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Stock Code: 6023



# **2023 Annual Report**

Date published: January 31, 2024

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

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

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# One. Report to Shareholders

## I. Market Overview

Looking back at 2023, the conflict between Ukraine and Russia persisted, alongside the emergence of the Israel-Palestine conflict, both impacting energy, interest rates, and economic growth. The global economic upheaval, compounded by geopolitical risks, oil production cuts, and various political and economic events including technology trade wars and inflation, affected major economies worldwide. Following the COVID-19 pandemic, the global digital economy's development surged in the first quarter, leading to a rise in the concept of generative AI and a spike in related stocks. In addition, the largest scale of Israel-Palestine conflict in the last 20 years had broken out in October following the Ukraine–Russia war, which caused severe international oil prices fluctuation, brought more uncertainties to the world, resulted in emerging awareness for risk hedging, thus the demand for risk hedging and trades in the futures market surged. The trading volume of global futures and options reached a new high in 2023. The annual trading volume was 122.2 billion units, an increase of 45.6% from the 83.9 billion units in last year.

In terms of global futures options trade, according to the data of the Futures Industry Association (FIA), the futures market of current year decreased by 8% compared with the same period last year, while options increased by 75% compared with last year. In terms of commodity categories, the trading volume of stocks and stock price indexes remained the largest, accounted for 81% with annual growth rate of 60% in trading volume achieved. The trading volume of exchange rate commodities accounted for 5%, and the trading volume of interest rate commodities accounted for 5%; also, the transaction volume of agricultural products, energy, and metal contracts had all declined compared with the same period last year. In summary, the global business world was facing diversified dynamics and challenges in 2023. The demand for derivative financial products such as futures and options had increased significantly. Therefore, it is advisable to closely observe the subsequent developments with prudent responses formed accordingly.

In terms of domestic market, while in the middle of political and economic turmoil worldwide, the demand for derivative financial products has gone up significantly. Futures and options are important for hedging transactions and stabilizing the financial market. Taiwan futures trading volume has exceeded 300 million units for four consecutive years since the year of 2020. However, since the annualized volatility of the Taiwan Index was for 13% only, the trading volume was slightly decreased compared with last year; therefore, the futures options trading volume was 324 million in 2023, indicating that Taiwan futures market had abundant momentum, of which, the night trading ratio had gone up to more than 30%. Taiwanese traders were further linked to the international market, and their participation in the night trading session had gradually become active. Stock Index Futures, FITX, Mini Taiwan Electronic Sector Index Futures, and US stock index futures, and TXO were the most popular instruments traded in 2023, of which, Stock Index Futures accounted for 34.86%. The popularity of Stock Index Futures increased along with the rise of Taiwan Stock Index, representing an increase of 18.4% compared to last year. Obviously, mini and diversified futures have become the stars to the futures industry because they are the commodities with great potential in the futures market. In addition, the U.S. Philadelphia Semiconductor Futures and a number of new products are traded on the Taiwan Futures Exchange this year with diversified product choices available to traders. TSMC futures are expected to be traded on the night trading session in 2024, and a customized commodity trading platform (FLEX) and trader risk detection platform are to be constructed in order to increase the trading flexibility of the Taiwan futures market and to assist traders in conducting optimal risk control in order to improve the efficiency of capital use.

In terms of the regulatory environment, financial technology and sustainable development remained the main concerns of the financial regulatory agencies in 2023. In terms of financial technology development, the Financial Supervisory Commission has successively released “Fintech Roadmap 2.0” and “Core Principles for the Application of Artificial Intelligence (AI) in the Financial Industry.” The company will actively support the policies of the competent authorities, continue to reinforce the information security protection network, initiate the optimization of front-and-back operating system, actively seize opportunities for digital financial development, and expand digital platform channels. In terms of sustainable development, the competent authority announced the “Sustainable Development Action Plan for Listed Companies” in 2023 to promote enterprises' sustainable development with four themes and five aspects formed, added with the government’s launching sustainable financial assessment and promoting Taiwan’s capital market to implement the IFRS sustainable disclosure standards gradually. The transformation to net-zero emissions and the climate risk strategies as the two pillars to support the environment will be the next challenge faced by the financial industry. The company is committed to sustainable development continuously, responding to global sustainable development trends actively, promoting environmental, social, corporate governance, and other measures forcefully, integrating sustainability concepts into operating policies, and taking into account the company’s business development and corporate sustainability prospects.

Due to concerns about inflation and uncertainty in the global financial market, the company will continue to integrate the departments of legal compliance, risk management, information, clearing, audit, etc. in order to establish a solid control and management defense line, comprehensively reinforce the company’s internal policies and risk control measures, enhance the awareness and cultural recognition of relevant personnel on risk control, prevent money laundering and combat financing of terrorism, and effectively substantiate the goals of customer risk management and sound operations.

## **II. Operating results**

The company continued to enhance various operations and management in 2023, including improving the profitability of shareholders’ equity, substantiating risk management, enhancing brokerage and trading objectives, etc., and had achieved various operational objectives as follows:

- (I) In terms of financial performance: The company’s net income amounted to NT\$1.853 billion in 2023, ranked in the first place among 14 specialized futures merchants with the record high net income generated. The net EPS was NT\$6.39 and the net ROE was 13.53%.
- (II) In terms of business performance: The company’s futures brokerage market share was 22.58% in 2023, the options brokerage market share was 15.55%, and the offshore brokerage market share was 26.77%. The margin accounted for a market share of 30.68% as of the end of December, the market stock ranked in the first place, and the overall business performance was second to none in the industry.
- (III) In terms of corporate governance implementation: The company adheres to the principle of the highest ethical corporate management to establish a rigorous corporate governance system and to substantiate internal control, compliance with laws and regulations, and risk control. Also, for the protection of the customers’ rights and interests, the company convenes the Fair Dealing Principle meeting every quarter, and reports the implementation result to the board of directors. The board of directors supervises the indicators and actions related to customer rights and interests. The related governance performance has been repeatedly recognized and won domestic and foreign corporate governance awards.

1. The company was ranked on the top 5% of the TPEX companies in the 9<sup>th</sup> “Corporate Governance Evaluation” of Taiwan Stock Exchange and has been awarded for 9 consecutive years since 2015, demonstrating the high affirmation of the company’s substantiating corporate governance by the competent authority.
  2. Received an excellent domestic long-term credit rating of “AA-(tw)” and a domestic short-term credit rating of “F1+(tw)” from Fitch Ratings and a prospect of “stable”
  3. Obtained Taiwan Intellectual Property Management Standards (TIPS) Level-A certification for three consecutive years since 2021 to improve the intellectual property management system. The company has continued to introduce the BS10012 Personal Information Management System (PIMS) international standard certification every year since then to fully protect the rights and interests of customers by establishing a comprehensive personal information protection measure.
- (IV) In terms of award-winning records and international certification: The company as a leading “Futures Brand” in Taiwan values the importance of promoting the sustainable development of the industry while securing financial business development and generating profits; also, taking into account the research and development capabilities and innovation, striving to provide investors with the best futures trading platform services, and adhering to the core value of the brand in order to become the brand benchmark in the Asian financial market.

Credits and honors in 2023:

1. No. 1 in futures companies amongst the Top 5000 large corporations in Taiwan.
2. The company was awarded with the “Outstanding Risk Management,” “Outstanding Financial Innovation,” “Outstanding Green Finance Award – Futures category,” and “Outstanding Futures Talent” at the 17<sup>th</sup> Golden Goblet Award.
3. The company has won the “CommonWealth Magazine Sustainability Citizen Award” in the 4<sup>th</sup> place on the Rising Star List for six consecutive years, and the “CommonWealth Talent Sustainability Award” for the first time, the one and only futures merchant on the list.
4. The company was awarded with the 2023 “TCSA Taiwan Corporate Sustainability Awards” –Talent Development Leadership Award, Gender Equality Leadership Award, and Corporate Sustainability Report Silver Award.
5. Awarded with the “Best Brokerage House of the year” by The Asset magazine.
6. The Asset Magazine awarded the “ESG Corporate Awards Platinum Medal.”
7. Taiwan Futures Exchange 9<sup>th</sup> “Futures Diamond Award – Futures Brokers Trading Volume Diamond Award No. 1” and “Futures Market Promotion Diamond Award”
8. The company was awarded with the “Digital Innovation Gold Award” and “Digital Information Security Gold Award” by the *Commercial Times*.
9. The 2022 Sustainability Report was verified and certified by the British Standards Institution Taiwan Branch (BSI), and with a confirmation letter received from the CPAs. An English version report was compiled for the first time and is the first futures commission merchant in the futures industry to publish an English version of the sustainability report.
10. The company strives to introduce various ISO management tools, and has been certified by the British Standards Institute Taiwan Branch for: ISO 14001 Environmental Management System, ISO 14064-1 Greenhouse Gas, ISO 45001

Occupational Health and Safety Management System, ISO 20400 Sustainable Procurement Guidelines, ISO 14046 Environmental Management – Water Footprint, ISO 27001 Information Security Management System, ISO 10002 Customer Complaint Management System, and BS 10012 PIMS Personal Information Management System.

4. The Company's 2023 income and expense and profitability analysis as follows:

(Unit NTD thousand)

Item	2023	2022	Difference	Variation
Operating gains	3,436,053	3,999,798	(563,745)	(14.09%)
Earnings before tax	2,286,740	1,422,465	864,275	60.76%
Current period net profit	1,852,719	1,145,348	707,371	61.76%
Net worth	145.13	128.71	16.42	12.76%
After-tax EPS (NTD)	6.39	3.95	2.44	61.77%
Return on shareholders' equity	13.53%	9.08%	4.45%	49.01%

### III. Research and development

- (I) The optimization and upgrade of the core accounting system and hardware equipment was completed in 2021, and the brokerage clearing and trading system conversion plan will be implemented continuously in 2023. Also, various front-end trading systems and backend accounting system will be completed in coordination with the launch of new products and new systems by Taiwan Futures Exchange. In terms of information security protection, Yuanta Futures has established a SIEM security information and event management system, introduced an endpoint security protection system, and conducted ISO27001 verification continuously in order to ensure the security of the trading environments for the benefit of the traders.
- (II) Continue to refine the readability and diversity of research reports, and provide traders with more real-time research information in the form of community posts, audio-visual, and audio. Prepare customized industry and corporate project briefings for corporate customers; provide strategic hedging and forward-looking analysis to have futures services extended to industry and corporate physical economy services.
- (III) The company continues to converge and optimize platform functions in order to provide customers with more comprehensive online services, simultaneously, introduces emerging technologies such as RPA robotic process automation and digital reporting systems into back-end operations in order to improve operational efficiency comprehensively. Yuanta Futures cooperated with the Group to introduce the Fast Identity Online (FIDO) in 2023. In the future, it will provide customers with a more convenient financial service experience and improve the convenience and security of financial transactions.

### IV. Future operating plans and development strategies

In prospect of 2024, the company bases its core business philosophy on “creating new opportunities, pioneering sustainability” to face market fluctuations by exercising long-term and stable sustainable operating capabilities and through constant innovation and progress. The company also aims to enrich the risk control DNA of the company's personnel while taking into account the core values of corporate governance. This will help maintain business



competitiveness, increase investment in green finance and sustainable operations, and develop products and green financial service processes embedded with the spirit of sustainability actively. At the same time, the company intends to expand business operations in the Asia-Pacific region and integrate the resources of the headquarters and offices in Hong Kong and Singapore to develop potential customers in Southeast Asian countries and to expand the company's offshore profit generation.

In 2024, the operating plans of Yuanta Futures are highlighted below:

- (I) Enhance core profitability momentum and develop various domestic and foreign businesses in a balanced manner.
- (II) Grasp the leverage business opportunities and stabilize the profitability of the leverage business.
- (III) Stabilize trading performance and realize strategic diversified deployment.
- (IV) Refine digital financial services and optimize customer trading experience.
- (V) Substantiate the principle of fair treatment and prevent fraud to protect customers' rights and interests.
- (VI) Realize enterprise sustainable development and seize green financial business opportunities.

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

Yuanta Futures Co., Ltd.

Chairman: Tien-Fu Lin

Vice Chairman: Pin-Cheng Chen

President: Kuo-Tsun Hsu

## Two. Company Profile

**I. Date of establishment: April 9, 1997.**

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

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

**III. Company history**

Year	Major events
1997	<ul style="list-style-type: none"> <li>● The establishment of Polaris Futures Brokerage Co., Ltd. began its preparation in March.</li> <li>● The incorporation of Polaris Futures Brokerage Co., Ltd., was approved in April with a capital stock of NT\$200,000,000 authorized.</li> <li>● The company commenced business in July, and engaged mainly in futures brokerage.</li> </ul>
1998	<ul style="list-style-type: none"> <li>● Completed a cash issue totaling NT\$300,000,000 in February; share capital increased to NT\$500,000,000.</li> <li>● Completed a cash issue totaling NT\$100,000,000 in May; share capital increased to NT\$600,000,000.</li> <li>● With the approval of the Securities and Futures Commission, Ministry of Finance, on 28 September, the company changed its name to Polaris Futures Co., Ltd. and engaged in proprietary futures trading.</li> <li>● The Company created its proprietary futures trading department created in December, and was the first to do so among in the futures industry.</li> </ul>
1999	<ul style="list-style-type: none"> <li>● Completed a cash issue totaling NT\$15,000,000 in July; share capital increased to NT\$615,000,000.</li> <li>● Kaohsiung Branch was established in August.</li> <li>● In October, became the first to be granted the permission for online futures trading.</li> </ul>
2000	<ul style="list-style-type: none"> <li>● Completed a cash issue totaling NT\$15,000,000 in August; share capital increased to NT\$630,000,000.</li> <li>● Taichung Branch was established in September.</li> </ul>
2001	<ul style="list-style-type: none"> <li>● In December, became one of the first market-makers of TAIFEX options.</li> </ul>
2002	<ul style="list-style-type: none"> <li>● In November, The Company was approved by the Securities and Futures Commission, Ministry of Finance, to engage in futures consultation services.</li> </ul>
2003	<ul style="list-style-type: none"> <li>● In January, became one of the first market-makers of stock options.</li> <li>● In September, Polaris Futures merged with REFCO Taiwan Co., Ltd., a member of the world's largest futures merchant - REFCO Group, and changed its name to Polaris Refco Futures Co., Ltd.</li> </ul>

Year	Major events
2004	<ul style="list-style-type: none"> <li>● In September, The Company made a cash issue for the merger totaling NT\$465,800,000. Its paid-up capital was raised to NT\$1,095,800,000.</li> <li>● In November, The Company reduced its share capital by NT\$450,800,000 to NT\$645,000,000.</li> <li>● In June, The Company launched an "Oil Trading Platform" in joint effort with "Nihon Unicom Corporation", one of Japan's top three futures merchants. It was the first cross-border oil futures trading platform in the country.</li> <li>● In September, The Company was granted the role of market-maker for CBOT's mini-sized gold futures in Asia, and became the nation's first market-maker for CBOT products.</li> <li>● In October, The Company was approved by the Securities and Futures Bureau, Financial Supervisory Commission, to register in the Emerging Stock Market; on October 27, it became the first futures merchant in the nation to be listed on the Emerging Stock Market (securities code: 6023).</li> </ul>
2005	<ul style="list-style-type: none"> <li>● In July, The Company capitalized NT\$77,400,000 of its earnings, which increased share capital to NT\$722,400,000.</li> <li>● In December, The Company was approved by the competent authority to undertake the role of market-maker for CBOT's 100 Ounce Gold Futures.</li> </ul>
2006	<ul style="list-style-type: none"> <li>● In February, The Company signed an agreement with Man Financial Inc. (Singapore), a member of UK's MF Global Group, and agreed to changed its name to Polaris Futures Co., Ltd.</li> <li>● In March, The Company was granted the role of market-maker for gold futures listed on Taiwan Futures Exchange, MSCI Taiwan Index Futures, and MSCI Taiwan Index Options.</li> <li>● The Tainan Branch was established in March.</li> <li>● The change of company name to Polaris Futures Co., Ltd. was approved by the competent authority in April.</li> <li>● In August, The Company capitalized NT\$79,464,000 of its earnings, which increased share capital to NT\$801,864,000.</li> </ul>
2007	<ul style="list-style-type: none"> <li>● OTC listing application was authorized in March.</li> <li>● In April, The Company was selected "2006 Taiwan Large Corporation Top 5000", and ranked first in the futures industry.</li> <li>● OTC listing application was filed in May, becoming the first futures commission merchant to file for OTC listing in Taiwan.</li> <li>● In June, The Company launched its offshore options trading platform ahead of all industry participants.</li> <li>● The Company's GTSM listing application was passed in July by the Review Board of GreTai Securities Market.</li> <li>● The Company's GTSM listing application was passed in August by the Board of Directors of GreTai Securities Market.</li> <li>● In September, The Company capitalized NT\$149,146,710 of its earnings, which increased share capital to NT\$974,825,800.</li> <li>● In October, The Company was granted the role of market-maker for the "10-year Government Bond Futures", "30-Day Commercial Paper Interest Rate Futures", "Taiwan Stock Exchange NonFinance NonElectronics Sub-Index", "Taiwan Stock Exchange NonFinance NonElectronics Sub-IndexOptions", "GreTai Securities Market Capitalization Weighted Stock Index", and "GreTai Securities Market Capitalization Weighted Stock IndexOptions" listed on</li> </ul>

Year	Major events
2008	<p>Taiwan Futures Exchange.</p> <ul style="list-style-type: none"> <li>● In October, The Company made a cash issue totaling 12,190 thousand shares at a face value of \$10, which increased share capital to NT\$1,096,725,800.</li> <li>● OTC listing was authorized by GreTai Securities Market in November with the Securities code: 6023 assigned, becoming the first futures commission merchant for OTC listing in Taiwan.</li> <li>● In January, The Company was granted the role of Market Maker for TAIFEX NT Dollar Gold Futures.</li> <li>● In April, The Company was selected "2007 Taiwan Large Corporation Top 5000", and ranked second only to Taiwan Futures Exchange Corporation in the futures industry.</li> <li>● In April, the Board of Directors passed the proposal to invest in futures trust services.</li> <li>● The annual general meeting held in June passed the creation of a "Futures Management" segment. The Securities and Futures Bureau granted the business license later on October 23, and the segment soon commenced business on November 11.</li> <li>● In July, The Company capitalized NT\$188,636,840 of its earnings, which increased share capital to NT\$1,312,762,880.</li> <li>● In July, The Company was selected "2008 Taiwan Large Corporation Top 5000", and ranked first in the futures industry.</li> <li>● The Hsinchu Branch was established in August.</li> <li>● In December, The Company was reviewed by Taiwan Corporate Governance Association and was awarded its "CG6004 Corporate Governance Certification" on during the ceremony held on December 17, making it the first futures company to receive such certification.</li> </ul>
2009	<ul style="list-style-type: none"> <li>● In December, The Company submitted an application to Taiwan Futures Exchange for the role of market-make in gold options. Its role as a "TAIFEX Gold Options Market Maker" was officially approved on January 19, 2009.</li> <li>● In March, The Company was accredited by Taiwan Futures Exchange Corporation as 2008 Top Volume Futures Commission Merchant.</li> <li>● In May, The Company joined MF Global in creating a joint venture named MF Global Futures Trust Co., Ltd. The joint venture commenced business on May 8, 2009 to become the first futures trust company in Taiwan.</li> <li>● In June, GreTai Securities Market approved the margin trading of The Company's shares (coded: 6023), effective since 9 June 2009.</li> <li>● The 24hr Global Trading Center was created in July.</li> <li>● In July, The Company was selected by China Credit Information Service Ltd. as "2009 Taiwan Large Corporation TOP 5000", and ranked first in the futures industry.</li> <li>● In August, The Company was selected by China Credit Information Service Ltd. as "2009 Taiwan Large Corporation TOP 5000", and ranked first in terms of net revenues among futures commission merchants.</li> </ul>
2010	<ul style="list-style-type: none"> <li>● In July, The Company was granted the permission to engage in proprietary securities trading.</li> <li>● In August, The Company was granted the permission to engage in securities introducing brokerage.</li> <li>● In September, The Company became a trading member of EUREX.</li> </ul>

Year	Major events
2011	<ul style="list-style-type: none"> <li>● In November, the Financial Supervisory Commission passed The Company's application to create a Hong Kong subsidiary. The Hong Kong subsidiary was registered later on December 2.</li> <li>● In March, The Company was granted the role of Market Maker for Stock Index Futures.</li> <li>● In April, The Company introduced the new "FTSE China A50 Index" from Singapore Stock Exchange following the latest deregulations. The index offered a quick access for investing in the Chinese market as well as an effective hedging tool.</li> <li>● In July, The Company was awarded "Outstanding Corporate Leader" and "Outstanding Futures Talent" during the Eleventh Golden Goblet Award organized by the Securities and Futures Institute.</li> <li>● In July, the Board of Directors passed to submit an application for a brokerage membership in SGX-DT (Derivatives Trading).</li> <li>● In August, the Board of Directors approved The Company's merger with Yuanta Futures Co., Ltd. and a cash issue to complete the merger.</li> <li>● In September, the Board of Directors passed to submit an application to CME Group for a membership in Chicago Mercantile Exchange (CME).</li> <li>● In November, Polaris Futures was named "Outstanding Merchant in R.O.C." by the Ministry of Economic Affairs, and was the only financial institution to be accredited.</li> <li>● Assembled the "Remuneration Committee" in November.</li> <li>● In December, the Financial Supervisory Commission approved The Company's merger with Yuanta Futures Co., Ltd.</li> <li>● In December, The Company was reviewed by Taiwan Corporate Governance Association and was awarded its "CG6006 Corporate Governance Certification" during the ceremony held on December on December 28, making it the first futures company to receive such certification.</li> </ul>
2012	<ul style="list-style-type: none"> <li>● In January, the Financial Supervisory Commission approved The Company's new share issue to complete its merger with Yuanta Futures Co., Ltd.</li> <li>● In January, the Board of Directors passed to submit an application for a membership in Intercontinental Exchange (ICE), U.S.</li> <li>● April: Merger with Yuanta Futures, and the Company was renamed as "Yuanta Futures Co., Ltd."</li> <li>● May: the "Auditing Committee" was established to substitute the functions of the supervisors in monitoring the treasury, internal control, compliance and the control of potential risks.</li> <li>● May: qualified as a member of NYSE Liffe, which made Yuanta Futures the only futures firm in Taiwan that has acquired membership of two major exchanges in Europe.</li> <li>● The company's 100% reinvestment in offshore information IT companies and entering the futures market in Mainland China was approved by the Financial Supervisory Commission in October.</li> <li>● November: the first futures firm in Taiwan being approved to invest for the establishment of a wholly-owned subsidiary overseas, the Yuanta Futures (HK) Co., Limited.</li> </ul>
2013	<ul style="list-style-type: none"> <li>● In April, transferred the investment in the subordinate, SYF Information (Shanghai) Limited in China and was officially licensed to run a business for an enterprise legal person in China. It is leading the industry in running business</li> </ul>

Year	Major events
	<p>and operations actively in China.</p> <ul style="list-style-type: none"> <li>● In June, Yuanta Financial Holdings and we were both honored with an A++ ranking in the tenth Information Disclosure Evaluation System for Publicly Traded Companies held by Securities and Futures Institute, which was the only futures company in Taiwan.</li> <li>● In July, The Company was selected "2013 Taiwan Large Corporation Top 5000", and ranked first in the futures industry.</li> </ul>
2014	<ul style="list-style-type: none"> <li>● In January, the Investee company, BaoFu Futures Trust Co., Ltd. changed the company name to MFG Investment Consulting Co., Ltd.</li> <li>● Yuanta Financial Holdings and the Company had received the “A++ highest honor” in the 11<sup>th</sup> Disclosure of Information Evaluation in June from Securities and Futures Institute; also, the Company is the one and only futures company in Taiwan to receive such honor for two consecutive years.</li> <li>● In July, The Company was selected "2014 Taiwan Large Corporation Top 5000", and ranked first in the futures industry.</li> <li>● Awarded with The Leadership Award in September by The Asset Magazine.</li> <li>● Awarded in September by the ROC Outstanding Enterprise Manager Association with the 16<sup>th</sup> Jinfeng Award “Top-Ten Outstanding Enterprises.”</li> <li>● Awarded with the “Outstanding Enterprise” at the 11<sup>th</sup> National Brand Yushan Award in October by the ROC National Enterprise Competitiveness Development Association and The National Brand Yushan Award Admission Committee.</li> <li>● Awarded with the 68<sup>th</sup> “ROC Excellent Businessmen Award” from General Chamber of Commerce of the ROC in October for the second time after the first award received at the 65<sup>th</sup> “ROC Excellent Businessmen” in 2011.</li> </ul>
2015	<ul style="list-style-type: none"> <li>● Awarded with the honor of the 1<sup>st</sup> corporate governance “OTC company top five-percent performance” held by Taiwan Stock Exchange and Taipei Exchange in June.</li> <li>● Yuanta Financial Holdings and the Company had received the “A++ highest honor” in the 12<sup>th</sup> Disclosure of Information Evaluation in June from Securities and Futures Institute; also, the Company is the one and only futures company in Taiwan to receive such honor for three consecutive years.</li> <li>● Renamed as “Yuanta Futures Corporation” in July.</li> <li>● In response to the first exchange instrument – RMB exchange futures introduced by Taiwan Futures Exchange in July, offered new domestic exchange futures commodity trading service.</li> <li>● The company was approved by the competent authority to obtain the qualification as a leverage trader in July, becoming the first futures merchant in Taiwan to obtain such qualification.</li> <li>● The capital increase of the subsidiary, SYF Information Co., Ltd., was authorized by the competent authorities in August and the process of capitalization was completed in October.</li> <li>● The establishment of the Ethical Management Committee was resolved by the board of directors in August.</li> <li>● Awarded with the “Best Futures House, Taiwan” by The Asset magazine in September.</li> <li>● Awarded with the “NON-BANK FCM OF THE YEAR” by the Futures Options World magazine (FOW) in September.</li> <li>● Awarded with the “Outstanding Enterprise” and “Most Popular Brand” at the</li> </ul>

Year	Major events
2016	<p>12<sup>th</sup> National Brand Yushan Award in October.</p> <ul style="list-style-type: none"> <li>● Awarded with the “Annual Contribution Award” and “RMB Account Promotion Award” in November at the 1<sup>st</sup> Futures Diamond Award by Taiwan Futures Exchange.</li> <li>● Awarded with the “Outstanding Futures Talent” at the 13<sup>th</sup> Golden Goblet Award in December.</li> <li>● Launched the “24-hour futures online account-opening” service in March ahead of the industry.</li> <li>● Awarded with the honor of the 2<sup>nd</sup> corporate governance “OTC company top five-percent performance” held by Taiwan Stock Exchange and Taipei Exchange in June.</li> <li>● In July, The Company was selected “2016 Taiwan Large Corporation Top 5000”, and ranked first in the futures industry</li> <li>● The self-developed “Yuanta Futures Genie” ordering APP was launched in September.</li> <li>● In September, awarded with the “Highly commended, Derivatives House of the Year, Taiwan” by The Asset magazine.</li> <li>● In September, awarded with the “Emerging Market Broker of The Year” by the Futures Options World magazine (FOW).</li> <li>● In October, awarded with first place in the category of futures commission merchant trade volume of the 2<sup>nd</sup> “Futures Diamond Award” held by Taiwan Futures Exchange.</li> </ul>
2017	<ul style="list-style-type: none"> <li>● In January, awarded with the “Best Brokerage House” by The Asset magazine.</li> <li>● In April, awarded with the honor of the 3<sup>rd</sup> corporate governance “OTC company top five-percent performance” held by Taiwan Stock Exchange and Taipei Exchange.</li> <li>● The capital increase of the subsidiary, Yuanta Futures (HK) Co., Limited., was authorized by the competent authorities in April and the process of capitalization was completed in October 2018.</li> <li>● Starting from May, as a senior leverage trader we launched foreign currency guarantee bond services and, subsequently presented unique structure commodities into the markets with the purchase of Taiwan stock options. Thanks to our leading brand of Yuanta Futures options, we provide customers with diverse and profitable hedging channels.</li> <li>● In May, our Hong Kong Subsidiary expanded its business horizons and successfully acquired INE Degree II agency membership for the Shanghai Energy Trading Exchange—as the very pioneer among all futures dealers in Taiwan. In 2018, with our continued endeavors, we should boost our Hong Kong Subsidiary into a giant international trading platform in transnational markets.</li> <li>● In June, The Company was selected “2017 Taiwan Large Corporation Top 5000”, and ranked first in the futures industry</li> <li>● In September, awarded with the “Derivatives House of the Year - Highly Commended” by The Asset magazine.</li> <li>● In October, awarded with first place in the category of commission merchant trade volume of the 1<sup>st</sup> “Futures Diamond Award” held by Taiwan Futures Exchange.</li> <li>● In November, awarded with the 71<sup>st</sup> ROC Excellent Businessmen Award.</li> <li>● In November, awarded with the “Outstanding Enterprise” and “Most Popular Brand” at the 14<sup>th</sup> National Brand Yushan Award.</li> </ul>

Year	Major events
2018	<ul style="list-style-type: none"> <li>● In December, awarded with the “Outstanding Futures Talent”, “Outstanding Risk Management”, “Outstanding Financial Innovation” at the 14<sup>th</sup> Golden Goblet Award.</li> <li>● In March, the Company launched the independently developed “Smart API” with various programming languages in the market.</li> <li>● In May, Awarded with the honor of the 4<sup>th</sup> corporate governance “OTC company top five-percent performance.”</li> <li>● In May, the Company was rated No. 1 in the futures sector, Taiwan Top 2000, <i>CommonWealth Magazine</i>.</li> <li>● In June, No. 1 in futures companies amongst the Top 5000 large corporations in Taiwan.</li> <li>● In August, the Company was the only public futures company to win the “Excellence in Corporate Social Responsibility” in the Little Giant Group.</li> <li>● In September, awarded with the “Derivatives House of the Year - Highly Commended” by The Asset magazine.</li> <li>● In September, the Company was awarded the Emerging Market Non-Bank Broker of the Year from the FOW Awards for Asia.</li> <li>● In October, the Company won the Diamond Award at the 4<sup>th</sup> Futures Diamond Awards organized by the Taipei Futures Exchange and No. 1 in the FCM Transaction Volume Diamond Award &amp; FCM Foreign Investment Transaction Volume.</li> <li>● In October, awarded with the “Outstanding Enterprise” and “Most Popular Brand” at the 15<sup>th</sup> National Brand Yushan Award.</li> </ul>
2019	<ul style="list-style-type: none"> <li>● In November, awarded with the 72<sup>nd</sup> ROC Excellent Businessmen Award.</li> <li>● In May, Awarded with the honor of the 5<sup>th</sup> corporate governance “OTC company top five-percent performance.”</li> <li>● In May, the Company was rated No. 1 in the futures sector, Taiwan Top 2000, <i>CommonWealth Magazine</i>.</li> <li>● The leverage transaction merchants launched the “Knock-out options” product in May that allowed petite bourgeoisie and novice investors to trade easily, echoing the competent authorities’ upgrading the innovative application of financial technology.</li> <li>● In June, No. 1 in futures companies amongst the Top 5000 large corporations in Taiwan.</li> <li>● Awarded with the Reader’s Digest Brand Survey - Futures Category Platinum Award in June.</li> <li>● In September, the only public futures company to win the “Excellence in Corporate Social Responsibility” in the Little Giant Group.</li> <li>● In September, awarded with the “Best Brokerage House of the year” by The Asset magazine.</li> <li>● The liquidation operation of Sheng Yuan Futures (Samoa) Co., Limited, the invested, was implemented in September to save operation cost of the economy.</li> <li>● In October, awarded with the “Outstanding Enterprise” and “Most Popular Brand” at the 16<sup>th</sup> National Brand Yushan Award.</li> <li>● The Fair Dealing Committee was established in October to protect consumer rights in accordance with the fair dealing principle.</li> <li>● The Hong Kong subsidiary obtained the business licenses for the Hong Kong Class 1 “Securities Trading” and Class 4 “Advice on Securities” in October after obtaining the Singapore Derivative Commodity Exchange (SGX-DT) brokerage membership.</li> </ul>



Year	Major events
2020	<ul style="list-style-type: none"> <li>● Awarded with Taiwan Futures Exchange 5<sup>th</sup> “Futures Diamond Award - 1<sup>st</sup> Place of Futures Broker Trade Volume Diamond Award and 2<sup>nd</sup> Place of Futures Dealer Volume Growth Award” in November.</li> <li>● Awarded with the 15<sup>th</sup> Golden Goblet Award “Outstanding Futures Talent Award,” “Outstanding Financial Innovation Award,” and “Outstanding Talent Cultivation Award” in November.</li> <li>● Certified with the “Sports Enterprise Certification” by the Sports Administration, Ministry of Education in November.</li> <li>● Awarded with the “2019 TCSA Taiwan Corporate Sustainability Awards” Bronze medal for Corporate Sustainability Report and “Innovation Growth Award” in November.</li> <li>● In November, the board of directors made a cash issue totaling 17,700 thousand shares at a face value of \$10, which increased share paid up capital to NT\$2,499,762,880.</li> <li>● The first futures merchant in Taiwan to issue gold and crude oil CFD issuance rights in March.</li> <li>● In June, Awarded with the honor of the 6<sup>th</sup> corporate governance “OTC company top five-percent performance.”</li> <li>● In June, awarded with the 17<sup>th</sup> National Brand Yushan Award “Outstanding Business Leader – President Hsiao-Ling Chou.”</li> <li>● In June, awarded with the 17<sup>th</sup> National Brand Yushan Award “Most Popular Brand – Leveraged Trader.”</li> <li>● In June, awarded with the 17<sup>th</sup> National Brand Yushan Award “Best Product Category – Consultant Smart Product.”</li> <li>● In June, awarded with the 17<sup>th</sup> National Brand Yushan Award “Best Product Category – Bull and Bear Rights.”</li> <li>● In June, awarded with the 17<sup>th</sup> National Brand Yushan Award “Best Product Category – Price Difference Contract.”</li> <li>● In July, No. 1 in futures companies amongst the Top 5000 large corporations in Taiwan.</li> <li>● In July, established an industrial legal person dedicated business unit to meet the hedging needs of industrial legal persons.</li> <li>● In July, Sheng-Yuan-Chi Information (Samoa) Co., Ltd. completed the liquidation operation on July 17, 2020. Sheng-Yuan-Chi Information Co., Ltd. held 100% equity of Sheng-Yuan-Chi Information Technology (Shanghai) Co., Ltd.</li> <li>● In August, awarded with the 6<sup>th</sup> Futures Diamond Award “Futures Broker Trading Volume Diamond Award.”</li> <li>● In August, signed the “Tan Shui River Convention” in response to the urge of <i>CommonWealth Magazine</i> and supported clean river movement in the Danshui River Wazaiwei Natural Ecological Reserve.</li> <li>● In August, ranked 7<sup>th</sup> place in the Little Giant List of the “Excellence in Corporate Social Responsibility Award” – the one and only futures merchant on the list.</li> <li>● A cash capital increase of NT\$400,000,000 was processed in September, the capital stock was increased to NT\$2,899,762,880.</li> <li>● In September, awarded with the FOW Futures and Stock Options Professional Magazine “Futures Merchant of the Year.”</li> <li>● In September, created a full range of gold commodity expert and first launched “Gold CFD.”</li> </ul>

Year	Major events
2021	<ul style="list-style-type: none"> <li>● In October, awarded with the “Best Futures Merchant Award” by The Asset, the one and only futures merchant in Asia who received such honor.</li> <li>● In December, awarded with the “ESG Corporate Awards Gold Medal” from The Asset, the one and only futures merchant who received THE ASSET ESG international award.</li> <li>● In March, awarded with the Asset “Digital Awards - 2021 Best Emerging Digital Technologies Project”.</li> <li>● In April, Awarded with the honor of the 7<sup>th</sup> corporate governance “OTC company top five-percent performance.”</li> <li>● The board of directors had approved the dissolution and liquidation of Sheng Yuan Futures (Shanghai) Co., Ltd. in June.</li> <li>● The “ESG page” was added in the official website in June to transparently disclose the Company’s ESG-related performance and actions.</li> <li>● In July, No. 1 in futures companies amongst the Top 5000 large corporations in Taiwan.</li> <li>● The Company received a long-term credit rating of “AA-(twn)” from Fitch Ratings in August with a prospect of “stable.”</li> <li>● The Company was awarded with the 7<sup>th</sup> Futures Diamond Award “Futures Merchants Trading Volume Diamond Award” in August, ranked in the first place of the futures merchants in trading volume for six consecutive years.</li> <li>● The Company was awarded with the “Investment Awards - 2021 Best Futures Merchant” by The Asset in September.</li> <li>● The Company was ranked in the 4<sup>th</sup> place of the Rising Star Award of the “Excellence in Corporate Social Responsibility Award” by <i>CommonWealth Magazine</i> in September. The Company was the one and only futures merchant on the list.</li> <li>● The Company was awarded with the 1<sup>st</sup> Digital Financial Service Award “Futures – Digital Innovation Gold Award” by the <i>Commercial Times</i> in September.</li> <li>● The Company was awarded with the “Outstanding Futures Talent Award” and “Outstanding Talent Cultivation Award” in the 16<sup>th</sup> Golden Goblet Award in September.</li> <li>● The Company was authorized by the competent authorities in September to underwrite new CFD instruments, and the CFD of ETF (Exchange Traded Funds), such as, new foreign stock, foreign stock price index, and silver instruments.</li> <li>● The Company exclusively launched the self-developed intelligent options ordering platform “iTRADER” in October to have the software and hardware of the trading system upgraded and the efficiency of the trading platform optimized.</li> <li>● Signed the “Tam sui River Convention” in response to the urge of <i>CommonWealth Magazine</i> and supported clean beach movement in the Tamsui River Bali Beidi Beach in October.</li> <li>● Issued the 2021 first-time unsecured subordinate ordinary corporate bonds for a total amount of NT\$1.5 billion in November.</li> <li>● The Company was awarded with the 2021 Taiwan Corporate Sustainability Awards (TCSA) “Sustainability Report – Finance and Insurance Silver Award” and “Innovative Growth Leader Award” in November.</li> <li>● The Information Security Officer was appointed to supervise and promote the implementation of information security management operations in December.</li> </ul>

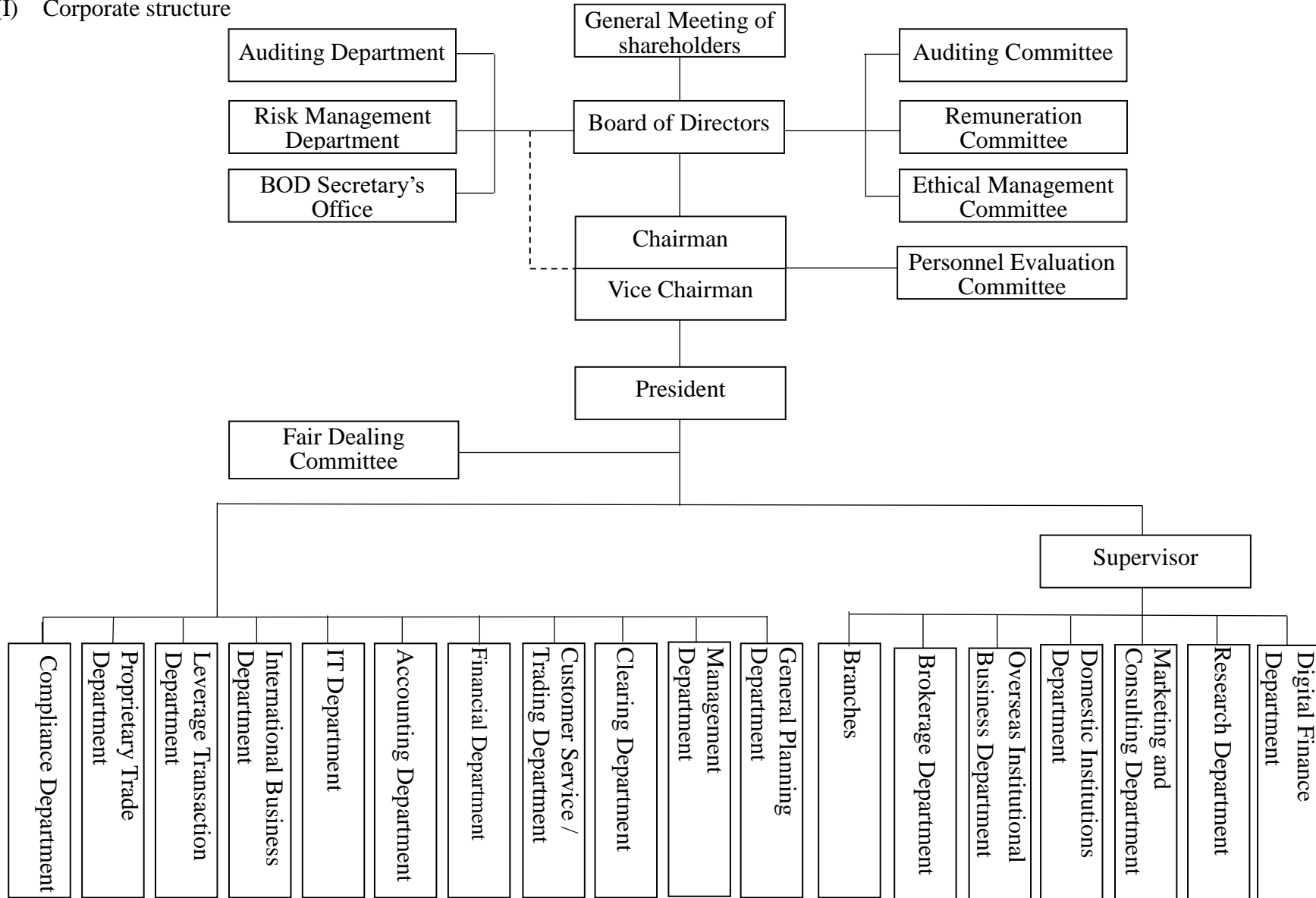
Year	Major events
2022	<ul style="list-style-type: none"> <li>● The Company was awarded the “ESG Corporate Awards - 2021 ESG Platinum Award” by The Asset in December, the one and only futures merchant in Asia that has been awarded with ASSET ESG International Award.</li> <li>● In April, Awarded with the honor of the 8<sup>th</sup> corporate governance “OTC company top five-percent performance.”</li> <li>● The company based on the “commercial green power model” to purchase renewable energy (green power) in April. Taichung branch was the first futures trading base in Taiwan to use “100% green power.”</li> <li>● Won the “Outstanding Enterprise Award” and “Best Product Award-iTRADER” of the 19<sup>th</sup> National Brand Yushan Award in June.</li> <li>● In July, No. 1 in futures companies amongst the Top 5000 large corporations in Taiwan.</li> <li>● Selected as the top 25% of the futures industry in the “Principle for Financial Service Industries to Treat Clients Fairly” by the Financial Supervisory Commission in July.</li> <li>● On the winner list of “the 8<sup>th</sup> Diamond Award” of Taiwan Futures Exchange, the winning futures broker in trading volume for seven consecutive terms, and awarded with the “Futures Market Promotion Diamond Award” by other juridical institution in August.</li> <li>● Ranked in the 3<sup>rd</sup> place of the “Excellence in Corporate Social Responsibility” Rising Star List of the <i>CommonWealth Magazine</i> in September for five consecutive terms, the one and only futures merchant on the list.</li> <li>● The Company was awarded with the “Investment Awards - 2022 Best Futures Merchant” by The Asset in September.</li> <li>● Received an excellent domestic long-term credit rating of “AA-(tw)” and a domestic short-term credit rating of “F1+(tw)” from Fitch Ratings and a prospect of “stable” in September.</li> <li>● The company’s 2021 Sustainability Report was audited and certified by the British Standards Institution Taiwan Branch (BSI) for the first time in September with an assurance report issued by the CPA.</li> <li>● Approved by Taiwan Financial Supervisory Commission to invest in Yuanta International (Singapore) Company in November with the company registration certificate obtained from the Accounting and Corporate Regulatory Authority (Singapore).</li> <li>● In November, signed the “Tan Shui River Convention” in response to the urge of <i>CommonWealth Magazine</i> and supported clean river movement in the Danshui River Wazaiwei Natural Ecological Reserve.</li> <li>● Ranked the top 10% of the “Outstanding Enterprises for Disclosure of Occupational Health and Safety Indicators in Corporate Sustainability Reports” by the Occupational Safety and Health Administration of the Ministry of Labor in November.</li> <li>● Obtained Level-A certification of the Industrial Development Bureau, Ministry of Economic Affairs – Taiwan Intellectual Property Management System (TIPS) in December.</li> <li>● Received the “Information Resilience – Excellence Award” from the British Standards Institution (BSI) in December.</li> </ul>
2023	<ul style="list-style-type: none"> <li>● Awarded with The Asset “ESG Corporate Awards – 2022 ESG Platinum Award” in January 2023.</li> <li>● In April, Awarded with the honor of the 9<sup>th</sup> corporate governance “OTC</li> </ul>

Year	Major events
2024	<p>company top five-percent performance.”</p> <ul style="list-style-type: none"> <li>● The green power transfer at all offices in Taiwan was completed with 100% green power used, becoming the futures company with the broadest green power deployed.</li> <li>● In July, No. 1 in futures companies amongst the Top 5000 large corporations in Taiwan.</li> <li>● The Company was awarded with the 9<sup>th</sup> Futures Diamond Award “Futures Merchants Trading Volume Diamond Award” in August, ranked in the first place of the futures merchants in trading volume for seven consecutive years.</li> <li>● The company was awarded with the “Outstanding Risk Management Award,” “Outstanding Financial Innovation Award,” “Outstanding Green Finance Award – Futures category,” and “Outstanding Futures Talent Award” at the 17th Golden Goblet Award in September.</li> <li>● Ranked in the 4<sup>th</sup> place of the “Excellence in Corporate Social Responsibility” Rising Star List of the <i>CommonWealth Magazine</i> in September for six consecutive terms, the one and only futures merchant on the list.</li> <li>● The company won the 5<sup>th</sup> place in the Rising Star category of the “CommonWealth Talent Sustainability Award” of <i>CommonWealth Magazine</i> for the first time in September.</li> <li>● The Company was awarded with the “Investment Awards - 2022 Best Futures Merchant” by The Asset in September.</li> <li>● Received an excellent domestic long-term credit rating of “AA-(tw’n)” and a domestic short-term credit rating of “F1+(tw’n)” from Fitch Ratings and a prospect of “stable” in September.</li> <li>● The company was awarded with the “Digital Innovation Gold Award” and “Digital Information Security Gold Award” by the <i>Commercial Times</i> in September.</li> <li>● The English version of the sustainability report was published for the first time in September.</li> <li>● In October, signed the “Tan Shui River Convention” in response to the urge of <i>CommonWealth Magazine</i> and supported clean river movement in the Danshui River Wazaiwei Natural Ecological Reserve.</li> <li>● The company was awarded with the 2023 Taiwan Corporate Sustainability Awards (TCSA) “Sustainability Report – Finance and Insurance Silver Award,” “Talent Development Leadership Award,” and “Gender Equality Leadership Award” in November.</li> <li>● Ranked the top 10% of the “Outstanding Enterprises for Disclosure of Occupational Health and Safety Indicators in Corporate Sustainability Reports” by the Occupational Safety and Health Administration of the Ministry of Labor in November.</li> <li>● Obtained Level-A certification of the Industrial Development Bureau, Ministry of Economic Affairs – Taiwan Intellectual Property Management System (TIPS) continuously in December.</li> <li>● The dissolution and liquidation of SYF Information (Shanghai) Co., Ltd. was completed in January.</li> </ul>

### Three. Corporate Governance

#### I. Organizational structure

##### (I) Corporate structure



(II) The responsibilities of various divisions

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

Department	plans and investment directions, establishment of corporate management system, analysis of operation evaluation. Assist the investees in financial management, compliance, establishment and control of risk management mechanism.
Digital Finance Department	Responsible for planning of the Company's digital financial business development, the integration of operations, the development and management of the electronic trading platforms, etc.
Proprietary Trade Department	Engaged in proprietary trade of futures and securities announced by the competent authority at home and abroad, and the research and development of the proprietary trading system.
Leverage Transaction Department	Operate leveraged margin contract transactions approved by the competent authority. Issue derivative financial products, contracts with clients as counterparties, and other leverage trading businesses in the over-the-counter market.
Research Department	Research and analysis, market survey, and the development of futures trade related products.
Domestic Institutions Department	Handling onshore and offshore futures trade orders of domestic institutional investors as announced by the competent authority. Provide market information, research reports, trade information related to institutional investors.
Overseas Institutional Business Department	Handling onshore and offshore futures trade orders of domestic institutional investors as announced by the competent authority. Provide market information, research reports, trade information related to institutional investors.
Marketing and Consulting Department	Counsel and assist futures introducing brokers, solicit and act as an agent of the company to help investors open accounts, place orders, etc., and accept the entrustment by specific individuals; also, provide research and analysis opinions or suggestions on futures trading related matters, issue publications or hold seminars, and other futures consulting services.
Brokerage Department	Execute trade orders of futures at home and abroad, securities traded in the exchange and OTC market, securities IB business, and futures consulting business.
Branches	Execute trade orders of futures at home and abroad, securities traded in the exchange and OTC market, securities IB business, and futures consulting business.

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

### (I) Director, Independent Director

Date of information: January 31, 2024

Title	Nationality and Registry	Name	Gender, Age	Date elected	Term	Date first elected	Shareholding as of elected date		Current number of shares held		Shareholdings of spouse and underage children		Shares held in the names of others		Major career (academic) achievements	Current duties in The Company and in other companies	Spouse or relatives of second degree or closer acting as Directors, Supervisors, or other department heads		
							Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage			Title	Name	Relationship
Corporate shareholder	Republic of China	Yuanta Financial Holding Co., Ltd.	-	2021.07.05	3 years	2012.05.23	101,000,000	43.48%	192,167,005	66.27%	-	-	0	0%	-	-	-	-	-
Chairman	Republic of China	Yuanta Financial Holding Co., Ltd. Representative: Tien-Fu Lin	Male 72	2021.07.05	3 years	2014.06.26	0	0%	86,856	0.03%	0	0%	0	0%	President of Yuanta Securities Co., Ltd. Vice Chairman of Yuanta Securities Finance Co., Ltd. Director and President of Fuh Hwa Securities Investment Trust Co., Ltd. Director and Executive Vice President of Yuanta Core Pacific Securities Co., Ltd. Chairman of Ding Fu Securities Co., Ltd. Director of Yuanta Financial Holding Co., Ltd. Yu Da High School of Commerce and Home Economics Completed the Accounting Practice course of the Accounting Advanced Class 52 and Intermediate Accounting course of Class 57 arranged by the Center for Public and Business Administration Education, National Chengchi University (NCCU CPBAE).	Chairman of the Company, Director of Yuanta Securities Co., Ltd., Independent director of TTY Biopharm Company Limited, Supervisor of GreTai Securities Market	None	None	None
Vice Chairman	Republic of China	Yuanta Financial Holding Co., Ltd. Representative: Pin-Cheng Chen (Note 4)	Male 60	2022.05.24	Two years and two months	2022.05.24	0	0%	0	0%	0	0%	0	0%	Director of KGI Futures Co., Ltd. President of KGI Securities (Thailand) Co., Ltd. Chairman of Grand Cathay Futures Co., Ltd. President of Grand Cathay Securities	The Company's Vice Chairman; Director of Yuanta Securities Co., Ltd.; Director of Alcor Micro, Corp.; Director of Yuanta International	None	None	None



Title	Nationality and Registry	Name	Gender, Age	Date elected	Term	Date first elected	Shareholding as of elected date		Current number of shares held		Shareholdings of spouse and underage children		Shares held in the names of others		Major career (academic) achievements	Current duties in The Company and in other companies	Spouse or relatives of second degree or closer acting as Directors, Supervisors, or other department heads		
							Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage			Title	Name	Relationship
															Corporation Director and President of Grand Cathay Securities (Hong Kong) Corporation Chairman of United Overseas Bank (Hong Kong) MBA, Syracuse University, USA	(Singapore) Company; Director of Taiwan Futures Exchange			
Director	Republic of China	Yuanta Financial Holding Co., Ltd. Representative: Hsiao-Ling Chou (Note 4)	Female 61	2021.07.05	3 years	2007.11.21	70,772	0.03%	31,962	0.01%	0	0%	0	0%	Vice Chairman of Yuanta Futures Co., Ltd. Director, Yuanta Futures (HK) Co., Limited Director and President of Polaris Futures Co., Ltd. Director of Connection Labs Ltd. Director and Vice President of Oversea-Chinese Banking Corporation Limited President of Brokerage Department, Polaris Securities Co., Ltd. Master, Banking and Finance, National Taiwan University	Vice Chairman of the Company, Chief Executive Officer of the Corporate Finance Division of Yuanta Financial Holdings Co., Ltd., Director of Yuanta Commercial Banking Corporation; Director of Yuanta Venture Capital Co., Ltd., Director of Yuanta One Venture Capital Co., Ltd., Director of Taiwan Futures Exchange Co., Ltd., Director of Yuanta Foundation, and Independent Director of LUO LIH-FEN Holdings Co., Ltd.	None	None	None
Director	Republic of China	Yuanta Financial Holding Co., Ltd. Representative: Wei-Chen Chang	Male 53	2022.05.24	Two years and two months	2022.05.24	0	0%	0	0%	0	0%	0	0%	Vice President of Yuanta Securities Co., Ltd. MBA, Tulane University, USA	Vice President of the Department of Juridical Person of Yuanta Financial Holdings and Vice President of Yuanta Bank	None	None	None
Director	Republic of China	Yuanta Financial Holding Co., Ltd. Representative: Kuo-Tsun Hsu	Male 51	2021.07.05	3 years	2019.09.23	18,000	0.01%	0	0%	0	0%	0	0%	Executive Vice President, Yuanta Futures Co., Ltd. Vice President of Polaris Futures Co., Ltd. Master, Banking and Finance, National	The Company's President; Director of Yuanta International (Singapore) Company;	None	None	None

Title	Nationality and Registry	Name	Gender, Age	Date elected	Term	Date first elected	Shareholding as of elected date		Current number of shares held		Shareholdings of spouse and underage children		Shares held in the names of others		Major career (academic) achievements	Current duties in The Company and in other companies	Spouse or relatives of second degree or closer acting as Directors, Supervisors, or other department heads		
							Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage			Title	Name	Relationship
															Taiwan University				
Director	Republic of China	Yuanta Financial Holding Co., Ltd. Representative: Mei-Ling Kuo	Female 61	2021.07.05	3 years	108.04.08	0	0%	0	0%	0	0%	0	0%	Manager of Syscom Computer Engineering Company Executive Vice President of Capital Securities Corporation Executive Vice President, Yuanta Securities MBA, National Chengchi University	Manager of Yuanta Financial Holding Co., Ltd.; Manager of Yuanta Commercial Banking Corporation; Director of Yuanta Securities Co., Ltd.	None	None	None
Director	Republic of China	Yuanta Financial Holding Co., Ltd. Representative: Wen-Ching Chiu (Note 5)	Female 57	2023.04.01	16 months	2023.04.01	0	0%	0	0%	0	0%	0	0%	Vice Presidents and Chief Secretary of the Board of Directors of Yuanta Securities Co., Ltd.; Chief Legal Officer of Yuanta Financial Holdings Co., Ltd.; Department of Law, National Chengchi University	Manager of Yuanta Financial Holding Co., Ltd.; Manager of Yuanta Commercial Banking Corporation; Director of Yuanta Commercial Banking Corporation	None	None	
Independent Director	Republic of China	Yu-Chun Wu	Male 72	2021.07.05	3 years	2021.07.05	0	0%	0	0%	0	0%	0	0%	Master Degree of Executive Master Business Management, National Taiwan University Auditor of the Taxation Administration, Ministry of Finance, R.O.C. Director, Deputy Director, and Chief Secretary of the Securities and Futures Bureau of the Financial Supervisory Commission President of GreTai Securities Market Chairman of MasterLink Investment Consulting Co., Ltd. Independent Director of Taiwan Mask Corporation Independent Director of Chun Zu Machinery Industry Co., Ltd. Supervisor of Browave Corporation	Independent Director of Yuanta Securities Co., Ltd.; Director of Browave Corporation; Independent Director of Jing-Jan Retail Business Co., Ltd.	None	None	None
Independent Director	Republic of China	Hui-Erh Yuan	Female 66	2021.07.05	3 years	2019.05.27	0	0%	0	0%	0	0%	0	0%	PWC Partnership Accountant	Independent Director of	None	None	None

Title	Nationality and Registry	Name	Gender, Age	Date elected	Term	Date first elected	Shareholding as of elected date		Current number of shares held		Shareholdings of spouse and underage children		Shares held in the names of others		Major career (academic) achievements	Current duties in The Company and in other companies	Spouse or relatives of second degree or closer acting as Directors, Supervisors, or other department heads		
							Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage			Title	Name	Relationship
															Chairman of PwC Taiwan Director of the Taipei Certified Public Accountants Association of the Republic of China Master of Accounting, University of Central Missouri Master of Business Administration, University of Illinois, USA	Yuanta Life Insurance Company, Director of Sheng Yen Education Foundation, Supervisor of Dharma Drum Mountain Buddhist Foundation			
Independent Director	Republic of China	An-Pin Chen (Note 6)	Male 70	2023.05.24	14 months	2023.05.24	0	0%	0	0%	0	0%	0	0%	Emeritus Professor, Department of Information Management and Finance, National Chiao Tung University Director of Innovation Research Center of National Chiao Tung University Assistant Dean of the College of Management, National Chiao Tung University Chairperson of the Department of Information Management and Finance, National Chiao Tung University Chief Executive Officer of National Chiao Tung University, EMBA Chair of the Graduate Institute of Information Management, National Chiao Tung University Adjunct Associate Professor, Department of Finance, National Taiwan University Ph.D. in Industrial and Systems Engineering, University of Southern California	Independent Director of Yuanta Securities Co., Ltd.; Supervisor of Tian Mei Rubber Co., Ltd.	None	None	None

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

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

Note 3: As of January 31, 2023, the Company had 289,976,288 shares in circulation.

Note 4: Former Vice Chairman Ms. Hsiao-Ling Chou resigned on March 23, 2023, and the Board of Directors elected Mr. Pin-Cheng Chen as Vice Chairman on March 31, 2023 for a term of office from April 1, 2023 to July 4, 2024.

Note 5: Yuanta Financial Holdings Co., Ltd. reassigned natural person representative Ms. Wen-Ching Chiu on April 1, 2023 for a term of office from April 1, 2023 to July 4, 2024.

Note 6: One independent director, Mr. An-Pin Chen, was selected in the regular shareholders' meeting on May 24, 2023 for an office term from May 24, 2023 to July 4, 2024.

## (II) Corporate shareholders' main shareholders

Date of information: August 19, 2023

Name of corporate shareholder	Corporate shareholders' main shareholders
Yuanta Financial Holding Co., Ltd.	Tsun Chueh Investment Co., Ltd. at 3.54%, Hejia Investment Co., Ltd. at 3.32%, Yuan Hung Investment Co., Ltd. at 2.92%, Yuan Hsiang Investment Co., Ltd. at 2.89%, Trust Property Account in the custody of Yuanta Commercial Banking Corporation at 2.60%, Singapore Government Investment Account in the custody of Citibank (Taiwan) at 2.27%, Bank of Taiwan Co., Ltd. at 2.22%, Yu Yang Investment Co., Ltd. at 2.16%, Teng Ta Investment Co., Ltd. at 2.04%, and Cathay Pacific Taiwan High Dividends Umbrella Securities Investment Trust Fund Taiwan ESG Perpetual High Dividend ETF Securities Investment Trust Fund Special Account in the custody of Taishin International Commercial Bank Co., Ltd. at 1.90%

Note: The data of the top-10 shareholders are compiled according to the data of Yuanta Financial Holdings on the latest stock ex-rights date (August 19, 2023).

## (III) Major shareholders of major corporate shareholders listed

Date of information: January 31, 2024

Name of corporate shareholder	Corporate shareholders' main shareholders
Tsun Chueh Investment Co., Ltd.	Teng Ta Investment Co., Ltd. (19.69%), Lian Ta Investment Co., Ltd. (19.84%), Chiu Ta Investment Co., Ltd. (18.36%), Lien Heng Investment Co., Ltd. (18.92%), Hsing Tsai Investment Co., Ltd. (10.23%), Wei-Chien Ma (12.96%)
Hejia Investment Co., Ltd	Chen-Hai Lin (50%), Shu-Chiung Tseng (50%)
Yuan Hung Investment Co., Ltd.	Mei Chia Lee Investment Co., Ltd. (45.88%), Lien Heng Investment Co., Ltd. (33.74%), Teng Ta Investment Co., Ltd. (15.38%), Li-Chuang Tu (5.00%)
Yuan Hsiang Investment Co., Ltd.	Lian Ta Investment Co., Ltd. (44.38%), Lien Heng Investment Co., Ltd. (19.00%), Teng Ta Investment Co., Ltd. (18.69%), Chiu Ta Investment Co., Ltd. (9.96%), Wei-Chen Ma (5.01%), Hsing Tsai Investment Co., Ltd. (2.96%)
Trust account entrusted with Yuanta Bank	Not applicable
Singapore Government Investment Account in the custody of Citibank (Taiwan)	Not applicable
Bank of Taiwan	Taiwan Financial Holdings (100%)
Yu Yang Investment Co., Ltd.	Tsun Chueh Investment Co., Ltd. (100%)
Teng Ta Investment Co., Ltd.	Lien Heng Investment Co., Ltd. (53.58%), Miao Kao Venture Capital Investment Co., Ltd. (45.87%), Li-Chuang Tu (0.55%)
Taiwan ESG Substainable High Dividend ETF Securities Investment Trust Fund Special Account of Cathay Pacific Taiwan High Dividends	Not applicable

Name of corporate shareholder	Corporate shareholders' main shareholders
Umbrella Securities Investment Trust Fund in the custody of Taishin International Commercial Bank Co., Ltd.	

(IV) The professional knowledge and independence of the directors

Date of information: January 31, 2024

Qualification Name	Professional qualification and experience (Note 1)	Compliance of independence (Note 2)	Number of positions as an Independent Director in other public listed companies
The 11 <sup>th</sup> Board of Directors Yuanta Financial Holdings Co., Ltd. Representative: Tien-Fu Lin	Chairman Tien-Fu Lin served as the President of Yuanta Polaris Securities, the Director of Yuanta Financial Holdings, the Vice Chairman of Yuanta Securities Finance, the Director and President of Fuhua Securities, the Director and Executive Vice President of Yuanta Securities, and the Chairman of Ding Fu Securities. Chairman Tien-Fu Lin has expertise in business management, leadership and decision-making, and accounting. Chairman Lin has served the Group for over 40 years and is an Independent Director of the biotechnology industry with the expertise and experience accumulated in business management, leadership and decision-making, accounting, and corporate governance; also, he does not meet the stipulations stated in Article 30 of the Company Act.	During the two years before being elected or during the term of office, Chairman Tien-Fu Lin did not have any of the following: Employed by the company or any of its affiliated companies; A natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings. A managerial officer of the Company or the Company's associates, or a director, supervisor, the principal and the principal's spouse, minor children of the Company's associates, or a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of 1% or more of the total number of issued shares of the Company, or a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of a natural person shareholder ranking in the top-10 in holdings; If the chairperson, general manager, or person holding an	1

Qualification Name	Professional qualification and experience (Note 1)	Compliance of independence (Note 2)	Number of positions as an Independent Director in other public listed companies
		<p>equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: a director (or governor), supervisor, or employee of that other company or institution. Director, supervisor, manager, or shareholder with more than 5% ownership interest in any company or institution that has financial or business relationship with the company. A professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof.</p> <p>There is not a spouse or relative within the second degree of kinship with the directors and independent directors.</p>	
<p>The 11<sup>th</sup> Board of Directors Yuanta Financial Holdings Co., Ltd. Representative: Pin-Cheng Chen</p>	<p>Pin-Cheng Chen was the Vice Chairman of KGI Futures, the Chairman of UOB Holdings (Hong Kong), the Chairman of Grand Cathay Futures Corporation, the Director and President of UOB Securities (Hong Kong), the President of Grand Cathay Securities Corporation, and the President of KGI Securities (Thailand). Pin-Cheng Chen has a master's degree in business administration received from Syracuse University</p>	<p>During the two years before being elected or during the term of office, Vice Chairman Pin-Cheng Chen did not have any of the following: A natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranking in the</p>	<p>1</p>

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

Qualification Name	Professional qualification and experience (Note 1)	Compliance of independence (Note 2)	Number of positions as an Independent Director in other public listed companies
	business management, leadership, decision-making, and a profound background in the financial industry; furthermore, he does not meet the stipulations stated in Article 30 of the Company Act.	<p>of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.</p> <p>If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: a director, supervisor, or employee of that other company.</p> <p>If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: a director (or governor), supervisor, or employee of that other company or institution.</p> <p>Director, supervisor, manager, or shareholder with more than 5% ownership interest in any company or institution that has financial or business relationship with the company.</p> <p>A professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof.</p> <p>There is not a spouse or relative within the second degree of kinship with the directors and independent directors.</p>	
The 11 <sup>th</sup> Board of	Ms. Mei-Ling Kuo served as the	During the two years before	0



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

Qualification Name	Professional qualification and experience (Note 1)	Compliance of independence (Note 2)	Number of positions as an Independent Director in other public listed companies
		kinship with the directors and independent directors.	
The 11 <sup>th</sup> Board of Directors Yuanta Financial Holding Co., Ltd. Representative: Wei-Chen Chang	Wei-Chen Chang was the Vice President of Yuanta Securities. Wei-Chen Chang has a master's degree in business administration received from Tulane University in the United States. He has served as the Vice President in the finance industry, possessed professional capabilities in business management, leadership and decision-making, and finance, and has not committed any of the acts stated in Article 30 of the Company Act.	During the two years before being elected or during the term of office, Director Wei-Chen Chang did not have any of the following: A natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings. If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: a director (or governor), supervisor, or employee of that other company or institution. Director, supervisor, manager, or shareholder with more than 5% ownership interest in any company or institution that has financial or business relationship with the company. A professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse	0

Qualification Name	Professional qualification and experience (Note 1)	Compliance of independence (Note 2)	Number of positions as an Independent Director in other public listed companies
		thereof. There is not a spouse or relative within the second degree of kinship with the directors and independent directors.	
The 11 <sup>th</sup> Board of Directors Yuanta Financial Holdings Co., Ltd. Representative: Wen-Ching Chiu	Ms. Wen-Ching Chiu was once the Vice President of Yuanta Securities Co., Ltd. and the Chief Secretary of the Board of Directors of Yuanta Securities Co., Ltd. Ms. Wen-Ching Chiu holds a Bachelor's degree in law from National Chengchi University. She has previously served as Vice President of Finance and has professional experience in business management, leadership, decision-making, and financial banking. Additionally, she meets all of the requirements outlined in Article 30 of the Company Act.	During the two years before being elected or during the term of office, Director Wen-Ching Chiu did not have any of the following: A natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings. If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: a director (or governor), supervisor, or employee of that other company or institution. Director, supervisor, manager, or shareholder with more than 5% ownership interest in any company or institution that has financial or business relationship with the company. A professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has	0

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

Qualification Name	Professional qualification and experience (Note 1)	Compliance of independence (Note 2)	Number of positions as an Independent Director in other public listed companies
		<p>five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act.</p> <p>If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: a director (or governor), supervisor, or employee of that other company or institution.</p> <p>Director, supervisor, manager, or shareholder with more than 5% ownership interest in any company or institution that has financial or business relationship with the company.</p> <p>A professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof.</p> <p>There is not a spouse or relative within the second degree of kinship with the directors and independent directors.</p> <p>The government, juristic person, or their representatives</p>	

Qualification Name	Professional qualification and experience (Note 1)	Compliance of independence (Note 2)	Number of positions as an Independent Director in other public listed companies
		elected as a director or supervisor pursuant to Article 27 of the Company Act Mr. Yu-Chun Wu, independent auditor, who concurrently serves as an independent director of Yuanta Securities Co., Ltd., a subsidiary of the same parent company, but complies with Article 3, Paragraph 2 of the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies;” therefore, he meets the requirement of independence as stipulated in Article 3 of the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.”	
The 11 <sup>th</sup> Independent Director Hui-Erh Yuan	Ms. Hui-Erh Yuan has been a certified public accountant for more than 30 years. She served as a partner accountant of PwC Taiwan, the Chairman of PricewaterhouseCoopers’ Corporate Finance & Recovery Group, and an Executive of the CPA ASSOCIATIONS R.O.C. (TAIWAN) with professional skills accumulated in accounting. She meets the requirement of professional qualification as stipulated in Article 2 of the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies,” furthermore, she does not meet the stipulations stated in Article 30 of the Company Act and not elected on behalf of the government, juristic person, or their representatives as stated in Article 27 of the Company Act. Ms. Hui-Erh Yuan holds a master’s degree in accounting from the	During the two years before being elected or during the term of office, Independent Director Hui-Erh Yuan did not have any of the following: Employed by the company or any of its affiliated companies; Director or supervisor of the Company or its affiliates; A natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings. A managerial officer of the Company or the Company’s associates, or a director, supervisor, the principal and the principal’s spouse, minor children of the Company’s associates, or a natural-person shareholder who holds shares,	1

Qualification Name	Professional qualification and experience (Note 1)	Compliance of independence (Note 2)	Number of positions as an Independent Director in other public listed companies
	<p>University of Missouri and a master's degree in business administration from Southern Illinois University.</p>	<p>together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of 1% or more of the total number of issued shares of the Company, or a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of a natural person shareholder ranking in the top-10 in holdings;</p> <p>A director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act.</p> <p>If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: a director, supervisor, or employee of that other company.</p> <p>If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: a director (or governor), supervisor, or employee of that other company or institution.</p> <p>Director, supervisor, manager, or shareholder with more than 5% ownership interest in any company or institution that has financial or business relationship with the company.</p>	

Qualification Name	Professional qualification and experience (Note 1)	Compliance of independence (Note 2)	Number of positions as an Independent Director in other public listed companies
		<p>A professional individual of commerce, law, finance, accounting or related services, or the owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution who receives more than NT\$500,000 cumulatively in the last 2 years, or a spouse thereof.</p> <p>There is not a spouse or relative within the second degree of kinship with the directors and independent directors.</p> <p>Regarding the government, juristic person, or their representatives elected as a director or supervisor pursuant to Article 27 of the Company Act, Ms. Hui-Erh Yuan, independent auditor, who concurrently serves as an independent director of Yuanta Life Insurance Co., Ltd., a subsidiary of the same parent company, but complies with Article 3, Paragraph 2 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies;" therefore, she meets the requirement of independence as stipulated in Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies."</p>	
The 11 <sup>th</sup> Independent Director An-Pin Chen	Mr. An-Pin Chen served as Emeritus Professor of the Department of Information Management and Finance of National Chiao Tung University, Director of Innovation Research Center of National Chiao Tung University, Associate Dean of the College of Management, National Chiao Tung University, Chairperson of the Department of Information	During the two years before being elected or during the term of office, Independent Director An-Pin Chen did not have any of the following: Employed by the company or any of its affiliated companies; Director or supervisor of the Company or its affiliates; A natural-person shareholder who holds shares, together with	1



Qualification Name	Professional qualification and experience (Note 1)	Compliance of independence (Note 2)	Number of positions as an Independent Director in other public listed companies
	<p>Management and Finance, National Chiao Tung University, and EMBA Chief Executive Officer of National Chiao Tung University, Director of the Institute of Information Management of National Chiao Tung University, adjunct associate professor of the Department of Finance of National Taiwan University, etc., he possesses information professional capabilities, meets the professional qualification requirements stated in Article 2 of the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies;” furthermore, he does not fall in the situations stated in Article 30 of the Company Act and has not been elected on behalf of the government, juristic person, or their representatives as stated in Article 27 of the Company Act. Mr. An-Pin Chen receives a Ph.D. degree in Industrial Systems Engineering from the University of Southern California.</p>	<p>those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.</p> <p>A managerial officer of the Company or the Company's associates, or a director, supervisor, the principal and the principal's spouse, minor children of the Company's associates, or a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of 1% or more of the total number of issued shares of the Company, or a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of a natural person shareholder ranking in the top-10 in holdings;</p> <p>A director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act.</p> <p>If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: a director, supervisor, or employee of that other company.</p>	

Qualification Name	Professional qualification and experience (Note 1)	Compliance of independence (Note 2)	Number of positions as an Independent Director in other public listed companies
		<p>If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: a director (or governor), supervisor, or employee of that other company or institution. Director, supervisor, manager, or shareholder with more than 5% ownership interest in any company or institution that has financial or business relationship with the company. A professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof.</p> <p>There is not a spouse or relative within the second degree of kinship with the directors and independent directors.</p> <p>Regarding the government, juristic person, or their representatives elected as a director or supervisor pursuant to Article 27 of the Company Act, Mr. An-Pin Chen, independent auditor, who concurrently serves as an independent director of Yuanta Securities Co., Ltd., a subsidiary of the same parent company, but complies with</p>	

Qualification Name	Professional qualification and experience (Note 1)	Compliance of independence (Note 2)	Number of positions as an Independent Director in other public listed companies
		Article 3, Paragraph 2 of the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies”; therefore, he meets the requirement of independence as stipulated in Article 3 of the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.”	

