utilisation Report announced by the government.

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

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Discount rate	<u>1.30%</u>	<u>1.30%</u>
Future salary increases	<u>3.00%</u>	<u>3.00%</u>

For the years ended December 31, 2023 and 2022, 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:

	<u>Discount rate</u>		<u>Future salary increases</u>	
	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>
<u>December 31, 2023</u>				
Effect on present value of defined benefit obligation	(\$ <u>1,641</u>)	<u>\$ 1,699</u>	<u>\$ 1,317</u>	(\$ <u>1,282</u>)
<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>)

(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, 2024 amount to \$734.

(H) As of December 31, 2023, the weighted average duration of the retirement plan is 11 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 Labour 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 Labour 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, 2023 and 2022 were \$19,019 and \$19,018, respectively.

C. The pension plans for the consolidated foreign subsidiaries are as follows:

(A) The pension plan for Yuanta Futures (Hong Kong) Co., Ltd. is in compliance with related regulations enacted by respective local governments.

(B) For the years ended December 31, 2023 and 2022, the foreign subsidiaries recognised \$1,511 and \$1,354, respectively, of pension expense under aforementioned regulations.

(16) Share capital

As of December 31, 2023, 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.

(17) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(18) Special reserve

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. According to Gin-Gwen-Zheng-Qi Letter No.1110380212 on January 21, 2022, the basis for the provision of the special reserve should be included in the amount of the net profit after tax in the current year, plus items other than the profit after tax that are included in the undistributed earnings.

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.

(19) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% and 20% of the remaining amount shall be set aside as legal reserve and special reserve. 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 2022 and 2021 as resolved at the stockholders' meeting on May 24, 2023 and on May 24, 2022, respectively, are as follows:

	2022		2021	
	Amount	Dividends per Share (in dollars)	Amount	Dividends per Share (in dollars)
Legal reserve	\$ 111,259		\$ 96,480	
Special reserve	222,519		192,960	
Cash dividends	724,941	\$ 2.50	666,945	\$ 2.30

E. On February 27, 2024, the Board of Directors resolved the distribution of profits for 2023 as follows:

	2023	
	Amount	Dividends per Share (in dollars)
Legal reserve	\$ 212,126	
Cash dividends	1,449,881	\$ 5.00

(20) Other equity items

	Unrealised gains (losses) on valuation	Currency translation differences	Total
At January 1, 2023	\$ 1,684,194	\$ 7,020	\$ 1,691,214
Financial assets at fair value through other comprehensive income			
-Revaluation	500,331	-	500,331
-Revaluation transferred to retained earnings	(252,923)	-	(252,923)
Currency translation differences			
-Exchange differences	-	(1,863)	(1,863)
At December 31, 2023	<u>\$ 1,931,602</u>	<u>\$ 5,157</u>	<u>\$ 1,936,759</u>
	Unrealised	Currency	Total
	gains (losses) on	translation	
	valuation	differences	
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>

(21) Brokerage

	For the years ended December 31,	
	2023	2022
Dealers' commissions - domestic	\$ 2,092,955	\$ 2,660,175
Dealers' commissions - foreign	1,095,547	1,189,518
Dealers' commissions - leverage	12,312	9,780
	<u>\$ 3,200,814</u>	<u>\$ 3,859,473</u>

(22) Net loss on trading of securities

	For the years ended December 31,	
	2023	2022
Revenue from sale of securities - dealing	\$ 4,294,844	\$ 3,179,357
Cost from sale of securities - dealing	(4,345,619)	(3,267,474)
	<u>(\$ 50,775)</u>	<u>\$ 88,117</u>

(23) Clearance fee from consignment

	For the years ended December 31,	
	2023	2022
Clearance fee from consignment - non-related parties	\$ 35,363	\$ 37,221

(24) Net (losses) gains on derivative financial instruments

	For the years ended December 31,	
	2023	2022
Non-hedging		
Gains (losses) from futures contract interests		
Futures contract gains	\$ 407,443	\$ 186,566
Futures contract losses	(589,697)	(230,356)
	<u>(\$ 182,254)</u>	<u>(\$ 43,790)</u>
Gains (losses) from options trading		
Gains from options trading	\$ 175,939	\$ 235,207
Losses from options trading	(202,114)	(171,512)
	<u>(\$ 26,175)</u>	<u>\$ 63,695</u>
Gains (losses) from leverage margin contract transactions		
Gains from leverage margin contract transactions	\$ 587,823	\$ 634,712
Losses from leverage margin contract transactions	(485,154)	(560,265)
	<u>\$ 102,669</u>	<u>\$ 74,447</u>
Gains from derivative financial instruments	\$ 1,171,205	\$ 1,056,485
Losses from derivative financial instruments	(1,276,965)	(962,133)
	<u>(\$ 105,760)</u>	<u>\$ 94,352</u>

(25) Service charge

	For the years ended December 31,	
	2023	2022
Service charge - brokerage	\$ 607,506	\$ 800,438
Service charge - dealing	641	608
	<u>\$ 608,147</u>	<u>\$ 801,046</u>

(26) Futures commission

	For the years ended December 31,	
	2023	2022
Entrusted futures transaction	\$ 378,849	\$ 391,395
Futures auxiliary business	287,362	348,375
	<u>\$ 666,211</u>	<u>\$ 739,770</u>

(27) Clearance fee

	For the years ended December 31,	
	2023	2022
Clearance fee - brokerage	\$ 436,222	\$ 569,255
Clearance fee - dealing	220	335
	<u>\$ 436,442</u>	<u>\$ 569,590</u>

(28) Employee benefit expense

	For the years ended December 31,	
	2023	2022
Wages and salaries	\$ 875,629	\$ 764,265
Labor and health insurance fees	42,195	39,530
Pension costs	21,269	20,769
Post-employment benefits	5,391	3,372
Other personnel expenses	20,873	22,198
	<u>\$ 965,357</u>	<u>\$ 850,134</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, 2023 and 2022, employees' compensation was accrued at \$3,821 and \$4,055, respectively, and the aforementioned amounts were recognised in salary expenses.

B. Employees' compensation of 2022 as resolved at the meeting of Board of Directors were in agreement with those amounts recognised in the 2022 financial statements.

