# PRESIDENT SECURITIES CORPORATION AND SUBSIDIARIES

# CONSOLIDATED FINANCIAL STATEMENTS AND

# INDEPENDENT AUDITORS' REPORT

# DECEMBER 31, 2021 AND 2020

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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

PWCR21003286

To the Board of Directors and Shareholders of PRESIDENT SECURITIES CORPORATION

## *Opinion*

We have audited the accompanying consolidated balance sheets of President Securities Corporation and subsidiaries (the "Group") as at December 31, 2021 and 2020, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Firms, and Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

## *Basis for opinion*

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the 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 Accountant of 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 Group's 2021 consolidated financial statements. 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 2021 consolidated financial statements are stated as follows:

### *Fair value measurement of unlisted stocks without active market*

Description

Please refer to Note 4(8) for the accounting policies on unlisted stocks without active market (shown as “financial assets at fair value through other comprehensive income”) and Note 5(2) for details of critical accounting judgements, estimates and assumption uncertainty. As at December 31, 2021, the unlisted stocks without active market held by the Group totaled 1,137,756 thousand New Taiwan Dollars and were shown as “financial assets at fair value through other comprehensive income” (Level 3 fair value).

Due to the lack of an active market, the fair value of the unlisted stocks held by the Group was determined using valuation method. Management measured their fair value by using comparable listed companies in the market approach. The main assumptions of the market approach are calculated based on the latest published price-to-book ratio of comparable listed companies in similar industries and considering discounts on market liquidity or assessment of risk.

Above-mentioned estimation of fair value involves various assumptions and material unobservable inputs, which has high uncertainty and relies on the subjective judgement of management. Any changes in judgements and estimates may affect the ultimate result of accounting estimates and have an impact on the financial statements of the Group. Thus, we have included the fair value measurement of unlisted stocks without active market as a key audit matter in our audit.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Obtained an understanding and assessed policy documents, internal control system, fair value measurement models and approval processes that are related to fair value measurement of unlisted stocks;
2. Ascertained whether the measurement methods used by the management is commonly used by the industry;
3. Assessed the reasonableness of parameter of similar companies used by management;
4. Examined inputs and calculation formulas used in valuation models and agreed such data to supporting documents.

## *Impairment assessment of investments accounted for under the equity method*

Description

Please refer to Note 4(14) for accounting policies on investments accounted for under the equity method and its impairment, Note 5(2) for the uncertainty of accounting estimates and assumptions applied on asset impairment, and Note 6(12) for details of investments accounted for under the equity method.

The Group held 42.49% of equity of Uni-President Asset Management Corp. which was accounted for under the equity method, and the excess of the carrying amount over the share of the investee company's net assets is mainly goodwill. As of December 31, 2021, the amount was 760,787 thousand New Taiwan Dollars. Impairment assessment is based on the expected future cash flow of the investee, discounted at an appropriate discount rate, to measure the recoverable amount of the cash generating unit.

The recoverable amount of the investee is based on its expected future cash flows which involve multiple estimates and assumptions on discount rate and financial forecast. These are subjective judgements, have a high degree of uncertainties, and are material to the recoverable amount. Thus, we consider the impairment assessment of investments accounted for under the equity method as one of the matters of most significance to our audit.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Obtained the impairment assessment report prepared by an external valuation expert who was commissioned by the management;
2. Assessed the reasonableness of expected future cash flows, discount rate and other significant assumptions applied in the cash flow model;
3. Inspected valuation model parameters, formula setting and the accuracy of calculation.

## *Other matter – Parent company only financial reports*

We have audited and expressed an unqualified opinion on the parent company only financial statements of President Securities Corporation, as at and for the years ended December 31, 2021 and 2020.

***Responsibilities of management and those charged with governance for the consolidated financial statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statement that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability 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 generally accepted auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the generally accepted auditing standards in the Republic of China, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 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.

Lin, Se-Kai

Independent Auditors

Lo, Chiao-Sen

For and on behalf of PricewaterhouseCoopers, Taiwan

March 8, 2022

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The accompanying consolidated financial statements are not intended to present the financial position and finance performance 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.