(V) Diversity and independence of directors

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

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

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

1. The ability to make judgments about operations.
2. Accounting and financial analysis ability.
3. Business management ability.
4. Crisis management ability.
5. Professional knowledge of futures and financial derivatives
6. An international market perspective.
7. Leadership ability.
8. Decision-making ability.
9. Risk management knowledge and ability

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

In terms of the Company’s management goal in director diversity policy, there are 2 male independent directors and 1 female independent director elected in the 11<sup>th</sup> term of office, which achieves the Company’s goal of having 1 female independent director elected. Currently, there are 3 female directors, accounted for one-third of the quorum of

the board directors. Moreover, each gender director of the Company accounts for more than one-third of the board directors, achieving the management goal in having gender composition of the board of directors diversified. In addition, 11% of the Company’s board directors are employees of the Company; also, 3 directors in the age group of 51~60 years old, and 6 directors in the age group of 61 years old or older. A policy of diversity has been implemented with respect to the basic conditions and values of the board of directors.

In terms of professional ability and industrial experience, the Company’s board directors have various professional capabilities, including business management, leadership and decision-making, accounting, financial banking, corporate management, information technology, etc., and have experience in finance, technology, biotechnology, and trade. Of which, Chairman Tien-Fu Lin is with the expertise in business management, leadership and decision-making, and accounting; furthermore, he has served the Group for more than 40 years and is an independent director of the biotechnology industry; therefore, he has the expertise and experience in business management, leadership and decision-making, accounting, and corporate governance. Vice Chairman Pin-Cheng Chen has professional abilities related to business management, leadership decision-making, and finance. Kuo-Tsun Hsu, the director, has worked for the company for more than a decade, possessed abundant experience in securities and futures, as well as business management, leadership and decision-making, and finance. Mei-Ling Kuo, the director, had worked in information and securities-related industries, possessed experience in finance and digital finance, as well as professional capabilities in business management, leadership and decision-making, and corporate management. Wei-Chen Chang, the director, had served as a Vice President in the finance industry, possessed professional capabilities in business management, leadership decision-making, and finance. Wen-Ching Chiu, the director, had served as a Vice President in the finance industry, possessed professional capabilities in business management, leadership decision-making, and finance. Yu-Chun Wu, the independent director, had held important positions in financial supervisory institutions and peripheral enterprises, possessed rich experience in securities and futures, financial supervision, and corporate governance operations, as well as professional capabilities in operation management, leadership and decision-making, and finance. Independent director Hui-Erh Yuan is a public certified accountant and has been a partner accountant in an accounting firm with professional accounting abilities. Independent director An-Pin Chen holds important positions in academia and has professional abilities in information and industrial engineering. In summary, the Company’s board directors meet the board diversity policy stipulated in the Company’s “Corporate Governance Best Practice Principles” in the respect of professional knowledge and skills.

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

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

Date of information: January 31, 2024

Name of director	Basic composition						Professional ability					Industry experience				
	Nationality	Gender	Employee identity	Age			Management	Leadership and decision-making	Accounting	Finance	Business management	Information technology	Financial institutions	Technology industry	Biotechnology industry	Trading business
				40-50	51-60	More than 61 years old										
Tien-Fu Lin Chairman	Republic of China	Male	-			√	√	√				√		√		
Pin-Cheng Chen Vice Chairman	Republic of China	Male	-			√	√		√			√				
Kuo-Tsun Hsu Director	Republic of China	Male	√		√		√		√			√				
Mei-Ling Kuo Director	Republic of China	Female	-			√	√			√	√	√				
Wei-Chen Chang Director	Republic of China	Male			√		√		√			√				
Wen-Ching Chiu Director	Republic of China	Female			√		√					√				
Yu-Chun Wu Independent Director	Republic of China	Male	-			√	√		√			√	√			
Hui-Erh Yuan Independent Director	Republic of China	Female	-			√	√	√							√	
An-Pin Chen Independent Director	Republic of China	Male	-			√	√				√	√				

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

Date of information: January 31, 2024

Title	Nationality	Name	Gender	Date elected	Shares held		Shareholdings of spouse and underage children		Shares held in the names of others		Major career (academic) achievements	Current positions in the company and other companies	Spouse or relatives of second degree or closer acting as managers			Remarks (Note 13)
					Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage			Title	Name	Relationship	
President	Republic of China	Kuo-Tsun Hsu	Male	2020/10/29	0	0%	0	0%	0	0%	Executive Vice President, Yuanta Futures Co., Ltd.; Master, Banking and Finance, National Taiwan University	Director of Yuanta International (Singapore) Company	None	None	None	None
Senior vice president	Republic of China	Ching-Jen Chen	Male	2022/03/16	0	0%	0	0%	0	0%	Vice President of the Operating Center of Yuanta Securities Co., Ltd. MBA, Feng Chia University	Chairman, SYF Information Co., Ltd.	None	None	None	None
Senior vice president	Republic of China	Chia-Ling Tsai	Female	2005/01/03	0	0%	0	0%	0	0%	Vice President, Institution Dept, Polaris Futures Co., Ltd. MBA, National Chiao Tung University	None	None	None	None	None
Senior vice president	Republic of China	Min-Fang Wu	Male	2012/04/01	46,920	0.02%	4,000	0.002%	0	0%	Asst VP, Auditing Office, Yuanta Futures MBA, National Chiayi University	None	None	None	None	None
Senior vice president	Republic of China	Chien-Wan Lai	Male	2020/06/01	27,000	0.01%	0	0%	0	0%	Deputy Manager of TSEC. Master of Water Resources and Environmental Engineering, Tamkang University	Supervisor of SYF Information Co., Ltd.; Director of Yuanta International (Singapore) Company	None	None	None	None
Senior vice president	Republic of China	Liang-Hui Yuan	Female	2012/04/01	0	0%	0	0%	0	0%	Vice President, Finance and Accounting Department, Yuanta Futures Master, Banking and Finance, National Taipei University	None	None	None	None	None
Vice President	Republic of China	Ching-Yi Chang	Female	2012/04/01	38,000	0.02%	0	0%	0	0%	Vice President, Domestic Juristic Person Department, Yuanta Futures Dept of Business Administration, Shih Chien University	Director, Yuanta Futures (HK) Co., Limited Director, SYF Information Co., Ltd. Director of Yuanta International (Singapore) Company	None	None	None	None
Vice President	Republic of China	Chun-Hao Chang	Male	2014/09/01	20,000	0.01%	0	0%	0	0%	Senior Deputy Manager, Institution Dept., Yuanta Futures MBA, National Chengchi University	Director, Yuanta Futures (HK) Co., Limited Director of Allmega Taiwan Co., Ltd.	None	None	None	None
Vice President	Republic of China	Feng-An Liu	Male	2021/06/01	0	0%	0	0%	0	0%	Senior Asst VP, Brokerage Department, Yuanta Futures Dept. of International Business and Trade, National Tamkang University	None	None	None	None	None
Senior Assistant Vice Presidents	Republic of China	Yu-Hung Chen	Male	2012/04/01	26,024	0.01%	0	0%	0	0%	Senior Asst VP, Research Dept, Yuanta Futures Master, Banking and Finance, National Central University	None	None	None	None	None
Senior Assistant Vice Presidents	Republic of China	Shu-Hui Shih	Female	2021/07/01	0	0%	0	0%	0	0%	Junior VP of the Legal Compliance Department of Yuanta Securities Investment Trust Co., Ltd. Dept of Laws, Soochow University	None	None	None	None	None

Title	Nationality	Name	Gender	Date elected	Shares held		Shareholdings of spouse and underage children		Shares held in the names of others		Major career (academic) achievements	Current positions in the company and other companies	Spouse or relatives of second degree or closer acting as managers			Remarks (Note 13)
					Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage			Title	Name	Relationship	
Senior Assistant Vice Presidents	Republic of China	Hui-Ching Lu	Female	2020/07/01	16,000	0.01%	0	0%	0	0%	Senior Asst VP, Treasury Dept. of Yuanta International Assets Management Co., Ltd. Master, Banking and Finance, National Taiwan University of Science and Technology	None	None	None	None	None
Senior Assistant Vice Presidents	Republic of China	Hsin-Hsien Li	Male	2017/09/01	0	0%	0	0%	0	0%	Professional Manager, IT Department, Yuanta Futures Co., Ltd., Masters of Information Management, China University of Technology	Director, SYF Information Co., Ltd.	None	None	None	None
Senior Assistant Vice Presidents	Republic of China	Wei-Ching Chien	Female	2020/05/01	16,000	0.01%	0	0%	0	0%	Asst VP, Risk Management Department, Yuanta Futures Master of Business Administration, University of Liverpool, UK	Senior Asst VP, Risk Management Department, Yuanta Financial Holdings Co., Ltd. Director of Yuanta Securities (Thailand) Co., Ltd. Director of Yuanta Securities (Vietnam) Co., Ltd.	None	None	None	None
Senior Assistant Vice Presidents	Republic of China	Shu-Fen Kung	Female	2023/09/01	0	0%	0	0%	0	0%	Senior Asst VP, Brokerage Department, Yuanta Futures Master, Banking and Finance, National Chiao Tung University	None	None	None	None	None
Assistant Manager	Republic of China	Ming-Wen Tsou	Male	2022/05/01	0	0%	0	0%	0	0%	Manager of Xindian Zhongzheng Branch of Yuanta Securities Co., Ltd. Master, Banking and Finance, Fu Jen Catholic University	None	None	None	None	None
Assistant Manager	Republic of China	Tung-Chin Li	Male	2023/09/16	2,000	0.001%	0	0%	0	0%	Senior Manager, Network Business Division, Yuanta Securities Co., Ltd. Institute of System Engineering and Management, National Taipei University of Technology	None	None	None	None	None
Senior Manager	Republic of China	Li-Li Lin	Female	2016/08/01	0	0%	0	0%	0	0%	Senior Deputy Manager, Clearing Dept., Yuanta Futures Department of General Business, Chihlee Institute of Technology	None	None	None	None	None
Senior Manager	Republic of China	Chia-Hui Hu	Female	2014/03/01	44,881	0.02%	0	0%	0	0%	Deputy Manager, Customer Service and Dealing Dept, Polaris Futures Co., Ltd. Shih Hsin High School of Industry and Commerce – Department of General Business	None	None	None	None	None
Senior Manager	Republic of China	Yu-Chen Lin	Female	2021/10/01	0	0%	0	0%	0	0%	Manager, IT Department, Yuanta Futures Master of Information Management, Tatong University	None	None	None	None	None
Senior Manager	Republic of China	Yu-ting Wu	Female	2023/11/09	0	0%	0	0%	0	0%	Manager of Human Resources Department of Yuanta Securities Co., Ltd. Master of Human Resources	None	None	None	None	None

Title	Nationality	Name	Gender	Date elected	Shares held		Shareholdings of spouse and underage children		Shares held in the names of others		Major career (academic) achievements	Current positions in the company and other companies	Spouse or relatives of second degree or closer acting as managers			Remarks (Note 13)
					Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage			Title	Name	Relationship	
											Management, National Sun Yat-sen University					
Managers,	Republic of China	Yi-Chung Hsu	Male	2021/10/01	21,896	0.01%	0	0%	0	0%	Professional Manager, Research Department, Yuanta Futures Co., Ltd., Master, Banking and Finance, National Central University	None	None	None	None	None
Assistant Manager	Republic of China	Sheng-Wei Wu	Male	2021/04/16	21,896	0.01%	0	0%	0	0%	Senior Manager, Auditing Department, Yuanta Futures Department of Agricultural Marketing, National Chung Hsing University	None	None	None	None	None
Senior Assistant Vice Presidents	Republic of China	Tsung-Hsiang Chen	Male	2015/07/01	0	0%	0	0%	0	0%	Assistant Vice President of Yuanta Futures Co., Ltd., Hsinchu Branch Department of Ethnology, National Chengchi University	None	None	None	None	None
Managers,	Republic of China	Keng-Shuo Ho	Male	2023/11/09	0	0%	0	0%	0	0%	Manager of Business Dept, Kaohsiung Branch, Yuanta Futures Co., Ltd. Department of International Trade, Ling Tung University	None	None	None	None	None
Assistant Manager	Republic of China	Chen-Ling Hsu	Female	2020/03/01	0	0%	0	0%	0	0%	Assistant Manager, Tainan Branch, Yuanta Futures Co., Ltd. Master of Wealth and Tax Management, National Kaohsiung University of Applied Sciences	None	None	None	None	None

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

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

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

Note 4: As of January 31, 2024, the Company had 289,976,288 shares in circulation.

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

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

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

Unit: NTD thousand

Title	Name (Note 1)	Directors' remuneration								The sum of A, B, C and D as a percentage of after-tax profit (Note 10)		Remuneration as an employee								The sum of A, B, C, D, E, F and G as a percentage of after-tax net profit (Note 10)		Remuneration from invested businesses other than the subsidiaries or parent company (Note 11)
		Remuneration (A) (Note 2)		Pension (B)		Remuneration to directors (C) (Note 3)		Fees for services rendered (D) (Note 4)				Salaries, bonuses, special allowances etc (E) (Note 5)		Pension (F)		Remuneration to employees (G) (Note 6)						
		The Company	All companies shown in the financial report (Note 7)	The Company	All companies shown in the financial report (Note 7)	The Company	All companies shown in the financial report (Note 7)	The Company	All companies shown in the financial report (Note 7)	The Company	All companies shown in the financial report (Note 7)	The Company	All companies shown in the financial report (Note 7)	The Company		All companies shown in the financial report (Note 7)		The Company	All companies shown in the financial report (Note 7)			
												Cash amount	Stock amount	Cash amount	Stock amount							
Chairman	Name of corporate shareholder: Yuanta Financial Holding Co., Ltd. Representative: Tien-Fu Lin	75,000	75,000					240	240	75,240	75,240							75,240	75,240	4.06%	4.06%	None
Vice Chairman	Name of corporate shareholder: Yuanta Financial Holding Co., Ltd. Representative: Pin-Cheng Chen (Note: 2-(2))	15,000	15,000					208	208	15,208	15,208							15,208	15,208	0.82%	0.82%	None

Details:

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



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

Unit: NTD thousand

Title	Name	Directors' remuneration								The sum of A, B, C and D as a percentage of after-tax profit (Note 10)		Remuneration as an employee								The sum of A, B, C, D, E, F and G as a percentage of after-tax net profit (Note 10)		Remuneration from invested businesses other than the subsidiaries or parent company (Note 11)
		Remuneration (A) (Note 2)		Pension (B)		Remuneration to directors (C) (Note 3)		Fees for services rendered (D) (Note 4)				Salaries, bonuses, special allowances etc (E) (Note 5)		Pension (F)		Remuneration to employees (G) (Note 6)						
		The Company	All companies shown in the financial report (Note 7)	The Company	All companies shown in the financial report (Note 7)	The Company	All companies shown in the financial report (Note 7)	The Company	All companies shown in the financial report (Note 7)	The Company	All companies shown in the financial report (Note 7)	The Company	All companies shown in the financial report (Note 7)	The Company	All companies shown in the financial report (Note 7)	Cash amount	Stock amount	Cash amount	Stock amount	The Company	All companies shown in the financial report (Note 7)	
Director	Director (Former Vice Chairman)																					
	Director co-headed President																					
	Director	6,539	6,539	0	0	0	0	866	866	7,405 0.40%	7,405 0.40%	19,984	19,984	0	0	16	0	16	0	27,405 1.48%	27,405 1.48%	15,084
	Director																					
	Director																					
Independent Director	Independent Director																					
	Independent Director																					
	Independent Director	4,651	4,651	0	0	0	0	554	554	5,205 0.28%	5,205 0.28%	0	0	0	0	0	0	0	0	5,205 0.28%	5,205 0.28%	None
	Former Independent Director																					

Details:

1. Describe the policy, system, standards, and structure of remuneration to independent directors, and describe the correlation between the amounts of remuneration and the responsibilities, risks, time invested, etc.:
  - (1) Independent directors' remuneration includes remuneration and business expenses.
  - (2) The monthly fixed compensation for the independent directors is authorized to be determined by the board of directors with reference to the standard generally adhered by other firms of the same trade and shall not be allocated to the Company's remuneration of directors.
2. In addition to the disclosure in the preceding paragraph, the remuneration paid to the directors for providing services to the Company (such as, serving as a consultant without an employee capacity to all the companies/invested companies of the parent company or in the consolidated financial statements) in the most recent year: NTD 15,084 thousand.
2. The Company's directors who do not hold a full-time position as follows:
  - (1) Former Vice Chairman Ms. Hsiao-Ling Chou resigned on March 23, 2023, and the Board of Directors elected Mr. Pin-Cheng Chen as Vice Chairman on March 31, 2023 for a term of office from April 1, 2023 to July 4, 2024.
  - (2) Yuanta Financial Holdings Co., Ltd. reassigned natural person representative Ms. Wen-Ching Chiu on April 1, 2023 for a term of office from April 1, 2023 to July 4, 2024.
  - (3) Former Independent Director Nai-Kuan Huang discharged on January 28, 2023, and one independent director, Mr. An-Pin Chen, was selected in the regular shareholders' meeting on May 24, 2023 for an office term from May 24, 2023 to July 4, 2024.

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

Unit: NTD

Remunerations to individual directors in respective brackets along the salaries scale	Name of director			
	The total of the aforementioned 4 items (A+B+C+D)		The total of the aforementioned 7 items (A+B+C+D+E+F+G)	
	The Company (Note 8)	All companies shown in the financial report (Note 9) H	The Company (Note 8)	All companies shown in the financial report (Note 9) I
<NT\$1,000,000	Mei-Ling Kuo, Wei-Chen Chang Wen-Ching Chiu, An-Bin Chen Nai-Kuan Huang, Kuo-Tsun Hsu	Mei-Ling Kuo, Wei-Chen Chang Wen-Ching Chiu, An-Bin Chen Nai-Kuan Huang, Kuo-Tsun Hsu	Mei-Ling Kuo, Wei-Chen Chang Wen-Ching Chiu, An-Bin Chen Nai-Kuan Huang	Mei-Ling Kuo, Wei-Chen Chang Wen-Ching Chiu, An-Bin Chen Nai-Kuan Huang
NT\$1,000,000 ~ NT\$2,000,000 (exclusive)	Yu-Chun Wu	Yu-Chun Wu	Yu-Chun Wu	Yu-Chun Wu
NT\$2,000,000 ~ NT\$3,500,000 (exclusive)	Hui-Erh Yuan	Hui-Erh Yuan	Hui-Erh Yuan	Hui-Erh Yuan
NT\$3,500,000 ~ NT\$5,000,000 (exclusive)				
NT\$5,000,000 ~ NT\$10,000,000 (exclusive)	Hsiao-Ling Chou	Hsiao-Ling Chou	Hsiao-Ling Chou	Hsiao-Ling Chou
NT\$10,000,000 ~ NT\$15,000,000 (exclusive)				
NT\$15,000,000 ~ NT\$30,000,000 (exclusive)	Pin-Cheng Chen	Pin-Cheng Chen	Pin-Cheng Chen, Kuo-Tsun Hsu	Pin-Cheng Chen, Kuo-Tsun Hsu
NT\$30,000,000 ~ NT\$50,000,000 (exclusive)				
NT\$50,000,000 ~ NT\$100,000,000 (exclusive)	Tien-Fu Lin	Tien-Fu Lin	Tien-Fu Lin	Tien-Fu Lin
More than NT\$100,000,000				
Total	11 persons	11 persons	11 persons	11 persons

Note 1: The names of directors should be listed separately (the name of corporate shareholders representatives should be listed separately); the name of the general directors and independent directors should also be listed separately, and each payment amount should be disclosed in a summary manner. The director who also serves as the President or Vice President concurrently shall fill out this form and the following form "Remuneration to President and Vice President" or the "Remuneration Bracket of President and Vice President."

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

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

Note 4: Refers to compensations for services rendered (including travel, special allowances, various subsidies, accommodation, corporate vehicle and other items). If houses, cars or other vehicles, or personal

allowances were granted, please describe the nature and cost of assets, their rental rates calculated based on actual or fair value, and details on petrol and other subsidies. If personal drivers were allocated, please make a footnote disclosure of the salaries made to these driver, but do not count them as part of the beneficiaries' remuneration.

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

#### 4. President's and Vice Presidents' remuneration

Unit: NTD

Title	Name (Note 1)	Salary (A) (Note 2)		Pension (B)		Bonuses and allowances etc. (C) (Note 3)		Remuneration to employees (D) (Note 4)				The sum of A, B, C, and D as a percentage of after-tax net profit (%) (Note 8)		Remuneration from invested businesses other than the subsidiaries or parent company (Note 9)
		The Company	All companies shown in the financial report (Note 5)	The Company	All companies contained in the financial report (Note 5)	The Company	All companies shown in the financial report (Note 5)	The Company		All companies contained in the financial report (Note 5)		The Company	All companies shown in the financial report (Note 5)	
								Cash amount	Stock amount	Cash amount	Stock amount			
President	Kuo-Tsun Hsu	16,872	26,455	0	0	54,727	57,873	122	0	122	0	71,721 3.87%	84,450 4.56%	None
Senior Vice Presidents	Ching-Jen Chen													
Senior Vice Presidents	Min-Fang Wu													
Senior Vice Presidents	Liang-Hui Yuan													
Senior Vice Presidents	Chia-Ling Tsai													
Vice President	Chien-Wan Lai													
Vice President	Ching-Yi Chang													
Vice President	Feng-An Liu													
Vice President	Chun-Hao Chang													
(Yuanta Futures (HK) Limited) President	Chun-Hsing Jen													
(Yuanta Futures (HK) Limited) COO	Fu-Chi Hsieh													

Note: In the financial statements, the remunerations for all companies, including for Yuanta Futures Hong Kong, were converted at the exchange rate quoted as of 2023/12/31, i.e., HKD: TWD=1:3.9339.

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

Unit: NTD

The brackets of remunerations to all Presidents and Vice Presidents of the Company	Names of the Presidents and the Vice Presidents	
	The Company (Note 6)	All companies shown in the financial report (Note 7) E
<NT\$1,000,000		
NT\$1,000,000 ~ NT\$2,000,000 (exclusive)		
NT\$2,000,000 ~ NT\$3,500,000 (exclusive)		
NT\$3,500,000 ~ NT\$5,000,000 (exclusive)		Fu-Chi Hsieh
NT\$5,000,000 ~ NT\$10,000,000 (exclusive)	Ching-Jen Chen; Min-Fang Wu; Liang-Hui Yuan Chia-Ling Tsai; Chien-Wan Lai; Ching-Yi Chang Feng-An Liu; Chun-Hao Chang	Ching-Jen Chen; Min-Fang Wu; Liang-Hui Yuan Chia-Ling Tsai; Chien-Wan Lai; Ching-Yi Chang Feng-An Liu; Chun-Hao Chang; Chun-Hsing Jen
NT\$10,000,000 ~ NT\$15,000,000 (exclusive)		
NT\$15,000,000 ~ NT\$30,000,000 (exclusive)	Kuo-Tsun Hsu	Kuo-Tsun Hsu
NT\$30,000,000 ~ NT\$50,000,000 (exclusive)		
NT\$50,000,000 ~ NT\$100,000,000 (exclusive)		
More than NT\$100,000,000		
Total	9 persons	11 persons

Note 1: The names of the President and Vice Presidents should be presented separately; the amount of benefits and allowances can be presented in aggregate sums. The director who also serves as the President or Vice President concurrently shall fill out this form and the aforementioned form "Remuneration to Director (including Independent Director)"

(respective) or the “Remuneration Bracket of Director (Including independent director (summarized) and director (including independent directors).”

Note 2: Refers to salaries, work subsidies, and severance pay made to the General manager and Vice Presidents in the latest year.

Note 3: Refers to other compensations such as bonuses, incentives, travel allowances, special allowances, various subsidies, accommodation, corporate vehicle or other items made to the President and Vice Presidents. If houses, cars or other vehicles, or personal allowances were granted, please describe the nature and cost of assets, their rental rates calculated based on actual or fair value, and details on petrol and other subsidies. If personal drivers were allocated, please make a footnote disclosure of the salaries made to these driver, but do not count them as part of the beneficiaries' remuneration. The salary expense recognized in accordance with IFRS 2, “Share-Based Payment”, including ESO, RS, and participation in subscription of new shares for raising capital,etc.

Note 4: Please fill in the remuneration amount to the President and Vice President resolved in the board meeting in the most recent year (including stock and cash). If the remuneration amount cannot be estimated, the amount to be distributed this year is to be estimated proportionally to the actual amount distributed last year. (If it is not yet approved by the board of directors, please fill in the amount audited by the CPAs).

Note 5: Please disclose the total amount paid to the Company’s President and Vice President by the consolidated subsidiaries (including the Company).

Note 6: The amount of remuneration made by The Company to its President/Vice Presidents is disclosed separately in amount ranges.

Note 7: The total remunerations to each President and Vice President of all companies in the consolidated financial statements (including the Company), and disclose the names of these Presidents and Vice Presidents in relevant brackets along the scale of remunerations.

Note 8: Earnings shall refer to the net income after taxation of the separate entities or in separate financial statements in the most recent fiscal year.

Note 9: a. Please clearly indicate the amount of remuneration received by the Company’s general manager and vice president from the reinvested companies other than the subsidiary or from the parent company in this column (if not, please fill in “none”).

b. For President/Vice Presidents who receive remuneration from invested businesses other than subsidiaries or parent company, the amount of remuneration from these invested businesses or parent company should be added to column E of the Remuneration brackets table. Change the name of column E to “parent company and all invested businesses”

c. Remuneration refers to any returns, compensation (including remuneration to Employees, Directors and Supervisors), professional fees etc which The Company's President/Vice Presidents have received for serving as directors, supervisors, or managers in invested businesses other than subsidiaries or parent company .

\* The basis of remuneration disclosed above is different to the basis required by the income tax law; hence the above table has been prepared solely for information disclosure, and not for tax purposes.

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

Distribution base line date: July 7, 2023

	Title (Note 1)	Name (Note 1)	Stock amount	Cash amount	Total	As a percentage of net profit after tax (%)
Manager	President	Kuo-Tsun Hsu	0	NTD 334 thousand	NTD 334 thousand	0.02%
	Senior vice president	Ching-Jen Chen				
	Senior vice president	Chia-Ling Tsai				
	Senior vice president	Min-Fang Wu				
	Senior vice president	Chien-Wan Lai				
	Vice President	Chun-Hao Chang				
	Vice President	Wei-Pin Chuang				
	Vice President	Ching-Yi Chang				
	Vice President	Liang-Hui Yuan				
	Senior Assistant Vice Presidents	Hui-Ching Lu				
	Senior Assistant Vice Presidents	Hsiu-Ling Chung				
	Senior Assistant Vice Presidents	Yu-Hung Chen				
	Senior Assistant Vice Presidents	Hsin-Hsien Li				
	Senior Assistant Vice Presidents	Wei-Ching Chien				
	Senior Manager	Li-Li Lin				
	Senior Manager	Chia-Hui Hu				
	Deputy Manager	Wen-Hsuan Kuo				
	Managers,	Yu-Chen Lin				
	Managers,	Yi-Chung Hsu				
	Assistant Manager	Ming-Wen Tsou				
	Senior Assistant Vice Presidents	Shu-Hui Shih				
	Senior Assistant Vice Presidents	Feng-An Liu				
Assistant Manager	Sheng-Wei Wu					
Assistant Manager	Tsung-Hsiang Chen					
Assistant Manager	Chen-Ling Hsu					
Assistant Manager	Kuo-Liang Wang					

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

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

Note 3: According to Notice Tai-Tsai-Cheng-3-0920001301 dated 27 March 2003, the following managerial roles are subject to reporting: (1) President and the equals (2) Vice President and the equals (3) Junior V.P. and the equals (4) Director of the Finance Department (5) Director of the Accounting Department (6) Others who are responsible for business management and authorized to sign document on behalf of the Company.

Note 4: If Directors, President, and Vice President collect employee remuneration (including stock and cash), in addition to filling in P44-P51 of the remuneration disclosure form, this form shall also be filled out accordingly.



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

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

Unit: NTD thousand; percentage

Year	After-tax net	Directors' remuneration	Directors' remuneration as a percentage of after-tax net profit	President's and Vice Presidents' remuneration	President's and Vice Presidents' remuneration as a percentage of after-tax net profit
2022	1,145,348	67,209	5.87	73,742	6.44
2023	1,852,719	123,058	6.64	84,450	4.56

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

(1) Director (including Independent Director)

A. Directors and Independent Directors

The traveling expenses and attendance fees of the Company's directors are calculated in accordance with the "Regulations Governing Payment for Traveling Expenses and Attendance Fees of Directors of Yuanta Futures Co., Ltd." The allowance for traveling expenses of each director is NTD 8,000 per month, and the attendance fees is NTD 8,000 per time. The remuneration of the Company's directors shall be handled in accordance with Article 27 of the Company's Articles of Incorporation. The remuneration of independent directors shall be determined for a fixed amount to be paid on a monthly basis in order to avoid direct or indirect interest conflict of interest against the Company.

B. Chairman and Vice Chairman

The salary of the Chairman and Vice Chairman shall be paid in accordance with the Company's Articles of Incorporation for an amount equivalent to 50%–200% of the salary of the President. The actual percentage or multiple of the salary shall be determined by the Remuneration Committee and the resolution of the Board of Directors. The other remunerations and benefits of the Chairman and Vice Chairman shall be determined by the Remuneration Committee and the Board of Directors after considering the personal performance, corporate operational performance, and the reasonableness of future risks; also, taking into account the general remuneration standard of the industry. In addition, the resignation and retirement payment to the Chairman and Vice Chairman is to be determined in accordance with the Company's Articles of Incorporation and the pension plan for the Chairman and Vice Chairman. The Board of Directors is

authorized to have it determined depending on their participation in the Company's business operation, their contribution, and the general remuneration standard of the industry.

## (2) President and Managers

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

### A. Objectives setting

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

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

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

#### I. Departmental key tasks

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

#### II. Operation management

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

#### III. Talent management

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

"Designated projects" refer to the required work objectives for the President

and managers, including “successors training,” “internal control system management,” “law compliance,” and “fair hospitality.”

**B. Performance evaluation**

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

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

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

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

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

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

**I. Implementation of annual operating objectives**

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

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

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

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

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

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

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

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

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

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

#### **1. Board directors**

A nomination system is adopted for the election of the company's board directors. Shareholders are to recommend the director candidates in accordance with the law. The board candidates are to be resolved in the board meeting and selected in the shareholders' meeting.

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

Every year the Company plans extension education courses in relation to corporate governance with respect to the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies", "Yuanta Futures Co., Ltd. Governance Best Practice Principles", and the "Yuanta Futures Co., Ltd. Regulations for Extension Education of Directors", and in consideration of the changes within and

outside of the company, the organizational development needs and the director's expertise, in order to help directors become enriched in the information required by directors and improve their performance in duty implementation.

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

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

## 2. Important management

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

#### IV. Corporate governance

##### (I) Functionality of the Board of Directors

14 Board of Directors meetings were held in the latest year (2023); Directors' and Independent Directors' attendance are listed below:

Title	Name (Note 1)	Actual attendance (B)	Proxy Attendance	Percentage of actual attendance (%) [B/A] (Note 2)	Remarks
Chairman	Yuanta Financial Holdings Co., Ltd. Representative: Tien-Fu Lin	14	0	100%	
Director	Yuanta Financial Holdings Co., Ltd. Representative: Pin-Cheng Chen	14	0	100%	
Director	Yuanta Financial Holdings Co., Ltd. Representative: Kuo-Tsun Hsu	14	0	100%	
Director	Yuanta Financial Holdings Co., Ltd. Representative: Mei-Ling Kuo	14	0	100%	
Director	Yuanta Financial Holding Co., Ltd. Representative: Wei-Chen Chang	14	0	100%	
Director	Yuanta Financial Holdings Co., Ltd. Representative: Wen-Ching Chiu	10	0	100%	Newly appointed: reassignment date on April 1, 2023.
Independent Director	Yu-Chun Wu	14	0	100%	
Independent Director	Hui-Erh Yuan	14	0	100%	
Independent Director	An-Pin Chen	8	0	100%	Newly appointed: Elected on May 24, 2023
Former Director	Yuanta Financial Holding Co., Ltd. Representative: Hsiao-Ling Chou	4	0	100%	Former director: Date of resignation: April 1, 2023. Four meetings were held during the tenure.
Former Independent Director	Nai-Kuan Huang	1	0	100%	Former director: The dismissal date was January 28, 2023. There were 1 meeting convened during the tenure.
Other remarks:					
I. For the operation of the Board of Directors in any of the following circumstances, please specify the date, term, the contents of the proposals, the opinions of all independent directors, and the process of the opinions proposed by the independent directors:					

(I) Matters under Article 14~3 of the Securities and Exchange Act: Where the Company has duly set up the Audit Committee, matters set forth under Article 14~5 of the Securities and Exchange Act are no longer applicable.

(II) Except for the aforementioned matters, the resolutions reached by the Board of Directors with the objections or reservations of the independent directors documented or declared in writing: None.

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

Board of Directors Meeting Date	Name of director	Agenda	Reasons for avoiding conflicting interests	Voting decision
January 16, 2023	Director, Tien-Fu Lin Vice Chairman: Hsiao-Ling Chou Director Kuo-Tsun Hsu	It is to resolve the group performance bonus of the chairman, vice chairman, president, and other senior executives of the company.	Chairman, Tien-Fu Lin, Director, Hsiao-Ling Chou and Director, Kuo-Tsun Hsu are the related party in the case.	Chairman Tien-Fu Lin, Director Hsiao-Ling Chou and Director Kuo-Tsun Hsu related parties, withdrew from conflict involvement (recusal) and from the discussion and voting process. All other present directors voiced no objection at all in response to the inquiry by Independent Director, Yu-Chun Wu. The issue was duly passed without objection.
February 8, 2023	Director, Tien-Fu Lin Independent Director Yu-Chun Wu Director, Pin-Cheng Chen	This is regarding the trade of securities and the use of proprietary funds for trading the securities issued by any stakeholders or self-regulatory objects and the transactions linked to the underlying subject.	Chairman, Tien-Fu Lin, Independent director, Yu-Chun Wu and Director, Pin-Cheng Chen are the related party in the case.	Chairman, Tien-Fu Lin; Independent Director, Yu-Chun Wu; and Director, Pin-Cheng Chen related parties, withdrew from conflict involvement (recusal) and from the discussion and voting process. All other present directors voiced no objection at all in response to the inquiry by Vice Chairman Hsiao-Ling Chou. The issue was duly passed without objection.
	Director, Tien-Fu Lin Independent Director Yu-Chun Wu Director, Pin-Cheng Chen	Yuanta Securities Co., Ltd., an interested party, plans to open an account with the company's leverage trader to engage in CFD transactions.	Chairman, Tien-Fu Lin, Independent director, Yu-Chun Wu and Director, Pin-Cheng Chen are the related party in the case.	Chairman, Tien-Fu Lin; Independent Director, Yu-Chun Wu; and Director, Pin-Cheng Chen related parties, withdrew from conflict involvement (recusal) and from the discussion and voting process. All other present directors voiced no objection at all in response to the inquiry by Vice Chairman Hsiao-Ling

				Chou. The issue was duly passed without objection.
March 8, 2023	Director, Tien-Fu Lin Vice Chairman: Hsiao-Ling Chou Director Kuo-Tsun Hsu	The revision of part of the Regulation Governing Prices and Awards of the Company.	Chairman, Tien-Fu Lin, Director, Hsiao-Ling Chou and Director, Kuo-Tsun Hsu are the related party in the case.	Chairman Tien-Fu Lin, Director Hsiao-Ling Chou and Director Kuo-Tsun Hsu related parties, withdrew from conflict involvement (recusal) and from the discussion and voting process. All other present directors voiced no objection at all in response to the inquiry by Independent Director, Yu-Chun Wu. The issue was duly passed without objection.
March 31, 2023	Director, Tien-Fu Lin Independent Director Yu-Chun Wu Director, Pin-Cheng Chen	This is regarding the trade of securities and the use of proprietary funds for trading the securities issued by any stakeholders or self-regulatory objects and the transactions linked to the underlying subject.	Chairman, Tien-Fu Lin, Independent director, Yu-Chun Wu and Director, Pin-Cheng Chen are the related party in the case.	Chairman, Tien-Fu Lin; Director, Pin-Cheng Chen and Independent Director, Yu-Chun Wu related parties, withdrew from conflict involvement (recusal) and from the discussion and voting process. All other present directors voiced no objection at all in response to the inquiry by Vice Chairman Hsiao-Ling Chou. The issue was duly passed without objection.
April 6, 2023	Vice Chairman Pin-Cheng Chen Director Kuo-Tsun Hsu	The proposal for the remuneration of the Company's Vice Chairman is submitted for review and discussion.	Vice Chairman Pin-Cheng Chen and Director Kuo-Tsun Hsu are the related party in the case.	Vice Chairman Pin-Cheng Chen and Director Kuo-Tsun Hsu are stakeholder, was excused from the discussion and votes to avoid the conflict of interest. All other directors present in the meeting acted in favor of the motion as stated in common consent after the inquiry of the chairman of the meeting.
May 24, 2023	Director, Tien-Fu Lin Vice Chairman Pin-Cheng Chen Independent Director Yu-Chun	This is regarding the trade of securities and the use of proprietary funds for trading the securities issued by any stakeholders or	Chairman, Tien-Fu Lin, Independent director, Yu-Chun Wu, Director, Pin-Cheng Chen and Independent Director An-Bin Chen are the related party in	Chairman, Tien-Fu Lin; Director, Pin-Cheng Chen, Independent Director, Yu-Chun Wu and Independent Director An-Bin Chen related



<p>Wu Independent Director An-Bin Chen</p>	<p>self-regulatory objects and the transactions linked to the underlying subject.</p>	<p>the case.</p>	<p>parties, withdrew from conflict involvement (recusal) and from the discussion and voting process. All other present directors voiced no objection at all in response to the inquiry by Independent Director, Hui-Erh Yuan. The issue was duly passed without objection.</p>
<p>Director, Tien-Fu Lin Vice Chairman Pin-Cheng Chen Independent Director Yu-Chun Wu Independent Director An-Bin Chen Independent Director, Hui-Erh Yuan Director Kuo-Tsun Hsu; Director Mei-Ling Kuo Director, Wei-Chen Chang Director, Wen-Ching Chiu</p>	<p>Regarding the upgrade of the company's SAP financial accounting system</p>	<p>Chairman Tien-Fu Lin, Vice Chairman Pin-Cheng Chen, Independent Director Yu-Chun Wu, Independent Director An-Bin Chen, Independent Director Hui-Erh Yuan, Director Kuo-Tsun Hsu, Director Mei-Ling Kuo, Director Wei-Chen Chang and Director Wen-Ching Chiu are the related party in the case.</p>	<p>This proposal was resolved by a separate voting: (I) Regarding the expense sharing with Yuanta Financial Holdings: Chairman Tien-Fu Lin, Vice Chairman Pin-Cheng Chen, Director Kuo-Tsun Hsu, Director Mei-Ling Kuo, Director Wei-Chen Chang, and Directors Wen-Ching Chiu had themselves recused and did not participate in the discussion and voting. The other directors present were consulted by independent director Yu-Chun Wu, the acting chairman of the proposal, and unanimously agreed to have the proposal passed as proposed without objection. (II) Regarding the expense sharing with Yuanta Securities: Chairman Tien-Fu Lin, Vice Chairman Pin-Cheng Chen, independent director Yu-Chun Wu, and independent director An-Pin Chen had themselves recused and did not participate in the discussion and voting. The other directors present were consulted by independent director Hui-Erh Yuan, the acting chairman of the proposal, and unanimously agreed to</p>

				have the proposal passed as proposed without objection. (III) Regarding the expense sharing with other subsidiaries of the Group except Yuanta Financial Holdings and Yuanta Securities: Independent Director Hui-Erh Yuan, Director Mei-Ling Kuo, Director Wei-Chen Chang, and Director Wen-Ching Chiu had themselves recused and did not participate in the discussion and voting. The other directors present were consulted by the chairman of the proposal, and unanimously agreed to have the proposal passed as proposed without objection.
June 28, 2023	Director Kuo-Tsun Hsu	Presenting the 2022 Manager and Employees' Remuneration Distribution.	Director, Kuo-Tsun Hsu is the related party in the case.	Director, Kuo-Tsun Hsu, a stakeholder, was excused from the discussion and votes to avoid the conflict of interest. All other directors present in the meeting acted in favor of the motion as stated in common consent after the inquiry of the chairman of the meeting.
July 26, 2023	Director, Tien-Fu Lin Vice Chairman Pin-Cheng Chen Independent Director Yu-Chun Wu Independent Director An-Bin Chen	This is regarding the trade of securities and the use of proprietary funds for trading the securities issued by any stakeholders or self-regulatory objects and the transactions linked to the underlying subject.	Chairman, Tien-Fu Lin, Independent director, Yu-Chun Wu, Director, Pin-Cheng Chen and Independent Director An-Bin Chen are the related party in the case.	Chairman, Tien-Fu Lin; Director, Pin-Cheng Chen, Independent Director, Yu-Chun Wu and Independent Director An-Bin Chen related parties, withdrew from conflict involvement (recusal) and from the discussion and voting process. All other present directors voiced no objection at all in response to the inquiry by Independent Director, Hui-Erh Yuan. The issue was duly passed without objection.

	<p>Director, Tien-Fu Lin</p> <p>Vice Chairman Pin-Cheng Chen</p> <p>Director Kuo-Tsun Hsu</p>	<p>It is to resolve the group performance bonus of the chairman, vice chairman, president, and other senior executives of the company.</p>	<p>Chairman, Tien-Fu Lin, Vice Chairman Pin-Cheng Chen and Director, Kuo-Tsun Hsu are the related party in the case.</p>	<p>Chairman Tien-Fu Lin, Vice Chairman Pin-Cheng Chen and Director Kuo-Tsun Hsu related parties, withdrew from conflict involvement (recusal) and from the discussion and voting process. All other present directors voiced no objection at all in response to the inquiry by Independent Director, Yu-Chun Wu. The issue was duly passed without objection.</p>
<p>September 27, 2023</p>	<p>Director, Tien-Fu Lin</p> <p>Vice Chairman Pin-Cheng Chen</p> <p>Independent Director Yu-Chun Wu</p> <p>Independent Director An-Bin Chen</p>	<p>This is regarding the trade of securities and the use of proprietary funds for trading the securities issued by any stakeholders or self-regulatory objects and the transactions linked to the underlying subject.</p>	<p>Chairman, Tien-Fu Lin, Independent director, Yu-Chun Wu, Vice Chairman, Pin-Cheng Chen and Independent Director An-Bin Chen are the related party in the case.</p>	<p>Chairman, Tien-Fu Lin; Director, Pin-Cheng Chen, Independent Director, Yu-Chun Wu and Independent Director An-Bin Chen related parties, withdrew from conflict involvement (recusal) and from the discussion and voting process. All other present directors voiced no objection at all in response to the inquiry by Independent Director, Hui-Erh Yuan. The issue was duly passed without objection.</p>
<p>November 8, 2023</p>	<p>Director, Tien-Fu Lin</p> <p>Vice Chairman Pin-Cheng Chen</p> <p>Independent Director Yu-Chun Wu</p> <p>Independent Director An-Bin Chen</p> <p>Director Mei-Ling Kuo</p> <p>Director, Wei-Chen Chang</p> <p>Director, Wen-Ching Chiu</p>	<p>Regarding the company and the related party, a total of five companies including Yuanta Securities, participating in the “Nanjing-Fuxing Urban Regeneration Project”</p>	<p>Chairman Tien-Fu Lin, Vice Chairman Pin-Cheng Chen, Independent Director Yu-Chun Wu, Independent Director An-Bin Chen, Director Mei-Ling Kuo, Director Wei-Chen Chang and Director Wen-Ching Chiu are the related party in the case.</p>	<p>Chairman, Tien-Fu Lin; Director, Pin-Cheng Chen, Independent Director, Yu-Chun Wu and Independent Director An-Bin Chen, Director Mei-Ling Kuo, Director, Wei-Chen Chang, Director, Wen-Ching Chiu related parties, withdrew from conflict involvement (recusal) and from the discussion and voting process. All other present directors voiced no objection at all in response to the inquiry by Independent Director, Hui-Erh Yuan. The</p>

				issue was duly passed without objection.
November 29, 2023	<p>Director, Tien-Fu Lin</p> <p>Vice Chairman Pin-Cheng Chen</p> <p>Independent Director Yu-Chun Wu</p> <p>Independent Director An-Bin Chen</p>	<p>This is regarding the trade of securities and the use of proprietary funds for trading the securities issued by any stakeholders or self-regulatory objects and the transactions linked to the underlying subject.</p>	<p>Chairman, Tien-Fu Lin, Independent director, Yu-Chun Wu, Vice Chairman, Pin-Cheng Chen and Independent Director An-Bin Chen are the related party in the case.</p>	<p>Chairman, Tien-Fu Lin; Director, Pin-Cheng Chen, Independent Director, Yu-Chun Wu and Independent Director An-Bin Chen related parties, withdrew from conflict involvement (recusal) and from the discussion and voting process. All other present directors voiced no objection at all in response to the inquiry by Independent Director, Hui-Erh Yuan. The issue was duly passed without objection.</p>
December 27, 2023	<p>Director Kuo-Tsun Hsu</p>	<p>Issues for audit plans in 2024.</p>	<p>Director, Kuo-Tsun Hsu is the related party in the case.</p>	<p>Director, Kuo-Tsun Hsu, a stakeholder, was excused from the discussion and votes to avoid the conflict of interest. All other directors present in the meeting acted in favor of the motion as stated in common consent after the inquiry of the chairman of the meeting.</p>
January 31, 2024	<p>Director, Tien-Fu Lin</p> <p>Vice Chairman Pin-Cheng Chen</p> <p>Independent Director Yu-Chun Wu</p> <p>Independent Director An-Bin Chen</p>	<p>This is regarding the trade of securities and the use of proprietary funds for trading the securities issued by any stakeholders or self-regulatory objects and the transactions linked to the underlying subject.</p>	<p>Chairman, Tien-Fu Lin, Independent director, Yu-Chun Wu, Vice Chairman, Pin-Cheng Chen and Independent Director An-Bin Chen are the related party in the case.</p>	<p>Chairman, Tien-Fu Lin; Director, Pin-Cheng Chen, Independent Director, Yu-Chun Wu and Independent Director An-Bin Chen related parties, withdrew from conflict involvement (recusal) and from the discussion and voting process. All other present directors voiced no objection at all in response to the inquiry by Independent Director, Hui-Erh Yuan. The issue was duly passed without objection.</p>

	<p>Director, Tien-Fu Lin</p> <p>Vice Chairman Pin-Cheng Chen</p> <p>Director Kuo-Tsun Hsu</p>	<p>It is to resolve the group performance bonus of the chairman, vice chairman, president, and other senior executives of the company.</p>	<p>Chairman, Tien-Fu Lin, Vice Chairman Pin-Cheng Chen and Director, Kuo-Tsun Hsu are the related party in the case.</p>	<p>Chairman Tien-Fu Lin, Vice Chairman Pin-Cheng Chen and Director Kuo-Tsun Hsu related parties, withdrew from conflict involvement (recusal) and from the discussion and voting process. All other present directors voiced no objection at all in response to the inquiry by Independent Director, Yu-Chun Wu. The issue was duly passed without objection.</p>
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III. TWSE/TPEX Listed Companies shall disclose assessment cycles, periods, scope, methods, and contents for self or peer evaluation of the board of directors and record relevant details.

(I)

Evaluation cycle (Note)	At least once every three years
Evaluation duration (Note 2)	November 1, 2021 ~ October 31, 2022
Evaluation scope (Note 3)	Board of Directors
Evaluation Method (Note 4)	<p>Appoint an external professional organization (Taiwan Corporate Governance Association) Taiwan Corporate Governance Association, an independent professional corporate governance counseling and evaluation organization, has launched corporate governance system evaluation and assessment services since 2005 with more than 300 companies served that engaged in all types of industries, public enterprises, TWSE/TPEX listed companies, and general public offerings and non-public offering companies with different equity structures and combinations of board members.</p> <p>Taiwan Corporate Governance Association and the “Self-Evaluation or Peer Evaluation of the Board of Directors” executive team have no business dealings with the company. The team is organized by three independent executive members and two evaluation specialists. They refer to the information on the implementation of various indicators provided by the company and public information; they also perform on-site interviews with relevant members, to have an evaluation report issued.</p>
Evaluation content (Note 5)	<p>Eight aspects:</p> <ol style="list-style-type: none"> <li>1. Composition of the board of directors</li> <li>2. Guidance of the board of directors</li> <li>3. Authorization of the board of directors.</li> <li>4. Supervision of the board of directors</li> <li>5. Communication of the board of directors</li> <li>6. Internal control and risk management</li> <li>7. Self-discipline of the board of directors.</li> <li>8. Others, such as board meetings, support systems, etc.</li> </ol> <p>Evaluation, suggestions, and the company’s improvement plan and progress:</p> <ol style="list-style-type: none"> <li>1. The company has formulated the “Regulations Governing the Implementation of Whistleblowing System,” established a whistleblower mailbox, designated the Department of Compliance to handle the reported incidents; also, the Audit Office is to investigate the reported incidents. Furthermore, the Audit Committee can receive them simultaneously, but the actual implementation practice has not been included in the relevant internal specifications. The company is recommended to further enhance the existing whistleblower mechanism; also, to incorporate the process of having emails received by independent directors and the processing units simultaneously into the “Regulations Governing the Implementation of Whistleblowing System” in order to ensure that such mechanism has been operated effectively.</li> </ol>

	<p>Improvement plan and implementation: The “Regulations Governing the Implementation of Whistleblowing System” will be reported to the board of directors in March in accordance with the suggestions of Taiwan Corporate Governance Association.</p> <p>2. The company had conducted the performance assessment of the board of directors and functional committees in accordance with the internal regulation “Rules for Performance Assessment of the Board of Directors and Functional Committees.” All board directors rendered a positive confirmation on the assessment results. A suggestion is proposed to the company to review the design of the performance assessment questionnaire for the board of directors and functional committees in order to substantiate the “spirit of accountability” of the board of directors, to reflect the sufficient guidance and supervision of the board of directors more effectively, and to facilitate the review and summary of the refined action plans at the same time.</p> <p>Improvement plan and progress: The company will review the rationality of the performance assessment questionnaires of the board of directors and functional committees occasionally in the future with dynamic revisions implemented. In addition, the company will make appropriate adjustments and improvements based on the opinions and feedback of the board of directors.</p>
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(II)

Evaluation cycle (Note)	At least once every year
Evaluation duration (Note 2)	January 1, 2023 to December 31, 2023
Evaluation scope (Note 3)	<p>Board of directors, functional committees, and individual board director</p> <p>The measurement items for the performance evaluation of the board of directors include the following five aspects:</p> <ol style="list-style-type: none"> <li>1. The level of participation in the company’s operations.</li> <li>2. Improvement of the decision-making quality of the board of directors.</li> <li>3. Composition and structure of the board of directors.</li> <li>4. Election and continuous education of directors.</li> <li>5. Internal control.</li> </ol> <p>Board members (for Themselves or Peers) performance evaluation criteria should include the following six aspects:</p> <ol style="list-style-type: none"> <li>1. Mastering the company’s goals and tasks.</li> <li>2. Cognition of the responsibilities of the directors.</li> <li>3. The level of participation in the company’s operations.</li> <li>4. Internal relationship management and communication.</li> <li>5. Professionalism and continuing education of directors.</li> <li>6. Internal control.</li> </ol> <p>The measurement items for the performance evaluation of functional committee include the following five aspects:</p> <ol style="list-style-type: none"> <li>1. The level of participation in the company’s operations.</li> <li>2. Recognition of responsibilities of functional committee.</li> <li>3. Improve the decision-making quality of functional committees.</li> <li>4. Composition of functional committee and the selection of committee members.</li> <li>5. Internal control.</li> </ol>
Evaluation Method (Note 4)	Self-evaluation of the board of directors, self-evaluation of functional committees, and self-evaluation of individual board director
Evaluation content (Note 5)	<p>The evaluation result of the 2023 board of directors and functional committee’s self-evaluation operation is based on the “Performance Evaluation of the Board of Directors and Functional Committee of Yuanta Futures Co., Ltd.”. The relevant evaluation results have been reported in the 37<sup>th</sup> meeting of the 11<sup>th</sup> term on January 31, 2024.</p> <p>I. The “Questionnaire of Self-Evaluation of Performance of the Board”: It includes five aspects and 45 evaluation items that are performed by 9 directors (including independent directors).</p> <p>Statistical results:</p> <ol style="list-style-type: none"> <li>1. The level of participation in the company’s operations (12 questions in total): Directors and independent directors gave positive evaluations.</li> <li>2. Improvement of the decision-making quality of the board of directors (12 questions in total): Both directors and independent directors gave positive evaluations.</li> <li>3. Composition and structure of the board of directors (7 questions in total): Both</li> </ol>

	<p>directors and independent directors gave positive evaluations.</p> <p>4. Election and continuous education of directors (7 questions in total): Both directors and independent directors gave positive evaluations.</p> <p>5. Internal control (7 questions in total): Both directors and independent directors gave positive evaluations.</p> <p>Overall evaluation results: Nine directors (including independent directors) gave positive evaluations.</p> <p>II. “Questionnaire of Self-Evaluation of Performance of Board Members (for Themselves or Peers)”: It includes six aspects and 26 evaluation items that are performed by 9 directors (including independent directors). Statistical results</p> <ol style="list-style-type: none"> <li>1. Mastering the company’s goals and tasks (3 questions in total): Both directors and independent directors gave positive evaluations.</li> <li>2. Cognition of the responsibilities of the directors (6 questions in total): Both directors and independent directors gave positive evaluations.</li> <li>3. The level of participation in the company’s operations (8 questions in total): Directors and independent directors gave positive evaluations.</li> <li>4. Internal relationship management and communication (3 questions in total): Both directors and independent directors gave positive evaluations.</li> <li>5. Professional and continuous education of directors (3 questions in total): Both directors and independent directors gave positive evaluations.</li> <li>6. Internal control (3 questions in total): Both directors and independent directors gave positive evaluations.</li> </ol> <p>Overall evaluation results: Nine directors (including independent directors) gave positive evaluations.</p> <p>III. “Questionnaire of Self-Evaluation of Performance of the Audit Committee”: It includes five major aspects and 34 evaluation items that are performed by 3 members. Statistical results</p> <ol style="list-style-type: none"> <li>1. The level of participation in the company’s operations (9 questions in total): The committee members all gave positive evaluations.</li> <li>2. Cognition of the responsibilities of the audit committee (5 questions in total): The committee members all gave positive evaluations.</li> <li>3. Improvement of the decision-making quality of the audit committee (8 questions in total): The committee members all gave positive evaluations.</li> <li>4. The composition of the audit committee and the election of members (5 questions in total): The committee members all gave positive evaluations.</li> <li>5. Internal control (7 questions in total): The committee members all gave positive evaluations.</li> </ol> <p>Overall evaluation results: All three members gave positive evaluations.</p> <p>IV. “Questionnaire of Self-Evaluation of the Remuneration Committee”: It includes five major aspects and 26 evaluation items that are performed by 3 members. Statistical results</p> <ol style="list-style-type: none"> <li>1. The level of participation in the company’s operations (5 questions in total): The committee members all gave positive evaluations.</li> <li>2. Cognition of the responsibilities of the Remuneration Committee (7 questions in total): The committee members all gave positive evaluations.</li> <li>3. Improvement of the decision-making quality of the Remuneration Committee (8 questions in total): The committee members all gave positive evaluations.</li> <li>4. The composition of the Remuneration Committee and the election of members (4 questions in total): The committee members all gave positive evaluations.</li> <li>5. Internal control (2 questions in total): The committee members all gave positive evaluations.</li> </ol> <p>Overall evaluation results: All three members gave positive evaluations.</p> <p>V. Summary The current performance evaluation results show that all directors (including independent directors) gave positive evaluations on the efficiency and operation of the board of directors and functional committees. The board directors and functional committee members have the “involvement in the company’s operation,” “director’s awareness of responsibilities,” “quality of meeting resolutions,” “education and training and professional development,” “management of the internal control system” evaluated and concluded to be functioned satisfactorily.</p>
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Note 1: Please fill out the execution cycle of the board evaluation, for example: Once a year.

Note 2: Please fill out the board evaluation period, for example: Evaluating the performance of the board of directors in the period from January 1, 2023 to December 31, 2023.

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

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

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

- (1) Performance evaluation of the board of directors: It includes at least “the level of participation in the company’s operations,” “the board’s decision-making quality,” “the composition and structure of the board of directors,” “the election and continuous study of directors,” “internal control,” etc.
- (2) Performance evaluation of individual director: It includes at least “mastering the company’s goals and tasks,” “cognition of the responsibilities of the directors” “the level of participation in the company’s operations,” “internal relationship management and communication,” “professionalism and continuing study of directors,” “internal control,” etc.
- (3) Performance evaluation of functional committees: It includes “the level of participation in the company’s operations,” “cognition of the responsibilities of the functional committees,” “the decision-making quality of the functional committees,” “the composition of the functional committees and the election of members,” “internal control,” etc.

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

- (I) The Company not only arranged self-audit on a regular basis for its directors, the board, and the audit committee to enhance the efficiency and effectiveness of its operation, but also submitted to the audit committee and the board a report on actions taken by personnel of self-audit, legal compliance, and risks management to be consistent with the provisions of the Competent Authority.
- (II) The Company has appointed designated personnel to disclose relevant information and materiality as required by the competent authority in Chinese and English in MOPS for announcement. In addition, the Company has also disclosed the continuing education of the directors and independent directors, their attendance to Board meetings, Audit Committees, Remuneration Committee, and remunerations in MOPS.

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

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

- (2) If a re-election of Directors had taken place prior to the close of the financial year, Directors/Supervisors of both the previous and the current term must be listed; the remarks column must address the re-election date and whether the Director was elected in the previous term, the new term, or both. The percentage of actual attendance (%) is calculated based on the number of board of directors meetings held during active duty and the actual attendance.



**(II) The operation of the Auditing Committee:**

The Auditing Committee has convened for 16 times (A) in the most recent year (2023). The attendance of the independent directors is shown below:

Title	Name	Actual attendance (B)	Proxy Attendance	Percentage of actual attendance (%) (B/A) (Note 1, Note 2)	Remarks
Independent Director	Yu-Chun Wu	16	0	100	
Independent Director	Hui-Erh Yuan	16	0	100	
Independent Director	An-Pin Chen	8	0	100	Newly appointed: elected on May 24, 2023
Former Independent Director	Nai-Kuan Huang	1	0	100	Former director: The dismissal date was January 28, 2023. There were 1 meeting convened during the tenure.

Other remarks:

- I. For the operation of the Audit Committee in any of the following circumstances, please specify the date, term, the contents of the proposals, the resolution of the Audit Committee, and the process of the opinions proposed by the Audit Committee:
- (I) On issues stated in Article 14-5 of the Securities and Exchange Act:
1. On February 1, 2023, the 26<sup>th</sup> Meeting of the 11<sup>th</sup> Audit Committee was duly convened.
    - ◎ Regarding the independence, audit quality index evaluation, appointment, and remuneration matters of the company's 2023 independent auditors  
The resolution reached by the Audit Committee: Approved with the consent of the board directors.  
Acts to be taken by the Company in response to the opinions heard in the Audit Committee: The issue was duly resolved by all present directors planarity in the 24<sup>th</sup> meeting of the 11<sup>th</sup> board of directors convened on February 8, 2023.
    - ◎ Amendment of the revision of the "Internal Control System" and the "Enforcement Rules of Internal Audit" of the Company.  
The resolution reached by the Audit Committee: Approved with the consent of the board directors.  
Acts to be taken by the Company in response to the opinions heard in the Audit Committee: The issue was duly resolved by all present directors planarity in the 24<sup>th</sup> meeting of the 11<sup>th</sup> board of directors convened on February 8, 2023.
    - ◎ This is regarding the trade of securities and the use of proprietary funds for trading the securities issued by any stakeholders or self-regulatory objects and the transactions linked to the underlying subject.  
The resolution of the Audit Committee: It is a resolution deliberated and reached by all the attending Audit Committee members unanimously, except for those who have themselves recused due to a conflict of interest.  
Acts to be taken by the Company in response to the opinions heard in the Audit Committee: the 24<sup>th</sup> meeting of the 11<sup>th</sup> board of directors convened on February 8, 2023, the issue was duly resolved by all present directors except those in interested involvement who duly withdrew from the event.
    - ◎ Yuanta Securities Co., Ltd., an interested party, plans to open an account with the company's leverage trader to engage in CFD transactions.  
The resolution of the Audit Committee: It is a resolution deliberated and reached by all the attending Audit Committee members unanimously, except for those who have themselves recused due to a conflict of interest.

Acts to be taken by the Company in response to the opinions heard in the Audit Committee: the 24<sup>th</sup> meeting of the 11<sup>th</sup> board of directors convened on February 8, 2023, the issue was duly resolved by all present directors except those in interested involvement who duly withdrew from the event.

2. On March 1, 2023, the 27<sup>th</sup> Meeting of the 11<sup>th</sup> Audit Committee was duly convened.
  - ⊙ Amendment of the revision of the “Internal Control System” and the “Enforcement Rules of Internal Audit” of the Company.

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

Acts to be taken by the Company in response to the opinions heard in the Audit Committee: The issue was duly resolved by all present directors planarity in the 25<sup>th</sup> meeting of the 11<sup>th</sup> board of directors convened on March 8, 2023.
  - ⊙ The Company's 2022 “Declaration of Internal Control Policies”.

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

Acts to be taken by the Company in response to the opinions heard in the Audit Committee: The issue was duly resolved by all present directors planarity in the 25<sup>th</sup> meeting of the 11<sup>th</sup> board of directors convened on March 8, 2023.
  - ⊙ The Company's 2022 “Anti-Money Laundering and the Combating the Financing of Terrorism & Declaration of Internal Control Policies”.

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

Acts to be taken by the Company in response to the opinions heard in the Audit Committee: The issue was duly resolved by all present directors planarity in the 25<sup>th</sup> meeting of the 11<sup>th</sup> board of directors convened on March 8, 2023.
3. On March 8, 2023, the 28<sup>th</sup> Meeting of the 11<sup>th</sup> Audit Committee was duly convened.
  - ⊙ The Company’s consolidated individual and financial statements for the year 2022.

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

Acts to be taken by the Company in response to the opinions heard in the Audit Committee: The issue was duly resolved by all present directors planarity in the 25<sup>th</sup> meeting of the 11<sup>th</sup> board of directors convened on March 8, 2023.
  - ⊙ The Company’s earnings distribution in 2022.

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

Acts to be taken by the Company in response to the opinions heard in the Audit Committee: The issue was duly resolved by all present directors planarity in the 25<sup>th</sup> meeting of the 11<sup>th</sup> board of directors convened on March 8, 2023.
4. On March 18, 2023, the 29<sup>th</sup> Meeting of the 11<sup>th</sup> Audit Committee was duly convened.
  - ⊙ Regarding donations to Yuanta-Polaris Research Institute, a self-regulatory object  
The resolution reached by the Audit Committee: Approved with the consent of the board directors.

Acts to be taken by the Company in response to the opinions heard in the Audit Committee: The issue was duly resolved by all present directors planarity in the 26<sup>th</sup> meeting of the 11<sup>th</sup> board of directors convened on March 31, 2023.
  - ⊙ A donation to interested party Yuanta Cultural & Educational Foundation  
The resolution reached by the Audit Committee: Approved with the consent of the board directors.

Acts to be taken by the Company in response to the opinions heard in the Audit Committee: the 26<sup>th</sup> meeting of the 11<sup>th</sup> board of directors convened on March 31, 2023, the issue was duly resolved by all present directors except those in interested involvement who duly withdrew from the event.
  - ⊙ This is regarding the trade of securities and the use of proprietary funds for trading the securities issued by any stakeholders or self-regulatory objects and the transactions linked to the underlying subject.

The resolution of the Audit Committee: It is a resolution deliberated and reached by all

the attending Audit Committee members unanimously, except for those who have themselves recused due to a conflict of interest.

Acts to be taken by the Company in response to the opinions heard in the Audit Committee: the 26<sup>th</sup> meeting of the 11<sup>th</sup> board of directors convened on March 31, 2023, the issue was duly resolved by all present directors except those in interested involvement who duly withdrew from the event.

5. On April 6, 2023, the 30<sup>th</sup> Meeting of the 11<sup>th</sup> Audit Committee was duly convened.
  - ⊙ Regarding lifting the non-compete clause against the company's new independent directors  
The resolution reached by the Audit Committee: Approved with the consent of the board directors.  
Acts to be taken by the Company in response to the opinions heard in the Audit Committee: The issue was duly resolved by all present directors planarity in the 27<sup>th</sup> meeting of the 11<sup>th</sup> board of directors convened on April 6, 2023.
6. On May 17, 2023, the 33<sup>rd</sup> Meeting of the 11<sup>th</sup> Audit Committee was duly convened.
  - ⊙ Regarding the upgrade of the company's SAP financial accounting system  
The resolution of the Audit Committee: It is a resolution deliberated and reached by all the attending Audit Committee members unanimously, except for those who have themselves recused due to a conflict of interest.  
Acts to be taken by the Company in response to the opinions heard in the Audit Committee: the 29<sup>th</sup> meeting of the 11<sup>th</sup> board of directors convened on May 24, 2023, the issue was duly resolved by all present directors except those in interested involvement who duly withdrew from the event.
  - ⊙ This is regarding the trade of securities and the use of proprietary funds for trading the securities issued by any stakeholders or self-regulatory objects and the transactions linked to the underlying subject.  
The resolution of the Audit Committee: It is a resolution deliberated and reached by all the attending Audit Committee members unanimously, except for those who have themselves recused due to a conflict of interest.  
Acts to be taken by the Company in response to the opinions heard in the Audit Committee: the 29<sup>th</sup> meeting of the 11<sup>th</sup> board of directors convened on May 24, 2023, the issue was duly resolved by all present directors except those in interested involvement who duly withdrew from the event.
7. On June 21, 2023, the 34<sup>th</sup> Meeting of the 11<sup>th</sup> Audit Committee was duly convened.
  - ⊙ Amendment of the revision of the "Internal Control System" and the "Enforcement Rules of Internal Audit" of the Company.  
The resolution reached by the Audit Committee: Approved with the consent of the board directors.  
Acts to be taken by the Company in response to the opinions heard in the Audit Committee: The issue was duly resolved by all present directors planarity in the 30<sup>th</sup> meeting of the 11<sup>th</sup> board of directors convened on June 28, 2023.
8. On July 19, 2023, the 35<sup>th</sup> Meeting of the 11<sup>th</sup> Audit Committee was duly convened.
  - ⊙ Amendment of the revision of the "Internal Control System" and the "Enforcement Rules of Internal Audit" of the Company.  
The resolution reached by the Audit Committee: Approved with the consent of the board directors.  
Acts to be taken by the Company in response to the opinions heard in the Audit Committee: The issue was duly resolved by all present directors planarity in the 31<sup>st</sup> meeting of the 11<sup>th</sup> board of directors convened on July 26, 2023.
  - ⊙ This is regarding the trade of securities and the use of proprietary funds for trading the securities issued by any stakeholders or self-regulatory objects and the transactions linked to the underlying subject.  
The resolution of the Audit Committee: It is a resolution deliberated and reached by all the attending Audit Committee members unanimously, except for those who have themselves recused due to a conflict of interest.  
Acts to be taken by the Company in response to the opinions heard in the Audit

- Committee: the 31<sup>st</sup> meeting of the 11<sup>th</sup> board of directors convened on July 26, 2023, the issue was duly resolved by all present directors except those in interested involvement who duly withdrew from the event.
9. On August 14, 2023, the 36<sup>th</sup> Meeting of the 11<sup>th</sup> Audit Committee was duly convened.
- ◎ The Company's consolidated individual and financial statements for the first half of the year 2023.  
The resolution reached by the Audit Committee: Approved with the consent of the board directors.  
Acts to be taken by the Company in response to the opinions heard in the Audit Committee: The issue was duly resolved by all present directors planarity in the 32<sup>nd</sup> meeting of the 11<sup>th</sup> board of directors convened on August 23, 2023.
  - ◎ Amendment of the revision of the "Internal Control System" and the "Enforcement Rules of Internal Audit" of the Company.  
The resolution reached by the Audit Committee: Approved with the consent of the board directors.  
Acts to be taken by the Company in response to the opinions heard in the Audit Committee: The issue was duly resolved by all present directors planarity in the 32<sup>nd</sup> meeting of the 11<sup>th</sup> board of directors convened on August 23, 2023.
10. On September 20, 2023, the 37<sup>th</sup> Meeting of the 11<sup>th</sup> Audit Committee was duly convened.
- ◎ Amendment of the revision of the "Internal Control System" and the "Enforcement Rules of Internal Audit" of the Company.  
The resolution reached by the Audit Committee: Approved with the consent of the board directors.  
Acts to be taken by the Company in response to the opinions heard in the Audit Committee: The issue was duly resolved by all present directors planarity in the 33<sup>rd</sup> meeting of the 11<sup>th</sup> board of directors convened on September 27, 2023.
  - ◎ This is regarding the trade of securities and the use of proprietary funds for trading the securities issued by any stakeholders or self-regulatory objects and the transactions linked to the underlying subject.  
The resolution of the Audit Committee: It is a resolution deliberated and reached by all the attending Audit Committee members unanimously, except for those who have themselves recused due to a conflict of interest.  
Acts to be taken by the Company in response to the opinions heard in the Audit Committee: the 33<sup>rd</sup> meeting of the 11<sup>th</sup> board of directors convened on September 27, 2023, the issue was duly resolved by all present directors except those in interested involvement who duly withdrew from the event.
11. On October 25, 2023, the 38<sup>th</sup> Meeting of the 11<sup>th</sup> Audit Committee was duly convened.
- ◎ Amendment of the revision of the "Internal Control System" and the "Enforcement Rules of Internal Audit" of the Company.  
The resolution reached by the Audit Committee: Approved with the consent of the board directors.  
Acts to be taken by the Company in response to the opinions heard in the Audit Committee: The issue was duly resolved by all present directors planarity in the 34<sup>th</sup> meeting of the 11<sup>th</sup> board of directors convened on November 8, 2023.
  - ◎ Regarding the company and the related party, a total of five companies including Yuanta Securities, participating in the "Nanjing-Fuxing Urban Regeneration Project." It is proposed to have the construction project budget increased.  
The resolution of the Audit Committee: It is a resolution deliberated and reached by all the attending Audit Committee members unanimously, except for those who have themselves recused due to a conflict of interest.  
Acts to be taken by the Company in response to the opinions heard in the Audit Committee: the 34<sup>th</sup> meeting of the 11<sup>th</sup> board of directors convened on November 8, 2023, the issue was duly resolved by all present directors except those in interested involvement who duly withdrew from the event.
12. On November 22, 2023, the 40<sup>th</sup> Meeting of the 11<sup>th</sup> Audit Committee was duly convened.
- ◎ This is regarding the trade of securities and the use of proprietary funds for trading the

securities issued by any stakeholders or self-regulatory objects and the transactions linked to the underlying subject.