C. Information about employees' compensation of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(29) Depreciation and amortisation

	For the years ended December 31,	
	2023	2022
Depreciation expense	\$ 146,305	\$ 145,809
Amortisation expense	33,745	27,105
	<u>\$ 180,050</u>	<u>\$ 172,914</u>

(30) Other operating expenses

	For the years ended December 31,	
	2023	2022
Postage and telephone costs	\$ 136,793	\$ 118,697
Tax expenses	101,362	104,915
Computer information expenses	127,393	115,898
Donation	5,730	4,165
Institutional membership fees	33,898	30,420
Operating lease payments	93	90
Repair charge	36,463	31,763
Advertising costs	11,152	8,513
Service expenses	30,140	23,391
Other expenses	55,779	55,431
	<u>\$ 538,803</u>	<u>\$ 493,283</u>

(31) Other gains and losses

	For the years ended December 31,	
	2023	2022
Interest income	\$ 2,347,418	\$ 926,281
Gains (losses) on disposal of investments	585	(9,129)
Losses on disposal of property and equipment	-	(1,988)
Dividend income	259,620	154,999
Net currency exchange (losses) gains	(15,310)	33,901
Gains (losses) on financial assets at fair value through profit or loss	2,970	(3,985)
Others	89,621	74,582
	<u>\$ 2,684,904</u>	<u>\$ 1,174,661</u>

(32) Income tax

A. Income tax expense

(a) Components of income tax expense:

	For the years ended December 31,	
	2023	2022
Current tax:		
Current tax on profits for the period	\$ 427,098	\$ 244,688
Tax on undistributed surplus earnings	2,694	421
Prior year income tax under (over) estimation	6,589	(1,398)
Total current tax	<u>436,381</u>	<u>243,711</u>
Deferred tax:		
Origination and reversal of temporary differences	(2,360)	33,406
Total deferred tax	<u>(2,360)</u>	<u>33,406</u>
Income tax expense	<u>\$ 434,021</u>	<u>\$ 277,117</u>

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

	For the years ended December 31,	
	2023	2022
Remeasurement of defined benefit obligations	<u>\$ 3,904</u>	<u>\$ 1,700</u>

B. Reconciliation between income tax expense and accounting profit

	For the years ended December 31,	
	2023	2022
Tax calculated based on profit before tax and statutory tax rate	\$ 457,348	\$ 284,373
Tax exempt income by tax regulation	(46,320)	(6,279)
Recognised in income tax of Controlled Foreign Company	13,710	-
Tax on undistributed surplus earnings	2,694	421
Prior year income tax under (over) estimation	6,589	(1,398)
Income tax expense	<u>\$ 434,021</u>	<u>\$ 277,117</u>

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

For the year ended December 31, 2023				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
– Deferred income tax assets:				
Temporary differences				
Accrued pension liabilities	\$ 2,043	\$ 161	(\$ 2,204)	\$ -
Unrealised exchange loss	-	27	-	27
Expected credit losses	21,400	(2,237)	-	19,163
Others	4,200	382	-	4,582
Subtotal	27,643	(1,667)	(2,204)	23,772
– Deferred income tax liabilities:				
Accrued pension liabilities	-	(171)	(1,700)	(1,871)
Unrealised exchange income	(5,738)	5,536	-	(202)
Others	(36,516)	(1,338)	-	(37,854)
Subtotal	(42,254)	4,027	(1,700)	(39,927)
	<u>(\$ 14,611)</u>	<u>\$ 2,360</u>	<u>(\$ 3,904)</u>	<u>(\$ 16,155)</u>
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	1,746	2,454	-	4,200
Subtotal	31,686	(2,343)	(1,700)	27,643
– 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>

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 2021 have been assessed and approved by the Tax Authority.

(33) Earnings per share

For the year ended December 31, 2023			
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	\$ 1,852,719	289,976	\$ 6.39
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

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
Yuanta Securities (Vietnam) Co., Ltd.	The same group of enterprises
SYF Information (Shanghai) Limited	The same group of enterprises (Note 1)
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 (Note 2)
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 1: 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, and the liquidation was completed on January 30, 2024.

Note 2: On September 14, 2023, the Ministry of Economic Affairs (MOEA) approved the dissolution of Yuanta Polaris Research. The record date for liquidation was September 14, 2023, and the related procedures are currently on-going.

(3) Significant related party transactions and balances

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

	<u>December 31, 2023</u>			
	<u>Bank deposits</u>	<u>Operating guarantee deposits</u>	<u>Customer margin deposits</u>	<u>Excess futures margin deposits</u>
Fellow subsidiary				
Yuanta Bank Co., Ltd.	\$ 4,454,633	\$ 140,000	\$ 22,468,952	\$ -
Yuanta Securities Korea Co., Ltd.	-	-	24,063	127
Yuanta Securities (Vietnam) Co., Ltd.	-	-	209,670	-
	<u>\$ 4,454,633</u>	<u>\$ 140,000</u>	<u>\$ 22,702,685</u>	<u>\$ 127</u>
	<u>December 31, 2022</u>			
	<u>Bank deposits</u>	<u>Operating guarantee deposits</u>	<u>Customer margin deposits</u>	<u>Excess futures margin deposits</u>
Fellow subsidiary				
Yuanta Bank Co., Ltd.	\$ 6,098,095	\$ 140,000	\$ 25,549,016	\$ -
Yuanta Securities Korea Co., Ltd.	-	-	4,501	99
Yuanta Securities (Vietnam) Co., Ltd.	-	-	279,988	-
	<u>\$ 6,098,095</u>	<u>\$ 140,000</u>	<u>\$ 25,833,505</u>	<u>\$ 99</u>

For the years ended December 31, 2023 and 2022, the Group purchased Book - Entry Central Government Securities through Yuanta Securities Co., Ltd. amounting to \$2,985,744 and \$0, respectively, and recognised these as customer margin deposits.

B. Leverage margin contract trading client margin deposits

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Fellow subsidiary		
Yuanta Bank Co., Ltd.	<u>\$ 266,264</u>	<u>\$ 123,367</u>

C. Accounts receivable - related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Fellow subsidiary		
Yuanta Securities Co., Ltd.	<u>\$ 1,648</u>	<u>\$ 979</u>

D. Prepayments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Fellow subsidiary		
Yuanta Life Insurance Co., Ltd.	<u>\$ 1,403</u>	<u>\$ 1,480</u>

E. Other receivables - related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Fellow subsidiary		
Yuanta Bank Co., Ltd.	\$ 37,254	\$ 17,213
Yuanta Securities (Hong Kong) Co., Ltd.	34	-
Yuanta Securities Korea Co., Ltd.	1	-
	<u>\$ 37,289</u>	<u>\$ 17,213</u>

F. Other receivables - refund receivable for investments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other related parties		
SYF Information (Shanghai) Limited	\$ 85,526	\$ 118,159

The Group fully recovered the aforementioned refund receivable for investments in January 2024.

