

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

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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

PWCR22000418

To the Board of Directors and Stockholders of Yuanta Futures Co., Ltd.

### ***Opinion***

We have audited the accompanying parent company only balance sheets of Yuanta Futures Co., Ltd. (the “Company”) as at December 31, 2022 and 2021, and the parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of Yuanta Futures Co., Ltd. as at December 31, 2022 and 2021, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants and Regulation Governing the Preparation of Financial Reports by Securities Firms.

### ***Basis for Opinion***

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the Audit of the Parent Company Only Financial Statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountants in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Key Audit Matters***

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the parent company only financial statements for the current period. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's parent company only financial statements of the current period are stated as follows:

### ***Fair value valuation of the unlisted stocks***

#### Description

For the accounting policy of the unlisted stocks (accounted under financial assets at fair value through other comprehensive income), please refer to Note 4(7); for critical accounting estimates and assumption uncertainty of the fair value of unlisted stocks, please refer to Note 5; for the details on unlisted stocks, please refer to Note 6(5). The carrying amount of financial assets at fair value through other comprehensive income – unlisted stocks as at December 31, 2022 was NTD 2,052,432 thousand.

Because there are no active market quoted prices for the financial assets at fair value through other comprehensive income - unlisted stocks held by Yuanta Futures Co., Ltd., the management uses valuation techniques to estimate the fair value. The valuation techniques used by Yuanta Futures Co., Ltd. are primarily the market method. The market method's main assumption is determining similar and comparable companies in order to obtain the related parameters as a reference for calculations. The models and parameters used in valuation techniques are based on management's professional judgments and estimates, and such accounting judgments and estimates are highly uncertain. Thus, we have included the fair value valuation of unlisted stocks as a key audit matter in our audit for the year ended December 31, 2022.

#### How our audit addressed the matter

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

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



***Responsibilities of management and those charged with governance for the parent company only financial statements***

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants and Regulation Governing the Preparation of Financial Reports by Securities Firms, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the financial reporting process of the Company.

***Auditors' responsibilities for the audit of the parent company only financial statements***

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgement and professional skepticism throughout the audit. We also:

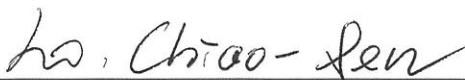
1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The 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.

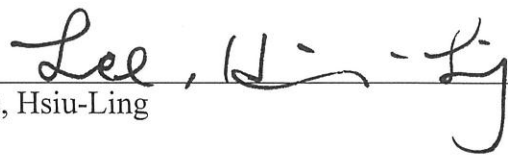
From the matters communicated with those charged with governance, we determine those matters of the Company that were of most significance in the audit of the parent company only financial statements of the current period and are therefore the key audit matter. We describe these matters in our auditors' 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

March 8, 2023



Lee, Hsiu-Ling

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The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

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

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

(Continued)



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

LIABILITIES AND EQUITY	Notes	December 31, 2022		December 31, 2021		
		AMOUNT	%	AMOUNT	%	
<b>Current liabilities</b>						
212000	Financial liabilities at fair value through profit or loss - current	6(2) and 11	\$ 26,458	-	\$ 926	-
214080	Futures traders' equity	6(3) and 7	94,279,967	86	80,868,836	85
214100	Leverage margin contract transaction traders' equity		371,174	1	282,808	-
214130	Accounts payable		138,338	-	136,856	-
214140	Accounts payable - related parties	7	22,020	-	19,749	-
214160	Collection for third parties		8,442	-	9,098	-
214170	Other payables		321,990	-	184,185	-
214180	Other payables - related parties	7	408	-	1,842	-
214600	Current income tax liabilities		97,830	-	18,479	-
216000	Lease liabilities - current	7	43,322	-	42,849	-
219000	Other current liabilities	6(12)	6,235	-	31,143	-
210000	<b>Subtotal current liabilities</b>		<u>95,316,184</u>	<u>87</u>	<u>81,596,771</u>	<u>85</u>
<b>Non-current liabilities</b>						
221100	Bonds Payable	6(13)	1,497,779	1	1,497,401	2
226000	Lease liabilities - non-current	7	80,201	-	118,224	-
228000	Deferred income tax liabilities	6(31)	42,254	-	11,191	-
229000	Other non-current liabilities	6(14)	71,413	-	79,470	-
	<b>Subtotal non-current liabilities</b>		<u>1,691,647</u>	<u>1</u>	<u>1,706,286</u>	<u>2</u>
906003	<b>Total Liabilities</b>		<u>97,007,831</u>	<u>88</u>	<u>83,303,057</u>	<u>87</u>
Capital						
301010	Common stock	6(15)	2,899,763	3	2,899,763	3
Additional paid-in capital						
302000	Capital surplus	6(16)	3,070,484	3	3,070,484	3
Retained earnings						
304010	Legal reserve	6(18)	1,228,957	1	1,132,477	1
304020	Special reserve	6(17)(18)	2,701,014	2	2,508,054	3
304040	Undistributed earnings	6(18)	1,279,417	1	1,123,207	1
Other equity						
305000	Other equity interest	6(19)	1,691,214	2	1,615,913	2
906004	<b>Total equity</b>		<u>12,870,849</u>	<u>12</u>	<u>12,349,898</u>	<u>13</u>
906002	<b>Total liabilities and equity</b>		<u>\$ 109,878,680</u>	<u>100</u>	<u>\$ 95,652,955</u>	<u>100</u>

The accompanying notes are an integral part of these parent company only financial statements.



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

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

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

Items	Notes	For the years ended December 31,			
		2022		2021	
		AMOUNT	%	AMOUNT	%
<b>Other comprehensive income</b>					
<b>Items that will not be reclassified to profit or loss</b>					
805510	Remeasurement of defined benefit obligations	6(14)			
		\$ 8,500	-	\$ 5,163	-
805540	Unrealized gain and loss on equity instrument investment measured at fair value through other comprehensive income	6(5)(19)			
		( 68,495)	( 2)	471,095	12
805599	Income tax related to components of items not to be reclassified	6(31)			
		( 1,700)	-	( 1,032)	-
<b>Items that may be reclassified to profit or loss subsequently</b>					
805610	Translation gain (loss) on the financial statements of foreign operating entities	6(6)(19)			
		104,243	3	( 32,238)	( 1)
805000	<b>Total other comprehensive income (net of tax)</b>				
		\$ 42,548	1	\$ 442,988	11
	<b>Total comprehensive income</b>				
		\$ 1,187,896	30	\$ 1,303,270	34
Earnings per share (in New Taiwan dollars)					
	Basic and diluted earnings per share	6(32)			
		\$	3.95	\$	2.97

The accompanying notes are an integral part of these parent company only financial statements.

YUANTA FUTURES CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars)

	Notes	Capital surplus		Retained earnings			Other equity interest		Total equity	
		Common stock	Paid-in capital in excess of par value	Paid-in capital from business merger	Legal reserve	Special reserve	Undistributed earnings	Translation gain and loss on the financial statements of foreign operating entities		Unrealized gain and loss on equity instrument investment measured at fair value through other comprehensive income
<u>For the year ended December 31, 2021</u>										
Balance, January 1, 2021		\$ 2,899,763	\$ 3,024,151	\$ 46,333	\$ 1,021,010	\$ 2,294,034	\$ 1,295,828	(\$ 64,985)	\$ 1,342,428	\$ 11,858,562
Net income for the year		-	-	-	-	-	860,282	-	-	860,282
Other comprehensive income (loss) for the year	6(5)(19)	-	-	-	-	-	4,131	( 32,238)	471,095	442,988
Total comprehensive income (loss)		-	-	-	-	-	864,413	( 32,238)	471,095	1,303,270
Appropriations of 2020 earnings:										
Legal reserve		-	-	-	111,467	-	( 111,467)	-	-	-
Special reserve		-	-	-	-	214,020	( 214,020)	-	-	-
Cash dividends	6(18)	-	-	-	-	-	( 811,934)	-	-	( 811,934)
Disposal of equity instrument investment measured at fair value through other comprehensive income	6(5)(19)	-	-	-	-	-	100,387	-	( 100,387)	-
Balance, December 31, 2021		\$ 2,899,763	\$ 3,024,151	\$ 46,333	\$ 1,132,477	\$ 2,508,054	\$ 1,123,207	(\$ 97,223)	\$ 1,713,136	\$ 12,349,898
<u>For the year ended December 31, 2022</u>										
Balance, January 1, 2022		\$ 2,899,763	\$ 3,024,151	\$ 46,333	\$ 1,132,477	\$ 2,508,054	\$ 1,123,207	(\$ 97,223)	\$ 1,713,136	\$ 12,349,898
Net income for the year		-	-	-	-	-	1,145,348	-	-	1,145,348
Other comprehensive income (loss) for the year	6(5)(19)	-	-	-	-	-	6,800	104,243	( 68,495)	42,548
Total comprehensive income (loss)		-	-	-	-	-	1,152,148	104,243	( 68,495)	1,187,896
Appropriations of 2021 earnings:										
Legal reserve		-	-	-	96,480	-	( 96,480)	-	-	-
Special reserve		-	-	-	-	192,960	( 192,960)	-	-	-
Cash dividends	6(18)	-	-	-	-	-	( 666,945)	-	-	( 666,945)
Disposal of equity instrument investment measured at fair value through other comprehensive income	6(5)(19)	-	-	-	-	-	( 39,553)	-	39,553	-
Balance, December 31, 2022		\$ 2,899,763	\$ 3,024,151	\$ 46,333	\$ 1,228,957	\$ 2,701,014	\$ 1,279,417	\$ 7,020	\$ 1,684,194	\$ 12,870,849

The accompanying notes are an integral part of these parent company only financial statements.

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

	Notes	For the years ended December 31,	
		2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		\$ 1,421,867	\$ 1,048,960
Adjustments			
Income and expenses having no effect on cash flows			
Depreciation	6(9)(10)(28)	130,554	114,664
Amortization	6(11)(28)	27,105	12,164
Interest income	6(30)	( 883,189 )	( 339,968 )
Interest expense		124,495	8,229
Share of profit or loss of subsidiaries associates, and joint ventures accounted for using the equity method	6(6)	27,264	33,082
Gains on disposal of property and equipment	6(9)	-	( 271 )
Dividend income	6(30)	( 234,462 )	( 159,578 )
Expected credit impairment losses and reversal gains		( 2,795 )	( 3,755 )
Gain on lease modification	6(10)(30)	-	( 490 )
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss - current		( 34,143 )	574,306
Customer margin deposits		( 13,518,841 )	1,750,191
Futures trading margin receivable		2,795	3,755
Security lending deposits		( 20,094 )	169,187
Accounts receivable		( 16,048 )	195,552
Accounts receivable - related parties		1,023	1,567
Prepayments		( 4,113 )	( 3,507 )
Other receivables		224	( 2,697 )
Other receivables - related parties		( 154 )	-
Leverage margin contract trading client margin deposits		( 188,747 )	( 52,957 )
Other current assets		-	23
Other non-current assets - other		( 6,707 )	( 2,999 )
Changes in operating liabilities			
Financial liabilities at fair value through profit or loss - current		25,532	( 219,746 )
Futures traders' equity		13,411,131	( 1,719,813 )
Leverage margin contract transaction traders' equity		88,366	39,235
Accounts payable		1,482	( 21,055 )
Accounts payable - related parties		2,271	( 3,837 )
Collection for third parties		( 656 )	( 516 )
Other payables		124,305	( 58,062 )
Other payables-related parties		( 1,434 )	1,652
Other current liabilities		( 24,908 )	11,559
Other non-current liabilities		443	2,727
Cash inflow generated from operations		452,566	1,377,602
Interest received		819,387	348,029
Interest paid		( 110,617 )	( 7,015 )
Dividends received		234,523	160,348
Income tax paid		( 163,762 )	( 241,652 )
Net cash flows from operating activities		<u>1,232,097</u>	<u>1,637,312</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of financial assets at fair value through other comprehensive income		( 543,350 )	( 1,141,643 )
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(5)	381,687	1,147,130
Acquisition of property and equipment	6(9)	( 50,017 )	( 52,308 )
Proceeds from disposal of property and equipment	6(9) and 7	-	405
Increase in intangible assets	6(11)	( 10,545 )	( 52,565 )
Decrease in clearing and settlement funds		90,807	3,627
Decrease in refundable deposits		50	4,478
Increase in prepayment for equipment		( 19,133 )	( 100,034 )
Net cash flows used in investing activities		<u>( 150,501 )</u>	<u>( 190,910 )</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Principal payment for lease liabilities		( 43,025 )	( 41,761 )
Proceeds from issuance of bonds	6(13)	-	1,497,350
Payment of cash dividends	6(18)	( 666,945 )	( 811,934 )
Net cash flows (used in) generated from financing activities		<u>( 709,970 )</u>	<u>643,655</u>
Net increase in cash and cash equivalents		371,626	2,090,057
Cash and cash equivalents at beginning of year		8,286,016	6,195,959
Cash and cash equivalents at end of year		<u>\$ 8,657,642</u>	<u>\$ 8,286,016</u>

The accompanying notes are an integral part of these parent company only financial statements.



YUANTA FUTURES CO., LTD.  
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021  
(Expressed in Thousands of New Taiwan dollars, Unless Otherwise Indicated)

1. HISTORY AND ORGANIZATION

Yuanta Futures Co., Ltd.’s (the “Company”) profile is described below:

- (1) The Company was incorporated as a company limited by shares under the provisions of the Company Law of the Republic of China (R.O.C.) and started its operations on April 9, 1997. The Company merged with “Refco Taiwan Co., Ltd.” on September 1, 2003 and was renamed as “Polaris Refco Futures Co., Ltd.”. As of 2005, on account of changes in foreign shareholders, an extraordinary shareholders’ meeting was held on February 15, 2006, and resolved to change its name to “Polaris MF Futures Co., Ltd.” as approved by the Ministry of Economic Affairs.