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

Acts to be taken by the Company in response to the opinions heard in the Audit Committee: the 35<sup>th</sup> meeting of the 11<sup>th</sup> board of directors convened on November 29, 2023, the issue was duly resolved by all present directors except those in interested involvement who duly withdrew from the event.

13. On December 20, 2023, the 41<sup>st</sup> Meeting of the 11<sup>th</sup> Audit Committee was duly convened.

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

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

Acts to be taken by the Company in response to the opinions heard in the Audit Committee: The issue was duly resolved by all present directors planarity in the 36<sup>th</sup> meeting of the 11<sup>th</sup> board of directors convened on December 27, 2023.

◎ Issues for audit plans in 2024.

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

Acts to be taken by the Company in response to the opinions heard in the Audit Committee: the 36<sup>th</sup> meeting of the 11<sup>th</sup> board of directors convened on December 27, 2023, the issue was duly resolved by all present directors except those in interested involvement who duly withdrew from the event.

13. On January 24, 2024, the 42<sup>nd</sup> Meeting of the 11<sup>th</sup> Audit Committee was duly convened.

◎ Regarding the independence, audit quality index evaluation, appointment, and remuneration matters of the company’s 2024 independent auditors

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

Acts to be taken by the Company in response to the opinions heard in the Audit Committee: The issue was duly resolved by all present directors planarity in the 37<sup>th</sup> meeting of the 11<sup>th</sup> board of directors convened on January 31, 2024.

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

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

Acts to be taken by the Company in response to the opinions heard in the Audit Committee: the 37<sup>th</sup> meeting of the 11<sup>th</sup> board of directors convened on January 31, 2024, the issue was duly resolved by all present directors except those in interested involvement who duly withdrew from the event.

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

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

Auditing Committee dates	Name of Committee	Agenda	Reasons for avoiding conflicting interests	Voting decision
February 1, 2023	Independent Director Yu-Chun Wu	This is regarding the trade of securities and the use of proprietary funds for trading the securities issued by any stakeholders	Independent Director, Yu-Chun Wu is the related party in the case.	Mr. Yu-Chun Wu, independent director, a related party, had himself recused from participating in the discussion and voting. The proposal was

		or self-regulatory objects and the transactions linked to the underlying subject.		passed by the other attending members unanimously after the consultation of the Acting Independent Director, Hui-Erh Yuan, independent director, and to be deliberated and resolved in the board meeting.
	Independent Director Yu-Chun Wu	Yuanta Securities Co., Ltd., an interested party, plans to open an account with the company's leverage trader to engage in CFD transactions.	Independent Director, Yu-Chun Wu is the related party in the case.	Mr. Yu-Chun Wu, independent director, a related party, had himself recused from participating in the discussion and voting. The proposal was passed by the other attending members unanimously after the consultation of the Acting Independent Director, Hui-Erh Yuan, independent director, and to be deliberated and resolved in the board meeting.
March 29, 2023	Independent Director Yu-Chun Wu	This is regarding the trade of securities and the use of proprietary funds for trading the securities issued by any stakeholders or self-regulatory objects and the transactions linked to the underlying subject.	Independent Director, Yu-Chun Wu is the related party in the case.	Mr. Yu-Chun Wu, independent director, a related party, had himself recused from participating in the discussion and voting. The proposal was passed by the other attending members unanimously after the consultation of the Acting Independent Director, Hui-Erh Yuan, independent director, and to be deliberated and resolved in the board meeting.
May 17, 2023	Independent Director Yu-Chun Wu Independent Director, Hui-Erh Yuan	Regarding the upgrade of the company's SAP financial accounting system	Independent director Yu-Chun Wu, and independent director Hui-Erh Yuan are both interested parties to this proposal.	This proposal was resolved by a separate vote: (I) Regarding the expense sharing with Yuanta Financial Holdings and subsidiaries of the Group except Yuanta Life Insurance and Yuanta Securities: The directors present unanimously agreed to have the proposal passed as proposed without objection;

				<p>also, the proposal had been submitted to the board of directors for resolution. (II) Regarding the expense sharing with Yuanta Life Insurance: The directors who had themselves recused due to a conflict of interest explained the important aspects of their own interests in writing at the meeting and did not participate in the discussion and vote. The other directors present unanimously agreed to have the proposal passed as proposed without objection; also, the proposal had been submitted to the board of directors for resolution. (III) Regarding the expense sharing with Yuanta Securities: The directors who had themselves recused due to a conflict of interest explained the important aspects of their own interests in writing at the meeting and did not participate in the discussion and vote. The other directors present unanimously agreed to have the proposal passed as proposed without objection; also, the proposal had been submitted to the board of directors for resolution.</p>
July 19, 2023	<p>Independent Director Yu-Chun Wu Independent Director An-Bin Chen</p>	<p>This is regarding the trade of securities and the use of proprietary funds for trading the securities issued by any stakeholders or self-regulatory objects and the transactions linked to the underlying subject.</p>	<p>Independent Director, Yu-Chun Wu; Independent Director An-Bin Chen are the related party in the case.</p>	<p>Independent Director, Yu-Chun Wu; Independent Director An-Bin Chen are related party, had himself recused from participating in the discussion and voting. The proposal was passed by the other attending members unanimously after the consultation of the Acting Independent</p>

				Director, Hui-Erh Yuan, independent director, and to be deliberated and resolved in the board meeting.
September 20, 2023	Independent Director Yu-Chun Wu Independent Director An-Bin Chen	This is regarding the trade of securities and the use of proprietary funds for trading the securities issued by any stakeholders or self-regulatory objects and the transactions linked to the underlying subject.	Independent Director, Yu-Chun Wu; Independent Director An-Bin Chen are the related party in the case.	Independent Director, Yu-Chun Wu; Independent Director An-Bin Chen are related party, had himself recused from participating in the discussion and voting. The proposal was passed by the other attending members unanimously after the consultation of the Acting Independent Director, Hui-Erh Yuan, independent director, and to be deliberated and resolved in the board meeting.
November 22, 2023	Independent Director Yu-Chun Wu Independent Director An-Bin Chen	This is regarding the trade of securities and the use of proprietary funds for trading the securities issued by any stakeholders or self-regulatory objects and the transactions linked to the underlying subject.	Independent Director, Yu-Chun Wu; Independent Director An-Bin Chen are the related party in the case.	Independent Director, Yu-Chun Wu; Independent Director An-Bin Chen are related party, had himself recused from participating in the discussion and voting. The proposal was passed by the other attending members unanimously after the consultation of the Acting Independent Director, Hui-Erh Yuan, independent director, and to be deliberated and resolved in the board meeting.
January 24, 2024	Independent Director Yu-Chun Wu Independent Director An-Bin Chen	This is regarding the trade of securities and the use of proprietary funds for trading the securities issued by any stakeholders or self-regulatory objects and the transactions linked to the underlying subject.	Independent Director, Yu-Chun Wu; Independent Director An-Bin Chen are the related party in the case.	Independent Director, Yu-Chun Wu; Independent Director An-Bin Chen are related party, had himself recused from participating in the discussion and voting. The proposal was passed by the other attending members unanimously after the consultation of the Acting Independent Director, Hui-Erh Yuan, independent



				director, and to be deliberated and resolved in the board meeting.
<p>III. Performance of communications by and between independent directors, internal audit head and Certified Public Accountant(s) (should include the Company’s financial, business operation affairs, issued, methods and outcomes of communications among them).</p>				
<p>(I) In order to improve the efficiency and effectiveness of the operation and strengthen the interaction with the internal audit and accounting units, the audit committee establishes “Communication Procedure between the Audit Committee and the Audit Department” and the “Communication Procedure between the Audit Committee and the Certified Public Accountant,” so it can supervise the audit unit to perform and elaborate on its functions. The communication between the audit committee, internal auditors and CPA is carried out in accordance with the method disclosed above, and the communication is generally good. In addition, the overall performance appraisal of internal auditors and CPA is conducted at the end of each year, and the relevant appraisal results are reported to the board of directors.</p> <p>(II) The Company discloses the individual communication between independent directors and internal audit supervisors and accountants in the “About Us -&gt; Functional Committee” section of the Company’s website under [Communications between independent directors and internal audit supervisors and accountants]. (website at: <a href="https://www.yuantafutures.com.tw/corporategovernance_12">https://www.yuantafutures.com.tw/corporategovernance_12</a>).</p>				
<p>IV. Annual work plan and operation status of the audit committee:</p>				
<p>(I) Formed with independent directors, the Audit Committee aims to supervise the quality and integrity of the Company’s finance and accounting, audits, and risk management. At the end of each year, it plans and schedules proposals to be discussed in the next year in order to strengthen committee operations.</p> <p>(II) The authority of the audit committee mainly includes:</p> <ol style="list-style-type: none"> <li>1. Establishment of or amendment to internal control system pursuant to Article 14-1.</li> <li>2. Evaluate the effectiveness of the internal control system.</li> <li>3. Stipulate or revise the regulations governing the significant financial business behaviors, including the acquisition and disposal of assets, trading of financial derivatives, lending of capital, loaning of funds, and making of endorsement/guarantees in accordance with Article 36-1.</li> <li>4. Matters that involve the best interests of the directors.</li> <li>5. Material assets or derivative transactions.</li> <li>6. The lending, endorsement, or guarantee of capital in huge sum.</li> <li>7. Public offering, issuance, or private placement of equity-type securities.</li> <li>8. The appointment, dismissal, or compensation of the CPAs.</li> <li>9. The appointment and dismissal of the Finance Officer, Accounting Officer, or Internal Chief Auditor.</li> <li>10. Annual financial report signed or stamped by the chairman, executive and accounting supervisor, and the Q2 financial report to be audited and validated by the accountant.</li> <li>11. Other significant matters required by the Company or the competent authorities. The audit committee regularly holds meetings. Within the scope of its authority, it may invite managers of relevant departments. Internal auditors, accountants, legal advisers or other personnel shall attend the meetings and provide relevant and necessary information. However, they shall be excused at the time of discussion and balloting.</li> </ol>				
<p>(III) The audit committee held a total of 16 meetings in 2023, and the annual work plans are as follows:</p> <ol style="list-style-type: none"> <li>1. Assess the independence of appointed accountants, and appoint a CPA to audit and validate various financial and tax statements.</li> <li>2. Reviewed the “Statement of Internal Control System” and “Statement of Internal Control System on Money Laundering Control and Counter-Terrorism Financing.”</li> <li>3. Review the 2022 consolidated and standalone financial reports, and the first half of 2023 consolidated and standalone financial reports.</li> <li>4. Amendment of the revision of the “Internal Control System” and the “Enforcement Rules of Internal Audit”.</li> </ol>				

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

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

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

Assessment items	Actual governance		Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	
I. Will the Company based on the “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies” set up and disclose the Company’s corporate governance best-practice principles?	V		<p>I.</p> <ol style="list-style-type: none"> <li>1. The Company has approved its Corporate Governance Principles based on the “Corporate Governance Best-Practice Principles” and the “Corporate Governance Best-Practice Principles for Futures Commission Merchants,” which is implemented after the board’s approval and disclosed on the Market Observation Post System and the Company’s website (<a href="https://www.yuantafutures.com.tw/corporategovernance_07">https://www.yuantafutures.com.tw/corporategovernance_07</a>).</li> <li>2. Additionally, the Company formulated the relevant chapter of corporate governance as required by regulations and implemented following the Company’s system. Other operations are also in compliance with relevant laws and regulations.</li> <li>3. Under our governance framework, BOD is the core of governance. As the highest governance body, BOD puts the interest of the Company and shareholders first and makes strategic instructions for organizational operations and supervises the operational performance of the management. Under BOD, there are functional committees and departments including the Audit Committee, Remuneration Committee, Ethnical Management Committee, Audit Department, Risk Management Department, and the BOD Secretary’s Office which assist BOD in supervising the Company with due care and due diligence. The president of this Company leads the Compliance Department, Overseas Institutional Business Department, Domestic Institutions Department, Proprietary Trading Department, General Planning Department and the management team to effectively implement the Company’s governance and operations activities to maximize interest for</li> </ol>

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
			shareholders.	
<p>II. Shareholding structure and shareholders' equity</p> <p>(I) Will the Company have the internal procedures regulated to handle shareholders' proposals, doubts, disputes, and litigation matters; also, have the procedures implemented accordingly?</p> <p>(II) Will the Company possess the list of the Company's major shareholders and the list of the ultimate controllers of the major shareholders?</p> <p>(III) Will the Company establish and implement the risk control and firewall</p>	V	V	<p>II. (I)</p> <p>1. In the Company's official website in the special zone of "About Us &gt; Investors" the Company has set up a "Contact Window with Investors (or Shareholders)" where we have adequately disclosed the method of communications. A shareholder is encouraged to voice his or her opinions by phone, in person, by mail, by FAX, e-mail or other channels. In response to the opinions voiced by shareholders, their questions, disputes or litigation, the Company duly manages in a prudential manner through our shareholder services agent. The clerk in the unit accepting shareholders' opinions duly judges the contents of opinions and, in turn, the agent, investor relation contact person, spokesman and competent unit will prudentially reply and take countermeasures as necessary.</p> <p>2. The Company intends to have the matters that have come through the Customer Service Mailbox handled in accordance with the "Act for Settlement of Customer Disputes."</p> <p>(II) The Company has set up a designated body for tracking the list of the dominant shareholders and the final shareholders of the dominant shareholders. In addition, the Company also apply with the Central Depository of Securities for the list of shareholders basing on the result after transactions have been made, and the declaration with the status of share transfer by the insiders of the Company in each month in order to keep track on the holding of shares by the shareholders.</p> <p>(III)</p> <p>1. The Company and the subsidiaries are independent of one another in financial and business transactions.</p>	There is no difference detected.

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
<p>mechanisms with the related parties?</p> <p>(IV) Will the Company set up internal norms to prohibit insiders from utilizing the undisclosed information to trade securities?</p>	V		<p>2. To strengthen the financial business among the affiliated enterprises and to prevent Non-arm's Length Transaction or conveyance of unjust interests among transactions between affiliated enterprises, acquiring or disposal of assets, and Lending of Capital. Therefore, to formulate the "Rules Governing Financial and Business Matters Between this Corporation and its Parties", "Rules Governing Transactions with Interest Parties", "Rules Governing General Authorization for transactions Other Than Credit Extension with Interested Parties Mentioned in Article 45 of Financial Holding Company Act" and "Transactions with Parties Governed by Self-Disciplinary Rules" in accordance with the Company's "Corporate Governance Best-Practice Principles" for full implementation of risk management policies and firewalls.</p> <p>3. The Company has established a Risk Management Department which shall be responsible for the overall risk management, control, supervision, and enforcement.</p> <p>(IV)</p> <p>1. The Company has the "Procedures for Handling Material Insider Information" regulated to prohibit insiders from utilizing the undisclosed information to trade securities.</p> <p>2. In order to enable all personnel of the company to have the correct knowledge of and the ability to judge relevant laws and regulations, the Company regularly advocates laws and regulations on insider equity transfers for directors, managers and employees, insider trading and short-term trading, as well as communicating with new directors, managers, and employees before they start jobs. The content includes the purpose of insider equity management, the definition of insider, the relevant laws and regulations and penalties for the declaration of insider shareholding changes, common deficiencies and other precautions for violations</p>	

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
			<p>of insider rules, the constituent elements of insider transactions, the clear timing of important news, and the method and timeliness of disclosure, penalties for violation of insider trading, lessons on how to avoid false insider trading and the relevant case studies, the constituent elements of short-term trading, exercise of the right of disgorgement, and common reasons for the occurrence of the right of disgorgement, etc.</p> <p>3. The Company has also compiled a regulatory compliance manual for managers and employees to refer to, conducted self-assessment of regulatory compliance every six months, and used online courses and physical assignments for education on insider trading, short-term trading, and insider equity laws.</p>	
<p>III. The constitution and obligations of the board of directors</p> <p>(I) Does the board of directors disclose the drafted diversity policies, specific management objectives, and implementation on the company's website?</p>	V		<p>III. (I)</p> <p>1. The Company intends to have matters handled in accordance with the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" and Company's Article 20 Section 3 of "Corporate Governance Best-Practice Principles". The composition of board members should be diversified. Appropriate and diversified policies should be drafted for the business operations, business patterns and development needs, of which, the diversification should include but not be limited to the standards with the following two aspects: Basic conditions and values (including gender, age, nationality, and culture) and professional knowledge and skills (including professional background of law, accounting, industry, finance, marketing or technology), professional skills and industry experience.</p> <p>2. In order to achieve the ideal goal of corporate governance, the board of directors should have the following capabilities: judgment on operations, accounting and financial analysis, business management, crisis management, expertise on futures</p>	There is no difference detected.

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
			<p>and derivative financial instruments, perspectives on international markets, leadership, decision-making, risk management knowledge.</p> <p>3. The company has nine board members. Currently, there are three independent directors and six directors. Female directors account for 33% of the board, and directors with a concurrent employee status account for 11% of the board. The directors have backgrounds in economics, accounting, finance, corporate management, business, electrical engineering, etc. In addition to professional skills in banking, securities, insurance, financing, and leasing, many directors have experience in information technology, trading, manufacturing, etc., and have good contribution for the Company's business management and risk control. Furthermore, the independent director Yu-Chun Wu of the company has been engaged in financial supervisory practice for years. He has held important positions in financial supervisory agencies and peripheral businesses, accumulating rich experience in financial practice. Additionally, the independent director Ms. Hui-Erh Yuan is a certified public accountant and serves as an independent director of the company with an accounting profession. Lastly, the independent director An-Pin Chen holds important positions in academia and has rich experience in information management-related businesses.</p> <p>4. In terms of the Company's management goal in director diversity policy, there are three independent directors elected for the 11<sup>th</sup> term of office, including 1 female independent director. Currently, female directors are account for 33% of the quorum of the board directors, achieving the Company's goal of having each gender director account for more than one-third of the board directors.</p> <p>5. Information related to the board of directors' diversity policy is disclosed in the "About Us&gt;Corporate Governance" section of the company's website under the [Board of Directors Diversity Status] (website:</p>	

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
<p>(II) Will the Company, in addition to setting the Remuneration Committee and Audit Committee lawfully, have other functional committee set up voluntarily?</p> <p>(III) Has the Company formulated “The Procedures for the Company’s Board Performance Evaluation” and evaluation method, conducted a performance evaluation annually and regularly, reported the results of the performance evaluation to the Board of Directors, and applied it for reference in determining individual director’s remuneration and nomination for renewal?</p>	V		<p><a href="https://www.yuantafutures.com.tw/directors_04">https://www.yuantafutures.com.tw/directors_04</a>).</p> <p>(II) BOD approved the establishment of the Remuneration Committee on November 24, 2011 and the Audit Committee on May 23, 2012 to replace supervisors. Both committees were formed with the three independent directors and are well operated. In addition to regular meetings, independent directors of the Company often discuss corporate governance with the Company’s management and heads of managerial department, and understand the Company’s business operations such as finance, accounting, compliance with laws and regulations, audits, and risk management, so as to fulfill their duty of care and faithfully perform their duties. In the future, the necessity of setting up other functional committees will be evaluated based on the needs of operational development.</p> <p>(III)</p> <ol style="list-style-type: none"> <li>1. The Company has established the “Board of Directors and Functional Committee Performance Appraisal Measures.” The board and functional committees shall conduct performance appraisal of the board and functional committees each year in accordance with the evaluation procedures and indicators in Articles 6 and 8. The report on the results of appraisal, conducted in accordance with the grading criteria in Article 8, is sent to the board for review and improvement. On January 24, 2017, it was added that an external specialized independent agency or external experts and scholar are employed to conduct performance appraisal of the board every three years, and the appraisal results and improvement plans are reported to the board and functional committees.</li> <li>2. The results of the performance appraisal of the Company’s board have been used as a reference for selecting or nominating director candidates. The results of the performance appraisal of directors have been submitted to the salary and remuneration committee as a reference for determining directors’ remuneration.</li> </ol>	



Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
(IV) Will the Company have the independence of the public accountant evaluated regularly?	V		<p>3. The information on board performance appraisal methods and the results of the self-evaluation of board (and functional committees) and board members (self or peers) appraisal are disclosed in the Corporate governance section of the company's official website, under [Performance Appraisal Results of the Board of Directors and Functional Committees] (<a href="https://www.yuantafutures.com.tw/directors_05">https://www.yuantafutures.com.tw/directors_05</a>).</p> <p>(IV)</p> <p>1. According to Article 30 of the Company's "Corporate Governance Best-Practice Principles" and Article 4 of the "Rules Governing Communication Between the Audit Committee and CPAs," the Company periodically (at least once a year) refers to the Audit Quality Indicators (AQIs) to evaluate Independence and adaptability. The company has completed the following matters in accordance with regulations:</p> <p>(1) The company should request Audit Quality Indicators (AQIs) from independent auditors, encompassing 5 major dimensions and 13 specific indicators. These AQIs will serve as a reference for evaluating the independence and competence of the auditors.</p> <p>(2) Review the statement issued by the independent auditor, which includes all relationships between the independent auditor and the company, which complies with the requirements of "The Bulletin of Norm of Professional Ethics for Certified Public Accountant of the Republic of China No. 10: Independence of Audit and Review."</p> <p>(3) Evaluate the internal quality control procedures of the accounting firm that the independent auditor belongs.</p> <p>(4) The company does not have the independent auditors served for seven consecutive years, the independent auditors have not been disciplined, or the</p>	

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
			<p>independent auditors' independence have not been impaired, the company has evaluated and concluded that it is not necessary to have the independent auditors replaced and the conclusion of the evaluation has been reported to the board of directors.</p> <p>2. CPA independency assessment includes the following key indicators: CPA firm rating, quality control process, CPAs and audit teams, scope of audit, audit fee, communication and independency of audit.</p> <p>3. The aforementioned appraisal and the "Statement on Independence and Inspection Work" issued by the CPA are submitted to the audit committee and the board of directors every year, and the board of directors then approves their appointment. There is no relationship between the Company and the CPA except for the contractual relationship in audit and validation. The most recent assessment results were submitted to the 42<sup>nd</sup> meeting of the 11<sup>th</sup> batch of audit committee on January 24, 2024 and the 37<sup>th</sup> meeting of the 11<sup>th</sup> batch of board on January 31, 2024 for review and approval.</p>	
IV. Has the company assigned sufficient qualified and competent personnel to work, and has a corporate governance officer designated to be responsible for corporate governance-related matters? (Including but not limited to providing information needed by directors and independent directors to perform business,	V		<p>IV.</p> <p>1. The company protects the rights and interests of shareholders and enhances the occupational functions of the board of directors in response to the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies." The board of directors resolved and approved the establishment of a corporate governance unit "Secretary Office of the Board of Directors" on October 31, 2018. Lianghui Yuan, the Senior vice president, is to serve as the Corporate Governance Officer who has abundant experience in financial and accounting management. Lianghui Yuan has served as a financial supervisor in the company for more than 10 years and met the qualification requirements. The "Secretary Office of the Board of Directors" is setup with competent and appropriate personnel designated</p>	There is no difference detected.

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
<p>assisting directors and independent directors in complying with laws and regulations, handling matters related to board meetings and shareholders meetings lawfully, preparing minutes of board meetings and shareholders meetings, etc.)?)</p>			<p>to provide the board directors and Audit Committee members with the information needed to perform their duties, to assist directors and independent directors in complying with laws and regulations, and to be responsible for company registration, the affairs related to the Audit Committee meetings, board of directors meetings, and shareholders’ meetings, and other corporate governance-related matters.</p> <p>2. The 2023 performance of the “BOD Secretary’s Office” is as follows:</p> <p>a. Provision of data required for business implementation for directors and Audit Committee members to assist with compliance: Periodically provided information regarding and undertaken insider stake changes and insider trading laws and regulations; periodically gathered and delivered information regarding cases punished by competent authorities and various government policies and decrees; assisted with the collection of information regarding professional training and provided them for directors and Audit Committee members; and arranged related courses for them, in order to help directors and Audit Committee members to achieve compliance through appropriate internal and external education and training activities.</p> <p>b. Handle matters related to the Audit Committee meetings, the Board of Directors meetings, and the shareholders’ meetings: Report the corporate governance implementation status to the Audit Committee and the Board of Directors regularly, confirm that the meeting procedures comply with relevant laws and corporate governance best-practice principles and codes, convene meetings, and provide meeting materials. The meeting agenda and notice should be issued 7 days in advance. A friendly reminder should be issued to directors who should have themselves recused from participating in the discussion or voting on specific proposals due to a conflict of interest. In</p>	

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies																
	Yes	No	Summary description																	
			<p>addition, distribute the meeting minutes within 20 days after the meeting, arrange respective meetings for Audit Committee members, internal auditors, and risk control members to communicate with the CPAs in order to improve the efficient operation of the company's Audit Committee, to assist directors to comply with laws and regulations in performing job responsibility or in reaching a formal resolution of the board of directors, to release material information on important resolutions of the board of directors after the meeting, to ensure the legality and correctness of the content of material information announced in order to protect investors from information asymmetry, to process the registration for the shareholders' meeting prior to the commencement date, to prepare meeting notices, meeting handbook, meeting agenda, and to handle change registration at the time when the Articles of Incorporation or re-election of the board of directors takes place.</p> <p>c. It is regarding company registration and change registration related matters.</p> <p>d. Regular and irregular information disclosures on the Market Observation Post System.</p> <p>e. Handle tasks related to corporate governance evaluation.</p> <p>3. Senior vice president Liang-Hui Yuan has served as the head of corporate governance since July 1, 2022, and has a total of 15 hours of continuing education in 2023.</p> <table border="1"> <thead> <tr> <th rowspan="2">Title</th> <th rowspan="2">Name</th> <th colspan="2">Training date</th> <th rowspan="2">Organizer</th> <th rowspan="2">Course name</th> <th rowspan="2">Training hours</th> </tr> <tr> <th>Start</th> <th>End</th> </tr> </thead> <tbody> <tr> <td>Corporate Governance Officer</td> <td>Liang-Hui Yuan</td> <td>2023/03/16</td> <td>2023/03/16</td> <td>Institute for Financial Law and Crime Prevention</td> <td>Anti-money laundering and counter-terrorism financing practices and</td> <td>3</td> </tr> </tbody> </table>	Title	Name	Training date		Organizer	Course name	Training hours	Start	End	Corporate Governance Officer	Liang-Hui Yuan	2023/03/16	2023/03/16	Institute for Financial Law and Crime Prevention	Anti-money laundering and counter-terrorism financing practices and	3	
Title	Name	Training date				Organizer	Course name				Training hours									
		Start	End																	
Corporate Governance Officer	Liang-Hui Yuan	2023/03/16	2023/03/16	Institute for Financial Law and Crime Prevention	Anti-money laundering and counter-terrorism financing practices and	3														

Assessment items	Actual governance							Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies	
	Yes	No	Summary description						
							directors' legal obligations and responsibilities propaganda		
					2023/05/18	2023/05/18	Taiwan Securities Association	Financial Consumer Protection Act and fair treatment of customers	3
					2023/07/18	2023/07/18	Accounting Research and Development Foundation of the R.O.C.	The 2023 Transition Finance and Sustainability Disclosure Seminar	3
					2023/08/09	2023/08/09	GreTai Securities Market	Insider stock briefings of public companies and emerging companies	3
					2023/08/24	2023/08/24	Taiwan Futures Exchange Corporation	Securities Industry Sustainable Development Transformation Execution Strategy Symposium	3

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
			4. Information related to the company's governance officer is disclosed in the "Corporate Governance" section of the company's official website under [Corporate Governance Personnel] (website: <a href="https://www.yuantafutures.com.tw/corporategovernance_09">https://www.yuantafutures.com.tw/corporategovernance_09</a> ).	
V. Has the Company established a communication channel with the stakeholders (including but not limited to the shareholders, employees, customers, and suppliers), set up a stakeholder section on the Company's website, and responded appropriately to the important corporate social responsibilities concerned by the stakeholders?	V		<p>V.</p> <ol style="list-style-type: none"> <li>1. The Company assures that it will provide adequate information to customers, correspondent banks, suppliers, employees, shareholders and such interested parties. Further through the Company's website, the Company has set up a "special zone for Investors" &gt; "special zone for interested parties" (website at: <a href="https://www.yuantafutures.com.tw/investors_04">https://www.yuantafutures.com.tw/investors_04</a>). Through such efforts, the Company takes charge of and responds the key issues concerned to the interested parties. Starting from 2015, the Company has worked out Corporate Social Responsibility (CSR) reports onto the Company's website and Market Observation Post System (MOPS), readily accessible to interested parties.</li> <li>2. The Company has Spokesperson and Deputy Spokesperson to establish communication with its stakeholders. In addition, The Company's Manager, Finance and Accounting Department, Customer Service / Trading Department etc may also contact stakeholders to address specific issues. All legal disputes are handled by the Compliance Department.</li> <li>3. To develop an integral and transparent corporate culture, promote ethical management, and encourage the report of illegal acts or events within the Company. We have also established the suggestion and grievance email at <a href="mailto:auditcomm.fut@yuanta.com">auditcomm.fut@yuanta.com</a>; the reporting hotline (02)2546-0373, toll-free customer service helpline on 0800-333-338; and the customer service email for reporting.</li> <li>4. We have established the "Directions for Supplier Management" to effectively</li> </ol>	There is no difference detected.

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
			manage the suppliers of the Company and investees, improve procurement quality, and advocate CSR together with suppliers. We have also disclosed these Directions on the corporate website.	
VI. Has the Company commissioned a professional stock service agent to handle shareholders affairs?	V		VI. The Company has appointed Yuanta Securities Co., Ltd., a professional stock service agent, to handle shareholders affairs.	There is no difference detected.
VII. Disclosure of information (I) Does the Company have a website setup and the financial business and corporate governance information disclosed? (II) Has the Company adopted other information disclosure methods (such as, establishing an English website, designating a responsible person for collecting and disclosing information of the Company, substantiating the spokesman system, placing the juristic person seminar program on the Company's website, etc.)? (III) Has the Company	V  V  V		VII. (I) The financial business information, shareholders meeting-related information, legal person briefing information, corporate governance, corporate sustainable development, and other related information are disclosed in the "About Us" section of the company's website. Please refer to <a href="https://www.yuantafutures.com.tw/companyprofile_01">https://www.yuantafutures.com.tw/companyprofile_01</a> . (II) 1. The company already has an English website set up. Please visit <a href="https://www.yuantafutures.com.tw/EN">https://www.yuantafutures.com.tw/EN</a> . 2. The Company's material information is announced in both Chinese and English at the Market Observation Post System (MOPS), so that investors can keep abreast of the latest information. 3. The Company has established the spokesman and acting spokesman system as required. Inquiry can be made by visiting the "About Us > Investors" Zone of the official website or at MOPS of TWSE. (III)	There is no difference detected.

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
announced and declared its financial report within 2 months after the end of the fiscal year, and announced and declared the quarterly financial report of Q1, Q2, and Q3 and the monthly business report before the deadline?			<ol style="list-style-type: none"> <li>1. The company has the 2023 consolidated (standalone) financial report announced and filed within two months (February 27, 2024) after the end of the fiscal year.</li> <li>2. The 2023Q1, 2023Q2, and 2023Q3 financial statements had been announced and filed on May 5, 2023, August 23, 2023, and November 8, 2023, respectively, before the prescribed deadlines.</li> <li>3. The monthly operation status has been announced and filed within the prescribed deadline lawfully.</li> </ol>	
VIII. Are there any other important information (including but not limited to the interests of employees, employee care, investor relations, supplier relations, the rights of stakeholders, the advanced study of directors and supervisors, the implementation of risk management policies and risk measurement standards, the execution of customer policy, the purchase of liability insurance for the Company's directors) that are helpful in understanding the corporate governance operation of the Company?	V		<p>VIII.</p> <p>(I) Employees' rights and care to employees:</p> <ol style="list-style-type: none"> <li>1. (1) The Company has stipulated the "Work Rules" (including work discipline, employment relations, salaries, working hours, break, holidays, leave, promotion and rotation, performance evaluation, incentive and punishment, retirement, occupational hazard, injury, and compensation and pensions, welfare, health and safety, and employee communication and cooperation) to discipline employee behavior. The "Code of Ethical Conduct" refers to ethical conduct standards, team spirit and integrity, equal job opportunity and prohibiting discrimination, health and safety of the working environment, respect for privacy and prohibiting the spread of rumors, the obligation of confidentiality, the proper production and preservation of paperwork, properly protecting the Company's assets, prohibiting insider trading, prohibiting any illegal gains by taking advantage of the job position, prohibiting conflicts of interest, preventing conflict of interest, fair trade and treatment, gifts, prohibiting bribery or illegal gains, obligation of reporting transaction authenticity, respect for the intellectual property rights of others,</li> </ol>	There is no difference detected.



Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
			<p>prohibition of engaging in any political activities, prohibition of influencing others to participate in any political activities, compliance of law and regulations, obligation of reporting any illegal acts, punishment and remedy procedures, exemptions from complying with the procedures, disclosure, and implementation. In addition, there are more disciplinary rules stipulated, such as, “Guidelines for Sexual Harassment Prevention, Grievance, and Discipline at Work Place” and “Employee Grievance” detailing various grievance channels and operating procedures to encourage and protect the informers who report any illegal and unethical act. Except for the “Code of Ethical Conduct” is placed on the Company’s internal and external website, the others are placed on the Company’s internal Website to be actually implemented for protecting the interests of employees.</p> <p>(2) In order to implement proper practices in handling material insider information, and maintaining secrecy throughout the process to avoid misleading investors' decisions which might otherwise compromise The Company's reputations or cause extreme share price movements, the Board of Directs had agreed to implement a new set of "Material Insider Information Procedures" during the meeting held in January 2010. Managers and employees had already been informed regarding these new rules, and the details of which are available on the corporate website and Intranet to ensure proper handling of material insider information. (3) In terms of the working environment and employee safety, the company has implemented strict access control measures to provide employees with a safe and comprehensive workplace. The passages, floors, stairs or ventilation, lighting, illumination, fire prevention, disaster prevention, and equipment at the workplace that is related to the safety and health of employees are inspected and maintained</p>	

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
			<p>regularly every year; also, fire emergency response drills are conducted. In addition, disaster compensation and related insurance are disclosed in the company's "Working Rules" and posted on the company's internal website.</p> <p>2. In addition to group insurance, the company offers employee shareholding trusts, health checkups, health seminars, health promotion activities and courses, and various resources; also, introduces the "Employee Assistance Program (EAP)" to substantiate employee care and consideration with an overall solution proposed to prevent and handle personal, work, and family problems that may affect employees' work and emotions.</p> <p>3. The Company has established the Employee Welfare Committee. This Committee is responsible for the fringe benefits of the employees and hold meetings at any time as needed. In addition, the committee also holds labor-management coordination meetings quarterly.</p> <p>4. The Company has the "Guidelines for Sexual Harassment Prevention, Grievance, and Discipline at Work Place", "Employee Grievance" and "Regulations Governing Implementation" of report system stipulated to prescribe various grievance channels and operating procedures in order to encourage and protect the informers who report any illegal and unethical act; also, setup telephone hotline and e-mail to handle grievance and suggestions filed by the employees.</p> <p>5. The Company calls for business meetings and management meeting regularly. All functional departments will call for cross-function meetings as dictated by business needs for coordination and communications among the departments.</p> <p>(II) Investor relations, supplier relations, and stakeholders' interests:</p> <p>6. The investor matters are currently handled by the Company's Investor Relation contact person, spokesman, deputy spokesman, and Stock Affair Personnel. On the corporate website, we have also disclosed information of grievance email</p>	

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
			<p>(auditcomm.fut@yuanta.com), the customer service email (futures@yuanta.com), the reporting hotline (02-25460373), and the toll-free customer service helpline (0800-333-338) for shareholders and investors to make suggestions and enquire over any doubts. There is a Q&amp;A zone for the shareholder in the “Investors” zone of the official website of the Company for fortifying the protection of the rights and privileges of the shareholders.</p> <p>7. The Company has set the “Corporate Governance Best-Practice Principle,” “Rules Governing Trades with the Stakeholders,” “Rules Governing the Blanket Authorization for Transaction Other Than Credit Transaction with the Stakeholders,” “Transactions with Parties Governed by Self-Disciplinary Rules,” “Code of Ethical Conduct,” and “Regulations Governing Implementation of report system” also, complied with the “Procedures for Ethical Management and Guidelines for Conduct” of Yuanta Financial Holdings to have the relevant interests regulated.</p> <p>8. The Company has Investor relation contact person, Spokesperson and Deputy Spokesperson to establish communication with its stakeholders. In addition, The Company's Manager, Finance and Accounting Department, Customer Service / Trading Department etc may also contact stakeholders to address specific issues. All legal disputes are handled by the Compliance Department.</p> <p>9. Special columns on topics of the treasury, shareholders, and the operation of the Board and internal control of the Company were set up in the “About Us” zone of the Company website for the reference of the investors and stakeholders.</p> <p>10. The Company has dealt with suppliers pursuant to the “Ethical Management Best-Practice Principles” and “Procedures for Ethical Management and Guidelines for Conduct” of Yuantan Holdings. The legality of the trade counterparty should be taken into consideration and whether there is any</p>	

Assessment items	Actual governance			Summary description	Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies																										
	Yes	No																													
				<p>unethical act recorded. Try to avoid dealing with anyone with any unethical act committed; also, conduct all commercial activities with a fair and transparent practice.</p> <p>(III)Directors' on-going education: Information regarding Directors' on-going education in the fields of corporate governance, finance, business, commerce, accounting, legal, AML/CTF courses or fair treatment to customers subjects have already been disclosed on the "Corporate Governance Section of the Market Observation Post System" (<a href="http://mops.twse.com.tw/index.htm">http://mops.twse.com.tw/index.htm</a>).</p> <p>Continuing education of the directors in 2023:</p> <table border="1"> <thead> <tr> <th rowspan="2">Title</th> <th rowspan="2">Name</th> <th colspan="2">Training date</th> <th rowspan="2">Organizer</th> <th rowspan="2">Course name</th> <th rowspan="2">Training Hours</th> </tr> <tr> <th>Start</th> <th>End</th> </tr> </thead> <tbody> <tr> <td rowspan="3">Chairman</td> <td rowspan="3">Tien-Fu Lin</td> <td>2023/06/07</td> <td>2023/06/07</td> <td>Taiwan Securities Association</td> <td>Trend and Development of Applicable Laws Governing AML/CFT at abroad</td> <td>3</td> </tr> <tr> <td>2023/07/13</td> <td>2023/07/13</td> <td>Taiwan Securities Association</td> <td>Net zero carbon emissions and corporate governance</td> <td>3</td> </tr> <tr> <td>2023/09/06</td> <td>2023/09/06</td> <td>Taiwan Securities Association</td> <td>The new era of artificial intelligence: Opportunities</td> <td>6</td> </tr> </tbody> </table>	Title	Name	Training date		Organizer	Course name	Training Hours	Start	End	Chairman	Tien-Fu Lin	2023/06/07	2023/06/07	Taiwan Securities Association	Trend and Development of Applicable Laws Governing AML/CFT at abroad	3	2023/07/13	2023/07/13	Taiwan Securities Association	Net zero carbon emissions and corporate governance	3	2023/09/06	2023/09/06	Taiwan Securities Association	The new era of artificial intelligence: Opportunities	6	
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Assessment items	Actual governance							Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies	
	Yes	No	Summary description						
							and challenges of Taiwan, and ESG investment principles and strategies		
				2023/09/07	2023/09/07	Taiwan Securities Association	The pros and cons of emerging information security technology to financial digital innovation	3	
				2023/10/05	2023/10/05	Taiwan Academy of Banking and Finance (TABF)	Discussing the principle of friendly service and financial exploitation based on the principle of fair treatment	3	
			Vice Chairman	Pin-Cheng Chen	2023/03/10	2023/03/10	Corporate Governance Association in Taiwan	Shareholders' meetings, management rights, and equity strategies	3
					2023/03/16	2023/03/15	Institute for Financial Law and Crime Prevention	Anti-money laundering and counter-terrorism financing practices and directors' legal	3

Assessment items	Actual governance							Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies	
	Yes	No	Summary description						
							obligations and responsibilities propaganda		
				2023/07/13	2023/07/13	Taiwan Securities Association	Net zero carbon emissions and corporate governance	3	
				2023/09/07	2023/09/07	Taiwan Securities Association	The pros and cons of emerging information security technology to financial digital innovation	3	
				2023/10/05	2023/10/05	Taiwan Academy of Banking and Finance (TABF)	Discussing the principle of friendly service and financial exploitation based on the principle of fair treatment	3	
			Director	Kuo-Tsun Hsu	2023/03/16	2023/03/16	Institute for Financial Law and Crime Prevention	Anti-money laundering and counter-terrorism financing practices and directors' legal obligations and responsibilities propaganda	3

Assessment items	Actual governance							Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies	
	Yes	No	Summary description						
				2023/05/18	2023/05/18	Taiwan Securities Association	Financial Consumer Protection Act and fair treatment of customers	3	
				2023/07/13	2023/07/13	Taiwan Securities Association	Net zero carbon emissions and corporate governance	3	
				2023/11/16	2023/11/16	Accounting Research and Development Foundation of the R.O.C.	The 2023 ESG Summit – Carbon Inventory and Carbon Management	3	
			Director	Mei-Ling Kuo	2023/03/16	2023/03/16	Institute for Financial Law and Crime Prevention	Anti-money laundering and counter-terrorism financing practices and directors' legal obligations and responsibilities propaganda	3
				2023/05/18	2023/05/18	Taiwan Securities Association	Financial Consumer Protection Act and fair treatment of customers	3	

Assessment items	Actual governance							Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description					
				2023/07/13	2023/07/13	Taiwan Securities Association	Net zero carbon emissions and corporate governance	3
				2023/09/07	2023/09/07	Taiwan Securities Association	The pros and cons of emerging information security technology to financial digital innovation	3
			Director Wei-Chen Chang	2023/05/18	2023/05/18	Taiwan Securities Association	Financial Consumer Protection Act and fair treatment of customers	3
				2023/07/13	2023/07/13	Taiwan Securities Association	Net zero carbon emissions and corporate governance	3
				2023/09/07	2023/09/07	Taiwan Securities Association	The pros and cons of emerging information security technology to financial digital innovation	3
				2023/09/12	2023/09/12	Taiwan Academy of Banking and	Risk-oriented Anti-Money Laundering	3



Assessment items	Actual governance							Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description					
						Finance (TABF)	Trend and Impact	
			Director Wen-Ching Chiu	2023/03/16	2023/03/16	Institute for Financial Law and Crime Prevention	Anti-money laundering and counter-terrorism financing practices and directors' legal obligations and responsibilities propaganda	3
				2023/05/18	2023/05/18	Taiwan Securities Association	Financial Consumer Protection Act and fair treatment of customers	3
				2023/05/31	2023/05/31	Taiwan Academy of Banking and Finance (TABF)	The impact of Chat GPT on financial industry and the response strategies	3
				2023/07/13	2023/07/13	Taiwan Securities Association	Net zero carbon emissions and corporate governance	3
				2023/09/07	2023/09/07	Taiwan Securities Association	The pros and cons of emerging information security technology to	3

Assessment items	Actual governance							Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description					
							financial digital innovation	
			Independent Director Yu-Chun Wu	2023/03/16	2023/03/16	Institute for Financial Law and Crime Prevention	Anti-money laundering and counter-terrorism financing practices and directors' legal obligations and responsibilities propaganda	3
				2023/05/18	2023/05/18	Taiwan Securities Association	Financial Consumer Protection Act and fair treatment of customers	3
				2023/07/13	2023/07/13	Taiwan Securities Association	Net zero carbon emissions and corporate governance	3
				2023/09/07	2023/09/07	Taiwan Securities Association	The pros and cons of emerging information security technology to financial digital innovation	3
				2023/10/17	2023/10/17	Securities and Futures	Technical development and	3

Assessment items	Actual governance							Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies	
	Yes	No	Summary description						
						Development Foundation	application opportunities of ChatGPT		
				2023/10/24	2023/10/24	Corporate Governance Association in Taiwan	AI Applications, Law and Audit	3	
				2023/11/14	2023/11/14	Corporate Governance Association in Taiwan	How can companies implement energy conservation and carbon reduction to improve company profits?	3	
			Independent Director	Hui-Erh Yuan	2023/03/16	2023/03/16	Institute for Financial Law and Crime Prevention	Anti-money laundering and counter-terrorism financing practices and directors' legal obligations and responsibilities propaganda	3
					2023/05/18	2023/05/18	Taiwan Securities Association	Financial Consumer Protection Act and fair treatment of customers	3

Assessment items	Actual governance								Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies	
	Yes	No	Summary description							
					2023/07/13	2023/07/13	Taiwan Securities Association	Net zero carbon emissions and corporate governance	3	
					2023/09/07	2023/09/07	Taiwan Securities Association	The pros and cons of emerging information security technology to financial digital innovation	3	
			Independent Director	An-Pin Chen	2023/03/16	2023/03/16	Institute for Financial Law and Crime Prevention	Anti-money laundering and counter-terrorism financing practices and directors' legal obligations and responsibilities propaganda	3	
					2023/05/18	2023/05/18	Taiwan Securities Association	Financial Consumer Protection Act and fair treatment of customers	3	
					2023/07/13	2023/07/13	Taiwan Securities Association	Net zero carbon emissions and corporate governance	3	

Assessment items	Actual governance							Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies	
	Yes	No	Summary description						
				2023/09/07	2023/09/07	Taiwan Securities Association	The pros and cons of emerging information security technology to financial digital innovation	3	
			Former Director	Hsiao-Ling Chou	2023/03/16	2023/03/16	Institute for Financial Law and Crime Prevention	Anti-money laundering and counter-terrorism financing practices and directors' legal obligations and responsibilities propaganda	3
			<p>(IV) Risk management policies and risk assessment standards:</p> <ol style="list-style-type: none"> <li>1. The risk management of the Company is pursued in accordance with the "Risk Management Policy" of the financial holding parent and the requirements of "Risk Management Best-Practice Principles For Futures Commission Merchants" of Taiwan Futures Exchange. The company has formulated the risk management policies and risk governing rules, which have been resolved and approved by the board of directors.</li> <li>2. The company's risk management policy is the supreme guideline with the company-wide operating risks included, which are "financial risks," "operational risks," "legal and compliance risks," and "climate change risks." "Financial Risk" includes market risk, credit risk, market liquidity risk, capital liquidity risk,</li> </ol>						

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
			<p>asset and liability coordination risk, block exposure risk, and operating risk; “Operational Risk” includes information security risk, human resources risk, emerging risk, ethical management risks, reputation risks, and strategic risks; “Legal and Compliance Risks” include legal compliance risks, legal risks, and money laundering and terrorism financing risks; “Climate Change Risks” include investment climate change risks and self-operational climate change risks. In terms of risk management system, appropriate risk management mechanisms should be formulated respectively in accordance with this policy, the attributes of risks, and the degree of impact on the company’s operational stability and capital security.</p> <p>3. The company’s risk management procedures include risk identification, risk measurement, risk monitoring, and risk management report.</p> <p>4. The company has disclosed the risk management policy in the “Market Information” &gt; “Risk Control” of the official website to clearly stipulate the company’s risk management scope, main risk management authorities and responsibilities, risk management procedures, and information disclosure.</p> <p>5. The company regularly reports risk management operations to the Audit Committee and the Board of Directors, including</p> <ol style="list-style-type: none"> <li>a. The Risk Management Department reports the implementation of risk management of the company and its subsidiaries to the Audit Committee on a monthly basis.</li> <li>b. The Department of Risk Management reports the risk management implementation of the company and the subsidiaries to the board of directors on a quarterly basis.</li> <li>c. The operation of risk management has been disclosed in the “Market Information” &gt; “Risk Control” of the official website.</li> </ol> <p>(V) Implementation of customer policies:</p>	

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
			<p>1. The Company has established regulations such as “Personal Data Protection Policy” and “Personal Data Management Measures,” for the proper use and protection of customers’ personal data within the scope of the laws and regulations. The duty of confidentiality of customer data shall be fulfilled in order to maintain customer privacy and personal information.</p> <p>2. The Company has established “Customer Dispute Handling Measures” and “Implementation Measures of Grievance System.” Issues related to transaction disputes and litigation handling operations have been established in the internal control system, and a toll-free customer service hotline (0800-333-338), customer service mailbox (futures@yuanta.com) and grievance filing mailbox (auditcomm.fut@yuanta.com) have been set up. The customer service trading department collaborated with auditors and regulatory compliance personnel, and are responsible for handling issues related to customer rights and complaints.</p> <p>(VI) Circumstances in which the Company purchases liability insurance policies for directors: The Company continues to purchase liability insurance policies for directors, independent directors and managers to pass on the Company’s operational risks and help establish a sound corporate governance system.</p>	
<p>IX. Please describe the improvement performed according to the corporate governance evaluation results published by the Corporate Governance Center of Taiwan Stock Exchange in recent years, and propose the matters with priority for improvement and the respective measures.</p> <p>The Company performed well in the “Corporate Governance Evaluation” held by Taiwan Stock Exchange Corporation, and ranked among the top 5% of TPEX listed companies in the 9<sup>th</sup> “Corporate Governance Evaluation.” The Company was cited by Taiwan Stock Exchange Corporation. This was the 9<sup>th</sup> consecutive year that the Company won the citation. The award granted to the Company indicates recognizing the Company’s due diligence operation, the commitment to protect the best interests of shareholders, and the pursuit of a sustainable development of enterprise.</p> <p>Regarding the unscored assessment indicators in the 9<sup>th</sup> Corporate Governance Assessment, which is the 3.20 “Whether the company has been invited (voluntarily) to hold at least two investor conferences within a 3-month period between the first and second investor conference in the same year?” the company had held two investor conferences in 2023 (April 11, 2023 and on December 26, 2023, respectively).</p>				

**(IV) The operation of the Remuneration Committee:**

1. Profiles of the members of the Remuneration Committee

Date of information: January 31, 2024

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



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

			<p>issued shares of the Company or ranking in the Top 10 in shareholding; a Director, Supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the Company, or that ranks in the top-5 in shareholding, or that designates its representative to serve as a Director or Supervisor of the Company under Article 27, Paragraph 1 or 2 of the Company Act; the Chairperson, President, Director, Supervisor, or employee of other company that controls a majority of the Company's Director seats or voting shares and those of any other company are controlled by the same person; or person holding an equivalent position of the Company and a person in any of those positions at another company or institution are the same person or are spouses; a Director (Executive), Supervisor (Supervisor), or employee of other companies or institutions; a Director (Executive), Supervisor (Supervisor), officer, or shareholder holding 5% or more of the shares, of a specified company or institution that has a financial or business relationship with the Company. A professional individual who provides commercial, legal, financial, accounting, or related services to the Company or any affiliate of the Company within the last 2 years. Ms.</p>	
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			Hui-Erh Yuan, independent auditor, concurrently serves as an independent director of Yuanta Life Insurance Co., Ltd., a subsidiary of the same parent company, but complies with the requirement of independence as stipulated in Article 6 of the “Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange.”	
Independent Director	Yu-Chun Wu	Mr. Yu-Chun Wu was the director of the Securities and Futures Bureau of the Financial Supervisory Commission and the President of TPEX for more than 10 years with ample experience accumulated in securities, futures, and financial supervisory matters; also, he had once served as the Independent Director of Chun Zu Machinery Industry, Independent Director of Taiwan Mask Corp., etc. He meets the professional qualification requirements stated in Article 5 of the “Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange;” furthermore, he does not meet the stipulations stated in Article 30 of the Company Act. Mr. Yu-Chun Wu graduated from the College of Management of National Taiwan University.	During the two years before being elected or during the term of office, Director Yu-Chun Wu did not have any of the following: An employee of the Company or any of its affiliates; a natural-person shareholder who holds shares, together with those held by the person’s spouse, minor children, or held by the person under any other’s name, in an aggregate amount of 1% or more of the total number of issued shares of the Company or ranking in the Top 10 in shareholding; a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer of the Company or any of its affiliates or the directors, supervisors, the principal and the principal’s spouse, minors of the affiliates, or held by the	2

			<p>person under any other's name in an aggregate amount of 1% or more of the total number of issued shares of the Company or ranking in the Top 10 in shareholding; a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the Company, or that ranks in the top-5 in shareholding, or that designates its representative to serve as a director or supervisor of the Company under Article 27, Paragraph 1 or 2 of the Company Act; the chairperson, general manager, or person holding an equivalent position of the Company and a person in any of those positions at another company or institution are the same person or are spouses; a directors (councils), supervisors (supervisors), or employees of other companies or institutions; a professional individual who provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company within the last 2 years. Mr. Yu-Chun Wu, independent auditor, who concurrently serves as an Independent Director of Yuanta Securities Co., Ltd., a subsidiary of the same parent company, but complies with Article 6, Paragraph 2 of the "Regulations Governing the Appointment and Exercise of Powers by</p>	
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			the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange;” therefore, he meets the requirement of independence as stipulated in Article 6 of the “Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange.”	
Independent Director	An-Pin Chen	Mr. An-Pin Chen served as Emeritus Professor of the Department of Information Management and Finance of National Chiao Tung University, Director of Innovation Research Center of National Chiao Tung University, Associate Dean of the College of Management, National Chiao Tung University, Chairperson of the Department of Information Management and Finance, National Chiao Tung University, and EMBA Chief Executive Officer of National Chiao Tung University, Director of the Institute of Information Management of National Chiao Tung University, adjunct associate professor of the Department of Finance of National Taiwan University, etc., he possesses information professional capabilities, meets the professional qualification requirements stated in Article 5 of the “Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange;” furthermore,	During the two years before being elected or during the term of office, Independent Director An-Pin Chen did not have any of the following: An employee of the Company or any of its affiliates; a natural-person shareholder who holds shares, together with those held by the person’s spouse, minor children, or held by the person under any other’s name, in an aggregate amount of 1% or more of the total number of issued shares of the Company or ranking in the Top 10 in shareholding; a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer of the Company or any of its affiliates or the directors, supervisors, the principal and the principal’s spouse, minors of the affiliates, or held by the person under any other’s	1

		<p>he does not fall in any of the stipulations stated in Article 30 of the Company Act. Mr. An-Pin Chen receives a Ph.D. degree in Industrial Systems Engineering from the University of Southern California.</p>	<p>name in an aggregate amount of 1% or more of the total number of issued shares of the Company or ranking in the Top 10 in shareholding; a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the Company, or that ranks in the top-5 in shareholding, or that designates its representative to serve as a director or supervisor of the Company under Article 27, Paragraph 1 or 2 of the Company Act; the chairperson, general manager, or person holding an equivalent position of the Company and a person in any of those positions at another company or institution are the same person or are spouses; a directors (councils), supervisors (supervisors), or employees of other companies or institutions; a professional individual who provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company within the last 2 years. Independent Director, An-Pin Chen, who concurrently serves as an Independent Director of Yuanta Securities Co., Ltd., a subsidiary of the same parent company, but complies with Article 6, Paragraph 2 of the “Regulations Governing the Appointment and Exercise of Powers by the Remuneration</p>	
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			Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange;” therefore, he meets the requirement of independence as stipulated in Article 6 of the “Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange.”	
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Note 1: Please indicate the relevant seniority, professional qualification, experience, and independence of each Remuneration Committee member in the form in details. Please refer to Page 20 for the relevant information of the directors and independent directors in details.

Note 2: Professional qualification and experience: Describe the professional qualification and experience of each individual Remuneration Committee member.

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

## 2. The duties of the Remuneration Committee

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

## 3. Information on the operation of the Remuneration Committee



- (1) The Remuneration Committee of the Company is consisted of 3 persons.  
(2) The tenure of the 11<sup>th</sup> Committee Members: From July 5, 2021 to July 4, 2024. The Remuneration Committee had eight meetings (A) held in the most recent year (2023).

Member attendances:

Title	Name	Actual attendance (B)	Proxy Attendance	Percentage of actual attendance (%) (B/A) (Note)	Remarks
Former Independent Director	Nai-Kuan Huang	1	0	100	The 11 <sup>th</sup> Independent Directors and the conveners convener Re-election: Re-elected on July 5, 2021 Required attendance: 1 (A) Date of discharge : January 28, 2023
Independent Director	Hui-Erh Yuan	8	0	100	The 11 <sup>th</sup> Independent Director Re-election: Re-elected on July 5, 2021 Required attendance: 8 (A) The convener was elected on February 8, 2023
Independent Director	Yu-Chun Wu	8	0	100	The 11 <sup>th</sup> Independent Director Newly elected; re-election date on July 5, 2021 Required attendance: 8 (A)
Independent Director	An-Pin Chen	5	0	100	The alternative member for the 11 <sup>th</sup> term of office was elected on March 8, 2023 The independent director was elected in the shareholders meeting on May 24, 2023. Required attendance: 5 (A)

Other remarks:

- I. The Board may not accept the recommendations of the Remuneration Committee, or revise the recommendations, specify the date of the Board meeting, the term, the content of the motion, the resolution of the Board, and the response of the Board towards the opinions of the Remuneration Committee (e.g., the remuneration package passed by the Board is superior to the recommendation of the Remuneration Committee, specify the difference and the reasons): none.
- II. If any of the members of the Remuneration Committee hold adverse opinion or qualified opinions with record or in written declaration against the resolutions of the committee, specify the date and the session of the committee meeting, the content of the motion, the opinions of all members and the response to the opinions of the members: none.
- III. Reasons for discussions and resolutions of the Remuneration Committee and the Company's handling of employee suggestions:
- (I) The 12<sup>th</sup> Remuneration Committee meeting of 11<sup>th</sup> convened on January 16, 2023.
- ⊙ Self-evaluation results of the board and functional committee in 2022.
  - ⊙ The proposal for the Company's distribution of performance bonus to the managerial officers.  
The resolution reached by the Remuneration Committee: Approved with the consent of the board directors.

Acts to be taken by the Company in response to the opinions heard in the Remuneration Committee: The issue was duly resolved by all present directors plenary in the 23<sup>rd</sup> Meeting of the 11<sup>th</sup> board of directors convened on January 16, 2023.

- ⊙ It is to resolve the group performance bonus of the chairman, vice chairman, president, and other senior executives of the company.

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

Acts to be taken by the Company in response to the opinions heard in the Remuneration Committee: In the 23<sup>rd</sup> meeting of the 11<sup>th</sup> board of directors convened on January 16, 2023, all present directors granted the issue with a pass except those in interested involvement who withdrew from the event.

- (II) The 13<sup>th</sup> Remuneration Committee meeting of 11<sup>th</sup> convened on February 8, 2023.

- ⊙ Proposal to elect the Remuneration Committee convener.

Resolutions of the Remuneration Committee: Member Hui-Erh Yuan is to serve as the convener of the 11<sup>th</sup> Remuneration Committee with the consent of all the members present.

- (III) The 14<sup>th</sup> Remuneration Committee meeting of 11<sup>th</sup> convened on March 8, 2023.

- ⊙ Presenting the 2022 Employees' Remuneration Distribution.

- ⊙ Design of the work objectives of the managers of the Company in 2023.

- ⊙ The revision of part of the Regulation Governing Prices and Awards of the Company.

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

Acts to be taken by the Company in response to the opinions heard in the Remuneration Committee: In the 25<sup>th</sup> meeting of the 11<sup>th</sup> board of directors convened on March 8, 2023, all present directors granted the issue with a pass except those in interested involvement who withdrew from the event.

- (III) The 15<sup>th</sup> Remuneration Committee meeting of 11<sup>th</sup> convened on April 6, 2023.

- ⊙ The proposal for the remuneration of the Company's Vice Chairman is submitted for review and discussion.

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

Acts to be taken by the Company in response to the opinions heard in the Remuneration Committee: In the 27<sup>th</sup> meeting of the 11<sup>th</sup> board of directors convened on April 6, 2023, all present directors granted the issue with a pass except those in interested involvement who withdrew from the event.

- (V) The 16<sup>th</sup> Remuneration Committee meeting of 11<sup>th</sup> convened on June 21, 2023.

- ⊙ On a regular basis meanwhile, we reassessed the Company's policies in performance evaluation and payroll policies, system, criteria and structure for managerial officers.

- ⊙ Amidst evaluation on a regular basis, we duly work out the salaries and remuneration for the Company's managerial officers.

- ⊙ The promotion of the Company's managerial officers.

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

Acts to be taken by the Company in response to the opinions heard in the Remuneration Committee: The issue was duly resolved by all present directors plenary in the 30<sup>th</sup> Meeting of the 11<sup>th</sup> board of directors convened on June 28, 2023.

- ⊙ Presenting the 2022 Manager and Employees' Remuneration Distribution.

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

Acts to be taken by the Company in response to the opinions heard in the Remuneration Committee: In the 30<sup>th</sup> meeting of the 11<sup>th</sup> board of directors convened on June 28, 2023, all present directors granted the issue with a pass except those in interested involvement who withdrew from the event.

- (VI) The 17<sup>th</sup> Remuneration Committee meeting of 11<sup>th</sup> convened on July 26, 2023.

- ⊙ It is to resolve the group performance bonus of the chairman, vice chairman, president, and other senior executives of the company.

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

board directors.

Acts to be taken by the Company in response to the opinions heard in the Remuneration Committee: In the 31<sup>st</sup> meeting of the 11<sup>th</sup> board of directors convened on July 26, 2023, all present directors granted the issue with a pass except those in interested involvement who withdrew from the event.

- ⊙ The proposal for the Company's distribution of performance bonus to the managerial officers. The resolution reached by the Remuneration Committee: Approved with the consent of the board directors.

Acts to be taken by the Company in response to the opinions heard in the Remuneration Committee: The issue was duly resolved by all present directors plenary in the 31<sup>st</sup> Meeting of the 11<sup>th</sup> board of directors convened on July 26, 2023.

(VII) The 18th Remuneration Committee meeting of 11th convened on November 8, 2023.

- ⊙ The revision of part of the Regulation Governing Prices and Awards of the Company. The resolution reached by the Remuneration Committee: Approved with the consent of the board directors.

Acts to be taken by the Company in response to the opinions heard in the Remuneration Committee: The issue was duly resolved by all present directors plenary in the 34<sup>th</sup> Meeting of the 11<sup>th</sup> board of directors convened on November 8, 2023.

(VIII) The 19<sup>th</sup> Remuneration Committee meeting of 11<sup>th</sup> convened on November 29, 2023.

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

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

Acts to be taken by the Company in response to the opinions heard in the Remuneration Committee: The issue was duly resolved by all present directors plenary in the 35<sup>th</sup> Meeting of the 11<sup>th</sup> board of directors convened on November 29, 2023.

Note 1: If specific member of the Remuneration Committee resigned before the end of the fiscal year, specify the date of departure in the field of Remarks, the attendance rate to committee meetings (%) basing on the actual attendance to committee meetings during his or her term of office in proportion to the total number of committee meetings held in the same period.

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

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

Promotional items	Execution			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
I. Has the company established a governance structure to promote sustainable development, and set up a full-time (part-time) unit to promote sustainable development, which is handled by the senior management authorized by the board of directors, and the actual supervision of the board of directors?	V		I. 1. Yuanta Futures adheres to the sustainability promotion strategy and core philosophy of Yuanta Financial Holdings Group, formulates Yuanta Futures' "Sustainable Development Policy and Management Rules," and complies with the "Sustainable Development Best-Practice Principles" and "Sustainable Development Policy and Management Rules" of Yuanta Financial Holdings to establish the company's sustainable development promotion structure. The company has established a sustainable development promotion group since the year of 2014 with the President designated as the convener and the relevant management matters handled by the nine departments within, including the secretary office of the board of directors, the audit department, the compliance department, the management department, the risk management department, the customer transaction department, the planning department, the digital finance department, and the sales department; also, the planning department is responsible for the overall planning and promotion of sustainable development. The planning department as the designated unit for the company's sustainable development will report on the implementation results of various projects at the regular meetings, and presents proposals related to sustainable development to the board of	There is no difference detected.

Promotional items	Execution			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
			<p>directors for resolution in order to manage and substantiate the company's sustainable management policy effectively. The company prepares a sustainable report every year to disclose the company's sustainable development performance transparently.</p> <p>2. The company reports the specific achievements and promotion of the sustainable development to the board of directors on a regular basis (at least once a year) that allows the board directors to review the implementation completed in the current year, and conduct strategic reviews and propose suggestions for optimization in accordance with the impact of the industrial environment in the current year. The specific achievements and promotion of the company's 2022 sustainable development was reported in the 30<sup>th</sup> board meeting of the 11<sup>th</sup> officer term on June 28, 2023.</p> <p>3. The main work plans and responsibilities of the company's sustainable development promotion group are as follows:</p> <p>(1) Formulate annual sustainable development direction and goals.</p> <p>(2) Establish strategies for the implementation of each plan, and coordinate various departments to implement sustainable development-related activities and projects.</p> <p>(3) Follow up on the implementation of sustainable development projects and ethical corporate management.</p> <p>(4) Identify issues and material subjects that are the concerns of the stakeholders, and invite all stakeholders to participate in the promotion of relevant sustainable</p>	

Promotional items	Execution			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
			<p>management.</p> <p>(5) Participate in the functional group formed by the “Corporate Sustainability Office” of Yuanta Financial Holdings, covering the issues of corporate governance, sustainable finance, customer care, employee care, environmental sustainability, social participation, etc.</p> <p>(6) Report the proposals related to sustainable development promotion to the board of directors with the sustainable report prepared.</p> <p>The company’s implementation of sustainable development is fully disclosed in the “Sustainable Development” section of the company’s official website at the following URL:  <a href="https://www.yuantafutures.com.tw/esg/esg_01">https://www.yuantafutures.com.tw/esg/esg_01</a>.</p>	
II. Has the Company assessed the risks pertinent to the environment, society, and issues of corporate governance deriving from corporate management under the principle of materiality to map out related risk management policy or strategy?	V		<p>II.</p> <p>1. The data disclosure includes the Company’s sustainable development performance at the main sites from January 2023 to December 2023. The risk assessment boundary is mainly based on the company, covering the offices in Taiwan, mainland China, and Hong Kong.</p> <p>2. The Company values the opinions of the stakeholders, actively communicates with stakeholders through various channels, understands and identifies issues of their concern, analyzes stakeholders’ perspectives on the environment, society, and corporate governance; also, examines the impact of various issues on the Company’s business operations. The Company conducts relevant risk assessments on the materiality principle for environmental, social and corporate governance issues, and</p>	There is no difference detected.

Promotional items	Execution			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TSEC/GTSM Listed Companies								
	Yes	No	Summary description									
			<p>formulates relevant risk management policies or strategies based on the assessed risks:</p> <table border="1"> <thead> <tr> <th>Major issues</th> <th>Risk assessment items</th> <th>Risk management policy or strategy</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Environment</td> <td>Renewable energy</td> <td>The Company's various energy-saving and water-saving measures, through the promotion of environmental protection measures such as e-billing and resource recovering and reuse, and the use of low energy consumption and green energy products in the procurement of office supplies and equipment, are committed to reducing the impact of operations on the environment. In addition, a labor work environment measurement report is issued by Yu Shin Safety and Health Management Consulting Co., Ltd. every year.</td> </tr> <tr> <td>Greenhouse gas, water,</td> <td>The Company introduced the ISO 14064-1 greenhouse gas</td> </tr> </tbody> </table>	Major issues	Risk assessment items	Risk management policy or strategy	Environment	Renewable energy	The Company's various energy-saving and water-saving measures, through the promotion of environmental protection measures such as e-billing and resource recovering and reuse, and the use of low energy consumption and green energy products in the procurement of office supplies and equipment, are committed to reducing the impact of operations on the environment. In addition, a labor work environment measurement report is issued by Yu Shin Safety and Health Management Consulting Co., Ltd. every year.	Greenhouse gas, water,	The Company introduced the ISO 14064-1 greenhouse gas	
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	Yes	No			
				<p>and waste management inventory system in 2017, and passed the verification by the international certification organization BSI. The company will continue to count the amount of greenhouse gas emissions annually, and control greenhouse gas emissions by reviewing data over the years. The goal is set to reduce carbon emissions by 4% every year compared with the base year in order to ease the impact of the company's operations on the environment.</p> <p>Environmental governance The company has incorporated climate change risks into the risk management policies and has further reviewed and evaluated the financial impact to the company in order to enhance the company's management of climate change risks continuously.</p>	



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

Promotional items	Execution			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TSEC/GTSM Listed Companies
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				<p>website of the Judicial Yuan whether they have previous records of taking bribes and providing illegal political donations. Vendors are asked to follow relevant regulations on issues such as environmental protection, safety or health, and labor human rights, and work together with the Company to improve corporate social responsibility. According to Article 20 Paragraph 2 of the “Procedures for Ethical Management and Guidelines for Conduct,” when one of the parties has conducted business activities involving an unethical act, the other party may have the contract terminated or rescinded at any time.</p>
			<p>Corporate governance</p>	<p>Law Compliance</p> <p>In order to prevent violations of anti-money laundering and countering terrorism financing regulations, leakage</p>

Promotional items	Execution			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
			<p>or improper use of personal information, theft of customer transaction information, etc., which may cause major financial losses, damage to the Company's reputation and penalties by the competent authority, the Company strengthens the regulatory compliance management, including identification, measurement and monitoring money laundering and terrorism financing risks; strengthening the control of external e-mails; and establishing an internal control system to implement the self-evaluation internal control of each department.</p> <p>The complete content is disclosed on the company's "Corporate Sustainable Development" section at: <a href="https://www.yuantafutures.com.tw/csr_01">https://www.yuantafutures.com.tw/csr_01</a></p>	
<p>III. Environmental Issues</p> <p>(I) Does the Company have an appropriate environmental management system established in accordance with its industrial character?</p>	V		<p>III.</p> <p>(I)</p> <p>1. In 2016, Yuanta Financial Holdings Group successfully set up an ISO 14001 Environment Management System. Through the</p>	There is no difference detected.