PRESIDENT SECURITIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

| | Assets | Notes | December 31, 2021 AMOUNT | % | December 31, 2020 AMOUNT | % |
|---|---|---|---|---|---|---|
| 110000 | **Current assets** | | | | | |
| 111100 | Cash and cash equivalents | 6(1) | $ 5,757,012 | 5 | $ 5,124,862 | 4 |
| 112000 | Financial assets at fair value through profit or loss - current | 6(2) | 33,582,989 | 29 | 41,611,722 | 37 |
| 113200 | Financial assets at fair value through other comprehensive income - current | 6(3) | 410,205 | - | 353,510 | - |
| 114010 | Bonds purchased under resale agreements | 6(4) | 27,401 | - | - | - |
| 114030 | Margin loans receivable | 6(5) | 18,344,751 | 16 | 12,248,272 | 11 |
| 114040 | Refinancing security deposits | | 29,930 | - | 51,532 | - |
| 114050 | Receivables from refinance guaranty | | 24,933 | - | 42,889 | - |
| 114060 | Receivable of securities business money lending | | 1,581,993 | 1 | 1,288,127 | 1 |
| 114070 | Customer margin account | 6(6) | 21,335,532 | 18 | 21,106,170 | 19 |
| 114090 | Receivables from security lending | | 401,019 | - | 240,796 | - |
| 114100 | Security lending deposits | | 1,437,295 | 1 | 1,007,090 | 1 |
| 114110 | Notes receivable | | 819 | - | 737 | - |
| 114130 | Accounts receivable | 6(7) | 16,727,693 | 14 | 18,852,396 | 17 |
| 114140 | Accounts receivable-related parties | 6(7) | 1,147 | - | 875 | - |
| 114150 | Prepayments | | 25,012 | - | 24,300 | - |
| 114170 | Other receivables | 6(8) | 33,289 | - | 23,950 | - |
| 114600 | Current tax assets | | 1,974 | - | 28 | - |
| 119000 | Other current assets | 6(9) | 8,962,046 | 8 | 3,344,627 | 3 |
| 110000 | **Total current assets** | | 108,685,040 | 92 | 105,321,883 | 93 |
| 120000 | **Non-current assets** | | | | | |
| 122000 | Financial assets at fair value through profit or loss - non-current | 6(2) | 76,724 | - | 67,484 | - |
| 123200 | Financial assets at fair value through other comprehensive income - non-current | 6(3) | 1,137,756 | 1 | 707,616 | 1 |
| 124100 | Investments accounted for under the equity method | 6(12) | 3,123,984 | 3 | 3,134,766 | 3 |
| 125000 | Property and equipment, net | 6(13) | 2,447,128 | 2 | 2,453,712 | 2 |
| 125800 | Right-of-use assets | 6(14) | 204,621 | - | 203,579 | - |
| 126000 | Investment property | 6(16) | 268,402 | 1 | 270,503 | - |
| 127000 | Intangible assets | 6(17) | 195,468 | - | 151,765 | - |
| 128000 | Deferred tax assets | 6(48) | 160,587 | - | 103,749 | - |
| 129000 | Other assets - non-current | 6(18) | 1,388,189 | 1 | 1,296,708 | 1 |
| 120000 | **Total non-current assets** | | 9,002,859 | 8 | 8,389,882 | 7 |
| 906001 | **Total Assets** | | $ 117,687,899 | 100 | $ 113,711,765 | 100 |

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PRESIDENT SECURITIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

| | Liabilities and Equity | Notes | December 31, 2021 AMOUNT | % | December 31, 2020 AMOUNT | % |
|---|---|---|---|---|---|---|
| 210000 | **Current liabilities** | | | | | |
| 211100 | Short-term loans | 6(19) | $ 590,000 | 1 | $ 946,276 | 1 |
| 211200 | Commercial papers payable | 6(20) | 8,648,558 | 7 | 7,298,896 | 6 |
| 212000 | Financial liabilities at fair value through profit or loss - current | 6(21) | 8,172,602 | 7 | 2,624,419 | 2 |
| 214010 | Bonds sold under repurchase agreements | 6(22) | 9,643,040 | 8 | 19,096,165 | 17 |
| 214040 | Deposits on short sales | | 1,202,587 | 1 | 1,381,470 | 1 |
| 214050 | Short sale proceeds payable | | 1,559,162 | 1 | 1,809,955 | 2 |
| 214070 | Guarantee deposit received on borrowed securities | | 1,969,207 | 2 | 903,852 | 1 |
| 214080 | Futures traders' equity | 6(6) | 21,328,174 | 18 | 21,087,134 | 19 |
| 214090 | Equity for each customer in the account | | 97,996 | - | 28,105 | - |
| 214130 | Accounts payable | 6(23) | 18,338,212 | 16 | 19,178,484 | 17 |
| 214150 | Advance receipts | | 4,037 | - | 5,142 | - |
| 214160 | Collections on behalf of third parties | | 5,742,100 | 5 | 1,101,065 | 1 |
| 214170 | Other payables | 6(24) | 2,627,923 | 2 | 2,116,413 | 2 |
| 214200 | Other financial liabilities - current | 6(25) | 4,983,139 | 4 | 6,008,310 | 5 |
| 214600 | Current tax liability | | 647,642 | 1 | 332,075 | - |
| 216000 | Current lease liabilities | | 70,740 | - | 86,697 | - |
| 219000 | Other current liabilities | | 83,848 | - | 83,230 | - |
| 210000 | **Total current liabilities** | | 85,708,967 | 73 | 84,087,688 | 74 |
| 220000 | **Non-current liabilities** | | | | | |
| 225100 | Non-current provisions | | 14,079 | - | 8,627 | - |
| 226000 | Non-current lease liabilities | | 125,840 | - | 111,621 | - |
| 228000 | Deferred tax liabilities | 6(48) | 3,098 | - | 9,933 | - |
| 229000 | Other liabilities-non-current | 6(26) | 69,285 | - | 14,414 | - |
| 220000 | **Total non-current liabilities** | | 212,302 | - | 144,595 | - |
| 906003 | **Total Liabilities** | | 85,921,269 | 73 | 84,232,283 | 74 |
| 300000 | Equity attributable to owners of the parent company | | | | | |
| 301000 | Capital | | | | | |
| 301010 | Common stock | 6(28) | 14,558,313 | 13 | 13,998,378 | 12 |
| 302000 | Capital reserve | 6(28) | 91,261 | - | 91,261 | - |
| 304000 | Retained earnings | 6(28)(29) | | | | |
| 304010 | Legal reserve | | 3,487,748 | 3 | 3,111,013 | 3 |
| 304020 | Special reserve | | 8,314,199 | 7 | 7,600,316 | 7 |
| 304040 | Unappropriated earnings | | 3,922,562 | 3 | 3,771,859 | 3 |
| 305000 | Other equity interest | | 1,309,501 | 1 | 834,488 | 1 |
| 300000 | **Total** | | 31,683,584 | 27 | 29,407,315 | 26 |
| 306000 | **Non-controlling interests** | | 83,046 | - | 72,167 | - |
| 906004 | **Total Equity** | | 31,766,630 | 27 | 29,479,482 | 26 |
| 906002 | **Total liabilities and equity** | | $ 117,687,899 | 100 | $ 113,711,765 | 100 |