On October 6, 2011, the Board of Directors of Polaris MF Futures Co., Ltd. decided to merge with Yuanta Futures Co., Ltd. In relation to the share conversion with Yuanta Futures Co., Ltd. in accordance with Gin-Gwen-Zheng-Qi Letter No. 1000052507, the Company can exchange its common shares using a ratio of 1.01 share to 1 share of Yuanta Futures common share. Both parties agreed to set April 1, 2012 as the merger date. The Company has also obtained the approval to change its name to “Yuanta Futures Co., Ltd.”.

- (2) The Company is primarily engaged in onshore and offshore futures brokerage business, futures dealing, futures consulting, futures business management, securities dealing, leverage transaction merchant, and a variety of futures related businesses approved by the competent authority. On August 14, 2017, with permission from the competent authority, the Company ceased engaging in futures business management. As of December 31, 2022, the Company had 4 branches.

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

These parent company only financial statements were authorized for issuance by the Board of Directors on March 8, 2023.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

- (1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) that came into effect as endorsed by the Financial Supervisory Commission (“FSC”).

New standards, interpretations and amendments endorsed by the FSC and became effective from 2022 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, ‘Reference to the conceptual framework’	January 1, 2022
Amendments to IAS 16, ‘Property, plant and equipment:proceeds before intended use’	January 1, 2022

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 37, ‘Onerous contracts — cost of fulfilling a contract’	January 1, 2022
Annual improvements to IFRS Standards 2018 – 2020	January 1, 2022

The above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023

The above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’	To be determined by International Accounting Standards Board
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendment to IFRS 17, ‘Initial application of IFRS 17 and IFRS 9 – comparative information’	January 1, 2023
Amendments to IAS 1, ‘Classification of liabilities as current or non-current’	January 1, 2024
Amendments to IAS 1, ‘Non-current liabilities with covenants’	January 1, 2024

The above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

##### (1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants and Regulations Governing the Preparation of Financial Reports by Securities Firms and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRS”).

##### (2) Basis of preparation

A. Except for the following items, the parent company only financial statements have been prepared under the historical cost convention:

(A) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

(B) Financial assets at fair value through other comprehensive income.

(C) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

##### (3) Foreign currency translation

Items included in the parent company only financial statements of each of the Company’s entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The parent company only financial statements are presented in New Taiwan dollars, which is the Company’s functional currency.

A. Foreign currency transactions and balances

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

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

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

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

#### B. Translation of foreign operations

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

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

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

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

#### (4) Classification of current and non-current items

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

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

(B) Assets held mainly for trading purposes;

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

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

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

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

(B) Liabilities arising mainly from trading activities;

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

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



not affect its classification.

(5) Cash and cash equivalents

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

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

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income. Financial assets at amortised cost or fair value through other comprehensive income are designated as at fair value through profit or loss at initial recognition when they eliminate or significantly reduce a measurement or recognition inconsistency.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

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

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

(8) Customer margin deposits

In accordance with the Rules Governing Futures Commission Merchants, customer margin deposits accounts refer to the guarantee deposits and premiums collected from the futures customers, and the spread is calculated based on daily market price.

- (9) Futures traders' equity / Futures trading margin receivable  
Futures traders' equity is the trading margin/premiums deposited by customers and the difference of daily close-market balance. Futures traders' equity is shown under current liabilities. It cannot be offset except for the same customer with the same category of accounts. If payable to customer does not occur, it should be classified as futures trading margin receivable.
- (10) Leverage margin contract trading client margin deposits  
In accordance with the Regulations Governing Leverage Transaction Merchants, margin deposits accounts refer to the guarantee deposits and premiums collected from the leveraged trader, and the difference of daily evaluation.
- (11) Leverage margin contract transaction traders' equity  
Leverage margin contract transaction traders' equity is the trading margin/premiums deposited by customers and the difference of daily evaluation. Leverage margin contract transaction traders' equity is shown under current liabilities.
- (12) Accounts receivable  
A. Accounts receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.  
B. The short-term accounts receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.
- (13) Impairment of financial assets  
For customer margin deposit, futures trading margin receivables, security borrowing deposits, accounts receivable, other receivables, operation guarantee deposits, clearing and settlement fund, and refundable deposits, at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts.
- (14) Derecognition of financial assets  
The Company derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.
- (15) Investment accounted for under the equity method – subsidiaries and associates  
A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.  
B. Unrealised gains on transactions between the Company and its subsidiaries are eliminated to the extent of the Company's interest in the subsidiaries. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, according to its share of interest in the subsidiary, the Company does not recognise further losses.
- D. According to Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, the profit or loss for the period and other comprehensive income presented in parent company only financial reports shall be the same as the allocations of profit or loss for the period and of other comprehensive income attributable to owners of the parent presented in the financial reports prepared on a consolidated basis, and the owners' equity presented in the parent company only financial reports shall be the same as the equity attributable to owners of the parent presented in the financial reports prepared on a consolidated basis.

(16) Property and equipment

- A. Property and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Equipment applies cost model and is depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors", from the date of the change. The estimated useful lives of various fixed assets are 3~6 years except for buildings, which have useful lives from 10~60 years.

(17) Leasing arrangements (lessee) — right-of-use assets/ lease liabilities

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:

- (A) Fixed payments, less any lease incentives receivable; and
- (B) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

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

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

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

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

(18) Intangible assets

A. Membership in a foreign Futures Exchange

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

B. Computer software

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

(19) Impairment of non-financial assets

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



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

(20) Derivative financial instruments and non-hedging activities

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

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

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

(A) Hybrid (combined) contracts; or

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

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

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

(22) Bonds payable

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

(23) Derecognition of financial liabilities

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

(24) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(A) Defined contribution plans

For defined contribution plans, the Company pays fixed contributions to an independent, publicly or privately administered pension fund. The Company has no further legal or

constructive obligations once the contributions have been paid. The contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(B) Defined benefit plans

- a. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds (at the balance sheet date).
- b. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Company's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Company recognises expense as it can no longer withdraw an offer of termination benefits or it recognises relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

D. Employees' and directors' and supervisors' remuneration

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

(25) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

- B. The current income tax expense is calculated based on the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred income tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only balance sheet. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.
- D. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each parent company only balance sheet date, unrecognised and recognised deferred income tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the parent company only balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(26) Dividends

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

(27) Revenue recognition

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

- C. Entrusted clearing settlement service fee: Service fee income that is generated by future merchants who has the qualification of clearing membership while exercising clearing settlement transaction is recognised on the date of futures transaction.
- D. Derivative instrument net income
  - (A)Futures contract gains or losses: The margin of futures trading is recognised at cost and measured through mark-to-market accounting. The gains or losses from mark-to-market, reversed futures trading or settled contracts are recognised as gains or losses in the current period.
  - (B)Options trading: The deposit of options trading is recognised at cost and assessed monthly through mark-to-market valuation before the obligation is fulfilled. Any gain and loss occurring due to the option exercise is recognised as gain and loss in the period.
- E. Futures management fees revenues and futures advisory revenues: These revenues are recognised based on the related contract terms as performance obligations are satisfied over time.
- F. Interest income: All of the interest income of financial instruments are calculated using the effective interest rate.

## 5. CRITICAL ACCOUNTING JUDGEMENT, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of the financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience, the effect of Covid-19 and other factors. There is no significant change during the period. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

### Fair value of unlisted stocks

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

## 6. DETAILS OF SIGNIFICANT ACCOUNTS

### (1) Cash and cash equivalents

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

A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Company has no cash and cash equivalents pledged to others.

### (2) Financial assets and liabilities at fair value through profit or loss – current

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	\$ 100,459	\$ 224,771
Beneficiary certificates	163,994	-
Futures trading margin - own funds	19,312	16,347
Buy options - futures	14,087	1,219
Derivatives assets - OTC	26,008	36,525
	323,860	278,862
Valuation adjustment	( 3,833)	7,022
	<u>\$ 320,027</u>	<u>\$ 285,884</u>

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

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

	For the years ended December 31,	
	2022	2021
Financial assets and liabilities at fair value through profit or loss		
Listed stocks	(\$ 12,734)	\$ 129,154
Beneficiary certificates	( 6,774)	( 4,137)
Borrowed securities	2,166	( 13,298)
Net loss on futures contracts	( 47,821)	( 17,765)
Net gain on options contracts	63,695	1,198
Net gain on leverage derivatives assets	74,447	30,429
Other financial instruments	-	14
	<u>\$ 72,979</u>	<u>\$ 125,595</u>

For the years ended December 31, 2022 and 2021, the above mentioned amounts recognised in profit or loss in relation to financial assets and liabilities at fair value through profit or loss are recognised in (losses) gains on trading of securities, dividend income, losses on valuation of trading securities, gains (losses) on covering of borrowed securities and bonds with resale agreements-short sales, valuation gains on borrowed securities and bonds with resale agreements-short sales at fair value through profit or loss, net gain on derivative instruments and other gains and losses.

#### B. Futures

The Company entered into futures contracts to earn the spread. As of December 31, 2022 and 2021, margin deposits for the contract was \$357,054 and \$347,147, respectively, with excess margin of \$337,742 and \$330,800, respectively, recognised in “cash and cash equivalents”.

C. The Company has no financial assets at fair value through profit or loss pledged to others.

#### (3) Customer margin deposits /Futures traders’ equity

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

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

B. As at December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the customer margin deposits held by the Company was \$94,577,662 and \$81,058,821, respectively.

(4) Futures trading margin receivable

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

A. Information relating to credit risk of futures trading margin receivable is provided in Note 21(6).

B. The ageing analysis of futures trading margin receivable is as follows:

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

The above ageing analysis was based on posting date.

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

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

- A. The Company has elected to classify stock investments that are considered to be strategic investments and earning steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$2,832,731 and \$2,739,563 as at December 31, 2022 and 2021, respectively.
- B. For the years ended December 31, 2022 and 2021, consider the asset allocation and adjust the investment portfolios, the Company sold \$381,687 and \$1,147,130, respectively, of listed stocks at fair value and resulted in cumulative (losses) gains on disposal of (\$39,553) and \$100,387, respectively.
- C. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	(\$ 68,495)	\$ 471,095
Cumulative losses (gains) reclassified to retained earnings due to derecognition	\$ 39,553	(\$ 100,387)
Dividend income recognised in profit or loss		
Held at end of period	\$ 147,049	\$ 113,928
Derecognised during the period	7,950	38,132
	<u>\$ 154,999</u>	<u>\$ 152,060</u>

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

(6) Investments accounted for under the equity method

- A. Items of equity investments are summarised below:

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

<u>Company name</u>	<u>December 31, 2021</u>	
	<u>Amount</u>	<u>Shareholding ratio</u>
Yuanta Futures (Hong Kong) Co., Ltd.	\$ 855,254	100.00%
SYF Information Co., Ltd.	286,527	100.00%
	<u>\$ 1,141,781</u>	



B. The Company's share of the operating results in all individually immaterial invested companies are summarised below:

	For the years ended December 31,	
	2022	2021
Loss for the year from continuing operations	(\$ 27,264)	(\$ 33,082)
Currency translation differences	104,243	( 32,238)
Total comprehensive income (loss)	<u>\$ 76,979</u>	<u>(\$ 65,320)</u>

(7) Operating guarantee deposits

The Company's annual interest rates on operating guarantee deposits that were provided as time deposits maturing within one-year with Yuanta Bank as of December 31, 2022 and 2021 was 0.77%~1.405% and 0.77%, respectively.

As at December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the operating guarantee deposits held by the Company were both \$140,000.

(8) Clearing and settlement funds

As at December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the clearing and settlement funds held by the Company was \$453,658 and \$544,465, respectively.

(9) Property and equipment

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

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

	2021				
	Land (Note2)	Buildings	Equipment	Leasehold improvements	Total
At January 1,					
Cost	\$ 410,992	\$ 71,577	\$ 239,460	\$ 9,692	\$ 731,721
Accumulated depreciation	-	( 12,213)	( 104,644)	( 7,269)	( 124,126)
	<u>\$ 410,992</u>	<u>\$ 59,364</u>	<u>\$ 134,816</u>	<u>\$ 2,423</u>	<u>\$ 607,595</u>
Opening net book amount at January 1,	\$ 410,992	\$ 59,364	\$ 134,816	\$ 2,423	\$ 607,595
Additions	-	-	42,071	10,237	52,308
Transfers	-	-	22,500	8,024	30,524
Reclassifications (Note 1)	55,955	( 55,955)	-	-	-
Disposals (cost)	-	-	( 56,633)	( 9,692)	( 66,325)
Disposals (accumulated depreciation)	-	-	56,575	9,616	66,191
Depreciation expense	-	( 3,409)	( 58,402)	( 3,637)	( 65,448)
Closing net book amount at December 31,	<u>\$ 466,947</u>	<u>\$ -</u>	<u>\$ 140,927</u>	<u>\$ 16,971</u>	<u>\$ 624,845</u>
At December 31,					
Cost	\$ 466,947	\$ -	\$ 247,398	\$ 18,261	\$ 732,606
Accumulated depreciation	-	-	( 106,471)	( 1,290)	( 107,761)
	<u>\$ 466,947</u>	<u>\$ -</u>	<u>\$ 140,927</u>	<u>\$ 16,971</u>	<u>\$ 624,845</u>

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

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

(10) Leasing arrangements – lessee

A. The Company leases various assets including buildings. Rental contracts are typically made for periods of 3 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

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

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

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

	For the years ended December 31,	
	2022	2021
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 877	\$ 1,129
Expense on short-term lease contracts	-	123
Gains on lease modification	-	490

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

F. Extension and termination options

In determining the lease term, the Company takes into consideration all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. The assessment of lease period is reviewed if a significant event occurs which affects the assessment.