Promotional items	Execution			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
(II) Is the company committed to improving energy efficiency and using recycled materials with low impact on the environment?	V		<p>teamwork of the entire Group, the entire Company tries hard to conserve power and water consumption to minimize its impact on the environment. The Company tries hard to promote electronic account bills and resource recycling as well as such environmental protection efforts. In procurement of office articles and supplies, the Company aims at low consumption and green energy oriented goods. On an annual basis, the Safety &amp; Health Management Consultation Company issues testing and monitoring reports to verify the Company's performance in labor operating environment.</p> <p>2. Yuanta Futures has successively introduced ISO 14064-1 Greenhouse Gas Inventory, ISO 45001 Occupational Safety and Health Management, ISO 20400 Sustainable Procurement Guide, ISO 14046 Water Footprint Inventory, and other verification standards since 2017. Also, it has contracted SGS and BSI (The British Standards Institution) to handle data inspections in order to maintain the reliability and accuracy of all data.</p> <p>(II)</p> <p>1. The business and office areas have been fully equipped with low-energy equipment such as VRV variable frequency multi-connected air-conditioning systems, LED energy-saving lamps, and inkjet energy-saving multi-function office machines since the relocation of the head office to the new building in June 2021. Additionally, an iEN smart energy-saving system has been installed to monitor the energy consumption and usage of various heavy electrical equipment in order to</p>	

Promotional items	Execution			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TSEC/GTSM Listed Companies
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(III) Has the Company assessed the potential risk or opportunity deriving from climate change and its effect on the Company at present and in the future, and mapped out the response to climate-related issues?	V		<p>optimize energy efficiency.</p> <p>2. Yuanta Futures is concerned about the heavy paper consumption and information equipment power consumption throughout the trading process. Therefore, in order to reduce the impact on the environment, the Company uses Program for the Endorsement of FSC and Forest Certification (PEFC) as the printing paper and all Energy Star information equipment.</p> <p>(III) In supporting the policy of the Group, the Company takes the following measures in response to the potential risks and opportunities of the enterprises deriving from climate change at present and in the future.</p> <p>1. Establish a Task Force on Climate-Related Financial Disclosure (TCFD) to study the “Climate-related Financial Disclosure Recommendation” issued by the International Financial Stability Board (FSB) that requires enterprises to provide stakeholders with relevant and reliable financial measurement information, and to develop and adapt responsive strategies and adjustment measures through the identified climate change related risks and opportunities.</p> <p>2. The detailed information of the projects stated in the preceding paragraph is disclosed on pages 151–160 of the company’s annual report – the climate-related information of the TWSE/TPEX List Companies.</p> <p>3. In the conduct of industry risk assessment, the effect of climate change on the particular industry is included. The industry risk rating result is positively correlated with the credit and large amount exposure of the Company on the particular industry.</p>	

Promotional items	Execution			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TSEC/GTSM Listed Companies
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(IV) Has the Company kept statistics on the greenhouse gas emission volume, water consumption volume, and total weight of wastes over the last 2 years, and mapped out the policies for managing the reduction of carbon, greenhouse gas emission, water consumption, and the generation of wastes?	V		<p>As such, the Company included the potential risk of climate change into the assessment that yields the effect of guiding the company in the financial utilization exposure direction.</p> <p>(IV)</p> <ol style="list-style-type: none"> <li>1. Exactly in coordination with the Group's policies, the Company duly set up ISO 14001 Environment Management System Criteria as well oriented to the financial industry. Starting from 2017, the Company brought ISO 14064-1 Greenhouse Gas Monitoring System which had been officially verified by the International Verification Organization British Standards Institution (BSI). In the aspect of environmental management, the Company continues to operate as below: <ol style="list-style-type: none"> <li>(1) Exactly pursuant to the Yuanta Group's policies, outcomes in the environmental assessment and decisions resolved in managerial review, the Company duly works out or update its environmental policies.</li> <li>(2) The Company duly enacted managerial specifications governing interior environments with air conditioning temperature inside offices which exactly satisfy the requirements of the Autonomous Act of Taipei City in Guidance over Energy Saving &amp; Carbon Reduction for Industries &amp; Commerce.</li> <li>(3) Every year, the Company reassesses the performance and outcome in water and power consumption to thoroughly implement the policies to conserve water, save energy &amp; reduce carbon and minimize greenhouse gases.</li> <li>(4) Smoking is strictly prohibited in the office and it is limited</li> </ol> </li> </ol>	

Promotional items	Execution			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
			<p>to the designated outdoor area only in accordance with the governing laws and regulations. In addition, carry out the service of disinfection, rodent control, and insect, pest, and vector mosquito removal.</p> <p>(5) The Management Committee of the Yuanta Building is the unit solely assuming the responsibility to take charge of environments. The overall maintenance &amp; upkeep of the environment is enumerated below:</p> <p>a. Here at Yuanta amidst financial services, the key sources for greenhouse gas discharge power, water consumption and fuel for transportations. The Company has tried hard to monitor the discharge of greenhouse gas. Starting from 2017, the Company officially outsourced outside institution to monitor and verify greenhouse gas discharge.</p> <p>b. Toward the management of greenhouse gas discharge, the Company holds a strategy to promote environmental protection to implemented thoroughly energy saving &amp; carbon reduction:</p> <p>(A) The Company implements resource recycling and launched green procurement.</p> <p>(B) The Company encourages everyone to take the stairs instead of elevator between two floors since it serves the purpose of exercising more and saving energy-consumption. The elevators are programmed for odd- and even-numbered floors separately to save the energy consumption of</p>	

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			<p>docking and opening and closing doors.</p> <p>(C) For entire Yuanta office premises, the average room temperature is set never below 26 degrees C.</p> <p>(D) At sunshine spots, we installed sun shade curtains to minimize solar radiation.</p> <p>(E) Promote unplugged OA equipment that will not be used for a long period of time; also, turn off light on the way out of office.</p> <p>(F) The multi-functional office machines are programmed to automatically enter standby power-saving mode.</p> <p>(G) Adopt energy-saving sensor-control faucets comprehensively to save water.</p> <p>(H) Promote video conferencing, save energy consumption, and reduce carbon emissions resulted from commuting.</p> <p>(I) For documented communications both internally and externally, we promote electronic documents through online transmission to minimize consumption of paper and carbon powder.</p> <p>(J) Business cards, stationery, and courier service application forms are replaced with OA digital electronic applications to reduce paper usage.</p> <p>4. The company strives to promote environmental sustainability. The pioneering work of green power transfer at all offices in Taiwan was completed in 2023.</p> <p>5. Also, the Company is committed to cooperating with the</p>	



Promotional items	Execution			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
			<p>financial holding’s environmental sustainability policy. The Company had received the “Leadership – Class A” rating from the International Carbon Disclosure Project (CDP) in 2023, which shows how the Group’s efforts have been fully recognized by international professional organizations.</p> <p>6. The Company introduced the ISO 14064-1, the greenhouse gas inspection system in 2017, and was accredited by BSI. In 2023, the volume of direct emission of greenhouse gas was 31.0136 metric tons CO<sub>2</sub>e/year and the indirect remission of greenhouse gas was 499.1717 metric tons CO<sub>2</sub>e/year. The Company intends to count the greenhouse gas emissions every year and apply such statistics to control greenhouse gas emissions in the future.</p> <p>7. The company has implemented sustainable management practices including climate change, energy saving, carbon reduction, and green environmental protection. The Taichung Branch has adopted 100% green power since February 2022, making it the first business office in the futures industry to do so. The company has also partnered with Yuanta Financial Holdings Group in its 10% green power transfer project in 2023, achieving the goal of using green power at all offices and becoming the futures company with the broadest green power deployment to protect the earth and promote environmental sustainability.</p> <p>8. The Company, in addition to cooperating with the government’s energy conservation and carbon reduction policies and promoting the aforementioned measures, complies</p>	

Promotional items	Execution			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TSEC/GTSM Listed Companies								
	Yes	No	Summary description									
			<p>with the “Regulations Governing Energy Consumers’ Conservation Target and Implementation Plan” of the Ministry of Economic Affairs to save more than 1% power consumption annually in 2015 ~ 2020; also, the 5-year average saving in power consumption is more than 1%.</p> <p>9. The Company had formulated the “Environmental Policy” in 2016 to realize environmental protection, environmental management, and energy conservation. In response to international energy shortages, climate change, etc., the Company had formulated the “Energy and Climate Change Management Policy” in 2017 to actively respond to the trend of energy conservation and carbon reduction. The Company had also formulated energy-saving goals and plans, and incorporated sustainable operations into the business management and operations.</p> <p>10. The Company has supported the environmental goals set by the Group and strived to achieve various environmental sustainability goals with the specific quantitative indicators determined as follows:</p> <table border="1"> <thead> <tr> <th>Environmental goal</th> <th>Short-term goal</th> <th>Mid-term goal</th> <th>Long-term goal</th> </tr> </thead> <tbody> <tr> <td>Category I and II carbon reduction targets (2017 is the base year)</td> <td>1. Reduce carbon emissions per unit of revenue by 4% in 2023</td> <td>1.Reduce carbon emissions per unit of revenue by 6% in 2026</td> <td>1. Reduce carbon emissions per unit of revenue by 8% in 2027</td> </tr> </tbody> </table>	Environmental goal	Short-term goal	Mid-term goal	Long-term goal	Category I and II carbon reduction targets (2017 is the base year)	1. Reduce carbon emissions per unit of revenue by 4% in 2023	1.Reduce carbon emissions per unit of revenue by 6% in 2026	1. Reduce carbon emissions per unit of revenue by 8% in 2027	
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Promotional items	Execution			Summary description	Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TSEC/GTSM Listed Companies
	Yes	No			
				<p>compared to the base year. 2. Reduce energy consumption by 4% in 2023 compared to the base year.</p> <p>compared to the base year. 2. Reduce energy consumption by 5% in 2026 compared to the base year.</p> <p>compared to the base year. 2. Reduce energy consumption by 7% in 2027 compared to the base year.</p> <p>Waste reduction goal (2019 is the base year) Reduce the volume by 1% per capita in 2023 compared to the base year.</p> <p>Reduce water consumption (2019 is the base year) Reduce water consumption by 1% per square meter in 2023 compared to the base year.</p> <p>Respond to renewable energy use 1. 100% green electricity for each operating site</p>	
				<p>compared to the base year. 2. Reduce energy consumption by 5% in 2026 compared to the base year.</p> <p>compared to the base year. 2. Reduce energy consumption by 7% in 2027 compared to the base year.</p> <p>Reduce the volume by 2% per capita in 2026 compared to the base year.</p> <p>Reduce water consumption by 2.5% per square meter in 2026 compared to the base year.</p> <p>1. There will be at least four business offices with green power</p>	
				<p>Reduce water consumption by 4% per square meter in 2027 compared to the base year.</p> <p>The use of green electricity reached the target of 2.7</p>	

Promotional items	Execution			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TSEC/GTSM Listed Companies																								
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IV. Social Issues (I) Does the Company have the relevant management policies and procedures stipulated in accordance with the relevant laws and regulations and international conventions on human rights?	V		IV. (I) 1. The company recognizes and supports the spirit and basic principle of protecting human rights announced in the "Universal Declaration of Human Rights," the "United Nations	There is no difference detected.																								

Promotional items	Execution			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
(II) Has the Company established and pursued reasonable welfare policies for the employees (including remuneration, holidays, and other	V		<p>Global Compact,” and the “International Labor Conventions.” It bases the aforementioned spirit and basic principle and takes into account the human rights issues closely related on it to the company’s operations; also, refers to the “Human Rights Policy of Yuanta Financial Holdings” (hereinafter referred to as the “Human Rights Policy”) to regulate the protection of human rights in the workplace, provide a healthy and safe workplace, advocate human rights policies, etc., in order to realize the responsibility of respecting and protecting human rights. In order to substantiate the “Human Rights Policy,” the company identifies risk and formulates corresponding management measures for human rights issues, regularly evaluates the effectiveness of implementation and adjusts management measures based on the assessment results in order to control and mitigate risks, and refine the company’s human right protection in various issues, which will then be disclosed on the company’s “Human Rights Policy” and “Human Rights Risk Assessment and Management” sections on the company’s website at <a href="https://www.yuantafutures.com.tw/csr_07">https://www.yuantafutures.com.tw/csr_07</a></p> <p>2. The Company has work rules reported lawfully and disclosed on the Company’s internal website, held labor-management meetings regularly, actively recruited handicaps and aboriginal people to show the respect for internationally recognized principles of basic labor rights.</p> <p>(II) The Company provides a fair, reasonable, and competitive salary system. The male employees accounted for 50.76% and female employees accounted for 49.24% in 2023; also,</p>	

Promotional items	Execution			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
benefits), and reflected the performance or result of operation on the remunerations to the employees?			there were more than 40% mid-level and high-level supervisors were female. The Company provides annual promotion and salary raise to outstanding employees according to the employee performance management rules; also, appropriates performance bonus according to the Company's annual operating results, as well as the employee's performance evaluation and job performance. The Company provides employee with welfares, including three festivals (Chinese New Year, Dragon Boat Festival, and August Moon Festival) gift money, employee shareholding trust subsidies, birthday gift money, marriage subsidies, maternity subsidies, hospitalization and medical subsidies, funeral subsidies, emergency assistance subsidies, employee assistance programs (EAP), employee children's education scholarships, group activities, and diversified welfare system. The Company is a happy enterprise that values the importance of a healthy and friendly workplace, provides various convenient measures, and offers employees with comprehensive care and protection.	
(III) Does the Company provide employees with a safe and healthy work environment, and provide safety and health education to employees regularly?	V		(III) 1. The company introduced the ISO 45001:2018 occupational safety and health management system in 2021 to conduct comprehensive occupational safety and health management, and to formulate an occupational safety and health management manual and occupational safety and health management plan which has been by the British Standards Institution (BSI), a third-party certification service,	

Promotional items	Execution			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
			<p>continuously every year. According to the safety and health work rules proposed, the company reported zero (0) occupational accident in 2023, which is disclosed on the company's internal website. The company provides employees with occupational accident compensation and related insurance benefits during the working hours and off time.</p> <p>2. The occupational safety and health education and training arranged in 2023 are as follows:</p> <p>(1) Occupational safety and health education and training for new recruits: 29 person-times</p> <p>(2) A routine 3-year occupational safety and health education and training for internal staff: 418 persons (once in every 3 years, which was completed in the year of 2021).</p> <p>(3) External occupational safety and health education and training: 14 person-times</p> <p>3. In addition to inspecting and maintaining the firefighting system and disaster prevention equipment regularly, the superintendents of the building where the head office is located implements 24-hour access control and security control strictly to provide a safe and perfect workplace for the company's employees. The company regularly arranges health checkups for the colleagues that is superior to the legal requirements; also, occupational medical doctors are contracted to provide on-site health consultation services specially and lawfully, including a nurse presents to regularly provide health seminars, health promotion courses, health information propaganda, and referrals in order to establish multi-faceted healthcare for</p>	

Promotional items	Execution			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TSEC/GTSM Listed Companies
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			<p>employees’ physical and mental health, as well as their social life. In the post-COVID-19 pandemic period, in addition to handling pandemic emergency response measures (such as pandemic daily reporting mechanism, workplace pandemic prevention and disinfection, work from home and office rotation), preparing and storing goggles, isolation masks, isolation gowns, masks, and rapid antigen test kit, alcohol, and other anti-pandemic materials, the company cares for those who is infected with the pandemic, who is highly suspected of infection, and those who is in need of travel by phone calls. The company also promotes the “Workplace Care Plan for Recovered Workers” for employees who have recovered from the pandemic infection by inviting various medical experts to the company to provide one-on-one health consultation clinics to the recovered employees in order to properly care for the physical and mental health of the employees after their recovery.</p> <p>4. Healthy workplace:</p> <p>(1) Arrange health competitions: Encourage employees to lose weight, lose fat, and gain muscle, and substantiate a healthy and happy workplace and maintain sustainable business operations by practicing “diet management,” “exercise management,” and “healthy lifestyle.”</p> <p>(2) Promote work–life balance plan: In order to establish a friendly workplace environment and achieve physical and mental balance, the company focuses on two practices: “employee stress relief” and “retirement preparation,</p>	



Promotional items	Execution			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
			<p>adjustment, and assistance for middle-aged and elderly employees” so that colleagues can work with peace of mind and efficiency, and corporate competitiveness and productivity can be improved. Also, submit an application to the Ministry of Labor for the “Work–Life Balance Subsidy Program.”</p> <p>(3) Promote the protection of middle-aged and elderly workers: The company appreciates the importance of employees and has the “Adaptable Work Plan for the Middle-aged and Elderly People” stipulated to cooperate with the government in encouraging the employment of middle-aged and elderly workers and improving the utilization of human resources. The company has also implemented an employee assistance plan to enhance occupational safety and health management measures, to prevent occupational disasters from occurring, and to take care of middle-aged and elderly colleagues.</p> <p>(4) Care for maternal health: Provide “Mommy Baby Bag” to pregnant women and new moms, take care of the needs of female colleagues during postpartum breastfeeding and childbirth; arrange “Go Mommy and Daddy” health lectures to help new parents work together in building up and maintaining a good family relationship.</p> <p>(5) The company was certified as a sports enterprise by the Sports Administration, Ministry of Education and the company’s breastfeeding room setup was certified as “excellence” by the Department of Health, Taipei City</p>	

Promotional items	Execution			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
(IV) Does the Company have an effective career capacity development training program established for the employees?	V		<p>Government in 2023.</p> <p>There were 0 fire incidents reported in 2023. Emergency response drills were carried out in conjunction with the activity held for the building on 4/26 and 10/4, respectively; also, awareness lectures on fire prevention, disaster prevention, and earthquake response were arranged to enhance colleagues' ability to respond to disasters.</p> <p>(IV) The company based on the development strategy and operational objectives "Ethical Governance, Creating Wealth and Sustainability" and combined the Group's "Stabilizing the Core and Driving Growth" to develop comprehensive strategies and the company's sustainable innovation thinking in 2023. The Company, for the purpose of stimulating employee's potentials and nurturing talents, has the "Guidelines for Employee Education and Training" regulated to train employees establishing effective occupational capacity. The three major cultivation focuses of the 2023 training and development plan – campus cultivation and industry–university cooperation, cultivation of futures talents, and supervisor's cross-generation communication and leadership cultivation are summarized as follows:</p> <ol style="list-style-type: none"> <li>1. Implementation of campus cultivation and industry–university cooperation: Taking into account the company's organizational operations and employer's branding, Yuanta Futures arranged campus cultivation with a focus on three directions in 2023, namely the "International Broker and International Backstage Personnel</li> </ol>	

Promotional items	Execution			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
			<p>Recruitment Program” that the company voluntarily applied to join, and the “Campus Financial Promotion and Intern Recruitment Plan” arranged by cooperating with schools, and the “From Campus to Workplace – Create Future Activities with Futures” arranged with the Chinese National Futures Association jointly. Recruit talents to help them become international brokers. Go to schools to recruit and to promote employer’s brand. A total of 18 campus expositions and 7 briefing sessions (25 activities in total) were held with 878 resumes collected. The company engages in industry–academia cooperations continuously and actively. A total of 40 students were successfully recruited to join the company’s intern program, which helped solidify the company’s employer brand starting with the students in schools.</p> <p>2. Cultivation of futures talents:  Promote the training of money laundering prevention, legal compliance, risk management and internal audit and internal control, financial consumer protection, fair treatment, intellectual property, ESG, and other related training continuously. A total of 4,454 hours of training were provided to 4,646 participants, accounted for 25.46% of the total training hours. Personal data protection and information security related training was with a total of 1,976.5 hours provided to 1,717 participants, accounted for 11.30% of the total training hours. In addition, the company had based on the operational development strategy to cultivate new recruits and</p>	

Promotional items	Execution			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
			<p>financial professionals, and to propagandize corporate social responsibility, ethical management, and other organizational cultural values with a total of 4,012.57 hours provided to 6,605 participants, accounted for 22.94% of the total training hours.</p> <p>3. Implementation of supervisor's cross-generation communication and leadership cultivation: The company plans to reshape the management mentality and learn new management skills in order to enhance the functional productivity of the new generation. Therefore, a series of courses are arranged, covering all aspects from mentality awareness, infrastructure of cross-generation management, to daily communication and teamwork in order to help supervisors become more confident in leading and driving colleagues to achieve goals. Three courses by external instructors are planned: "Cross-generation understanding and cognition," "Cross-generation performance management," and "Cross-generation leader communication." A total of 77 intermediate-level and senior-level managers participated with an average of 9.43 satisfaction scored. Solve work problems through the combination of theory and practice with an approach starting from the easy one to difficult one.</p> <p>4. Cultivation of successors: The company selects candidates as the successors of the management based on their professional qualifications, work performance, development potential, corporate core value inclination, and personal development willingness. The company arranges to have the deputy supervisors participated</p>	

Promotional items	Execution			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
(V) Has the Company followed relevant regulations and international standards, and formulated consumer protection or client interest related policies and complaint procedures for customer health and safety in products and services provided, customer privacy, marketing, and labeling?	V		<p>in important meetings regularly and served as the substitute of the main managerial officers for a diversified development in order to understand the company’s overall development strategy in-depth, cross-company communication and coordination mechanism, decision-making and thinking, policy implementation operations, and other management practices; also, enhance the level of thinking and execution that the management should have simultaneously. Therefore, the “successor training” is incorporated as an important indicator of supervisor performance assessment. The company regularly measures the development achievements and succession maturity of each vice supervisor during the interim and annual performance assessment.</p> <p>(V) The Company is a futures commission merchant and has acted to protect the interests of traders in accordance with the “Guidelines for Promotional Materials and Advertisement Performed by Members of Chinese National Futures Association” and the relevant futures commission merchant laws and regulations. For the personal information protection of customers, the Company has truly implemented customer data confidentiality measures to protect customer privacy and enhance the security of personal data in accordance with the “Customer Information Protection Policy of Yuanta Financial Holdings Co., Ltd. and Subsidiaries,” “Privacy Protection Statement of Yuanta Financial Holdings Co., Ltd. and Subsidiaries” and the “Personal Data Protection Policy,” “Rules Governing Personal Data Management,” and other</p>	

Promotional items	Execution			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
			<p>internal regulations of Yuanta Futures. Arrange financial courses occasionally, and provide information related to instruments and services on the website in order to help customers recognize the instruments and their personal rights and interests. Customers are able to obtain sufficient information through various channels. The Company has the “Treating Clients Fairly Policy” and “Treating Clients Fairly Strategy” formulated to have the rights and interests of financial consumers fully protected. The Treating Clients Fairly Committee meeting is convened on a quarterly basis with the relevant discussions and resolutions reported to the board of directors so to eliminate the information gap with customers and to follow up and substantiate business development continuously. The disputes over the transactions conducted with customers will be handled in accordance with the “Rules Governing Disputes with Clients” and “Enforcement Rules Governing Customer Complaint Process” of Yuanta Futures. Construct satisfactory customer complaint channels to handle customer complaints, and grasp the process of the complaint filed and the reply to the appellants. Yuanta Futures has obtained the service verification of “ISO 10002:2018 Customer Complaint Management System” every year since the year of 2021 in order to further improve the service quality. Yuanta Futures is the first futures merchant in Taiwan to qualify for this verification with a more comprehensive customer complaint procedure established.</p>	

Promotional items	Execution			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
(VI) Has the Company established the supplier management policy to demand suppliers observe applicable rules and regulations governing environmental protection, occupational safety and health, or labor rights, and the state of implementation?	V		(VI) The Company has the transactions with the suppliers processed in accordance with Article 16~20 of the “Procedures for Ethical Management and Guidelines for Conduct” that is also applicable to the other members of the Group. For understanding the state of operation of the contracting parties in business better, the Company shall include the clause of ethical management in the agreements, and shall request respective suppliers to provide the declaration of ethical management and information on business transactions for reference. In addition, the Company shall also check the legal status of these parties at the website of the court to confirm if there is a history of receiving bribes and/or the offering of illegal political contribution. Request manufacturers to sign a supplier’s safety and health commitment letter, undertaking work hazard notification form, work safety commitment letter, and convening a joint operation agreement organization in accordance with the Occupational Safety and Health Act. Further, the Company requires suppliers to comply with applicable rules and regulations governing environmental protection, safety and health, and human rights of laborers for the joint effort in upgrading corporate social responsibility. According to Article 20 Paragraph 2 of the “Procedures for Ethical Management and Guidelines for Conduct,” when one of the parties has conducted business activities involving an unethical act, the other party may have the contract terminated or rescinded at any time.	

Promotional items	Execution			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
V. Has the Company consulted the standard or directions commonly used worldwide in compiling the sustainability responsibility report for the disclosure of non-financial information on the Company? Is the aforementioned report subject to the validation or guarantee by a third-party accreditor?	V		<p>V.</p> <ol style="list-style-type: none"> <li>1. The company has the implementation of sustainable management disclosed in the annual report. The non-financial information reports have been issued regularly every year since the year of 2015. The “Yuanta Futures 2022 Sustainability Report” was published in June 2023 on the “Sustainable Development” section of the company’s website and the Market Observation Post System. The said report covers the company’s 2022 economic, social, corporate governance, and environmental performance; also, the company’s management policies and actions on material subjects are disclosed in detail.</li> <li>2. The company’s sustainability report is prepared in accordance with the GRI Sustainability Reporting Guidelines published by the Global Reporting Initiative (GRI). The information in the report is disclosed in accordance with the “Rules Governing the Preparation and Filing of Sustainability Report by TPEX Listed Companies.” The disclosure is made by referring to the standards of the Sustainability Accounting Standards Board (SASB) and the framework of the “Task Force on Climate-related Financial Disclosures (TCFD).”</li> <li>3. Report review and verification: The company’s 2022 Sustainability Report has been certified by the British Standards Institution Taiwan Branch in accordance with the AA1000ASv3 assurance standard and Global Reporting Initiative (GRI). PwC Taiwan is entrusted to carry out the “Limited Assurance” in accordance with the Taiwan Standards on Assurance Engagements (TWSAE) No. 1 “Non-historical financial</li> </ol>	There is no difference detected.



Promotional items	Execution			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
			Information Audit or Review Assurance,” also, the accountant’s limited assurance report and a summary of assurance items are attached to the end of the sustainability report.	
<p>VI. Where the Company may have establish its own ethical management best-practice principles in accordance with the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies”, and shall elaborate the practice of sustainable development and the variations from the aforementioned regulation:  Yuanta Financial Holdings formulates the “Sustainable Development Best-Practice Principles” and the “Sustainable Development Policies and Management Rules” in accordance with the “Sustainable Development Best-Practice Principles for Public Companies,” which are for the compliance of the Group including the company. The company also has a “sustainable development policy and management rules” formulated that is operated in the same way.</p>				
<p>VII. Other important information to help understand the promotion of sustainable development:</p> <p>(1) Social care:</p> <ol style="list-style-type: none"> <li>In 2023, the Company donated NT\$4 million to the “Yuanta Foundation,” and actively participated in various cultural, educational and social welfare activities, covering six aspects “Volunteer input. Public welfare platform.,” “Assistance to disadvantaged assistance. Child Care,” “Study and cultivation assistance. Youth Self-reliance,” “Inclusive finance. Innovation and development,” “Medical care. Elderly care” and “Community service. Environmental protection” to promote corporate social responsibility.</li> <li>The Company had donated NT\$1.15 million in 2023 to “Yuanta-Polaris Research Institute” to support the academic research institute studying the macroeconomy of Taiwan and other major nations, finance, and instruments, to implement important annual plans, and to share the research results with the community.</li> <li>In 2023, the Company donated NT\$375,000 to "2023 Taiwan Financial Services Roundtable Co. Ltd." as fund for public interests for financial services. That was recognized as a very significant event for the corporate social responsibility (CSR) of financial institutions.</li> <li>The company wants to help protect Taiwan’s ecological environment and has signed the “Tamsui River Convention” in response to the urge of <i>CommonWealth Magazine</i> since the year of 2020: Let’s do one thing for the Tamsui River. Supervisors and colleagues and their families take part in the event. The company encourages employees to take action in protecting the environment, and invites many suppliers to fulfill their share of responsibility for the society and the earth. The company takes this opportunity to let all colleagues understand the importance of natural ecology, ecological conservation, and environmental ethics all over again.</li> <li>The company, for the sake of substantiating corporate social responsibility, has participated in the “Run for Earth” event every year since the year</li> </ol>				

Promotional items	Execution			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
			<p>of 2021 to advocate outdoor activities instead of trying to reduce power consumption, to repair the earth with actions, to respond to 0422 Earth Day in advance, and to substantiate the sustainable development objectives of the enterprise while achieving the effect of staying close to nature and building up a strong body.</p> <p>6. The company is the first to pass the certification of “Dementia Friendly Financial Institution.” It is necessary to expand practical action to the community in response to the difficulties that the aging society will soon face. The “Community Care Station” is the best place for the prevention of dementia. Colleagues and suppliers are urged to take participate in Ruizhi Foundation’s care for the elderly with dementia and volunteer training activities,” as well as the 2023 donation to help promote the “Ruizhi Family Support Program.”</p> <p>7. The company arranges a variety of public welfare activities every quarter. In addition to encouraging colleagues to actively participate, the company also invites suppliers to join (such as buying local produces, Atemoya and pomelo, initiating the collection of necessities and cash to be donated to East Africa, collecting second-hand books to be donated to schoolchildren, and volunteering at the “1919 Food Bank” to help pack and deliver supplies to under privileged families) and to work together for the good of the disadvantaged. The Company employs the handicapped as employees too.</p> <p>8. In response to the INRAA’s calling of stop burning rice straw for environmental protection in the “Taiwan Good Air and Better Field” program, the company pledged 20 hectares of farmland, which can help reduce 180 metric tons of carbon emissions and help farmers substantiate the sustainable cycle of rice straw to fields, so that it can be decomposed into soil organic fertilizer on site after harvest.</p> <p>9. The Company actively participates in public welfare activities.</p> <p>10. The company has signed industry–university cooperation contracts with a number of colleges and universities to provide students with the opportunities of internship and workplace experience.</p> <p>(II) Energy conservation:</p> <ol style="list-style-type: none"> <li>1. Promote electronic billing activities to save paper usage.</li> <li>2. Promote the environmental protection policy of power-saving, water-saving, and energy conservation; also, disclose annual carbon emissions on MOPS.</li> <li>3. Efforts toward resource recycling and reuse.</li> </ol>	

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

1. Implementation of climate-related information

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

Item	Execution
<p>II. Describe how the identified climate risks and opportunities affect the business, strategy, and finances (short-term, mid-term, and long-term) of the enterprise.</p>	<p>II. The company bases business characteristics on its identification to identify the climate risks and opportunities every year. The relevant considerations include the classification of climate risks and opportunities recommended by TCFD, impact path, impact time and geographical scope, impact on value chain position, and financial impact. The company has countermeasures and strategies formulated for the following seven risks and seven opportunities identified in 2023 (in line with the operating scope of the company) according to the length of time and the scale of the impact, respectively.</p> <ol style="list-style-type: none"> <li>1. The seven risks are summarized as follows: <ol style="list-style-type: none"> <li>(1) Carbon Reduction Policy and Regulatory Response Costs-investment <ol style="list-style-type: none"> <li>A. Financial impact: Additional carbon-reduction cost may incur to the invested company due to stricter regulations or lack of transformation technology, causing profit drop, stock price drop, or credit risk increase to customers, thus resulting in a reduction in the company's assets.</li> <li>B. Countermeasures: Observe the trend of international carbon tax and carbon-related laws and regulations continuously, and enhance negotiation and cooperation with the invested company with high-carbon-emitting.</li> </ol> </li> <li>(2) Cost of response to carbon reduction policies and regulations – proprietary operations <ol style="list-style-type: none"> <li>A. Financial impact: Using renewable energy as a carbon reduction measure to meet the goal and comply with domestic policies and regulations may incur additional costs and cause the company's operating costs to go up.</li> <li>B. Countermeasures: Observe and participate in the renewable energy market continuously, and actively improve the energy efficiency of operating bases and reduce the consumption of non-renewable energy.</li> </ol> </li> <li>(3) Industrial green energy and environmental protection transformation cost <ol style="list-style-type: none"> <li>A. Financial impact: Additional cost may incur to the invested company due to transformation, or a reduction in revenue and profits may occurred to customers due to a delay in transformation, causing stock prices to fall or credit risks to increase, thus resulting in a reduction in the company's assets.</li> <li>B. Countermeasures: Observe the market demand for low-carbon transformation continuously, and assist the invested company in low-carbon transformation.</li> </ol> </li> <li>(4) The investment in highly polluting industries has impacted the company's reputation. <ol style="list-style-type: none"> <li>A. Financial impact: The company's goodwill is jeopardized by the negative news about the high-polluting companies that the company invested. Under the circumstance, investors withdraw their investments causing damage to the company's goodwill and stock price.</li> <li>B. Countermeasures: Enhance the review of, control over, and negotiation and cooperation with the invested company with high-pollution, and actively become a sustainable financial institution and establish a positive social image through independent initiatives or engaging in international actions.</li> </ol> </li> </ol> </li> </ol>

Item	Execution
	<p>(5) The invested company’s business operation is disrupted by extreme weather.</p> <p>A. Financial impact: The invested company suffers property loss or operation interruption due to extreme weather, causing the reduction of the company’s assets.</p> <p>B. Countermeasures: Enhance due diligence investigation on invested companies, and understand the resilience of business partners against extreme weather.</p> <p>(6) Flooding causes damage and loss to the operation base and collateral.</p> <p>A. Financial impact: Flooding resulting from extreme weather had led to business interruption of the company’s operating bases or a price drop of the company’s property thus affecting the company’s profit or loss and the decrease of income or assets.</p> <p>B. Countermeasures: Take the factor of flooding into consideration for the operation of the operating bases and proprietary property investment.</p> <p>(7) Rising sea levels cause loss of operating base and collateral.</p> <p>A. Financial impact: The climate change causes a rising sea level, resulting in a business interruption of the subsidiary’s operating bases or the price drop of the proprietary properties, thus affecting the company’s profits and losses.</p> <p>B. Countermeasures: Operating bases and proprietary property investments will be handled with the factors causing sea level to rise due to climate change taken into consideration.</p> <p>2. The seven opportunities are summarized as follows:</p> <p>(1) The attempts of the operating stations in improving energy efficiency</p> <p>A. Financial impact: Improve energy efficiency and reduce operating costs by adopting green buildings, using renewable energy, switching to energy-saving equipment, and introducing energy management systems.</p> <p>B. Cooperate with the Group’s policy of introducing ISO 50001 energy management system, acquiring renewable energy certificates, directly purchasing renewable energy (green power transfer), obtaining green office buildings certificates, and actively switching to energy-saving lamps and water-saving equipment.</p> <p>(2) Green Procurement and Supplier Management</p> <p>A. Financial impact: Support enterprises with low-carbon and sustainable instrument through green procurement and supplier management in order to reduce operating costs.</p> <p>B. Countermeasures: Yuanta Financial Holdings Group has formulated the “Sustainable Procurement Declaration,” “Ethical Corporate Management Best-Practice Principles,” “Procedures for Ethical Management and Guidelines for Conduct,” “Guidelines for Sustainable Procurement for Suppliers,” and “Directions for Supplier Management.” Also, continue to regulate suppliers in the contract signed in accordance with the “Statement of Ethical Conduct Commitment” and “Supplier</p>

Item	Execution
	<p>Sustainable Procurement Clause.” The “Green Procurement Clauses” is included in the procurement regulations. The company cooperates with the Group’s policy to incorporate the aforementioned contracts into the procurement process comprehensively.</p> <p>(3) Develop and promote low-carbon products and services.</p> <p>A. Financial impact: Promote low-carbon products and services to meet investor needs and to increase operating income.</p> <p>B. Countermeasures: Introduce the concept of sustainability to existing financial products, promote sustainable financial products with investors jointly, expand the scale of sustainable products, meet customer investment needs, and introduce funds into sustainable and green energy enterprises.</p> <p>(4) Discuss and agree the concept of sustainable and green consumption with customers.</p> <p>A. Financial impact: Make good use of financial products and service platforms, discuss and agree with customers on the concept of sustainable and green consumption in a diversified manner, and increase operating income.</p> <p>B. Countermeasures: Encourage customers to respond to energy conservation and carbon reduction or to make green investments through multiple channels, such as the official website and APP. Discuss and agree with the investing juridical person verbally or in a meeting to implement ESG actions actively.</p> <p>(5) Sustainable investment</p> <p>A. Financial impact: Formulate investment-related policies, actively direct funds inflow to sustainable enterprises, and increase operating income.</p> <p>B. Countermeasures: Initiate investments in accordance with the “Sustainable Finance Standards” and “Environmental and Social Risk Management System by Industry” formulated by Yuanta Financial Holdings Group. The investing units have also formulated relevant specification and indicators to introduce ESG concepts into the investment process.</p> <p>(6) Cooperation with government agencies</p> <p>A. Financial impact: Grasp sustainable development trends in real time and develop new markets and business opportunities for related businesses by participating in relevant organizations of competent authorities and industry associations.</p> <p>B. Countermeasures: Actively participate in the formulation of sustainability policies of the competent authorities with relevant suggestions proposed so as to grasp the development trends of sustainable businesses in various industries. Also, cooperate with the parent company, Yuanta Financial Holdings, to be selected as a member of the “Sustainable Finance Pioneer Alliance” and respond to the national policy and increase the amount of investment and financing in specific industries, including forward-looking economic activities or the key strategic industries in the Executive Yuan’s “Taiwan 2050 Net-Zero Emission Pathway and Strategy,” in order to guide the industry’s net-zero</p>

Item	Execution
	<p>emission transformation.</p> <p>(7) Natural Disaster Crisis Management and Alarm Measures</p> <p>A. Financial impact: Formulate and ensure the effectiveness of adaptative measures, provide stable services for all businesses, enhance customer trust, and reduce operating losses.</p> <p>B. Countermeasures: The company is equipped with uninterruptible power supply equipment, backup servers, remote backup, and other mechanisms, regularly conducts disaster contingency plan to ensure the normal operation of equipment and mechanisms in an emergency, and prepares to introduce relevant international certification in accordance with the Group's policies, to establish standard processes to reduce the risk of disruption to operations.</p>
<p>III. Describe the financial impact of extreme climate events and transformational action.</p>	<p>III. Please refer to Paragraph II in the preceding paragraph for the financial impact of extreme climate (extreme climate causes the interruption of the operations of invested company, or causes flooding or rising sea levels that result in the loss of operating bases and collateral) and transformations (costs resulting from responding to the carbon reduction policies and regulations, costs resulting from industrial green power and environmental protection transformation, and investment in highly polluting industries causing an impact on the company's goodwill).</p> <p>The company will continue to reduce the impact of climate risk factors on the value of financial instruments through the diversified investment portfolio. In addition, the company will base on the scenario analysis results to re-delineate self-risk tolerance and asset risk pricing. Formulates climate valuation at risk (VaR) monitoring indicators according to the estimated loss value of the investment portfolio in order to prevent value loss caused by extreme climate risks.</p> <p>In order to properly manage the risks associated with extreme weather events and the transformation to a low-carbon economy, the risk of climate change has been incorporated into operational decision-making in order to identify and manage risks. Also, the company observes the crisis of global warming and resource depletion, and fully responds to the trend of energy conservation and carbon reduction with adequate mitigation and adaptation plans implemented.</p>
<p>IV. Describe how climate risk identification, assessment, and management processes are incorporated into the overall risk management system.</p>	<p>IV. The company has set up three lines of defense for risk management with the organization, responsibilities, and functions of each defense line clearly defined to ensure the effective operation of the risk management mechanism. The assessment and management of transformation risks or physical risks included in climate change risks are integrated with the existing risk management frameworks, including qualitative and quantitative analysis.</p> <p>The company's climate risk management process is mainly divided into four steps, from risk identification, measurement, monitoring, to reporting, and the responsible units and management actions of each step are described as follows:</p> <p>1. Risk identification</p>

Item	Execution
	<p>(1) The company conducts climate risk identification according to its business characteristics every year.</p> <p>(2) Refer to the climate risk reports of international organizations.</p> <p>2. Risk measurement</p> <p>(1) The company bases business characteristics on it to evaluate the impact and influence of various risks.</p> <p>(2) The scope of measurement includes impact path, impact time and geographical scope, impact value chain position, and financial impact.</p> <p>(3) Enhance quantitative management of climate risk in accordance with the climate valuation at risk (VaR) measurement model established by the Risk Management Department of Yuanta Financial Holdings.</p> <p>3. Risk control</p> <p>(1) Incorporate the environmental and social risk factors of each industry into the industry risk level assessment mechanism.</p> <p>(2) The climate risk quantitative indicators and limits are formulated every year in accordance with the company's "Rules Governing Investment Climate Change Risk" in order to monitor the use of climate change risk monitoring indicators regularly and to ensure that they meet the requirements of authorization.</p> <p>4. Risk report</p> <p>(1) Develop responsive strategies for various risks and submit them to the Audit Committee and the Board of Directors for deliberation and resolution.</p> <p>(2) The company reports the application of various risk indicators or limits to the Audit Committee and the Board of Directors regularly.</p> <p>(3) The company reports the climate risk-related information to the Audit Committee and the Board of Directors occasionally.</p>
<p>V. If scenario analysis is applied to evaluate the resilience against climate change risks, the scenarios, parameters, assumptions, analysis factors, and major financial impacts should be described in detail.</p>	<p>V. The current risk evaluation of each industry is based on the standards of Yuanta Financial Holdings, referring to the industry risk evaluation, economic situation analysis, and other reports issued by well-known domestic and foreign institutions. The environmental and social risk factors of each industry are included in the risk level consideration of each industry, including the impact of emerging environmental or social factors on industry trends, climate transformation risk costs, industry entry barriers, etc. The climate risk quantification model is continuously refined, including other risk factors affected by climate risk in the evaluation scope, such as credit risk factors, market liquidity risk factors, and other risk factors.</p> <p>The company analyzes climate-related financial impacts at different time and under different scenarios from the aspect of "Top Down" (scenario analysis of the overall investment position) and "Bottom Up" (scenario analysis of individual firm).</p> <p>1. Scenario analysis of the overall investment position (Top Down)</p> <p>(1) Object of assessment: The company's not-held-for-trade investment position.</p>



Item	Execution
	<p>(2) Assessment method: Climate Valuation at Risk (VaR) Method.</p> <p>(3) Assessment of climate scenarios: The four “climate scenarios” (SSP1-RCP2.6, SSP2-RCP4.5, SSP3-RCP7.0, SSP5-RCP8.5) in IPCC “The Sixth Assessment Report, AR6.”</p> <p>(4) Assessment results: The company’s investment positions are mainly maintained in Taiwan, and the ratio of the investment in industries with high greenhouse gas emissions to the overall investment position is insignificant. Further analysis results indicate that although the company’s equity investment objects are industries with high greenhouse gas emissions, they are not more affected by climate changes than other industries.</p> <p>2. Scenario analysis of individual firm (Bottom Up)</p> <p>(1) Transformation Risk Scenario Analysis: Quantitative assessment of equity investment positions impacted by carbon fees</p> <p>A. Objects of assessment: Issuing companies of the equity investment positions in high climate risk industries in Taiwan and abroad that are held by the company.</p> <p>B. Assessment method: Stock price valuation model.</p> <p>C. Assessment of climate scenarios: Incorporate the asset positions of the six major industries in the equity investment position into the stock price valuation model to calculate the expected loss amount affected by the carbon fee under the two scenarios (1.5°C/&lt;2°C).</p> <p>D. Assessment results: Among the company’s equity investment positions, only the iron and steel and plastic industries belong to the aforementioned six major industries with risk exposure, and there are more significant changes in the degree of impact as time goes by. Of which, the change in the impact of 1.5°C scenario is more significant than that in the &lt;2°C scenario. According to the further analysis, the asset scale of iron and steel is relatively small, and the industrial impact ratio (the ratio of the expected loss amount of the industry divided by the asset scale of the industry) in the 1.5°C scenario and the time scale of 2050 does not exceed 0.2%; therefore, the impact of climate change is relatively insignificant.</p> <p>(2) Physical Risk Scenario Analysis: Quantitative assessment of the impact of flooding on all business offices nationwide in Taiwan.</p> <p>A. Object of assessment: All business offices of the company located nationwide in Taiwan.</p> <p>B. Assessment method: Disaster risk model.</p> <p>C. Assessment results: The company has only one office in Taiwan located in the high flood risk area by the end of this century, mainly in central and southern Taiwan.</p>
VI. Describe the transformation plan, if any, in response to managing climate-related risks, and the indicators and objectives	VI. The company has programmed the short-term/mid-term/long-term/SBT objectives for low-carbon operation management indicators and objectives based on greenhouse gas reduction emissions (category 1 and category 2) and the renewable energy usage ratio. The achievement of the objectives is described as follows:

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

Item	Execution
	<p>D. Indirect greenhouse gas emissions arising from the use of the company's products: The use of the company's lease assets, use of financial business network platforms, and investment.</p> <p>3. Usage of renewable energy: The company's renewable energy sources all come from solar power. Green power has been used at all offices in Taiwan since December 2023. The number of green power certificates purchased in the same year: 277 (each worth 1,000 kWh) units.</p> <p>4. Please refer to pages134–136 of the annual report for the greenhouse gas-related objectives planning schedule in detail.</p>
IX. Greenhouse gas inventory and assurance	IX. Please refer to Table 2 below for the greenhouse gas inventory and assurance.

## 2. Greenhouse gas inventory and assurance

Scope I	Year	Total Emission Volume (metric tons CO2e)	Intensity (Metric tons of CO2e/NT\$1 million)	Assurance Agency	Description of assurance situation
Yuanta Futures Co., Ltd.	2023	31.0136	0.017	SGS Taiwan Ltd.	The Company's 2023 greenhouse gas inventory and scope of assurance: Operating bases in Taiwan (including SYF Information Co., LTD.).
	2022	73.37	0.064	British Standards Institution (BSI)	The Company's 2022 greenhouse gas inventory and scope of assurance: Operating bases in Taiwan (including SYF Information Co., LTD.).
Scope II	Year	Total Emission Volume (metric tons CO2e)	Intensity (Metric tons of CO2e/NT\$1 million)	Assurance Agency	Description of assurance situation
Yuanta Futures Co., Ltd.	2023	499.1717	0.2694	SGS Taiwan Ltd.	The Company's 2023 greenhouse gas inventory and scope of assurance: Operating bases in Taiwan (including SYF Information Co., LTD.).
	2022	594.90	0.5196	British Standards Institution (BSI)	The Company's 2022 greenhouse gas inventory and scope of assurance: Operating bases in Taiwan (including SYF

					Information Co., LTD.).
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Greenhouse gas inventory information: Describe the emission volume (metric tons CO<sub>2</sub>e), intensity (metric tons CO<sub>2</sub>e/NT\$1 million) and data coverage of greenhouse gases in the last two years.

3. Greenhouse gas reduction goals, strategies, and specific action plans

The company complies with the environmental management policy of Yuanta Financial Holdings Group and adheres to the vision of “becoming an international sustainability benchmark enterprise and promoting a better future for generations to come actively.” The company has been focusing on climate change issues for a long time. Yuanta Financial Holdings signed the “Science Based Targets Initiative (SBTi)” in 2019 and Yuanta Financial Holdings is the first comprehensive financial company in Taiwan going for such initiative; also, it had a carbon reduction target set by following the SBT methodology in 2022 and it was reviewed and passed the SBT with the year of 2020 set as the base year. The absolute emissions in 2030 shall be reduced by 42% compared to that of 2020; also, the 2050 Net-Zero Emissions Commitment (SBTi Net-Zero) was officially signed in 2023 with the Net-Zero Emission Declaration and Directions for Climate Finance Operations proposed in response to the 2050 Net-Zero Emissions Target of Taiwan and the United Nations. The company initiates the carbon reduction-related strategies from the four major aspects including low-carbon operations, sustainable finance, low-carbon supply chain, and sustainable initiatives. The company introduces internal carbon pricing and internalizes external carbon reduction costs. The Group’s newly constructed building is with the green building label obtained, renewable energy (the company’s total green power usage reached 277,000 kWh in 2023) is purchased, high-energy-consuming equipment is retired, LED energy-saving lamps are installed, smart energy consumption monitoring is implemented, air-conditioning systems are upgraded, etc. The company’s power consumption in business operations is mostly outsourced. The energy-saving plans are substantiated through systematic management structures and processes, so as to effectively reduce energy consumption and minimize environmental impact. The company follows Yuanta Financial Holdings’ “Environment, Energy, and Climate Change Management Policy” to improve building energy consumption and reduce greenhouse gas emissions continuously. All 10 proprietary buildings nationwide of the Group have passed ISO 50001 energy management system verification. Greenhouse gas reduction base year and its data, reduction targets, strategies, specific action plans, and achievement of reduction targets.

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

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

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

Assessment items	Actual governance			Variation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the reasons
	Yes	No	Summary description	
for the assessment of integrity risk with routine analysis and assessment on business activities exposed to higher integrity risk in the operation based on which the Company planned for the prevention of unethical practices? The content shall cover at least the preventive measures contained in Paragraph 2 in Article 7 of the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX-listed Companies.”			<ol style="list-style-type: none"> <li>1. The acts of fraud and fraudulent interest, committing or accepting bribes, providing illegal campaign contributions, improper charitable donations or sponsorships and un-reasonable gifts, and hospitality or other improper benefits are prohibited explicitly in the “Ethical Corporate Management Best Practice Principles for Yuanta Financial Holdings.” The “Procedures for Ethical Corporate Management and Guidelines for Conduct” are regulated. In addition, the disciplinary action and complaint system for any violation of corporate management is stipulated. The job title and name of the violator, date of violation committed, the content of the violation committed, and the handling of the said violation are disclosed on the website in a timely manner. Since April 1, 2020, the Company has implemented risk assessment measures against unethical conduct, analyzed and assessed on a regular basis business activities within its business scope which are at a higher risk of being involved in unethical conduct, and prepared audit plans and other operations in accordance with the “Ethical Corporate Management Best-Practice Principles” of Yuanta Financial Holdings.</li> <li>2. The company formulated the “Directions for Potential Risk Assessment of Unethical Conduct of Yuanta Futures Co., Ltd.” on October 25, 2021 to substantiate the unethical conduct risk assessment mechanism. The company bases the aforementioned “Directions” on it to perform at least one unethical conduct potential risk assessment operation annually. The “2022 Unethical Conduct</li> </ol>	

Assessment items	Actual governance			Variation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the reasons
	Yes	No	Summary description	
(III) Has the Company established plans for the prevention of unethical practices, and has it specified the operation procedures, code of conduct, and punishment for violation, and the system of complaints in the plans and properly implemented these plans with routine review and revision?	V		<p>Risk Assessment Operation” was completed in 2023. A total of 11 inspection criteria are respectively assessed according to the business nature of each unit, regarding the degree of influence, possibility of occurrence, control effectiveness, and implementation and improvement measures or plans. According to the risk distribution map compiled of the risk results assessed by each unit of the company voluntarily, the overall potential risk of the company in 2022 is “low,” and each unit had a corresponding response and control mechanism to each potential risk event.</p> <p>(III) In mapping out the plans for the prevention of breach of integrity, what measures have the Company adopted to prevent the offering and acceptance of bribes, the offering of illegal political contribution in the area of business activities vulnerable to the breach of integrity. In addition, all procurements are handled in accordance with the “Procedures for Ethical Management and Guidelines for Conduct” of Yuanta Financial Holdings.</p>	
<p>II. Proper enforcement of Ethical Management</p> <p>(I) Does the company have the integrity of the trade counterparty assessed and with the code of integrity expressed in the contract signed?</p>	V		<p>II.</p> <p>(I) For understanding the state of operation of the contracting parties in business better, the Company shall include the clause of ethical management in the agreements, and shall request respective suppliers to provide the declaration of ethical management and information on business transactions for reference. In addition, the Company shall also check the legal status of these parties at the website of the court to confirm if there is a history of receiving bribes and/or the offering of illegal political</p>	There is no difference detected.



Assessment items	Actual governance			Variation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the reasons
	Yes	No	Summary description	
(II) Has the Company established a designated body directly under the Board for administering ethical corporate management with routine report to the Board (at least once a year) on the pursuit of the ethical corporate management policy and the plans for the prevention of unethical practices, and the supervision of the implementation of these policies?	V		<p>contribution.</p> <p>(II)</p> <ol style="list-style-type: none"> <li>1. In accordance with the “Procedures for Ethical Management and Guidelines for Conduct” of the affiliated group Yuanta Financial Holdings and the Company’s “Measures for Establishment of Ethics Committee,” the Company officially established the “Ethics Committee” in August 2015. The committee has one chairperson and several committee members who are the department heads of the Regulatory Compliance, Risk Management, Comprehensive Planning, Management and others. The committee holds meeting at least once a year to assist the board and management to audit and evaluate whether the preventive measures established by the ethics management are working effectively. The committee regularly evaluates the compliance of the business process and produces reports to further enhance the sound management of the Company’s ethics management.</li> <li>2. The company has presented the 2022 corporate governance operation and performance of ethical corporate management to the 25<sup>th</sup> board meeting of the 11<sup>th</sup> office term on March 8, 2023; also, the relevant information will be disclosed on the official website and annual report after the deliberation and resolution of the board of directors.</li> </ol>	
(III) Has the Company established the policy for the avoidance of the conflict of interest and	V		<p>(III)</p> <ol style="list-style-type: none"> <li>1. The Company formulated the “Codes of Ethics” to establish that</li> </ol>	

Assessment items	Actual governance			Variation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the reasons
	Yes	No	Summary description	
<p>provided appropriate channels for reflection, and pursued the policy properly?</p> <p>(IV) Has the Company established an effective accounting system and internal control system for the proper pursuit of ethical corporate management? Has the internal audit function designed a relevant audit plan on the basis of the assessment result of integrity risk for the prevention of unethical practices and compliance of related rules and regulations, or</p>	V		<p>when the company’s directors or managers take advantage of their positions and authorities to involve themselves or their spouse, parents, children, or relatives within the second degree of kinship, and the affiliated enterprise at which a director, supervisor, or managerial officer works in business interactions with the company, they shall declare initially the information, and comply with a legitimate and appropriate means to handle or avoid the conflict of interest. The company established a sound management mechanism and implemented in the internal control and external business activities to enhance the effect of the ethical corporate management.</p> <p>2. The company has formulated relevant regulations such as “Audit Committee Charter,” “Rules of Procedure for Board of Directors Meetings” and “Code of Ethical Conduct” etc. For the recusal of relevant corporate personnel (including directors) due to conflicts of interest, prohibition against disclosure of confidential information, Prohibition against insider trading, and Non-disclosure agreement, they shall be handled under relevant regulations.</p> <p>(IV)</p> <p>1. The Company has established its accounting system in accordance with the Company Act, Futures Trading Act, Regulations Governing the Compilation of Financial Statements by Futures Commission Merchants, Statement of Financial Accounting Standard, and IFRS recognized by the Financial Supervisory Commission as the guide for all functional units in accounting. In addition, the Company also commissioned PwC Taiwan to conduct audit (review) on the</p>	

Assessment items	Actual governance			Variation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the reasons
	Yes	No	Summary description	
<p>commissioned certified public accountants to conduct audits on unethical practices?</p> <p>(V) Has the Company organized corporate management internal and external education and training programs on a regular basis?</p>	V		<p>financial statements.</p> <p>2. Under the code of ethical corporate management, the Company has established effective an internal control system with timely amendment in accordance with applicable laws and internal management needs so that all functional units can follow and avoid unethical practices of their staff. Additionally, while the corporate personnel involving any dishonest behavior, except that the internal audit department shall be instructed to conduct the audit, and the dedicated unit submitted to the board of directors a report on the unethical conduct, actions taken, and subsequent reviews and corrective measures. In the event other persons are suspected of engaging in unethical conduct to the Company and involving illegal affairs, the internal audit department shall submit relevant audit results to the legal compliance department in order for the legal compliance department to assist the Company in reporting the relevant facts to the inspection unit.</p> <p>3. The Internal Audit function of the Company conducts audits on the internal control system and the accounting system in accordance with the annual audit plan for assurance of compliance, and compiles all the audit findings into reports to present to the Auditing Committee and the Board. There was not any violation against ethical management found in the 2023 internal audit.</p> <p>(V) The company regularly arranges “Ethical Management and Legal Compliance Promotion” training courses every year, which is a mandatory course to all employees with a passing grade in the test</p>	

Assessment items	Actual governance			Variation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the reasons
	Yes	No	Summary description	
			required (a total of 396 employees participated in the training in 2023, and each employee received at least 30 minutes of education and training with all of them receiving a passing grade in the test) to ensure that employees have a correct understanding and basic judgment ability on the governing laws and ethical conduct. The “Corporate Social Responsibility Education and Training” course has been added since the year of 2017 to fulfill corporate social responsibility, including legal compliance and ethical corporate management. In addition, the external training programs are handled in accordance with the “Guidelines for Employee Education and Training.”	
<p>III. The operations of the Company’s Report System</p> <p>(I) Does the Company have a specific report and reward system stipulated, a convenient report channel established and a responsible staff designated to handle the individual being reported?</p> <p>(II) Has the Company established the standard operation procedures for the investigation of</p>	V		<p>III.</p> <p>(I) We have set up reporting channels including the hotline, helpline, email address, and mail address on the corporate website. In addition, we have established the “Report System” section on the corporate website to encourage healthy operations and develop an integral and transparent corporate culture. We keep the whistleblower and the report strictly confidential. After the acceptance of the compliance department, the report is referred to the audit department for investigation. In addition, the corporate management and employee performance evaluation and human resources policy are combined to establish a clear and effective disciplinary and appeal system.</p> <p>(II) The Company established the “Regulations Governing Whistle Blowing” in September 2018 for the development of integrity and</p>	There is no difference detected.

Assessment items	Actual governance		Summary description	Variation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the reasons
	Yes	No		
complaints as reported, follow-up actions after the investigation, and related mechanisms for confidentiality?			transparent corporate culture, which has been passed by the Board. It is explicitly stated in the regulations that if the Company discovers or it is reported from whistle blowers any unethical practices of Company staff, the investigation unit will proceed to investigate in accordance with related principles and procedures, including the request for assistance from different departments, notifying the accused or related parties for explanation and defense, and request the others who have experience for assistance. The findings from the investigation will be compiled into a report in writing, and submitted to the senior officers, President, and the review board for review and to the Board, depending on the identity, the position of the accused and the rule of gate approval. If a case is confirmed in the investigation, we will take immediate actions to inhibit the occurrence, prevent it from recurrence, or take emergency response with respect to other related laws and regulations and the Company's regulations. For serious offences or damage, shall report the subsequent actions and improvement measures to the Audit Committee. We will also claim from the respondent by law, where necessary, to maintain the goodwill and rights and interest of the Company. The respondent may express his/her opinions and file a grievance. After a penalty proposal is confirmed, we will order related units to submit a written review report, and the investigation unit shall follow up the improvement until completion to eliminate the recurrence of the same offences, in order to enforce ethical	

Assessment items	Actual governance		Summary description	Variation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the reasons
	Yes	No		
(III) Has the Company taken proper measures to protect the whistle-blowers from suffering any consequence of reporting an incident?	V		<p>management. The clause of confidentiality is explicitly stated in the “Regulations Governing Whistle Blowing,” “Ethical Corporate Management Best Practice Principles,” “Ethical Corporate Management Procedure and Code of Conduct,” and the declaration of confidentiality by those involved in handling the complaints (including the person responsible for receiving complaint e-mails), including the identity and examples presented by the whistle blowers, and no disclosure of any information that could lead to the identification of related parties.</p> <p>(III) Apart from specifying the measures to protect the whistleblower against improper treatments after reporting in the “Regulations for Implementation of the Whistleblowing System”, the “Code of Ethics and Conduct”, and “Ethical Management SOP”, and the “Ethical Corporate Management Best Practice Principles”, we also post them on the “Reporting System” section on our corporate website. In terms of the implementation of the system, in addition to regular or irregular review of the acceptance of grievance filing cases, the case handling unit regularly reports to the board on the implementation of the system every six months. In addition to the email box for grievance filing reviewed by the case handling unit, the audit committee members adopting the principle of independence exam the emails in a timely manner to understand the status of cases reported, supervise and guide the overall operation of the reporting system, and ensure the effective operation of the reporting practice.</p>	

Assessment items	Actual governance			Variation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the reasons
	Yes	No	Summary description	
<p>IV. Enhanced information disclosure</p> <p>Does the Company have the contents of corporate management and its implementation disclosed on the website and MOPS?</p>	V		<p>IV.</p> <p>(I) We update information in relation to ethical management on the corporate website from time to time, including the “Code of Ethics and Conduct and Other Regulations”. We also disclose information regarding the status and effectiveness of implementation of our “Ethical Corporate Management Best Practice Principles”.</p> <p>(II) The Management Department of the Company shall load relevant information to the intranet of the Company at any time as needed. Currently, the department has announced the “Particulars for Procurement Management” and “Directions for Supplier Management”, which covers ethical management and related operation procedure.</p>	There is no difference detected.
<p>V. Where the Company may have establish its own ethical management best-practice principles in accordance with the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies”, and shall elaborate the practice of ethical management and the variations from the aforementioned regulation:</p> <p>The Company has complied with the “Yuanta Financial Holding Company Business Integrity Best-Practice Principles” and “Yuanta Financial Holding Company Business Integrity Operation Procedure and the Code of Conduct” in operation. There is no significant variation for the time being.</p>				
<p>VI. Other vital information that helps to understand the practice of ethical management of the Company (e.g., the review and revision of the best-practice principles of the Company in ethical management)</p> <p>The Company has established the “Supplier Management Essentials” to effectively manage suppliers, improve procurement quality and jointly advocate for corporate social responsibility with suppliers. The Company also requires suppliers to comply with the provisions of the ethics management clauses and the “Procedures for Ethical Management and Guidelines for Conduct” established by Yuanta Financial Holdings to ensure product and service quality and effectively control and reduce operating costs. For understanding the state of ethical management of the prospective contracting parties, the Company shall announce its determination of ethical management, and specify ethical management into the agreements. In addition, the Company shall request</p>				

Assessment items	Actual governance		Summary description	Variation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the reasons
	Yes	No		
<p>respective suppliers to provide the declaration of ethical management and information on business transactions for reference. In addition, the Company shall also check the legal status of these parties at the website of the Judicial Yuan to confirm if there is a history of receiving bribes and/or the offering of illegal political contribution.</p>				

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

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



**(X) The implementation of internal control system**

1. Declaration of internal control: please see page 183-184 of this annual report.
2. If the internal control policy was reviewed by an external auditor, the report of such a review must be disclosed: none.

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

1. The company's leverage trader's salesperson was involved in providing bullish and bearish advice on the future trends of gold and foreign exchange prices to clients; therefore, a fine in the amount of NT\$120,000 was imposed by the Financial Supervisory Commission. (Jin-Guan-Zheng-Chi-Far-Tzi No. 1120354230 Written Sanction dated September 6, 2023)

Rectification:

The offenders had been punished. The personnel had been educated about the legal compliance and the review of salespersons' online business activities had been reinforced.

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

Rectification:

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

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

1. Important resolutions and the implementation of the 2022 general shareholder meeting on May 24, 2023

Subject:	Resolution	Execution
Acknowledging the Company's 2022 Business Report and Financial Statements. (The proposal was submitted by the board of directors)	The proposal was accepted by the voting results.	Announced in accordance with the resolution of shareholders regular meetings and reported to the competent authority for review.
Acknowledging the Company's 2022 Earnings Distribution. (The proposal was submitted by the board of directors)	The proposal was accepted by the voting results.	The distribution was completed in accordance with the resolution reached in the general shareholders' meeting. Cash dividends for an amount of NT\$724,940,720 were distributed completely on

		June 30, 2023.
Partial amendments to the Articles of Incorporation. (The proposal was submitted by the board of directors)	The proposal was approved by the voting results.	Approved by the Ministry of Economic Affairs for making change in registration on June 9, 2023 with announcement tracked on record.
For the purpose of a by-election for one seat of independent directors of the Company, please vote. (The proposal was submitted by the board of directors.)	The list of the elected independent directors: An-Pin Chen	The newly appointed independent directors took office after being elected at the shareholders' meeting on May 24, 2023. The change of registration was approved by the Ministry of Economic Affairs on June 9, 2023, and was announced publicly.
Proposal for lifting competition restrictions on the Company's newly elected independent directors. (The proposal was submitted by the board of directors)	The proposal was approved by the voting results.	It is based on the resolution of the regular shareholders' meeting announced.

2. Major resolutions of the Board of Directors meeting (dated 2023 to January 31, 2024)

Major resolutions of the 24<sup>th</sup> Meeting of the 11<sup>th</sup> Board of Directors on February 8, 2023

- (1) Passed the independence, audit quality index evaluation, appointment, and remuneration matter of the company's 2023 independent auditors.
- (2) Passed the implementation of principle of fair treatment of customers in Q4 2022.

Major resolutions of the 25<sup>th</sup> Meeting of the 11<sup>th</sup> Board of Directors on March 8, 2023

- (1) Passed the date, place, agenda, accepting shareholder's proposal, and related matters of the 2023 general shareholder meeting.
- (2) Passed by-election of the Company's independent directors.
- (3) Approval of an amendment for part of the Company's Articles of Incorporation.
- (4) Approval of the Company's business report in 2022.
- (5) Approval of the Company's consolidated and individual financial statements for the year 2022.
- (6) Approval of the 2022 Employees' bonus remuneration.

- (7) Approval of the Company's earnings distribution in 2022.
- (8) Approval of the revision of the Internal Control System and the Enforcement Rules of Internal Audit of the Company.
- (9) Passed amendment to the provisions of the Company's "Implementation Measures of Grievance System."
- (10) Approval of the Company's 2022 "Declaration of Internal Control Policies".
- (11) Approval of the Company's 2022 "Anti-Money Laundering and the Combating the Financing of Terrorism & Declaration of Internal Control Policies".

Major resolutions of the 26<sup>th</sup> Meeting of the 11<sup>th</sup> Board of Directors on March 31, 2023

- (1) Approval of an amendment for part of the Company's Organizational Code.

Major resolutions of the 27<sup>th</sup> Meeting of the 11<sup>th</sup> Board of Directors on April 6, 2023

- (1) Passed the review of the company's independent director candidate list.
- (2) Passed the lifting of the non-compete clause against the company's newly elected independent directors.

Major resolutions of the 28<sup>th</sup> Meeting of the 11<sup>th</sup> Board of Directors on May 5, 2023

- (1) Passed the implementation of principle of fair treatment of customers in 2022.

Major resolutions of the 29<sup>th</sup> Meeting of the 11<sup>th</sup> Board of Directors on May 24, 2023

- (1) Duly resolved the issue of the Company's base date to distribute cash dividend and remuneration to employees in 2022.
- (2) Passed the implementation of principle of fair treatment of customers in Q1 2023.

Major resolutions of the 30<sup>th</sup> Meeting of the 11<sup>th</sup> Board of Directors on June 28, 2023

- (1) Approval of the revision of the Internal Control System and the Enforcement Rules of Internal Audit of the Company.
- (2) Approval of the 2022 Managers and Employees' Remuneration Distribution.

Major resolutions of the 31<sup>st</sup> Meeting of the 11<sup>th</sup> Board of Directors on July 26, 2023

- (1) Approval of the revision of the Internal Control System and the Enforcement Rules of Internal Audit of the Company.
- (2) Passed the implementation of principle of fair treatment of customers in Q2 2023.

Major resolutions of the 32<sup>nd</sup> Meeting of the 11<sup>th</sup> Board of Directors on August 23, 2023

- (1) Approval of the Company's consolidated and individual financial statements for the first half of the year in 2023.
- (2) Approval of the revision of the Internal Control System and the Enforcement Rules of Internal Audit of the Company.

Major resolutions of the 33<sup>rd</sup> Meeting of the 11<sup>th</sup> Board of Directors on September 27, 2023

- (1) Approval of partial amendments to the "Corporate Governance Best-Practice Principles."
- (2) Approval of the revision of the Internal Control System and the Enforcement Rules of Internal Audit of the Company.
- (3) Passed amendment to the provisions of the Company's "Implementation Measures of Grievance System."

Major resolutions of the 34<sup>th</sup> Meeting of the 11<sup>th</sup> Board of Directors on November 8, 2023

- (1) Passed the implementation of principle of fair treatment of customers in Q3 2023.

- (2) Approval of the revision of the Internal Control System and the Enforcement Rules of Internal Audit of the Company.

Major resolutions of the 35<sup>th</sup> Meeting of the 11<sup>th</sup> Board of Directors on November 29, 2023

- (1) Approval of an amendment for part of the Company's "Performance evaluation rules of the Board of Directors and functional committee."

Major resolutions of the 36<sup>th</sup> Meeting of the 11<sup>th</sup> Board of Directors on December 27, 2023

- (1) Approval of the revision of the Internal Control System and the Enforcement Rules of Internal Audit of the Company.
- (2) Approval of an amendment for part of the Company's "Table of Gate Approval" and Table of Gate Approval".

Major resolutions of the 37<sup>th</sup> Meeting of the 11<sup>th</sup> Board of Directors on January 31, 2024

- (1) Approval of the Self-evaluation results of the board and functional committee in 2023.
- (2) Passed the independence, audit quality index evaluation, appointment, and remuneration matter of the company's 2024 independent auditors.
- (3) Passed the implementation of principle of fair treatment of customers in Q4 2023.
- (4) Passed amendment to the provisions of the Company's "Implementation Measures of Grievance System."
- (5) Approval of an amendment for part of the Company's Rules Governing Trades with the Stakeholders.

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

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

**V. Independent auditor's fees**

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

Unit: NTD thousand

Accountant firm	Name of CPA	CPA auditing period	Audit remuneration	Non-audit remuneration	Total	Remarks
PwC Taiwan	Chiao-Sen Lo	2023 (2023/01/01~ 2023/12/31)	1,760	2,438	4,198	Non-audit remuneration includes income tax attestation for profit-operating enterprises, salary information checklist services for full-time employees who do not hold supervisory positions, CPA assurance services for sustainability reports, transfer pricing reports, information security service fees, personal information management system introduction and verification consulting services, and computer system security assessment consulting services.
	Hsiu-Ling Li					

(II) If the CPA firm performing audit services is replaced with less audit fee paid comparing to the year before, the audit fee before and after such replacement shall be disclosed: Not applicable

(III) If the audit remuneration was reduced by more than 10% from the previous year, the amount, percentage, and reasons for the reduction must be disclosed: none.