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

PRESIDENT SECURITIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except earnings per share)

| | | | Year ended December 31 | | | |
|---|---|---|---|---|---|---|
| | | | 2021 | | 2020 | |
| | Items | Notes | AMOUNT | % | AMOUNT | % |
| 400000 | Revenues | | | | | |
| 401000 | Brokerage handling fee revenue | 6(30) | $ 5,027,229 | 43 | $ 3,331,030 | 35 |
| 404000 | Revenues from underwriting business | 6(31) | 104,035 | 1 | 76,506 | 1 |
| 406000 | Net gain (loss) on wealth management | | 32,127 | - | 22,312 | - |
| 410000 | Net gain (loss) on sale of operating securities | 6(32) | 8,731,043 | 75 | 3,356,129 | 35 |
| 421100 | Revenue from providing agency service for stock affairs | | 85,749 | 1 | 77,666 | 1 |
| 421200 | Interest income | 6(33) | 1,198,206 | 10 | 1,118,658 | 12 |
| 421300 | Dividend income | | 457,445 | 4 | 385,051 | 4 |
| 421500 | Net valuation gain (loss) on operating securities at fair value through profit or loss | 6(34) | ( 831,627) | ( 7) | 989,219 | 10 |
| 421600 | Net gain (loss) on covering of borrowed securities and bonds with resale agreements-short sales | 6(35) | ( 181,893) | ( 1) | 268,439 | 3 |
| 421610 | Net valuation gain (loss) on borrowed securities and bonds with resale agreements-short sales at fair value through profit or loss | 6(36) | ( 313,159) | ( 3) | ( 117,021) | ( 1) |
| 421750 | Realized gain (loss) on financial assets measured at fair value through other comprehensive income - bonds | 6(37) | - | - | 100,358 | 1 |
| 422000 | Net gain (loss) on issuance of ETNs | | 76,579 | 1 | ( 83,151) | ( 1) |
| 422100 | Administrative and handling fee revenues from issuance of ETNs | | 17,312 | - | 2,870 | - |
| 422200 | Net gain (loss) from issuance of call (put) warrants | 6(38) | ( 2,896,956) | ( 25) | 95,405 | 1 |
| 424400 | Net gain (loss) from derivatives | 6(39) | ( 640,393) | ( 5) | 20,120 | - |
| 425300 | Impairment loss and reversal of impairment gain | 6(40) | 10,976 | - | ( 15,979) | - |
| 428000 | Other operating income | 6(41) | 744,946 | 6 | ( 46,340) | ( 1) |
| | Total revenues | | 11,621,619 | 100 | 9,581,272 | 100 |
| 500000 | Expenditures and expenses | | | | | |
| 501000/ 502000/ 503000 | Handling charges | 6(42) | ( 755,578) | ( 7) | ( 548,487) | ( 6) |
| 507000 | ETNs administrative expenses | | ( 6,863) | - | ( 5,658) | - |
| 521200 | Interest expenses | 6(43) | ( 101,287) | ( 1) | ( 276,884) | ( 3) |
| 524100 | Futures commission expense | | ( 86,289) | ( 1) | ( 100,691) | ( 1) |
| 524300 | Expense of clearing and settlement | | ( 140,732) | ( 1) | ( 123,083) | ( 1) |
| 528000 | Other operating expenditure | | ( 3,062) | - | ( 26) | - |
| 531000 | Employee benefits expense | 6(44) | ( 4,002,344) | ( 34) | ( 3,202,336) | ( 33) |
| 532000 | Depreciation and amortization | 6(45) | ( 227,553) | ( 2) | ( 209,839) | ( 2) |
| 533000 | Other operating expenses | 6(46) | ( 2,030,357) | ( 17) | ( 1,507,158) | ( 16) |
| | Total expenditures and expenses | | ( 7,354,065) | ( 63) | ( 5,974,162) | ( 62) |

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PRESIDENT SECURITIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except earnings per share)