(11) Intangible assets

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

	2021		
	Membership in a foreign Futures Exchange	Others	Total
At January 1,			
Cost	\$ 24,125	\$ 35,077	\$ 59,202
Accumulated amortisation	-	( 17,065)	( 17,065)
	<u>\$ 24,125</u>	<u>\$ 18,012</u>	<u>\$ 42,137</u>
Opening net book amount as at January 1,	\$ 24,125	\$ 18,012	\$ 42,137
Additions	-	52,565	52,565
Transfers	-	4,441	4,441
Disposals (cost)	-	( 13,307)	( 13,307)
Disposals (accumulated amortisation)	-	13,307	13,307
Amortisation expense	-	( 12,164)	( 12,164)
Closing net book amount as at December 31,	<u>\$ 24,125</u>	<u>\$ 62,854</u>	<u>\$ 86,979</u>
At December 31,			
Cost	\$ 24,125	\$ 78,776	\$ 102,901
Accumulated amortisation	-	( 15,922)	( 15,922)
	<u>\$ 24,125</u>	<u>\$ 62,854</u>	<u>\$ 86,979</u>

(12) Other current liabilities

	December 31, 2022	December 31, 2021
Temporary receipts	\$ 6,235	\$ 31,143

(13) Bonds payable

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

First issue of unsecured subordinate normal corporate bond in 2021

Par value	\$1,500,000
Stated interest rate	Fixed interest rate at 0.85%
Issuance date	November 12, 2021
Maturity date	November 12, 2028
Issuance area	Taiwan

(14) Pension

A. Defined benefit plan

(A) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension

plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions to cover the deficit by next March.

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

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

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

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
<u>Year ended December 31, 2021</u>			
Balance at January 1	\$ 98,594	(\$ 24,852)	\$ 73,742
Interest expense (income)	<u>296</u>	<u>( 74)</u>	<u>222</u>
	<u>98,890</u>	<u>( 24,926)</u>	<u>73,964</u>
Remeasurements:			
Return on plan assets	-	( 369)	( 369)
Change in demographic assumptions	54	-	54
Change in financial assumptions	( 2,948)	-	( 2,948)
Experience adjustments	<u>( 1,900)</u>	<u>-</u>	<u>( 1,900)</u>
	<u>( 4,794)</u>	<u>( 369)</u>	<u>( 5,163)</u>
Pension fund contribution	-	( 750)	( 750)
Paid pension	<u>( 1,780)</u>	<u>-</u>	<u>( 1,780)</u>
Balance at December 31	<u>\$ 92,316</u>	<u>(\$ 26,045)</u>	<u>\$ 66,271</u>

(D) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2022 and 2021 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

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

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

For the years ended December 31, 2022 and 2021, assumptions regarding future mortality rate were estimated in accordance both with the 6th Chart of Life Span Estimate Used by the Taiwan Life Insurance Enterprises. Because the main actuarial assumption changed, the

present value of defined benefit obligation is affected. The analysis was as follows:

	<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, 2022</u>				
Effect on present value of defined benefit obligation	(\$ 1,997)	\$ 2,068	\$ 1,752	(\$ 1,704)
<u>December 31, 2021</u>				
Effect on present value of defined benefit obligation	(\$ 2,316)	\$ 2,403	\$ 2,021	(\$ 1,963)

(F) The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(G) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2023 amount to \$737.

(H) As of December 31, 2022, the weighted average duration of the retirement plan is 10 years.

#### B. Defined contribution plan

(A) Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(B) The pension costs under defined contribution pension plans of the Company for the years ended December 31, 2022 and 2021, were \$19,018 and \$18,617, respectively.

#### (15) Share capital

As of December 31, 2022, the Company’s authorised capital was \$3,500,000 consisting of 350,000 thousand shares, and paid-in capital was \$2,899,763 with a par value of 10 (in dollars) per share. All proceeds from shares issued have been collected.

#### (16) Capital surplus

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

paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(17) Special reserve

- A. According to the “Rules Governing the Administration of Securities Firms”, 20% of the current year's earnings, after paying all taxes and offsetting prior years' operating losses, if any, shall be set aside as special reserve until the cumulative balance equals the total amount of paid-in capital. Except for offsetting the Company’s deficit by using the special reserve or cumulative special reserve exceeding 25% of the paid-in capital, the Company may transfer 25% of certain special reserve as share capital. No other purpose is permitted. According to the Gin-Gwen-Zheng-Qi Letter No. 1110380212 dated January 21, 2022, provision basis for special reserve should be included in the amount of current year's undistributed earnings other than current year’s net income.
- B. According to other regulations, upon the distribution of earnings, other than the setting aside of legal reserve, an equivalent amount of special reserve should be set aside from earnings after tax of the current year and the undistributed earnings of the prior period based on the decreased amount of stockholders’ equity. For the cumulative decrease in stockholders’ equity of the prior period, the equal amount of special reserve set aside based on the undistributed earnings should not be distributed. If there is any reversal of the decrease in stockholders’ equity, the earnings may be distributed based on the reversal proportion.

(18) Retained earnings

- A. Under the Company’s Articles of Incorporation, the current year’s earnings, if any, shall first be used to pay all taxes and offset prior years’ operating losses and then 10% and 20% of the remaining amount shall be set aside as legal reserve and special reserve. The remainder, if any, to be retained or to be appropriated shall be resolved by the stockholders at the stockholders’ meeting.
- B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company’s paid-in capital.
- C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- D. Details of the earnings distribution for 2021 of the Company resolved by the stockholders’ meeting on May 24, 2022 and the earnings distribution for 2020 resolved by the stockholders’ meeting on July 5, 2021 are as follows:

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



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

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

(19) Other equity items

	<u>Unrealised gains (losses) on valuation</u>	<u>Currency translation differences</u>	<u>Total</u>
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>

	<u>Unrealised gains (losses) on valuation</u>	<u>Currency translation differences</u>	<u>Total</u>
At January 1, 2021	\$ 1,342,428	(\$ 64,985)	\$ 1,277,443
Financial assets at fair value through other comprehensive income			
-Revaluation	471,095	-	471,095
-Revaluation transferred to retained earnings	( 100,387)	-	( 100,387)
Currency translation differences			
-Exchange differences	-	( 32,238)	( 32,238)
At December 31, 2021	<u>\$ 1,713,136</u>	<u>(\$ 97,223)</u>	<u>\$ 1,615,913</u>

(20) Brokerage

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

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

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

(22) Clearance fee from consignment

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

(23) Net gain on derivative financial instruments

	For the years ended December 31,	
	2022	2021
Non-hedging		
Gains (losses) from futures contract interests		
Futures contract gains	\$ 182,535	\$ 393,682
Futures contract losses	( 230,356)	( 411,447)
	<u>(\$ 47,821)</u>	<u>(\$ 17,765)</u>
Gains (losses) from options trading		
Gains from options trading	\$ 235,207	\$ 482,224
Losses from options trading	( 171,512)	( 481,026)
	<u>\$ 63,695</u>	<u>\$ 1,198</u>
Gains (losses) from leverage margin contract transactions		
Gains from leverage margin contract transactions	\$ 634,712	\$ 197,885
Losses from leverage margin contract transactions	( 560,265)	( 167,456)
	<u>\$ 74,447</u>	<u>\$ 30,429</u>
Gains from derivatives financial instruments	\$ 1,052,454	\$ 1,073,791
Losses from derivatives financial instruments	( 962,133)	( 1,059,929)
	<u>\$ 90,321</u>	<u>\$ 13,862</u>

(24) Service charge

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

(25) Futures commission

	For the years ended December 31,	
	2022	2021
Entrusted futures transaction	\$ 364,843	\$ 294,270
Futures auxiliary business	347,127	356,297
	<u>\$ 711,970</u>	<u>\$ 650,567</u>

(26) Clearance fee

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

(27) Employee benefit expense

	For the years ended December 31,	
	2022	2021
Wages and salaries	\$ 716,156	\$ 585,887
Labor and health insurance fees	39,430	38,811
Pension costs	19,415	18,839
Post-employment benefits	3,372	12,470
Other personnel expenses	21,528	20,522
	<u>\$ 799,901</u>	<u>\$ 676,529</u>

- A. In accordance with the Articles of Incorporation of the Company, when distributing earnings, the Company shall distribute bonus to the employees that account for 0.01%~5.00%, of the total distributed amount. For the years ended December 31, 2022 and 2021, employees' compensation was accrued at \$4,055 and \$3,952, respectively, and the aforementioned amounts were recognised in salary expenses.
- B. Employees' compensation of 2021 as resolved at the meeting of Board of Directors were in agreement with those amounts recognised in the 2021 financial statements.
- C. Information about employees' compensation of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(28) Depreciation and amortization

	For the years ended December 31,	
	2022	2021
Depreciation expense	\$ 130,554	\$ 114,664
Amortisation expense	27,105	12,164
	<u>\$ 157,659</u>	<u>\$ 126,828</u>

(29) Operating expenses

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

(30) Other gains and losses

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

(31) Income tax

A. Income tax expense

(a) Components of income tax expense:

	For the years ended December 31,	
	2022	2021
Current tax:		
Current tax on profits for the year	\$ 244,688	\$ 165,816
Tax on undistributed surplus earnings	421	-
Prior year income tax (over) under estimation	( 1,996)	742
Total current tax	<u>243,113</u>	<u>166,558</u>
Deferred tax:		
Origination and reversal of temporary differences	<u>33,406</u>	<u>22,120</u>
Total deferred tax	<u>33,406</u>	<u>22,120</u>
Income tax expense	<u>\$ 276,519</u>	<u>\$ 188,678</u>

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

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

B. Reconciliation between income tax expense and accounting profit

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

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

For the year ended December 31, 2022				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
Deferred income tax assets:				
— 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	<u>\$ 31,686</u>	<u>(\$ 2,343)</u>	<u>(\$ 1,700)</u>	<u>\$ 27,643</u>
Deferred income tax liabilities:				
— Unrealised exchange gain	-	( 5,738)	-	( 5,738)
Others	( 11,191)	( 25,325)	-	( 36,516)
Subtotal	<u>( 11,191)</u>	<u>( 31,063)</u>	<u>-</u>	<u>( 42,254)</u>
	<u>\$ 20,495</u>	<u>(\$ 33,406)</u>	<u>(\$ 1,700)</u>	<u>(\$ 14,611)</u>
For the year ended December 31, 2021				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
Deferred income tax assets:				
— Accrued pension liabilities	\$ 5,419	(\$ 462)	(\$ 1,032)	\$ 3,925
Unrealised exchange loss	1,492	1,322	-	2,814
Expected credit losses	24,111	( 910)	-	23,201
Others	12,625	( 10,879)	-	1,746
Subtotal	<u>\$ 43,647</u>	<u>(\$ 10,929)</u>	<u>(\$ 1,032)</u>	<u>\$ 31,686</u>
Deferred income tax liabilities:				
— Others	\$ -	(\$ 11,191)	\$ -	(\$ 11,191)
	<u>\$ 43,647</u>	<u>(\$ 22,120)</u>	<u>(\$ 1,032)</u>	<u>\$ 20,495</u>

D. The Company's income tax returns through 2019 have been assessed and approved by the Tax Authority.

The Company's subsidiary, SYF Information Co. Ltd.'s income tax returns through 2020 have been assessed and approved by the Tax Authority.

(32) Earnings per share

	<u>For the year ended December 31, 2022</u>		
	<u>Amount</u>	<u>Weighted average</u>	<u>Earnings per</u>
	<u>after tax</u>	<u>number of ordinary</u>	<u>share</u>
		<u>shares outstanding</u>	<u>(in dollars)</u>
		<u>(share in thousands)</u>	
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 1,145,348</u>	<u>289,976</u>	<u>\$ 3.95</u>

	<u>For the year ended December 31, 2021</u>		
	<u>Amount</u>	<u>Weighted average</u>	<u>Earnings per</u>
	<u>after tax</u>	<u>number of ordinary</u>	<u>share</u>
		<u>shares outstanding</u>	<u>(in dollars)</u>
		<u>(share in thousands)</u>	
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 860,282</u>	<u>289,976</u>	<u>\$ 2.97</u>

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## 7. RELATED PARTY TRANSACTIONS

### (1) Parent and ultimate controlling party

The Company's parent and ultimate controlling party is Yuanta Financial Holding Co., Ltd., which owns 66.27% of the Company's shares.

### (2) The names and relationship of related parties

Names	Relationship with the Group
Yuanta Financial Holdings	The parent company of the Company
Yuanta Bank Co., Ltd.	The same group of enterprises
Yuanta Securities Co., Ltd.	The same group of enterprises
Yuanta Life Insurance Co., Ltd.	The same group of enterprises
Yuanta Securities Investment Trust Co., Ltd.	The same group of enterprises
Yuanta Securities Investment Consulting Co., Ltd.	The same group of enterprises
Yuanta Securities Korea Co., Ltd.	The same group of enterprises
Yuanta Securities (Hong Kong) Co., Ltd.	The same group of enterprises
Funds managed by Yuanta Securities Investment Trust	The funds managed by same group of enterprises
Yuanta Futures (Hong Kong) Co., Ltd.	The subsidiary company of the Company
Yuanta Global (Singapore) Pte. Ltd.	The subsidiary company of the Company(Note)
Yuanta Cultural & Educational Foundation	Related parties in substance
Yuanta Polaries Research	Related parties in substance
Other	Refer to the same enterprise group, parent company, substantial related parties and its major shareholders, key management and its related investment enterprises and other companies or institutions who is also held by the Company's chairman of the director or general manager, or have spouse or relatives in the same position.