**VI. Change of CPA: None.**

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

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

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

Unit: shares

Title	Name	2023		Up till January 31, 2024	
		Increase (decrease) in shares held	Increase (decrease) in shares collateralized	Increase (decrease) in shares held	Increase (decrease) in shares collateralized

Title	Name	2023		Up till January 31, 2024	
		Increase (decrease) in shares held	Increase (decrease) in shares collateralized	Increase (decrease) in shares held	Increase (decrease) in shares collateralized
Major shareholder	Yuanta Financial Holding Co., Ltd.	192,167,005	0	0	0
Chairman	Tien-Fu Lin	86,856	0	0	0
Vice Chairman	Pin-Cheng Chen	0	0	0	0
Director	Kuo-Tsun Hsu	0	0	0	0
Director	Mei-Ling Kuo	0	0	0	0
Director	Wei-Chen Chang	0	0	0	0
Director	Wen-Ching Chiu (Onboard on April 1, 2023)	0	0	0	0
Independent Director	Yu-Chun Wu	0	0	0	0
Independent Director	Hui-Erh Yuan	0	0	0	0
Independent Director	An-Pin Chen (elected on May 24, 2023)	0	0	0	0
President	Kuo-Tsun Hsu	0	0	0	0
Senior vice president	Ching-Jen Chen	0	0	0	0
Senior vice president	Chia-Ling Tsai	0	0	0	0
Senior vice president	Min-Fang Wu	46,920	0	0	0
Senior vice president	Chien-Wan Lai	27,000	0	0	0
Senior Vice Presidents (Chief Financial Officer)	Liang-Hui Yuan	0	0	0	0
Vice President	Ching-Yi Chang	38,000	0	0	0
Vice President	Chun-Hao Chang	20,000	0	0	0
Vice President	Feng-An Liu	0	0	0	0
Senior Assistant Vice Presidents	Yu-Hung Chen	26,024	0	0	0

Title	Name	2023		Up till January 31, 2024	
		Increase (decrease) in shares held	Increase (decrease) in shares collateralized	Increase (decrease) in shares held	Increase (decrease) in shares collateralized
Senior Assistant Vice Presidents Accounting Supervisor	Hui-Ching Lu	16,000	0	0	0
Senior Assistant Vice Presidents	Shu-Hui Shih	0	0	0	0
Senior Assistant Vice Presidents	Wei-Ching Chien	16,000	0	0	0
Senior Assistant Vice Presidents	Hsin-Hsien Li	0	0	0	0
Senior Assistant Vice Presidents	Shu-Fen Kung	0	0	0	0
Assistant Manager	Ming-Wen Tsou	0	0	0	0
Assistant Manager	Tung-Chin Li	2,000	0	0	0
Senior Manager	Li-Li Lin	0	0	0	0
Senior Manager	Chia-Hui Hu	44,881	0	0	0
Senior Manager	Yu-Chen Lin	0	0	0	0
Senior Manager	Yu-ting Wu (newly appointed on November 9, 2023)	0	0	0	0
Managers,	Yi-Chung Hsu	21,896	0	0	0
Branch Manager	Sheng-Wei Wu	21,896	0	0	0
Branch Manager	Tsung-Hsiang Chen	0	0	0	0
Branch Manager	Chen-Ling Hsu	0	0	0	0
Branch Manager	Keng-Shuo Ho (newly appointed on November 9, 2023)	0	0	0	0
Former Director	Hsiao-Ling Chou (Discharged on April 1, 2023)	31,962	0	-	-
Senior vice president	Kang Li (Discharged on June 1, 2023)	0	0	-	-

Title	Name	2023		Up till January 31, 2024	
		Increase (decrease) in shares held	Increase (decrease) in shares collateralized	Increase (decrease) in shares held	Increase (decrease) in shares collateralized
Vice President	Wei-Pin Chuang (Discharged on September 1, 2023)	0	0	-	-
Vice President	Ching-Fang Lin (Discharged on November 9, 2023)	0	0	-	-
Senior Assistant Vice Presidents	Hsiu-Ling Chung (Discharged on July 1, 2023)	0	0	-	-
Managers,	Chien-Yi Li (Discharged on March 10, 2023)	0	0	-	-
Deputy Manager	Wen-Hsuan Kuo (Discharged on September 16, 2023)	0	0	-	-
Branch Manager	Kuo-Liang Wang (Discharged on November 9, 2023)	0	0	-	-

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

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

**(II) Transfer of shareholding: None.**

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

**(III) Shares collateralized: None.**

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



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

Date of information: June 30, 2023

Name	Shares Held In Own Name		Shareholdings of spouse and underage children		Shares held in the names of others		Among the top 10 shareholders, there are related parties, spouse to each other, and kindred within the 2 <sup>nd</sup> tier, and the name and relationship, if applicable.		Remarks
	Shares (Thousand Shares)	Shareholding percentage	Shares (Thousand Shares)	Shareholding percentage	Shares (Thousand Shares)	Shareholding percentage	Name	Relationship	
Yuanta Financial Holding Co., Ltd. Representative: Ting-Chien Shen	192,167	66.27%	-	-	-	-	-	-	None
	0	0%	0	0%	0	0%	None	None	None
Cathay Life Insurance Co. Ltd. Representative: Ming-Ho Hsiung	23,997	8.28%	-	-	-	-	-	-	None
	0	0%	0	0%	0	0%	None	None	None
ROSENTHAL COLLINS GROUP LTD Representative: Yi-Chen Chung	17,710	6.11%	-	-	-	-	-	-	None
	0	0.00%	0	0%	0	0%	None	None	None
Nan Shan Life Insurance Co. Ltd. Representative: Chung-Yao Yin	2,266	0.78%	-	-	-	-	-	-	None
	0	0%	0	0%	0	0%	None	None	None
TransGlobe Life Insurance Inc Representative: Wen-Hui Lin	1,615	0.56%	-	-	-	-	-	-	None
	0	0%	0	0%	0	0%	None	None	None
Hong-Tu Investment Holdings Limited Representative: Tsui-Feng Yin	1,338	0.46%	-	-	-	-	-	-	None
	0	0%	0	0%	0	0%	None	None	None
Sunsino International Developmant Associate Inc. Representative: Chia-Ho Wang	1,133	0.39%	-	-	-	-	-	-	None
	0	0%	0	0%	0	0%	None	None	None
Chieh-Erh Lin	865	0.3%	0	0%	0	0%	None	None	None
Darry Investment Limited Representative: Kang-Wei Ho	843	0.29%	0	0%	0	0%	None	None	None
Mao-Lang Huang	720	0.25%	0	0%	0	0%	None	None	None

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

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

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

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

Date of information: January 31, 2024

Unit: thousand shares

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

Note 1: Yuanta (Singapore) was invested and established by the company on November 23, 2022 with the scope of business yet to be approved by the Singapore authorities.

Note 2: The dissolution and liquidation process of SYF Information (Shanghai) Co., Ltd. was completed on January 30, 2024.

Yuanta Futures Co., Ltd.

Declaration of Internal Control Policies

Date: February 27, 2024

The following declaration is based on the 2023 self-audit over the Company's internal control policies:

- I. The Company is aware that the establishment, execution, and maintenance of its internal control policies are the responsibilities The Company's board of directors and managers. These policies were implemented throughout The Company. The purpose is to provide a reasonable assurance on the achievement of the goals, including the effectiveness and efficiency of operations (including profitability, performance and security of assets, etc.) and the report with effectiveness, timeliness, transparency, and compliance with the relevant requirements and regulations and laws.
- II. Internal control policies are prone to limitations. No matter how robustly designed, effective internal control policies merely provide reasonable assurance to the achievements of the three goals above. Furthermore, environmental and situational changes may affect the effectiveness of internal control policies. However, self-supervision measures were implemented within The Company's internal control policies to facilitate immediate rectification once procedural flaws have been identified.
- III. The Company evaluates the effectiveness of its internal control policy design and execution based on the criteria specified in "Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets" (hereinafter referred to as "The Governing Principles"). The criteria introduced by "The Governing Principles" consisted of five major elements, each representing a different stage of internal control: 1. Control environment, 2. Risk evaluation, 3. Procedural control, 4. Information and communication, 5. Supervision. Each element further contains several items. Please refer to "The Governing Principles" for details.
- IV. The Company adopted the abovementioned criteria to evaluate the effectiveness of its policy design and execution.
- V. The Company based on the evaluation results in the preceding paragraph believes that the internal control system on December 31, 2023 (including the supervision and management of subsidiaries and the overall implementation of information security), including understanding the effect of operations and the achievement and report in the goal of efficiency is reliable, timely, transparent, and complying with the design and implementation of the internal control system in accordance with the related specifications, laws, and regulations. Except for the matters listed in the appendix, it is effective and can help reasonably ensure the achievement of the aforementioned goals.
- VI. This declaration forms part of the main contents of the company's annual report and prospectus, and shall be disclosed to the public. Any illegal misrepresentation or non-disclosure relating to the public statement above are subject to the legal consequences under Articles 115 of the Futures Trading Act and Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. This declaration was approved by The Company's Board of Directors in the meeting dated February 27, 2024. None of the 9 directors present to the meeting held any objections, and had unanimously agreed to the contents of this declaration.

Yuanta Futures Co., Ltd.

Chairman: Tien-Fu Lin Signature

President: Kuo-Tsun Hsu Signature

Audit Director: Min-Fang Wu Signature

Information Security Officer: Chien-Wan Lai Signature

**Reinforcement and Improvement Plan of Yuanta Futures Internal Control System  
(Base date: December 31, 2023)**

Reinforcement and improvement	Improvement measures	Scheduled improvement
<p>The company's leverage trader's salesperson was involved in providing bullish and bearish advice on the future trends of gold and foreign exchange prices to clients; therefore, a fine in the amount of NT\$120,000 was imposed by the Financial Supervisory Commission. (Jin-Guan-Zheng-Chi-Far-Tzi No. 1120354230 Written Sanction dated September 6, 2023)</p>	<p>The offenders had been punished. The personnel had been educated about the legal compliance and the review of salespersons' online business activities had been reinforced.</p>	<p>Improvement completed</p>

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

## Four. Funding Status

### I. Capital and outstanding shares

#### (I) Share category

January 31, 2024; unit: shares

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

#### (II) Share capital composition

Unit: thousand shares; NTD thousand

Year / month	Issue price	Authorized capital		Paid-up capital		Remarks		
		Shares	Amount	Shares	Amount	Source of capital	Paid in properties other than cash	Others
1997.04	10	20,000	200,000	20,000	200,000	Initial share capital NT\$200,000 thousand	-	Note 1
1998.02	10	50,000	500,000	50,000	500,000	Cash issue totaling NT\$300,000 thousand dollars	-	Note 2
1999.05	10	60,000	600,000	60,000	600,000	Cash issue totaling NT\$100,000 thousand dollars	-	Note 3
1999.07	10	61,500	615,000	61,500	615,000	Cash issue totaling NT\$15,000 thousand dollars	-	Note 4
2000.08	10	63,000	630,000	63,000	630,000	Cash issue totaling NT\$15,000 thousand dollars	-	Note 5
2003.09	10	109,580	1,095,800	109,580	1,095,800	Cash issue for merger NT\$465,800 thousand	Issued new shares for the merger with Refco Taiwan Co., Ltd.	Note 6
2003.11	10	64,500	645,000	64,500	645,000	Capital reduction totaling NT\$450,800 thousand dollars	None	Note 7
2005.07	10	90,000	900,000	72,240	722,400	Capitalization of retained earnings totaling NT\$77,400 thousand dollars	None	Note 8
2006.07	10	90,000	900,000	80,186	801,864	Capitalization of retained earnings totaling NT\$79,464 thousand dollars	None	Note 9
2007.07	10	200,000	2,000,000	95,101	951,011	Capitalization of retained earnings totaling NT\$149,147 thousand dollars	None	Note 10
2007.07	10	200,000	2,000,000	97,483	974,826	Employees' stock bonus totaling NT\$23,815 thousand dollars	None	Note 10
2007.10	10	200,000	2,000,000	109,673	1,096,726	Cash issue totaling NT\$121,900 thousand dollars	None	Note 11
2008.07	10	200,000	2,000,000	128,536	1,285,363	Capitalization of retained earnings totaling NT\$188,637 thousand dollars	None	Note 12
2008.07	10	200,000	2,000,000	131,276	1,312,763	Employees' stock bonus totaling NT\$27,400 thousand dollars	None	Note 12
2012.01	10	250,000	2,500,000	232,276	2,322,763	Cash issue for merger NT\$1,010,000 thousand	Merger of Yuanta Futures for the issuance of new shares	Note 13
2020.01	10	250,000	2,500,000	249,976	2,499,763	Cash issue totaling NT\$177,000 thousand dollars	None	Note 14
2020.09	10	350,000	3,500,000	289,976	2,899,763	Cash issue totaling NT\$400,000 thousand dollars	None	Note 15

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

- Note 2: Approved under Notice (86) Tai-Tsai-Cheng-(5)-88889 dated 1997.12.08.
- Note 3: Approved under Notice (87) Tai-Tsai-Cheng-(7)-28749 dated 1998.04.16.
- Note 4: Approved under Notice (88) Tai-Tsai-Cheng-(7)-54910 dated 1999.06.11.
- Note 5: Approved under Notice (89) Tai-Tsai-Cheng-(7)-59655 dated 2000.07.12.
- Note 6: Approved under Notice Tai-Tsai-Cheng-7-Zi No. 0920137311 dated 2003.08.18.
- Note 7: Approved under Notice Tai-Tsai-Cheng-7-Zi No. 0920154137 dated 2003.11.14.
- Note 8: Approved under Notice Jin-Guan-Zheng-7-Zi No. 0940128511 dated 2005.07.19.
- Note 9: Approved under Notice Jin-Guan-Zheng-7-Zi No. 0950129316 dated 2006.07.28.
- Note 10: Approved under Notice Jin-Guan-Zheng-7-Zi No. 0960038332 dated 2007.07.18.
- Note 11: Approved under Notice Jin-Guan-Zheng-7-Zi No. 0960057731 dated 2007.10.17.
- Note 12: Approved under Notice Jin-Guan-Zheng-7-Zi No. 第 0970032354 dated 2008.06.30.
- Note 13: Approved under Notice Jin-Guan-Cheng-Chi-1000064718 dated 2012.01.16.
- Note 14: Approved under Notice Jin-Guan-Cheng-Chi-1080341263 dated 2020.01.16.
- Note 15: Approved under Notice Jin-Guan-Cheng-Chi-1090357569 dated 2020.09.17.

### (III) Shareholders structure

Face value at ten dollars per share; the base date: June 30, 2023

Shareholders structure Quantity	Government institutions	Financial institutions	Other corporations	Individuals	Foreign institutions and foreigners	Total
Head count	0	5	83	14788	48	14,924
Number of shares held	0	28,414,123	218,844,741	41,218,918	1,498,506	289,976,288
Shareholding percentage	0%	9.8%	75.47%	14.21%	0.52%	100%

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

### (IV) Ownership diversification

#### 1. Ordinary shares

Face value at ten dollars per share; the base date: June 30, 2023

Shareholding range	Number of shareholders	Number of shares held (shares)	Shareholding percentage (%)
1 to 999	8,008	366,782	0.13%
1,000 to 5,000	5,430	10,339,462	3.57%
5,001 to 10,000	737	5,504,087	1.9%
10,001 to 15,000	240	2,968,167	1.02%
15,001 to 20,000	127	2,288,727	0.79%
20,001 to 30,000	126	3,198,878	1.1%
30,001 to 40,000	76	2,631,008	0.91%
40,001 to 50,000	44	1,958,125	0.68%

Shareholding range	Number of shareholders	Number of shares held (shares)	Shareholding percentage (%)
50,001 to 100,000	71	5,117,184	1.76%
100,001 to 200,000	33	4,514,224	1.56%
200,001 to 400,000	13	3,694,166	1.27%
400,001 to 600,000	7	3,441,774	1.19%
600,001 to 800,000	3	2,022,409	0.7%
800,001 to 1,000,000	2	1,708,081	0.59%
1,000,001 and above	7	240,228,614	82.83%
Total	14,924	289,976,288	100%

2. Preference shares: none.

**(V) List of major shareholders**

Base date: June 30, 2023

Name of major shareholder	Shareholding	Number of shares held (shares)	Shareholding percentage (%)
Yuanta Financial Holding Co., Ltd.		192,167,005	66.27%
Cathay Life Insurance Co. Ltd.		23,997,789	8.28%
ROSENTHAL COLLINS GROUP LTD		17,710,721	6.11%
Nan Shan Life Insurance Co. Ltd.		2,266,000	0.78%
TransGlobe Life Insurance Inc		1,615,406	0.56%
Hong-Tu Investment Holdings Limited		1,338,000	0.46%
Sunsino International Developmant Associate Inc.		1,133,693	0.39%
Chieh-Erh Lin		865,081	0.30%
Darry Investment Limited		843,000	0.29%
Mao-Lang Huang		720,712	0.25%

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

Unit: NTD; shares

Item	Year		2022	2023	Year-to-date January 31, 2024
	Market price per share (Note 1)	Highest		50.80	61.20
Lowest		45.30	48.70	59.70	
Average		48.68	54.68	60.67	
Net worth per share (Note 2)	Before dividend distribution		44.39	50.05	-
	After dividend distribution		41.89	45.05 (Note 9)	-
Earnings per share	Weighted average outstanding shares		289,976,288	289,976,288	289,976,288
	Earnings per share (Note 3)	Before adjustment	3.95	6.39	-
		After adjustment	3.95	6.39 (Note 9)	-
Dividends per share	Cash dividend		2.50	5.00 (Note 9)	-
	Stock dividends	From earnings	-	-	-
		From capital reserves	-	-	-
	Cumulative undistributed dividends (Note 4)		-	-	-
Analysis of investment returns	P/E ratio (Note 5)		12.32	8.56	-
	Price to dividends ratio (Note 6)		19.47	10.94	-
	Cash dividend yield (Note 7)		5.14%	9.14%	-

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

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

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

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

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

Note 5: P/E ratio = Average closing price per share for the year / earnings per share.

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

Note 7: Cash dividend yield = Cash dividend per share / average closing price per share for the current year.

Note 8: The 2013 earnings distribution is subject to approval during the annual general meeting on May 27, 2024.

Note 9: The figures for distribution resolved by the Board on February 27 2024 pending on the final decision of the General Meeting of shareholders.

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



## **(VII) The company's dividend policies and execution**

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

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

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

### 2. Dividend distribution proposed for the this shareholders' meeting

The company's 2023 earnings distribution proposal was resolved by the board of directors on February 27, 2024, of which, the cash dividends for shareholders amounted to NT\$1,449,881,44 (NT\$5 per share). The said proposal is scheduled to be submitted to the regular shareholders' meeting for resolution on May 27, 2024. The board of directors will be authorized thereafter to determine the ex-dividend date, the payment distribution date, and other relevant matters.

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

## **(IX) Employee compensation and remuneration to directors**

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

It is so stated in Article 29, Paragraph 1–3 of the company's Articles of Incorporation: "The company's annual final accounts, if any, should be first applied to pay taxes and make up for the losses of previous years, and then appropriate legal reserve for an amount equivalent to 10% of the earnings lawfully, as well as 20% special reserve, in addition, appropriate or reverse special reserve, then add the balance amount thereafter to the unappropriated earnings of the previous years for dividend distribution to shareholders, which is a decision to be resolved by the board of directors and approved by the shareholders meeting accordingly. The appropriation of the legal reserve and special earnings referred to in the preceding paragraph can be exempted when it is equivalent to the Company's paid-in capital. To incentivize employees and the management team, this Company shall appropriate one per-mille (0.1‰) to five per-cent (5%) of the balance from deducting the accumulated deficits from the profit of the year (e.g. income before tax deducting the income before deducting the compensation for employees). In addition, when distributing the compensation for employees in stock or in cash, the scope of recipients may cover employees of companies under the control of or affiliated to this Company fulfilling certain requirements. The said certain requirements shall be determined by the Board of Directors."

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

### 2. The accounting treatment for the difference, if any, among the current estimated

compensation to employees and remuneration to directors, the number of shares applied for the calculation of stock dividend, the actual distribution amount, and the estimated amount: **There is no difference.**

3. Employees' and Directors' remuneration resolved by the Board of Directors
  - (1) BOD approved that the 2023 earnings will be distributed in cash. The 2023 compensation for employees amounts to NT\$3,821,480, while that of directors is zero.
  - (2) The proportion of amount equivalent to the stock distributed as compensation for employees in the earnings after tax in the individual or consolidated financial statement of the period and the total amount of compensation for employees: NA.

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

The proposal for the distribution of 2022 compensation for employees and directors was approved by BOD and reported to the meeting of shareholders. There is no difference between the exact amount of distribution and the proposed amount of distribution. The 2022 compensation for employees amounts to NT\$4,055,000, while that of directors is zero.

5. The Company's employee remuneration and director remuneration information is disclosed on the Market Observation Post System. Please visit the company's website directly at <http://mops.twse.com.tw/mops/web/index> and click "dividend distribution" option at "Shareholders' Meeting and Division" section and then key in the query conditions (Company Code: 6023).

**(X) Shares repurchased by The Company: none.**

## II. Disclosure relating to corporate bonds

### (I) Outstanding corporate bond and those in process:

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

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

- (II) Convertible corporate bond: None**
- (III) SWAP corporate bonds: None**
- (IV) General reporting of corporate bonds issuance: None**
- (V) Corporate bonds with option: None**

**III. Disclosure relating to preference shares: none.**

**IV. Disclosure relating to overseas depository receipts: none.**

**V. Employee stock warrants: none.**

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

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

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

**VIII. Progress on the use of funds:**

- (I) Outstanding securities previously offered or privately placed as of the quarter prior to the annual report printing date: None**
- (II) Security issuance completed within the last three years but with the plan benefits yet to emerge: None.**

## Five. Business performance

### I. Content of business

Yuanta Futures Co., Ltd.

#### (I) Business scope

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

##### 1. Principal business activities:

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

##### 2. Business weightage

Unit: NTD thousand; %

Item \ Year	2022		2023	
	Operating revenues	Ratio (%)	Operating revenues	Ratio (%)
Brokerage revenue	3,910,451	97.77	3,251,367	94.62
Income from proprietary trade	80,995	2.02	175,167	5.10
Consultancy income	8,352	0.21	9,519	0.28
Total	3,999,798	100.00	3,436,053	100.00

Source: consolidated audited financial statements

##### 3. The Company's current products (services)

- (1) Futures brokerage
  - ① Consigned trading of futures and options contracts over Taiwan Futures Exchange.
  - ② Consigned trading of U.S., Singaporean, Japanese, Hong Kong, and European futures and options.
- (2) Proprietary futures trading
  - ① Proprietary trading of domestic and offshore futures/options.
  - ② Market-making for futures and options to create liquidity.
- (3) Futures consultation
  - ① Provides analyses, opinions, or recommendations on futures trading, futures trust funds, the underlying, or any other instruments or investments approved by the competent authority.

- ② Makes futures related publications.
  - ③ Organizes futures related seminars and campaigns.
  - (4) Futures clearing and settlement, and clearing and settlement service.
 

To provide services such as clearing and settlement operations, and the performance guarantee of futures transactions, which are executed via Futures centralized futures exchange market.
  - (5) Proprietary securities trading
    - ① Proprietary trading of securities listed on Taiwan Stock Exchange.
    - ② Proprietary trading of securities within business premise.
  - (6) Futures introducing broker
    - ① Commissioned by securities firms to solicit investors into securities trading.
    - ② Accepts investors' account opening applications on behalf of securities firms.
    - ③ Accepts securities trade orders from investors and forwards them to securities firms for execution.
    - ④ Informs investors of settlement matters on behalf of securities firms.
  - (7) Leverage Transaction Merchants.
 

The scope of leveraged margin trade contracts covers bonds, interest rate, equity, credit derivatives, assets swap, structured products and foreign currency surety, a total of 7 categories.
4. Planned developments for new products and services
- (1) Expand the scale of leverage trading business:
 

The company's leverage trading business had a market share of 50% in 2023. The company is relying on the high expectations of the growth potential of the leverage trading business to continue expanding the proprietary business team, developing sales channels, increasing trading accounts, and developing CFD contract program trading auxiliary tools to fulfill customers' diversified trading needs. At the same time, a more rigorous risk control mechanism will be established to protect the rights and interests of customers, to create differentiation from peers, and to promote leverage trading CFD products in order to secure the company's diversified profit engine.
  - (2) Actively improve operational resilience and refine information security protection:
 

Due to the constant emergence of emergencies such as the COVID-19 pandemic, extreme weather, and information incidents in recent years, the company has actively expanded and added an off-site backup information center computer room to reduce operational risks and provide uninterrupted financial services. In addition to the existing cabinet area, the Banqiao backup cabinet has been expanded this year. Various off-site computer room system projects will be initiated in the future continuously to provide customers with a more stable and faster trading environment. The company actively plans information security protection strategies and optimization measures due to the increasingly worsening information security threats. In addition to perfecting the relevant operating procedures of the information security management system, the company also regularly carries out information security preparation and information security incident drills to improve information security management

and protection measures continuously. This is done to substantiate the information security management law compliance operation, maintain the company's stable operations, and protect the rights and interests of customers.

- (3) Innovate financial development and construct a “customer management digital platform”

For the purpose of perfecting customers' digital service experience, in addition to optimizing online service functions continuously and integrating various platform operations, the company plans to construct a “customer management digital platform” in 2024 to enhance digital marketing and to integrate social media platforms and media courses, business elite zone, and other types of information, to provide opportunities for potential customers to interact directly with the salespersons, to enhance the interaction with the digital users in depth, to allow users to experience multi-functional services across browsers and devices, and to bringing customers a higher quality service experience.

- (4) Expand the Asia-Pacific regional deployment:

The company will continue to prepare for the incorporation of Yuanta International (Singapore) subsidiary in 2024. It will combine the resources of the headquarters and offices in Hong Kong and Singapore, develop potential customers in Southeast Asian countries, expand the scale of cross-border business, expand leverage foreign exchange business, and international block commodity futures physical settlement services. The company aims to create an international trading platform. At the same time, it will enhance resource integration and business development synergies between the parent company and various operating bases in the Asia-Pacific region. The company will increase opportunities for cooperation with international legal persons to develop offshore brokerage and B2B business, and to enhance business diversification.

## **(II) Industry overview**

### **1. Current industry conditions**

- (1) Existing market participants

As of December 31, 2023, the futures brokerage participants numbered 68, with a total of 848 operating strongholds. Including 14 special full-time futures brokers (with 30 operating strongholds), 12 concurrent futures brokers (with 89 operating strongholds) and 42 futures introducing brokers (with 676 operating strongholds). In the area of proprietary trade, the Company has worked with 11 futures firms and 17 financial institutions running proprietary futures trade. In terms of leveraged traders, the Company became the first domestic leveraged trader in 2015 and there were only 5 leveraged traders in 2023. In the area of clearing and settlement, the Company has 19 general clearing members, 8 individual clearing members, and 8 clearing banks.

Among the above classifications, The Company is a specialized futures commission merchant, a specialized proprietary trader, an ordinary clearing member, a composit futures consultation firm, and leveraged traders. In addition, in terms of brokerage, the Company has a total of 21 future introducing brokers, including Yuanta Securities, King's Town Securitie, GMStock, Easytrade Securities, Yung Shin Securities, Boom Securities, Kuanz-ho Securities, Yingyi Securities, Antay Securities, Quan Thai Securities, Taichung Bank Securities, Sunny Securities, Chung Nourn Securities, Taiwan Cooperative Securities, Concord International Securities Co., Ltd., Grand Fortune Securities, Yung

Chuan Securities, BankTaiwan Securities, Ta Chan Securities, Taiwan Business Bank and Chang Hwa Bank.

## (2) Customer structure

The global economy turmoil remained in 2023. In addition to geopolitical risks, oil production cuts, and other political and economic events, as well as technology trade wars, inflation, and factors that affect major economies worldwide, the demand for hedging and trading in the futures market has increased. The transaction of global futures and options had continued to go up in 2023. The annual transaction volume reached 122.2 billion units in 2023, an increase of 45.6% from the NT\$83.9 billion units last year. The trading volume of Taiwan's futures market reached 320 million units in 2023, indicating an average daily volume of 1.36 million units. The annual trading volume had exceeded 300 million units for four consecutive years in 2023. As the Taiwan stock spot market showed an upward trend throughout the year, traders' demand for hedging in the futures market decreased, resulting in a decrease in futures market trading volume with a decrease of about 60 million units, representing a 15.6% decline from the 390 million units in 2022. However, the overall legal person participation remained the same as in 2022, which was 51.89%. The four main commodities in Taiwan's futures market in 2023 are, in order: TXO, FIMTX, Stock Futures (STF), and FITX. Stock Futures (STF) outperforms the others among the aforementioned four commodities in the preceding paragraph, which was with an average daily volume of 218,521 units recorded. The average daily volumes of the other three commodities were: 737,544 units for TXO, 247,484 units for FIMTX, and 138,628 units for FITX. In terms of the number of futures accounts opened, 1.958 million accounts are held by natural persons and 11,172 accounts are held by juridical persons, indicating that the market momentum has been active continuously.

## 2. Industry development

### (1) Market participants' trends

In view of the development of specialized futures brokers, although inflation and soaring interest rate caused huge market fluctuations in 2023, the profit performance of 14 futures merchants throughout 2023 was with a net income before tax of NT\$6.71 billion, indicating an increase of 36.95% from the NT\$ 4.9 billion in 2022, mainly due to the increase in bank deposit interest rates and increase in interest income from proprietary funds and margins. The overall profit generation still relies on the futures merchants with the background of financial holding, demonstrating the phenomenon of "rich getting richer."

### (2) Trend in customer structure

In the current client structure, the ratio of trading volume between natural persons and juridical persons is 1:1. The four major instruments in Taiwan futures market in 2023 were: TXO, FIMTX, Stock Futures (STF), and FITX. Stock Futures (STF) among all performs stably with an average daily volume of 218,521 units recorded. Taiwan stock spot market exhibited a steady rising trend throughout the year of 2023. Traders' demand for hedging in the futures market decreased. However, Stock Index Futures benefited from the AI technology revolution, the relevant stock futures became the focus of the traders with an average daily trading volume equivalent to that of in 2022. In addition, due to the demand for hedging and trading in the night trading session, the ratio of night trading session to average trading volume of the day trading session remained at the 11-year level, indicating that traders are used to having their trading positions



and hedging adjusted through night trading session. The micro commodity trading has emerged in recent years. Small contract specifications are with the advantages of flexible use of funds and low entry barriers. Taiwan Futures Exchange is also evaluating the possibility of launching micro contracts. At the same time, in order to meet the needs of market traders, the company continues to plan for the launch of new products and the development of new systems, as well as enhancing the risk control in the commodity market. The importance of enterprise ESG related issues is valued globally in recent years. In addition to the financial supervision imposed by the Financial Supervisory Commission, the Securities and Futures Bureau has also formulated 3 major promotion frameworks, 10 strategies, and 27 specific measures for building up the sustainable development and operation of the futures industry, which includes instrument and policy mechanisms so to lead the industry to enhance sustainable development energy and improve the ESG ecosystem.

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

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

### 4. The development trends for each product

Instruments traded over the market in 2023 consisted mainly of domestic futures, domestic options, U.S., Japanese, Singaporean, Hong Kong, and European instruments. Domestic futures mainly consisted of index futures, while trading for domestic options was mainly concentrated in options on index futures. U.S. instruments consisted mainly of stock index futures, energy futures, gold futures, foreign currency futures, interest rate futures and agricultural commodity future. The stock index futures are the main commodities traded at Japanese Futures Exchange. The main commodities in the Singapore stock market include China A50, India Index, and FTSE Taiwan Index Futures. Hong Kong instruments consisted mainly of Heng Seng, H Stock Index futures, MSCI Taiwan index. The main commodity in the European stock markets is DAX Index Futures. The figures below represent the trading volume statistics for major products in exchanges at home and abroad over the past years:

Year	Taiwan futures	Taiwan options	U.S.	Japan	Singapore	Hong Kong	Others	Total
2014	100,114,690	304,707,496	6,431,440	332,244	6,084,166	506,741	722,160	418,898,937
2015	144,105,804	363,478,888	8,968,442	590,129	16,038,782	680,263	1,272,488	535,134,796
2016	146,204,918	337,152,194	11,220,396	775,522	18,642,407	982,455	1,613,234	516,591,126
2017	156,817,098	374,594,240	12,710,362	521,027	17,703,109	1,075,104	875,062	564,296,002
2018	225,462,486	390,704,666	15,355,474	756,310	24,912,780	1,388,343	394,663	658,974,722
2019	180,084,696	341,446,268	16,665,909	736,904	19,060,859	1,132,668	541,602	559,668,906
2020	278,303,754	404,482,938	23,519,677	962,898	12,938,542	1,136,462	759,038	722,103,309

Year	Taiwan futures	Taiwan options	U.S.	Japan	Singapore	Hong Kong	Others	Total
2021	388,906,608	395,498,134	22,202,111	757,528	11,780,637	1,365,762	1,160,366	821,671,146
2022	366,624,586	402,312,408	32,458,318	889,920	11,888,618	1,743,311	1,785,316	817,702,477
2023	296,251,280	353,038,414	26,690,114	1,212,589	10,292,369	1,876,188	1,795,859	691,156,813

Source: Chinese National Futures Association

## 5. Competition

The Company is a futures commission merchant. The profitability of the major competitors in 2023 is as follows:

Rank	Name of futures merchant	Cumulative pre-tax profit/loss	Cumulative pre-tax profit/loss EPS	Share capital
1	Yuanta	2,286,740,060	7.89	2,899,762,880
2	Capital	1,275,713,234	6.06	2,104,375,840
3	KGI	837,967,904	4.97	1,685,564,000
4	Sinopac	837,239,742	5.00	1,675,250,530
5	President	400,259,621	6.06	660,000,000
6	Fubon	394,478,304	1.88	2,100,000,000
7	Cathay	192,545,375	2.89	667,000,000
8	Concord	130,226,925	1.60	815,000,000
9	Waterland	122,936,408	1.15	1,065,000,000
10	Masterlink	111,054,175	1.59	700,000,000
11	Hua Nan	73,966,473	1.70	435,000,000
12	Mega	68,247,204	1.71	400,000,000
13	Da Chang	20,320,877	0.68	300,000,000
14	Taishin	-41,334,011	-1.03	400,000,000

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

## (III) Technological research and development

### 1. Technological intensity and R&D

Yuanta Futures Research Department had carried forward the spirit of 2022 to 2023, in another word, optimized the diversity, immediacy, and depth of research reports continuously, actively promoted financial innovation, and maintained the audio and video resources and traffic of digital platforms continuously.

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

In terms of digital platform promotion, the Research Department publishes professional research reports and real-time market analysis around the clock through the LINE groups with various business units, and launches special thematic research and market prompt reviews to enhance customer loyalty and to enjoy Yuanta Futures' most up-to-date and comprehensive research resource. Yuanta Futures researches YouTube channel. The professional analysts from the research department provide analysis and interpretation on various featured topics, and focuses on feature subject discussion (occasional features introduction) and quarterly navigation (introduction of each major commodity category on a quarterly basis) on video and audio update. Since the channel launched till present, there are more than 9,150 subscribers, 970 videos aired, and 3,027,928 viewers so far, demonstrating the remarkable achievements of the research team in combining research content and digital innovation.

In terms of R&D strategic trading, the characteristics of big data in the futures and options markets are utilized in 2023 continuously to provide quantitative research results, and the company uses the occurrence of commodity fluctuations to track commodity price changes and to comprehensively provide legal person demand reports and customized modeling, as well as subsequent data maintenance and update.

In prospect of 2024, the Company will continue to work towards a research field in-depth, breadth, and innovation, to optimize the research insight and digital content, and to transfer departmental knowledge and experience to traders through various research reports. The Company will also continue to observe market trends, opportunities, and preferences in order to enhance the correlation between the professional research team and customers that allows investors to receive international market information and the most professional research resources at any time.

2. Academic/career backgrounds of the R&D personnel  
There are a total of 6 researchers in the company's research department and their academic experience is shown as follows:

Item \ Year	2023		Up till February 29, 2024	
	Head count	Head count	Head count	Percentage
Postgraduate study and above	8	8	5	83%
University	1	1	1	17%
Total	9	9	6	100%
4 years research experience and above	5	5	5	83%
4 years research experience and below	4	4	1	17%

In addition, the Company's Research Department maintains a close contact with Yuanta-Polaris Research Institute and Yuanta Securities Investment Trust Co., Ltd. to enhance the relevant research resources and to expand the Company's scope of research.

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

Unit: NTD thousand

Item	2019	2020	2021	2022	2023
R&D Department expenses	22,508	23,519	25,776	19,725	23,025

The research expenses invested by the company's research unit had changed in 2023 due to personnel rotation, which was to respond to customer needs with flexibility and quality in resources allocation. Apart from the R&D Department, The Company has also allocated some staffs in the IT Department, who engage in research and developments within their own specialties to improve the overall performance or service quality. Most employees had attained Masters or Bachelor degrees in IT, and had many years of financial experience to assist their R&D efforts.

### 4. Successfully developed technologies or products

- (1) The optimization and upgrade of the core accounting system and hardware equipment was completed in 2021, and the brokerage clearing and trading system conversion plan will be implemented continuously in 2023. Also, various front-end trading systems and backend accounting system will be completed in coordination with the launch of new products and new systems by Taiwan Futures Exchange and the development of night trading account risk information inquiry services. In addition, the company actively deployed and expanded the information center computer room and completed the Banqiao computer room expansion and off-site computer room construction projects in 2023 in order to ensure uninterrupted operations and provide traders with a quick trading environment.
- (2) In terms of information security, the company continues to enhance the information security management platform (SIEM) in order to ensure the safety of customers' trading environment. Also, it optimizes the endpoint security protection system, and identify, track, and repair security vulnerabilities by introducing open-source software systems and automatic security detection and management, thereby improving the security and quality of the enterprise overall application system. The company continues to implement ISO 27001 verification, conduct information security checkup and risk evaluation in 2024 to enhance overall information security defense capabilities and to protect the information assets of the company and customers from network threats and information security vulnerabilities.
- (3) In terms of digital finance, the company had continued to converge and optimize platform functions in 2023 in order to provide customers with more comprehensive online services, and had introduced the OCR optical character identification function into the account opening process of futures and leverage trade in order to effectively improve the efficiency of customer account opening. In addition to optimizing customer service, the company, simultaneously, introduces emerging technologies such as "RPA Robotic Process Automation" and "Digital Reporting System" into internal operating processes to help improve overall operating efficiency. The company also cooperated with Yuanta Group to promote the Fast Identity Online (FIDO) for identity certification and

data sharing in 2023. Futures will provide customers with a safer and more convenient identity certification, and effectively simplify the account opening process and improve account opening efficiency. The company will continue to refine digital financial services and use financial technology, big data analysis, and AI to conduct precise marketing by customer grouping and to improve customer service satisfaction.

- (4) The Company's continues to refine the research report, improve the readability and diversity of the report, and expand social media channel to provide traders with real-time research information in the form of community posts, video and audio. The company plans to have futures combined with industry trends, to customize project briefings for industrial legal persons, to provide strategic hedging and forward-looking analysis, etc., for corporate customer services in order to expand real economic services for industrial legal persons.
- (5) The company has introduced Taiwan Intellectual Property Management System (TIPS) since 2021, and had obtained TIPS Level-A certification from the Institute for Information Industry for three consecutive years in 2023. The company helps employees exercise innovation momentum under a sound system through the review and implementation of the intellectual property management system to create intellectual property value and business opportunities.
- (6) The company has implemented protection mechanisms from three aspects including information system, management system, and education and training in order to protect the security of personal information and privacy of customers. The company has introduced the BS 10012 Personal Information Management System (PIMS) international standard verification every year since 2021 to protect the rights and interests of customers with the established comprehensive personal information protection measures.

#### **(IV) Long and short term business development plans**

##### **1. Short term development:**

- (1) Increase the market share and gross profit margin of domestic and international options: Develop brokerage business and IB channel in-depth, expand the momentum of the business team, continue to stabilize the main profit engines, develop the integration of securities and futures and the business of industrial juristic person, strive to be the leader in each stock market in Taiwan and abroad, and keep competitors behind.
- (2) Optimizing the quality of brokerage fees: Combine software and hardware equipment upgrade and cross-departmental resources to provide differentiated services, such as, research reports, consulting strategic and intelligent services, and digital platforms, at the same time, focus on customer risk management and substantiate customer care, and enhance general brokerage service value with excellent and caring service quality.
- (3) Exercise the synergy of the Group to help expand business collaboration: Integrate the resources of the Group's subsidiaries, exercise the complementary advantages of the Group's services, cooperate to develop real economy customers, provide customers with comprehensive financial services, exercise the synergy of the financial holdings, and expand business territory.
- (4) Construct an Asian trading platform and expand overseas market: Base on Hong Kong to develop Asian market, secure the leading position in the Asia-Pacific futures economy, build an international trading hub, and become an international

leading futures merchant to meet the trading needs of cross-border traders.

- (5) Increase income from leverage contract trading business: Construct the momentum of the business team, continue to develop diversified CFD instruments, enhance the breadth of leveraged instruments, satisfy customers' diversified operations and hedging purpose, and create multiple sources of income in response to the ease of regulations by the regulatory authorities.
- (6) Improve proprietary trading performance: Enhance proprietary trading performance, maximize profits within the controllable risks, and increase proprietary trading income and business stability with the operations of price difference, high frequency, and market making.

## 2. Long term development:

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

## Yuanta Futures (HK) Co., Limited

### (I) Business scope

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

#### 1. Principal business activities:

- (1) Class I Operation - "Securities Trade."
- (2) Class II business (dealing in futures contracts).
- (3) Class IV Operation - "Consultation on Securities"
- (4) Class V (giving advices on futures contracts).
- (5) The 9<sup>th</sup> category "asset management" business.
- (6) Other business functions approved by the Hong Kong competent authority.

#### 2. Business weightage

In Hong Kong Dollar; %

Item \ Year	2022		2023	
	Operating revenues	Ratio (%)	Operating revenues	Ratio (%)
Brokerage revenue	23,948	71.35	21,011	36.44
Income from proprietary trade	1,083	3.23	129	0.22
Other income	8,533	25.42	36,513	63.33
Subtotal revenues	33,564	100.00	57,653	100.00

Source: audited financial statements

#### 3. The Company's current products (services)

- (1) Securities Trade: Engagement in securities trade and related business under Class I business regulated by the Hong Kong Securities and Futures Commission.
- (2) Dealing in futures contracts: under the permission of Class II regulated activities of Securities and Futures Commission of Hong Kong to operate relevant business of futures, options, etc.
- (3) Giving advices on securities contracts: under the permission of Class IV regulated activities of Securities and Futures Commission of Hong Kong to operate relevant business of giving advices on securities, etc.
- (4) Giving advices on futures contracts: under the permission of Class V regulated activities of Securities and Futures Commission of Hong Kong to operate relevant business of giving advices on futures contracts, etc.
- (5) Asset management business: Operate asset management related business under the 9<sup>th</sup> category "asset management" monitored by the Hong Kong Securities and Futures Commission.
- (6) Other business will be approved first by the competent authority in Taiwan, and then reported to the relevant authorities in Hong Kong for the permission to

operate.

#### 4. Optimize and improve customer service

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

#### 5. Existing market participants

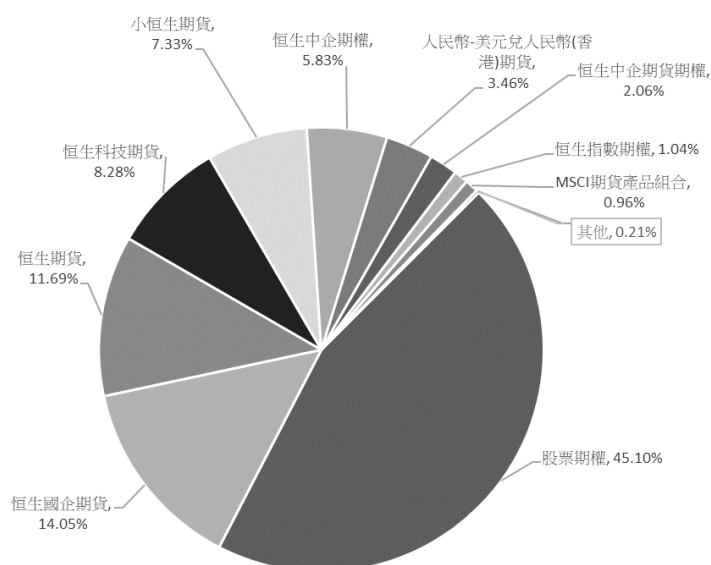
HKEx licensee / number of registers (Data as of December 31, 2023)

	The Stock Exchange of Hong Kong Limited Participants	Taiwan Futures Exchange Participants	The Stock Exchange/ Futures exchange Participants	Non-participant
Licensed institutional groups	511	86	76	2544
Registration Authority	0	0	0	112
Licensed representative	11,317	503	5,353	18,103
Person in charge / Authorizer	2,002	117	631	6,696

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

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

#### 6. HKEx futures and options ratio





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

Instrument	Proportion in transaction volume (%)	Turnover ranking	The average daily turnover
-stock option	45.10%	1	612,182
Hang Seng China Enterprises Index Futures	14.05%	2	188,994
Hang Seng Index Futures	11.69%	3	140,155
Hang Seng Technology Futures	8.28%	4	110,882
Mini-Hang Seng Index Futures	7.33%	5	91,771
Hang Seng China Enterprises Index Options	5.83%	6	40,667
US-to-CNY (HK) futures	3.46%	7	37,668
Hang Seng China Enterprises Index Futures	2.06%	8	34,778
Hang Seng Index Options	1.04%	9	23,102
MSCI Futures Portfolio	0.96%	10	22,903
Others	0.21%	-	60,957
Total	100.00%	-	1,364,059

Data source: Hong Kong Exchange's 2023 average daily trading volume statistics; trading volume unit: unit

### (III) Technological research and development

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

### (IV) Long and short term business development plans

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

Create a complete product and service line and develop more diversified and wide-range of professional business models in the futures brokerage and consultancy industry internationally.

## **SYF Information Co., Ltd.**

### **(I) Business scope**

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

### **(II) Industry overview**

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

### **(III) Technological research and development**

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

### **(IV) Business development plans**

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

## II. Market and sales overview

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

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

2023 market share between The Company and its main competitors:

Name of futures merchant	Taiwan futures	Taiwan options	Sub-total of overseas
Yuanta Futures	22.58%	15.55%	26.77%
KGI Futures	23.78%	13.86%	12.69%
Capital Futures	10.62%	5.75%	18.09%
Sinopac Futures	6.29%	6.05%	9.23%
Fubon Futures	4.53%	3.81%	7.42%
President Futures	3.82%	4.25%	5.74%
Concord Futures	2.45%	2.93%	5.13%
Cathay Futures	2.11%	1.24%	2.24%
Hua Nan Futures	2.09%	2.29%	1.77%
Masterlink Futures	2.05%	2.82%	2.47%
IBF Futures	1.49%	1.90%	2.15%
Mega futures	1.43%	1.31%	0.74%
Da Chang Futures	0.86%	1.23%	1.33%
Taishin Futures	0.36%	0.28%	0.11%

Source: Chinese National Futures Association

2. Future market supply/demand and growth potentials

Taiwan's stock market fluctuated and rose in 2023 with the weighted index rebounded and rose by 3,793 points throughout the entire year. Although Taiwan's stock market remained affected by inflation and interest rate increases, market trading volume remained at a certain level due to the anticipation of interest rates peaking and the overall economy bouncing back from the rock bottom. Under the circumstance, the futures market had grown vigorously with an important channel for hedging operations available to traders. The total annual trading volume was 324 million units with an average daily volume of 1.358347 million units recorded. The ratio of foreign capital accounted for 29.35%, slightly below what it was in 2022.

According to the data from Taiwan Futures Exchange, the four main indexes in Taiwan futures market in 2023 were TXO, FIMTX, Stock Futures (STF), and FITX. The average daily volume of stock options increased by 13.1% compared with last year. The daily average volume of G2F (GreTai Securities Market Capitalization Weighted Stock Index Futures), Taiwan Sustainable Index, TWSE TAIEX Sustainability Index, SHF (Taiwan Shipping Industry Index Futures), and TOPIX Futures had all gone up noticeably. The U.S. Philadelphia Semiconductor Futures has been listed in Taiwan since 2023 with a promising future, and it is listed only in Taiwan worldwide besides the United States; also, trading in Taiwan has been stable since the date of listing, apparently it has met market demand.

Taiwan Futures Exchange in response to market changes and demands in 2023 has been preparing to promote new businesses in 2024, including customized FIMTX, and TSMC futures will be included in the night trading session (already listed on January 22, 2024). In addition, Taiwan Futures Exchange not only values the importance of

growth in volume, but also values more about investors' trading safety involved in pursuing the growth of trading volume, because 48% of the participants in the futures market are natural persons while the remaining 52% are legal persons, so the proportion of natural persons is quite high.

In prospect of 2024, Taiwan Futures Exchange notices that micro contracts are offered in major exchanges worldwide to meet the needs of small transactions. Taiwan Futures Exchange also plans to launch micro-contracts for the existing commodities, offering a diversified investment portfolio that allows investors to hedge spot market risks. Additionally, the Exchange promotes the stock-based futures to be included in night trading sessions to attract foreign investors with the hope of enhancing the competitiveness of Taiwan's capital market.

### 3. Competitive advantage

Yuanta Futures adheres by the core value of "SMART," assisting customers in seizing global investment opportunities and performing proper risk control for customers. Providing high-quality industrial research, applying smart trading to strengthen customers' investment portfolios, and providing tailor-made options to meet customers' needs are Yuanta Futures' corporate missions. Yuanta Futures' market-leading competitive niches are as follows:

#### (1) The Best Futures Brand

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

#### (2) The Most Complete International Channels

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

#### (3) Best Quality Customer Services

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

#### 4. Opportunities

- (1) TFE will continue to launch new products and systems to make the product line of the domestic futures market complete and provide the traders a greater variety of choices for hedging.
- (2) The Company's options have innovation ability and the trading platform has integrated functions, and the brokerage market share is second to none in the long run, in other words, the Company has fully exercised the synergy of the Group's resources integration advantages.
- (3) We develop overseas future products through intelligent and digital channel transformation, offer 24-hour global services, and provide O2O service experience with social media platforms to improve service quality for customers.
- (4) With healthy financial structure, a viable system of risk management, and good practice in corporate governance, the Company strictly controls the clearing of transactions for proper control of risk.
- (5) The Company has a great variety of training programs for its personnel, which helped to upgrade the professional skills of the sales personnel and the back-end staff in compliance with applicable laws.
- (6) Incorporate the sustainable development of the enterprise into the Company's operating purpose and service management model so to substantiate the Company's sustainable development goals through ethical corporate management, customer service, green finance, social feedback, healthy workplace, etc., as well as the principle of treating clients fairly to safeguard customers' rights and interests.

#### 5. Future opportunities, threats, and responsive strategies

- (1) The financial environment will continue to be rough. As such, the Company has mapped out the strategy for coping with the instability of profits from commission incomes and proprietary trade  
Responsive strategies:
  - ① Creating multiple income sources: adopt an international perspective in both trading strategy and product promotion to avoid local price competitions or concentrated revenue sources. The Company has sufficient relative advantage in international markets to secure its revenues.
  - ② Dedication to high service quality: offering 24-7 trading services, IT platform upgrades and customization, professional market analysis and recommendations etc to highlight our differentiated services, and thereby building our brand image while securing customers' loyalty.
  - ③ Broaden the horizon of the marketing strategy: given the advantage of the financial holdings, the Company will provide a wider array of products and services. By integrating the strategies of excellent future trading advisor team, and the interface of the outstanding IT platform, the Company will intensify strategic marketing activities, allows for more exposure to the media, higher visibility of the brand of the Company to the investors, and effectively enlarge the market size.
- (2) Futures margin trading is highly leveraged and is susceptible to settlement losses, which discourages investors' participation.  
Responsive strategies:
  - ① The high leverage involved in margin trading is investors' choice, not obligation. We can eliminate investors' doubts by communicating proper concepts on capital managements.

② Teach investors the "STOP" strategy to avoid major losses while earning sizable gains.

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

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

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

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

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

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

**Yuanta Futures Co., Ltd.**

Year		2022	2023	Up till January 31, 2024
Number of employees		423	396	396
Average age		39.50	40.46	40.49
Average years of service		9.67	10.53	10.6
Distributions by Education	Doctoral Degree	0.24%	0.25%	0.25%
	Master's Degree	23.64%	23.48%	23.48%
	Bachelor's Degree	71.63%	72.73%	72.73%
	High school	4.49%	3.54%	3.54%

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

Year		2022	2023	Up till January 31, 2024
Number of employees		23	26	27
Average age		33.54	35.06	34.81
Average years of service		2.26	2.68	2.66
Distributions by Education	Doctoral Degree	0%	0%	0%
	Master's Degree	34.78%	30.77%	33.33%
	Bachelor's Degree	65.22%	69.23%	66.67%
	High school	0%	0%	0%

**SYF Information Co., Ltd.**

Year		2022	2023	Up till January 31, 2024
Number of employees		0	0	0
Average age		-	-	-
Average years of service		-	-	-
Distributions by Education	Master's Degree	-	-	-
	Bachelor's Degree	-	-	-
	High school	-	-	-

#### IV. Contribution to Environmental Protection

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

#### V. Employer and employee relationships

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

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

Item	2023	2022	Difference
Number of person (persons)	399	398	1
The average benefit cost (Thousand)	\$1,413	\$1,288	125

##### 1. Employees' welfare

- (1) Employees' Welfare Committee:

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

- (2) The Company provides:

- ① Group accident insurance
- ② Year-end bonus
- ③ Remuneration to employees (according to the Company's Articles of Association)
- ④ Monthly pension contributions in accordance with the Labor Standards Act



- ⑤ Annual health check-up
  - ⑥ Year-end lucky draw banquet
- (3) Government regulations:
- ① Mandatory participation in the Labor and Health Insurance Schemes
  - ② Compensation for occupational hazards according to the Labor Standards Act
  - ③ Any other requirements under the Labor Standards Act, the Labor Insurance Act, and the National Health Insurance Act

The percentages of Yuanta staff in reinstatements and retaining after parental leave in 2023:

Item	Female	Male	Total
The aggregate total of Yuanta staff in reinstatements after parental leave in 2023 (A)	5	0	5
The aggregate total of Yuanta staff in substantial reinstatements after parental leave in 2023 (B)	4	0	4
Reinstatement percentage (%) (B/A*100)	80%	0	80%
The aggregate total of Yuanta staff in substantial reinstatements after parental leave in 2022 (C)	2	0	2
The aggregate total of Yuanta staff still on the job within 12 months after reinstatements in 2022 (D)	2	0	2
Retaining percentage (%) (D/C*100)	100%	0	100%

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

Orientation: Department guidance.

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

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

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

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

Project training: (1) Intensive training for managerial staffs

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

Training expenses totaled NT\$1,776,009 in the latest year.

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

**The employee trainings of the company in 2023 are as follows:**

Date of information: December 31, 2023

Participants	Organizer	Course name	Hours	Persons
All employees	Yuanta E-Academy online education and training	Core Values/Legal Compliance Self-Evaluation/Money Laundering Prevention/Information Security/Personal Data Protection Act/Whistleblower System/Stakeholders/Safe Workplace/Financial Consumer Protection Act/Ethical Management and Regulations/TIPS/ESG/Intellectual Property/Fairness Treatment, and other education and training	0.5~2	9,072 persons
Reserve supervisors	Yuanta Financial Holding Co., Ltd.	Yuanta MBA - Section supervisor training	90	2 persons
Department Head/Management Trainee	Yuanta Futures Co., Ltd.	Supervisor training course	2.5~3	27 persons
Senior manager	Yuanta Financial Holding Co., Ltd.	Financial Consumer Protection Act and fair treatment of customers	3	7 persons
All employees	Yuanta Futures Co., Ltd.	Education Training for Anti-Money Laundering, Countering the Financing of Terrorism, and Non-proliferation of Nuclear Weapons	0.5	838 persons
Senior manager	Institute for Financial Law and Crime Prevention	Anti-money laundering and counter-terrorism financing practices and directors' legal obligations and responsibilities propaganda	3	7 persons
AML Supervisor/designated personnel	Chinese National Futures Association	Analysis and Case Study on AML/CFT Conference	3	14 persons
AML Supervisor/designated personnel	Securities and Futures Development Foundation	Anti-money laundering and countering the financing of terrorism on-job workshop	12	24 persons
AML Supervisor/designated personnel	Taiwan Securities Association	Anti-money laundering and countering the financing of terrorism on-job workshop	3	1 person
AML Supervisor/designated personnel	Securities and Futures Development Foundation	Acquisition of AML/CTF qualifications	12	6 persons
Registered practitioners	Chinese National Futures Association	On-the-job training programs for futures salespeople (including futures/consultation/proprietary trading/leverage business)	3~15	229 persons
Registered practitioners	Taiwan Securities Association	On-job training for securities salespersons (including general, intermediate, and advanced)	15	32 persons
All personnel	Securities and Futures Development Foundation	Mandatory orientation for new entrants (including securities and futures/consulting/and leverage)	5~12	54 persons
Brokerage Department/Leverage Trading Department	Taiwan Securities Association	61-hour On-the-job training programs for derivative financial instruments related personnel	61	7 persons

Personnel from the Proprietary Trade Department/Brokerage Department/Leverage Transaction Department/Channel and Consulting Department/Risk Management Department/Audit Department/Clearing Department/Legal Compliance Department	Taiwan Securities Association	On-the-job training programs for derivative financial instruments related personnel	6	129 persons
IT Department	Yuanta Financial Holding Co., Ltd.	Information security functional training	2~3	31 persons
Incoming employees	Yuanta Financial Holding Co., Ltd.	Training of occupational safety and health for the new entrants	3	29 persons
Incoming employees	Yuanta Futures Co., Ltd.	Education and training for new recruits/e-courses for new recruits	4~10	79 persons

## Employees' certification

Date of information: January 31, 2024

Certificate and license name	2022	2023	Up till January 31, 2024
Futures Practitioner, China	23	22	22
Futures Practitioner, Hong Kong	4	5	5
Futures Associated Persons	332	328	308
Futures Trading Analyst	26	27	27
Securities sales personnel	184	191	180
Senior securities sales personnel	123	125	125
Certified Securities Investment Analyst	7	7	10
Certified Securities Investment Trust and Consulting Professional	60	62	60
CFP Certified Financial Planner	3	2	2
CAMS Certified Anti-Money Laundering Specialists	2	2	2
CISA Certified Information Systems Auditor	0	0	1
Trust Personnel	75	73	78
The bank's internal controls and internal auditors	24	24	23
Derivative financial instruments salespeople	27	27	37
Structured instruments salespersons	98	94	89
Investment insurance salespersons	19	20	20
Certified Financial Planner	28	26	27
Wealth management salespersons	19	24	23
Bills personnel	3	3	2
Certified Life Insurance Representative	54	53	68
Certified Property Insurance Representative	27	26	27
Enterprise Sustainability Manager	0	0	1
Nurses	1	1	1
Domestic lawyers	1	1	1
Domestic accountants	1	1	1

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

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

1. Hong, the former employee, voluntarily applied for retirement to the Company. The Company had his pension calculated and paid lawfully. Hong had received the pension payment and still filed a civil lawsuit in June 2015 to request having pension calculated as an employee of the terminated company, disappearing company Polaris Securities, a third party to the lawsuit for an amount of NT\$6,216,600 plus statutory interest. In January, 2016, Taiwan Taipei District Court ruled recently that the Company should pay NT\$813,730 to Hong and the interest at 5% per annum for the period from June 16, 2015 to the liquidation date. Both the plaintiff and the defendant of the case had appealed to Taiwan High Court. Hung appealed after the 2<sup>nd</sup> trial to request to reduce the amount to NT\$4,755,246 and mandatory interest. The case was trialed by the High Court of Taiwan. The judgement came in December 2016 that the original judgement of the order to pay the Company NT\$2,664 in principal and interest, and order the Company to bear the expenses incurred from the legal proceedings was annulled. The appeal of Hung in response to the ruling of the 1<sup>st</sup> trial in respect of the aforementioned portion of annulment was overruled. The appeal of Hung and the other appeals filed by the Company were overruled. The Company was ordered to pay NT\$2,664 and interest under the judgement of the 2<sup>nd</sup> trial, and the proceedings shall be final without further appeal. From the notice of the High Court of Taiwan dated January 25, 2017, Hung petitioned to appeal for the 3<sup>rd</sup> trial. The ruling of overruling the appeal of Hung and the request for payment of NT\$797,606 in principal and interest being annulled was returned to the High Court of Taiwan in the ruling of March 2019. Other appeals were overruled. Upon Taiwan High Court's first instance verdict on December 1, 2020, regarding the company ordered to pay the principal and interest in the amount of NT\$797,606 (except the finalized principal and interest in the amount of NT\$2,664), the judgment on the litigation costs was discarded. Regarding the above discarded part, Hung's first instance lawsuit was dismissed; for the revised verdict on the discarded part, Hung's shouldered the litigation costs for the first instance, second instance, and before the remanded third instance (except for the finalized part). A notice from Taiwan High Court was received on January 14, 2021 regarding Mr. Hung's appeal for a trial of third instance. The High Court had the original judgment regarding the rejection of the appellant's appeal and the lawsuit at the first instance overruled on June 24, 2021; also, the litigation cost was overruled and the case was remanded to Taiwan High Court. Taiwan High Court had the original ruling (except for the confirmed payment of NT\$2,664) overruled on June 7, 2022 in the remanding 2<sup>nd</sup> instance of the court,

including aborting the principal and interest for an amount of NT\$161,064, as well as the judgment of litigation fees (except for the confirmed and reduced amount). The client did not appeal and the case was closed. The case has no significant impacts to The Company’s operation or shareholders' equity.

2. Former employee Li was dismissed by the company lawfully. Employee Li filed for labor dispute mediation subsequently. The company and employee Li participated in the mediation held by Tainan City Labor Rights Association, a corporate legal person, on July 4, 2023. Employee Li and the company did not agree to the mediation result due to a difference of NT\$279,569. Then, employee Li applied to Tainan District Court for a specific performance based on the content of the mediation. The company filed a replication lawfully and had another agreement reached with employee Li during the trial at Tainan District Court, so the replication was withdrawn and the case was closed. The case has no significant impacts to The Company’s operation or shareholders' equity.
3. Former employee Lin and employee Hong were reassigned to new job responsibilities due to the change in the nature of the company’s business operation. They both rejected the placement and matchmaking opportunities provided by the company. A preliminary plan was reached on November 27, 2023 through the assistance of the union of Yuanta Financial Holdings Co., Ltd. and its subsidiaries. However, they both rejected the union’s plan at the labor–employer medication meeting held by the Labor Affairs Bureau of Kaohsiung City Government on December 19, 2023; therefore, the company had them both laid off lawfully. The case has no significant impacts to The Company’s operation or shareholders' equity.

**(III) Violations committed against the Labor Standards Act identified in a labor inspection, including the date of disciplinary act, disciplinary letter No., violation of legal provisions, content of the violation, and content of the disciplinary act: None**

**(V) Working environment and employee personal safety**

Item	content
Entrance Security	<ol style="list-style-type: none"> <li>1. Our office building has Strict access control monitoring system during the daytime and the nighttime.</li> <li>2. The access to the Company’s building is controlled by security personnel during the day, night, and holidays so to secure the safety of the office.</li> </ol>
Equipment maintenance and inspection	<ol style="list-style-type: none"> <li>1. According to the provision of the “Regulations Governing Building Public Safety Inspection Certification and Declaration,” an external professional company should be mandated to perform a building safety inspection every two years.</li> <li>2. According to the provisions of the Fire Services Act, an external professional company should be mandated to conduct inspections and reporting of firefighting equipment every year.</li> <li>3. According to the company’s labor safety and health work rules, water dispenser filters should be replaced and drinking water quality inspections should be carried out every three months; also, air conditioning equipment must be with maintenance service performed every year, and cars services are performed regularly based on the milage (kilometers).</li> </ol>
Disaster prevention and response actions	<ol style="list-style-type: none"> <li>1. The company has formulated the “Directions for Attendance Management during Natural Disasters or Other Incidents,” “Directions for Filing Material Contingencies,” and “Safety and Health Work Rules” to prepare disaster prevention and rescue precautions and accident and occupational disaster notification procedures in advance. The responsibilities and tasks of personnel at all levels of the company before and after responding to material events such as natural disasters, material injuries, and other major emergencies are clearly regulated.</li> <li>2. The company has one Level-A labor safety and health manager, one nurse, and several first aid personnel assigned to maintain the safety and health of the employees at the workplace</li> </ol>

	and promote safety and health services.
Physical health	<ol style="list-style-type: none"> <li>1. Health checkup: The company provides regular health checkup for employees every two years in accordance with the Occupational Safety and Health Act, as well as psychological counseling and evaluation; also, employees may seek psychological consultation from a doctor at their own free will.</li> <li>2. Working environment hygiene: smoking completely prohibited in business areas, and seminar tours are arranged, the office environment is regularly cleaned and disinfected.</li> </ol>
Mental health	<ol style="list-style-type: none"> <li>1. Education and Training: Stress (emotion) management course, communication skills course, and innovative thinking course are arranged, feature seminars for employees' mental accommodation and strengthening competence are held, and e-learning is provided.</li> <li>2. Expression of opinions: Set up an Employee Assistance Areas (EAPs) to provide employees with diversified physical and mental balance assistance, such as psychological consultation, medical prevention and treatment, safe workplace, care consultation, and legal consultation forums.</li> <li>3. Sexual harassment prevention: Ratify the "Guideline on sexual harassment prevention, complaint, and discipline."</li> </ol>
Insurance and medical condolences	<ol style="list-style-type: none"> <li>1. The Company provides labor insurance (covering occupational injuries insurance) and health insurance for employees as required by law. The Company finds the other insurance company to provide employees and their dependents accident insurance, medical insurance cancer insurance, etc. at preferential rates.</li> <li>2. The Company have all employees insured against accidents on duty with insurance coverage NT\$15 million as the compensation for employees or the heirs due to work related disabilities or death.</li> <li>3. Provide preferential allowance and subsidies for injuries and death of the employee as well as injuries and death of the employee's spouse and children.</li> </ol>

## VI. Information security management

- (I) The Company's information security risk management framework, information security policy, specific management plan, and resources invested in information security management are:

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

The company for the sake of enhancing information security supervision, coordinating information security policies, and promoting the coordination and resource allocation has designated an information unit "Information Security Team" with three full-time personnel and an officer on board to be responsible for the company's information security governance, planning, supervision, and promotion of the information security management operations, and to report the implementation of the information security management to the board of directors regularly.

In terms of information security management, it includes implementing information governance and legal compliance; also, risk management and control with a focus on protecting information security, including internal self-inspection, external active detection, disaster contingent rehearsal, and management enhancement. In addition, the Company is actively introducing various automation detection, behavior monitoring and other systems. The information security budget accounted for 6.7% of the overall information capital expenditure in 2023, including the real-time monitoring and blocking of external threats, or the internal control over data access, operational conducts, and

equipment segmentation so to prevent illegal or malicious behavior with an intensive isolation and filtering mechanism.

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

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

## VII. Major contracts

### (I) Yuanta Futures Co., Ltd.

Date of information: January 31, 2024

Contract nature	Participants	Contract start and end dates	Main contents	Restrictive clauses
General trade contract	Mr. Watt Co., Ltd.	December 1, 2022 ~ December 1, 2027	Renewable energy power sales and certificate sales contract	None
Purchase Agreement on IT Hardware	Sanfran Technologies Inc.	May 20, 2022 to May 31, 2028	Procurement of switch and firewall equipment for foreign juridical person department	None
Purchase Agreement on IT Hardware	Hwacom Systems Inc.	February 18, 2021 to July 31, 2025	Yuantai Plaza relocated network equipment and purchased Cisco equipment	None
Purchase Agreement on IT Hardware	Sanfran Technologies Inc.	May 15, 2023 to December 15, 2028	Off-site backup computer room network equipment procurement	None
Leasing agreement on real properties (leasing)	Yuanta Life Insurance Company	November 10, 2020 ~ November 9, 2025	Yuantai Plaza house lease contract	None

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

Date of information: January 31, 2024

Contract nature	Participants	Contract start and end dates	Main contents	Restrictive clauses
Purchase Agreement on IT software	ESUNNY INTERNATIONAL (HK) CO., LIMITED	Effective from March 1, 2019-	Esunny International Financial Derivatives Transaction Analysis software system.	None
Agreement on Property Leasing (Lessee)	Yuanta Securities (HK) Co., Limited	November 16, 2022 to November 15, 2024	Yuanta Futures (HK) office location: the lease for 23/ Admiralty Centre Tower 1, Hong Kong, was formally entered.	None



## Six. Financial summary

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

#### (I) Summary balance sheet and comprehensive income statement

##### 1. Summary balance sheet

Unit: NTD thousand

Item	Year	Consolidated Financial information for the latest 5 years (Note 1)					Year-to-date January 31, 2024
		2019	2020	2021	2022	2023	
Current assets		71,245,136	93,585,956	94,260,758	108,572,649	108,720,210	(Note 2)
property, plant, and equipment		597,740	618,532	630,948	653,265	712,032	
Intangible assets		41,049	42,169	86,979	74,012	97,986	
Other assets		2,399,964	2,695,546	3,001,047	3,055,469	3,107,218	
Total assets		74,283,889	96,942,203	97,979,732	112,355,395	112,637,446	
Current liabilities	Before dividend distribution	65,326,061	84,831,962	83,923,548	97,786,346	96,494,441	
	After dividend distribution	66,125,985	85,643,896	84,590,493	98,511,287	(Note 3)	
Non-current liabilities		101,691	251,679	1,706,286	1,698,200	1,630,296	
Total liabilities	Before dividend distribution	65,427,752	85,083,641	85,629,834	99,484,546	98,124,737	
	After dividend distribution	66,227,676	85,895,575	86,296,779	100,209,487	(Note 3)	
Attributable to owners of the parent company		8,856,137	11,858,562	12,349,898	12,870,849	14,512,709	
Share capital		2,322,763	2,899,763	2,899,763	2,899,763	2,899,763	
Capital reserve	Before dividend distribution	940,976	3,070,484	3,070,484	3,070,484	3,070,484	
	After dividend distribution	940,976	3,070,484	3,070,484	3,070,484	(Note 3)	
Retained earnings	Before dividend distribution	4,296,129	4,610,872	4,763,738	5,209,388	6,605,703	
	After dividend distribution	3,496,205	3,798,938	4,096,793	4,484,447	(Note 3)	
Other equity		1,296,269	1,277,443	1,615,913	1,691,214	1,936,759	
Treasury stock		0	0	0	0	0	
non-controlling interests		0	0	0	0	0	
Total equity	Before dividend distribution	8,856,137	11,858,562	12,349,898	12,870,849	14,512,709	
	After dividend distribution	8,056,213	11,046,628	11,682,953	12,145,908	(Note 3)	

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

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

Note 3: As of the date this report was printed, the proposal for the distribution of earnings in 2023 has not been passed by the General Meeting of shareholders.

Unit: NTD thousand

Item	Year	Individual Financial information for the latest 5 years (Note 1)					Year-to-date January 31, 2024
		2019	2020	2021	2022	2023	
Current assets		68,897,983	91,215,855	90,816,473	104,902,918	104,956,727	(Note 2)
property, plant, and equipment		581,807	607,595	624,845	649,159	708,583	
Intangible assets		40,752	42,137	86,979	74,012	97,515	
Other assets		3,629,123	3,870,962	4,124,658	4,252,591	4,297,244	
Total assets		73,149,665	95,736,549	95,652,955	109,878,680	110,060,069	
Current liabilities	Before dividend distribution	64,215,319	83,636,571	81,596,771	95,316,184	93,917,064	
	After dividend distribution	65,015,243	84,448,505	82,263,716	96,041,125	(Note 3)	
Non-current liabilities		78,209	241,416	1,706,286	1,691,647	1,630,296	
Total liabilities	Before dividend distribution	64,293,528	83,877,987	83,303,057	97,007,831	95,547,360	
	After dividend distribution	65,093,452	84,689,921	83,970,002	97,732,772	(Note 3)	
Attributable to owners of the parent company		8,856,137	11,858,562	12,349,898	12,870,849	14,512,709	
Share capital		2,322,763	2,899,763	2,899,763	2,899,763	2,899,763	
Capital reserve	Before dividend distribution	940,976	3,070,484	3,070,484	3,070,484	3,070,484	
	After dividend distribution	940,976	3,070,484	3,070,484	3,070,484	(Note 3)	
Retained earnings	Before dividend distribution	4,296,129	4,610,872	4,763,738	5,209,388	6,605,703	
	After dividend distribution	3,496,205	3,798,938	4,096,793	4,484,447	(Note 3)	
Other equity		1,296,269	1,277,443	1,615,913	1,691,214	1,936,759	
Treasury stock		0	0	0	0	0	
non-controlling interests		0	0	0	0	0	
Total equity	Before dividend distribution	8,856,137	11,858,562	12,349,898	12,870,849	Note 3	
	After dividend distribution	8,056,213	11,046,628	11,682,953	12,145,908	Note 3	

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

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

Note 3: As of the date this report was printed, the proposal for the distribution of earnings in 2023 has not been passed by the General Meeting of shareholders.