G. Leasing arrangements – lessee

(A) The Group leases buildings from Yuanta Bank Co., Ltd., Yuanta Securities (Hong Kong) Co., Ltd. and Yuanta Life Insurance Co., Ltd. with a lease term from 2 to 5 years and rents are paid monthly.

(B) Acquisition of right-of-use assets

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Fellow subsidiary		
Yuanta Securities (Hong Kong) Co., Ltd.	\$ -	\$ 13,355

(C) Depreciation expense - right-of-use assets

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Fellow subsidiary		
Yuanta Bank Co., Ltd.	\$ 2,360	\$ 2,360
Yuanta Life Insurance Co., Ltd.	36,452	36,452
Yuanta Securities (Hong Kong) Co., Ltd.	6,985	834
	<u>\$ 45,797</u>	<u>\$ 39,646</u>

(D) Lease liabilities

a. Outstanding balance

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Fellow subsidiary		
Yuanta Bank Co., Ltd.	\$ 2,260	\$ 4,663
Yuanta Life Insurance Co., Ltd.	73,705	113,561
Yuanta Securities (Hong Kong) Co., Ltd.	6,269	13,013
	<u>\$ 82,234</u>	<u>\$ 131,237</u>

b. Interest expense

	For the years ended December 31,	
	2023	2022
Fellow subsidiary		
Yuanta Bank Co., Ltd.	\$ 21	\$ 35
Yuanta Life Insurance Co., Ltd.	582	824
Yuanta Securities (Hong Kong) Co., Ltd.	677	111
	<u>\$ 1,280</u>	<u>\$ 970</u>
H. <u>Refundable deposits</u>		
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
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>
I. <u>Futures traders' equity</u>		
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Fellow subsidiary		
Yuanta Securities Co., Ltd.	\$ 2,567,422	\$ 2,989,090
Yuanta Bank Co., Ltd.	513,843	105,315
Yuanta Securities (Hong Kong) Co., Ltd.	55,577	101,689
Yuanta Securities Korea Co., Ltd.	286,651	290,990
Funds managed by fellow subsidiary		
Funds managed by Yuanta Securities Investment Trust	39,128,798	37,679,405
Other related parties	68,659	89,347
	<u>\$ 42,620,950</u>	<u>\$ 41,255,836</u>
J. <u>Accounts payable - related parties</u>		
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Fellow subsidiary		
Yuanta Securities Co., Ltd.	\$ 17,434	\$ 22,020
Other related parties	22	-
	<u>\$ 17,456</u>	<u>\$ 22,020</u>
K. <u>Other payables - related parties</u>		
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Parent Company		
Yuanta Financial Holdings	\$ 4	\$ 319
Other related parties	-	89
	<u>\$ 4</u>	<u>\$ 408</u>

L. Brokerage

	For the years ended December 31,	
	2023	2022
Fellow subsidiary		
Yuanta Securities Co., Ltd.	\$ 85,230	\$ 100,975
Yuanta Bank Co., Ltd.	2,034	725
Yuanta Securities (Hong Kong) Co., Ltd.	13,640	19,275
Yuanta Securities Korea Co., Ltd.	2,369	1,929
Funds managed by fellow subsidiary		
Funds managed by Yuanta Securities Investment Trust	72,401	135,584
Other related parties	4,951	9,820
	<u>\$ 180,625</u>	<u>\$ 268,308</u>

M. Securities commissions revenue

	For the years ended December 31,	
	2023	2022
Fellow subsidiary		
Yuanta Securities Co., Ltd.	\$ 15,533	\$ 13,581
Yuanta Securities (Hong Kong) Co., Ltd.	-	4
	<u>\$ 15,533</u>	<u>\$ 13,585</u>

N. Futures advisory revenue

	For the years ended December 31,	
	2023	2022
Fellow subsidiary		
Yuanta Securities Co., Ltd.	\$ 15	\$ 15

O. Other operating revenue - co-marketing revenue

	For the years ended December 31,	
	2023	2022
Fellow subsidiary		
Yuanta Securities Investment Trust Co., Ltd.	\$ 1	\$ 1
Yuanta Bank Co., Ltd.	2	-
	<u>\$ 3</u>	<u>\$ 1</u>

P. Futures commissions expense

	For the years ended December 31,	
	2023	2022
Fellow subsidiary		
Yuanta Securities Co., Ltd.	\$ 238,351	\$ 292,413
Yuanta Securities (Hong Kong) Co., Ltd.	79	10
Yuanta Securities (Vietnam) Co., Ltd.	1,234	953
Yuanta Securities Korea Co., Ltd.	115	12
Other related parties	54	-
	<u>\$ 239,833</u>	<u>\$ 293,388</u>

Q. Service fees

	For the years ended December 31,	
	2023	2022
Fellow subsidiary		
Yuanta Securities Investment Consulting Co., Ltd.	\$ 3,600	\$ 3,600
Yuanta Securities Co., Ltd.	1,719	1,775
	<u>\$ 5,319</u>	<u>\$ 5,375</u>

R. Computer information expense

	For the years ended December 31,	
	2023	2022
Fellow subsidiary		
Yuanta Securities Co., Ltd.	\$ 456	\$ 456

S. Other employee benefit expense

	For the years ended December 31,	
	2023	2022
Fellow subsidiary		
Yuanta Life Insurance Co., Ltd.	\$ 2,413	\$ 2,543

T. Repairing fee

	For the years ended December 31,	
	2023	2022
Fellow subsidiary		
Yuanta Life Insurance Co., Ltd.	\$ 1,316	\$ 1,218

U. Water, electricity and gas fee

	For the years ended December 31,	
	2023	2022
Fellow subsidiary		
Yuanta Life Insurance Co., Ltd.	\$ 3,244	\$ 3,114