| | Items | Notes | 2021 AMOUNT | 2021 % | 2020 AMOUNT | 2020 % |
|---|---|---|---|---|---|---|
| | Operating profit | | $ 4,267,554 | 37 | $ 3,607,110 | 38 |
| 601000 | Share of the profit or loss of associates and joint ventures accounted for under the equity method | 6(12) | 78,359 | - | 68,825 | 1 |
| 602000 | Other gains and losses | 6(47) | 323,522 | 3 | 306,887 | 3 |
| 902001 | **Profit before tax** | | 4,669,435 | 40 | 3,982,822 | 42 |
| 701000 | Income tax expense | 6(48) | ( 658,062) | ( 5) | ( 368,226) | ( 4) |
| 902005 | **Net income** | | $ 4,011,373 | 35 | $ 3,614,596 | 38 |
| | **Other comprehensive income** | | | | | |
| | **Components of other comprehensive income that will not be reclassified to profit or loss** | | | | | |
| 805510 | Remeasurements of defined benefit plans | | ($ 125,747) | ( 1) | ($ 21,997) | - |
| 805540 | Net unrealized gain (loss) from investments in equity instruments at fair value through other comprehensive income | | 486,836 | 4 | 456,748 | 5 |
| 805550 | Other comprehensive gain (loss) of associates and joint ventures accounted for under the equity method | | 29,118 | - | 8,870 | - |
| 805599 | Income tax benefit relating to components of other comprehensive income | | 25,149 | - | 4,399 | - |
| | **Items may be reclassified to profit or loss subsequently** | | | | | |
| 805610 | Translation gain (loss) on the financial statements of foreign operating entities | | ( 34,891) | - | 27,298 | - |
| 805615 | Net unrealized gain (loss) from investments in debt instruments at fair value through other comprehensive income | | - | - | 28 | - |
| 805000 | Current other comprehensive income (post-tax) | | $ 380,465 | 3 | $ 475,346 | 5 |
| 902006 | **Total current comprehensive income** | | $ 4,391,838 | 38 | $ 4,089,942 | 43 |
| | Income attributable to: | | | | | |
| 913100 | Parent company | | $ 4,007,435 | 35 | $ 3,607,518 | 38 |
| 913200 | Non-controlling interest | | $ 3,938 | - | $ 7,078 | - |
| | Current comprehensive income attributable to: | | | | | |
| 914100 | Parent company | | $ 4,376,026 | 38 | $ 4,080,025 | 43 |
| 914200 | Non-controlling interests | | $ 15,812 | - | $ 9,917 | - |
| | Earnings per share | 6(49) | | | | |
| 975000 | Basic earnings per share (in dollars) | | | $ 2.75 | | $ 2.48 |
| 985000 | Diluted earnings per share (in dollars) | | | $ 2.75 | | $ 2.47 |

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

PRESIDENT SECURITIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

| | | Equity attributable to owners of the parent | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Retained Earnings | | | Other equity interest | | | | |
| | Notes | Common stock | Capital reserve | Legal reserve | Special reserve | Unappropriated earnings | Translation gain and loss on the financial statements of foreign operating entities | Unrealised gain or loss on financial assets measured at fair value through other comprehensive income | Total | Non-controlling interests | Total equity |
| For the year ended December 31, 2020 | | | | | | | | | | | |
| Balance at January 1, 2020 | | $ 13,723,900 | $ 91,261 | $ 2,876,769 | $ 7,130,830 | $ 2,355,105 | ($ 58,216 ) | $ 580,031 | $ 26,699,680 | $ 66,092 | $ 26,765,772 |
| Net income for the year ended December 31, 2020 | | - | - | - | - | 3,607,518 | - | - | 3,607,518 | 7,078 | 3,614,596 |
| Other comprehensive income (loss) for the year ended December 31, 2020 | | - | - | - | - | ( 17,197 ) | 27,298 | 462,406 | 472,507 | 2,839 | 475,346 |
| Total comprehensive income (loss) | | - | - | - | - | 3,590,321 | 27,298 | 462,406 | 4,080,025 | 9,917 | 4,089,942 |
| Appropriations of 2019 earnings: | 6(29) | | | | | | | | | | |
| Legal reserve | | - | - | 234,244 | - | ( 234,244 ) | - | - | - | - | - |
| Special reserve | | - | - | - | 469,486 | ( 469,486 ) | - | - | - | - | - |
| Cash dividends | | - | - | - | - | ( 1,372,390 ) | - | - | ( 1,372,390 ) | - | ( 1,372,390 ) |
| Stock dividends | | 274,478 | - | - | - | ( 274,478 ) | - | - | - | - | - |
| Disposal of investments in equity instruments designated at fair value through other comprehensive income | | - | - | - | - | 177,031 | - | ( 177,031 ) | - | - | - |
| Changes in non-controlling interests | | - | - | - | - | - | - | - | - | ( 3,842 ) | ( 3,842 ) |
| Balance at December 31, 2020 | | $ 13,998,378 | $ 91,261 | $ 3,111,013 | $ 7,600,316 | $ 3,771,859 | ($ 30,918 ) | $ 865,406 | $ 29,407,315 | $ 72,167 | $ 29,479,482 |
| For the year ended December 31, 2021 | | | | | | | | | | | |
| Balance at January 1, 2021 | | $ 13,998,378 | $ 91,261 | $ 3,111,013 | $ 7,600,316 | $ 3,771,859 | ($ 30,918 ) | $ 865,406 | $ 29,407,315 | $ 72,167 | $ 29,479,482 |
| Net income for the year ended December 31, 2021 | | - | - | - | - | 4,007,435 | - | - | 4,007,435 | 3,938 | 4,011,373 |
| Other comprehensive income (loss) for the year ended December 31, 2021 | | - | - | - | - | ( 106,422 ) | ( 34,891 ) | 509,904 | 368,591 | 11,874 | 380,465 |
| Total comprehensive income (loss) | | - | - | - | - | 3,901,013 | ( 34,891 ) | 509,904 | 4,376,026 | 15,812 | 4,391,838 |
| Appropriations of 2020 earnings: | 6(29) | | | | | | | | | | |
| Legal reserve | | - | - | 376,735 | - | ( 376,735 ) | - | - | - | - | - |
| Special reserve | | - | - | - | 713,883 | ( 713,883 ) | - | - | - | - | - |
| Cash dividends | | - | - | - | - | ( 2,099,757 ) | - | - | ( 2,099,757 ) | - | ( 2,099,757 ) |
| Stock dividends | | 559,935 | - | - | - | ( 559,935 ) | - | - | - | - | - |
| Changes in non-controlling interests | | - | - | - | - | - | - | - | - | ( 4,933 ) | ( 4,933 ) |
| Balance at December 31, 2021 | | $ 14,558,313 | $ 91,261 | $ 3,487,748 | $ 8,314,199 | $ 3,922,562 | ($ 65,809 ) | $ 1,375,310 | $ 31,683,584 | $ 83,046 | $ 31,766,630 |