## 2. Summary comprehensive income statement

Unit: NTD thousand

Item	Year	Consolidated Financial information for the latest 5 years (Note 1)					Year-to-date January 31, 2024
		2019	2020	2021	2022	2023	
Operating revenues		2,918,325	3,877,625	3,888,691	3,999,798	3,436,053	(Note 2)
Operating gross profit		1,335,036	1,759,163	1,817,486	1,764,135	1,286,046	
Operating gains and losses		143,087	473,241	461,866	247,804	(398,164)	
Non-operating revenues and expenses		1,266,925	852,339	587,094	1,174,661	2,684,904	
Earnings before tax		1,410,012	1,325,580	1,048,960	1,422,465	2,286,740	
Business units in continuing operation Current period net profit		1,135,799	1,070,099	860,282	1,145,348	1,852,719	
Gain(loss) from discontinued operations		0	0	0	0	0	
Current period net profit (loss)		1,135,799	1,070,099	860,282	1,145,348	1,852,719	
Other comprehensive income for the period (post-tax profit or loss)		150,161	25,742	442,988	42,548	514,082	
Total comprehensive income for the period		1,285,960	1,095,841	1,303,270	1,187,896	2,366,801	
Net income attributable to owners of the parent company		1,135,799	1,070,099	860,282	1,145,348	1,852,719	
Net income attributable to non-controlling interests		0	0	0	0	0	
Total comprehensive income attributable to owners of the parent company		1,285,960	1,095,841	1,303,270	1,187,896	2,366,801	
Total comprehensive income attributable to non-controlling interests		0	0	0	0	0	
Base earnings per share (Note 3)		4.89	4.23	2.97	3.95	6.39	

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

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

Note 3: Earnings per share is calculated based on the weighted average number of ordinary shares outstanding. Retrospective calculations are made for any shares issued against capitalized earnings and reserves.

Unit: NTD thousand

Item \ Year	Individual Financial information for the latest 5 years (Note 1)					Year-to-date January 31, 2024
	2019	2020	2021	2022	2023	
Operating revenues	2,738,631	3,721,526	3,782,309	3,921,823	3,374,548	(Note 2)
Operating gross profit	1,271,664	1,709,468	1,770,058	1,714,311	1,249,439	
Operating gains and losses	187,566	525,295	516,415	298,190	(319,529)	
Non-operating revenues and expenses	1,222,446	800,285	532,545	1,123,677	2,606,269	
Earnings before tax	1,410,012	1,325,580	1,048,960	1,421,867	2,286,740	
Current net profits from continuing operations	1,135,799	1,070,099	860,282	1,145,348	1,852,719	
Gain(loss) from discontinued operations	0	0	0	0	0	
Current period net profit (loss)	1,135,799	1,070,099	860,282	1,145,348	1,852,719	
Other comprehensive income for the period (post-tax profit or loss)	150,161	25,742	442,988	42,548	514,082	
Total comprehensive income for the period	1,285,960	1,095,841	1,303,270	1,187,896	2,366,801	
Net income attributable to owners of the parent company	1,135,799	1,070,099	860,282	1,145,348	1,852,719	
Net income attributable to non-controlling interests	0	0	0	0	0	
Total comprehensive income attributable to owners of the parent company	1,285,960	1,095,841	1,303,270	1,187,896	2,366,801	
Total comprehensive income attributable to non-controlling interests	0	0	0	0	0	
Base earnings per share (Note 3)	4.89	4.23	2.97	3.95	6.39	

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

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

Note 3: Earnings per share is calculated based on the weighted average number of ordinary shares outstanding. Retrospective calculations are made for any shares issued against capitalized earnings and reserves.

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

Year	Name of auditor	Accountant firm	Audit opinion
2019	Chiao-Sen Lo, Hsiu-Ling Li	PwC Taiwan	Unqualified opinion
2020	Chiao-Sen Lo, Hsiu-Ling Li	PwC Taiwan	Unqualified opinion
2021	Chiao-Sen Lo, Hsiu-Ling Li	PwC Taiwan	Unqualified opinion
2022	Chiao-Sen Lo, Hsiu-Ling Li	PwC Taiwan	Unqualified opinion
2023	Chiao-Sen Lo, Hsiu-Ling Li	PwC Taiwan	Unqualified opinion

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

### (I) Financial analysis

Items of analysis		Year	Consolidated financial analysis for the latest 5 years (Note 1)					Year-to-date January 31, 2024
		2019	2020	2021	2022	2023		
Financial structure (%)	Debt to assets ratio	88.08	87.77	87.40	88.54	87.12	(Note 2)	
	Ratio of long-term capital to property, plant and equipment	1498.62	1957.90	2227.79	2230.19	2267.17		
Solvency%	Current ratio	109.06	110.32	112.32	111.03	112.67		
	Quick ratio	109.05	110.31	112.30	111.01	112.66		
	Interest coverage ratio	0	0	0	0	0		
Operating capacity	Turnover of receivables (per time)	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable		
	Average collection days	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable		
	Inventory turnover (times)	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable		
	Accounts payable turnover ratio (times)	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable		
	Average days of sale	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable		
	Property, plant, and equipment turnover (times)	4.82	6.38	6.22	6.23	5.03		
	Total asset turnover ratio (times)	0.04	0.05	0.04	0.04	0.03		
Profitability	Return on assets (%)	1.54	1.25	0.88	1.09	1.65		
	Return on equity (%)	13.30	10.33	7.11	9.08	13.53		
	Percentage of net profit before tax to the paid-in capital (%)	60.70	45.71	36.17	49.05	78.86		
	Net profit margin (%)	38.92	27.60	22.12	28.64	53.92		
	Earnings per share (\$) (Notes 3 and 4)	4.89	4.23	2.97	3.95	6.39		
Cash flow (Note 5)	Cash flow ratio (%)	1.60	0.44	2.01	1.24	1.68		
	Cash flow adequacy ratio (%)	99.82	116.70	122.06	134.06	138.87		
	Cash flow reinvestment ratio (%)	4.35	(3.49)	6.18	3.72	5.45		
Special purpose ratios:	Ratio of total equity to total adjusted liabilities	981.51	898.49	503.77	467.43	515.05		
	Ratio of total equity to minimum paid-in capital	835.48	1118.73	1165.08	1214.23	1369.12		
	Adjusted net capital to required margins on futures traders' outstanding position	47.89	54.56	64.72	77.46	68.64		
Leverage	Operating leverage	(3.01)	0.41	0.73	1.64	0.44		
	Financial leverage	2.32	1.05	1.02	2.02	0.46		

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

1. The increase in return on assets in the current period was mainly due to the increase in the net income in the current period.
2. The increase in return on equity in the current period is mainly due to the increase in net income in the current period.
3. The increase in the ratio of pre-tax profits to paid-up capital in the current period was mainly due to the increase in non-operating income and expense in the current period.
4. The increase in net profit ratio for the current period was mainly due to the increase in net income for the current period.
5. The increase in earnings per share in the current period was mainly due to the increase in the net income in the current period.
6. The increase in the cash flow ratio in the current period was mainly due to the increase in the net cash flow from operating activities in the current period.
7. The increase in the cash reinvestment ratio in the current period was mainly due to the increase in the net cash inflow from operating activities in the current period.
8. The decrease in operating leverage in the current period is mainly due to the decrease in net operating income in the current period.
9. The decrease in financial leverage in the current period is mainly due to the decrease in operating profits in the current period.

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

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

Note 3: Earnings per share is calculated based on the weighted average number of ordinary shares outstanding. Retrospective calculations are made for any shares issued against capitalized earnings and reserves.

Note 4: Calculations for earnings per share must take into account the following:

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

Note 5: The cash flow analysis must take into account the following:

- ① Net cash flow from operating activities is taken from the net cash flow from operating activities presented in the cash flow statement.
- ② Capital expenditure refers to the amount of annual cash outflow for capital investments.
- ③ The gross amount of property, plant, and equipment is the total amount of property, plant, and equipment before deducting accumulated depreciation.

The formula of the various analyses are defined below:

1. Financial structure (%)
  - (1) The ratio of liabilities to assets = total liabilities / total assets
  - (2) Ratio of long-term capital to property, plant and equipment = (Total equities+noncurrent liabilities) / property, plant and equipment.
2. Solvency (%)
  - (1) Current ratio = current assets / current liabilities.
  - (2) Quick ratio = (current assets - inventories - prepaid expense) / current liabilities
  - (3) Interest coverage ratio = net profit before interest and tax / interest expenses for the current period.
3. Operating capabilities
  - (1) Accounts receivable turnover (including accounts receivable and notes receivable resulting from business operations) = Net sales / Average accounts receivable in various periods (including accounts receivable and notes receivable resulting from business operations)
  - (2) Average collection days = 365 / Accounts receivable turnover
  - (3) Inventory turnover = Cost of goods sold / average inventory amount.
  - (4) Accounts payable turnover (including accounts payable and notes payable resulting from business operations) = Cost of goods sold / Average accounts payable in various periods (including accounts payable and notes payable resulting from business operations)
  - (5) Average days in sales = 365 / Inventory turnover
  - (6) Property, plant and equipment turnover rate = Net sales / Net average property, plant and equipment
  - (7) Total assets turnover (times) = Net sales / Average total assets
4. Profitability
  - (1) Ratio or return on total assets = after tax net profit/ average total assets
  - (2) Return on shareholders' equity = after tax net profit/ total average equity.
  - (3) Profit ratio = after tax net profit/net sales
  - (4) Earnings per share = (profits or loss attributable to owners of the parent company - preferred stock dividend) / weighted average stock shares issued
5. Cash flow
  - (1) Cash flow ratio = net cash flow from operating activities / current liabilities.
  - (2) Cash flow adequacy ratio = net cash flow from operating activities within five years / (capital expenditure + inventory increase + cash dividend) within five years
  - (3) Cash re-investment ratio = (net cash flow from operating activity - cash dividend) / (gross property, plant, and equipment + long-term investment + other noncurrent assets + working capital)
6. Special purpose ratios:
  - (1) The ratio of total equity to adjusted total liabilities = Shareholders' equity / (Total liabilities - futures investors' equity).
  - (2) The ratio of total equity to minimum paid-in capital = Shareholders' equity / minimum paid-in capital.
  - (3) Ratio of the adjusted net capital amount to the total customer margin amount for the futures trader's un-offset position = Adjusted net capital / Total customer's margin amount for the futures trader's un-offset position
7. Leverage:
  - (1) Operating leverage = (Net operating income - variable operating costs and expenses) / operating profit.
  - (2) Financial leverage = Operating profit / (operating profit - interest expense)

Items of analysis		Year	Individual financial analysis within five years (Note 1)					Year-to-date January 31, 2024
		2019	2020	2021	2022	2023		
Financial structure (%)	Debt to assets ratio	87.89	87.61	87.09	88.29	86.81	(Note 2)	
	Ratio of long-term capital to property, plant and equipment	1534.18	1965.20	1989.19	2243.29	2278.21		
Solvency%	Current ratio	107.29	109.06	111.30	110.06	111.75		
	Quick ratio	107.28	109.06	111.29	110.04	111.74		
	Interest coverage ratio	0	0	0	0	0		
Operating capacity	Turnover of receivables (per time)	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable		
	Average collection days	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable		
	Inventory turnover (times)	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable		
	Accounts payable turnover ratio (times)	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable		
	Average days of sale	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable		
	Property, plant, and equipment turnover (times)	4.67	6.26	6.14	6.16	4.97		
	Total asset turnover ratio (times)	0.04	0.04	0.04	0.04	0.03		
Profitability	Return on assets (%)	1.56	1.27	0.90	1.11	1.68		
	Return on equity (%)	13.30	10.33	7.11	9.08	13.53		
	Percentage of net profit before tax to the paid-in capital (%)	60.70	45.71	36.17	49.03	78.86		
	Net profit margin (%)	41.47	28.75	22.74	29.20	54.90		
	Earnings per share (\$) (Notes 3 and 4)	4.89	4.23	2.97	3.95	6.39		
Cash flow (Note 5)	Cash flow ratio (%)	1.58	0.61	2.01	1.29	1.60		
	Cash flow adequacy ratio (%)	102.85	123.84	127.10	135.73	138.38		
	Cash flow reinvestment ratio (%)	4.00	(2.35)	5.82	3.85	4.75		
Special purpose ratios:	Ratio of total equity to total adjusted liabilities	1040.36	919.74	507.34	471.83	520.30		
	Ratio of total equity to minimum paid-in capital	835.48	1118.73	1165.08	1214.23	1369.12		
	Adjusted net capital to required margins on futures traders' outstanding position	47.89	54.56	64.72	77.46	68.64		
Leverage	Operating leverage	(3.21)	0.09	0.47	1.13	0.73		
	Financial leverage	1.76	1.04	1.02	1.72	0.41		



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

1. The increase in return on assets in the current period was mainly due to the increase in the net income in the current period.
2. The increase in return on equity in the current period is mainly due to the increase in net income in the current period.
3. The increase in the ratio of pre-tax profits to paid-up capital in the current period was mainly due to the increase in non-operating income and expense in the current period..
4. The increase in net profit ratio for the current period was mainly due to the increase in net income for the current period.
5. The increase in earnings per share in the current period was mainly due to the increase in the net income in the current period.
6. The increase in the cash flow ratio in the current period was mainly due to the increase in the net cash flow from operating activities in the current period.
7. The increase in the cash reinvestment ratio in the current period was mainly due to the increase in the net cash inflow from operating activities in the current period.
8. The decrease in operating leverage in the current period is mainly due to the decrease in net operating income in the current period.
9. The decrease in financial leverage in the current period is mainly due to the decrease in operating profits in the current period.

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

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

Note 3: Earnings per share is calculated based on the weighted average number of ordinary shares outstanding. Retrospective calculations are made for any shares issued against capitalized earnings and reserves.

Note 4: Calculations for earnings per share must take into account the following:

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

Note 5: The cash flow analysis must take into account the following:

- ① Net cash flow from operating activities is taken from the net cash flow from operating activities presented in the cash flow statement.
- ② Capital expenditure refers to the amount of annual cash outflow for capital investments.
- ③ The gross amount of property, plant, and equipment is the total amount of property, plant, and equipment before deducting accumulated depreciation.

The formula of the various analyses are defined below:

1. Financial structure (%)
  - (1) The ratio of liabilities to assets = total liabilities / total assets
  - (2) Ratio of long-term capital to property, plant and equipment = (Total equities+noncurrent liabilities) / property, plant and equipment.
2. Solvency (%)
  - (1) Current ratio = current assets / current liabilities.
  - (2) Quick ratio = (current assets - inventories - prepaid expense) / current liabilities
  - (3) Interest coverage ratio = net profit before interest and tax / interest expenses for the current period.
3. Operating capabilities
  - (1) Accounts receivable turnover (including accounts receivable and notes receivable resulting from business operations) = Net sales / Average accounts receivable in various periods (including accounts receivable and notes receivable resulting from business operations)
  - (2) Average collection days = 365 / Accounts receivable turnover
  - (3) Inventory turnover = Cost of goods sold / average inventory amount.
  - (4) Accounts payable turnover (including accounts payable and notes payable resulting from business operations) = Cost of goods sold / Average accounts payable in various periods (including accounts payable and notes payable resulting from business operations)
  - (5) Average days in sales = 365 / Inventory turnover
  - (6) Property, plant and equipment turnover rate = Net sales / Net average property, plant and equipment
  - (7) Total assets turnover (times) = Net sales / Average total assets
4. Profitability
  - (1) Ratio or return on total assets = after tax net profit/ average total assets
  - (2) Return on shareholders' equity = after tax net profit/ total average equity.
  - (3) Profit ratio = after tax net profit/net sales
  - (4) Earnings per share = (profits or loss attributable to owners of the parent company - preferred stock dividend) / weighted average stock shares issued
5. Cash flow
  - (1) Cash flow ratio = net cash flow from operating activities / current liabilities.
  - (2) Cash flow adequacy ratio = net cash flow from operating activities within five years / (capital expenditure + inventory increase + cash dividend) within five years
  - (3) Cash re-investment ratio = (net cash flow from operating activity - cash dividend) / (gross property, plant, and equipment + long-term investment + other noncurrent assets + working capital)
6. Special purpose ratios:
  - (1) The ratio of total equity to adjusted total liabilities = Shareholders' equity / (Total liabilities - futures investors' equity).
  - (2) The ratio of total equity to minimum paid-in capital = Shareholders' equity / minimum paid-in capital.
  - (3) Ratio of the adjusted net capital amount to the total customer margin amount for the futures trader's un-offset position = Adjusted net capital / Total customer's margin amount for the futures trader's un-offset position
7. Leverage:
  - (1) Operating leverage = (Net operating income - variable operating costs and expenses) / operating profit.
  - (2) Financial leverage = Operating profit / (operating profit - interest expense)

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

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

For the Company's 2023 consolidated and individual financial statements, business report and statement of retained earnings presented by the board of directors, in which, the financial statements were audited by CPA Chiao-Sen Lo and CPA Hsiu-Ling Li of PwC Taiwan with an adjusted unqualified opinion stated in the independent auditor's report.

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

To

The 2024 Annual General Meeting of Yuanta Futures Co., Ltd.

The Audit Committee of Yuanta Futures Co., Ltd.

Convener Yu-Chun Wu

February 27, 2024

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

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

### I. Financial status analysis

Unit: NTD thousand

Item \ Year	2023	2022	Difference	
			Amount	Variation (%)
Current assets	108,720,210	108,572,649	147,561	0.14
Property and equipment	712,032	653,265	58,767	9.00
Intangible assets	97,986	74,012	23,974	32.39
Other assets	3,107,218	3,055,469	51,749	1.69
Total assets	112,637,446	112,355,395	282,051	0.25
Current liabilities	96,494,441	97,786,346	(1,291,905)	(1.32)
Non-current liabilities	1,630,296	1,698,200	(67,904)	(4.00)
Total liabilities	98,124,737	99,484,546	(1,359,809)	(1.37)
Share capital	2,899,763	2,899,763	-	-
Capital reserve	3,070,484	3,070,484	-	-
Retained earnings	6,605,703	5,209,388	1,396,315	26.80
Other equity	1,936,759	1,691,214	245,545	14.52
Total shareholders' equity	14,512,709	12,870,849	1,641,860	12.76

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

Intangible assets: mainly due to the increase in computer software in the current period.

Retained earnings: Mainly due to the increase in net income for the current period.

## II. Financial Performance Analysis

Unit: NTD thousand

Item \ Year	2023	2022	Increase (decrease)	Variation (%)
Operating revenues	3,436,053	3,999,798	(563,745)	(14.09)
Operating gross profit	1,286,046	1,764,135	(478,089)	(27.10)
Operating gains and losses	(398,164)	247,804	(645,968)	(260.68)
Non-operating revenues and expenses	2,684,904	1,174,661	1,510,243	128.57
Earnings before tax	2,286,740	1,422,465	864,275	60.76
Income tax expense	434,021	277,117	156,904	56.62
Current period net profit	1,852,719	1,145,348	707,371	61.76
Other comprehensive income (post-tax profit or loss)	514,082	42,548	471,534	1108.24
Total comprehensive income for the period	2,366,801	1,187,896	1,178,905	99.24

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

Operating gross profit: The brokerage service fee decreased compared to the last period.

Operating profit or loss: mainly due to the decrease in brokerage service fee and increase in finance costs compared to the last period.

Non-operating income and expense: mainly due to the increase in interest income and dividend income compared to the last period.

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

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

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

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

Total comprehensive income for the period: It is mainly due to the increase in realized and unrealized valuation gains of equity instrument investments measured at fair value through other comprehensive profit or loss in the current period compared with the previous period.

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

(1) The Company will spare no effort in developing several kinds of new business depending on the volatility of the futures business at home and abroad in the future, and provide foreign investors, institutions and individuals the most secure investment environment.

(2) The Company set its sale objective on the basis of operation performance in the past, and will increase the shares in the futures market and the profitability of the Company depending on the needs in the market.

- (3) Further development of market depending on the outlook of the futures market and operation performance, and prepare for further growth in operation in the future through cautious assessment of capital need.

### III. Cash flow analysis

#### (I) Changes in cash flow for the current year (2023)

Unit: NTD thousand

Opening cash balance (1)	Net cash flow from operating/investing activities for the year (2)	Cash outflow for the year (3)	Cash surplus (deficit) (1) + (2) - (3)	Financing of cash deficits	
				Investment plans	Financing plans
9,709,678	2,334,607	781,994	11,262,291	-	-

#### Cash flow changes for the current year

Item	Increase (decrease) in net cash flow	Description
Operating activities	\$ 1,616,289	Due to brokerage business and proprietary trade strategies.
Investing activities	718,318	It is mainly due to the increase in the disposal of financial assets measured at fair value through other comprehensive profit or loss.
finance activities	(776,735)	Caused by the distribution of cash dividends
Foreign exchange impact amount	(5,259)	
Total	\$ 1,552,613	

#### (II) Plans to improve liquidity

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

Unit: NTD thousand

Item	Year	2023	2022	Variation (%)
	Cash flow ratio (%)		1.68	1.24
Cash flow adequacy ratio (%)		138.87	134.06	4.81
Cash flow reinvestment ratio (%)		5.45	3.72	1.73
Explanation to major variations: none.				

**(III) Liquidity analysis for the next year (2024)**

Unit: NTD thousand

Opening cash balance	Expected net cash flow from operating activities for the year	Expected cash outflow for the year	Expected cash surplus (deficit) (1)+(2)-(3)	Financing of expected cash deficits	
				Investment plans	Financing plans
11,262,291	1,187,265	(5,885)	12,455,441	-	-
Responsive measures and liquidity analysis on cash flow deficits: not applicable.					

**IV. The major assets acquisition or disposition in the last five years****(1) Material acquisition of assets**

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

**(II) Material disposal of assets: None****V. Material capital expenditures in the latest year and impacts on business performance:**

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

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

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

The Company's investments were planned and executed according to its internal controls. Regarding the management policies for the invested enterprises, the company collects and analyzes the financial statements of the invested enterprises regularly in order to understand the operating status of the invested enterprises and to facilitate the company's managing of the invested enterprises. In addition, the company has formulated the "Regulations Governing the Investment Businesses" and other relevant regulations for compliance.



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

Unit: NTD thousand

Name of investee	Main business activities	Sum of initial investment	Investment gains/loss recognized in the latest year	Main causes of profit or loss	Corrective plans
Yuanta Futures (HK) Co., Limited	Class 1: Securities trade Class 2: business dealing in futures contracts Class 4: Consultation in securities Class 5: giving advices on futures contracts Category 9: Asset Management	1,033,971	68,552	In addition to operating income, benefiting from global interest rate increase policies, interest income increased, thus the annual income increased.	<ol style="list-style-type: none"> <li>1. Establish a Prime Brokerage (PB) business.</li> <li>2. Development of new markets and new products.</li> <li>3. Strive for offshore futures business in the Southeast Asian market.</li> <li>4. Expanding and grouping business teams.</li> <li>5. Enhance advantages and create service differences.</li> </ol>
SYF Information Co., Ltd.	IT software and information processing service providers	350,000	2,181	Benefiting from global interest rate increases, resulting in increase in interest income.	Continue to enhance cost control and reduce expenses.

Note: The dissolution and liquidation process of SYF Information (Shanghai) Co., Ltd. was completed on January 30, 2024.

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

## VII. Risk disclosure:

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

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

(1) The company engages in futures services. It derives income mainly from domestic investors, and most of which are denominated in the local currency. The commission revenues denominated in foreign currencies are collected from the customers' margin account on a regular basis (not more than one month) in accordance with the Customers' Margin Policy. The handling fees in the special margin account are transferred out to the futures merchant's proprietary capital account for exchange, and the company recognizes it as income at least once a month. The company suffered a net exchange loss of NT\$15,310 thousand in 2023 from the denomination of USD and other foreign currencies, which accounted for (0.45%) and (0.67%) of consolidated income and consolidated net income before tax, respectively. Therefore, the impact of the exchange rate changes on income and profit and loss is insignificant.

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

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

(1) The Company engages in futures services and generates stable cash streams by offering customers a globalized trading platform, and therefore The Company has no external borrowings. In addition, futures are traded with deposit in advance, and futures traders are required to deposit sufficient margin before trading futures or option contracts, resulting in the company having to pay interest on the customer margin account. The customer margin account was decreased from NT\$97,049,812 thousand in 2022 to NT\$95,469,319 thousand in 2023; net interest income increased from \$801,435 thousand in 2022 to \$1,877,289 thousand in 2023, representing a change of \$1,075,854 thousand; the change ratio was 134.24%; the change in interest rate affected both income and profit and loss.

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

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

Inflation triggers changes in interest rates, exchange rates, unemployment rates and other economic uncertainties, and is therefore considered a material factor to the overall economy and financial activities. It is a common consensus around the world that central banks should primarily aim to stabilize commodity prices,

because price stability is the only foundation on which an economy is able to achieve balanced and perpetual growth. According to the statistics of the Directorate-General of Budget, Accounting and Statistics, Executive Yuan, the domestic consumer price index growth rates in 2019, 2020, 2021, 2022, and 2023 were 0.56%, -0.23%, 1.96%, 2.95%, and 2.50%, respectively. Due to the impact of international raw materials and crude oil prices, and the appreciation and depreciation of the New Taiwan dollar resulting in the import and export price index falling and rising, the wholesale price index growth rates in 2019, 2020, 2021, and 2022 were -2.26%, -7.80%, 9.42%, and 12.43%, respectively; also, the price index of domestic and imported goods in 2023 (covering the same range as wholesale price index) was -1.98%.

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

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

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

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

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

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

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

**1. Future R&D**

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

forward-looking analysis, etc., so as to have futures services extended to industry and corporate physical economy services.

In order to provide a stable and excellent trading environment, the company after completing the upgrade of the core accounting system and hardware equipment in 2021 will enhance more application services and upgrade the system loading capacity; also, the information department and the digital finance department will jointly research and develop innovative transactions system functions, optimize the electronic trading platform, and provide customers with more convenient and fast ordering functions. Simultaneously and comprehensively enhance the Company's information security and personal information protection mechanism to protect customers' trading rights and interests.

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

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

Follow the "fast market, fast trading" policy. At the same time, maintain a smooth operation on a busy trading day when the market fluctuates violently. Yuanta Futures optimizes and upgrades the domestic and foreign core accounting systems comprehensively. After completing the replacement of the domestic futures core accounting back-end system in 2021, the replacement of the foreign futures core accounting back-end system will be carried out in 2024 in order to enhance more application services, and complete the construction of various front-end trading systems and back-end accounting systems in conjunction with the launch of new products and new systems on the Taiwan Futures Exchange for providing a stable and excellent trading environment.

(2) In supporting the TAIEX 2024 Information Project

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

(3) A new-generation electronic intelligent trading platform continuous optimization project

Yuanta Futures' new intelligent trading platform – iTRADER has been well received since its launch, which has impressed all traders in all fields with the three major advantages: freedom, intelligence, and high speed. The company intends to continuously improve all functions in the future, including transaction mandate functions, technical analysis indicators, user experience, system efficiency and stability. All functions will be developed and enhanced further, and the special functions of other existing electronic platforms will be integrated. Provide customers with free combinations and a comprehensive trading platform for the satisfaction of all traders.

(4) Off-site backup computer room construction plan

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

(5) Construction of big data center and EIS situation room system

Yuanta Futures bases on the Big Data Center constructed to integrate the customer relationship management platform (CRM), to compile and analyze various real-time data, and to proactively provide managers and salespersons with the customer list to achieve instant notification and risk control effects. In addition, the company will have an EIS situation room management platform constructed through data visualization in the future to convey information clearly and effectively. The platform will also visually convey quantitative information with tools such as statistical graphics, charts, and interactive charts. Help users make complex data and content easier to understand and use.

(6) Marketing business solicitation review automation

Substantiate the inspection operation of solicitation in line with the financial inspection and verification. The manual work of planning future audit operation will be automated through RPA to effectively improve work efficiency and reduce time costs; also, enhance the security of data storage and the immediacy of access.

(7) Diversification of account opening channels and process optimization

Develop and expand the FIDO identity verification mechanism from the authentication of the subsidiaries of Yuanta Financial Holdings to inter-bank identity authentication. Customers may use chip financial cards of other banks to complete identity verification through the FIDO mechanism in the future. In addition, card reading will be upgraded from a plug-in card type to a card sensing mechanism to improve the convenience of service.

Improve the diversity of account opening services, including securities account opening with four accounts (securities, financial management, secondary mandate, and futures accounts), and two-in-one account opening services (futures accounts plus securities account), so that customers from all channels can experience one-stop account-opening services.

Plan a tablet account opening project to provide counter and external use in order to reduce the use of paper for counter account opening and related service applications. Colleagues when performing cross-office account opening operations need not worry about whether various application forms are sufficient. This also helps improve the environmental sustainability of energy saving and carbon reduction.

(8) Customer management digital platform project

The “Customer Management Digital Platform” is established to reinforce the integration of digital marketing, social media platforms and media courses, and business elite areas. Integrate the marketing promotion homepage to provide editorial management and event disclosure. Social media platforms

2. Estimated R&D expenses

An amount of NT\$17,000 thousand that is equivalent to a certain percentage of the annual turnover will be invested in 2024 to pay for the research expenses in order to respond to customer demand, to show the importance of Research Department to the Company, and to satisfy the needs of business department. Including acquisition of IT equipment, employee job rotation and training, purchase and maintenance of database. The Research Department continues to refine research reports, enhance the diversity, immediacy, and depth of research reports, and actively promote financial innovation and digital platforms in order to improve customer service. The Research Department strives to have futures and industrial

trends integrated for the service of corporate customers, as well as customized industry and corporate project briefings, provided strategic hedging and forward-looking analysis, etc., so as to have futures services extended to industry and corporate physical economy services.

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

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

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

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

1. Construction of the Information Security and Event Management (SIEM) platform: Construct the SIEM active analysis management system that can collect information equipment logs comprehensively. The effort of setting alarm indicators and applying the system data correlation analysis capabilities can greatly help shorten manual work and reduce event misjudgments, and achieve rapid detection and response to new types of attacks and threats.
2. Introduce an endpoint security protection system: In order to detect malicious programs in time and automatically defend attacks, an "Endpoint Detection and Response" (EDR) system will be constructed to analyze users' behavior through the monitoring software installed on each terminal computer in order to prevent the risks of malicious programs or latent attacks by hackers induced by Internet access in order to improve the security protection capabilities of endpoints.
3. Construction of the host security protection system: In order to enhance the anti-virus protection mechanism of non-Windows operating systems and arrange compensatory measures when the system and application system fail to correct vulnerabilities in time, it is important to enhance the host's ability to defend against exploiting attacks through virtual patch protection technology.
4. Introduce a risk-based vulnerability management system: In order to quickly grasp vulnerability and ensure that the processing personnel will be informed automatically of the new vulnerability discovered by scanning, a vulnerability repair management system is introduced to manage vulnerability and to notify the asset management personnel automatically and correspondingly, grasp the timing of

vulnerability repairs, and utilize automated process and screen important vulnerability for repair to reduce the chance of system vulnerability being exploited by hackers and cause information security threats.

5. Conduct information security check and risk evaluation: In accordance with the securities and futures dealer information security protection standards and self-discipline standards announced by the Chinese National Futures Association, various information security check operations are executed. They include information security diagnosis and compliance review, which are intended to find weaknesses and information security threats, thereby achieving the purpose of strengthening the organization's internal information security structure.

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

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

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

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

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

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

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

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

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

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

**(XII) Litigation and non-contentious cases:**

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

Facts	Target Amount (NT\$)	Commencement date of litigation	Main parties involved in the litigation	Status up to the publish date of annual report	Remarks
Client Ma claimed that the Company employed a sale person with negative qualification (former employee Hsu). Hsu used exaggerated promotional materials and cheated Ma such that the transaction was conducted by computer program. But the truth is that Hsu conducted futures trade on behalf of Ma, to the extent that damage was caused. As such, Ma instated a civil lawsuit on charge of tort and demanded the Company and former employee Hsu to assume joint and several liabilities.	(First trial) Calculate the interest of NT\$290,230 and US\$196,124.5 at 5% per annum. (Additional claim added in the second instance) USD 36,651.	March 12, 2022	Defendant: The Company (previously known as MF Global Futures) and former employee, Hsu, were co-defendants;  Complainant Client Ma	<ol style="list-style-type: none"> <li>On October 31, 2014, Taiwan Taipei District Court ruled to dismiss the lawsuit that was filed by the plaintiff. The Company had won the lawsuit.</li> <li>The customer objected to the ruling with an appeal filed. Taiwan High Court had a ruling delivered in March 29, 2016 after the trial and it was ruled in favor of the Company.</li> <li>The customer disagreed with the third instance of the appeal, and the Supreme Court ordered the Taiwan High Court to retrial the case.</li> <li>Taiwan High Court had ruled on November 22, 2019 in the remanding 1<sup>st</sup> instance of the court to have Mr. Hsu, the former employee of the company, and the company jointly compensated the client for 30% of the losses, which was a partially favorable and partially unfavorable ruling to the company. Therefore, the company appealed against the unfavorable ruling.</li> <li>The case was remanded to the High Court for retrial by the Supreme Court on June 17, 2021.</li> <li>Taiwan High Court further ruled on November 15, 2022 in the remanding 2<sup>nd</sup> instance of the court for the company. The client filed an appeal.</li> <li>The case was remanded to the High Court for retrial by the Supreme Court on April 26, 2023.</li> </ol>	The case has no significant impacts to The Company's operation or shareholders' equity.
(Former) Employee Hong applied for retirement and claimed that the	(First trial) Requested a salary and bonus for an amount of	June 6, 2015	Defendant: The Company.  Complainant Former	<ol style="list-style-type: none"> <li>On January 19, 2016, Taiwan Taipei District Court ruled recently that the Company should pay NT\$813,730 to Hong and</li> </ol>	The case has no significant impacts to The



Facts	Target Amount (NT\$)	Commencement date of litigation	Main parties involved in the litigation	Status up to the publish date of annual report	Remarks
notice of the discontinued company, Polaris Securities, had caused the loss of salary, bonus, and special retention to him; therefore, a civil suit was filed.	<p>NT\$19,080 and special retention amount of NT\$6,197,520 and statutory interest. (Second trial)</p> <p>(1) The Company appealed for an amount of NT\$813,730 and statutory interest.</p> <p>(2) Hong appealed for an amount of NT\$5,402,900, then reduced to NT\$4,775,246 and statutory interest. (Modified First trial)</p> <p>Further to the part under the original ruling, Hung claimed the sum of NT\$4,772,290 and mandatory interest from the Company.</p>		employee Hung	<p>the interest at 5% per annum for the period from June 16, 2015 to the liquidation date.</p> <p>2. Both the Company and Hung had appealed to Taiwan High Court.</p> <p>3. A ruling was delivered by Taiwan High Court on December 27, 2016 with the original judgment regarding the Company's paying principal and interest for an amount of NT\$2664 and the Company's bearing the litigation expense revoked. Regarding the aforementioned revocation, the plea of Hung in the first trial was dismissed. Hung's appeal and the Company's appeals were both dismissed. The Company had paid NT\$2,664 for the principal and interest according to the ruling delivered by the court; therefore, an appeal to the Supreme Court was prohibited.</p> <p>4. Client Hung disagreed with the ruling and appealed for a 3<sup>rd</sup> trial. The ruling of overruling the appeal of Hung and the request for payment of NT\$797,606 in principal and interest being annulled was returned to the High Court of Taiwan in the ruling of March 13, 2019. Other appeals were overruled. (the original ruling of the 2<sup>nd</sup> trial to effect payment of NT\$2,664 as salaries and bonus is final).</p> <p>5. In the Taiwan High Court's first instance verdict on December 1, 2020, the original verdict was discarded (except the principal and interest of finalized salaries and bonuses paid in the amount of NT\$2,664); regarding the principal and interest in the amount</p>	Company's operation or shareholders' equity.

Facts	Target Amount (NT\$)	Commencement date of litigation	Main parties involved in the litigation	Status up to the publish date of annual report	Remarks
				<p>of NT\$797,606 the company was ordered to pay, Hung's first instance lawsuit regarding the above discarded part was dismissed.</p> <p>6. The customer disagreed with the third instance of the appeal, and the Supreme Court ordered the Taiwan High Court to retrial the case on June 4, 2021.</p> <p>7. Taiwan High Court had the original ruling (except for the confirmed payment of NT\$2,664) overruled on June 7, 2022 in the remanding 2<sup>nd</sup> instance of the court, including aborting the principal and interest for an amount of NT\$161,064, as well as the judgment of litigation fees (except for the confirmed and reduced amount). The client did not appeal and the case was closed.</p>	
Customer Li and order representative Kuo's futures accounts incurred losses reaching NT\$42,435,140 (negative value) on February 6, 2018. The company declared a breach of contract on file, and the said amount was not paid. A civil lawsuit was therefore filed.	1 <sup>st</sup> instance: NT\$42,435,140	July 13, 2018	Complainant The Company.  Defendant: Li and Kuo.	<ol style="list-style-type: none"> <li>1. False seizure ruling and enforcement on file.</li> <li>2. The Taiwan Ciaotou District Court ruled that the company won all the cases in the first instance on July 31, 2020.</li> <li>3. The settlement of the case was reached during the second-instance lawsuit at the Kaohsiung Branch of the Taiwan High Court on June 19, 2023; therefore, the case was closed.</li> </ol>	The case has no significant impacts to The Company's operation or shareholders' equity.
Customer Tseng's foreign futures account shows traded mini crude oil commodity incurred excessive losses on April 20, 2020 (Taiwan time: April 21, 2020). Yuanta Futures declared	1 <sup>st</sup> instance: NT\$15,619,670	July 13, 2020	Plaintiff: Yuanta Futures Co., Ltd. Defendant: Customer Tseng	<ol style="list-style-type: none"> <li>1. A ruling was rendered by Taiwan Tainan District Court on January 11, 2022 to order the defendant to pay the plaintiff for an amount of NT\$7,809,835 and interest incurred at 10% per annum from May 5, 2020 to the repayment date.</li> <li>2. Both the company and employee Zeng appealed to the second instance for</li> </ol>	The case has no significant impacts to The Company's operation or shareholders' equity.

Facts	Target Amount (NT\$)	Commencement date of litigation	Main parties involved in the litigation	Status up to the publish date of annual report	Remarks
a breach of contract. The losses were not paid, so a civil lawsuit was filed.				the claim with unfavorable ruling to them, respectively. The settlement of the case was reached during the second-instance lawsuit at the Tainan Branch of Taiwan High Court on December 6, 2022; therefore, the case was closed.	
Seven clients of Yuanta Futures, including Mr. Li, engaged in leveraged trade claimed losses and filed a civil lawsuit on the ground that Yuanta Futures increased bond amount and banned the trade of South African currency instruments.	1 <sup>st</sup> instance: NT\$36,843,042	March 31, 2022	Plaintiff: Seven clients including Mr. Li Defendant: Yuanta Futures	1. Taiwan Taipei District Court ruled in the company's favor in the first instance on September 8, 2023. 2. The client appealed to the second instance of the court.	The case has no significant impacts to The Company's operation or shareholders' equity.

2. Material litigations, non-litigious or administrative disputes (whether concluded or pending for judgment) involving the The Company or its Directors, President, representative, major shareholders with more than 10% shareholding, or affiliates in the last year up till the publishing date of this annual report, which may significantly affect shareholders' equity or securities prices: none.

**(XIII) Other significant risks and responsive measures:**

The Company's risk management structure:

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

1. First Layer: Each business unit is the department for the daily operation and management, and is the unit and personnel for risk identification, self-evaluation and execution and implementation of controls.
2. Second layer: the senior managements, Risk Management, and Compliance are responsible for monitoring and managing risks based on The Company's risk appetite, and implementing responsive measures.
3. Third layer: the Board of Directors, Audit Committee, and Auditing Department are the third line of defense for Risk Management. The Auditing Department adopts a risk-oriented auditing approach. The Board of Directors and the Audit Committee, in addition to setting annual risk tolerance, have the risk of the overall business and management assessed comprehensively to ensure that the risks of the Company are within the effective control.

#### **(XIV) Contingency Plan Mechanism:**

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

##### **(I) Handling of material incidents**

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

##### **(II) Emergency incident filing**

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

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

## **Eight. Special remarks**

### **I. Affiliated companies**

Please see pages 250-255 of this annual report

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

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

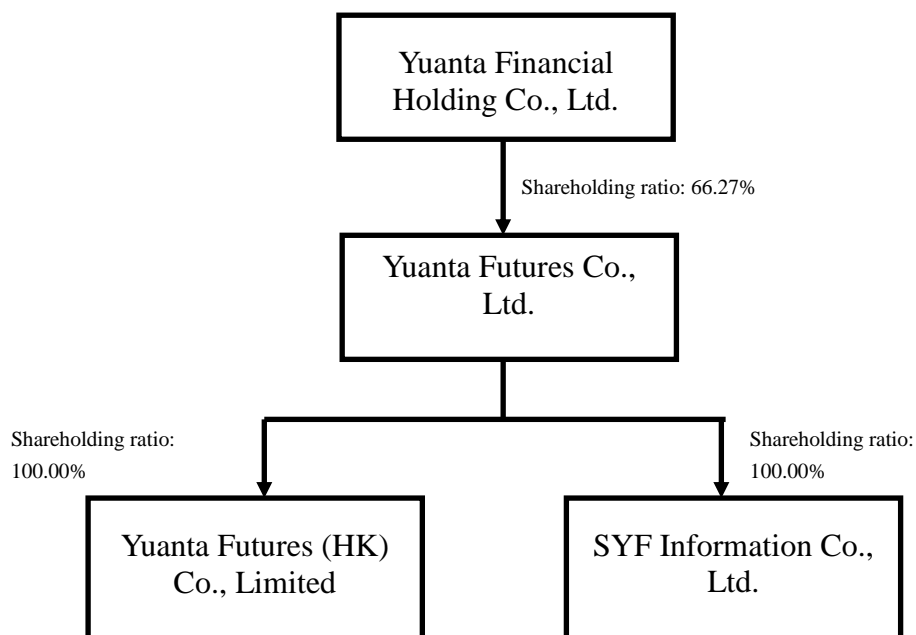
### **IV. Other necessary information:** The items undertaken by the company at the time of going OTC has always been declared to the GRSM quarterly as required, and there is no uncompleted undertakings for OTC yet.

### **V. Occurrences of events defined under Article 36-2-2 of the Securities and Exchange Act in the latest year up till the publishing date of this annual report that significantly impacted shareholders' equity or security prices: None.**

(I) Affiliates consolidated business report

1. Organization Chart of Affiliates and equity structure

## Reinvestment organization chart and related enterprises of Yuanta Futures



Note 1: Yuanta (Singapore) was invested and established by Yuanta Futures on November 23, 2022 with the scope of business yet to be approved by the Singapore authorities.

Note 2: The dissolution and liquidation process of SYF Information (Shanghai) Co., Ltd. was completed on January 30, 2024.

## 2. Basic information of affiliated enterprises

In NTD thousand, USD thousand, RMB  
thousand

Date of information: January 31, 2024

Name of enterprise	Date of foundation	Address	Paid-up Capital	Main business activities or products
Yuanta Futures (HK) Co., Limited	2010.12.02	23F., Tower 1, Admiralty Centre, 18 Harcourt Road, Hong Kong	US\$ 34,000	Class 1: Securities trade Class 2: business dealing in futures contracts Class 4: Consultation in securities Class 5: giving advices on futures contracts Class 9: Asset Management
SYF Information Co., Ltd.	2012.11.09	2F., No. 895, Sec. 4, Bade Rd., Nangang Dist., Taipei City	NT\$350,000	Information management, information software services, information software wholesale and retail

Note 1: Yuanta (Singapore) was invested and established by Yuanta Futures on November 23, 2022 with the scope of business yet to be approved by the Singapore authorities.

Note 2: The dissolution and liquidation process of SYF Information (Shanghai) Co., Ltd. was completed on January 30, 2024.

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

Date of information: January 31, 2024

Name of enterprise	Title	Name or the representative person	Shares held		Remarks (Personal shareholding of the representative person)	
			Shares (Thousand Shares)	Shareholding percentage	Shares (Thousand Shares)	Shareholding percentage
Yuanta Futures (HK) Co., Limited (Note 1)	Director Director Director President COO	Chun-Hsing Jen Chun-Hao Chang Ching-Yi Chang Chun-Hsing Jen Fu-Chi Hsieh	34,000 (Note 1)	100% (Note 1)	-	-
SYF Information Co., Ltd.	Chairman Director Director Supervisor:	Yuanta Futures Co., Ltd. Representative: Ching-Jen Chen Ching-Yi Chang Hsin-Hsien Li Chien-Wan Lai	35,000	100%		

Note 1: All shares of that company are solely held by its sole shareholder, i.e., Yuanta Futures Co., Ltd.

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

Note 3: SYF Information (Shanghai) Co., Ltd. completed its dissolution and liquidation on January 30, 2024.

#### 4. Business Performance of Affiliated Enterprises

Unit: NTD thousand  
Date of information: January 31, 2024

Name of enterprise	Share capital	Total assets	Total liabilities	Net value	Operating revenues	Operating profit	Current period profit (after tax)	Earnings per share (\$) (After tax)
Yuanta Futures (HK) Co., Limited	1,044,861	4,440,717	3,446,247	994,470	84,141	(76,777)	68,552	2.02
SYF Information Co., Ltd.	350,000	294,113	775	293,338	--	(344)	2,181	0.06

Note 1: Yuanta (Singapore) was invested and established by Yuanta Futures on November 23, 2022 with the scope of business yet to be approved by the Singapore authorities.

Note 2: The dissolution and liquidation process of SYF Information (Shanghai) Co., Ltd. was completed on January 30, 2024.

**(II) The affiliate's consolidated financial statements: Please refer to attachment of this annual report.**



### (III) Affiliation Report

#### I. Relationship between the controlling and the controlled company

Unit: shares; %

The Name of Controlling Company	Means of Control	Shares Held and Pledged by the Controlling Company			Directors, Supervisors or Managers Appointed by the Controlling Company	
		Number of shares held	Shareholding percentage	Shares Pledged	Title	Name
Yuanta Financial Holding Co., Ltd.	Exercises significant influence	192,167,005	66.27	-	Chairman Vice Chairman Director co-headed President Director Director Director	Tien-Fu Lin Pin-Cheng Chen Kuo-Tsun Hsu Wen-Ching Chiu Mei-Ling Kuo Wei-Chen Chang

Note: The cut-off date for the above information was scheduled on December 31, 2023. As of December 31, 2023, the Company had 289,976,288 shares in circulation.

#### II. Transactions with the above parties:

1. Trading of purchase and sale: none.
2. Trading of property: none.
3. Financing: none.
4. Asset lease: none.
5. Disclosure of major transactions:

A. As of December 31, 2023, the Company shared the expenses incurred from other business and management of Yuanta Financial Holding. Other related payables amounted to NT\$4 thousand.

#### III. Guarantees and endorsements: none.

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

## Declaration

The Company's 2023 Affiliation Report (for the period from January 1 to December 31, 2023) has been prepared in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises". No material discrepancies were found between the information disclosed in the above report and the notes to financial statements for the corresponding period.

Declared by:

Company name: Yuanta Futures Co., Ltd.

Chairman: Tien-Fu Lin

February 27, 2024

Auditor's opinion on relationship report

(113) zi-kuai-zhong-23008563

Recipient: Yuanta Futures Co., Ltd.

The Company hereby declares that the 2023 Relationship Report was prepared in accordance with the "Regulations Governing the Preparation of Affiliate's Consolidated Business Reports, Affiliate's Consolidated Financial Reports, and Relationship Reports;" also, the information disclosed in the Business Report was not significantly different from the information disclosed in the Notes to the financial reports referred to above.

We have compared the business report that was prepared in accordance with the "Regulations Governing the Preparation of Affiliate's Consolidated Business Reports, Affiliate's Consolidated Financial Reports, and Relationship Reports" and the information disclosed in the Notes to the 2023 financial reports without any significant nonconformity found.

PwC Taiwan

Chiao-Sen Lo

CPA

Hsiu-Ling Li

To Financial Supervisory Commission

Approval Document No.: Jin-Guan-Zheng-Shen-Zi  
No. 1070323061

Former Securities and Futures Bureau, Financial  
Supervisory Commission, Executive Yuan

Approval Document No.: Jin-Guan-Zheng-6-Zi  
No. 0960038033

February 27, 2024

# **Attachment**

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

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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

PWCR23000333

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

### ***Opinion***

We have audited the accompanying consolidated balance sheets of Yuanta Futures Co., Ltd. and its subsidiaries (the "Group") as at December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, Regulation Governing the Preparation of Financial Reports by Securities Firms and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

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

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

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

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

Key audit matters for the Group's consolidated financial statements of the current period are stated as follows:

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

#### Description

For the accounting policy of the unlisted stocks (accounted under financial assets at fair value through other comprehensive income), please refer to Note 4(8); for critical accounting estimates and assumption uncertainty of the fair value of unlisted stocks, please refer to Note 5; for the details on unlisted stocks, please refer to Note 6(5). The carrying amount of the financial assets at fair value through other comprehensive income – unlisted stocks as at December 31, 2023 was NTD 2,146,883 thousand.

Because there are no active market quoted prices for the financial assets at fair value through other comprehensive income - unlisted stocks held by Yuanta Futures Co., Ltd., the management uses valuation techniques to estimate the fair value. The valuation technique used by Yuanta Futures Co., Ltd. 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, 2023.

#### How our audit addressed the matter

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

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

### ***Other matter – Parent company only financial statements***

We have audited and expressed an unmodified opinion on the parent company only financial statements of Yuanta Futures Co., Ltd. as at and for the years ended December 31, 2023 and 2022.

## ***Responsibilities of management and those charged with governance for the consolidated financial statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, Regulation Governing the Preparation of Financial Reports by Securities Firms and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

## ***Auditors' responsibilities for the audit of the consolidated financial statements***

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material



misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

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

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Lo, Chiao-Sen

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Lee, Hsiu-Ling

For and on behalf of PricewaterhouseCoopers, Taiwan

April 30, 2024

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

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

ASSETS	Notes	December 31, 2023		December 31, 2022		
		AMOUNT	%	AMOUNT	%	
<b>Current assets</b>						
111100	Cash and cash equivalents	6(1) and 7	\$ 11,262,291	10	\$ 9,709,678	9
112000	Financial assets at fair value through profit or loss - current	6(2), 7 and 11	686,305	1	320,880	-
113200	Financial assets at fair value through other comprehensive income - current	6(5)	152,712	-	677,015	1
114070	Customer margin deposits	6(3) and 7	95,469,319	85	97,049,812	86
114100	Security lending deposits	7	-	-	20,094	-
114130	Accounts receivable		251,176	-	20,105	-
114140	Accounts receivable - related parties	7	1,648	-	979	-
114150	Prepayments	7	13,497	-	16,564	-
114170	Other receivables		186,587	-	85,998	-
114180	Other receivables - related parties	7	122,815	-	135,372	-
114300	Leverage margin contract trading client margin deposits	7	573,860	1	536,152	1
110000	<b>Subtotal current assets</b>		<u>108,720,210</u>	<u>97</u>	<u>108,572,649</u>	<u>97</u>
<b>Non-current assets</b>						
123200	Financial assets at fair value through other comprehensive income - non-current	6(5)	2,276,213	2	2,155,716	2
123300	Financial assets at amortised cost - non-current	6(6) and 7	57,095	-	-	-
125000	Property and equipment	6(9)	712,032	1	653,265	1
125800	Right-of-use assets	6(10)	79,576	-	128,033	-
127000	Intangible assets	6(11)	97,986	-	74,012	-
128000	Deferred income tax assets		23,772	-	27,643	-
129010	Operating guarantee deposits	6(7) and 7	161,447	-	145,907	-
129020	Clearing and settlement funds	6(8)	446,100	-	453,658	-
129030	Refundable deposits	7	21,521	-	36,798	-
129130	Prepayment for equipment		13,266	-	89,591	-
129990	Other non-current assets - other		28,228	-	18,123	-
120000	<b>Subtotal non-current assets</b>		<u>3,917,236</u>	<u>3</u>	<u>3,782,746</u>	<u>3</u>
906001	<b>Total assets</b>		<u>\$ 112,637,446</u>	<u>100</u>	<u>\$ 112,355,395</u>	<u>100</u>

(Continued)

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

LIABILITIES AND EQUITY		Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
<b>Current liabilities</b>						
212000	Financial liabilities at fair value	6(2) and 11				
	through profit or loss - current		\$ 8,422	-	\$ 26,458	-
214080	Futures traders' equity	6(3) and 7	95,307,015	85	96,731,027	86
214100	Leverage margin contract transaction					
	traders' equity		372,254	-	371,174	1
214130	Accounts payable		117,574	-	138,338	-
214140	Accounts payable - related parties	7	17,456	-	22,020	-
214160	Collection for third parties		9,445	-	8,442	-
214170	Other payables	6(12)	469,351	1	332,488	-
214180	Other payables - related parties	6(12) and 7	4	-	408	-
214600	Current income tax liabilities		137,762	-	97,830	-
216000	Lease liabilities - current	7	48,831	-	51,705	-
219000	Other current liabilities	6(13)	6,327	-	6,456	-
210000	<b>Subtotal current liabilities</b>		<u>96,494,441</u>	<u>86</u>	<u>97,786,346</u>	<u>87</u>
<b>Non-current liabilities</b>						
221100	Bonds payable	6(14)	1,498,157	1	1,497,779	2
226000	Lease liabilities - non-current	7	37,915	-	86,754	-
228000	Deferred income tax liabilities		39,927	-	42,254	-
229000	Other non-current liabilities		54,297	-	71,413	-
220000	<b>Subtotal non-current liabilities</b>		<u>1,630,296</u>	<u>1</u>	<u>1,698,200</u>	<u>2</u>
906003	<b>Total liabilities</b>		<u>98,124,737</u>	<u>87</u>	<u>99,484,546</u>	<u>89</u>
Equity attributable to owners of the parent company						
Capital						
301010	Common stock	6(16)	2,899,763	2	2,899,763	3
Additional paid-in capital						
302000	Capital surplus	6(17)	3,070,484	3	3,070,484	3
Retained earnings						
304010	Legal reserve	6(19)	1,340,216	1	1,228,957	1
304020	Special reserve	6(18)(19)	2,923,533	3	2,701,014	2
304040	Undistributed earnings	6(19)	2,341,954	2	1,279,417	1
Other equity						
305000	Other equity interest	6(20)	1,936,759	2	1,691,214	1
906004	<b>Total equity</b>		<u>14,512,709</u>	<u>13</u>	<u>12,870,849</u>	<u>11</u>
906002	<b>Total liabilities and equity</b>		<u>\$ 112,637,446</u>	<u>100</u>	<u>\$ 112,355,395</u>	<u>100</u>

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

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

Items	Notes	Year ended December 31				
		2023		2022		
		AMOUNT	%	AMOUNT	%	
<b>Revenues</b>						
401000	Brokerage	6(21) and 7	\$ 3,200,814	93	\$ 3,859,473	97
410000	Gains (losses) on trading of securities	6(2)(22)	( 50,775)	( 1)	( 88,117)	( 2)
421300	Dividend income	6(2)	321,081	9	79,463	2
421500	Gains (losses) on valuation of trading securities	6(2)	13,211	-	( 6,869)	-
421600	Losses (gains) on covering of borrowed securities and bonds with resale agreements-short sales	6(2)	( 458)	-	34	-
421610	Valuation (losses) gains on borrowed securities and bonds with resale agreements-short sales at fair value through profit or loss	6(2)	( 2,132)	-	2,132	-
424200	Securities commission revenue	7	15,533	1	13,585	-
424300	Clearance fee from consignment	6(23)	35,363	1	37,221	1
424400	Net (losses) gains on derivative financial instruments	6(2)(24)	( 105,760)	( 3)	94,352	2
424900	Futures advisory revenues	7	9,519	-	8,352	-
428000	Other operating revenues	7	( 343)	-	172	-
400000	<b>Total revenues</b>		<u>3,436,053</u>	<u>100</u>	<u>3,999,798</u>	<u>100</u>
<b>Costs and expenses</b>						
501000	Brokerage fee	6(25)	( 607,506)	( 17)	( 800,438)	( 20)
502000	Dealer handling fee	6(25)	( 641)	-	( 608)	-
521200	Interest expense	7	( 470,129)	( 14)	( 124,846)	( 3)
425300	Expected credit impairment losses and reversal gains	6(4)	38,353	1	2,795	-
524100	Futures commission	6(26) and 7	( 666,211)	( 19)	( 739,770)	( 19)
524300	Clearance fee	6(27)	( 436,442)	( 13)	( 569,590)	( 14)
524700	Futures administrative expenses		( 839)	-	-	-
528000	Other operating fee		( 6,592)	-	( 3,206)	-
531000	Employee benefit expense	6(28) and 7	( 965,357)	( 28)	( 850,134)	( 21)
532000	Depreciation and amortization	6(29) and 7	( 180,050)	( 5)	( 172,914)	( 4)
533000	Other operating expenses	6(30) and 7	( 538,803)	( 16)	( 493,283)	( 13)
500000	<b>Total costs and expenses</b>		<u>( 3,834,217)</u>	<u>( 111)</u>	<u>( 3,751,994)</u>	<u>( 94)</u>
	<b>Operating income</b>		( 398,164)	( 11)	247,804	6
602000	Other gains and losses	6(2)(5)(6)(31) and 7	2,684,904	78	1,174,661	30
902001	<b>Income before income tax</b>		<u>2,286,740</u>	<u>67</u>	<u>1,422,465</u>	<u>36</u>
701000	Income tax expense	6(32)	( 434,021)	( 13)	( 277,117)	( 7)
902005	<b>Net income</b>		<u>\$ 1,852,719</u>	<u>54</u>	<u>\$ 1,145,348</u>	<u>29</u>

(Continued)

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

Items	Notes	Year ended December 31					
		2023		2022			
		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(15)		\$ 19,518	1	\$ 8,500	-
805540	Unrealized gain (loss) on equity instrument investment measured at fair value through other comprehensive income	6(5)(20)		500,331	14	( 68,495)	( 2)
805599	Income tax related to components of items not to be reclassified	6(32)		( 3,904)	-	( 1,700)	-
<b>Items that may be reclassified to profit or loss subsequently</b>							
805610	Translation gain and loss on the financial statements of foreign operating entities	6(20)		( 1,863)	-	104,243	3
805000	<b>Total other comprehensive income (net of tax)</b>			<u>\$ 514,082</u>	<u>15</u>	<u>\$ 42,548</u>	<u>1</u>
902006	<b>Total comprehensive income</b>			<u>\$ 2,366,801</u>	<u>69</u>	<u>\$ 1,187,896</u>	<u>30</u>
Consolidated net income attributable to:							
Owners of the parent							
				<u>\$ 1,852,719</u>	<u>54</u>	<u>\$ 1,145,348</u>	<u>29</u>
Consolidated comprehensive income attributable to:							
Owners of the parent							
				<u>\$ 2,366,801</u>	<u>69</u>	<u>\$ 1,187,896</u>	<u>30</u>
Earnings per share (in New Taiwan Dollars)							
	Basic and diluted earnings per share	6(33)		<u>\$ 6.39</u>		<u>\$ 3.95</u>	

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

YUANTA FUTURES CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

	Notes	Equity attributable to owners of the parent								Total equity
		Capital surplus			Retained earnings			Other equity interest		
		Capital -common stock	Paid-in capital in excess of par value	Paid-in capital from business merger	Legal reserve	Special reserve	Undistributed earnings	Translation gain and loss on the financial statements of foreign operating entities	Unrealised gain and loss on equity instrument investment measured at fair value through other comprehensive income	
<u>For the year ended December 31, 2022</u>										
Balance, January 1, 2022		\$ 2,899,763	\$ 3,024,151	\$ 46,333	\$ 1,132,477	\$ 2,508,054	\$ 1,123,207	(\$ 97,223 )	\$ 1,713,136	\$ 12,349,898
Net income for the year		-	-	-	-	-	1,145,348	-	-	1,145,348
Other comprehensive income (loss) for the year	6(5)(20)	-	-	-	-	-	6,800	104,243	( 68,495 )	42,548
Total comprehensive income (loss)		-	-	-	-	-	1,152,148	104,243	( 68,495 )	1,187,896
Appropriations of 2021 earnings:										
Legal reserve	6(19)	-	-	-	96,480	-	( 96,480 )	-	-	-
Special reserve	6(19)	-	-	-	-	192,960	( 192,960 )	-	-	-
Cash dividends	6(19)	-	-	-	-	-	( 666,945 )	-	-	( 666,945 )
Disposal of equity instrument investment measured at fair value through other comprehensive income	6(5)(20)	-	-	-	-	-	( 39,553 )	-	39,553	-
Balance, December 31, 2022		<u>\$ 2,899,763</u>	<u>\$ 3,024,151</u>	<u>\$ 46,333</u>	<u>\$ 1,228,957</u>	<u>\$ 2,701,014</u>	<u>\$ 1,279,417</u>	<u>\$ 7,020</u>	<u>\$ 1,684,194</u>	<u>\$ 12,870,849</u>
<u>For the year ended December 31, 2023</u>										
Balance, January 1, 2023		\$ 2,899,763	\$ 3,024,151	\$ 46,333	\$ 1,228,957	\$ 2,701,014	\$ 1,279,417	\$ 7,020	\$ 1,684,194	\$ 12,870,849
Net income for the year		-	-	-	-	-	1,852,719	-	-	1,852,719
Other comprehensive income (loss) for the year	6(5)(20)	-	-	-	-	-	15,614	( 1,863 )	500,331	514,082
Total comprehensive income (loss)		-	-	-	-	-	1,868,333	( 1,863 )	500,331	2,366,801
Appropriations of 2022 earnings:										
Legal reserve	6(19)	-	-	-	111,259	-	( 111,259 )	-	-	-
Special reserve	6(19)	-	-	-	-	222,519	( 222,519 )	-	-	-
Cash dividends	6(19)	-	-	-	-	-	( 724,941 )	-	-	( 724,941 )
Disposal of equity instrument investment measured at fair value through other comprehensive income	6(5)(20)	-	-	-	-	-	252,923	-	( 252,923 )	-
Balance, December 31, 2023		<u>\$ 2,899,763</u>	<u>\$ 3,024,151</u>	<u>\$ 46,333</u>	<u>\$ 1,340,216</u>	<u>\$ 2,923,533</u>	<u>\$ 2,341,954</u>	<u>\$ 5,157</u>	<u>\$ 1,931,602</u>	<u>\$ 14,512,709</u>

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

YUANTA FUTURES CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(Expressed in thousands of New Taiwan dollars)

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

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



YUANTA FUTURES CO., LTD. AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

1. HISTORY AND ORGANISATION

Yuanta Futures Co., Ltd.'s (the "Company") and its subsidiaries' (collectively referred herein as the "Group") profile is described below:

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

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

- (2) The Group is primarily engaged in onshore and offshore futures brokerage business, futures dealing, futures consulting, futures business management, securities dealing, leverage transaction merchant, and a variety of futures related businesses approved by the competent authority. On August 14, 2017, with permission from the competent authority, the Group ceased engaging in futures business management. As of December 31, 2023, the Company had 4 branches.
- (3) As of December 31, 2023 and 2022, the Group had 432 and 457 employees, respectively.

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

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

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

- (1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS<sup>®</sup>") Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission ("FSC")

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting	January 1, 2023

estimates'

Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction' January 1, 2023

Amendments to IAS 12, 'International tax reform - pillar two model rules' May 23, 2023

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

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Group

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
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
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024

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

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2025

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

#### 4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, Regulations Governing the Preparation of Financial Reports by Securities Firms, International Financial Reporting Standards, International Accounting Standards, IFRIC<sup>®</sup> Interpretations, and SIC<sup>®</sup> Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”).

(2) Basis of preparation

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
- (A) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
  - (B) Financial assets at fair value through other comprehensive income.
  - (C) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of the consolidated financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:
- (A) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
  - (B) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		
			December 31, 2023	December 31, 2022	Note
The Company	Yuanta Futures (Hong Kong) Co., Ltd.	Financial services	100	100	
The Company	SYF Information Co., Ltd.	Information technology services	100	100	
The Company	Yuanta Global (Singapore) Pte. Ltd.	Applying	100	100	Note

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

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

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

E. Significant restrictions: None.

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

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

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

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

(C) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the consolidated balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the consolidated balance sheet date; their translation differences are recognised in other comprehensive income.

However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

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

B. Translation of foreign operations

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

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

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

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

(5) Classification of current and non-current items

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

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

(B) Assets held mainly for trading purposes;

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

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

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

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

(B) Liabilities arising mainly from trading activities;

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

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

(6) Cash and cash equivalents

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

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

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

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

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:

The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(9) Financial assets at amortised cost

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

(10) Customer margin deposits

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

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

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

(12) Leverage margin contract trading client margin deposits

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

(13) Leverage margin contract transaction traders' equity

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

(14) Accounts receivable

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

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

(15) Impairment of financial assets

For financial assets at amortised cost, customer margin deposit, futures trading margin receivables, security borrowing deposits, accounts receivable, other receivables, leverage margin deposit, operation guarantee deposits, clearing and settlement fund, and refundable deposits, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts.

(16) Derecognition of financial assets

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

(17) Property and equipment

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

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

C. Equipment is recognised using the cost model and is depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors", from the date of the change. The estimated useful lives of various fixed assets are 3~6 years except for buildings, which have useful lives from 10~60 years.

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

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

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

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

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

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

(19) Intangible assets

- A. Membership in a foreign Futures Exchange

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

- B. Computer software

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

(20) Impairment of non-financial assets

- A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish,



the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

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

(21) Derivative financial instruments and non-hedging activities

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

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

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

(A) Hybrid (combined) contracts; or

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

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

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

(23) Bonds payable

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

(24) Derecognition of financial liabilities

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

## (25) Employee benefits

### A. Short-term employee benefits

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

### B. Pensions

#### (A) Defined contribution plans

For defined contribution plans, the Group pays fixed contributions to an independent, publicly or privately administered pension fund. The Group has no further legal or constructive obligations once the contributions have been paid. The contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

#### (B) Defined benefit plans

- a. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds (at the consolidated balance sheet date).
- b. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- c. Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. And, the related information is disclosed accordingly.

### C. Termination benefits

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

### D. Employees' and directors' and supervisors' remuneration

Employees' remuneration and directors' and supervisors' remuneration are recognised as

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

(26) Income tax

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

(27) Dividends

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

(28) Revenue recognition

- A. Brokerage fee income: Service fee income that is generated from futures merchants exercising futures transaction is recognised on the date of settlement.

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

#### (29) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker. The Chief Operating Decision-Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

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

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

#### Fair value of unlisted stocks

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

### 6. DETAILS OF SIGNIFICANT ACCOUNTS

#### (1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Petty cash	\$ 108	\$ 109
Cash in bank		
Demand deposits	682,304	431,378
Time deposits	<u>10,232,081</u>	<u>8,813,059</u>
Subtotal	10,914,493	9,244,546
Excess futures margin deposits	239,040	352,063
Excess margin in foreign exchange margin trading	<u>108,758</u>	<u>113,069</u>
	<u>\$ 11,262,291</u>	<u>\$ 9,709,678</u>

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

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

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

	December 31, 2023	December 31, 2022
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	\$ 290,212	\$ 100,459
Beneficiary certificates	290,000	163,994
Futures trading margin - own funds	57,744	20,165
Buy options - futures	5,302	14,087
Derivatives assets - OTC	<u>26,787</u>	<u>26,008</u>
	670,045	324,713
Valuation adjustment	<u>16,260</u>	<u>( 3,833 )</u>
	<u>\$ 686,305</u>	<u>\$ 320,880</u>

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

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

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

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

B. Futures

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

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

(3) Customer margin deposits /Futures traders’ equity

	December 31, 2023	December 31, 2022
Customer margin deposits by customers:		
Cash in banks	\$ 69,632,709	\$ 77,005,493
Clearing house	15,032,931	11,137,549
Other futures commission merchants	10,807,591	8,906,770
Valuation adjustment on customer margin accounts -CGS	( 3,912 )	-
Total	95,469,319	97,049,812
Less: Fees and interest revenue pending for transfer	( 148,887 )	( 286,990 )

Futures exchange tax pending for transfer	( 5,007 )	( 5,080 )
Temporary receipts	( 6,045 )	( 5,751 )
Others	( 2,365 )	( 20,964 )
Futures traders' equity	<u>\$ 95,307,015</u>	<u>\$ 96,731,027</u>

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

B. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the customer margin deposits held by the Group was \$95,469,319 and \$97,049,812, respectively.

(4) Futures trading margin receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Futures trading margin receivable	\$ 48,305	\$ 96,002
Less: Allowance for uncollectible accounts	( 48,305 )	( 96,002 )
	<u>\$ -</u>	<u>\$ -</u>

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

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Up to 30 days	\$ -	\$ -
31-90 days	-	-
91-180 days	-	-
Over 181 days	<u>48,305</u>	<u>96,002</u>
	<u>\$ 48,305</u>	<u>\$ 96,002</u>

The above ageing analysis was based on posting date.

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

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

\$ 2,276,213                      \$ 2,155,716

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

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

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

(6) Financial assets at amortised cost

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

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

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

- B. As at December 31, 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group was \$57,095. The Group has no financial assets at amortised cost at December 31, 2022.



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

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

(7) Operating guarantee deposits

As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the operating guarantee deposits held by the Group was \$161,447 and \$145,907, respectively.

(8) Clearing and settlement funds

As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the clearing and settlement funds held by the Group was \$446,100 and \$453,658, respectively.