V. Building management fee

	For the years ended December 31,	
	2023	2022
Fellow subsidiary		
Yuanta Bank Co., Ltd.	\$ 164	\$ 164
Yuanta Life Insurance Co., Ltd.	9,036	7,834
Yuanta Securities (Hong Kong) Co., Ltd.	1,479	177
	<u>\$ 10,679</u>	<u>\$ 8,175</u>

W. Miscellaneous expenses

	For the years ended December 31,	
	2023	2022
Fellow subsidiary		
Yuanta Bank Co., Ltd.	\$ 157	\$ 162
Yuanta Life Insurance Co., Ltd.	-	7
	<u>\$ 157</u>	<u>\$ 169</u>

X. Interest income

	For the years ended December 31,	
	2023	2022
Fellow subsidiary		
Yuanta Bank Co., Ltd.	\$ 473,843	\$ 254,472
Yuanta Life Insurance Co., Ltd.	99	53
Yuanta Securities (Vietnam) Co., Ltd.	488	313
Yuanta Securities Korea Co., Ltd.	11	6
	<u>\$ 474,441</u>	<u>\$ 254,844</u>

Interest income includes the interest from demand deposits, time deposits, customer margin deposits, and operating guarantee deposits.

Y. Security lending expense

	For the years ended December 31,	
	2023	2022
Fellow subsidiary		
Yuanta Securities Co., Ltd.	\$ -	\$ 7

Z. Interest expense

	For the years ended December 31,	
	2023	2022
Fellow subsidiary		
Yuanta Securities Co., Ltd.	\$ 9,546	\$ 3,956
Yuanta Bank Co., Ltd.	1,028	103
Yuanta Securities (Hong Kong) Co., Ltd.	268	128
Yuanta Securities Korea Co., Ltd.	2,397	539
Yuanta Life Insurance Co., Ltd.	99	53
Funds managed by fellow subsidiary		
Funds managed by Yuanta Securities Investment Trust	207,972	38,027
	<u>\$ 221,310</u>	<u>\$ 42,806</u>

AA. Donation expenditure

	For the years ended December 31,	
	2023	2022
Other related parties		
Yuanta Cultural & Education Foundation	\$ 4,000	\$ 2,400
Yuanta Polaris Research	1,150	950
	<u>\$ 5,150</u>	<u>\$ 3,350</u>

AB. Property transactions

	December 31, 2023	December 31, 2022
Acquisition of financial assets		
Funds managed by fellow subsidiary		
Funds managed by Yuanta Securities Investment Trust	\$ 292,896	\$ 159,540

The gains (losses) on disposal of funds managed by fellow subsidiary was \$585 and (\$2,727) for the years ended December 31, 2023 and 2022, respectively.

For the years ended December 31, 2023 and 2022, the Group purchased bonds through Yuanta Bank Co., Ltd. amounting to \$55,032 and \$0, respectively, and recognised these as financial assets at amortised cost-non-current.

(4) Key management compensation

	For the years ended December 31,	
	2023	2022
Salaries and other short-term employee benefits	\$ 311,913	\$ 300,662
Post-employment benefits	7,052	4,445
Other long-term benefits	1,904	1,912
	<u>\$ 320,869</u>	<u>\$ 307,019</u>

8. PLEDGED ASSETS

None.

9. SIGNIFICANT COMMITMENTS AND CONTINGENT LIABILITIES

As of December 31, 2023, the amount for the contracts of capital expenditures signed by the Group is \$221,656. Based on the contracts, the amount that has been paid is \$28,401 and the amount that has not yet been paid is \$193,255.

10. SIGNIFICANT LOSS FROM NATURAL DISASTER

None.

11. DERIVATIVE INSTRUMENT TRANSACTIONS

The Group had derivative financial instrument trading as follows:

December 31, 2023						
Item	Object of transaction	Buyer /Seller	Open Interest		Fair value	Remarks
			Number of contract(s) (lot)	Margin paid (received)		
Futures contracts (Domestic)	TX	Buyer	37	\$ 132,196	\$ 132,238	
	MTX	Buyer	165	147,288	147,427	
	MTX	Seller	67 (	59,593) (	59,936)	
	Stock Futures	Buyer	1,103	268,817	269,817	
	Stock Futures	Seller	3,463 (	569,327) (	578,582)	
	TE	Buyer	1	3,562	3,567	
	ZE	Seller	7 (	3,119) (	3,121)	
	Foreign Exchange	Buyer	26	16,149	15,787	
	Foreign Exchange	Seller	26 (	16,147) (	15,787)	
Futures contracts (Overseas)	Foreign Exchange	Buyer	8	24,651	24,565	
	Energy Futures	Seller	2 (	4,720) (	4,731)	
Option contracts (Domestic)	TXO	Buy call	77	2,260	2,832	
	TXO	Buy put	292	4,822	2,470	
	TXO	Sell call	231 (	5,754) (	7,098)	
	TXO	Sell put	138 (	2,917) (	1,324)	

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

December 31, 2022

Item	Object of transaction	Open Interest			Fair value	Remarks
		Buyer /Seller	Number of contract(s) (lot)	Margin paid (received)		
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	3,360	3,358	
	Index Futures	Seller	13	(10,018)	(10,054)	
	Metal Futures	Buyer	4	22,358	22,433	
	Foreign Exchange	Buyer	12	36,630	36,440	
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.

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, 2023		December 31, 2022		Standard	Enforcement (Note 3)
		Calculation	Ratio	Calculation	Ratio		
17	$\frac{\text{Equity}}{\text{(Total liabilities – Future traders' equity)}}$	$\frac{14,512,709}{2,789,284}$	5.20	$\frac{12,870,849}{2,727,864}$	4.72	≥ 1	Satisfied
17	$\frac{\text{Current assets}}{\text{Current liabilities}}$	$\frac{104,956,727}{93,917,064}$	1.12	$\frac{104,902,918}{95,316,184}$	1.10	≥ 1	Satisfied
22	$\frac{\text{Equity}}{\text{Minimum paid – in capital (Note 1)}}$	$\frac{14,512,709}{1,060,000}$	1369.12%	$\frac{12,870,849}{1,060,000}$	1214.23%	$\geq 60\%$ $\geq 40\%$ (Note 2)	Satisfied
22	$\frac{\text{Adjusted net capital}}{\text{Total margin deposit required for futures traders, not yet off-set}}$	$\frac{13,466,482}{19,618,859}$	68.64%	$\frac{11,113,300}{14,347,089}$	77.46%	$\geq 20\%$ $\geq 15\%$	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 unfavourable 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, 2023			
	Brokerage segment	Dealing segment	Other operating segment	Total
Segment revenue	\$ 3,248,602	\$ 187,479	(\$ 28)	\$ 3,436,053
Segment profit (loss)	\$ 2,497,012	\$ 50,990	(\$ 261,262)	\$ 2,286,740