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

PRESIDENT SECURITIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

| | Notes | Year ended December 31 2021 | 2020 |
|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit before tax | | $ 4,669,435 | $ 3,982,822 |
| Adjustments | | | |
| Income and expenses having no effect on cash flows | | | |
| Net valuation (gain) loss on operating securities at fair value through profit or loss | 6(2)(34) | 831,627 | ( 989,219 ) |
| Net valuation (gain) loss on borrowed securities and bonds with resale agreements-short sales at fair value through profit or loss | 6(36) | 313,159 | 117,021 |
| Impairment loss and reversal of impairment gain | 6(40) | ( 7,664 ) | 18,181 |
| Depreciation | 6(45) | 189,361 | 181,478 |
| Amortization | 6(45) | 38,192 | 28,361 |
| Interest expense | 6(43) | 101,287 | 276,884 |
| Interest income (include financial income) | 6(33)(47) | ( 1,309,993 ) | ( 1,273,261 ) |
| Dividend income | | ( 487,052 ) | ( 407,049 ) |
| Share of the profit of associates and joint ventures accounted for under the equity method | | ( 78,359 ) | ( 68,825 ) |
| (Gain) loss on disposal of property and equipment | 6(13) | 3 | 154 |
| (Gain) loss from lease modification | | ( 17 ) | - |
| (Gain) loss on valuation of non-operating financial instrument | 6(47) | 24,318 | ( 25,279 ) |
| Changes in assets/liabilities relating to operating activities | | | |
| Net changes in operating assets | | | |
| Financial assets at fair value through profit or loss - current | | 7,161,039 | 3,904,263 |
| Financial assets at fair value through other comprehensive income - current | | - | ( 13,884 ) |
| Bonds purchased under resale agreements | | ( 27,401 ) | - |
| Margin loans receivable | | ( 6,085,072 ) | ( 2,239,117 ) |
| Refinancing security deposits | | 21,602 | 51,013 |
| Receivables from refinance guaranty | | 17,956 | 45,870 |
| Receivable of securities business money lending | | ( 293,866 ) | ( 770,318 ) |
| Customer margin account | | ( 229,362 ) | ( 7,370,458 ) |
| Receivables from security lending | | ( 160,223 ) | ( 139,753 ) |
| Security lending deposits | | ( 430,205 ) | ( 463,919 ) |
| Notes receivable | | ( 82 ) | ( 40 ) |
| Accounts receivable | | 2,159,195 | ( 7,111,640 ) |
| Accounts receivable-related parties | | ( 272 ) | 128 |
| Prepayments | | ( 712 ) | ( 1,743 ) |
| Other receivables | | ( 8,801 ) | 73,236 |
| Other current assets | | ( 5,617,419 ) | ( 1,722,930 ) |
| Net changes in liabilities relating to operating activities | | | |
| Financial liabilities at fair value through profit or loss | | 5,235,024 | 1,658,769 |
| Bonds sold under repurchase agreements | | ( 9,453,125 ) | ( 1,860,091 ) |
| Deposits on short sales | | ( 178,883 ) | ( 177,247 ) |
| Short sale proceeds payable | | ( 250,793 ) | ( 78,877 ) |
| Guarantee deposit received on borrowed securities | | 1,065,355 | 847,848 |
| Futures traders' equity | | 241,040 | 7,373,467 |
| Equity for each customer in the account | | 69,891 | 27,472 |
| Accounts payable | | ( 778,723 ) | 7,115,640 |
| Advance receipts | | ( 1,105 ) | 2,769 |
| Collections on behalf of third parties | | 4,641,035 | 722,772 |
| Other payables | | 511,276 | 769,620 |
| Other financial liabilities - current | | ( 1,025,171 ) | 3,264,444 |
| Other current liabilities | | 618 | 61,337 |

(Continued)

PRESIDENT SECURITIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

| | Notes | Year ended December 31 2021 | 2020 |
|---|---|---|---|
| Cash inflow generated from operations | | $ 867,113 | $ 5,809,899 |
| Interest received | | 1,219,615 | 1,353,284 |
| Dividends received | | 585,425 | 505,200 |
| Income tax paid | | ( 382,965 ) | ( 205,923 ) |
| Net cash flows from operating activities | | 2,289,188 | 7,462,460 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Acquisition of investments accounted for under equity method | | - | ( 2,481,388 ) |
| Acquisition of property and equipment | 6(13) | ( 52,406 ) | ( 36,654 ) |
| Proceeds from disposal of property and equipment | | 54 | 177 |
| Acquisition of intangible assets | 6(17) | ( 46,025 ) | ( 17,887 ) |
| Proceeds from disposal of intangible assets | | - | 31 |
| (Increase) decrease in other non-current assets | | ( 88,658 ) | ( 99,626 ) |
| (Increase) decrease in prepayment for equipment | | ( 139,960 ) | ( 78,687 ) |
| Net cash flows used in investing activities | | ( 326,995 ) | ( 2,714,034 ) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Increase (decrease) in short-term loans | | ( 356,276 ) | ( 2,018,684 ) |
| Increase (decrease) in commercial papers payable | | 1,350,000 | ( 2,300,000 ) |
| Increase (decrease) in other non-current liabilities | | ( 1,982 ) | ( 2,965 ) |
| Payments of lease liabilities | | ( 93,325 ) | ( 92,782 ) |
| Interest paid | | ( 108,079 ) | ( 288,944 ) |
| Distribution of cash dividends | | ( 2,099,757 ) | ( 1,372,390 ) |
| Changes in non-controlling interest | | ( 4,933 ) | ( 3,842 ) |
| Net cash flows used in financing activities | | ( 1,314,352 ) | ( 6,079,607 ) |
| Effect of exchange rate changes | | ( 15,691 ) | ( 64,103 ) |
| Net increase (decrease) in cash and cash equivalents | | 632,150 | ( 1,395,284 ) |
| Cash and cash equivalents at beginning of year | | 5,124,862 | 6,520,146 |
| Cash and cash equivalents at end of year | | $ 5,757,012 | $ 5,124,862 |