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

### (3) Significant related party transactions and balances

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

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



	December 31, 2021				
	Bank deposits	Operating guarantee deposits	Customer margin deposits	Futures trading margin Own funds	Excess margin
Subsidiary					
Yuanta Futures (Hong Kong) Co., Ltd.	\$ -	\$ -	\$ 519,977	\$ 205	\$ 15,425
Fellow subsidiary					
Yuanta Bank Co., Ltd.	3,188,646	140,000	16,272,127	-	-
	<u>\$ 3,188,646</u>	<u>\$ 140,000</u>	<u>\$ 16,792,104</u>	<u>\$ 205</u>	<u>\$ 15,425</u>

B. Leverage margin contract trading client margin deposits

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

C. Accounts receivable - related parties

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

D. Prepayments

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

E. Other receivables - related parties

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

F. Leasing arrangements – lessee

- a. The Company leases buildings from Yuanta Bank Co., Ltd., Yuanta Securities Co., Ltd. and Yuanta Life Insurance Co., Ltd. with a lease term from 2.5 months to 5 years and rents are paid monthly.

b. Acquisition of right-of-use assets

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

c. Rental expense

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

d. Lease liabilities

(a) Outstanding balance

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

(b) Interest expense

	For the years ended December 31,	
	2022	2021
Fellow subsidiary		
Yuanta Bank Co., Ltd.	\$ 35	\$ 26
Yuanta Life Insurance Co., Ltd.	824	1,083
Yuanta Securities Co., Ltd.	-	8
	<u>\$ 859</u>	<u>\$ 1,117</u>

G. Refundable deposits

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

#### H. Futures traders' equity

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Subsidiary		
Yuanta Futures (Hong Kong) Co., Ltd.	\$ 404,304	\$ 165,748
Fellow subsidiary		
Yuanta Bank Co., Ltd.	105,315	84,459
Yuanta Securities Co., Ltd.	2,861,905	4,754,268
Yuanta Securities (Hong Kong) Co., Ltd.	79,395	118,304
Yuanta Securities Korea Co., Ltd.	289,808	209,437
Funds managed by fellow subsidiary		
Funds managed by Yuanta		
Securities Investment Trust	37,679,405	29,244,360
Other related parties	89,347	88,823
	<u>\$ 41,509,479</u>	<u>\$ 34,665,399</u>

#### I. Accounts payable - related parties

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

#### J. Other payables - related parties

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

### K. Brokerage

	For the years ended December 31,	
	2022	2021
Subsidiary		
Yuanta Futures (Hong Kong) Co., Ltd.	\$ 3,333	\$ 936
Fellow subsidiary		
Yuanta Bank Co., Ltd.	725	551
Yuanta Securities Co., Ltd.	98,168	84,103
Yuanta Securities (Hong Kong) Co., Ltd.	17,929	6,810
Yuanta Securities Korea Co., Ltd.	1,929	2,047
Funds managed by fellow subsidiary		
Funds managed by Yuanta Securities		
Investment Trust	135,584	134,998
Other related parties	9,820	8,662
	<u>\$ 267,488</u>	<u>\$ 238,107</u>

### L. Securities commissions revenue

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

### M. Clearance fee from consignment

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

### N. Futures advisory revenues

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

### O. Other operating revenues - Co-marketing revenue

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

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

	For the years ended December 31,	
	2022	2021
Subsidiary		
Yuanta Futures (Hong Kong) Co., Ltd.	\$ 13,924	\$ 7,942
Fellow subsidiary		
Yuanta Securities Co., Ltd.	292,413	303,403
	<u>\$ 306,337</u>	<u>\$ 311,345</u>

Q. Service fees

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

R. Computer information expense

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

S. Interest income

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

Interest income includes the interest from demand deposits, time deposits, customer margin deposits, and operating guarantee deposits. See Note 6(7) for details of operations guarantee deposits.

T. Security lending expense

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

U. Interest expense

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

V. Donation expenditure

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

W. Property transactions

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

The (losses) gains on disposal of funds managed by fellow subsidiary were (\$2,727) and \$692 for the years ended December 31, 2022 and 2021, respectively.

In the year 2021, the Company sold transportation equipment to Yuanta Securities Co., Ltd., the disposal price was \$405, and gains on disposal was \$347.

(4) Key management compensation

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

8. PLEDGED ASSETS

None.

9. SIGNIFICANT COMMITMENTS AND CONTINGENT LIABILITIES

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

10. SIGNIFICANT LOSS FROM NATURAL DISASTER

None.

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## 11. DERIVATIVE INSTRUMENT TRANSACTIONS

The Company had derivative financial instrument trading as follows:

December 31, 2022

Item	Object of transaction	Buyer /Seller	Open Interest		Margin paid (received)	Fair value	Remarks
			Number of contract(s) (lot)				
Futures contracts (Domestic)	TX	Buyer	3		\$ 8,447	\$ 8,481	
	TX	Seller	5	(	14,079)	( 14,055)	
	MTX	Buyer	64		45,136	45,151	
	MTX	Seller	117	(	82,981)	( 82,712)	
	Stock Futures	Buyer	270		97,530	93,807	
	Stock Futures	Seller	2,259	(	174,902)	( 173,274)	
	Index Futures	Buyer	9		5,967	5,989	
	Gold Futures	Seller	40	(	22,361)	( 22,433)	
Futures contracts (Overseas)	Index Futures	Buyer	3		3,360	3,358	
	Index Futures	Seller	13	(	10,018)	( 10,054)	
	Metal Futures	Buyer	4		22,358	22,433	
	Foreign Exchange	Buyer	1		2,922	2,959	
Option contracts (Domestic)	TXO	Buy call	286		6,673	5,716	
	TXO	Buy put	316		9,555	8,371	
	TXO	Sell call	216	(	3,679)	( 3,437)	
	TXO	Sell put	385	(	9,716)	( 8,747)	

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

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December 31, 2021

Open Interest						
Item	Object of transaction	Buyer /Seller	Number of contract(s) (lot)	Margin paid (received)	Fair value	Remarks
Futures contracts (Domestic)	TX	Buyer	4	\$ 14,533	\$ 14,567	
	MTX	Buyer	6	5,484	5,467	
	MTX	Seller	27	( 24,574)	( 24,582)	
	Stock Futures	Buyer	462	133,635	135,388	
	Stock Futures	Seller	1,045	( 221,912)	( 225,729)	
	TF	Buyer	1	1,714	1,714	
Futures contracts (Overseas)	Index Futures	Buyer	5	17,067	17,039	
	Index Futures	Seller	5	( 20,604)	( 20,567)	
	Metal Futures	Buyer	2	990	1,012	
	Energy Futures	Seller	2	( 4,180)	( 4,164)	
Option contracts (Domestic)	TXO	Buy call	45	589	780	
	TXO	Buy put	48	514	439	
	TXO	Sell call	48	( 575)	( 611)	
	TXO	Sell put	45	( 516)	( 315)	

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

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12. RESTRICTIONS AND ENFORCEMENT OF THE COMPANY'S VARIOUS FINANCIAL RATIOS UNDER R.O.C. FUTURES COMMISSION

MERCHANTS LAWS

According to Regulations Governing Futures Commission Merchants

Article	Calculation formula	December 31, 2022		December 31, 2021		Standard	Enforcement (Note3)
		Calculation	Ratio	Calculation	Ratio		
17	<i>Equity</i>	12,870,849	4.72	12,349,898	5.07	≥ 1	Satisfied
	<i>(Total liabilities - Future traders' equity)</i>	2,727,864		2,434,221			
17	<i>Current assets</i>	104,902,918	1.10	90,816,473	1.11	≥ 1	Satisfied
	<i>Current liabilities</i>	95,316,184		81,596,771			
22	<i>Equity</i>	12,870,849	1214.23%	12,349,898	1165.08%	≥ 60% ≥ 40% (Note 2)	Satisfied
	<i>Minimum paid - in capital (Note 1)</i>	1,060,000		1,060,000			
22	<i>Adjusted net capital</i>	11,113,300	77.46%	10,619,823	64.72%	≥ 20% ≥ 15%	Satisfied
	<i>Total margin deposit required for futures traders, not yet off-set</i>	14,347,089		16,408,186			

Note 1: "Minimum paid-in capital" shall be in compliance with futures commission merchants standard set of capital amount or designated appropriation of operating capital amount.

Note 2: For the entrusted foreign futures trading of foreign futures merchants, the standard ratios (equity / minimum paid-in capital) are adjusted to 50% and 30%, respectively.

Note 3: "Enforcement" column shall state whether or not the financial ratio requirements are satisfied; if not, an explanation is needed to be filed with a specific appointed institution or establish an improvement plan.

### 13. SPECIFIC INHERENT RISKS IN OPERATING AS FUTURES DEALER

- (1) Credit risk is the main risk for engaging in futures brokerage business since the Company must demand collecting trading margin deposits from customers. The credit risk occurs when the customers fail to pay margin deposits. The Company acts as agents for trading futures and options contracts and should pay attention to daily margin credit as to control credit risk. Market risk is also noted in the industry due to dealer business. Dealer business is price index sensitive, therefore, the Company pre-sets stop loss point for risk management purposes.
- (2) The specific risks of the Company's futures brokerage business are outlined below:

Futures trading has a characteristic of low margin. Therefore, the risks of futures trading include: when the futures market trend is unfavorable for customers, futures firms may demand to collect additional trading margin deposits from customers to keep certain margin level. If the customers fail to pay margin deposits in a period prescribed, futures firms have the right to offset the contract amount of the customers by the additional margin deposits demanded. Further, futures firms may incur losses when futures market prices fluctuate drastically and the customers are unable to settle futures contracts.
- (3) See Note 21 for significant financial risk information on futures dealer business.

### 14. SEGMENT INFORMATION

In accordance to Article 28 of the Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants 28, when futures commission merchants prepare parent company only financial statements, it is not required to prepare segment information within the scope of IFRS 8.

### 15. SUBSEQUENT EVENTS

None.

### 16. RELATED INFORMATION OF SIGNIFICANT TRANSACTIONS

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

## 17. INFORMATION ON INVESTEEES

(1) Names of investee companies, locations, and related information are as follows:

Investor	Investee	Location	Set up date	FSC Approved Number	Main business activities	Initial investment amount		Shares held as at December 31, 2022			Operating revenue of the investee	Net income (loss) of the investee	Investment income (loss) recognised by the Company	Cash dividend for the current period	Note
						Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares (in thousands)	Ownership (%)	Book value					
Yuanta Futures Co., Ltd.	Yuanta Futures (Hong Kong) Co., Ltd.	Hong Kong	2010.12.2	Gin-Gwen-Zheng-Qi Letter No.0990055943	Financial Services	1,033,971	1,033,971	34,000	100.00%	927,751	\$ 95,232	(\$ 20,155)	(\$ 20,155)	-	Subsidiaries
Yuanta Futures Co., Ltd.	SYF Information Co., Ltd.	Taiwan	2012.11.9	Gin-Gwen-Zheng-Qi Letter No.1010035210	Information Technology Services	350,000	350,000	35,000	100.00%	291,157	-	( 6,969)	( 6,969)	-	Subsidiaries
Yuanta Futures Co., Ltd.	Yuanta Global (Singapore) Pte. Ltd.(Note)	Singapore	2022.11.23	Gin-Gwen-Zheng-Qi Letter No.1110357536	Applying	-	-	-	100.00%	( 148)	-	( 140)	( 140)	-	Subsidiaries

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

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

- A. Financing activities to any company or person: None.
- B. Endorsements and guarantees provided: None.
- C. Acquisition of real estate properties exceeding \$300 million or 20% of the Company's paid-in capital: None.
- D. Disposal of real estate properties exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Handling fee discounts on transactions with related parties in excess of \$5 million : None.
- F. Accounts receivable from related parties reaching \$100 million or over 20% of paid-in capital:

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

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

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

None.

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## 19. DISCLOSURE OF INFORMATION ON INDIRECT INVESTMENT IN MAINLAND CHINA

### (1) Basic information:

Name of investee in Mainland China	Main business activities	Issued capital	Investment method (Note 1)	Beginning balance of foreign investment from Taiwan	Investment movement within this period		Ending balance of foreign investment from Taiwan	Net income (loss) of the investee	Percentage of direct or indirect investment holding (%)	Gain (loss) recognised during the period (Note 2) (2.C)	Book value as of December 31, 2022	Accumulated gain returned at end of period
					Invested amount	Returned amount						
SYF Information (Shanghai) Limited	Research & development and production of computer software, etc.	\$ 157,209	(3)	\$ 157,209	\$ -	\$ -	\$ 157,209	\$ 3,514	100	\$ 1,991	\$ 118,159	-

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

Note 1: Investment types are categorised into three sub-sections, as follows:

- (1) Direct investment in entities of Mainland China.
- (2) Reinvest in entities of Mainland China through indirect investment in the third place.
- (3) Through a subsidiary to invest in a company in Mainland China.

Note 2: In the 'Gain (loss) recognised during the period' column:

- (1) It should be indicated if the investee was still in the incorporation stage and had not yet any profit during this period.
- (2) Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:
  - A. The financial statements that are audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.
  - B. The financial statements that are audited and attested by R.O.C. parent company's CPA.
  - C. Others.

Note 3: The numbers in this table are expressed in New Taiwan Dollars.

- (2) Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas: None.
- (3) On June 30, 2022, the Board of Directors of SYF Information Co., Ltd. approved the dissolution and liquidation of SYF Information (Shanghai) Limited. The record date for the liquidation was June 30, 2022.

## 20. MAJOR SHAREHOLDERS INFORMATION

Major Shareholder	Shares	Number of shares held (thousands)	Shareholding ratio
Yuanta Financial Holdings Co., Ltd.		192,167	66.27%
Cathay Life Insurance Co., Ltd.		23,998	8.27%
Luo Sheng Fong Co., Ltd.		17,711	6.10%

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

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

## 21. FINANCIAL RISK MANAGEMENT

### (1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company adopted to strengthen risk-adjusted return on capital, which allocated the Company's capital effectively.

### (2) Financial instruments

The methods of reporting derivative financial instruments on financial statements: please refer to the Notes 6(1), 6(2), 6(23).

### (3) Fair value information

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

Level 1: Inputs that are quoted prices (unadjusted) in active markets for identical assets or liabilities. An active market has to satisfy all the following conditions: a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investment in listed stocks, beneficiary certificates and derivative instruments with quoted market prices is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data. The fair value of the Company's investment in equity investment without active market is included in Level 3.