	For the year ended December 31, 2022			
	Brokerage segment	Dealing segment	Other operating segment	Total
Segment revenue	\$ 3,909,051	\$ 90,775	(\$ 28)	\$ 3,999,798
Segment profit (loss)	\$ 1,632,822	(\$ 22,124)	(\$ 188,233)	\$ 1,422,465

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

The Company invested US \$5,000,000 in Yuanta Global (Singapore) Pte. Ltd. on January 24, 2024.

16. RELATED INFORMATION OF SIGNIFICANT TRANSACTIONS

- (1) Financing activities to any company or person: None.
- (2) Endorsements and guarantees provided: None.
- (3) Acquisition of real estate properties exceeding \$300 million or 20% of the Company's paid-in capital: None.
- (4) Disposal of real estate properties exceeding \$300 million or 20% of the Companies' paid-in capital: None.
- (5) Handling fee discounts on transactions with related parties in excess of NT\$5,000,000: None.
- (6) Accounts receivable from related parties reaching \$100 million or over 20% of paid-in capital balance: None.

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

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	4,709	No significant difference from general customers.	0.00%
0	Yuanta Futures Co., Ltd.	Yuanta Futures (Hong Kong) Co., Ltd.	1	Customer margin deposit	367,855	No significant difference from general customers.	0.33%
0	Yuanta Futures Co., Ltd.	Yuanta Futures (Hong Kong) Co., Ltd.	1	Other Prepaid	261	No significant difference from general customers.	0.00%
0	Yuanta Futures Co., Ltd.	Yuanta Futures (Hong Kong) Co., Ltd.	1	Futures traders' equity	497,589	No significant difference from general customers.	0.44%
0	Yuanta Futures Co., Ltd.	Yuanta Futures (Hong Kong) Co., Ltd.	1	Brokerage	8,315	No significant difference from general customers.	0.24%
0	Yuanta Futures Co., Ltd.	Yuanta Futures (Hong Kong) Co., Ltd.	1	Futures commission	14,321	No significant difference from general customers.	0.42%
0	Yuanta Futures Co., Ltd.	Yuanta Futures (Hong Kong) Co., Ltd.	1	Interest income	211	No significant difference from general customers.	0.01%
0	Yuanta Futures Co., Ltd.	Yuanta Futures (Hong Kong) Co., Ltd.	1	Interest expense	3,825	No significant difference from general customers.	0.11%
0	Yuanta Futures Co., Ltd.	Yuanta Global (Singapore) Pte. Ltd.	1	Other receivable	11,540	No significant difference from general customers.	0.01%
1	Yuanta Futures (Hong Kong) Co., Ltd.	Yuanta Futures Co., Ltd.	2	Cash	587	No significant difference from general customers.	0.00%
1	Yuanta Futures (Hong Kong) Co., Ltd.	Yuanta Futures Co., Ltd.	2	Customer margin deposit	497,002	No significant difference from general customers.	0.44%
1	Yuanta Futures (Hong Kong) Co., Ltd.	Yuanta Futures Co., Ltd.	2	Other payables	261	No significant difference from general customers.	0.00%
1	Yuanta Futures (Hong Kong) Co., Ltd.	Yuanta Futures Co., Ltd.	2	Futures traders' equity	372,564	No significant difference from general customers.	0.33%
1	Yuanta Futures (Hong Kong) Co., Ltd.	Yuanta Futures Co., Ltd.	2	Brokerage	14,321	No significant difference from general customers.	0.42%
1	Yuanta Futures (Hong Kong) Co., Ltd.	Yuanta Futures Co., Ltd.	2	Futures commission	8,315	No significant difference from general customers.	0.24%
1	Yuanta Futures (Hong Kong) Co., Ltd.	Yuanta Futures Co., Ltd.	2	Interest income	3,825	No significant difference from general customers.	0.11%
1	Yuanta Futures (Hong Kong) Co., Ltd.	Yuanta Futures Co., Ltd.	2	Interest expense	211	No significant difference from general customers.	0.01%
2	Yuanta Global (Singapore) Pte. Ltd.	Yuanta Futures Co., Ltd.	2	Other payables	11,540	No significant difference from general customers.	0.01%

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.

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, 2023			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, 2023	Balance as at December 31, 2022	Number of shares (in thousands)	Ownership (%)	Book value					
The Company	Yuanta Futures (Hong Kong)	Hong Kong	2010.12.2	Gin-Gwen-Zheng-Qi Letter No. 0990055943	Financial Services	1,033,971	1,033,971	34,000	100.00%	994,470	\$ 84,141	\$ 68,552	\$ 68,552	-	Subsidiaries
The Company	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%	293,338	-	2,181	2,181	-	Subsidiaries
The Company	Yuanta Global (Singapore) Pte. Ltd. (Note)	Singapore	2022.11.23	Gin-Gwen-Zheng-Qi Letter No. 1110357536	Applying	-	-	-	100.00%	(5,728)	-	(5,550)	(5,550)	-	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. In addition, the case has been approved by the FSC through Gin-Gwen-Zheng-Qi Letter No.1120355060 on September 19, 2023 which agrees to extend its starting period until April 19, 2024.

(2) Information on investee companies with direct or indirect controlling interest is as follows:

- A. Financing activities to any company or person: None.
- B. Endorsements and guarantees provided: None.
- C. Acquisition of real estate properties exceeding \$300 million or 20% of the Company's paid-in capital: None.

D. Disposal of real estate properties exceeding \$300 million or 20% of the Company's paid-in capital: None.

E. Handling fee discounts on transactions with related parties in excess of \$5 million: None.

F. Accounts receivable from related parties reaching \$100 million or over 20% of paid-in capital: None.

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

18. DISCLOSURE OF INFORMATION ON SETTING UP BRANCH OFFICES AND REPRESENTATIVE

None.