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

PRESIDENT SECURITIES CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANIZATION

1) President Securities Corporation (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.) on December 17, 1988 and was renamed as President Securities Corporation on March 4, 1989. The Company started commercial operations on April 3, 1989. As of December 31, 2021, the Company had 31 operating branches (including the Head Office), and established Offshore Securities Unit in July 2014.

2) The Company and its subsidiaries (collectively referred herein as the "Group") are primarily engaged in underwriting of securities, dealing or brokerage business of securities at the securities exchange markets and business premises, registration and transfer agency service for securities, margin loans and short sales business of securities, securities lending and borrowing business, futures introducing brokerage services, futures dealing, issuance of call (put) warrants, new financial instrument transactions, wealth management business, and trust business.

3) The Company's shares are listed on the Taiwan Stock Exchange.

4) The number of employees of the Group were 1,716 and 1,703 as of December 31, 2021 and 2020, respectively.

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

These consolidated financial statements were authorized for issuance by the Board of Directors on March 8, 2022.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by FSC effective from 2021 are as follows:

| New Standards, Interpretations and Amendments | Effective Date by International Accounting Standards Board |
|---|---|
| Amendments to IFRS 4, 'Extension of the temporary exemption from applying IFRS 9' | January 1, 2021 |

| New Standards, Interpretations and Amendments | Effective Date by International Accounting Standards Board |
|---|---|
| Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, ' Interest Rate Benchmark Reform— Phase 2' | January 1, 2021 |
| Amendment to IFRS 16,'Covid-19-related rent concessions beyond 30 June 2021' | April 1, 2021(Note) |

Note：Earlier application from January 1, 2021 is allowed by FSC.

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

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

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

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

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

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

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

| New Standards, Interpretations and Amendments | Effective Date by International Accounting Standards Board |
|---|---|
| Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture' | To be determined by International Accounting Standards Board |
| IFRS 17, 'Insurance contracts' | January 1, 2023 |

| New Standards, Interpretations and Amendments | Effective Date by International Accounting Standards Board |
|---|---|
| Amendments to IFRS 17, 'Insurance contracts' | January 1, 2023 |
| Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 - comparative information' | January 1, 2023 |
| Amendments to IAS 1, ‘Classification of liabilities as current or non-current’ | January 1, 2023 |
| Amendments to IAS 1, ‘Disclosure of accounting policies’ | January 1, 2023 |
| Amendments to IAS 8, ‘Definition of accounting estimates’ | January 1, 2023 |
| Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’ | January 1, 2023 |

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Firms, and Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

2) Basis of preparation

A. Except for the following items, these 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 assets or liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligations.

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

3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(A) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(B) Intercompany transactions, balances and unrealized 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.

(C) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(D) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

(E) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss, on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

| Name of Investor | Name of Subsidiary | Main Business Activities | Ownership (%) December 31, 2021 | Ownership (%) December 31, 2020 |
|---|---|---|---|---|
| The Company | President Futures Corp. (President Futures) | Futures brokerage and dealer | 96.69% | 96.69% |
| 〃 | President Capital Management Corp. (President Capital Management) | Securities investment consulting | 100% | 100% |
| 〃 | President Securities (HK) Ltd.(President Securities (HK)) (Note 1) | Securities dealer, brokerage, underwriting and consulting | 100% | 100% |
| 〃 | President Securities (BVI) Ltd.(President Securities (BVI)) | Securities investment and holding company | - (Note 2) | 100% |
| 〃 | President Insurance Agency Corp. (President Insurance Agency) | Insurance Agent | 100% | 100% |
| 〃 | PSC Venture Capital Investment Company Limited (President Venture Capital) | Consultation of investment management and venture capital; other unprohibited or unrestricted businesses beyond the permit | 100% | 100% |
| 〃 | President Wealth Management(HK) Ltd.(President Wealth Management (HK)) (Note 1) | Wealth management | 100% | 100% |
| 〃 | President Securities (Nominee) Ltd. (President Securities (Nominee)) (Note 1) | Nominee Service | 100% | 100% |

Note 1: In July 2020, the company acquired equity in the overseas reinvestment business invested by President Securities (BVI). Currently, the company holds 100% equity of President Securities (HK), President Wealth Management (HK) and President Securities (Nominee).

Note 2: The dissolution and liquidation of President Securities (BVI) was approved by the Board of Directors in March 2020, and the liquidation was completed in September 2021, so it was stopped to be included in the consolidated entity.