(9) Property and equipment

2023

	Leasehold			Total
	Land (Note)	Equipment	improvements	
At January 1,				
Cost	\$466,947	\$243,830	\$92,034	\$802,811
Accumulated depreciation	-	(118,799)	(30,747)	(149,546)
	<u>\$466,947</u>	<u>\$125,031</u>	<u>\$ 61,287</u>	<u>\$653,265</u>
Opening net book amount at January 1,	\$466,947	\$125,031	\$ 61,287	\$653,265
Additions	-	43,011	125	43,136
Transfers	-	113,392	-	113,392
Disposals (cost)	-	(34,252)	-	(34,252)
Disposals (accumulated depreciation)	-	34,252)	-	34,252
Depreciation expense	-	(67,051)	( 30,713)	(97,764)
Net exchange differences	-	(4)	7	3
Closing net book amount at December 31,	<u>\$466,947</u>	<u>\$ 214,379</u>	<u>\$ 30,706</u>	<u>\$712,032</u>
At December 31,				
Cost	\$466,947	\$ 366,099	\$ 92,155	\$925,20
Accumulated depreciation	-	(151,720)	( 61,449)	(213,169)
	<u>\$466,947</u>	<u>\$ 214,379</u>	<u>\$ 30,706</u>	<u>\$712,032</u>

2022

	Leasehold			Total
	Land (Note)	Equipment	improvements	
At January 1,				
Cost	\$466,947	\$261,589	\$36,087	\$764,623
Accumulated depreciation	-	(118,542)	(15,133)	(133,675)
	<u>\$466,947</u>	<u>\$143,047</u>	<u>\$ 20,954</u>	<u>\$630,948</u>
Opening net book amount at January 1,	\$466,947	\$143,047	\$ 20,954	\$630,948
Additions	-	44,307	8,818	53,125
Transfers	-	-	65,148	65,148
Disposals (cost)	-	(63,616)	( 19,398)	(83,014)
Disposals (accumulated depreciation)	-	63,616	17,410	81,026
Depreciation expense	-	(62,513)	( 32,031)	(94,544)
Net exchange differences	-	190	386	576
Closing net book amount at December 31,	<u>\$466,947</u>	<u>\$ 125,031</u>	<u>\$ 61,287</u>	<u>\$653,265</u>
At December 31,				

Cost	\$466,947	\$ 243,830	\$ 92,034	\$802,811
Accumulated depreciation	-	(118,799)	( 30,747)	(149,546)
	<u>\$466,947</u>	<u>\$ 125,031</u>	<u>\$ 61,287</u>	<u>\$653,265</u>

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

(10) Leasing arrangements – lessee

A. The Group leases various assets including buildings. Rental contracts are typically made for periods of 2 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

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

	December 31, 2023	December 31, 2022
	Carrying amount	Carrying amount
Buildings	<u>\$ 9,576</u>	<u>\$ 128,033</u>
	For the years ended December 31,	
	2023	2022
	Depreciation charge	Depreciation charge
Buildings	<u>\$ 48,541</u>	<u>\$ 51,265</u>

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

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

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

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

F. Extension and termination options

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

(11) Intangible assets

	2022		
	Membership in a foreign Futures Exchange	Others	Total

At January 1,			
Cost	\$ 24,125	\$ 84,872	\$ 108,997
Accumulated amortisation	<u>-</u>	<u>( 34,985)</u>	<u>( 34,985)</u>
	<u>\$ 24,125</u>	<u>\$ 49,887</u>	<u>\$ 74,012</u>
Opening net book amount at January 1,	\$ 24,125	\$ 49,887	\$ 74,012
Additions	-	17,884	17,884
Transfers	-	39,840	39,840
Disposals (cost)	-	( 11,570)	( 11,570)
Disposals (accumulated amortisation)	-	11,570	11,570
Amortisation expense	-	( 33,745)	( 33,745)
Net exchange differences	<u>-</u>	<u>( 5)</u>	<u>( 5)</u>
Closing net book amount at December 31,	<u>\$ 24,125</u>	<u>\$ 73,861</u>	<u>\$ 97,986</u>
At December 31,			
Cost	\$ 24,125	\$ 131,021	\$ 155,146
Accumulated amortisation	<u>-</u>	<u>( 57,160)</u>	<u>( 57,160)</u>
	<u>\$ 24,125</u>	<u>\$ 73,861</u>	<u>\$ 97,986</u>

2022

	Membership in a foreign Futures		
	Exchange	Others	Total
At January 1,			
Cost	\$ 24,125	\$ 89,397	\$ 113,522
Accumulated amortisation	<u>-</u>	<u>( 26,543)</u>	<u>( 26,543)</u>
	<u>\$ 24,125</u>	<u>\$ 62,854</u>	<u>\$ 86,979</u>
Opening net book amount at January 1,	\$ 24,125	\$ 62,854	\$ 86,979
Additions	-	10,545	10,545
Transfers	-	3,593	3,593
Disposals (cost)	-	( 18,688)	( 18,688)
Disposals (accumulated amortisation)	-	18,688	18,688
Amortisation expense	<u>-</u>	<u>( 27,105)</u>	<u>( 27,105)</u>
Closing net book amount at December 31,	<u>\$ 24,125</u>	<u>\$ 49,887</u>	<u>\$ 74,012</u>
At December 31,			
Cost	\$ 24,125	\$ 84,872	\$ 108,997
Accumulated amortisation	<u>-</u>	<u>( 34,985)</u>	<u>( 34,985)</u>
	<u>\$ 24,125</u>	<u>\$ 49,887</u>	<u>\$ 74,012</u>

(12) Other payables

	December 31, 2023	December 31, 2022
Other payables - related parties	<u>\$ 4</u>	<u>\$ 408</u>
Other payables - non-related parties		
Salaries and bonus payables	\$ 404,242	\$ 278,723

Operating expenses payable	31,365	38,018
Interest payables	<u>33,744</u>	<u>15,747</u>
	<u>\$ 469,351</u>	<u>\$ 332,488</u>

(13) Other current liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Temporary receipts	<u>\$ 6,327</u>	<u>\$ 6,456</u>

(14) Bonds payable

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

First issue of unsecured subordinate normal corporate  
bond in 2021

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

(15) Pension

A. Defined benefit plan

(A) The Company has a defined benefit pension plan in accordance with the Labour Standards Law, covering all regular employees' service years prior to the enforcement of the Labour Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labour pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions to cover the deficit by next March.

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligations	\$ 65,226	\$ 85,326

Fair value of plan assets	( 27,930 )	( 28,463 )
Net defined benefit liability	<u>\$ 37,296</u>	<u>\$ 56,863</u>

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
<u>Year ended December 31, 2023</u>			
Balance at January 1	\$ 85,326	(\$ 28,463)	\$ 56,863
Interest expense (income)	<u>1,109</u>	<u>( 370)</u>	<u>739</u>
	<u>86,435</u>	<u>( 28,833)</u>	<u>57,602</u>
Remeasurements:			
Return on plan assets	-	( 112)	( 112)
Experience adjustments	<u>( 19,406)</u>	<u>-</u>	<u>( 19,406)</u>
	<u>( 19,406)</u>	<u>( 112)</u>	<u>( 19,518)</u>
Pension fund contribution	-	( 735)	( 735)
Paid pension	<u>( 1,803)</u>	<u>1,750</u>	<u>( 53)</u>
Balance at December 31	<u>\$ 65,226</u>	<u>(\$ 27,930)</u>	<u>\$ 37,296</u>
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
<u>Year ended December 31, 2022</u>			
Balance at January 1	\$ 92,316	(\$ 26,045)	\$ 66,271
Interest expense (income)	<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	<u>( 5,977)</u>	<u>-</u>	<u>( 5,977)</u>
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>

(D) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labour Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than

aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company and domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and domestic subsidiaries are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2023 and 2022 is given in the Annual Labour Retirement Fund Utilisation Report announced by the government.

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

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

For the years ended December 31, 2023 and 2022, assumptions regarding future mortality rate were estimated in accordance with the 6th Chart of Life Span Estimate Used by the Taiwan Life Insurance Enterprises.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
<u>December 31, 2023</u>				
Effect on present value of defined benefit obligation	<u>(\$ 1,641 )</u>	<u>\$ 1,699</u>	<u>\$ 1,317</u>	<u>(\$ 1,282)</u>
<u>December 31, 2022</u>				
Effect on present value of defined benefit obligation	<u>(\$ 1,997 )</u>	<u>\$ 2,068</u>	<u>\$ 1,752</u>	<u>(\$ 1,704)</u>

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

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

(G) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2024 amount to \$734.

(H) As of December 31, 2023, the weighted average duration of the retirement plan is 11 years.

#### B. Defined contribution plan

(A) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labour Pension Act (the



“Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labour Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(B) The pension costs under defined contribution pension plans of the Group for the years ended December 31, 2023 and 2022 were \$19,019 and \$19,018, respectively.

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

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

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

(16) Share capital

As of December 31, 2023, the Company’s authorised capital was \$3,500,000 consisting of 350,000 thousand shares, and paid-in capital was \$2,899,763 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

(17) Capital surplus

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

(18) Special reserve

A. According to the “Rules Governing the Administration of Securities Firms”, 20% of the current year’s earnings, after paying all taxes and offsetting prior years’ operating losses, if any, shall be set aside as special reserve until the cumulative balance equals the total amount of paid-in capital. Except for offsetting the Company’s deficit by using the special reserve or cumulative special reserve exceeding 25% of the paid-in capital, the Company could transfer 25% of certain special reserve as share capital. No other purpose is permitted. According to Gin-Gwen-Zheng-Qi Letter No.1110380212 on January 21, 2022, the basis for the provision of the special reserve should be included in the amount of the net profit after tax in the current year, plus items other than the profit after tax that are included in the undistributed earnings.

B. According to the other regulations, upon the distribution of earnings, other than the setting aside of legal reserve, an equivalent amount of special reserve should be set aside from earnings after tax of the current year and the undistributed earnings of the prior period based on the decreased amount of stockholders’ equity. For the cumulative decrease in stockholders’ equity of the prior period, an equal amount of special reserve set aside based on the undistributed earnings should not be distributed. If there is any reversal of the decrease in

stockholders' equity, the earnings may be distributed based on the reversal proportion.

(19) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% and 20% of the remaining amount shall be set aside as legal reserve and special reserve. In addition, if there is any surplus after the special reserve is set aside or reversed as required by regulations, the remainder, if any, to be retained or to be appropriated shall be resolved by the stockholders at the stockholders' meeting.
- B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- D. Details of the Company's earnings distribution for 2022 and 2021 as resolved at the stockholders' meeting on May 24, 2023 and on May 24, 2022, respectively, are as follows:

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

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

	2023	
	Amount	Dividends per Share (in dollars)
Legal reserve	\$ 212,126	
Cash dividends	1,449,881	\$ 5.000

(20) Other equity items

	Unrealised gains (losses) on valuation	Currency translation differences	Total
At January 1, 2023	\$ 1,684,194	\$ 7,020	\$ 1,691,214

Financial assets at fair value through other comprehensive income			
- Revaluation	500,331	-	500,331
- Revaluation transferred to retained earnings	( 252,923 )	-	( 252,923 )
Currency translation differences			
- Exchange differences	<u>-</u>	<u>( 1,863 )</u>	<u>( 1,863 )</u>
At December 31, 2023	<u>\$ 1,931,602</u>	<u>\$ 5,157</u>	<u>\$ 1,936,759</u>

	Unrealised gains (losses) on valuation	Currency translation differences	Total
At January 1, 2022	\$ 1,713,136	( \$ 97,223 )	\$ 1,615,913

Financial assets at fair value through other comprehensive income			
- Revaluation	( 68,495 )	-	( 68,495 )
- Revaluation transferred to retained earnings	39,553	-	39,553
Currency translation differences			
- Exchange differences	<u>-</u>	<u>104,243</u>	<u>104,243</u>
At December 31, 2022	<u>\$ 1,684,194</u>	<u>\$ 7,020</u>	<u>\$ 1,691,214</u>

(21) Brokerage

	For the years ended December 31,	
	<u>2023</u>	<u>2022</u>
Dealers' commissions - domestic	\$ 2,092,955	\$ 2,660,175
Dealers' commissions - foreign	1,095,547	1,189,51
Dealers' commissions - leverage	<u>12,312</u>	<u>9,780</u>
	<u>( \$ 3,200,814 )</u>	<u>( \$ 3,859,473 )</u>

(22) Net loss on trading of securities

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

(23) Clearance fee from consignment

For the years ended December 31,

	2023	2022
Clearance fee from consignment - non-related parties	\$ <u>35,363</u>	\$ <u>37,221</u>

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

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

(25) Service charge

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

(26) Futures commission

	For the years ended December 31,	
	2023	2022

Entrusted futures transaction	\$	378,849	\$	391,395
Futures auxiliary business		<u>287,362</u>		<u>348,375</u>
	\$	<u>666,211</u>	\$	<u>739,770</u>

(27)Clearance fee

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

(28)Employee benefit expense

	For the years ended December 31,	
	2023	2022
Wages and salaries	\$ 875,629	\$ 64,265
Labor and health insurance fees	42,195	39,530
Pension costs	21,269	20,769
Post-employment benefits	5,391	3,372
Other personnel expenses	<u>20,873</u>	<u>22,198</u>
	<u>\$ 965,357</u>	<u>\$ 850,134</u>

A. In accordance with the Articles of Incorporation of the Company, when distributing earnings, the Company shall distribute bonus to the employees that account for 0.01%~5.00%, of the total distributed amount. For the years ended December 31, 2023 and 2022, employees' compensation was accrued at \$3,821 and \$4,055, respectively, and the aforementioned amounts were recognised in salary expenses.

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

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

(29)Depreciation and amortisation

	For the years ended December 31,	
	2023	2022
Depreciation expense	\$ 146,305	\$ 145,809
Amortisation expense	<u>33,74</u>	<u>27,105</u>
	<u>\$ 180,050</u>	<u>\$ 172,914</u>

(30)Other operating expenses

For the years ended December 31,

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

(31) Other gains and losses

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

(32) Income tax

A. Income tax expense

(a) Components of income tax expense:

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

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

follows:

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

B. Reconciliation between income tax expense and accounting profit

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

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

	For the year ended December 31, 2022			
	January 1	Recognised in profit or loss	Recognised in other Comprehensive income	December 31
— Deferred income tax assets:				
Temporary differences				
Accrued pension liabilities	\$ 2,043	\$ 161	(\$ 2,204)	\$ -
Unrealised exchange loss	-	27	-	27
Expected credit losses	21,400	( 2,237 )	-	19,163
Others	<u>4,200</u>	<u>382</u>	<u>-</u>	<u>4,582</u>
Subtotal	<u>27,643</u>	<u>( 1,667 )</u>	<u>( 2,204 )</u>	<u>23,772</u>
— Deferred income tax liabilities:				
Accrued pension liabilities	-	( 171 )	( 1,700 )	( 1,871 )
Unrealised exchange loss	( 5,738 )	5,536	-	( 202 )
Others	<u>36,516</u>	<u>( 1,338 )</u>	<u>-</u>	<u>37,854</u>
Subtotal	<u>( 42,254 )</u>	<u>( 4,027 )</u>	<u>( 1,700 )</u>	<u>( 39,927 )</u>
.	<u>\$ 14,611</u>	<u>( \$ 2,360 )</u>	<u>( \$ 3,904 )</u>	<u>( \$ 16,155 )</u>





For the year ended December 31, 2022

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

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

The Company's subsidiary, SYF Information Co., Ltd.'s income tax returns through 2021 have been assessed and approved by the Tax Authority.

(33) Earnings per share

For the year ended December 31, 2023

	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per Share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 1,852,719</u>	<u>289,976</u>	<u>\$ 6.39</u>

For the year ended December 31, 2022

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

## 7. RELATED PARTY TRANSACTIONS

### (1) Parent and ultimate controlling party

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

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

<u>Names</u>	<u>Relationship with the Group</u>
Yuanta Financial Holdings	The parent company of the Company
Yuanta Bank Co., Ltd.	The same group of enterprises
Yuanta Securities Co., Ltd.	The same group of enterprises
Yuanta Life Insurance Co., Ltd.	The same group of enterprises
Yuanta Securities Investment Trust Co., Ltd.	The same group of enterprises
Yuanta Securities Investment Consulting Co., Ltd.	The same group of enterprises
Yuanta Securities Korea Co., Ltd.	The same group of enterprises
Yuanta Securities (Hong Kong) Co., Ltd.	The same group of enterprises
Yuanta Securities (Vietnam) Co., Ltd.	The same group of enterprises
SYF Information (Shanghai) Limited	The same group of enterprises (Note 1)
Funds managed by Yuanta Securities Investment Trust	The funds managed by the same group of enterprises
Yuanta Cultural & Educational Foundation	Related parties in substance
Yuanta Polaries Research	Related parties in substance (Note 2)
Other	Refer to the same enterprise group, parent company, substantial related parties and its major shareholders, key management and its related investment enterprises and other companies or institutions who is also held by the Company's chairman of the director or general manager, or have spouse or relatives in the same position.



B. Leverage margin contract trading client margin deposits

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

C. Accounts receivable - related parties

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

D. Prepayments

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

E. Other receivables - related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Fellow subsidiary		
Yuanta Bank Co., Ltd.	\$ 37,254	\$ 17,213
Yuanta Securities (Hong Kong) Co., Ltd.	34	-
Yuanta Securities Korea Co., Ltd.	<u>1</u>	<u>-</u>
	\$ <u>137,289</u>	\$ <u>17,213</u>

F. Other receivables - refund receivable for investments

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

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

G. Leasing arrangements – lessee

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

(B) Acquisition of right-of-use assets

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

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

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

(D) Lease liabilities

a. Outstanding balance

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

b. Interest expense

	For the years ended December 31,	
	2023	2022
Fellow subsidiary		
Yuanta Bank Co., Ltd.	\$ 21	\$ 35
Yuanta Life Insurance Co., Ltd.	582	824
Yuanta Securities (Hong Kong) Co., Ltd.	<u>677</u>	<u>111</u>
	\$ <u>1,280</u>	\$ <u>970</u>

H. Refundable deposits

	December 31, 2023	December 31, 2022
Fellow subsidiary		
Yuanta Bank Co., Ltd.	\$ 10,304	\$ 10,304
Yuanta Life Insurance Co., Ltd.	<u>6,740</u>	<u>6,740</u>
	\$ <u>17,044</u>	\$ <u>17,044</u>

I. Futures traders' equity

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Fellow subsidiary		
Yuanta Bank Co., Ltd.	\$ 2,567,422	\$ 105,315
Yuanta Securities Co., Ltd.	513,843	2,989,090
Yuanta Securities (Hong Kong) Co., Ltd.	55,577	101,689
Yuanta Securities Korea Co., Ltd.	286,651	290,990
Funds managed by fellow subsidiary		
Funds managed by Yuanta		
Securities Investment Trust	39,128,798	37,679,405
Other related parties	<u>68,659</u>	<u>89,347</u>
	<u>\$ 42,620,950</u>	<u>\$ 41,255,836</u>

J. Accounts payable - related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Fellow subsidiary		
Yuanta Securities Co., Ltd.	\$ 17,434	\$ 22,020
Other related parties	<u>22</u>	<u>-</u>
	<u>\$ 17,456</u>	<u>\$ 22,020</u>

K. Other payables - related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Parent Company		
Yuanta Securities Co., Ltd.	\$ 4	\$ 319
Other related parties	<u>-</u>	<u>89</u>
	<u>\$ 4</u>	<u>\$ 408</u>

L. Brokerage

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

Other related parties	<u>4,951</u>	<u>9,820</u>
	<u>\$ 180,625</u>	<u>\$ 268,308</u>
<b>M. <u>Securities commissions revenue</u></b>		
	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Fellow subsidiary		
Yuanta Securities Co., Ltd.	\$ 15,533	\$ 13,581
Yuanta Securities (Hong Kong) Co., Ltd.	<u>-</u>	<u>4</u>
	<u>\$ 15,533</u>	<u>\$ 13,585</u>
<b>N. <u>Futures advisory revenue</u></b>		
	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Fellow subsidiary		
Yuanta Securities Co., Ltd.	<u>\$ 15</u>	<u>\$ 15</u>

O. Other operating revenue - co-marketing revenue

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

P. Futures commissions expense

	For the years ended December 31,	
	2023	2022
Fellow subsidiary		
Yuanta Securities Co., Ltd.	\$ 238,35	\$ 292,413
Yuanta Securities (Hong Kong) Co., Ltd.	79	10
Yuanta Securities (Vietnam) Co., Ltd.	1,234	953
Yuanta Securities Korea Co., Ltd.	115	12
Other related parties	54	-
	<u>\$ 293,388</u>	<u>\$ 293,388</u>

Q. Service fees

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

R. Computer information expense

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

S. Other employee benefit expense

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

T. Repairing fee



	For the years ended December 31,	
	2023	2022
Fellow subsidiary		
Yuanta Life Insurance Co., Ltd.	<u>\$ 1,316</u>	<u>\$ 1,218</u>
U. <u>Water, electricity and gas fee</u>		

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

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

W. Miscellaneous expenses

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

X. Interest income

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

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

Y. Security lending expense

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

Z. Interest expense

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

AA. Donation expenditure

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

AB. Property transactions

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

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

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

(4) Key management compensation

	For the years ended December 31,	
	2023	2022
Salaries and other short - term employee benefits	\$ 311,913	\$ 300,662

Post-employment benefits	7,052	4,445
Other long-term benefits	1,90	1,912
	<u>\$ 320,869</u>	<u>\$ 307,019</u>

8. PLEGGED ASSETS

None.

9. SIGNIFICANT COMMITMENTS AND CONTINGENT LIABILITIES

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

10. SIGNIFICANT LOSS FROM NATURAL DISASTER

None.

11. DERIVATIVE INSTRUMENT TRANSACTIONS

The Group had derivative financial instrument trading as follows:

December 31, 2022

Item	Object of transaction	Buyer /Seller	Open Interest		Fair value	Remarks
			Number of contract(s) (lot)	Margin paid (received)		
Futures contractsTX (Domestic)	MTX	Buyer	3	\$ 8,447	\$ 8,481	
	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 contractsForeign Exchange (Overseas)	Foreign Exchange	Buyer	12	36,630	36,440	
	Metal Futures	Buyer	4	22,358	22,433	
	Index Futures	Buyer	3	3,360	3,358	
	Index Futures	Seller	13	( 10,018 )	( 10,054 )	
Option contractsTXO (Domestic)	TXO	Buy call	286	6,673	5,716	
	TXO	Buy put	316	9,555	8,371	
	TXO	Sell call	216	( 3,679 )	( 3,437 )	
	TXO	Sell put	385	( 9,716 )	( 8,747 )	

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

December 31, 2023

Open Interest

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

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

December 31, 2022

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

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

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

According to Regulations Governing Futures Commission Merchants

Article	Calculation formula	December 31, 2023		December 31, 2022		Standard	Enforcement (Note 3)
		Calculation	Ratio	Calculation	Ratio		
17	<i>Equity</i>	14,512,709	5.20	12,870,849	4.72	≥ 1	Satisfied
	<i>(Total liabilities – Future traders' equity)</i>	2,789,284		2,727,864			
17	<i>Current assets</i>	104,956,727	1.12	104,902,918	1.10	≥ 1	Satisfied
	<i>Current liabilities</i>	93,917,064		95,316,184			
22	<i>Equity</i>	14,512,709	1369.12%	12,870,849	1214.23%	≥ 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>	13,466,482	68.64%	11,113,300	77.46%	≥ 20% ≥ 15%	Satisfied
	<i>Total margin deposit required for futures traders, not yet off-set</i>	19,618,859		14,347,089			

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

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

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

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

- (1) Credit risk is the main risk for engaging in futures brokerage business since the Group must demand collecting trading margin deposits from customers. The credit risk occurs when the customers fail to pay margin deposits. The Group acts as agents for trading futures and options contracts and should pay attention to daily margin credit as to control credit risk. Market risk is also noted in the industry due to dealer business. Dealer business is price index sensitive, therefore, the Group pre-sets stop loss point for risk management purposes.
- (2) The specific risks of the Group's futures brokerage business are outlined below:  
Futures trading has a characteristic of low margin. Therefore, the risks of futures trading include: when the futures market trend is unfavourable for customers, futures firms may demand to collect additional trading margin deposits from customers to keep certain margin level. If the customers fail to pay margin deposits in a period prescribed, futures firms have the right to offset the contract amount of the customers by the additional margin deposits demanded. Further, futures firms may incur losses when futures market prices fluctuate drastically and the customers are unable to settle futures contracts.
- (3) See Note 21 for significant financial risk information on futures dealer business.

### 14. SEGMENT INFORMATION

#### (2) General information – type of product and service of reporting segments' income source

Management has determined the operating segments based on the reports reviewed by the Chief Operating Decision-Maker, i.e. Board of Directors, that are used to make strategic decisions. The Chief Operating Decision-Maker considers the source of income, and the Group's operating segments are divided into broker and dealer. The primary source of income by each segment is as follows:

Broker: Consigned and entrusted with the trading of domestic and foreign futures, listed securities, securities trading auxiliary business approved by competent authorities in R.O.C and futures consulting business, etc.

Dealer: Used capital funds to engage in the trading of domestic and foreign futures, securities, research and development of dealing information systems and leverage margin contract trading business approved by competent authorities in R.O.C.

#### (1) Measurement of segment information

##### A. Information on segment profit (loss); measurement of assets and liabilities

Measurement of profit (loss), assets and liabilities of the Group are consistent with Note 4 – Summary of significant accounting policies. Measurement of profit (loss) performance is based on income before tax.

In order to establish a fair and reasonable performance evaluation, the Group would offset the income and expense incurred internally from each segment for external financial reporting purposes.

Income and expense are classified directly to the segment where they belong to. For expense incurred indirectly, it will consider its classification based on the usage purpose by proportionally dividing into each segment when a reasonable rate can be assigned. Otherwise, it will be classified as "Other operating segment" when a reasonable rate cannot be assigned.



## B. Identifying factors for reportable segments

The measurement of segment performance will be evaluated periodically to ensure that it achieves the goals of the Group. The results of its evaluation will be used as the framework for resource allocation.

### (2) Information on segment profit (loss)

For the year ended December 31, 2023				
	Brokerage segment	Dealing segment	Other operating segment	Total
Segment revenue	<u>\$ 3,248,602</u>	<u>\$ 187,47</u>	<u>( \$ 28 )</u>	<u>\$ 3,436,053</u>
Segment profit (loss)	<u>\$ 2,497,012</u>	<u>\$ 50,990</u>	<u>( \$ 261,262 )</u>	<u>\$ 2,286,740</u>

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

Note: The Group's Chief Operating Decision-Maker does not use segment assets and liabilities as a basis for decision making, therefore, the Group does not have to disclose the assets and liabilities of the operating segments.

### (3) Information on products and services

The Group's reportable segments are based on different products and services with disclosure of general information about types of products and services of the reportable segments' income sources.

### (4) Geographical information

There is no requirement for additional disclosure because no income from single foreign country is material to the Group's revenue.

### (5) Major customer information

There is no requirement for additional disclosure because no single customer accounted for 10% or more of the Group's operating revenues for the current period.

## 15. SUBSEQUENT EVENTS

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

## 16. RELATED INFORMATION OF SIGNIFICANT TRANSACTIONS

- (1) Financing activities to any company or person: None.
- (2) Endorsements and guarantees provided: None.
- (3) Acquisition of real estate properties exceeding \$300 million or 20% of the Company's paid-in capital: None.
- (4) Disposal of real estate properties exceeding \$300 million or 20% of the Companies' paid-in capital:

None.

(5) Handling fee discounts on transactions with related parties in excess of NT\$5,000,000: None.

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

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

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

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

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

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

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

## 17. INFORMATION ON INVESTEEES

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

Investor	Investee	Location	Set up date	FSC Approved Number	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Operating revenue of the investee	Net income (loss) of the investee	Investment income (loss) recognised by the Company	Cash dividend for the current period	Note
						Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares (in thousands)	Ownership (%)	Book value					
The Company	Yuanta Futures (Hong Kong) 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%	994,470	\$ 84,141	\$ 68,552	\$ 68,552	-	Subsidiaries
The Company	SYF Information Co., Ltd.	Taiwan	2012.11.9	Gin-Gwen-Zheng-Qi Letter No. 1010035210	Information Technology Services	350,000	350,000	35,000	100.00%	293,338	-	2,181	2,181	-	Subsidiaries
The Company	Yuanta Global(Singapore) Pte. Ltd. (Note)	Singapore	2022.11.23	Gin-Gwen-Zheng-Qi Letter No. 1110357536	Applying	-	-	-	100.00%	( 5,728)	-	( 5,550)	( 5,550)	-	Subsidiaries

Note: The Company's investment in incorporating Yuanta Global (Singapore) Pte. Ltd. has been approved by the FSC through Gin-Gwen-Zheng-Qi Letter No.1110357536 on October 20, 2022, as well as approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) through Jing-Shen-Er-Zi Letter No.11100198340 on December 26, 2022. The case was approved by the Singapore Accounting and Corporate Regulatory Authority (ACRA) on November 23, 2022, and the incorporation registration has been completed. In addition, the case has been approved by the FSC through Gin-Gwen-Zheng-Qi Letter No.1120355060 on September 19, 2023 which agrees to extend its starting period until April 19, 2024.

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

A. Financing activities to any company or person: None.

B. Endorsements and guarantees provided: None.

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

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

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

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

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

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

None.

19. DISCLOSURE OF INFORMATION ON INDIRECT INVESTMENT IN MAINLAND CHINA

None.

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## 20. MAJOR SHAREHOLDERS INFORMATION

Shares	Major Shareholder	Number of shares held (thousands)	Shareholding ratio
	Yuanta Financial Holdings Co., Ltd.	192,167	66.27%
	Cathay Life Insurance Co.,Ltd.	23,998	8.28%
	Luo Sheng Fong Co., Ltd.	17,711	6.11%

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

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

## 21. FINANCIAL RISK MANAGEMENT

### (1) Capital management

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

### (2) Financial instruments

The methods of reporting derivative financial instruments on financial statements: please refer to Notes 6(1), 6(2) and 6(24).

### (3) Fair value information

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

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

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

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

B. Financial instruments not measured at fair value

(A) Fair value information

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

December 31, 2023					
		Fair value			
	Book value	Total	Level 1	Level 2	Level 3
Financial assets					
Investments in					
debt instruments	\$ 57,095	\$ 1,427,078	\$ -	\$ 57,203	\$ -
at amortised cost					
Financial liabilities					
Bond payable	\$ 1,498,157	\$ 1,459,340	\$ -	\$ 1,459,340	\$ -
December 31, 2022					
		Fair value			
	Book value	Total	Level 1	Level 2	Level 3
Financial liabilities					
Bond payable	\$ 1,497,779	\$ 1,427,078	\$ -	\$ 1,427,078	\$ -

(B) Financial valuation technique:

- a. The carrying amounts of cash and cash equivalents, customer margin deposits, futures trading margin receivable, security leading deposits, accounts receivable, accounts receivable – related parties, other receivables, other receivables – related parties, leverage margin contract trading client margin deposits, operating guarantee deposits, clearing and settlement funds, refundable deposits, futures traders' equity, leverage margin contract transaction traders' equity, accounts payable, accounts payable – related parties, other payables, other payables – related parties and other current liabilities are approximate to their fair values.
- b. Investments in debt instrument at amortised cost: When there is a quoted market price available in an active market, the fair value is determined using the market price. If there is no quoted market price available in an active market, the fair value is estimated by adopting financial valuation method or by reference to counterparty quotes.

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

C. The related information of financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities as at December 31, 2023 and 2022 is as follows:

December 31, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Assets</u>				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value				
through profit or loss				
Listed stocks	\$ 303,576	\$ -	\$ -	\$ 303,576
Beneficiary certificates	292,896	-	-	292,896
Futures trading margin - own funds	57,744	-	-	57,744
Buy options - futures	5,302	-	-	5,302
Derivatives Assets - OTC	-	26,787	-	26,787
Financial assets at fair value				
through other comprehensive income				
Equity securities	<u>282,042</u>	<u>-</u>	<u>2,146,883</u>	<u>2,428,925</u>
	<u>\$ 941,560</u>	<u>\$ 26,787</u>	<u>\$ 2,146,883</u>	<u>\$ 3,115,230</u>
<u>Liabilities</u>				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial liabilities at fair value				
through profit or loss				
Sell options - futures	<u>\$ 8,422</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,422</u>



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

D. The methods and assumptions the Group used to measure fair value are as follows:

- (A) The fair value of financial instruments traded in active markets is based on quoted market prices at the consolidated balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the closing price. These instruments are included in level 1. Instruments included in level 1 comprise primarily equity instruments and debt instruments classified as financial assets/financial liabilities at fair value through profit or loss, or financial assets at fair value through other comprehensive income.
- (B) The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation

techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

- (C) If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.
- (D) Specific valuation techniques used to value financial instruments include:
- Quoted market prices or dealer quotes for similar instruments.
  - Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.
- E. For the years ended December 31, 2023 and 2022, there were no transfer between Level 1 and Level 2.
- F. The following table presents the changes in level 3 instruments for the years ended December 31, 2023 and 2022.

	Equity securities
January 1, 2022	\$ 1 2,052,432
Gains and losses recognised in other comprehensive income (Note)	<u>94,451</u>
December 31, 2022	<u>\$ 2,146,883</u>
	Equity securities
January 1, 2022	\$ 1,806,258
Gains and losses recognised in other comprehensive income (Note)	<u>246,174</u>
December 31, 2022	<u>\$ 2,052,432</u>

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

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

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

- H. The valuation process for fair values classified at Level 3 is the responsibility of the risk

management department, which verifies the financial instrument's fair value. The result of the evaluation is then reviewed and approved by the risk management department of the Group's parent company. The risk management department evaluates the independence, reliability, consistency, and representativeness of the information source, and periodically verifies the valuation model and calibrates the valuation parameters, ensuring the valuation process and valuation results are in accordance with IFRS's requirements. The Group adjusted the valuation parameters of certain underlying companies in the second quarter of 2023 to reflect the observable market data at the measurement date and the operations of the underlying companies.

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

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

#### (4) System of risk management

##### A. Objectives of risk management

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

##### B. Risk management system

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

##### C. Organisational structure of risk management

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

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

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

c. Third line of defence: this includes the Board of Directors, Audit Committee and Internal Audit Department. Internal Audit Department is responsible for auditing the compliance and implementation status of various regulations and internal control system and ensuring the internal control system can be implemented continuously and effectively.

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

a. The Board of Directors: The Board of Directors is the highest decision-making unit of the Group's risk management; its main duties include assessing and approving the Risk Management Policy, significant risk management system, annual acceptable limit of risk and monitoring indicator threshold and directing the execution of the risk management system.

b. Audit Committee: Audit Committee directs the execution of the risk management system under the commission of the Board of Directors; its main duties include deliberating the Risk Management Policy, significant risk management system, annual acceptable limit of risks and monitoring indicator threshold and supervising the management of the Group's existing or potential risk.

- c. High management level: High management level reviews the risks involved in the Group's various operating activities and ensures that the Company's risk management system can completely and effectively control related risks.
- d. Risk Management Department: Risk Management Department is an independent department under the Board of Directors; its main duties include developing the risk management system, establishing the effective method for measuring risks and the risk management system, monitoring and analysing risks and reporting and warning significant risks.
- e. Legal Compliance Department: The main duties of the Legal Compliance Department are implementing the legal compliance risk control, confirming all operating and management regulations are updated in accordance with relevant regulations timely, supervising the supervisors of each unit to execute the introduction, establishment and implementation of relevant internal norms and assessing the legal and legal compliance risks that may be involved in various businesses, legal documents and contracts.
- f. Internal Audit Department: Internal Audit Department, an independent department under the Board of Directors together with the Risk Management Department, is responsible for independently auditing and assessing whether the risk management and related internal control system are continuously and effectively operating and timely providing suggestions for improvement.
- g. Other risk management related units: Other risk management related units are responsible for assessing and detecting the risks that may cause losses to the Group within the scope of risks under their supervision, formulating the risk monitoring indicators according to the characteristics of the risks, supervising the overall risk tolerance ability and current situation of risk tolerance and reporting the monitoring implementation status.
- h. Each business unit: Each business unit is responsible for identifying and managing the risks arising from its duties and functions or business scope and designing and implementing the effective internal control procedures that include the functions of risk management fully covers relevant operating activities for the characteristics of the risks.

#### D. Procedures of risk management

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

- (A) Risk identification: Confirm the nature and type of risk in each business through analysing the procedures. Identify the major operating risks of the Group, including financial risk, operational risk, legal and legal compliance risks and climate change risk.
- (B) Risk measurement: Make a reasonable estimate of various risk characteristics that may cause or affect potential losses. For risk characteristics that are quantifiable, appropriate quantitative methods shall be used to measure the degree of risks; for risk characteristics that cannot be quantified, appropriate qualitative methods shall be used to express the degree of risks.

- (C) Risk monitoring: The Group assesses the risk degree actually generated from the business according to the risk limits of each business to ensure each risk complies with the Company's authorisation.
- (D) Risk management reporting: Report information related to risk management to relevant supervisors. The level, content and frequency of risk reporting shall be adjusted according to the nature of the risks and their influence degree on the Company's business, profit or loss and net assets.
- E. Hedging and risk diminishing strategies
- The Group uses hedging tools and hedging mechanisms for risks of each business based on its capital scale and risk toleration capability. Through hedging mechanisms, the Group may restrict risks within authorised limits, and employ authorised financial instruments, based on market conditions, business strategies, characteristics of commodities and risk management rules, to adjust risk positions within acceptable levels.
- F. Climate risk
- The Group has established three lines of defence for risk management. Each line of defence has clear organisation, responsibilities, and functions to ensure the effective operation of the risk management mechanism. The assessment and management of transition risk or physical risk related to climate risk are integrated into the existing risk management framework, including qualitative and quantitative analysis.
- The climate risk and opportunity management process of our group mainly consists of four steps, from risk and opportunity identification, measurement, monitoring to management reporting, and the responsibilities and management actions of each step are described as follows:
- (a) Risk identification:
- I. The Group conducts climate risk identification annually based on its business characteristics.
  - II. Refers to international organisations' climate risk reports.
- (b) Risk measurement:
- I. The Group evaluates the impact and influence of each risk based on its business characteristics.
  - II. The scope of measurement includes impact pathways, impact time and geographical scope, the position of the impact value chain, and financial impact.
  - III. The Risk Management Department of the Yuanta Financial Holdings establishes a climate risk value measurement model to enhance quantitative management of climate risk.
- (c) Risk monitoring:
- I. Include environmental and social risk factors of each industry in the industry risk level assessment mechanism.
  - II. Establish quantifiable indicators and limits for climate risk.
- (d) Risk management reporting:

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

(5) Market risk

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

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

Through the VaR model, the Group measures market risk by estimating maximum possible losses of the trading positions for the next day at the 99% confidence interval.

According to the types of trading, the VaR of equity trading, commodity trading, foreign-exchange-rate trading and interest-rate trading are as follows:

<Table> VaR of Trading of Different Types

Period: January 1 ~ December 31, 2023

Type of Trading	Foreign				
	Equity	Commodity	Exchange Rate	Interest Rate	Total
December 31, 2023	\$ 8,118	\$ 72	\$ 3,006	\$ -	\$ 11,05
Average	4,681	65	3,336	245	7,877
Lowest	230	-	1,607	-	2,063
Highest	12,117	1,521	15,828	870	18,297

Period: January 1 ~ December 31, 2022

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

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

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

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

(6) Credit risk

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

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

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

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

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

B. The financial assets of the Group with credit risk include bank deposits, OTC derivative, bonds, repurchase agreement/reverse repurchase agreement of bonds (bills), deposits for securities borrowing and lending, margins for futures, customer margin deposits deposited under central government bonds, other refundable deposit<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 Group's financial assets by geographic area were as follows (see the table below): As of December 31, 2023, the highest was Taiwan with (87.46%), the second was Asia (excluding Taiwan) with (6.91%) and the third was America with (5.09%). Compared to the same period last year, the proportion of investments in Taiwan and Europe have decreased with 3.34% and 3.29%, Asia (excluding Taiwan) and America have increased with 2.18% and 4.44%, respectively.

	December 31, 2023	December 31, 2022
Taiwan	\$ 95,317,415	\$ 98,526,162
Asia (excluding Taiwan)	7,534,777	5,137,405

<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 brokerage trading receivables.



Europe	569,959	4,135,299
America	5,550,178	705,568
Other	<u>12,564</u>	<u>6,407</u>
Total	<u>\$ 108,984,893</u>	<u>\$ 108,510,841</u>

b. Industry:

Percentages of credit risk exposure amounts of the Group's financial assets by industry were as follows (see the table below): Financial institutions accounted for (99.45%) with other industry sectors representing less than 1%. Credit risk is concentrated in financial institutions because the Group's equity capital and margins received from customers were both deposited with financial institutions, and counterparties of derivative trade undertaken by the Group were banks, futures clearing and settlement institution and re-consigned futures firms. The percentages distribution did not change significantly in this period compared to the corresponding period of last year.

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Privately owned businesses	\$ 353,574	\$ 160,026
Financial institutions	108,381,474	108,145,220
Public enterprises	158,65	82,643
	25,185	-
Other	<u>66,006</u>	<u>122,952</u>
Total	<u>\$ 108,510,841</u>	<u>\$ 108,510,841</u>

(B) Analysis of credit risk levels

- a. Credit risk rating is categorised into Excellent, Standard, Below standard, Other and the definitions are illustrated below:
- (a) Excellent: The underlying position or an entity is capable of fulfilling its financial commitment even if facing significant uncertain factors or exposed to an adverse condition.
  - (b) Standard: The underlying position or an entity's capacity to fulfill the contractual obligation is at an acceptable level, and any adverse movement toward operation, finance or economy could further weaken its capacity to fulfil financial commitment.
  - (c) Below standard: The underlying position or an entity's capacity to fulfill the contractual obligation is weak, and the fulfillment of the contractual commitment depends on the advantageous movement in operating environment and financial status.
  - (d) Other: This level shows that the counterparty or the underlying asset does not fulfill contractual obligations, or for other reasons fails to (or not) be applied with the internal credit risk ratings.
- b. As of December 31, 2023, the credit quality levels of the Group's financial assets were classified as follows: Excellent is 96.29%, standard is 3.60%. Compared to the same period last year, the proportion of financial assets classified as excellent and standard had decreased while assets classified as below standard had increased.

	December 31, 2023	December 31, 2022
Excellent	\$ 104,941,851	\$ 105,879,904
Standard	3,925,410	2,506,448
Below standard	<u>117,632</u>	<u>124,489</u>
Total	<u>\$ 108,984,893</u>	<u>\$ 108,510,841</u>

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

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

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

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

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

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

(D) The definition of a financial asset in default

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

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

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

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

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

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

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

(E) Write off policy

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

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

a. Futures trading margin receivable

Obtain historical loss rates (based on the historical losses from the past three years, compare the current and past economic environments to the predicted future environment

(forward-looking factor) and determine if there is a significant change; adjust the estimate for future loss rates accordingly).

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

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

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

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

For the year ended December 31, 2023			
Lifetime			
12 months	Significant increase in credit risk	Credit impaired	
Without past due or within	More than 30 days	More than 90 days	Total

	30 days			
January 1, 2022	\$ -	\$ -	( \$ 96,002 )	( \$ 96,002 )
Reversal of impairment loss	-	-	38,353	38,353
Write-offs	-	-	9,344	9,344
December 31, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>( \$ 48,305 )</u>	<u>( \$ 48,305 )</u>
For the year ended December 31, 2022				
	Lifetime			
	12 months	Significant increase in credit risk	Credit impaired	
	Without past due or within 30 days	More than 30 days	More than 90 days	Total
January 1, 2022	\$ -	\$ -	( \$ 107,770 )	( \$ 107,770 )
Reversal of impairment loss	-	-	2,795	2,795
Write-offs	-	-	8,973	8,973
December 31, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>( \$ 96,002 )</u>	<u>( \$ 96,002 )</u>

b. Investments in debt instruments

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

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

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

At least reflected in the forecastable adjustments of PD and LGD: In order to predict future probabilities of default, historical performances of PD, current trends in PD,

the correlation between PD and macroeconomic factors, and other relevant information is considered by experts to give an overall assessment of forecastable scenarios of PD. The PD parameters are then adjusted accordingly to produce the forecastable PD parameters.

### III. Other

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

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

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

### (7) Liquidity risk analysis

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

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

Cash flow analysis of financial liabilities on December 31, 2023

Accounts	Financial liabilities	Payment period					Total
		Prevailing Period	Less than 3 months	3 ~12 months	1~5 years	Over 5 years	
	Financial liabilities at fair value						
212000	through profit or loss - current	\$ 8,422	\$ -	\$ -	\$ -	\$ -	\$ 8,422
214080	Futures traders' equity	95,307,015	-	-	-	-	95,307,015
	Leverage margin contract transaction						
214100	traders' equity	372,254	-	-	-	-	372,254
214130	Accounts payable	7,745	109,829	-	-	-	117,574
214140	Accounts payable - related parties	-	17,456	-	-	-	17,456
214170	Other payables	-	426,066	43,246	39	-	469,351
214180	Other payables - related parties	-	4	-	-	-	4
216000	Lease liabilities - current	-	12,846	35,985	-	-	48,831
219000	Other current liabilities	-	282	6,045	-	-	6,327
221100	Bonds Payable	-	-	-	1,498,157	-	1,498,157
226000	Lease liabilities - non-current	-	-	-	37,915	-	37,915
	Total	<u>\$ 95,695,436</u>	<u>\$ 566,483</u>	<u>\$ 85,276</u>	<u>\$ 1,536,111</u>	<u>\$ -</u>	<u>97,883,306</u>
	Percentage (%) of overall	97.76%	0.58%	0.09%	1.57%	0.00%	100.00%

Cash flow analysis of financial liabilities on December 31, 2022

<u>Accounts</u>	<u>Financial liabilities</u>	Payment period					Total
		Prevailing Period	Less than 3 months	3 ~12 months	1~5 years	Over 5 years	
212000	Financial liabilities at fair value through profit or loss - current	\$ 26,458	\$ -	\$ -	\$ -	\$ -	\$ 26,458
214080	Futures traders' equity	96,731,027	-	-	-	-	96,731,027
214100	Leverage margin contract transaction traders' equity	371,174	-	-	-	-	371,174
214130	Accounts payable	2,163	136,175	-	-	-	138,338
214140	Accounts payable - related parties	-	22,020	-	-	-	22,020
214170	Other payables	-	325,813	6,636	39	-	332,488
214180	Other payables - related parties	-	408	-	-	-	408
216000	Lease liabilities - current	-	12,854	38,851	-	-	51,705
219000	Other current liabilities	-	484	5,972	-	-	6,456
221100	Bonds Payable	-	-	-	-	1,497,779	1,497,779
226000	Lease liabilities - non-current	-	-	-	86,754	-	86,754
	Total	<u>\$ 97,130,822</u>	<u>497,754</u>	<u>51,459</u>	<u>86,793</u>	<u>1,497,779</u>	<u>99,264,607</u>
	Percentage (%) of overall	97.85%	0.50%	0.05%	0.09%	1.51%	100.00%

The analysis of cash flow gap on December 31, 2023

Accounts	Financial assets	Receipt period					Total
		Prevailing Period	Less than 3 months	3 ~12 months	1~5 years	Over 5 years	
111100	Cash and cash equivalents	\$1,030,210	\$4,613,554	\$5,468,527	\$150,000	\$ -	\$ 11,262,291
112000	Financial assets at fair value through profit or loss - current	686,305	-	-	-	-	686,305
113200	Financial assets at fair value through other comprehensive income - current	152,712	-	-	-	-	152,712
114070	Customer margin deposits	95,469,319	-	-	-	-	95,469,319
114080	Futures trading margin receivable	48,305	-	-	-	-	48,305
114130	Accounts receivable	-	251,176	-	-	-	251,176
114140	Accounts receivable - related parties	-	1,648	-	-	-	1,648
114170	Other receivables	-	102,289	84,298	-	-	186,587
114180	Other receivables - related parties	-	37,185	85,630	-	-	122,815
114300	Leverage margin contract trading client margin deposits	573,860	-	-	-	-	573,860
123200	Financial assets at fair value through other comprehensive income - non-current	-	-	-	-	2,276,213	2,276,213
123300	Financial assets at amortised cost - non-current	-	-	-	57,095	-	57,095
129010	Operating guarantee deposits	-	-	-	-	161,447	161,447
129020	Clearing and settlement funds	-	-	-	-	446,100	446,100
129030	Refundable deposits	-	-	-	21,521	-	21,521
	Subtotal	<u>\$ 97,960,711</u>	<u>\$5,005,852</u>	<u>\$5,638,455</u>	<u>\$ 228,616</u>	<u>\$ 2,883,760</u>	<u>\$111,717,394</u>
	Cash inflow	\$ 97,960,711	\$5,005,852	\$5,638,455	\$ 228,616	\$ 2,883,760	\$111,717,394
	Cash outflow	<u>95,695,436</u>	<u>566,483</u>	<u>85,276</u>	<u>1,536,111</u>	<u>-</u>	<u>97,883,306</u>
	The amount of capital gap	<u>\$ 2,265,275</u>	<u>\$4,439,369</u>	<u>\$5,553,179</u>	<u>(\$1,307,495)</u>	<u>\$ 2,883,760</u>	<u>\$13,834,088</u>

The analysis of cash flow gap on December 31, 2022

Receipt period



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

(8)Currency risk

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

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

- B. The total exchange gains and losses, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2023 and 2022 amounted to (\$15,310) and \$33,901, respectively.

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**YUANTA FUTURES CO., LTD.**  
**PARENT COMPANY ONLY FINANCIAL**  
**STATEMENTS AND INDEPENDENT AUDITORS’**  
**REPORT**  
**DECEMBER 31, 2023 AND 2022**

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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 TRANSLATED FROM CHINESE

PWCR23000305

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

### ***Opinion***

We have audited the accompanying parent company only balance sheets of Yuanta Futures Co., Ltd. (the "Company") as at December 31, 2023 and 2022, and the parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of Yuanta Futures Co., Ltd. as at December 31, 2023 and 2022, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants and Regulation Governing the Preparation of Financial Reports by Securities Firms.

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

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation of Engagements 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, 2023 was NTD 2,146,883 thousand.

Because there are no active market quoted prices for the financial assets at fair value through other comprehensive income - unlisted stocks held by Yuanta Futures Co., Ltd., the management uses valuation techniques to estimate the fair value. The valuation techniques used by Yuanta Futures Co., Ltd. is primarily the market method. The market method's main assumption is determining similar and comparable companies in order to obtain the related parameters as a reference for calculations. The models and parameters used in valuation technique are based on management's professional judgments and estimates, and such accounting judgments and estimates are highly uncertain. Thus, we have included the fair value valuation of unlisted stocks as a key audit matter in our audit for the year ended December 31, 2023.

How our audit addressed the matter

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

In addition, we and our valuation expert discussed with management and sample tested the Company's valuation data 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.

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Lo, Chiao-Sen

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Lee, Hsiu-Ling

For and on behalf of PricewaterhouseCoopers, Taiwan

February 27, 2024

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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, 2023		December 31, 2022		
		AMOUNT	%	AMOUNT	%	
<b>Current assets</b>						
111100	Cash and cash equivalents	6(1) and 7	\$ 10,188,549	9	\$ 8,657,642	8
112000	Financial assets at fair value through profit or loss - current	6(2), 7 and 11	685,885	1	320,027	-
113200	Financial assets at fair value through other comprehensive income - current	6(5)	152,712	-	677,015	1
114070	Customer margin deposits	6(3) and 7	92,916,102	84	94,577,662	86
114100	Security lending deposits	7	-	-	20,094	-
114130	Accounts receivable		251,176	-	20,105	-
114140	Accounts receivable - related parties	7	1,648	-	979	-
114150	Prepayments	7	11,626	-	12,854	-
114170	Other receivables		126,500	-	63,270	-
114180	Other receivables - related parties	7	48,669	-	17,118	-
114300	Leverage margin contract trading client margin deposits	7	573,860	1	536,152	-
110000	<b>Subtotal current assets</b>		<u>104,956,727</u>	<u>95</u>	<u>104,902,918</u>	<u>95</u>
<b>Non-current assets</b>						
123200	Financial assets at fair value through other comprehensive income - non-current	6(5)	2,276,213	2	2,155,716	2
124100	Investments accounted for under the equity method	6(6)	1,282,080	1	1,218,760	1
125000	Property and equipment	6(9)	708,583	1	649,159	1
125800	Right-of-use assets	6(10)	73,265	-	113,172	-
127000	Intangible assets	6(11)	97,515	-	74,012	-
128000	Deferred income tax assets		23,772	-	27,643	-
129010	Operating guarantee deposits	6(7) and 7	140,000	-	140,000	-
129020	Clearing and settlement funds	6(8)	446,100	1	453,658	1
129030	Refundable deposits	7	20,896	-	35,928	-
129130	Prepayment for equipment		6,690	-	89,591	-
129990	Other non-current assets - other		28,228	-	18,123	-
120000	<b>Subtotal non-current assets</b>		<u>5,103,342</u>	<u>5</u>	<u>4,975,762</u>	<u>5</u>
906001	<b>Total Assets</b>		<u>\$ 110,060,069</u>	<u>100</u>	<u>\$ 109,878,680</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, 2023		December 31, 2022		
		AMOUNT	%	AMOUNT	%	
<b>Current liabilities</b>						
212000	Financial liabilities at fair value through profit or loss - current	6(2) and 11	\$ 8,422	-	\$ 26,458	-
214080	Futures traders' equity	6(3) and 7	92,758,076	84	94,279,967	86
214100	Leverage margin contract transaction traders' equity		372,254	-	371,174	1
214130	Accounts payable		117,574	-	138,338	-
214140	Accounts payable - related parties	7	17,456	-	22,020	-
214160	Collection for third parties		9,445	-	8,442	-
214170	Other payables	6(12)	447,483	1	321,990	-
214180	Other payables - related parties	6(12) and 7	4	-	408	-
214600	Current income tax liabilities		137,762	-	97,830	-
216000	Lease liabilities - current	7	42,286	-	43,322	-
219000	Other current liabilities	6(13)	6,302	-	6,235	-
210000	<b>Subtotal current liabilities</b>		<u>93,917,064</u>	<u>85</u>	<u>95,316,184</u>	<u>87</u>
<b>Non-current liabilities</b>						
221100	Bonds payable	6(14)	1,498,157	2	1,497,779	1
226000	Lease liabilities - non-current	7	37,915	-	80,201	-
228000	Deferred income tax liabilities		39,927	-	42,254	-
229000	Other non-current liabilities		54,297	-	71,413	-
	<b>Subtotal non-current liabilities</b>		<u>1,630,296</u>	<u>2</u>	<u>1,691,647</u>	<u>1</u>
906003	<b>Total Liabilities</b>		<u>95,547,360</u>	<u>87</u>	<u>97,007,831</u>	<u>88</u>
Capital						
301010	Common stock	6(16)	2,899,763	2	2,899,763	3
Additional paid-in capital						
302000	Capital surplus	6(17)	3,070,484	3	3,070,484	3
Retained earnings						
304010	Legal reserve	6(19)	1,340,216	1	1,228,957	1
304020	Special reserve	6(18)(19)	2,923,533	3	2,701,014	2
304040	Undistributed earnings	6(19)	2,341,954	2	1,279,417	1
Other equity						
305000	Other equity interest	6(20)	1,936,759	2	1,691,214	2
906004	<b>Total equity</b>		<u>14,512,709</u>	<u>13</u>	<u>12,870,849</u>	<u>12</u>
906002	<b>Total liabilities and equity</b>		<u>\$ 110,060,069</u>	<u>100</u>	<u>\$ 109,878,680</u>	<u>100</u>

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

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

Items	Notes	Year ended December 31				
		2023		2022		
		AMOUNT	%	AMOUNT	%	
<b>Revenues</b>						
401000	Brokerage	6(21) and 7	\$ 3,139,823	93	\$ 3,785,620	97
410000	Losses on trading of securities	6(2)(22) and 7	( 50,775)	( 1)	( 88,117)	( 2)
421300	Dividend income	6(2)	321,081	10	79,463	2
421500	Gains (losses) on valuation of trading securities	6(2)	13,211	-	( 6,869)	-
421600	(Losses) gains on covering of borrowed securities and bonds with resale agreements-short sales	6(2)	( 458)	-	34	-
421610	Valuation (losses) gains on borrowed securities and bonds with resale agreements-short sales at fair value through profit or loss	6(2)	( 2,132)	-	2,132	-
424200	Securities commission revenue	7	15,533	-	13,581	-
424300	Clearance fee from consignment	6(23)	35,363	1	37,221	1
424400	Net (loss) gain on derivative financial instruments	6(2)(24)	( 106,334)	( 3)	90,321	2
424900	Futures advisory revenues		9,519	-	8,352	-
428000	Other operating revenues	7	( 283)	-	85	-
400000	<b>Total revenues</b>		<u>3,374,548</u>	<u>100</u>	<u>3,921,823</u>	<u>100</u>
<b>Costs and expenses</b>						
501000	Brokerage fee	6(25)	( 607,506)	( 18)	( 800,438)	( 20)
502000	Dealer handling fee	6(25)	( 641)	-	( 608)	-
521200	Interest expense	7	( 468,544)	( 14)	( 124,495)	( 3)
425300	Expected credit impairment losses and reversal gains		38,353	1	2,795	-
524100	Futures commission	6(26) and 7	( 642,898)	( 19)	( 711,970)	( 18)
524300	Clearance fee	6(27)	( 436,442)	( 13)	( 569,590)	( 15)
524700	Futures administrative expenses		( 839)	-	-	-
528000	Other operating fee		( 6,592)	-	( 3,206)	-
531000	Employee benefit expense	6(28)	( 901,352)	( 26)	( 799,901)	( 20)
532000	Depreciation and amortization	6(29)	( 169,349)	( 5)	( 157,659)	( 4)
533000	Other operating expenses	6(30) and 7	( 498,267)	( 15)	( 458,561)	( 12)
500000	<b>Total costs and expenses</b>		<u>( 3,694,077)</u>	<u>( 109)</u>	<u>( 3,623,633)</u>	<u>( 92)</u>
	<b>Operating income</b>		( 319,529)	( 9)	298,190	8
601100	Share of profit or loss of subsidiaries, associates and joint ventures accounted for using the equity method	6(6)	65,183	2	( 27,264)	( 1)
602000	Other gains and losses	6(2)(5)(31) and 7	2,541,086	75	1,150,941	29
902001	<b>Income before income tax</b>		2,286,740	68	1,421,867	36
701000	Income tax expense	6(32)	( 434,021)	( 13)	( 276,519)	( 7)
902005	<b>Net income</b>		<u>\$ 1,852,719</u>	<u>55</u>	<u>\$ 1,145,348</u>	<u>29</u>

(Continued)

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

Items	Notes	Year ended December 31					
		2023		2022			
		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(15)		\$ 19,518	-	\$ 8,500	-
805540	Unrealized gain and loss on equity instrument investment measured at fair value through other comprehensive income	6(5)(20)		500,331	15 (	68,495)	( 2)
805599	Income tax related to components of items not to be reclassified	6(32)		( 3,904)	-	( 1,700)	-
<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)(20)		( 1,863)	-	104,243	3
805000	<b>Total other comprehensive income (net of tax)</b>			\$ 514,082	15	\$ 42,548	1
	<b>Total comprehensive income</b>			\$ 2,366,801	70	\$ 1,187,896	30
Earnings per share (in New Taiwan dollars)							
	Basic and diluted earnings per share	6(33)		\$ 6.39		\$ 3.95	

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, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

	Notes	Capital surplus			Retained earnings			Other equity interest		Total equity
		Capital -common stock	Paid-in capital in excess of par value	Paid-in capital from business merger	Legal reserve	Special reserve	Undistributed earnings	Translation gain and loss on the financial statements of foreign operating entities	Unrealized gain and loss on equity instrument investment measured at fair value through other comprehensive income	
<u>For the year ended December 31, 2022</u>										
Balance, January 1, 2022		\$ 2,899,763	\$ 3,024,151	\$ 46,333	\$ 1,132,477	\$ 2,508,054	\$ 1,123,207	(\$ 97,223 )	\$ 1,713,136	\$ 12,349,898
Net income for the year		-	-	-	-	-	1,145,348	-	-	1,145,348
Other comprehensive income (loss) for the year	6(5)(20)	-	-	-	-	-	6,800	104,243	( 68,495 )	42,548
Total comprehensive income (loss)		-	-	-	-	-	1,152,148	104,243	( 68,495 )	1,187,896
Appropriations of 2021 earnings:										
Legal reserve		-	-	-	96,480	-	( 96,480 )	-	-	-
Special reserve		-	-	-	-	192,960	( 192,960 )	-	-	-
Cash dividends	6(19)	-	-	-	-	-	( 666,945 )	-	-	( 666,945 )
Disposal of equity instrument investment measured at fair value through other comprehensive income	6(5)(20)	-	-	-	-	-	( 39,553 )	-	39,553	-
Balance, December 31, 2022		\$ 2,899,763	\$ 3,024,151	\$ 46,333	\$ 1,228,957	\$ 2,701,014	\$ 1,279,417	\$ 7,020	\$ 1,684,194	\$ 12,870,849
<u>For the year ended December 31, 2023</u>										
Balance, January 1, 2023		\$ 2,899,763	\$ 3,024,151	\$ 46,333	\$ 1,228,957	\$ 2,701,014	\$ 1,279,417	\$ 7,020	\$ 1,684,194	\$ 12,870,849
Net income for the year		-	-	-	-	-	1,852,719	-	-	1,852,719
Other comprehensive income (loss) for the year	6(5)(20)	-	-	-	-	-	15,614	( 1,863 )	500,331	514,082
Total comprehensive income (loss)		-	-	-	-	-	1,868,333	( 1,863 )	500,331	2,366,801
Appropriations of 2022 earnings:										
Legal reserve	6(19)	-	-	-	111,259	-	( 111,259 )	-	-	-
Special reserve	6(19)	-	-	-	-	222,519	( 222,519 )	-	-	-
Cash dividends	6(19)	-	-	-	-	-	( 724,941 )	-	-	( 724,941 )
Disposal of equity instrument investment measured at fair value through other comprehensive income	6(20)	-	-	-	-	-	252,923	-	( 252,923 )	-
Balance, December 31, 2023		\$ 2,899,763	\$ 3,024,151	\$ 46,333	\$ 1,340,216	\$ 2,923,533	\$ 2,341,954	\$ 5,157	\$ 1,931,602	\$ 14,512,709

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

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

	Notes	Year ended December 31	
		2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		\$ 2,286,740	\$ 1,421,867
Adjustments			
Income and expenses having no effect on cash flows			
Depreciation	6(9)(10)(29)	135,664	130,554
Amortization	6(11)(29)	33,685	27,105
Interest income	6(31)	( 2,206,949 )	( 883,189 )
Interest expense		468,544	124,495
Share of profit or loss of subsidiaries associates, and joint ventures accounted for using the equity method	6(6)	( 65,183 )	27,264
Dividend income		( 321,081 )	-
Dividend income	6(31)	( 580,701 )	( 234,462 )
Expected credit impairment losses and reversal gains		( 38,353 )	( 2,795 )
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss - current		( 365,858 )	( 34,143 )
Customer margin deposits		1,661,560	( 13,518,841 )
Futures trading margin receivable		38,353	2,795
Security lending deposits		20,094	( 20,094 )
Accounts receivable		( 227,489 )	( 16,048 )
Accounts receivable - related parties		( 669 )	1,023
Prepayments		1,228	( 4,113 )
Other receivables		2,350	224
Other receivables - related parties		( 11,386 )	( 154 )
Leverage margin contract trading client margin deposits		( 37,708 )	( 188,747 )
Other non-current assets - other		( 10,105 )	( 6,707 )
Changes in operating liabilities			
Financial liabilities at fair value through profit or loss - current		( 18,036 )	25,532
Futures traders' equity		( 1,521,891 )	13,411,131
Leverage margin contract transaction traders' equity		1,080	88,366
Accounts payable		( 20,764 )	1,482
Accounts payable - related parties		( 4,564 )	2,271
Collection for third parties		1,003	( 656 )
Other payables		107,496	124,305
Other payables-related parties		( 404 )	( 1,434 )
Other current liabilities		67	( 24,908 )
Other non-current liabilities		2,402	443
Cash (outflow) inflow generated from operations		( 670,875 )	452,566
Interest received		2,121,035	819,387
Interest paid		( 450,169 )	( 110,617 )
Dividends received		577,288	234,523
Income tax paid		( 396,449 )	( 163,762 )
Dividend received		317,499	-
NewItem		321,081	-
NewItem		( 317,499 )	-
Net cash flows from operating activities		<u>1,501,911</u>	<u>1,232,097</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of financial assets at fair value through other comprehensive income		( 909,693 )	( 543,350 )
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(5)	1,813,830	381,687
Acquisition of property and equipment	6(9)	( 43,011 )	( 50,017 )
Increase in intangible assets	6(11)	( 17,884 )	( 10,545 )
Decrease in clearing and settlement funds		7,558	90,807
Decrease in refundable deposits		15,032	50
Increase in prepayment for equipment		( 68,573 )	( 19,133 )
Net cash flows from (used in) investing activities		<u>797,259</u>	<u>150,501</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Principal payment for lease liabilities		( 43,322 )	( 43,025 )
Payment of cash dividends	6(19)	( 724,941 )	( 666,945 )
Net cash flows used in financing activities		<u>( 768,263 )</u>	<u>( 709,970 )</u>
Net increase in cash and cash equivalents		\$ 1,530,907	\$ 371,626
Cash and cash equivalents at beginning of year		<u>8,657,642</u>	<u>8,286,016</u>
Cash and cash equivalents at end of year		<u>\$ 10,188,549</u>	<u>\$ 8,657,642</u>

YUANTA FUTURES CO., LTD.  
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in Thousands of New Taiwan dollars, except as otherwise indicated)

**1. HISTORY AND 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, 2023, 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 February 27, 2024.

**3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS**

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and	January 1, 2023

liabilities arising from a single transaction’

Amendments to IAS 12, ‘International tax reform - pillar two model rules’

May 23, 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.

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
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
Amendments to IAS 7 and IFRS 7, ‘Supplier finance arrangements’	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.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’	To be determined by International Accounting Standards Board
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendment to IFRS 17, ‘Initial application of IFRS 17 and IFRS 9 – comparative information’	January 1, 2023
Amendments to IAS 21, ‘Lack of exchangeability’	January 1, 2025

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 MATERIAL 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.

(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 the International Financial Reporting Standards, International Accounting Standards, IFRIC<sup>®</sup> Interpretations, and SIC<sup>®</sup> Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “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. 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 and other factors. There is no significant change during the period. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

### Fair value of unlisted stocks

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

## 6. DETAILS OF SIGNIFICANT ACCOUNTS

### (1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Petty cash	\$ 30	\$ 30
Cash in bank		
Demand deposits	601,846	388,676
Time deposits	9,243,600	7,818,125
Subtotal	9,845,476	8,206,831
Excess futures margin deposits	234,315	337,742
Excess margin in foreign exchange margin trading	108,758	113,069
	<u>\$ 10,188,549</u>	<u>\$ 8,657,642</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, 2023</u>	<u>December 31, 2022</u>
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	\$ 290,212	\$ 100,459
Beneficiary certificates	290,000	163,994
Futures trading margin - own funds	57,324	19,312
Buy options - futures	5,302	14,087
Derivatives assets - OTC	<u>26,787</u>	<u>26,008</u>
	669,625	323,860
Valuation adjustment	<u>16,260</u>	<u>( 3,833 )</u>
	<u>\$ 685,885</u>	<u>\$ 320,027</u>

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

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

	For the years ended December 31,	
	2023	2022
Financial assets and liabilities at fair value through profit or loss		
Listed stocks	\$ 283,510	(\$ 12,734 )
Beneficiary certificates	7,474	( 6,774 )
Borrowed securities	( 2,590 )	2,166
Net loss on futures contracts	( 182,828 )	( 47,821 )
Net (loss) gain on options contracts	( 26,175 )	63,695
Net gain on leverage derivatives assets	102,669	74,447
Other financial instruments	( 3,912 )	-
	<u>\$ 178,148</u>	<u>\$ 72,979</u>

For the years ended December 31, 2023 and 2022, the above mentioned amounts recognised in profit or loss in relation to financial assets and liabilities at fair value through profit or loss are recognised in losses on trading of securities, dividend income, gains (losses) on valuation of trading securities, (losses) gains on covering of borrowed securities and bonds with resale agreements-short sales, valuation (losses) gains on borrowed securities and bonds with resale agreements-short sales at fair value through profit or loss, net (loss) 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, 2023 and 2022, margin deposits for the contract was \$291,639 and \$357,054, respectively, with excess margin of \$234,315 and \$337,742, 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, 2023	December 31, 2022
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Margin deposits by customers:

Cash in bank	\$	68,064,649	\$	75,099,906
Clearing house		14,651,948		10,954,086
Other futures commission merchants		10,203,417		8,523,670
Valuation adjustment on customer margin accounts-CGS	(	3,912)		-
Total	\$	92,916,102	\$	94,577,662
Less: Fees and interest revenue pending for transfer	(	146,974)	(	286,864)
Futures exchange tax pending for transfer	(	5,007)	(	5,080)
Temporary receipts	(	6,045)	(	5,751)
Futures traders' equity	\$	92,758,076	\$	94,279,967

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

B. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the customer margin deposits held by the Company was \$92,916,102 and \$94,577,662, respectively.

(4) Futures trading margin receivable

	December 31, 2023	December 31, 2022
Futures trading margin receivable	\$ 48,305	\$ 96,002
Less: Allowance for uncollectible accounts	( 48,305 )	( 96,002 )
	\$ -	-

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

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

	December 31, 2023	December 31, 2022
Up to 30 days	\$ -	-
31-90 days	-	-
91-180 days	-	-
Over 181 days	48,305	96,002
	\$ 48,305	\$ 96,002

The above ageing analysis was based on posting date.

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

	December 31, 2023	December 31, 2022
Current items:		
Equity instrument		

Listed stocks	\$	171,420	\$	822,634
Valuation adjustment	(	18,708)	(	145,619)
	\$	<u>152,712</u>	\$	<u>677,015</u>

Non-current items:

Equity instrument

Listed stocks	\$	104,771	\$	104,771
Valuation adjustment		<u>24,559</u>	(	<u>1,487</u> )
Subtotal		<u>129,330</u>		<u>103,284</u>
Non-Listed stocks		221,132		221,132
Valuation adjustment		<u>1,925,751</u>		<u>1,831,300</u>
Subtotal		<u>2,146,883</u>		<u>2,052,432</u>
	\$	<u>2,276,213</u>	\$	<u>2,155,716</u>

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

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

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

(6) Investments accounted for under the equity method

A. Items of equity investments are summarised below:

<u>Company name</u>	December 31, 2023	
	<u>Amount</u>	<u>Shareholding ratio</u>
Yuanta Futures (Hong Kong) Co., Ltd.	\$ 994,470	100.00%
SYF Information Co., Ltd.	293,338	100.00%
Yuanta Global (Singapore) Pte. Ltd.	( 5,728 )	100.00%
	<u>\$ 1,282,080</u>	

<u>Company name</u>	December 31, 2022	
	<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>	

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

	For the years ended December 31,	
	<u>2023</u>	<u>2022</u>
Gain (loss) for the year from continuing operations	\$ 65,183	(\$ 27,264 )
Currency translation differences	( 1,863 )	104,243
Total comprehensive income	<u>\$ 63,320</u>	<u>\$ 76,979</u>

(7) Operating guarantee deposits

As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the operating guarantee deposits held by the Company were both \$140,000.

(8) Clearing and settlement funds

As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the clearing and settlement funds held by the Company was \$446,100 and \$453,658, respectively.

(9) Property and equipment

	2023			
	Land (Note)	Equipment	Leasehold improvements	Total
At January 1,				
Cost	\$ 466,947	\$ 228,089	\$ 88,971	\$ 784,007
Accumulated depreciation	-	( 104,185 )	( 30,663 )	( 134,848 )
	<u>\$ 466,947</u>	<u>\$ 123,904</u>	<u>\$ 58,308</u>	<u>\$ 649,159</u>
Opening net book amount at				
January 1,	\$ 466,947	\$ 123,904	\$ 58,308	\$ 649,159
Additions	-	43,011	-	43,011
Transfers	-	112,170	-	112,170
Disposals (cost)	-	( 21,403 )	-	( 21,403 )
Disposals (accumulated depreciation)	-	21,403	-	21,403
Depreciation expense	-	( 66,100 )	( 29,657 )	( 95,757 )
Closing net book amount at				
December 31,	<u>\$ 466,947</u>	<u>\$ 212,985</u>	<u>\$ 28,651</u>	<u>\$ 708,583</u>
At December 31,				
Cost	\$ 466,947	\$ 361,867	\$ 88,971	\$ 917,785
Accumulated depreciation	-	( 148,882 )	( 60,320 )	( 209,202 )
	<u>\$ 466,947</u>	<u>\$ 212,985</u>	<u>\$ 28,651</u>	<u>\$ 708,583</u>



	2022			
	Land (Note)	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>\$ 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>\$ 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>\$ 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.

(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, 2023	December 31, 2022
	<u>Carrying amount</u>	<u>Carrying amount</u>
Buildings	<u>\$ 73,265</u>	<u>\$ 113,172</u>
	For the years ended December 31,	
	<u>2023</u>	<u>2022</u>

	<u>Depreciation expense</u>	<u>Depreciation expense</u>
Buildings	<u>\$ 39,907</u>	<u>\$ 39,851</u>

C. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were both \$0.

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

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 680	\$ 877

E. For the years ended December 31, 2023 and 2022, the Company's total cash outflow for leases was \$44,002 and \$43,902, 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

	<u>2023</u>		
	<u>Membership in a foreign Futures Exchange</u>	<u>Others</u>	<u>Total</u>
At January 1,			
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>
Opening net book amount as at January 1,	\$ 24,125	\$ 49,887	\$ 74,012
Additions	-	17,884	17,884
Transfers	-	39,304	39,304
Disposals (cost)	-	( 11,323 )	( 11,323 )
Disposals (accumulated amortisation)	-	11,323	11,323
Amortisation expense	-	( 33,685 )	( 33,685 )
Closing net book amount as at December 31,	<u>\$ 24,125</u>	<u>\$ 73,390</u>	<u>\$ 97,515</u>
At December 31,			
Cost	\$ 24,125	\$ 130,492	\$ 154,617
Accumulated amortisation	-	( 57,102 )	( 57,102 )
	<u>\$ 24,125</u>	<u>\$ 73,390</u>	<u>\$ 97,515</u>

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>

(12) Other payables

	December 31, 2023	December 31, 2022
Other payables - related parties	\$ 4	\$ 408
Other payables - non-related parties		
Salaries and bonus payables	\$ 388,113	\$ 272,934
Operating expenses payable	25,626	33,310
Interest payables	33,744	15,746
	<u>\$ 447,483</u>	<u>\$ 321,990</u>

(13) Other current liabilities

	December 31, 2023	December 31, 2022
Temporary receipts	\$ 6,302	\$ 6,235

(14) Bonds payable

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

First issue of unsecured subordinate normal corporate bond in 2021

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

(15) Pension

A. Defined benefit plan

(A) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with

Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions to cover the deficit by next March.