19. DISCLOSURE OF INFORMATION ON INDIRECT INVESTMENT IN MAINLAND CHINA

None.

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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	8.28%
Luo Sheng Fong Co., Ltd.		17,711	6.11%

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 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(24).

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Inputs that are quoted prices (unadjusted) in active markets for identical assets or liabilities. An active market has to satisfy all the following conditions: a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the 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, 2023				
	Book value	Fair value			
		Total	Level 1	Level 2	Level 3
Financial assets					
Investments in debt instruments at amortised cost	\$ 57,095	\$ 57,203	\$ -	\$ 57,203	\$ -
Financial liabilities					
Bond payable	\$ 1,498,157	\$ 1,459,340	\$ -	\$ 1,459,340	\$ -
	December 31, 2022				
	Book value	Fair value			
	Total	Level 1	Level 2	Level 3	
Financial liabilities					
Bond payable	\$ 1,497,779	\$ 1,427,078	\$ -	\$ 1,427,078	\$ -

(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, 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. Investments in debt instrument at amortised cost: When there is a quoted market price available in an active market, the fair value is determined using the market price. If there is no quoted market price available in an active market, the fair value is estimated by adopting financial valuation method or by reference to counterparty quotes.
- c. 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, 2023 and 2022 is as follows:

December 31, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Assets</u>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Listed stocks	\$ 303,576	\$ -	\$ -	\$ 303,576
Beneficiary certificates	292,896	-	-	292,896
Futures trading margin - own funds	57,744	-	-	57,744
Buy options - futures	5,302	-	-	5,302
Derivatives Assets - OTC	-	26,787	-	26,787
Financial assets at fair value through other comprehensive income				
Equity securities	<u>282,042</u>	<u>-</u>	<u>2,146,883</u>	<u>2,428,925</u>
	<u>\$ 941,560</u>	<u>\$ 26,787</u>	<u>\$ 2,146,883</u>	<u>\$ 3,115,230</u>
<u>Liabilities</u>				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Sell options - futures	<u>\$ 8,422</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,422</u>

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	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	780,299	-	2,052,432	2,832,731
	<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 measurements</u>				
Financial liabilities at fair value through profit or loss				
Sell options - futures	\$ 12,184	\$ -	\$ -	\$ 12,184
Security borrowing payable - non-hedging	14,274	-	-	14,274
	<u>\$ 26,458</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,458</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:
- Quoted market prices or dealer quotes for similar instruments.
 - Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

E. For the years ended December 31, 2023 and 2022, 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, 2023 and 2022.

	<u>Equity securities</u>
January 1, 2023	\$ 2,052,432
Gains and losses recognised in other comprehensive income (Note)	94,451
December 31, 2023	<u>\$ 2,146,883</u>
	<u>Equity securities</u>
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>

Note: Recorded as unrealised valuation gain or loss on financial assets at fair value through other comprehensive income (loss).

G. The following is the quantitative information of significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	<u>Fair value at</u>	<u>Valuation</u>	<u>Significant</u>	<u>Range (weighted</u>	<u>Relationship of</u>
	<u>December 31, 2023</u>	<u>technique</u>	<u>unobservable input</u>	<u>average)</u>	<u>inputs to fair value</u>
Non-derivative equity					
Non-listed stocks	\$ 2,146,883	Market multiplier approach	Discount of marketability	$\leq 40\%$	The higher the discount of marketability, the lower the fair value
	<u>Fair value at</u>	<u>Valuation</u>	<u>Significant</u>	<u>Range (weighted</u>	<u>Relationship of</u>
	<u>December 31, 2022</u>	<u>technique</u>	<u>unobservable input</u>	<u>average)</u>	<u>inputs to fair value</u>
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

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. The Group adjusted the valuation parameters of certain underlying companies in the second quarter of 2023 to reflect the observable market data at the measurement date and the operations of the underlying companies.

- 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%:

	December 31, 2023	
	Recognised in other comprehensive income	
	Favourable change	Unfavourable change
Financial assets		
Equity instrument	\$ 9,201	(\$ 9,201)
	December 31, 2022	
	Recognised in other comprehensive income	
	Favourable change	Unfavourable change
Financial assets		
Equity instrument	\$ 8,796	(\$ 8,796)

(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 authorised by the Board of Directors, comprising objectives, scopes, powers and responsibilities, and procedures of risk management.

C. Organisational structure of risk management

(A) The Group's organisational structure of risk management comprises the Board of Directors, Audit Committee, high management level, Risk Management Department, Legal Compliance Department, Internal Audit Department, other risk management related units and each business unit; they all together form three lines of defence for risk management.

a. First line of defence: this includes business, operation, management and other units, which are responsible for identifying and managing the risks arising from its duties and functions or business scope when performing related operations.

b. Second line of defence: this includes high management level, Risk Management Department, Legal Compliance Department and other risk management related units, which are responsible for establishing the management mechanism for each major risk category, supervising the overall risk tolerance ability and current situation of risk tolerance and reporting the monitoring implementation status.

- c. Third line of defence: this includes the Board of Directors, Audit Committee and Internal Audit Department. Internal Audit Department is responsible for auditing the compliance and implementation status of various regulations and internal control system and ensuring the internal control system can be implemented continuously and effectively.
- (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 is the highest decision-making unit of the Group's risk management; its main duties include assessing and approving the Risk Management Policy, significant risk management system, annual acceptable limit of risk and monitoring indicator threshold and directing the execution of the risk management system.
 - 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 deliberating the Risk Management Policy, significant risk management system, annual acceptable limit of risks and monitoring indicator threshold and supervising the management of the Group's existing or potential risk.
 - c. High management level: High management level reviews the risks involved in the Group's various operating activities and ensures that the Company's risk management system can completely and effectively control related risks.
 - d. Risk Management Department: Risk Management Department is an independent department under the Board of Directors; its main duties include developing the risk management system, establishing the effective method for measuring risks and the risk management system, monitoring and analysing risks and reporting and warning significant risks.
 - e. Legal Compliance Department: The main duties of the Legal Compliance Department are implementing the legal compliance risk control, confirming all operating and management regulations are updated in accordance with relevant regulations timely, supervising the supervisors of each unit to execute the introduction, establishment and implementation of relevant internal norms and assessing the legal and legal compliance risks that may be involved in various businesses, legal documents and contracts.
 - f. Internal Audit Department: Internal Audit Department, an independent department under the Board of Directors together with the Risk Management Department, is responsible for independently auditing and assessing whether the risk management and related internal control system are continuously and effectively operating and timely providing suggestions for improvement.
 - g. Other risk management related units: Other risk management related units are responsible for assessing and detecting the risks that may cause losses to the Group within the scope of risks under their supervision, formulating the risk monitoring indicators according to the characteristics of the risks, supervising the overall risk tolerance ability and current situation of risk tolerance and reporting the monitoring implementation status.