B. Financial instruments not measured at fair value

(A) Fair value information

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

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

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

(B) Financial valuation technique:

- a. The carrying amounts of cash and cash equivalents, customer margin deposits, futures trading margin receivable, security leading deposits, accounts receivable, accounts receivable – related parties, other receivables, other receivables – related parties, leverage margin contract trading client margin deposits, other current assets, operating guarantee deposits, clearing and settlement funds, refundable deposits, futures traders' equity, leverage margin contract transaction traders' equity, accounts payable, accounts payable – related parties, other payables, other payables – related parties and other current liabilities are approximate to their fair values.
- b. Bond payable: The fair values of corporate bonds issued by the Company, which were estimated based on the present value of the expected cash flows, are approximate to their carrying amounts.



C. The related information of financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities as at December 31, 2022 and 2021 is as follows:

December 31, 2022	<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	\$ 100,594	\$ -	\$ -	\$ 100,594
Beneficiary certificates	160,026	-	-	160,026
Futures trading margin - own funds	19,312	-	-	19,312
Buy options - futures	14,087	-	-	14,087
Derivatives Assets - OTC	-	26,008	-	26,008
Financial assets at fair value through other comprehensive income				
Equity securities	<u>780,299</u>	<u>-</u>	<u>2,052,432</u>	<u>2,832,731</u>
	<u>\$ 1,074,318</u>	<u>\$ 26,008</u>	<u>\$ 2,052,432</u>	<u>\$ 3,152,758</u>
<u>Liabilities</u>				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Sell options - futures	\$ 12,184	\$ -	\$ -	12,184
Security borrowing payable - non-hedging	<u>14,274</u>	<u>-</u>	<u>-</u>	<u>14,274</u>
	<u>\$ 26,458</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,458</u>
December 31, 2021	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Assets</u>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Listed stocks	\$ 231,793	\$ -	\$ -	\$ 231,793
Futures trading margin - own funds	16,347	-	-	16,347
Buy options - futures	1,219	-	-	1,219
Derivatives Assets - OTC	-	36,525	-	36,525
Financial assets at fair value through other comprehensive income				
Equity securities	<u>933,305</u>	<u>-</u>	<u>1,806,258</u>	<u>2,739,563</u>
Total	<u>\$ 1,182,664</u>	<u>\$ 36,525</u>	<u>\$ 1,806,258</u>	<u>\$ 3,025,447</u>
<u>Liabilities</u>				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Sell options - futures	<u>\$ 926</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 926</u>

- D. The methods and assumptions the Company used to measure fair value are as follows:
- (A) The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the closing price. These instruments are included in level 1. Instruments included in level 1 comprise primarily equity instruments and debt instruments classified as financial assets/financial liabilities at fair value through profit or loss, or financial assets at fair value through other comprehensive income.
  - (B) The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
  - (C) If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.
  - (D) Specific valuation techniques used to value financial instruments include:
    - a. Quoted market prices or dealer quotes for similar instruments.
    - b. Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.
- E. For the years ended December 31, 2022 and 2021, there were no transfer between Level 1 and Level 2.
- F. The following table presents the changes in level 3 instruments for the years ended December 31, 2022 and 2021.

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

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

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

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

H. The valuation process for fair values classified at Level 3 is the responsibility of the risk management department, which verifies the financial instrument's fair value. The result of the evaluation is then reviewed and approved by the risk management department of the Company's parent company. The risk management department evaluates the independence, reliability, consistency, and representativeness of the information source, and periodically verifies the valuation model and calibrates the valuation parameters, ensuring the valuation process and valuation results are in accordance with IFRS's requirements.

I. Use of different valuation models or assumptions may result in difference measurement. The following is the effect of profit or loss or of other comprehensive income from financial instruments categorised within Level 3 if the valuation input of financial instrument classified in Level 3 moves upward or downward by 1%:

	December 31, 2022	
	Recognised in other comprehensive income	
	Favourable change	Unfavourable change
Financial assets		
Equity instrument	\$ 8,796	(\$ 8,796)
	December 31, 2021	
	Recognised in other comprehensive income	
	Favourable change	Unfavourable change
Financial assets		
Equity instrument	\$ 7,741	(\$ 7,741)

#### (4) System of risk management

##### A. Objectives of risk management

The Company controls any potential losses that might incur in operations within its tolerable limits by increasing completeness of risk management mechanism, establishing efficient risk management measures, models and systems, and monitoring the changes of whole risks strictly.

## B. Risk management system

The Company's risk management system is in compliance with the "Risk Management Policy" of Yuanta Financial Holding Co., Ltd. and "Risk Management Practice Principles for Futures Commission Merchants" of Taiwan Futures Exchange. The Company has established the Risk Management Policy, which is the internally highest risk management standard authorised by the Board of Directors, comprising objectives, scopes, powers and responsibilities, and procedures of risk management.

## C. Organizational structure of risk management

(A) The Company's organizational structure of risk management comprises the Board of Directors, Audit Committee, high management level, Risk Management Department, Legal Compliance Department, Auditing Office, each business unit and each functional committee; they all together form three lines of defense for risk management.

- a. First line of defense: this includes each business unit and each functional committee, whose personnel are serving in the operational or administration division and have responsibilities for risk identification, risk assessment and risk control.
- b. Second line of defense: this includes high management level, Risk Management Department and Legal Compliance Department, which are responsible for risk monitoring, risk management and taking measures in response to risk issues in accordance with the Company's Risk Management Policy. The Company also takes part in the Risk Management Committee of Yuanta Financial Holding Co., Ltd. for integration of risk control and management in the Company.
- c. Third line of defense: this includes the Board of Directors, Audit Committee and Auditing Office. Auditing Office conducts audits especially in the risk consideration to ensure every risk is under control.

(B) The function of each unit in the structure of risk management of the Company is as follows:

- a. The Board of Directors: The Board of Directors has ultimate responsibility for risk management on all businesses and operations in the Company; it shall be fully aware of every risk exposure to the Company, and then determines tolerable limit for every risk, allocates resources effectively, and authorizes relevant departments to execute risk measures for the achievement of effective risk management. The Board of Directors hears risk management and other related reporting by Risk Management Department, Auditing Office and Finance Department regularly to evaluate the impact of every risk and the impact on capital allocation, and determines responding strategies.
- b. Audit Committee: Audit Committee directs the execution of the risk management system under the commission of the Board of Directors; its main duties include review of the Company's risk scopes and risk toleration capability, of the Risk Management Policy and relevant principles, and of annual authorised acceptable limit of risk of each kind, as well as directing the execution of the risk management system.
- c. Risk Management Department: this department, an independent department under the Board of Directors, is responsible for market risk, liquidity risk and credit risk management, and controls operational risk with Auditing Office together; its main duties include daily risk monitoring and assessments of risk management affairs. Risk Management Department exercises its authority independently from business units and trading activities, and holds accountability to the Board of Directors directly. By employing the risk management information system, Risk Management Department checks the use status of risk limits authorized to each business unit, and assesses risk

exposures and extent of risk concentration, and submits risk management reports regularly.

- d. Auditing Office: Auditing Office, an independent department under the Board of Directors, is responsible for legislation and internal control system compliance management, operational risk management and supervision of operational risk management procedures. In accordance with the internal control rules of regulatory authorities, and adjusted operational risk management procedures appropriately in line with the amendments to the regulations of regulatory authorities, Taiwan Futures Exchange and Chinese National Futures Association or for the changes in the Company's business.
- e. Legal Compliance Department: this department is responsible for review of legal compliance for the Company's businesses, operations, trading and transaction contracts/documents and offering legal options on those aspects and pushing the execution of legal compliance within the Company together with Auditing Office.
- f. Each business unit: Each business unit is liable for the first-line risk management. The directors of each business unit are in charge of the whole risk management on businesses and trading activities of the unit, including analyzing and controlling risk exposures, drawing up responding plans and taking measures against risk when necessary, and also conveying related information to Risk Management Department to ensure the risk control mechanism and procedures are all effectively executed, and comply with the legislation and the Company's Risk Management Policy and regulations.

#### D. Procedures of risk management

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

- (A) Risk identification: The Company identifies risks, through business and product analyses, that may arise during the courses of operations, including market risk, credit risk, liquidity risk, operational risk, legal risk and model risk, and finds out risk factors of risk exposure of each kind, selects appropriate method of risk measurement, and establishes risk indexes and judgment principles and risk control procedures that can be connected to the internal information system.
- (B) Risk management: The Company measures market risk by using scenario analysis, sensitivity analysis and VaR model and credit risk by using the credit rating system, option pricing model and following the Company's credit risk assessment rules. Operational risk is controlled by establishing standard operating procedures, establishing internal and external event notification mechanism, reviewing current operating procedures and employing operational risk management methods.
- (C) Risk management: Risk monitoring and control are performed through the establishment of acceptable limits of risks and division of authority and responsibilities. Different risk management tools and information systems and statements are developed and employed for different risks to raise the efficiency and quality of risk management.
- (D) Risk reporting: Risk information and risk management performing results are compiled as risk management statements or reports. These results are disclosed periodically and provided as a reference to the management in making risk management policy and rules.

#### E. Hedging and risk diminishing strategies

The Company has established hedging tools and hedging mechanisms for risks of each business based on its capital scale and risk toleration capability. Through hedging mechanisms, the Company may restrict risks within authorised limits, and employ authorised financial instruments, based on market conditions, business strategies, characteristics of commodities and risk management rules, to adjust risk positions within acceptable levels.

#### F. Climate risk

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

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

##### (a) Risk identification:

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

##### (b) Risk measurement:

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

##### (c) Risk monitoring:

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

##### (d) Risk Reporting:

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

#### G. The impact of COVID-19

According to Gin-Gwen-Zhang-Quan Letter No. 1090362692 and IASB, the Company has conducted an assessment of COVID-19 related implications regarding impairment and valuation of financial instruments and disclosures. The scope of assessment entailed (1) the Company's

ability to continue as a going concern, (2) impairment of non-financial instruments, (3) financing risk, (4) the risk assessment and ongoing monitoring of bond investment and its expected credit loss. The COVID-19 pandemic had no impact on the Company based on its assessment. However, the Company will keep track of the development of the COVID-19 pandemic, as well as assess the significant impact on the Company's financial condition and financial performance and manage it accordingly.

(5) Market risk

The Company's financial assets include bank deposits, other short-term notes and bills authorised by Ministry of Finance, domestic listed stocks, securities investment trust funds, offshore funds authorised by competent authorities to be raised and sold in ROC, futures trust funds, futures trading listed in Article 5 of Futures Trading Act, other financial instruments authorised by competent authorities. The fair value of these financial assets would be changed by the fluctuations of market prices or interest rates.

To manage market risk, the Company has established the Rules of Financial Instruments Investment Risk Management, and established various control mechanisms based on the characteristics of financial instrument risks, such as position limits, profit and loss limits, and special authorization. The Company also conducts market risk quantitative management by employing VaR model in the measurement and control of market risk of each position.

Through the VaR model, the Company measures market risk by estimating maximum possible losses of the trading positions for the next day at the 99% confidence level. According to the types of trading, the VaR of equity trading, commodity trading, foreign-exchange-rate trading and interest-rate trading are as follows:

<Table>VaR of Trading of Different Types

Period: January 1 ~ December 31, 2022

Type of Trading	Equity	Commodity	Foreign		Total
			Exchange Rate	Interest Rate	
December 31, 2022	\$ 2,062	\$ -	\$ 324	\$ -	\$ 1,733
Average	2,832	241	270	7	2,827
Lowest	272	-	145	-	359
Highest	16,892	2,361	1,282	267	17,046

Period: January 1 ~ December 31, 2021

Type of Trading	Equity	Commodity	Foreign		Total
			Exchange Rate	Interest Rate	
December 31, 2021	\$ 6,643	\$ 206	\$ 206	\$ -	\$ 6,281
Average	2,884	307	378	-	2,908
Lowest	283	1	199	-	461
Highest	23,814	1,391	739	-	23,743

Note 1 : Trading included futures dealer trading and securities dealer trading but not including medium and long-term securities investment.

Note 2 : Total category of value-at-risk may be less than the amount of value-at-risk of equity, commodity, foreign exchange rate and interest rate, that's due to diversification effects between different categories.

To ensure the VaR model can reasonably, completely and correctly measure the maximum potential risk of the financial instrument or portfolio, the Company continues to run model validation and back testing to ensure that the Company's VaR model can reasonably measure maximum potential losses of financial instruments or portfolios.

(6) Credit risk

A. The Company is exposed to credit risk from financial trading, including issuer credit risk, counterparty credit risk and underlying asset credit risk.

(A) Issuer credit risk occurs when issuer (or guarantor) of the financial debt instruments held by the Company or bank with which the Company deposits money fails to fulfill contractual obligations (or guarantor's obligations) because of its default, bankruptcy or liquidation, which would cause a financial loss to the Company.

(B) Counterparty credit risk occurs when counterparty of the financial instrument transaction undertaken by the Company fails to fulfill settlement or payment obligation on the appointed day, which would cause a financial loss to the Company.

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

(D) Underlying asset credit risk refers to the risk of loss that may arise from deterioration of credit quality of the underlying asset linked to the financial instruments or increasing of credit risk premium or downgrade of credit rating or contract default.

B. The financial assets of the Company with credit risk include bank deposits, OTC derivative trade, repurchase agreement/reverse repurchase agreement of bonds (bills), deposits for securities borrowing and lending trade, margins for futures trade, other refundable deposits<sup>1</sup> and receivables<sup>2</sup>.

(A) Analysis of concentration of credit risk

a. Geographic location:

Percentages of credit risk exposure amounts of the Company's financial assets by geographic area were as follows (see the table below): As of December 31, 2022, the highest was Taiwan with 91.55%, the second was Asia (excluding Taiwan) with 4.11% and the third was Europe with 3.68%. Compared to the same period of last year, the proportion of investments in Taiwan, Asia (excluding Taiwan) and Europe have decreased in this period, America has increased in this period.