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

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	\$ 65,226	\$ 85,326
Fair value of plan assets	( 27,930 )	( 28,463 )
Net defined benefit liability	<u>\$ 37,296</u>	<u>\$ 56,863</u>

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

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

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

(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, 2023 and 2022 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

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

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

For the years ended December 31, 2023 and 2022, assumptions regarding future mortality rate were estimated in accordance 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,</u>				
<u>2023</u>				
Effect on present value of defined benefit obligation	<u>(\$ 1,641 )</u>	<u>\$ 1,699</u>	<u>\$ 1,317</u>	<u>(\$ 1,282 )</u>
<u>December 31,</u>				
<u>2022</u>				
Effect on present value of defined benefit obligation	<u>(\$ 1,997 )</u>	<u>\$ 2,068</u>	<u>\$ 1,752</u>	<u>(\$ 1,704 )</u>

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

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

(G) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2024 amount to \$734.

(H) As of December 31, 2023, the weighted average duration of the retirement plan is 11 years.

#### B. Defined contribution plan

(A) Effective July 1, 2005, the Company 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, 2023 and 2022, were \$19,019 and \$19,018, respectively.

(16) Share capital

As of December 31, 2023, the Company's authorised capital was \$3,500,000 consisting of 350,000 thousand shares, and paid-in capital was \$2,899,763 with a par value of 10 (in dollars) per share. All proceeds from shares issued have been collected.

(17) Capital surplus

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

(18) Special reserve

- A. According to the "Rules Governing the Administration of Securities Firms", 20% of the current year's earnings, after paying all taxes and offsetting prior years' operating losses, if any, shall be set aside as special reserve until the cumulative balance equals the total amount of paid-in capital. Except for offsetting the Company's deficit by using the special reserve or cumulative special reserve exceeding 25% of the paid-in capital, the Company 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, the basis for the provision of the special reserve should be included in the amount of the net profit after tax in the current year, plus items other than the profit after tax that are included in the undistributed earnings.
- B. According to the other regulations, upon the distribution of earnings, other than the setting aside of legal reserve, an equivalent amount of special reserve should be set aside from earnings after tax of the current year and the undistributed earnings of the prior period based on the decreased amount of stockholders' equity. For the cumulative decrease in stockholders' equity of the prior period, 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.

(19) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% and 20% of the remaining amount shall be set aside as legal reserve and special reserve. In addition, if there is any surplus after the special reserve is set aside or reversed as required by regulations, the remainder, if any, to be retained or to be appropriated shall be resolved by the stockholders at the stockholders' meeting.
- B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their



share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

- C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- D. Details of the Company's earnings distribution for 2022 and 2021 as resolved at the stockholders' meeting on May 24, 2023 and on May 24, 2022, respectively, are as follows:

	2021		2020	
	Amount	Dividends per Share (in dollars)	Amount	Dividends per Share (in dollars)
Legal reserve	\$ 111,259		\$ 96,480	
Special reserve	222,519		192,960	
Cash dividends	724,941	\$ 2.50	666,945	\$ 2.30

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

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

(20) Other equity items

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

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

(21) Brokerage

	For the years ended December 31,	
	2023	2022
Dealers' commissions - domestic	\$ 2,091,579	\$ 2,650,313
Dealers' commissions - foreign	1,035,932	1,125,527
Dealers' commissions - leverage	12,312	9,780
	<u>\$ 3,139,823</u>	<u>\$ 3,785,620</u>

(22) Net loss on trading of securities

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

(23) Clearance fee from consignment

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

(24) Net (loss) gain on derivative financial instruments

	For the years ended December 31,	
	2023	2022
Non-hedging		
Gains (losses) from futures contract interests		
Futures contract gains	\$ 406,869	\$ 182,535
Futures contract losses	( 589,697 )	( 230,356 )
	<u>( \$ 182,828 )</u>	<u>( \$ 47,821 )</u>
Gains (losses) from options trading		
Gains from options trading	\$ 175,939	\$ 235,207
Losses from options trading	( 202,114 )	( 171,512 )
	<u>( \$ 26,175 )</u>	<u>\$ 63,695</u>
Gains (losses) from leverage margin contract transactions		
Gains from leverage margin contract transactions	\$ 587,823	\$ 634,712
Losses from leverage margin contract transactions	( 485,154 )	( 560,265 )
	<u>\$ 102,669</u>	<u>\$ 74,447</u>
Gains from derivatives financial instruments	\$ 1,170,631	\$ 1,052,454
Losses from derivatives financial instruments	( 1,276,965 )	( 962,133 )
	<u>( \$ 106,334 )</u>	<u>\$ 90,321</u>

(25) Service charge

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

(26) Futures commission

	For the years ended December 31,	
	2023	2022
Entrusted futures transaction	\$ 356,458	\$ 364,843
Futures auxiliary business	286,440	347,127
	<u>\$ 642,898</u>	<u>\$ 711,970</u>

(27) Clearance fee

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

(28) Employee benefit expense

	For the years ended December 31,	
	2023	2022
Wages and salaries	\$ 813,825	\$ 716,156
Labor and health insurance fees	42,126	39,430
Pension costs	19,758	19,415
Post-employment benefits	5,391	3,372
Other personnel expenses	20,252	21,528
	<u>\$ 901,352</u>	<u>\$ 799,901</u>

A. In accordance with the Articles of Incorporation of the Company, when distributing earnings, the Company shall distribute bonus to the employees that account for 0.01%~5.00%, of the total distributed amount. For the years ended December 31, 2023 and 2022, employees' compensation was accrued at \$3,821 and \$4,055, respectively, and the aforementioned amounts were recognised in salary expenses.

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

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

(29) Depreciation and amortization

	For the years ended December 31,	
	2023	2022
Depreciation expense	\$ 135,664	\$ 130,554
Amortisation expense	33,685	27,105
	<u>\$ 169,349</u>	<u>\$ 157,659</u>

(30) Operating expenses

	For the years ended December 31,	
	2023	2022
Postage and telephone costs	\$ 133,942	\$ 115,999
Tax expenses	100,567	104,388
Computer information expense	112,388	107,240
Donation	5,730	4,165
Institutional membership fees	33,528	30,107
Repair charge	35,872	31,414
Advertising costs	10,936	7,965
Service expenses	22,584	18,236
Other expenses	42,720	39,047
	<u>\$ 498,267</u>	<u>\$ 458,561</u>

(31) Other gains and losses

	For the years ended December 31,	
	2023	2022
Interest income	\$ 2,206,949	\$ 883,189
Gains on disposals of investments	585	-
Dividend income	259,620	154,999
Net currency exchange (losses) gains	( 16,566 )	44,649
Gains (losses) on financial assets at fair value through profit or loss	2,970	( 3,985 )
Others	87,528	72,089
	<u>\$ 2,541,086</u>	<u>\$ 1,150,941</u>

(32) Income tax

A. Income tax expense

(a) Components of income tax expense:

	For the years ended December 31,	
	2023	2022
Current tax:		
Current tax on profits for the year	\$ 427,098	\$ 244,688
Tax on undistributed surplus earnings	2,694	421
Prior year income tax under (over) estimation	6,589	( 1,996 )
Total current tax	<u>436,381</u>	<u>243,113</u>
Deferred tax:		
Origination and reversal of temporary differences	( 2,360 )	33,406
Total deferred tax	<u>( 2,360 )</u>	<u>33,406</u>
Income tax expense	<u>\$ 434,021</u>	<u>\$ 276,519</u>

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

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

B. Reconciliation between income tax expense and accounting profit

	For the years ended December 31,	
	2023	2022
Tax calculated based on profit before tax and statutory tax rate	\$ 457,348	\$ 284,373
Tax exempt income by tax regulation	( 46,320 )	( 6,279 )
Recognised in income tax of Controlled Foreign Company	13,710	-
Tax on undistributed surplus earnings	2,694	421
Prior year income tax under (over) estimation	6,589	( 1,996 )
Income tax expense	<u>\$ 434,021</u>	<u>\$ 276,519</u>

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

For the year ended December 31, 2023

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

For the year ended December 31, 2022

	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
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	31,686	( 2,343)	( 1,700)	27,643
— Deferred income tax liabilities:				
Unrealised exchange loss	-	( 5,738)	-	( 5,738)
Others	( 11,191)	( 25,325)	-	( 36,516)
Subtotal	( 11,191)	( 31,063)	-	( 42,254)
	\$ 20,495	(\$ 33,406)	(\$ 1,700)	(\$ 14,611)

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

The Company's subsidiary, SYF Information Co. Ltd.'s income tax returns through 2021 have been assessed and approved by the Tax Authority.

(33) Earnings per share

For the year ended December 31, 2023

	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 1,852,719	289,976	\$ 6.39



For the year ended December 31, 2022

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

## 7. RELATED PARTY TRANSACTIONS

### (1) Parent and ultimate controlling party

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

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

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 1 )
Yuanta Cultural & Educational Foundation	Related parties in substance
Yuanta Polaries Research	Related parties in substance(Note 2 )
Other	Refer to the same enterprise group, parent company, substantial related parties and its major shareholders, key management and its related investment enterprises and other companies or institutions who is also held by the Company's chairman of the director or general manager, or have spouse or relatives in the same position.

Note 1: Yuanta Futures (Singapore) Pte. Ltd. was established by the Company through reinvestment on November 23, 2022, and the business items are pending approval by the competent

authority of Singapore.

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

(3) Significant related party transactions and balances

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

		December 31, 2023				
		Bank deposits	Operating guarantee deposits	Customer margin deposits	Futures trading margin Own funds	Excess margin
Yuanta Futures (Hong Kong) Co., Ltd.						
Fellow subsidiary	\$	-	-	\$ 367,855	\$ -	\$ 4,709
Yuanta Bank Co., Ltd.						
Yuanta Futures (Hong Kong) Co., Ltd.		<u>4,276,913</u>	<u>140,000</u>	<u>22,468,867</u>	=	<u>-</u>
		<u>\$4,276,913</u>	<u>\$ 140,000</u>	<u>\$22,836,722</u>	<u>\$ -</u>	<u>\$ 4,709</u>
		December 31, 2022				
		Bank deposits	Operating guarantee deposits	Customer margin deposits	Futures trading margin Own funds	Excess margin
Yuanta Futures (Hong Kong) Co., Ltd.						
Fellow subsidiary	\$	-	-	\$ 504,076	\$ 409	\$ 9,394
Yuanta Bank Co., Ltd.						
Yuanta Futures (Hong Kong) Co., Ltd.		<u>5,930,333</u>	<u>140,000</u>	<u>25,529,271</u>	=	<u>-</u>
		<u>\$5,930,333</u>	<u>\$ 140,000</u>	<u>\$26,033,347</u>	<u>\$ 409</u>	<u>\$ 9,394</u>

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

B. Leverage margin contract trading client margin deposits

	December 31, 2023	December 31, 2022
Fellow subsidiary		

Yuanta Bank Co., Ltd.	<u>\$ 266,264</u>	<u>\$ 123,367</u>
<b>C. <u>Accounts receivable - related parties</u></b>		
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Fellow subsidiary		
Yuanta Securities Co., Ltd.	<u>\$ 1,648</u>	<u>\$ 979</u>
<b>D. <u>Prepayments</u></b>		
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Subsidiary		
Yuanta Futures (Hong Kong) Co., Ltd.	\$ 261	-
Fellow subsidiary		
Yuanta Life Insurance Co., Ltd.	<u>1,403</u>	<u>1,480</u>
	<u>\$ 1,664</u>	<u>\$ 1,480</u>
<b>E. <u>Other receivables - related parties</u></b>		
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Fellow subsidiary		
Yuanta Bank Co., Ltd.	\$ 37,129	\$ 16,965
Subsidiary		
Yuanta Futures (Hong Kong) Co., Ltd.	-	1
Yuanta Global (Singapore) Pte. Ltd.	<u>11,540</u>	<u>152</u>
	<u>\$ 48,669</u>	<u>\$ 17,118</u>
<b>F. <u>Leasing arrangements – lessee</u></b>		
(A) The Company leases buildings from Yuanta Bank Co., Ltd. and Yuanta Life Insurance Co., Ltd. with a lease term from 3 to 5 years and rents are paid monthly.		
(B) Depreciation expense - right-of-use assets		
	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Fellow subsidiary		
Yuanta Bank Co., Ltd.	\$ 2,360	\$ 2,360
Yuanta Life Insurance Co., Ltd.	<u>36,452</u>	<u>36,452</u>
	<u>\$ 38,812</u>	<u>\$ 38,812</u>
<b>(C) Lease liabilities</b>		
a. Outstanding balance		
	<u>December 31, 2023</u>	<u>December 31, 2022</u>

Fellow subsidiary		
Yuanta Bank Co., Ltd.	\$ 2,260	\$ 4,663
Yuanta Life Insurance Co., Ltd.	<u>73,705</u>	<u>113,561</u>
	<u>\$ 75,965</u>	<u>\$ 118,224</u>

b. Interest expense

	For the years ended December 31,	
	<u>2023</u>	<u>2022</u>
Fellow subsidiary		
Yuanta Bank Co., Ltd.	\$ 21	\$ 35
Yuanta Life Insurance Co., Ltd.	<u>582</u>	<u>824</u>
	<u>\$ 603</u>	<u>\$ 859</u>

G. Refundable deposits

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Fellow subsidiary		
Yuanta Bank Co., Ltd.	\$ 10,304	\$ 10,304
Yuanta Life Insurance Co., Ltd.	<u>6,740</u>	<u>6,740</u>
	<u>\$ 17,044</u>	<u>\$ 17,044</u>

H. Futures traders' equity

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Subsidiary		
Yuanta Futures (Hong Kong) Co., Ltd.	\$ 497,589	\$ 404,304
Fellow subsidiary		
Yuanta Bank Co., Ltd.	513,843	105,315
Yuanta Securities Co., Ltd.	2,499,779	2,861,905
Yuanta Securities (Hong Kong) Co., Ltd.	32,723	79,395
Yuanta Securities Korea Co., Ltd.	285,470	289,808
Funds managed by fellow subsidiary		
Funds managed by Yuanta Securities Investment Trust	39,128,798	37,679,405
Other related parties	<u>68,659</u>	<u>89,347</u>
	<u>\$ 43,026,861</u>	<u>\$ 41,509,479</u>

I. Accounts payable - related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Fellow subsidiary		
Yuanta Securities Co., Ltd.	\$ 17,434	\$ 22,020
Other related parties	<u>22</u>	<u>-</u>
	<u>\$ 17,456</u>	<u>\$ 22,020</u>

J. Other payables - related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Parent Company		
Yuanta Financial Holdings	\$ 4	\$ 319
Other related parties	<u>-</u>	<u>89</u>
	<u>\$ 4</u>	<u>\$ 408</u>

K. Brokerage

	For the years ended December 31,	
	2023	2022
Subsidiary		
Yuanta Futures (Hong Kong) Co., Ltd.	\$ 8,315	\$ 3,333
Fellow subsidiary		
Yuanta Bank Co., Ltd.	2,034	725
Yuanta Securities Co., Ltd.	83,037	98,168
Yuanta Securities (Hong Kong) Co., Ltd.	12,720	17,929
Yuanta Securities Korea Co., Ltd.	2,369	1,929
Funds managed by fellow subsidiary		
Funds managed by Yuanta Securities		
Investment Trust	72,401	135,584
Other related parties	4,935	9,820
	<u>\$ 185,811</u>	<u>\$ 267,488</u>

L. Securities commissions revenue

	For the years ended December 31,	
	2023	2022
Fellow subsidiary		
Yuanta Securities Co., Ltd.	<u>\$ 15,533</u>	<u>\$ 13,581</u>

M. Futures advisory revenues

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

N. Other operating revenues - Co-marketing revenue

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

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

	For the years ended December 31,	
	2023	2022
Subsidiary		
Yuanta Futures (Hong Kong) Co., Ltd.	\$ 14,321	\$ 13,924
Fellow subsidiary		
Yuanta Securities Co., Ltd.	238,351	292,413
Other related parties	54	-
	<u>\$ 252,726</u>	<u>\$ 306,337</u>

P. Service fees

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

Q. Computer information expense

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

R. Other employee benefit expense

	For the years ended December 31,	
	2023	2022

Fellow subsidiary		
Yuanta Life Insurance Co., Ltd.	\$ 2,413	\$ 2,543

S. Repairing fee

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

T. Water, electricity and gas fee

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

U. Building management fee

	For the years ended December 31,	
	2023	2022
Fellow subsidiary		
Yuanta Bank Co., Ltd.	\$ 164	\$ 164
Yuanta Life Insurance Co., Ltd.	9,036	7,834
	\$ 9,200	\$ 7,998

V. Miscellaneous expenses

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

W. Interest income

	For the years ended December 31,	
	2023	2022
Subsidiary		
Yuanta Futures (Hong Kong) Co., Ltd.	\$ 211	\$ 220
Fellow subsidiary		
Yuanta Bank Co., Ltd.	471,287	252,952



Yuanta Life Insurance Co., Ltd.	99	53
	\$ 471,597	\$ 253,225

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

X. Security lending expense

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

Y. Interest expense

	For the years ended December 31,	
	2023	2022
Subsidiary		
Yuanta Futures (Hong Kong) Co., Ltd.	\$ 3,825	\$ 649
Fellow subsidiary		
Yuanta Bank Co., Ltd.	979	103
Yuanta Securities (Hong Kong) Co., Ltd.	246	128
Yuanta Life Insurance Co., Ltd.	99	53
Yuanta Securities Co., Ltd.	9,546	3,956
Yuanta Securities Korea Co., Ltd.	2,397	539
Funds managed by fellow subsidiary		
Funds managed by Yuanta Securities Investment Trust	207,972	38,027
	\$ 225,064	\$ 43,455

Z. Donation expenditure

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

AA. Property transactions

December 31, 2023	December 31, 2022
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Acquisition of financial assets

Funds managed by fellow subsidiary

Funds managed by Yuanta Securities

Investment Trust	\$	<u>292,896</u>	\$	<u>159,540</u>
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The gains (losses) on disposal of funds managed by fellow subsidiary were \$585 and (\$2,727) for the years ended December 31, 2023 and 2022, respectively.

(4) Key management compensation

	For the years ended December 31,	
	2023	2022
Salary and other short-term employee benefits	\$ 285,205	\$ 276,554
Post-employment benefits	6,616	4,040
Other long-term benefits	<u>1,903</u>	<u>1,912</u>
	<u>\$ 293,724</u>	<u>\$ 282,506</u>

8. PLEDGED ASSETS

None.

9. SIGNIFICANT COMMITMENTS AND CONTINGENT LIABILITIES

As of December 31, 2023, the amount for the contracts of capital expenditures signed by the Company is \$205,673. Based on the contracts, the amount that has been paid is \$21,824 and the amount that has not yet been paid is \$183,849.

10. SIGNIFICANT LOSS FROM NATURAL DISASTER

None.

11. DERIVATIVE INSTRUMENT TRANSACTIONS

The Company had derivative financial instrument trading as follows:

December 31, 2023							
Item	Object of transaction	Buyer /Seller	Open Interest		Margin paid (received)	Fair value	Remarks
			Number of contract(s)	(lot)			
Futures contracts (Domestic)	TX	Buyer	37		\$132,196	\$132,238	
	MTX	Buyer	165		147,288	147,427	
	MTX	Seller	67		( 59,593)	( 59,936 )	
	ZE	Seller	7		( 3,119)	( 3,121 )	
	Stock Futures	Buyer	1,103		268,817	269,817	
	Stock Futures	Seller	3,463		( 569,327)	( 578,582 )	
	TE	Buyer	1		3,562	3,567	

	Foreign Exchange	Buyer	26	16,149	15,787
	Foreign Exchange	Seller	26	( 16,147 )	( 15,787 )
Futures contracts (Overseas)	Energy Futures	Seller	2	( 4,720 )	( 4,731 )
Option contracts (Domestic)	TXO	Buy call	77	2,260	2,832
	TXO	Buy put	292	4,822	2,470
	TXO	Sell call	231	( 5,754 )	( 7,098 )
	TXO	Sell put	138	( 2,917 )	( 1,324 )

December 31, 2022

Item	Object of transaction	Open Interest		Margin paid (received)	Fair value	Remarks
		Buyer /Seller	Number of contract(s) (lot)			
Futures contracts (Domestic)	TX	Buyer	3	\$ 8,447	\$ 8,481	
	TX	Seller	5	( 14,079 )	( 14,055 )	
	MTX	Buyer	64	45,136	45,151	
	MTX	Seller	117	( 82,981 )	( 82,712 )	
	Stock Futures	Buyer	270	97,530	93,807	
	Stock Futures	Seller	2,259	( 174,902 )	( 173,274 )	
	Index Futures	Buyer	9	5,967	5,989	
	Gold Futures	Seller	40	( 22,361 )	( 22,433 )	
Futures contracts (Overseas)	Index Futures	Buyer	3	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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12. RESTRICTIONS AND ENFORCEMENT OF THE COMPANY'S VARIOUS FINANCIAL RATIOS UNDER R.O.C. FUTURES COMMISSION MERCHANTS LAWS

According to Regulations Governing Futures Commission Merchants

Article	Calculation formula	December 31, 2023		December 31, 2022		Standard	Enforcement (Note 3)
		Calculation	Ratio	Calculation	Ratio		
17	<u>Equity</u> (Total liabilities - Future traders' equity)	<u>14,512,709</u> 2,789,284	5.20	<u>12,870,849</u> 2,727,864	4.72	≥ 1	Satisfied
17	<u>Current assets</u> Current liabilities	<u>104,956,727</u> 93,917,064	1.12	<u>104,902,918</u> 95,316,184	1.10	≥ 1	Satisfied
22	<u>Equity</u> Minimum paid - in capital (Note 1)	<u>14,512,709</u> 1,060,000	1369.12%	<u>12,870,849</u> 1,060,000	1214.23%	≥ 60% ≥ 40% (Note 2)	Satisfied
22	<u>Adjusted net capital</u> Total margin deposit required for futures traders, not yet off-set	<u>13,466,482</u> 19,618,859	68.64%	<u>11,113,300</u> 14,347,089	77.46%	≥ 20% ≥ 15%	Satisfied

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

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

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

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

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

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

### 14. SEGMENT INFORMATION

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

### 15. SUBSEQUENT EVENTS

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

### 16. RELATED INFORMATION OF SIGNIFICANT TRANSACTIONS

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

## 17. INFORMATION ON INVESTEEES

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

Investor	Investee	Location	Set up date	FSC Approved Number	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Operating revenue of the investee	Net income (loss) of the investee	Investment income (loss) recognised by the Company	Cash dividend for the current period	Note
						Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares (in thousands)	Ownership (%)	Book value					
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%	994,470	\$ 84,141	\$ 68,552	\$ 68,552	-	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%	293,338	-	2,181	2,181	-	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%	(5,728)	-	( 5,550 )	( 5,550 )	-	Subsidiaries

Note: The Company's investment in incorporating Yuanta Global (Singapore) Pte. Ltd. has been approved by the FSC through Gin-Gwen-Zheng-Qi Letter No.1110357536 on October 20, 2022, as well as approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) through Jing-Shen-Er-Zi Letter No.11100198340 on December 26, 2022. The case was approved by the Singapore Accounting and Corporate Regulatory Authority (ACRA) on November 23, 2022, and the incorporation registration has been completed. In addition, the case has been approved by the FSC through Gin-Gwen-Zheng-Qi Letter No.1120355060 on September 19, 2023 which agrees to extend its starting period until April 19, 2024.

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

A. Financing activities to any company or person: None.

B. Endorsements and guarantees provided: None.

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

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

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

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

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

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

None.

19. DISCLOSURE OF INFORMATION ON INDIRECT INVESTMENT IN MAINLAND CHINA

None.

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## 20. MAJOR SHAREHOLDERS INFORMATION

Major Shareholder	Shares	Number of shares held (thousands)	Shareholding ratio
Yuanta Financial Holdings Co., Ltd.		192,167	66.27%
Cathay Life Insurance Co., Ltd.		23,998	8.28%
Luo Sheng Fong Co., Ltd.		17,711	6.11%

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

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

## 21. FINANCIAL RISK MANAGEMENT

### (1) Capital management

The 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) and 6(24).

### (3) Fair value information

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

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

**(B) Financial valuation technique:**

- a. The carrying amounts of cash and cash equivalents, customer margin deposits, futures trading margin receivable, security leading deposits, accounts receivable, accounts receivable – related parties, other receivables, other receivables – related parties, leverage margin contract trading client margin deposits, 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, 2023 and 2022 is as follows:

December 31, 2023	Level 1	Level 2	Level 3	Total
<u>Assets</u>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				

Listed stocks	\$ 303,576	\$ _____	\$ _____	\$ 303,576
Beneficiary certificates	292,896	_____	_____	292,896
Futures trading margin - own funds	57,324	_____	_____	57,324
Buy options - futures	5,302	_____	_____	5,302
Derivatives Assets - OTC	_____	26,787	_____	26,787
Financial assets at fair value through other comprehensive income				
Equity securities	282,042	-	2,146,883	2,428,925
	<u>\$ 941,140</u>	<u>\$ 26,787</u>	<u>\$ 2,146,883</u>	<u>\$ 3,114,810</u>
<u>Liabilities</u>				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Sell options - futures	\$ 8,422	\$ _____	\$ _____	\$ 8,422
December 31, 2022	Level 1	Level 2	Level 3	Total
<u>Assets</u>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Listed stocks	\$ 100,594	\$ _____	\$ _____	\$ 100,594
Beneficiary certificates	160,026	_____	_____	160,026
Futures trading margin - own funds	19,312	_____	_____	19,312
Buy options - futures	14,087	_____	_____	14,087
Derivatives Assets - OTC	_____	26,008	_____	26,008
Financial assets at fair value through other comprehensive income				
Equity securities	780,299	-	2,052,432	2,832,731
	<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	14,274	_____	_____	14,274
	<u>\$ 26,458</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ 26,458</u>

D. The methods and assumptions the Company used to measure fair value are as follows:

- (A) The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets

held by the Company is the closing price. These instruments are included in level 1. Instruments included in level 1 comprise primarily equity instruments and debt instruments classified as financial assets/financial liabilities at fair value through profit or loss, or financial assets at fair value through other comprehensive income.

- (B) The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
- (C) If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.
- (D) Specific valuation techniques used to value financial instruments include:
- Quoted market prices or dealer quotes for similar instruments.
  - Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.
- E. For the years ended December 31, 2023 and 2022, there were no transfer between Level 1 and Level 2.
- F. The following table presents the changes in level 3 instruments for the years ended December 31, 2023 and 2022.

	<u>Equity securities</u>
January 1, 2023	\$ 2,052,432
Gains and losses recognised in other comprehensive income (Note)	<u>94,451</u>
December 31, 2023	<u>\$ 2,146,883</u>
	<u>Equity securities</u>
January 1, 2022	\$ 1,806,258
Gains and losses recognised in other comprehensive income (Note)	<u>246,174</u>
December 31, 2022	<u>\$ 2,052,432</u>

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

- 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, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity					
Non-listed stocks	\$ 2,146,883	Market multiplier approach	Discount of marketability	≤ 40%	The higher the discount of marketability, the

	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	lower the fair value 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

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

I. Use of different valuation models or assumptions may result in difference measurement. The following is the effect of 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, 2023	
	Recognised in other comprehensive income	
	Favourable change	Favourable change
Financial assets		
Equity instrument	\$ 9,201	(\$ 9,201)
	December 31, 2022	
	Recognised in other comprehensive income	
	Favourable change	Unfavourable change
Financial assets		
Equity instrument	\$ 8,796	(\$ 8,796)

#### (4) System of risk management

##### A. Objectives of risk management

The 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. High management level: High management level reviews the risks involved in the Company's various operating activities and ensures that the Company's risk management system can completely and effectively control related risks.
- d. Risk Management Department: Risk Management Department is an independent department under the Board of Directors; its main duties include developing the risk management system, establishing the effective method for measuring risks and the risk management system, monitoring and analysing risks and reporting and warning significant risks.
- e. Legal Compliance Department: The main duties of the Legal Compliance Department are implementing the legal compliance risk control, confirming all operating and

management regulations are updated in accordance with relevant regulations timely, supervising the supervisors of each unit to execute the introduction, establishment and implementation of relevant internal norms and assessing the legal and legal compliance risks that may be involved in various businesses, legal documents and contracts.

- f. Internal Audit Department: Internal Audit Department, an independent department under the Board of Directors together with the Risk Management Department, is responsible for independently auditing and assessing whether the risk management and related internal control system are continuously and effectively operating and timely providing suggestions for improvement.
- g. Other risk management related units: Other risk management related units are responsible for assessing and detecting the risks that may cause losses to the Company within the scope of risks under their supervision, formulating the risk monitoring indicators according to the characteristics of the risks, supervising the overall risk tolerance ability and current situation of risk tolerance and reporting the monitoring implementation status.
- h. Each business unit: Each business unit is responsible for identifying and managing the risks arising from its duties and functions or business scope and designing and implementing the effective internal control procedures that include the functions of risk management fully covers relevant operating activities for the characteristics of the risks.

#### D. Procedures of risk management

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

#### E. Hedging and risk diminishing strategies

The Company uses 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.

## (5) Market risk

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

To manage market risk, the 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 interval.

According to the types of trading, the VaR of equity trading, commodity trading, foreign-exchange-rate trading and interest-rate trading are as follows:

<Table>VaR of Trading of Different Types

Period: January 1 ~ December 31, 2023

Type of Trading	Equity	Commodity	Foreign		Total
			Exchange Rate	Interest Rate	
December 31, 2023	\$ 8,118	\$ 72	\$ 1,608	\$ -	\$ 9,658
Average	4,680	65	1,550	245	6,089
Lowest	230	-	204	-	412
Highest	12,117	1,521	14,220	870	16,701

Period: January 1 ~ December 31, 2022

Type of Trading	Equity	Commodity	Foreign		Total
			Exchange Rate	Interest Rate	
December 31, 2022	\$ 2,637	\$ -	\$ 6,841	\$ 849	\$ 11,191
Average	2,936	241	3,230	77	6,033
Lowest	280	-	261	-	2,242
Highest	16,892	2,361	7,503	855	19,611

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

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

To ensure 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, custodian credit risk and underlying asset credit risk.

(A) Issuer credit risk occurs when issuer (or guarantor) of the financial debt instruments held by the 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, deposits for securities borrowing and lending trade, margins for futures trade, other refundable deposits<sup>3</sup> and receivables<sup>4</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, 2023, the highest was Taiwan with 88.32%, the second was Asia (excluding Taiwan) with 6.35%, and the third was America with 5.22%. Compared to the same period of last year, the proportion of investments in Taiwan and Europe have decreased with 3.23% and 3.59%, respectively, Asia (excluding Taiwan) and America have increased with 2.24% and 4.58%, respectively.

	December 31, 2023	December 31, 2022
Taiwan	\$ 92,864,881	\$ 95,982,595
Asia (excluding Taiwan)	6,679,432	4,312,889
Europe	99,746	3,861,554
America	5,487,491	674,598
Other	12,564	6,407
Total	<u>\$ 105,144,114</u>	<u>\$ 104,838,043</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 99.48% with other industry sectors representing less than 1%. Credit risk is concentrated in financial institutions because the Company's equity capital and margins received from customers were both deposited with financial institutions, and

<sup>3</sup> Other refundable deposits include operating guarantee deposits, clearing and settlement funds and refundable deposits.

<sup>4</sup> Receivables include accounts receivable, other receivables and dealers' accounts receivable.

counterparties of derivative trade and reverse repurchase agreement undertaken by the Company were banks, futures clearing and settlement institution and re-consigned futures firms. The percentages distribution did not change significantly in this period compared to the corresponding period of last year.

	December 31, 2023	December 31, 2022
Privately owned businesses	\$ 296,479	\$ 160,026
Financial institutions	104,598,415	104,473,292
Public enterprises	158,654	82,643
Government agencies	25,185	-
Other	65,381	122,082
Total	<u>\$ 105,144,114</u>	<u>\$ 104,838,043</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, 2023, the credit quality levels of the Company's financial assets were classified as follows: Excellent is 96.48%, standard is 3.46%. The result of credit quality level classification did not change significantly compared to the same period last year. The proportion of financial assets classified as excellent had decreased while assets classified as standard had increased.

	December 31, 2023	December 31, 2022
Excellent	\$ 101,444,177	\$ 102,578,454
Standard	3,636,046	2,148,885
Below standard	63,891	110,704
Total	<u>\$ 105,144,114</u>	<u>\$ 104,838,043</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, 2023

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

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

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

	For the year ended December 31, 2022			
	Lifetime			
	12 months	Significant increase in credit risk	Credit impaired	
	Without past due or within 30 days	More than 30 days	More than 90 days	Total
January 1, 2022	\$ -	\$ -	( \$ 96,002 )	( \$ 96,002 )
Reversal of impairment loss	-	-	38,353	38,353
Write-offs	-	-	9,344	9,344
December 31, 2022	\$ -	\$ -	( \$ 48,305 )	( \$ 48,305 )

For the year ended December 31, 2022

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

(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.

(Blank)

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, 2023

Accounts	Financial liabilities	Payment period					Total
		Prevailing Period	Less than 3 months	3 ~ 12 months	1~5 years	Over 5 years	
212000	Financial liabilities at fair value through profit or loss - current	\$ 8,422	\$ -	\$ -	\$ -	\$ -	\$ 8,422
214080	Futures traders' equity	92,758,076	-	-	-	-	92,758,076
214100	Leverage margin contract transaction traders' equity	372,254	-	-	-	-	372,254
221100	Bonds payable	-	-	-	1,498,157	-	1,498,157
214130	Accounts payable	7,745	109,829	-	-	-	117,574
214140	Accounts payable - related parties	-	17,456	-	-	-	17,456
214170	Other payables	-	409,877	37,566	40	-	447,483
214180	Other payables - related parties	-	4	-	-	-	4
216000	Lease liabilities - current	-	10,816	31,470	-	-	42,286
219000	Other current liabilities	-	257	6,045	-	-	6,302
226000	Lease liabilities - non-current	-	-	-	37,915	-	37,915
	Total	<u>\$93,146,497</u>	<u>\$ 548,239</u>	<u>\$ 75,081</u>	<u>\$ 1,536,112</u>	<u>\$ -</u>	<u>\$95,305,929</u>
	Percentage (%) of overall	97.73%	0.58%	0.08%	1.61%	0.00%	100.00%

Cash flow analysis of financial liabilities on December 31, 2022

Accounts	Financial liabilities	Payment period					Total
		Prevailing Period	Less than 3 months	3 ~ 12 months	1~5 years	Over 5 years	
212000	Financial liabilities at fair value through profit or loss - current	\$ 26,458	\$ -	\$ -	\$ -	\$ -	\$ 26,458
214080	Futures traders' equity	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%



The analysis of cash flow gap on December 31, 2023

Accounts	Financial assets	Receipt period					Total
		Prevailing Period	Less than 3 months	3 ~ 12 months	1~5 years	Over 5 years	
111100	Cash and cash equivalents	\$ 944,949	\$ 4,135,200	\$ 4,958,400	\$ 150,000	\$ -	\$ 10,188,549
112000	Financial assets at fair value through profit or loss - current	685,885	-	-	-	-	685,885
113200	Financial assets at fair value through other comprehensive income - current	152,712	-	-	-	-	152,712
114070	Customer margin deposits	92,916,102	-	-	-	-	92,916,102
114080	Futures trading margin receivable	48,305	-	-	-	-	48,305
114130	Accounts receivable	-	251,176	-	-	-	251,176
114140	Accounts receivable - related parties	-	1,648	-	-	-	1,648
114170	Other receivables	-	100,165	26,335	-	-	126,500
114180	Other receivables - related parties	-	48,669	-	-	-	48,669
114300	Leverage margin contract trading client margin deposits	573,860	-	-	-	-	573,860
123200	Financial assets at fair value through other comprehensive income - non-current	-	-	-	-	2,276,213	2,276,213
129010	Operating guarantee deposits	-	-	-	-	140,000	140,000
129020	Clearing and settlement funds	-	-	-	-	446,100	446,100
129030	Refundable deposits	-	-	-	20,896	-	20,896
	Subtotal	\$ 95,321,813	\$ 4,536,858	\$ 4,984,735	\$ 170,896	\$ 2,862,313	\$ 107,876,615
	Cash inflow	\$ 95,321,813	\$ 4,536,858	\$ 4,984,735	\$ 170,896	\$ 2,862,313	\$ 107,876,615
	Cash outflow	93,146,497	548,239	75,081	1,536,112	-	95,305,929
	The amount of capital gap	\$ 2,175,316	\$ 3,988,619	\$ 4,909,654	(\$ 1,365,216 )	\$ 2,862,313	\$ 12,570,686

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	\$ 97,066,469	\$ 5,279,134	\$ 2,640,463	\$ 35,928	\$ 2,749,374	\$ 107,771,368
	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	\$ 2,386,707	\$ 4,793,094	\$ 2,596,392	(\$ 44,312)	\$ 1,251,595	\$ 10,983,476

(8) Currency risk

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

(Foreign currency: functional currency)

	<u>December 31, 2022</u>		<u>December 31, 2021</u>	
	<u>Foreign</u>	<u>Exchange</u>	<u>Foreign</u>	<u>Exchange</u>
	<u>currency</u>	<u>rate</u>	<u>currency</u>	<u>rate</u>
<u>Financial instruments</u>	<u>(in thousands)</u>		<u>(in thousands)</u>	
<u>Financial assets</u>				
<u>Monetary items</u>				
USD/NTD	\$ 1,344,837	30.7050	\$ 1,260,451	30.7100
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD/NTD	1,328,737	30.7050	1,216,550	30.7100

B. The total exchange gains and losses, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2023 and 2022 amounted to (\$16,566) and \$44,649, respectively.

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YUANTA FUTURES CO., LTD.  
STATEMENT OF CASH AND CASH EQUIVALENTS  
DECEMBER 31, 2023  
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Cash:			
Petty cash		\$ 30	
Demand deposits			
New Taiwan dollar		586,700	
Foreign currency	JPY \$48, exchange rate 0.2172	10	
(in thousands)	USD \$493, exchange rate 30.7050	15,124	
	CNY \$3, exchange rate 4.3270	12	
Time deposits			
New Taiwan dollar	expiring within one year, interest rate 1.300%~1.650%	9,243,600	
		9,845,476	
Cash equivalents:			
Excess futures margin deposits		234,315	
Excess margin in foreign exchange margin trading		108,758	
		<u>\$ 10,188,549</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 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT  
DECEMBER 31, 2023  
(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		
Listed stocks										
TSMC Co., Ltd.		158				\$ 85,440	\$593.00	\$ 93,694		
Others		1,314				160,745		164,961		
Subtotal		1,472				246,185		258,655		
OTC stocks										
Others		400				44,027		44,921		
						<u>\$290,212</u>		<u>\$ 303,576</u>		
Beneficiary certificates										
Yuanta Global Leaders Balanced Fund-USD (I)		29,202				290,000	10.03	292,896		
						<u>\$580,212</u>		<u>\$ 596,472</u>		
Derivative financial instruments – non-hedging										
Futures trading margin – own funds								\$ 57,324		
Call options – futures								5,302		Note 2
Derivatives assets – OTC								26,787		
								89,413		
								<u>\$ 685,885</u>		

Note 1: 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.

Note 2: Contract amount or premiums paid was \$7,082 and the fair value at the balance sheet date was \$5,302.

YUANTA FUTURES CO., LTD.  
STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - CURRENT  
DECEMBER 31, 2023  
 (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	
Listed stocks / OTC stocks										
Tung Ho Steel Enterprise Corp.		2,160				<u>\$ 171,420</u>	N/A	\$ 70.70	<u>\$ 152,712</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 FUTURES TRADING MARGIN - OWN FUNDS  
DECEMBER 31, 2023  
(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	\$ 270,600	
	Cash in bank	USD	65	30.7050	1,989	
	Cash in bank	CNY	733	4.3270	3,171	
	Cash in bank	JPY	550	0.2172	<u>119</u>	
					<u>275,879</u>	
ADM Investor Services, Inc						
Taiwan branch	Cash in bank	USD	5	30.7050	<u>154</u>	
Nissan Securities Co., Ltd.	Cash in bank	JPY	222	0.2172	<u>48</u>	
Yuanta Futures (Hong Kong) Co., Ltd	Cash in bank	HKD	1,164	3.9290	4,575	Related party
	Cash in bank	USD	4	30.7050	<u>134</u>	Related party
					<u>4,709</u>	
StoneX Group Inc.	Cash in bank	USD	4	30.7050	<u>132</u>	
Phillip Nova Pte Ltd.	Cash in bank	USD	162	30.7050	<u>4,963</u>	
R.J. O'BRIEN & ASSOCIATES, LLC	Cash in bank	USD	187	30.7050	<u>5,754</u>	
					<u>\$ 291,639</u>	

Note: The Company's margin deposits for the futures contract was \$291,639 with excess margin of \$234,315, recognised in "Cash and cash equivalents".

YUANTA FUTURES CO., LTD.  
STATEMENT OF CUSTOMER MARGIN DEPOSITS  
DECEMBER 31, 2023  
(Expressed in thousands of New Taiwan dollars)

Item	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%
Cash in bank	\$ 68,064,649	73	\$ 75,099,906	79
Clearing house				
-Cash in bank	12,055,445	13	11,083,955	12
-CGS	2,985,744	3	-	-
-Losses on open futures position	( 408,857 )	-	( 129,932 )	-
-Securities	19,616	-	63	-
	14,651,948	16	10,954,086	12
Other futures commission merchants				
-Cash in bank	5,625,007	6	8,383,984	9
-Gains on open futures positions	4,578,410	5	139,686	-
	10,203,417	11	8,523,670	9
Valuation adjustment on customer margin accounts-CGS	( 3,912 )	-	-	-
	\$ 92,916,102	100	\$ 94,577,662	100

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YUANTA FUTURES CO., LTD.  
STATEMENT OF CUSTOMER MARGIN DEPOSITS - CASH IN BANK  
DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars)

Bank	Account	Currency	Foreign amount (in thousands)	Exchange rate (dollars)	New Taiwan dollar	Note
TAIWAN						
BUSINESS						
BANK,LTD.	9052090463	USD	\$ 126,529	30.7050	\$ 3,885,064	
TAIWAN						
BUSINESS						
BANK,LTD.	9052090455	USD	112,052	30.7050	3,440,548	
Yuanta Bank	367210718820	NTD	-	1.0000	12,356,466	
Yuanta Bank	219211458850	NTD	-	1.0000	3,788,552	
Yuanta Bank	219280066699	USD	128,605	30.7050	3,948,812	
KGI Bank Co., Ltd.	14582812223	USD	126,024	30.7050	3,869,581	
Others		NTD	-	1.0000	21,830,006	
		USD	456,854	30.7050	14,027,717	
		HKD	37,841	3.9290	148,676	
		EUR	8,192	33.9800	278,354	
		JPY	742,645	0.2172	161,303	
		GBP	1,840	39.1500	72,038	
		AUD	3,951	20.9800	82,886	
		SGD	347	23.2900	8,074	
		CHF	-	36.4850	14	
		CNY	38,493	4.3270	166,558	
					<u>\$68,064,649</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 CUSTOMER MARGIN DEPOSITS - CLEARING BALANCES WITH FUTURES  
CLEARING HOUSE  
DECEMBER 31, 2023

(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				1.0000	\$ 9,084,308	
Futures	Cash in bank NTD					
Exchange			-			
		USD	48,668	30.7050	1,494,357	
		HKD	172	3.9290	675	
		CNY	10,677	4.3270	46,200	
		JPY	3,274,025	0.2172	711,118	
		GBP	9,650	39.1500	377,798	
		EUR	10,035	33.9800	340,989	
	Gains (losses) on open futures position	NTD	-	1.0000	( 409,099 )	
		USD	1	30.7050	30	
		CNY	37	4.3270	160	
		JPY	239	0.2172	52	
	CGS	NTD	-	1.0000	2,985,744	
	Securities	NTD	-	1.0000	19,616	
					<u>\$ 14,651,948</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 CUSTOMER MARGIN DEPOSITS -CLEARING BALANCES WITH OTHER  
FUTURES COMMISSION MERCHANTS

DECEMBER 31, 2023

(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	\$ 998	20.9800	\$ 20,932	
	Gains (losses) on open futures position	AUD	( 13 )	20.9800	( 274 )	
					<u>20,658</u>	
	Cash in bank	USD	47	30.7050	1,456	
	Gains (losses) on open futures position	USD	-	30.7050	-	
					<u>1,456</u>	
Nissan Securities Co., Ltd.	Cash in bank	JPY	209,858	0.2172	45,581	
	Gains (losses) on open futures position	JPY	( 28,410 )	0.2172	( 6,171 )	
					<u>39,410</u>	
OCBC Securities Private Limited	Cash in bank	JPY	53,938	0.2172	11,715	
	Gains (losses) on open futures position	JPY	( 8,654 )	0.2172	( 1,880 )	
					<u>9,835</u>	
	Cash in bank	SGD	26	23.2900	604	
	Gains (losses) on open futures position	SGD	( 3 )	23.2900	( 66 )	
					<u>538</u>	
	Cash in bank	USD	31,051	30.7050	953,432	
	Gains (losses) on open futures position	USD	9,215	30.7050	282,941	
					<u>1,236,373</u>	
Phillip Nova Pte Ltd.	Cash in bank	USD	59,077	30.7050	1,813,961	
	Gains (losses) on open futures position	USD	20,071	30.7050	616,276	
					<u>2,430,237</u>	
R.J. O'BRIEN & ASSOCIATES, LLC	Cash in bank	USD	54,376	30.7050	1,669,630	
	Gains (losses) on open futures position	USD	180	30.7050	5,542	
					<u>1,675,172</u>	
	Cash in bank	EUR	583	33.9800	19,817	
	Gains (losses) on open futures position	EUR	-	33.9800	-	
					<u>19,817</u>	

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

DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars)

Other futures commission merchants	Description	Currency	Foreign amount (in thousands)	Exchange rate (dollars)	New Taiwan dollar	Note
R.J. O'BRIEN & ASSOCIATES, LLC	Cash in bank	GBP	\$ 695	39.1500	\$ 27,199	
	Gains (losses) on open futures position	GBP	846	39.1500	<u>33,108</u>	
					<u>60,307</u>	
StoneX Group Inc.	Cash in bank	EUR	3,268	33.9800	111,058	
	Gains (losses) on open futures position	EUR	1,284	33.9800	<u>43,628</u>	
					<u>154,686</u>	
	Cash in bank	USD	14,760	30.7050	<u>453,198</u>	
	Gains (losses) on open futures position	USD	304	30.7050	<u>9,320</u>	
					<u>462,518</u>	
Yuanta Futures (Hong Kong) Co., Ltd.	Cash in bank	HKD	30,820	3.9290	121,091	Related party
	Gains (losses) on open futures position	HKD	( 178 )	3.9290	( 698 )	Related party
					<u>120,393</u>	
	Cash in bank	USD	8,015	30.7050	246,102	Related party
	Gains (losses) on open futures position	USD	44	30.7050	<u>1,360</u>	Related party
					<u>247,462</u>	
ADM Investor Services, Inc. Taiwan branch	Cash in bank	USD	4,175	30.7050	128,206	
	Gains (losses) on open futures position	USD	117,095	30.7050	<u>3,595,409</u>	
					<u>3,723,615</u>	
	Cash in bank	GBP		39.1500	293	
	Gains (losses) on open futures position	GBP	-	39.1500	-	
					<u>293</u>	
	Cash in bank	JPY	3,370	0.2172	732	
	Gains (losses) on open futures position	JPY	( 393 )	0.2172	( 85 )	
				<u>647</u>		
				<u>\$10,203,417</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 FUTURES TRADING MARGIN RECEIVABLE  
DECEMBER 31, 2023  
(Expressed in thousands of New Taiwan dollars)

Client code	Account	Foreign amount	Exchange rate	New Taiwan dollar	Note
A				\$ 14,900	
B				11,680	
C				10,990	
D				6,856	
Others				3,879	
Allowance for uncollectible accounts				( 48,305 )	
				<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, 2023  
(Expressed in thousands of New Taiwan dollars)

Client	Description	Amount	Note
Non-related parties:			
Taiwan Stock Exchange	Price of securities selling	\$ 234,210	
Others		16,966	
		<u>\$ 251,176</u>	
Related parties:			
Yuanta Securities Co., Ltd.		<u>\$ 1,648</u>	

Note 1: The ageing of the accounts receivable are all within 30 days.

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 PREPAYMENTS  
DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars)

Client name	Description	Amount	Note
Non-related parties:			
	Employees uniform		
Khieng Atelier Co., Ltd.	expense	\$ 2,599	
	Computer information		
SponGeek Inc.	expenses	2,205	
Others		5,158	
		9,962	
Related parties:			
	Group insurance		
Yuanta Life Insurance Co., Ltd.		\$ 1,403	
	Computer information		
Yuanta Futures (Hong Kong) Co., Ltd	expenses	261	
		1,664	
		<u>\$ 11,626</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, 2023  
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Non-related parties:			
Interest receivable		\$ 125,193	
Others		1,307	
		<u>\$ 126,500</u>	
Related parties:			
Interest receivable		\$ 37,129	
Others		11,540	
		<u>\$ 48,669</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, 2023  
(Expressed in thousands of New Taiwan dollars)

Name	Beginning balance		Addition		Decrease		Ending balance		Accumulated impairment	Collateral	Note
	Shares (in thousands)	Fair value	Shares (in thousands)	Amount	Shares (in thousands)	Amount	Shares (in thousands)	Fair value			
Stocks:											
Taiwan Futures Exchange	23,932	\$ 2,052,432	3,351	\$ 94,451	-	\$ -	27,283	\$ 2,146,883	N/A	None	
Chicago Mercantile Exchange	20	103,284	-	26,046	-	-	20	129,330	N/A	None	
		<u>\$ 2,155,716</u>		<u>\$ 120,497</u>		<u>\$ -</u>		<u>\$ 2,276,213</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 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(Expressed in thousands of New Taiwan dollars)

Name	Beginning balance		Addition		Decrease		Ending balance			Market value or net assets value		Collateral	Note
	Share (in thousands)	Amount	Share (in thousands)	Amount	Share (in thousands)	Amount	Share (in thousands)	Percentage of ownership	Amount	Unit price	Total amount		
Yuanta Futures (Hong Kong) Co., Ltd. SYF Information Co., Ltd.	34,000	\$ 927,751	-	\$ 66,719	-	\$ -	34,000	100%	\$ 994,470	-	\$ 994,470	None	
Yuanta Global (Singapore) Pte. Ltd.	35,000	291,157	-	2,181	-	-	35,000	100%	293,338	-	293,338	None	
	- ( 148)		-	-	-	( 5,580 )	-	100%	( 5,728)	- ( 5,728)		None	
		<u>\$1,218,760</u>		<u>\$68,900</u>		<u>( \$ 5,580 )</u>			<u>\$ 1,282,080</u>		<u>\$ 1,282,080</u>		

Note 1: This table does not include the amount of accumulated impairment.

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.

YUANTA FUTURES CO., LTD.  
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(Expressed in thousands of New Taiwan dollars)

Item	Beginning balance	Addition	Decrease	Ending balance	Collateral	Note
Land	\$ 466,947	\$ -	-	\$ 466,947	None	
Information equipment	212,498	151,991	( 21,283 )	343,206	None	
Miscellaneous equipment	6,564	110	( 120 )	6,554	None	
Office equipment	1,585	3,080	-	4,665	None	
Transpotation equipment	7,442	-	-	7,442	None	
Leasehold improvements	88,971	-	-	88,971	None	
	<u>\$ 784,007</u>	<u>\$ 155,181</u>	<u>( \$ 21,403 )</u>	<u>\$ 917,785</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 ACCUMULATED DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(Expressed in thousands of New Taiwan dollars)

Item	Beginning balance	Addition	Decrease	Ending balance	Note
Information equipment	\$ 98,075	\$ 63,476	(\$ 21,283 )	\$ 140,268	Note 1 and Note 2
Miscellaneous equipment	1,398	1,077	( 120 )	2,355	Note 1 and Note 3
Office equipment	308	307	-	615	Note 1 and Note 4
Transpotation equipment	4,404	1,240	-	5,644	Note 1 and Note 5
Leasehold improvements	30,663	29,657	-	60,320	Note 1 and Note 6
	<u>\$ 134,848</u>	<u>\$ 95,757</u>	<u>(\$ 21,403 )</u>	<u>\$ 209,202</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.

Note 7: 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 CHANGES IN RIGHT-OF-USE ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
 (Expressed in thousands of New Taiwan dollars)

Item	Beginning balance	Addition	Decrease	Ending balance	Note
Buildings	\$ 196,492	-	-	\$ 196,492	
		(Blank)			

YUANTA FUTURES CO., LTD.  
STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION OF RIGHT-OF-USE ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
 (Expressed in thousands of New Taiwan dollars)

Item	Beginning balance	Addition	Decrease	Ending balance	Note
Buildings	\$ 83,320	\$ 39,907	-	\$ 123,227	
			(Blank)		

YUANTA FUTURES CO., LTD.  
STATEMENT OF CHANGE IN INTANGIBLE ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(Expressed in thousands of New Taiwan dollars)

Item	Beginning balance	Addition	Decrease	Ending balance	Note
Computer software	\$ 49,887	\$ 57,188	(\$ 33,685 )	\$ 73,390	Note 1
Membership in a foreign Futures Exchange	24,125	-	-	24,125	Note 2
	<u>\$ 74,012</u>	<u>\$ 57,188</u>	<u>(\$ 33,685 )</u>	<u>\$ 97,515</u>	

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

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

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YUANTA FUTURES CO., LTD.  
STATEMENT OF DEFERRED INCOME TAX ASSETS  
DECEMBER 31, 2023  
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Accrued pension liabilities		\$ 3,400	
Unrealised exchange loss		27	
Expected credit losses		19,163	
Others		1,182	
		<u>\$ 23,772</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, 2023  
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Operating guarantee deposits		\$ 140,000	
Clearing and settlement funds		446,100	
Refundable deposits		20,896	
Prepayment for equipment		6,690	
Others		28,228	
		<u>\$ 641,914</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, 2023  
 (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		-	\$ -	\$ -	-	\$ -	<u>\$ 8,422</u>	\$ -	Note

Note: Contract amount or premiums received was \$8,671 and the fair value at the balance sheet date was \$8,422.

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YUANTA FUTURES CO., LTD.  
STATEMENT OF FUTURES TRADERS' EQUITY  
DECEMBER 31, 2023  
(Expressed in thousands of New Taiwan dollars)

Client code	Currency	Foreign amount (in thousands)	Exchange rate	New Taiwan dollar	Note
A	NTD	-	1.0000	\$ 3,086,691	Related party
	USD	209,364	30.7050	6,428,517	
B	USD	278,680	30.7050	8,556,854	Related party
C	NTD	-	1.0000	7,562,733	Related party
Others	NTD	-	1.0000	38,864,679	
	USD	828,569	30.7050	25,441,210	
	HKD	68,336	3.9290	268,492	
	EUR	23,342	33.9800	793,162	
	JPY	4,237,364	0.2172	920,355	
	GBP	13,037	39.1500	510,388	
	AUD	4,934	20.9800	103,504	
	SGD	370	23.2900	8,610	
	CHF	-	36.4850	14	
	CNY	49,195	4.3270	212,867	
				<u>\$ 92,758,076</u>	

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

YUANTA FUTURES CO., LTD.  
STATEMENT OF ACCOUNTS PAYABLE  
DECEMBER 31, 2023  
(Expressed in thousands of New Taiwan dollars)

Client	Description	Amount	Note
Non-related parties:			
Taiwan Futures Exchange	Clearance fee	\$ 42,156	
	Service charge	59,864	
Taiwan Stock Exchange	Securities settlement	7,745	
Others		7,809	
		<u>\$ 117,574</u>	
Related parties:			
Yuanta Securities Co., Ltd.	Futures commissions	\$ 17,434	
Others		22	
		<u>\$ 17,456</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 PAYABLES  
DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount
Non-related parties:		
	Bonuses and salaries payable	\$ 388,113
	Operating expenses payable	25,626
	Interest payable	33,744
		<u>\$ 447,483</u>
Related parties:		
Yuanta Financial Holdings	Postage expenses	<u>\$ 4</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, 2023  
(Expressed in thousands of New Taiwan dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Temporary receipts	Others	<u>\$ 6,302</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 LEASE LIABILITIES  
DECEMBER 31, 2023  
 (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>80,201</u>	

Note: The amount of lease liabilities due within one year is \$42,286, which have been classified as current liabilities.

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YUANTA FUTURES CO., LTD.  
STATEMENT OF BONDS PAYABLE  
DECEMBER 31, 2023  
(Expressed in thousands of New Taiwan dollars)

Bonds Name	Trustee	Issuance Date	Interest Payment Date	Interest Rate	Amount			Unamortized Premiums (Discounts)	Carrying Amount	Repayment Term	Collateral
					Par Value	Repayment Paid	Ending Balance				
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	(\$ 1,843)	\$ 1,498,157	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, 2023  
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Valuation gains on derivatives			
assets		\$ 26,663	
Book-tax difference in fixed			
assets		11,191	
Accrued pension liability		1,871	
Unrealized exchange gain		202	
		<u>\$ 39,927</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, 2023  
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Accrued pension liabilities			
– non-current		\$ 37,296	
Other long-term liabilities		17,001	
		<u>\$ 54,297</u>	

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

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

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YUANTA FUTURES CO., LTD.  
STATEMENT OF GAINS (LOSSES) ON DERIVATIVE INSTRUMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Non-hedging			
Gains (losses) from futures contract interests			
Futures contract gains		\$ 406,869	
Futures contract losses		( 589,697 )	
		<u>( \$ 182,828 )</u>	
Gains (losses) from options trading			
Gains from options trading		\$ 175,939	
Losses from options trading		( 202,114 )	
		<u>( \$ 26,175 )</u>	
Gains (losses) from leverage margin contract transactions			
Gains from leverage margin contract transactions		\$ 587,823	
Losses from leverage margin contract transactions		( 485,154 )	
		<u>\$ 102,669</u>	
Non-hedging			
Gains from derivative financial instruments		\$ 1,170,631	
Losses from derivative financial instruments		( 1,276,965 )	
Net losses on derivative financial instruments		<u>( \$ 106,334 )</u>	

YUANTA FUTURES CO., LTD.  
STATEMENT OF FUTURES COMMISSIONS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(Expressed in thousands of New Taiwan dollars)

Item	Payee	Amount	Note
Entrusted futures transaction	J.P.Morgan Securities Ltd	\$ 199,982	
	OCBC Securities Private Limited	38,008	
	Phillip Nova Pte Ltd	56,854	
	Others	61,614	
	Subtotal	356,458	
Futures auxiliary business	Yuanta Securities Co., Ltd.	238,351	Related party
	Others	48,089	
	Subtotal	286,440	
		<u>\$ 642,898</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, 2023  
(Expressed in thousands of New Taiwan dollars)

Item	2023	2022	Note
Employee benefit expense (Note1):			
Wages and salaries	\$ 710,767	\$ 663,524	
Director's remuneration	103,058	52,632	
Labor and health insurance fees	42,126	39,430	
Pension costs	19,758	19,415	
Post-employment benefits	5,391	3,372	
Other personnel expenses	20,252	21,528	
	901,352	799,901	
Depreciation and amortisation expense:			
Depreciation expense	135,664	130,554	
Amortisation expense	33,685	27,105	
	169,349	157,659	
Other operating expenses:			
Postage and telephone costs	133,942	115,999	
Tax expenses	100,567	104,388	
Computer information expenses	112,388	107,240	
Donation	5,730	4,165	
Institutional membership fees	33,528	30,107	
Repair charge	35,872	31,414	
Advertising costs	10,936	7,965	
Service expenses	22,584	18,236	
Other expenses	42,720	39,047	
	498,267	458,561	
	<u>\$ 1,568,968</u>	<u>\$ 1,416,121</u>	

Note 1:

- A. The Company had 417 and 429 employees in 2023 and 2022, respectively, in which directors not concurrently serving as employees were both 6.
- B. The annual financial statements shall additionally disclose the information below:
- (A) For the years ended December 31, 2023 and 2022, average employee benefit expense were \$1,942 and \$1,767, respectively.
- (B) For the years ended December 31, 2023 and 2022, average wages and salaries were \$1,729 and \$1,569, respectively.
- (C) Year on Year change in average employee wages and salaries was 10.20%.
- (D) Supervisors' remuneration in 2023 and 2022 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, 2023  
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Non-related parties			
A		\$ 36,496	
B		24,645	
Others		181,736	
		242,877	
Related parties:			
	Yuanta Futures (Hong Kong) Co., Ltd.	3,825	
	Yuanta Securities Co., Ltd.	9,546	
	Yuanta Bank Co., Ltd.	1,000	
	Yuanta Life Insurance Co., Ltd.	681	
	Yuanta Securities (Hong Kong) Co., Ltd.	246	
	Yuanta Securities Korea Co., Ltd.	2,397	
	Funds managed by Yuanta Securities Investment Trust	207,972	
		<u>\$ 468,544</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 EXPECTED CREDIT IMPAIRMENT REVERSAL GAINS AND LOSSES  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Futures trading margin receivable	Futures traders' default amount	(\$ <u>38,353</u> )	Measured by the historical loss rate and consideration of forward-looking information

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 GAINS AND LOSSES  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Interest income		\$ 2,206,949	
Gains on disposal of property and equipment		585	
Dividend income		259,620	
Net currency exchange losses		( 16,566 )	
Gains on financial assets at fair value through profit or loss		2,970	
Others		87,528	
		<u>\$ 2,541,086</u>	

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

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

YUANTA FUTURES CO., LTD.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Assets	Notes	December 31, 2023		December 31, 2022		
		AMOUNT	%	AMOUNT	%	
<b>Current assets</b>						
111100	Cash and cash equivalents	6(1) and 7	\$ 603,879	51	\$ 774,537	87
112000	Financial assets at fair value through profit or loss - current	6(2) and 7	303,576	26	101,080	11
114130	Accounts receivable		248,217	21	-	-
114170	Other receivables		-	-	169	-
114600	Current income tax assets		1,151	-	621	-
110000	<b>Subtotal current assets</b>		<u>1,156,823</u>	<u>98</u>	<u>876,407</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)	8,093	1	8,382	1
120000	<b>Subtotal non-current assets</b>		<u>18,093</u>	<u>2</u>	<u>18,382</u>	<u>2</u>
906001	<b>Total Assets</b>		<u>\$ 1,174,916</u>	<u>100</u>	<u>\$ 894,789</u>	<u>100</u>
Liabilities and Equity						
<b>Current liabilities</b>						
214130	Accounts payable		\$ 7,816	1	\$ 2,181	-
214160	Collection for third parties		-	-	4	-
214170	Other payables		805	-	7	-
210000	<b>Subtotal current liabilities</b>		<u>8,621</u>	<u>1</u>	<u>2,192</u>	<u>-</u>
229110	Inter-department debits		31	-	-	-
906003	<b>Total Liabilities</b>		<u>8,652</u>	<u>1</u>	<u>2,192</u>	<u>-</u>
Capital						
301110	Operating capital		800,000	68	800,000	90
Retained earnings						
304040	Undistributed earnings		366,264	31	92,597	10
906004	<b>Total equity</b>		<u>1,166,264</u>	<u>99</u>	<u>892,597</u>	<u>100</u>
906002	<b>Total liabilities and equity</b>		<u>\$ 1,174,916</u>	<u>100</u>	<u>\$ 894,789</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  
YEARS ENDED DECEMBER 31, 2023 AND 2022

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

Items	Notes	Year ended December 31				
		2023		2022		
		AMOUNT	%	AMOUNT	%	
<b>Revenues</b>						
410000	(Losses) gains on trading of securities	6(2) and 7	(\$ 50,775)	( 18)	(\$ 88,117)	( 565)
421300	Dividend income	6(2)	321,081	113	79,463	509
421500	Losses on valuation of trading securities	6(2) and 7	13,211	5	( 6,869)	( 44)
421600	Losses on covering of borrowed securities and bonds with resale agreements-short sales	6(2)	-	-	( 75)	-
400000	<b>Total revenues</b>		<u>283,517</u>	<u>100</u>	<u>( 15,598)</u>	<u>( 100)</u>
<b>Costs and expenses</b>						
502000	Dealer handling fee		( 471)	-	( 336)	( 2)
531000	Employee benefit expense		( 601)	-	( 1,495)	( 10)
533000	Other operating expenses	7	( 13,788)	( 5)	( 10,287)	( 66)
500000	<b>Total costs and expenses</b>		<u>( 14,860)</u>	<u>( 5)</u>	<u>( 12,118)</u>	<u>( 78)</u>
	<b>Operating (loss) income</b>		<u>268,657</u>	<u>95</u>	<u>( 27,716)</u>	<u>( 178)</u>
602000	Other gains and losses	7	<u>5,010</u>	<u>2</u>	<u>2,862</u>	<u>19</u>
902005	<b>Net (loss) income</b>		<u>\$ 273,667</u>	<u>97</u>	<u>(\$ 24,854)</u>	<u>( 159)</u>
	<b>Total comprehensive (loss) income</b>		<u>\$ 273,667</u>	<u>97</u>	<u>(\$ 24,854)</u>	<u>( 159)</u>

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

YUANTA FUTURES CO., LTD.  
NOTES TO THE DISCLOSURE OF SECURITIES DEPARTMENT  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(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 February 2nd, 2024.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023
Amendments to IAS 12, ‘International tax reform - pillar two model rules’	May 23, 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.

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 16, ‘Lease liability in a sale and	January 1, 2024

leaseback’

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

Amendments to IAS 7 and IFRS 7, ‘Supplier finance arrangements’ 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.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’	To be determined by International Accounting Standards Board
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendment to IFRS 17, ‘Initial application of IFRS 17 and IFRS 9 – comparative information’	January 1, 2023
Amendments to IAS 21, ‘Lack of exchangeability’	January 1, 2025

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 MATERIAL 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.

(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 the International Financial Reporting Standards, International Accounting Standards, IFRIC<sup>®</sup> Interpretations, and SIC<sup>®</sup> Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “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 and other factors. The management assessed that the Department had no significant accounting estimates and assumptions.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Demand deposits	\$ 103,879	\$ 154,537
Time deposits	500,000	620,000
	\$ 603,879	\$ 774,537

C. 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.

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

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

	December 31, 2023	December 31, 2022
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	\$ 290,213	\$ 100,459
Beneficiary certificates	-	469
Valuation adjustment	13,363	152
	\$ 303,576	\$ 101,080



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,	
	2023	2022
Financial assets and liabilities at fair value through profit or loss		
Listed stocks	\$ 283,510	(\$ 12,734 )
Beneficiary certificates	7	( 2,789 )
Borrowed securities	-	( 75 )
	<u>\$ 283,517</u>	<u>(\$ 15,598 )</u>

(3) Other assets

	December 31, 2023	December 31, 2022
Operating guarantee deposits	\$ 10,000	\$ 10,000
Clearing and settlement funds	<u>8,093</u>	<u>8,382</u>
	<u>\$ 18,093</u>	<u>\$ 18,382</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, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the other assets held by the Department was \$18,093 and \$18,382, respectively.

(4) Inter-department debits

As at December 31, 2023 and 2022, the amount of inter-department debits of the Department was \$31 and \$0, respectively.

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

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

(2) The names and relationship of related parties

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

Yuanta Securities Co., Ltd.

The same group of enterprises

(3) Significant related party transactions and balances

A. Cash and cash equivalents

	December 31, 2023	December 31, 2022
Fellow subsidiary		
Yuanta Bank Co., Ltd.	\$ <u>400,000</u>	\$ <u>520,000</u>

B. Operating guarantee deposits

	December 31, 2023	December 31, 2022
Fellow subsidiary		
Yuanta Bank Co., Ltd.	\$ <u>10,000</u>	\$ <u>10,000</u>

C. Security lending expense

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

D. Interest income

	For the years ended December 31,	
	2023	2022
Fellow subsidiary		
Yuanta Securities Co., Ltd.	\$ <u>2,963</u>	\$ <u>2,203</u>

D. Property transaction

The (losses) gains on disposal of beneficiary certificates was \$0 and (\$2,727) for the years ended December 31, 2023 and 2022, respectively.

8. PLEGDED 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 2023 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, 2023 and 2022, the Department's total carrying amount and maximum exposure to credit risk amount of account receivable were \$248,217 and \$0, respectively.

13. INCOME STATEMENTS BASED ON THE TYPE OF BUSINESS

N/A

14. SEGMENT INFORMATION

N/A

15. SUBSEQUENT EVENTS

None.

16. RELATED INFORMATION OF SIGNIFICANT TRANSACTIONS

None.

17. INFORMATION ON 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, 2023

(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Demand deposits		\$ 103,879	
Time deposits	Expiring within one year, interest rate 1.30%	500,000	
		<u>\$ 603,879</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, 2023  
(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		
Listed stocks										
TSMC		158				\$ 85,440	\$ 593.00	93,694		
Nanya Technology Corp.		272				19,260	78.00	21,216		
Catcher Technology Co., Ltd.		84				14,772	194.00	16,296		
Walsin Technology Corp.		242				29,920	123.00	29,766		
Others		716				96,793		97,683		Note
Subtotal						246,185		258,655		
OTC stocks										
Others		400				44,028		44,921		Note
Subtotal						44,028		44,921		
						<u>\$ 290,213</u>		<u>\$ 303,576</u>		

Note: The other items do not exceed 5%.

YUANTA FUTURES CO., LTD. SECURITIES DEPARTMENT  
STATEMENT OF ACCOUNTS RECEIVABLE  
DECEMBER 31, 2023  
 (Expressed in thousands of New Taiwan dollars)

Client	Description	Amount	Note
Non-related parties:			
Taiwan Stock Exchange	Accounts receivable from trading	\$ 234,210	
Others		14,007	Note
		<u>\$ 248,217</u>	

Note: The other items do not exceed 5%.

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YUANTA FUTURES CO., LTD. SECURITIES DEPARTMENT  
STATEMENT OF ACCOUNTS PAYABLE  
DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars)

Client	Description	Amount	Note
Non-related parties:			
Taiwan Stock Exchange	Securities settlement payables	\$ 7,745	
Others		71	Note
		<u>\$ 7,816</u>	

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, 2023  
(Expressed in thousands of New Taiwan dollars)

Item	2023	2022	Note
Employee benefit expense (Note):			
Wages and salaries	\$ 39	\$ 1,274	
Labor and health insurance fees	8	94	
Pension costs	4	50	
Other personnel expenses	550	77	
	601	1,495	
Other operating expenses:			
Tax expenses	12,122	8,706	
Computer information expenses	1,530	1,489	
Institutional membership fees	22	27	
Other expenses	114	65	
	13,788	10,287	
	<u>\$ 14,389</u>	<u>\$ 11,782</u>	

- Note: 1. The Department had 1 employee in 2023 and 2022. The Department has no director.
2. For the years ended December 31, 2023 and 2022, average employee benefit expense were \$601 and \$1,495, respectively.
3. For the years ended December 31, 2023 and 2022, average wages and salaries were \$39 and \$1,274, respectively.
4. Year on Year change in average employee wages and salaries was (96.94%).
5. Supervisors' remuneration in 2023 and 2022 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 2023 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, 2023  
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Other gains			
Interest income		\$ <u>5,010</u>	

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