- h. Each business unit: Each business unit is responsible for identifying and managing the risks arising from its duties and functions or business scope and designing and implementing the effective internal control procedures that include the functions of risk management fully covers relevant operating activities for the characteristics of the risks.

D. Procedures of risk management

The Group's procedures of risk management include risk identification, risk measurement, risk monitoring and risk management. The design of these procedures is to ensure all risks faced by the Group can be effectively controlled.

- (A) Risk identification: Confirm the nature and type of risk in each business through analysing the procedures. Identify the major operating risks of the Group, including financial risk, operational risk, legal and legal compliance risks and climate change risk.
- (B) Risk measurement: Make a reasonable estimate of various risk characteristics that may cause or affect potential losses. For risk characteristics that are quantifiable, appropriate quantitative methods shall be used to measure the degree of risks; for risk characteristics that cannot be quantified, appropriate qualitative methods shall be used to express the degree of risks.
- (C) Risk monitoring: The Group assesses the risk degree actually generated from the business according to the risk limits of each business to ensure each risk complies with the Company's authorisation.
- (D) Risk management reporting: Report information related to risk management to relevant supervisors. The level, content and frequency of risk reporting shall be adjusted according to the nature of the risks and their influence degree on the Company's business, profit or loss and net assets.

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 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 Group has established three lines of defence for risk management. Each line of defence has clear organisation, 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 management 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 organisations' 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 management 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.

(5) Market risk

The Group's financial assets include bank deposits, 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, and 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 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 authorisation. 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 interval.

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, 2023

Type of Trading	Equity	Commodity	Foreign Exchange Rate	Interest Rate	Total
December 31, 2023	\$ 8,118	\$ 72	\$ 3,006	\$ -	\$ 11,056
Average	4,681	65	3,336	245	7,877
Lowest	230	-	1,607	-	2,063
Highest	12,117	1,521	15,828	870	18,297

Period: January 1 ~ December 31, 2022

Type of Trading	Equity	Commodity	Foreign Exchange Rate	Interest Rate	Total
December 31, 2022	\$ 2,637	\$ -	\$ 9,164	\$ 849	\$ 13,515
Average	2,941	241	4,584	77	7,387
Lowest	280	-	1,162	-	3,267
Highest	16,892	2,361	9,442	855	20,831

Note 1: Trading included trading positions but not including non-trading positions.

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, bonds, repurchase agreement/reverse repurchase agreement of bonds (bills), deposits for securities borrowing and lending, margins for futures, customer margin deposits deposited under central government bonds, 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, 2023, the highest was Taiwan with (87.46%), the second was Asia (excluding Taiwan) with (6.91%) and the third was America with (5.09%). Compared to the same period last year, the proportion of investments in Taiwan and Europe have decreased with 3.34% and 3.29%, Asia (excluding Taiwan) and America have increased with 2.18% and 4.44%, respectively.

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Taiwan	\$ 95,317,415	\$ 98,526,162
Asia (excluding Taiwan)	7,534,777	5,137,405
Europe	569,959	4,135,299
America	5,550,178	705,568
Other	12,564	6,407
	<u>\$ 108,984,893</u>	<u>\$ 108,510,841</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 (99.45%) 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 undertaken by the Group were banks, futures clearing and settlement institution and re-consigned futures firms. The percentages distribution did not change significantly in this period compared to the corresponding period of last year.

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Privately owned businesses	\$ 353,574	\$ 160,026
Financial institutions	108,381,474	108,145,220
Public enterprises	158,654	82,643
Government agencies	25,185	-
Other	66,006	122,952
	<u>\$ 108,984,893</u>	<u>\$ 108,510,841</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:

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.

- (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, 2023, the credit quality levels of the Group's financial assets were classified as follows: Excellent is 96.29%, standard is 3.60%. Compared to the same period last year, the proportion of financial assets classified as excellent and standard had decreased while assets classified as below standard had increased.

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Excellent	\$ 104,941,851	\$ 105,879,904
Standard	3,925,410	2,506,448
Below standard	<u>117,632</u>	<u>124,489</u>
	<u>\$ 108,984,893</u>	<u>\$ 108,510,841</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 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 Group cannot reasonably expect to recover the entire or part of the financial asset, it will write off the entire or part of the financial asset.

(F) Measurement of expected credit loss and consideration of forward-looking information

a. Futures trading margin receivable

Obtain historical loss rates (based on the historical losses from the past three years, compare the current and past economic environments to the predicted future environment (forward-looking factor) and determine if there is a significant change; adjust the estimate for future loss rates accordingly).

- (a) The total carrying amount, allowance for losses, and maximum exposure of “futures trading margin receivable” of the Group are as follows:

	December 31, 2023			
	12 months Without past due or within 30 days	Lifetime		Total
		Significant increase in credit risk	Credit impaired	
		More than 30 days	More than 90 days	
Expected loss rate	0%	100%	100%	
Total book value	\$ -	\$ -	\$ 48,305	\$ 48,305
Loss allowance	\$ -	\$ -	(\$ 48,305)	(\$ 48,305)
Maximum exposure amount	\$ -	\$ -	\$ -	\$ -

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

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

	For the year ended December 31, 2023				
	12 months Without past due or within 30 days	Lifetime		Total	
		Significant increase in credit risk More than 30 days	Credit impaired More than 90 days		
January 1, 2023	\$ -	\$ -	(\$ 96,002)	(\$ 96,002)	
Reversal of impairment loss	-	-	38,353	38,353	
Write-offs	-	-	9,344	9,344	
December 31, 2023	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 48,305)</u>	<u>(\$ 48,305)</u>	

	For the year ended December 31, 2022				
	12 months Without past due or within 30 days	Lifetime		Total	
		Significant increase in credit risk More than 30 days	Credit impaired More than 90 days		
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>	

b. Investments in debt instruments

The expected credit loss (ECL) model is primarily based on the following three parameters: probability of default (PD), loss given default (LGD), and exposure at default (EAD).