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 realized, 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 realized 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 pay off 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 paid off within the normal operating cycle;

(B) Liabilities arising mainly from trading activities;

(C) Liabilities that are to be paid off 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 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) Translation of foreign currency transactions

A. Foreign currency translation and presentation

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates (the "functional currency"). Functional currency and bookkeeping currency of the Company and its domestic subsidiaries are all New Taiwan Dollars; functional currency and bookkeeping currency of overseas subsidiaries-President Securities (HK), President Wealth Management (HK), and President Securities (Nominee) are Hong Kong Dollars; and functional currency and bookkeeping currency of President Securities (BVI) are US Dollars. The consolidated financial statements are presented in New Taiwan Dollars.

B. Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated by the closing exchange rate at balance sheet date. The closing exchange rate is determined by the market exchange rate. Non-monetary assets and liabilities denominated in foreign currencies which are carried at historical cost are translated by the exchange rates prevailing at the original transaction date. 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 balance sheet date; their translation differences are recognized 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 balance sheet date; their translation differences are recognized in other comprehensive income.

C. Translation of foreign operations

The operating results and financial position of all the group entities, associates and joint arrangements 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 statement of comprehensive income are translated at average exchange rates of that period; and

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

6) <u>Cash and cash equivalents</u>

A. In the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with banks, and other short-term highly liquid investments.

B. Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

7) <u>Financial assets at fair value through profit or loss</u>

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.

D. The Group recognizes 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) <u>Financial assets at fair value through other comprehensive income</u>

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 recognize changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:

(a)The objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets; and

(b)The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, available-for-sale financial assets are recognized and derecognized 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:

(A) The changes in fair value of equity investments that were recognized 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 recognized 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.

(B) Except for the recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognized in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

9) <u>Notes and accounts receivable, other receivables and margin loans receivable</u>

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

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

10) <u>Bonds sold under repurchase agreements and bonds purchased under resale agreements</u>

Bond transactions under repurchase or resale agreements are stated at the amount of actual payment or receipt. When transactions of bonds with a condition of resale agreements occur, the actual payment or receipt shall be recognized in 'bonds purchased under resale agreements' under current assets. When transactions of bonds with a condition of repurchase agreements occur, the actual payment or receipt shall be recognized in 'bonds sold under repurchase agreements' under current liabilities. Any difference between the actual payment/receipt and predetermined redemption (repurchase) price is recognized in interest income or interest expense.

11) <u>Impairment of financial assets</u>

For debt instruments measured at fair value through other comprehensive income, at each reporting date, the Group recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes 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. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognizes the impairment provision for lifetime ECLs.

12) Derecognition of financial instruments

A. Derecognition of financial assets

The Group derecognizes a financial asset when one of the following conditions is met:

(A) The contractual rights to receive cash flows from the financial asset expire.

(B) The contractual rights to receive cash flows from the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.

(C) The contractual rights to receive cash flows of the financial asset have been transferred; however, the Group has not retained control of the financial asset.

B. Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability specified in the contract is discharged or cancelled or expired.

13) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

14) Investments accounted for under the equity method-associates

A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.

B. The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred statutory/constructive obligations or made payments on behalf of the associate.

C. When changes in an associate's equity that are not recognized in profit or loss or other comprehensive income of the associate and such changes not affecting the Group's ownership percentage of the associate, the Group recognizes its share of change in equity of the associate in 'capital reserve' in proportion to its ownership.

D. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group’s interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

E. When there are objective evidences of impairment, at balance sheet date, the Group considers the whole investment carrying amount as single asset, and compares its recoverable amount (value in use or fair value less costs of disposal) with the carrying amount, to test its impairment. Value in use is determined by the present value of the Group’s share of the expected future cash flow from the associates. If the recoverable amount is less than its carrying amount, an impairment loss should be recognized. The loss will not be allocated to any of the components (including goodwill), which comprise the carrying amount of the investment. An impairment loss recognized in prior periods shall be reversed if circumstances of impairment no longer exist or have decreased.

15) Property and equipment

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

B. Subsequent costs are included in the asset’s carrying amount or recognized 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 derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property and equipment are subsequently measured using the cost model and depreciated using the straight-line method to allocate their cost over their estimated useful lives.

D. The assets’ residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. 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 property and equipment are as follows:

| | Useful lives |
|---|---|
| Buildings | 5~50 years |
| Furniture and fixtures | 4~10 years |
| Computer equipment | 3~5 years |
| Electrical equipment | 3~10 years |
| Leasehold improvements | 5 years |

E. When an asset is sold or retired, the cost and accumulated depreciation are removed from the respective accounts and the resulting gain or loss is included in current operations.

16) <u>Leasing arrangements (lessee)－right-of-use assets/ lease liabilities</u>

A. Leases are recognized 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 recognized 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 mainly comprised of fixed payments.

The Group subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized 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 mainly the amount of the initial measurement of lease liability.

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 recognized as an adjustment to the right-of-use asset.

17) <u>Investment property</u>

A. Investment property of the Group is the property held either to earn long-term rental income or for capital appreciation or for both.

B. Part of the property may be held by the Group for self-use purpose and the remaining are used to generate rental income or capital appreciation. If the property held by the Group can be sold individually, then the accounting treatment should be made respectively. If each part of the property cannot be sold individually and the self-use proportion is not material, then the property is deemed as investment property in its entirety.

C. When the future economic benefit related to the investment property is highly likely to flow into the Group and the costs can be reliably measured, the investment property shall be recognized as assets. When the future economic benefit generated from subsequent costs is highly likely to flow into the entity and the costs can be reliably measured, the subsequent expenses of the assets shall be capitalized. All maintenance cost are recognized in profit or loss as incurred.