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<sup>1</sup> Other refundable deposits include operating guarantee deposits, clearing and settlement funds and refundable deposits.

<sup>2</sup> Receivables include accounts receivable, other receivables and dealers' accounts receivable.



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

b. Industry:

Percentages of credit risk exposure amounts of the Company's financial assets by industry were as follows (see the table below): Financial institutions accounted for 99.65% with other industry sectors representing less than 1%. Credit risk is concentrated in financial institutions because the Company's own funds and margins received from customers were both deposited with financial institutions, and counterparties of derivative trade undertaken by the Company were banks, futures clearing and settlement institution and re-consigned futures firms. The percentages distribution did not change significantly in this period compared to the corresponding period of last year.

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

(B) Analysis of credit risk levels

- a. Credit risk rating is categorised into Excellent, Standard, Below standard, Other and the definitions are illustrated below:
  - (a) Excellent: The underlying position or an entity is capable of fulfilling its financial commitment even if facing significant uncertain factors or exposed to an adverse condition.
  - (b) Standard: The underlying position or an entity's capacity to fulfill the contractual obligation is at an acceptable level, and any adverse movement toward operation, finance or economy could further weaken its capacity to fulfil financial commitment.
  - (c) Below standard: The underlying position or an entity's capacity to fulfill the contractual obligation is weak, and the fulfillment of the contractual commitment depends on the advantageous movement in operating environment and financial status.
  - (d) Other: This level shows that the counterparty or the underlying asset does not fulfill contractual obligations, or for other reasons fails to (or not) be applied with the internal credit risk ratings.
- b. As of December 31, 2022, the credit quality levels of the Company's financial assets were classified as follows: Excellent is 97.84%, standard is 2.05%. The result of credit quality level classification did not change significantly compared to the same period last year.

The proportion of financial assets classified as excellent had decreased while assets classified as standard had increased.

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Excellent	\$ 102,578,454	\$ 88,872,668
Standard	2,148,885	1,601,758
Below standard	<u>110,704</u>	<u>122,896</u>
Total	<u>\$ 104,838,043</u>	<u>\$ 90,597,322</u>

C. The Company adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

(A) The Company determines that there has been a significant increase in credit risk on a receivable (futures trading margin receivable and other receivables) if it is either past due over 30 days or in violation of the terms of the agreement.

(B) Refundable deposits that have not been returned and the number of days past the refund date is more than 30, excluding deposits not returned due to specific conditions set in the contract.

(C) At the balance sheet date, a debt instrument is considered to have significant increase in credit risk if the credit rating of the credit reference subject is non-investment grade and any of the following conditions apply:

a. The credit rating of the credit reference subject has dropped by more than one scale since initial recognition.

b. The implicit credit spread of the debt instrument has increased by a certain number of basis points since initial recognition.

(D) The definition of a financial asset in default

a. The Company adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.

b. A debt instrument investment is considered in default if any of the following conditions apply:

(a) Bond was credit-impaired at the time of purchase.

(b) At the financial reporting date, the bond is rated as “in default.”

(c) Interest or principal payments have not been made in accordance with the issuance terms.

(d) Due to credit condition of the issuer, the issuance terms were changed so that interest payments were delayed or not made at all.

(e) The issuer or guarantor has ceased operations, applied for reorganisation, filed for bankruptcy, dissolved, or sold assets that have a significant impact on the company’s ability to continue as a going concern.

(E) Write off policy

If the Company cannot reasonably expect to recover the entire or part of the financial asset, it will write off the entire or part of the financial asset.

(F) Measurement of expected credit loss and consideration of forward-looking information  
Futures trading margin receivable

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

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

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

	December 31, 2021				
	12 months Without past due or within 30 days	Lifetime		Total	
		More than 30 days	Significant increase in credit risk		More than 90 days Credit impaired
Expected loss rate	0%	99.66%	100%		
Total book value	\$ -	\$ -	\$ 107,770	\$ 107,770	
Loss allowance	\$ -	\$ -	(\$ 107,770)	(\$ 107,770)	
Maximum exposure amount	\$ -	\$ -	\$ -	\$ -	

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

	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>

	For the year ended December 31, 2021			
	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, 2021	\$ -	\$ -	(\$ 120,901)	(\$ 120,901)
Reversal of impairment loss	-	-	3,755	3,755
Write-offs	-	-	9,376	9,376
December 31, 2021	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 107,770)</u>	<u>(\$ 107,770)</u>

(7) Liquidity risk analysis

A. Liquidity risk of capital refers to the risk arising from the Company's inability to raise funds adequately in a period, which makes it unable to fulfill repayment or disbursement obligations on the expiry days. For liquidity risk management, the Company has established a warning system based on the nature of its businesses, including capital liquidity index, current ratio, loan lines granted by financial institutions and capital shortfall indication, which can estimate in advance the possible capital shortfall in certain periods and help the Company be aware of the overall liquidity risk of capital; the Company has also established a fund procurement plan in response to the occurrence of systematic risk events or exceptional capital flows. For the realization, marketability and safety of current assets, the Company has established the rules of capital risk management, which state the Company's bank deposits, bond trade, repo trade, etc. must meet certain level above of the internal rating and their positions and liquidity shall be monitored regularly.

B. The information about the maturity of the Company's financial liabilities is shown below. The Company's working capital is sufficient enough to meet its funding requirements in the future. Therefore it has no liquidity risk that would arise from inability to raise funds to fulfill repayment or disbursement obligations.

Cash flow analysis of financial liabilities on December 31, 2022

Accounts	Financial liabilities	Payment period					Total
		Prevailing Period	Less than 3 months	3 ~ 12 months	1~5 years	Over 5 years	
212000	Financial liabilities at fair value through profit or loss - current	\$ 26,458	\$ -	\$ -	\$ -	\$ -	\$ 26,458
214080	Futures traders' equity	94,279,967	-	-	-	-	94,279,967
214100	Leverage margin contract transaction traders' equity	371,174	-	-	-	-	371,174
221100	Bonds payable	-	-	-	-	1,497,779	1,497,779
214130	Accounts payable	2,163	136,175	-	-	-	138,338
214140	Accounts payable - related parties	-	22,020	-	-	-	22,020
214170	Other payables	-	316,149	5,802	39	-	321,990
214180	Other payables - related parties	-	408	-	-	-	408
216000	Lease liabilities - current	-	10,805	32,517	-	-	43,322
219000	Other current liabilities	-	483	5,752	-	-	6,235
226000	Lease liabilities - non-current	-	-	-	80,201	-	80,201
	<b>Total</b>	<b>\$ 94,679,762</b>	<b>\$ 486,040</b>	<b>\$ 44,071</b>	<b>\$ 80,240</b>	<b>\$ 1,497,779</b>	<b>\$ 96,787,892</b>
	Percentage (%) of overall	97.82%	0.50%	0.05%	0.08%	1.55%	100.00%

Cash flow analysis of financial liabilities on December 31, 2021

Accounts	Financial liabilities	Payment period					Total
		Prevailing Period	Less than 3 months	3 ~ 12 months	1~5 years	Over 5 years	
212000	Financial liabilities at fair value through profit or loss - current	\$ 926	\$ -	\$ -	\$ -	\$ -	\$ 926
214080	Futures traders' equity	80,868,836	-	-	-	-	80,868,836
214100	Leverage margin contract transaction traders' equity	282,808	-	-	-	-	282,808
221100	Bonds payable	-	-	-	-	1,497,401	1,497,401
214130	Accounts payable	13,717	123,139	-	-	-	136,856
214140	Accounts payable - related parties	-	19,749	-	-	-	19,749
214170	Other payables	-	176,285	5,764	1,939	197	184,185
214180	Other payables - related parties	-	1,842	-	-	-	1,842
216000	Lease liabilities - current	-	10,730	32,119	-	-	42,849
219000	Other current liabilities	-	24,903	6,240	-	-	31,143
226000	Lease liabilities - non-current	-	-	-	118,224	-	118,224
	<b>Total</b>	<b>\$ 81,166,287</b>	<b>\$ 356,648</b>	<b>\$ 44,123</b>	<b>\$ 120,163</b>	<b>\$ 1,497,598</b>	<b>\$ 83,184,819</b>
	Percentage (%) of overall	97.58%	0.42%	0.05%	0.15%	1.80%	100.00%

The analysis of cash flow gap on December 31, 2022

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

The analysis of cash flow gap on December 31, 2021

Accounts	Financial assets	Receipt period					Total
		Prevailing Period	Less than 3 months	3 ~ 12 months	1~5 years	Over 5 years	
111100	Cash and cash equivalents	\$ 1,082,416	\$ 1,775,200	\$ 5,428,400	\$ -	\$ -	\$ 8,286,016
112000	Financial assets at fair value through profit or loss - current	285,884	-	-	-	-	285,884
113200	Financial assets at fair value through other comprehensive income - current	806,830	-	-	-	-	806,830
114070	Customer margin deposits	81,058,821	-	-	-	-	81,058,821
114080	Futures trading margin receivable	107,770	-	-	-	-	107,770
114130	Accounts receivable	-	4,057	-	-	-	4,057
114140	Accounts receivable - related parties	-	2,002	-	-	-	2,002
114170	Other receivables	-	12,532	20	-	-	12,552
114180	Other receivables - related parties	-	4,165	-	-	-	4,165
114300	Leverage margin contract trading client margin deposits	347,405	-	-	-	-	347,405
123200	Financial assets at fair value through other comprehensive income - non-current	-	-	-	-	1,932,733	1,932,733
129010	Operating guarantee deposits	-	-	-	-	140,000	140,000
129020	Clearing and settlement funds	-	-	-	-	544,465	544,465
129030	Refundable deposits	-	-	-	35,978	-	35,978
	Subtotal	<u>\$ 83,689,126</u>	<u>\$ 1,797,956</u>	<u>\$ 5,428,420</u>	<u>\$ 35,978</u>	<u>\$ 2,617,198</u>	<u>\$ 93,568,678</u>
	Cash inflow	\$ 83,689,126	\$ 1,797,956	\$ 5,428,420	\$ 35,978	\$ 2,617,198	\$ 93,568,678
	Cash outflow	<u>81,166,287</u>	<u>356,648</u>	<u>44,123</u>	<u>120,163</u>	<u>1,497,598</u>	<u>83,184,819</u>
	The amount of capital gap	<u>\$ 2,522,839</u>	<u>\$ 1,441,308</u>	<u>\$ 5,384,297</u>	<u>(\$ 84,185)</u>	<u>\$ 1,119,600</u>	<u>\$ 10,383,859</u>



(8) Currency risk

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

(Foreign currency: functional currency)

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

- B. The total exchange gains and losses, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2022 and 2021 amounted to \$44,649 and (\$9,213), respectively.

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

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

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

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

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

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

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

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

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

(Expressed in thousands of New Taiwan dollars)

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

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

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

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

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

Bank	Account	Currency	Foreign amount (in thousands)	Exchange rate (dollars)	New Taiwan dollar	Note
Yuanta Bank	367210718820	NTD	\$ -	1.0000	\$ 17,948,875	
E.SUN COMMERCIAL BANK, LTD.	15441025618	USD	210,090	30.7100	6,451,862	
E.SUN COMMERCIAL BANK, LTD.	15441025629	USD	205,011	30.7100	6,295,877	
Shin Kong Commercial Bank Co., Ltd	611101001582	NTD	-	1.0000	5,603,967	
Others(Note)		NTD	-	1.0000	22,012,496	
		USD	521,387	30.7100	16,011,782	
		HKD	20,191	3.9380	79,511	
		EUR	9,166	32.7200	299,913	
		JPY	267,840	0.2324	62,246	
		GBP	3,511	37.0900	130,236	
		AUD	919	20.8300	19,147	
	SGD	184	22.8800	4,204		
	CHF	-	33.2050	12		
	CNY	40,785	4.4080	179,778		
					<u>\$ 75,099,906</u>	

Note: The items which amount exceed 5% of the total account amount shall be individually presented, while the others that do not meet aforementioned threshold can be collectively presented.

YUANTA FUTURES CO., LTD.  
STATEMENT OF CUSTOMER MARGIN DEPOSITS - CLEARING BALANCES WITH FUTURES  
CLEARING HOUSE  
DECEMBER 31, 2022

(Expressed in thousands of New Taiwan dollars)

Clearing house	Description	Currency	Foreign amount (in thousands)	Exchange rate (dollars)	New Taiwan dollar (the marked-to- market value of pledged deposits)	Note
Taiwan Futures Exchange	Cash in bank	NTD	\$ -	1.0000	\$ 9,923,642	
		USD	2,711	30.7100	83,269	
		HKD	772	3.9380	3,039	
		CNY	4,923	4.4080	21,700	
		JPY	42,689	0.2324	9,921	
		GBP	12,000	37.0900	445,080	
		EUR	18,255	32.7200	597,304	
	Gains (losses) on open futures position	NTD	-	1.0000 (	129,954)	
		USD	( 10)	30.7100 (	315)	
		CNY	3	4.4080	15	
		JPY	1,386	0.2324	322	
	Securities	NTD	-	1.0000	63	
					<u>\$ 10,954,086</u>	



YUANTA FUTURES CO., LTD.  
STATEMENT OF CUSTOMER MARGIN DEPOSITS -CLEARING BALANCES WITH OTHER  
FUTURES COMMISSION MERCHANTS  
DECEMBER 31, 2022

(Expressed in thousands of New Taiwan dollars)

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

YUANTA FUTURES CO., LTD.  
STATEMENT OF CUSTOMER MARGIN DEPOSITS -CLEARING BALANCES WITH OTHER  
FUTURES COMMISSION MERCHANTS (Cont.)  
DECEMBER 31, 2022

(Expressed in thousands of New Taiwan dollars)

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

YUANTA FUTURES CO., LTD.  
STATEMENT OF CUSTOMER MARGIN DEPOSITS -CLEARING BALANCES WITH OTHER  
FUTURES COMMISSION MERCHANTS (Cont.)  
DECEMBER 31, 2022

(Expressed in thousands of New Taiwan dollars)

Other futures commission merchants	Description	Currency	Foreign amount (in thousands)	Exchange rate (dollars)	New Taiwan dollar	Note
Yuanta Futures (Hong Kong) Co., Ltd	Cash in bank	HKD	\$ 31,426	3.9380	\$ 123,757	Related party
	Gains (losses) on open futures position	HKD	649	3.9380	<u>2,556</u>	Related party
					<u>126,313</u>	
	Cash in bank	USD	12,292	30.7100	377,479	Related party
	Gains (losses) on open futures position	USD	9	30.7100	<u>284</u>	Related party
					<u>377,763</u>	
ADM Investor Services, Inc Taiwan branch	Cash in bank	USD	486	30.7100	14,913	
	Gains (losses) on open futures position	USD	1	30.7100	<u>19</u>	
					<u>14,932</u>	
					<u>\$ 8,523,670</u>	

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

Client code	Account	Foreign amount	Exchange rate	New Taiwan dollar	Note
A				\$ 42,435	
B				11,230	
C				7,180	
D				11,740	
E				15,620	
Others (Note)				7,797	
Allowance for uncollectible accounts				( 96,002)	
				<u>\$ -</u>	

Note: The items which amount exceed 5% of the total account amount shall be individually presented, while the others that do not meet aforementioned threshold can be collectively presented.