- (a) Probability of default: Calculated based on the internal credit ratings of the credit reference subject determined using external credit rating which has taken into consideration the forecast, such as macroeconomics, incorporating default rates published by external credit rating agencies.
- (b) Loss given default: Calculated based on the guarantees and the priority of claims of the debt instrument, and the average recovery rates published by external credit rating agencies.
- (c) Exposure at default: total carrying amount (including interest receivable). The carrying amount is measured at amortised cost before any adjustments to the allowance for losses.
- (d) The expected credit loss of the investments in debt instrument at amortised cost of the Group, within 12 months, at December 31, 2023 and 2022, are both \$0.

(e) Forward-looking information considerations

I. For determining significant increase in credit risk

The measure of credit loss is based on external credit ratings, the probability of default and loss given default information published by external credit rating agencies. These credit ratings incorporate forward-looking information, which is considered to be appropriate by the Group in estimating the expected credit losses.

II. For measuring expected credit losses

At least reflected in the forecastable adjustments of PD and LGD: In order to predict future probabilities of default, historical performances of PD, current trends in PD, the correlation between PD and macroeconomic factors, and other relevant information is considered by experts to give an overall assessment of forecastable scenarios of PD. The PD parameters are then adjusted accordingly to produce the forecastable PD parameters.

III. Other

Forecastable adjustments are not made if the results from such adjustments are not expected to differ significantly from the original results, assuming there are no significant changes in current economic conditions and the future macroeconomic environment. However, if significant changes in the future macroeconomic environment are predicted, the loss rates have to be adjusted accordingly; for example, adjusting the loss rate by a certain percentage according to expected changes in GDP.

D. For investments in debt instruments at amortised cost, the credit rating levels within 12 months are presented as below:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	<u>12 months</u>	<u>12 months</u>
Financial assets at amortised cost Credit rating level over BBB+	\$ 57,095	\$ -

(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 realisation, 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, 2023

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	\$ 8,422	\$ -	\$ -	\$ -	\$ -	\$ 8,422
214080	Futures traders' equity	95,307,015	-	-	-	-	95,307,015
214100	Leverage margin contract transaction traders' equity	372,254	-	-	-	-	372,254
214130	Accounts payable	7,745	109,829	-	-	-	117,574
214140	Accounts payable - related parties	-	17,456	-	-	-	17,456
214170	Other payables	-	426,066	43,246	39	-	469,351
214180	Other payables - related parties	-	4	-	-	-	4
216000	Lease liabilities - current	-	12,846	35,985	-	-	48,831
219000	Other current liabilities	-	282	6,045	-	-	6,327
221100	Bonds Payable	-	-	-	1,498,157	-	1,498,157
226000	Lease liabilities - non-current	-	-	-	37,915	-	37,915
	Total	<u>\$ 95,695,436</u>	<u>\$ 566,483</u>	<u>\$ 85,276</u>	<u>\$ 1,536,111</u>	<u>\$ -</u>	<u>\$ 97,883,306</u>
	Percentage (%) of overall	97.76%	0.58%	0.09%	1.57%	0.00%	100.00%

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	\$ -	\$ -	\$ -	\$ -	\$ 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
	Total	\$ 97,130,822	\$ 497,754	\$ 51,459	\$ 86,793	\$ 1,497,779	\$ 99,264,607
	Percentage (%) of overall	97.85%	0.50%	0.05%	0.09%	1.51%	100.00%

The analysis of cash flow gap on December 31, 2023

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	\$ 1,030,210	\$ 4,613,554	\$ 5,468,527	\$ 150,000	\$ -	\$ 11,262,291
112000	Financial assets at fair value through profit or loss - current	686,305	-	-	-	-	686,305
113200	Financial assets at fair value through other comprehensive income - current	152,712	-	-	-	-	152,712
114070	Customer margin deposits	95,469,319	-	-	-	-	95,469,319
114080	Futures trading margin receivable	48,305	-	-	-	-	48,305
114130	Accounts receivable	-	251,176	-	-	-	251,176
114140	Accounts receivable - related parties	-	1,648	-	-	-	1,648
114170	Other receivables	-	102,289	84,298	-	-	186,587
114180	Other receivables - related parties	-	37,185	85,630	-	-	122,815
114300	Leverage margin contract trading client margin deposits	573,860	-	-	-	-	573,860
123200	Financial assets at fair value through other comprehensive income - non-current	-	-	-	-	2,276,213	2,276,213
123300	Financial assets at amortised cost - non-current	-	-	-	57,095	-	57,095
129010	Operating guarantee deposits	-	-	-	-	161,447	161,447
129020	Clearing and settlement funds	-	-	-	-	446,100	446,100
129030	Refundable deposits	-	-	-	21,521	-	21,521
	Subtotal	<u>\$ 97,960,711</u>	<u>\$ 5,005,852</u>	<u>\$ 5,638,455</u>	<u>\$ 228,616</u>	<u>\$ 2,883,760</u>	<u>\$ 111,717,394</u>
	Cash inflow	\$ 97,960,711	\$ 5,005,852	\$ 5,638,455	\$ 228,616	\$ 2,883,760	\$ 111,717,394
	Cash outflow	<u>95,695,436</u>	<u>566,483</u>	<u>85,276</u>	<u>1,536,111</u>	<u>-</u>	<u>97,883,306</u>
	The amount of capital gap	<u>\$ 2,265,275</u>	<u>\$ 4,439,369</u>	<u>\$ 5,553,179</u>	<u>(\$ 1,307,495)</u>	<u>\$ 2,883,760</u>	<u>\$ 13,834,088</u>

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>

(8) Currency risk

A. The Group's businesses involve some non-functional currency operations. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

(Foreign currency: functional currency)	<u>December 31, 2023</u>		<u>December 31, 2022</u>	
	Foreign currency (in thousands)	Exchange rate	Foreign currency (in thousands)	Exchange rate
<u>Financial instruments</u>				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD/NTD	\$ 1,344,837	30.7050	\$ 1,260,451	30.7100
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD/NTD	1,328,737	30.7050	1,216,550	30.7100

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, 2023 and 2022 amounted to (\$15,310) and \$33,901, respectively.

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