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

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

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

Note2: The items which amount exceed 5% of the total account amount shall be individually presented, while the others that do not meet aforementioned threshold can be collectively presented.

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YUANTA FUTURES CO., LTD.  
STATEMENT OF PREPAYMENTS  
DECEMBER 31, 2022

(Expressed in thousands of New Taiwan dollars)

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

Note: The items which amount exceed 5% of the total account amount shall be individually presented, while the others that do not meet aforementioned threshold can be collectively presented.

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

Item	Description	Amount	Note
Non-related parties:			
Dividend receivable		\$ 169	
Interest receivable		59,444	
Others		3,657	
		<u>\$ 63,270</u>	
Related parties:			
Interest receivable		\$ 16,965	
Others		153	
		<u>\$ 17,118</u>	

Note: The items which amount exceed 5% of the total account amount shall be individually presented, while the others that do not meet aforementioned threshold can be collectively presented.

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YUANTA FUTURES CO., LTD.  
STATEMENT OF CHANGES IN FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(Expressed in thousands of New Taiwan dollars)

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

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

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

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

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

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

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

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

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

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

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

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

Note 6: The useful life of leasehold improvements is 3 years.

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

<u>Item</u>	<u>Beginning balance</u>	<u>Addition</u>	<u>Decrease</u>	<u>Ending balance</u>	<u>Note</u>
Buildings	\$ 194,971	\$ 5,561	(\$ 4,040)	\$ 196,492	

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YUANTA FUTURES CO., LTD.  
STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION OF RIGHT-OF-USE ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
 (Expressed in thousands of New Taiwan dollars)

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

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

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

Note 1: Computer software is amortised using the straight-line method to allocate its cost over 3 years.

Note 2: Membership in a foreign Futures Exchange with an indefinite useful life and is tested annually for impairment.

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

Item	Description	Amount	Note
Accrued pension liabilities		\$ 2,043	
Expected credit losses		21,400	
Others		4,200	
		<u>\$ 27,643</u>	

Note: The items which amount exceed 5% of the total account amount shall be individually presented, while the others that do not meet aforementioned threshold can be collectively presented.

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YUANTA FUTURES CO., LTD.  
STATEMENT OF OTHER NON-CURRENT ASSETS  
DECEMBER 31, 2022  
 (Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Operating guarantee deposits		\$ 140,000	
Clearing and settlement funds		453,658	
Refundable deposits		35,928	
Prepayment for equipment		89,591	
Others		18,123	
		<u>\$ 737,300</u>	

Note: The items which amount exceed 5% of the total account amount shall be individually presented, while the others that do not meet aforementioned threshold can be collectively presented.

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YUANTA FUTURES CO., LTD.  
STATEMENT OF FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT  
DECEMBER 31, 2022  
(Expressed in thousands of New Taiwan dollars)

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

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

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

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

Note: The items which amount exceed 5% of the total account amount shall be individually presented, while the others that do not meet aforementioned threshold can be collectively presented.

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

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

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

Item	Description	Amount
Non-related parties:		
	Bonuses payable	\$ 268,879
	Others	53,111
		<u>\$ 321,990</u>
Related parties:		
Yuanta Financial Holdings	Maintenance fee	\$ 319
Others	Others	89
		<u>\$ 408</u>

Note: The items which amount exceed 5% of the total account amount shall be individually presented, while the others that do not meet aforementioned threshold can be collectively presented.

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

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Temporary receipts	Others	<u>\$ 6,235</u>	

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

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

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

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

Bonds Name	Trustee	Issuance Date	Interest Payment Date	Interest Rate	Amount						
					Par Value	Repayment Paid	Ending Balance	Unamortized Premiums (Discounts)	Carrying Amount	Repayment Term	Collateral
First issue of unsecured subordinate normal corporate bond in 2021	BANK SINOPAC CO., Ltd	2021/11/12	Note	0.85	\$ 1,500,000	\$ -	\$ 1,500,000	(\$ 2,221)	\$ 1,497,779	Repaid on Maturity	None

Note: The principal is repaid at par on the maturity date and interest is according to stated interest rate payable annually on November 12 at simple interest from the issue date.

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

Item	Description	Amount	Note
Unrealized exchange gain		\$ 5,738	
Others		36,516	
		<u>\$ 42,254</u>	

Note: The items which amount exceed 5% of the total account amount shall be individually presented, while the others that do not meet aforementioned threshold can be collectively presented.

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YUANTA FUTURES CO., LTD.  
STATEMENT OF OTHER NON-CURRENT LIABILITIES  
DECEMBER 31, 2022  
 (Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Accrued pension liabilities			
– non-current		\$ 56,863	
Other long-term liabilities		14,550	
		<u>\$ 71,413</u>	

Note 1: Listed by deposits received, collection for third parties and other liabilities, etc.

Note 2: The items which amount exceed 5% of the total account amount shall be individually presented, while the others that do not meet aforementioned threshold can be collectively presented.

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YUANTA FUTURES CO., LTD.  
STATEMENT OF GAINS ON DERIVATIVE INSTRUMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Non-hedging			
Gains (losses) from futures contract interests			
Futures contract gains		\$ 182,535	
Futures contract losses		( 230,356)	
		<u>(\$ 47,821)</u>	
Gains (losses) from options trading			
Gains from options trading		\$ 235,207	
Losses from options trading		( 171,512)	
		<u>\$ 63,695</u>	
Gains (losses) from leverage margin contract transactions			
Gains from leverage margin contract transactions		\$ 634,712	
Losses from leverage margin contract transactions		( 560,265)	
		<u>\$ 74,447</u>	
Non-hedging			
Gains from derivative financial instruments		\$ 1,052,454	
Losses from derivative financial instruments		( 962,133)	
Net gains on derivative financial instruments		<u>\$ 90,321</u>	

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

<u>Item</u>	<u>Payee</u>	<u>Amount</u>	<u>Note</u>
Entrusted futures transaction	J.P.Morgan Securities Ltd	\$ 230,147	
	OCBC Securities Private Limited	39,215	
	Phillip Nova Pte Ltd	49,170	
	Others	<u>46,311</u>	
	Subtotal	<u>364,843</u>	
Futures auxiliary business	Yuanta Securities Co., Ltd.	292,413	Related party
	Taiwan Cooperative Securities Co., Ltd.	25,514	
	Others	<u>29,200</u>	
	Subtotal	<u>347,127</u>	
		<u>\$ 711,970</u>	

Note: The items which amount exceed 5% of the total account amount shall be individually presented, while the others that do not meet aforementioned threshold can be collectively presented.

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YUANTA FUTURES CO., LTD.  
STATEMENT OF EMPLOYEE BENEFITS, DEPRECIATION, AMORTIZATION AND OTHER OPERATING EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(Expressed in thousands of New Taiwan dollars)

Item	2022	2021	Note
Employee benefit expense (Note1):			
Wages and salaries	\$ 663,524	\$ 522,667	
Director's remuneration	52,632	63,220	
Labor and health insurance fees	39,430	38,811	
Pension costs	19,415	18,839	
Post-employment benefits	3,372	12,470	
Other personnel expenses	21,528	20,522	
	<u>799,901</u>	<u>676,529</u>	
Depreciation and amortisation expense:			
Depreciation expense	130,554	114,664	
Amortisation expense	27,105	12,164	
	<u>157,659</u>	<u>126,828</u>	
Other operating expenses:			
Postage and telephone costs	115,999	98,725	
Tax expenses	104,388	115,301	
Computer information expenses	107,240	102,723	
Donation	4,165	10,475	
Institutional membership fees	30,107	32,269	
Operating lease payments	-	123	
Repair charge	31,414	31,254	
Advertising costs	7,965	9,646	
Service expenses	18,236	14,698	
Other expenses	39,047	35,072	
	<u>458,561</u>	<u>450,286</u>	
	<u>\$ 1,416,121</u>	<u>\$ 1,253,643</u>	

- Note 1: A. The Company had 429 and 420 employees in 2022 and 2021, respectively, in which directors not concurrently serving as employees were both 6, respectively.
- B. The annual financial statements shall additionally disclose the information below:
- (A) For the years ended December 31, 2022 and 2021, average employee benefit expense were \$1,767 and \$1,481, respectively.
- (B) For the years ended December 31, 2022 and 2021, average wages and salaries were \$1,569 and \$1,262, respectively.
- (C) Year on Year change in average employee wages and salaries was 24.33%.
- (D) Supervisors' remuneration in 2022 and 2021 were both \$0. (Because of the establishment of Audit Committee, there's no supervisors' remuneration.)
- (E) Please illustrate the remuneration policy of the Company. (Including directors, supervisors, managers and employees)
- a. Directors
- (a) Including remuneration, severance pension and service payment.
- (b) The monthly fixed pay to independent directors is determined by the board of directors taking into account industry standards, and independent directors do not receive the distribution of company directors' compensation.
- (c) Service payment are expenses incurred by the directors in their capacity as company directors, including travelling costs and costs associated with attending meetings, and they are paid according to industry standards.
- b. Managers and employees
- (a) Including salary, pension, bonus and employee compensation.
- (b) Managers and employees are remunerated based on their responsibilities, professional capabilities and experiences. In order to motivate the morale of all employees, each year, depending on the profitability, additional performance bonuses are granted to enhance the Company's future operating performance.
- (c) Employee compensation is based on the Company's Articles of Incorporation. In order to motivate employees and the management team, if the current year's earnings, following offset prior years' operating losses, are positive, then 0.01% to 5% of the remaining balances shall be set aside as employee compensation.
- Note 2: A. The table should describe the number of employees, and the calculation base should be in agreement with that of employees' benefit expenses and wages and salaries expense, and average employee numbers should be used when calculating.
- B. Under IAS 19, employees include directors and other management personnel. Employees can provide services on a full-time, part-time, permanent, casual or temporary basis. Thus, the "employee" in this statement means directors, managers, normal staff and contract employees. However, supervisors, temp worker, hire of work or outsourcing personnel are not included.
- C. The "directors' remuneration" is the remuneration, retirement payment, directors' compensation and service payments which are earned by all directors.
- D. The term "supervisor's remuneration" refers to the remuneration, compensation and service payment received by all supervisors.

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

Item	Description	Amount	Note
Non-related parties		\$ 80,181	
Related parties:			
Yuanta Futures (Hong Kong) Co., Ltd.		649	
Yuanta Securities Co., Ltd.		3,956	
Yuanta Bank Co., Ltd.		138	
Yuanta Life Insurance Co., Ltd.		877	
Yuanta Securities (Hong Kong) Co., Ltd.		128	
Yuanta Securities Korea Co., Ltd.		539	
Funds managed by Yuanta Securities Investment Trust		38,027	
		<u>\$ 124,495</u>	

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YUANTA FUTURES CO., LTD.  
STATEMENT OF EXPECTED CREDIT IMPAIRMENT LOSSES AND REVERSAL GAINS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
 (Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Futures trading margin receivable	Futures traders' default amount	(\$ <u>2,795</u> )	Measured by the historical loss rate and consideration of forward-looking information

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YUANTA FUTURES CO., LTD.  
STATEMENT OF OTHER GAINS AND LOSSES  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Interest income		\$ 883,189	
Dividend income		154,999	
Net currency exchange gains		44,649	
Losses on financial assets at fair value through profit or loss		( 3,985)	
Others		72,089	
		<u>\$ 1,150,941</u>	

Note: The items which amount exceed 5% of the total account amount shall be individually presented, while the others that do not meet aforementioned threshold can be collectively presented.

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**YUANTA FUTURES CO., LTD.**

**DISCLOSURE OF SECURITIES DEPARTMENT**

**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**



YUANTA FUTURES CO., LTD. SECURITIES DEPARTMENT  
BALANCE SHEETS  
DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars)

ASSETS	Notes	December 31, 2022		December 31, 2021		
		AMOUNT	%	AMOUNT	%	
<b>Current assets</b>						
111100	Cash and cash equivalents	6(1) and 7	\$ 774,537	87	\$ 681,219	73
112000	Financial assets at fair value through profit or loss - current	6(2) and 7	101,080	11	231,793	25
114170	Other receivables		169	-	230	-
114600	Current income tax assets		621	-	402	-
110000	<b>Subtotal current assets</b>		<u>876,407</u>	<u>98</u>	<u>913,644</u>	<u>98</u>
<b>Non-current assets</b>						
129010	Operating guarantee deposits	6(3) and 7	10,000	1	10,000	1
129020	Clearing and settlement funds	6(3)	8,382	1	7,572	1
120000	<b>Subtotal non-current assets</b>		<u>18,382</u>	<u>2</u>	<u>17,572</u>	<u>2</u>
906001	<b>Total Assets</b>		<u>\$ 894,789</u>	<u>100</u>	<u>\$ 931,216</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>						
<b>Current liabilities</b>						
214130	Accounts payable		\$ 2,181	-	\$ 13,750	1
214160	Collection for third parties		4	-	7	-
214170	Other payables		7	-	7	-
210000	<b>Subtotal current liabilities</b>		<u>2,192</u>	<u>-</u>	<u>13,764</u>	<u>1</u>
906003	<b>Total Liabilities</b>		<u>2,192</u>	<u>-</u>	<u>13,764</u>	<u>1</u>
Capital						
301110	Operating capital		800,000	90	800,000	86
Retained earnings						
304040	Undistributed earnings		92,597	10	117,452	13
906004	<b>Total equity</b>		<u>892,597</u>	<u>100</u>	<u>917,452</u>	<u>99</u>
906002	<b>Total liabilities and equity</b>		<u>\$ 894,789</u>	<u>100</u>	<u>\$ 931,216</u>	<u>100</u>

The accompanying notes are an integral part of these parent company only financial statements.

YUANTA FUTURES CO., LTD. SECURITIES DEPARTMENT  
STATEMENTS OF COMPREHENSIVE INCOME  
(Expressed in thousands of New Taiwan dollars)

Items	Notes	For the years ended December 31,				
		2022		2021		
		AMOUNT	%	AMOUNT	%	
<b>Revenues</b>						
410000	(Losses) gains on trading of securities	6(2) and 7	(\$ 88,117) ( 565)	\$ 119,534	96	
421300	Dividend income	6(2)	79,463	509	7,518	6
421500	Losses on valuation of trading securities	6(2) and 7	( 6,869) ( 44)	( 2,576)	( 2)	
421600	Losses on covering of borrowed securities and bonds with resale agreements-short sales	6(2)	( 75)	-	-	
400000	<b>Total revenues</b>		( 15,598) ( 100)	124,476	100	
<b>Costs and expenses</b>						
502000	Dealer handling fee		( 336) ( 2)	( 626)	( 1)	
531000	Employee benefit expense		( 1,495) ( 10)	( 6,395)	( 5)	
533000	Other operating expenses	7	( 10,287) ( 66)	( 17,438)	( 14)	
500000	<b>Total costs and expenses</b>		( 12,118) ( 78)	( 24,459)	( 20)	
	<b>Operating (loss) income</b>		( 27,716) ( 178)	100,017	80	
602000	Other gains and losses	7	2,862	19	1,977	2
902005	<b>Net (loss) income</b>		(\$ 24,854) ( 159)	\$ 101,994	82	
	<b>Total comprehensive (loss) income</b>		(\$ 24,854) ( 159)	\$ 101,994	82	

The accompanying notes are an integral part of these parent company only financial statements.

YUANTA FUTURES CO., LTD.  
NOTES TO THE DISCLOSURE OF SECURITIES DEPARTMENT  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars, Unless Otherwise Indicated)

1. HISTORY AND ORGANIZATION

The Department was approved by the competent authority to engage in securities dealing business on April 28, 2010, and it officially launched business on July 2, 2010.

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

These department financial statements were authorized for issuance by the Board of Directors on March 8, 2023.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) that came into effect as endorsed by the Financial Supervisory Commission (“FSC”).

New standards, interpretations and amendments endorsed by the FSC and became effective from 2022 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, ‘Reference to the conceptual framework’	January 1, 2022
Amendments to IAS 16, ‘Property, plant and equipment: proceeds before intended use’	January 1, 2022
Amendments to IAS 37, ‘Onerous contracts—cost of fulfilling a contract’	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

The above standards and interpretations have no significant impact to the Department’s financial condition and financial performance based on the Department’s assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Department

New standards, interpretations and amendments endorsed by the FSC effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023

The above standards and interpretations have no significant impact to the Department’s financial condition and financial performance based on the Department’s assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’	To be determined by International Accounting Standards Board
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, ‘Initial application of IFRS 17 and IFRS 9 – comparative information’	January 1, 2023
Amendments to IAS 1, ‘Classification of liabilities as current or non-current’	January 1, 2024
Amendments to IAS 1, ‘Non-current liabilities with covenants’	January 1, 2024

The above standards and interpretations have no significant impact to the Department’s financial condition and financial performance based on the Department’s assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

The financial statements of the Department have been prepared in accordance with the Regulation Governing the Preparation of Financial Reports by Securities Firms, International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”).

(2) Basis of preparation

A. Except for the following items, the Department financial statements have been prepared under the historical cost convention:

Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

- B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Department's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Department financial statements are disclosed in Note 5.

(3) Classification of current and non-current items

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

- (A) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
- (B) Assets held mainly for trading purposes;
- (C) Assets that are expected to be realised within twelve months from the balance sheet date;
- (D) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

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

- (A) Liabilities that are expected to be settled within the normal operating cycle;
- (B) Liabilities arising mainly from trading activities;
- (C) Liabilities that are to be settled within twelve months from the balance sheet date;
- (D) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the consolidated balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(4) Cash and cash equivalents

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

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

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income. Financial assets at amortised cost or fair value through other comprehensive income are designated as at fair value through profit or loss at initial recognition when they eliminate or significantly reduce a measurement or recognition inconsistency.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

- C. At initial recognition, the Department measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Department subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Department recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Department and the amount of the dividend can be measured reliably.

(6) Accounts receivable

- A. Accounts receivable entitle the Department a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(7) Impairment of non-financial assets

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

(8) Impairment of financial assets

For accounts receivable, operation guarantee deposits, and clearing and settlement funds, at each reporting date, the Department recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts.

5. CRITICAL ACCOUNTING JUDGEMENT, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these Department financial statements requires management to make critical judgements in applying the Department's accounting policies and make critical assumptions and estimates concerning future events. The significant accounting estimates and such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience, COVID-19 and other factors. The management assessed that the Department had no significant accounting estimates and assumptions.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Demand deposits	\$ 154,537	\$ 81,219
Time deposits	<u>620,000</u>	<u>600,000</u>
	<u>\$ 774,537</u>	<u>\$ 681,219</u>

A. The Department transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Department has no cash and cash equivalents pledged to others.

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	\$ 100,459	\$ 224,771
Beneficiary certificates	<u>469</u>	<u>-</u>
	100,928	224,771
Valuation adjustment	<u>152</u>	<u>7,022</u>
	<u>\$ 101,080</u>	<u>\$ 231,793</u>

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

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Financial assets at fair value through profit or loss		
Listed stocks	(\$ 12,734)	\$ 129,154
Beneficiary certificates	( 2,789)	( 4,678)
Borrowed securities	<u>( 75)</u>	<u>-</u>
	<u>(\$ 15,598)</u>	<u>\$ 124,476</u>

(3) Other assets

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Operating guarantee deposits	\$ 10,000	\$ 10,000
Clearing and settlement funds	8,382	7,572
	<u>\$ 18,382</u>	<u>\$ 17,572</u>

A. In accordance with “Securities and Exchange Act” and “Regulations Governing Securities Firms”, operating guarantee deposits shall deposit in financial institutions designated by the FSC.

B. In accordance with “Securities and Exchange Act” and “Regulations Governing Securities Firms”, clearing and settlement fund shall deposit in Taiwan Stock Exchange Corporation and Taipei Exchange.

C. As at December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the other assets held by the Department was \$18,382 and \$17,572, respectively.

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The Company’s ultimate controlling party is Yuanta Financial Holding Co., Ltd., which owns 66.27% of the Company’s shares.

(2) The names and relationship of related parties

<u>Names</u>	<u>Relationship with the Company</u>
Yuanta Bank Co., Ltd.	The same group of enterprises
Yuanta Securities Co., Ltd.	The same group of enterprises

(3) Significant related party transactions and balances

A. Cash and cash equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Fellow subsidiary		
Yuanta Bank Co., Ltd.	\$ 520,000	\$ 320,000

B. Operating guarantee deposits

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Fellow subsidiary		
Yuanta Bank Co., Ltd.	\$ 10,000	\$ 10,000

C. Security lending expense

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



D. Interest income

	For the years ended December 31,	
	2022	2021
Fellow subsidiary		
Yuanta Bank Co., Ltd.	\$ 2,203	\$ 274

D. Property transaction

The (losses) gains on disposal of beneficiary certificates were (\$2,727) and \$692 for the years ended December 31, 2022 and 2021, respectively.

8. PLEDGED ASSETS

None.

9. SIGNIFICANT COMMITMENTS AND CONTINGENT LIABILITIES

None.

10. SIGNIFICANT LOSS FROM NATURAL DISASTER

None.

11. DISCLOSURES OF FINANCIAL INSTRUMENTS INFORMATION

Please refer to 2022 financial statements of the Company.

12. SPECIFIC INHERENT RISKS IN PROPRIETARY SECURITY BUSINESS

(1) The primary risk of the Department's securities dealing business is market price risk. The securities held are measured at fair value, and market prices of securities are price index sensitive, the Department employs optimum hedging strategy to reduce the degree of exposure to relevant risks.

(2) The Department adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

A. The Department determines that there has been a significant increase in credit risk on a receivable, if it is either past due over 30 days or in violation of the terms of the agreement.

B. The definition of a financial asset in default

The Department adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.

C. Write off policy

If the Department cannot reasonably expect to recover the entire or part of the financial asset, it will write off the entire or part of the financial asset.

D. Measurement of expected credit loss and consideration of forward-looking information

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

On December 31, 2022 and 2021, the Department's total carrying amount and maximum exposure to credit risk amount of account receivable were \$0.

13. INCOME STATEMENTS BASED ON THE TYPE OF BUSINESS

N/A

14. SEGMENT INFORMATION

N/A

15. SUBSEQUENT EVENTS

None.

16. RELATED INFORMATION OF SIGNIFICANT TRANSACTIONS

None.

17. INFORMATION ON INVESTEES

None.

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

None.

19. DISCLOSURE OF INFORMATION ON INDIRECT INVESTMENT IN MAINLAND CHINA

None.

20. OTHERS

None.

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

Item	Description	Amount	Note
Demand deposits		\$ 154,537	
Time deposits	Expiring within one year, interest rate 1.20%~1.52%	<u>620,000</u>	
		<u>\$ 774,537</u>	

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YUANTA FUTURES CO., LTD. SECURITIES DEPARTMENT  
STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS — CURRENT  
DECEMBER 31, 2022  
(Expressed in thousands of New Taiwan dollars)

Name of Financial Instrument	Description	Shares or units (in thousands)	Face Value	Total Amount (in thousands)	Interest Rate	Cost	Fair Value		Amount of the fair value attributable to change in the credit risk	Note
							Unit Price (dollars)	Total Amount		
<u>Listed stocks</u>										
Hon Hai Precision Industry Co., Ltd.		86				\$ 9,294	\$ 99.90	\$ 8,592		
Catcher Technology Co., Ltd.		232				40,384	169.00	39,208		
ITEQ Corp.		156				10,683	72.60	11,326		
Others		182				<u>15,851</u>		<u>16,217</u>		Note
Subtotal						<u>76,212</u>		<u>75,343</u>		
<u>OTC stocks</u>										
Taidoc Technology Corp.		84				14,391	185.00	15,540		
Global Wafers Co., Ltd.		18				7,839	427.50	7,695		
Others		17				<u>2,017</u>		<u>2,016</u>		Note
Subtotal						<u>24,247</u>		<u>25,251</u>		
<u>Beneficiary certificates</u>										
Others		20				<u>469</u>	24.32	<u>486</u>		Note
						<u>\$ 100,928</u>		<u>\$ 101,080</u>		

Note: The other items do not exceed 5%.

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

Client	Description	Amount	Note
Non-related parties:			
Taiwan Stock Exchange	Securities settlement payables	\$ 1,175	
Taipei Exchange	Securities settlement payables	988	
Others		18	Note
		\$ 2,181	

Note: The other items do not exceed 5%.

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YUANTA FUTURES CO., LTD. SECURITIES DEPARTMENT  
STATEMENT OF EMPLOYEE BENEFITS, DEPRECIATION, AMORTIZATION AND OTHER  
OPERATING EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(Expressed in thousands of New Taiwan dollars)

Item	2022	2021	Note
Employee benefit expense (Note):			
Wages and salaries	\$ 1,274	\$ 6,076	
Labor and health insurance fees	94	161	
Pension costs	50	63	
Other personnel expenses	77	95	
	<u>1,495</u>	<u>6,395</u>	
Other operating expenses:			
Tax expenses	8,706	15,934	
Computer information expenses	1,489	1,389	
Institutional membership fees	27	13	
Other expenses	65	102	
	<u>10,287</u>	<u>17,438</u>	
	<u>\$ 11,782</u>	<u>\$ 23,833</u>	

Note1: 1. The Department had 1 employee in 2022 and 2021. The Department has no director.  
2. For the years ended December 31, 2022 and 2021, average employee benefit expense were \$1,495 and \$6,395, respectively.  
3. For the years ended December 31, 2022 and 2021, average wages and salaries were \$1,274 and \$6,076, respectively.  
4. Year on Year change in average employee wages and salaries was (79.03%).  
5. Supervisors' remuneration in 2022 and 2021 were both \$0.  
6. Please illustrate the remuneration policy of the Company. (Including directors, supervisors, managers and employees)  
Please find the remuneration policy of the Department in 2022 parent company only financial statements, in the statements of employee benefits, depreciation, amortization and other operating expenses.

YUANTA FUTURES CO., LTD. SECURITIES DEPARTMENT  
STATEMENT OF OTHER GAINS AND LOSSES  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Other gains			
Interest income		\$ <u>2,862</u>	

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