D. Investment property is subsequently measured using the cost model. Depreciated cost is used to calculate amortization expense after initial measurement. The depreciation method, remaining useful life and residual value should apply the same rules as applicable for property and equipment.

18) Intangible assets

A. The cost of computer software is amortized using the straight-line method over the useful lives based on acquisition cost, with an amortization period of 4 years.

B. Membership in a foreign futures exchange is stated at acquisition cost and has an indefinite useful life as it was assessed to generate continuous net cash inflow in the foreseeable future. It is not amortized, but is tested annually for impairment.

C. In accordance with IFRS 3 'Business combinations' as endorsed by FSC, goodwill arises when the acquisition cost exceeds the fair value of identifiable assets and liabilities of the consolidated subsidiary on the consolidation date. The goodwill arising from the consolidated subsidiary is included in the intangible asset. Goodwill is tested annually for impairment and any impairment loss will be recognized when impairment occurs. Impairment losses on goodwill are not reversed.

19) Impairment of non-financial assets

A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized 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. Except for goodwill, when the circumstances or reasons for recognizing 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 amortized historical cost would have been if the impairment had not been recognized.

B. The recoverable amounts of goodwill, intangible assets with an indefinite useful life and intangible assets that have not yet been available for use are evaluated periodically. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognized in profit or loss shall not be reversed in the following years.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

20) 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 categorized as financial liabilities held for trading unless they are designated as hedges.

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

21) Contingent liabilities

Contingent liability is a possible obligation that arises from past event, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Or it could be a present obligation as a result of past event but the payment is not probable or the amount cannot be measured reliably. The Group did not recognize any contingent liabilities but made appropriate disclosure in compliance with relevant regulations.

22) 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 recognized as expenses in that period when the employees render service.

B. 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 employee. The Group recognized expense as it can no longer withdraw an offer of termination benefit or it recognizes relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

C. Pensions

(A) Defined contribution plans

Effective July 1, 2005, the Group established the defined contribution plan for employees of R.O.C. nationality. The employees have the option to participate in the New Plan. Under the New Plan, the Company contributes monthly an amount equivalent to 6% of employees' salaries to the employees' personal pension accounts with the "Bureau of Labor Insurance". Benefits accrued under the New Plan are portable upon termination of employment. Net defined benefit asset can only be recognized when there is a cash refund or elimination in the future accrued pension liabilities.

(B) Defined benefit plans

a. In a defined benefit plan, the pension paid is determined based on the amount that an employee shall receive upon retirement, which could vary with age, work seniority and salary compensations. The Group recognizes the accrued pension obligations in the consolidated balance sheet based on the net amount of actuarial present value of defined benefit obligation less the fair value of fund, which is adjusted with the net of past service cost recognized as liabilities. Defined benefit obligation is assessed annually using projected unit credit method by the actuary. The present value of the defined benefit obligation is determined using the market yield of government bonds of a currency and term consistent with the currency and term of the employment benefit obligations.

b. Remeasurement arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

D. Employees' remuneration and directors' remuneration

Employees' and directors' remuneration are recognized as expenses and liabilities, 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.

23) Revenues and expenses

The Group's revenues and expenses are recognized as incurred, which mainly include:

A. Gains (losses) on sale of securities, securities brokerage fees, and commissions on brokerage and trading are recognized on the transaction date.

B. Underwriting fees and related service charges: application fees are recognized upon collection; underwriting fees and service charges are recognized when the contract is completed.

C. Gains (losses) on futures contracts: The margin of futures transaction is recognized as cost. Costs and expenses are recognized as incurred.

D. Operating expenses: operating expenses refer to required expenses invested in the Group's operations, which primarily include employee benefit expense, depreciation and amortization, and other business and administrative expenses.

24) Income tax

A. Current income tax

Income tax payable (refundable) is calculated on the basis of the tax laws enacted in the countries where a company operates and generates taxable income. Except for the transactions or other matters directly recognized in other comprehensive income or equity, in which cases the related income taxes in the period are recognized in other comprehensive income or directly derecognized from equity, all the others should be recognized as income or expense for the period.

B. Deferred income tax

Deferred income tax assets and liabilities are measured based on the tax rate of the anticipated period that the future assets realization or the liabilities settlement requires, which is based on the effective or existing tax rate at the consolidated balance sheet date. The carrying amounts and temporary differences of assets and liabilities included in the consolidated balance sheet are calculated using the balance sheet method and recognized as deferred income tax. However, the deferred income tax is not accounted for if it arises from initial recognition 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 (loss). Deferred income tax assets are recognized only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. If the future taxable income is probable to provide unused loss carryforwards or deferred income tax credit which can be realized in the future, the proportion of realization is deemed as deferred income tax asset.

C. 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 Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions for income tax liabilities 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.

D. 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 recognized amounts and there is an intention to settle on a net basis or realize 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 realize the asset and settle the liability simultaneously.

25) Share capital

A. Incremental costs directly attributable to the issuance of new shares are shown as a deduction, net of tax, from equity. Dividends from common stocks are recognized as equity in the financial period in which they are approved by the Company's shareholders. If the date of dividends declared is later than the consolidated balance sheet date, common stocks are disclosed in the subsequent events.

B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

26) Earnings per share

A. Earnings per share is calculated by dividing net income by the weighted average number of shares outstanding during the year after taking into consideration the retroactive effect of stock dividends and capital reserve capitalized.

B. When the Group calculates earnings per share, basic earnings per share and diluted earnings per share for all potential ordinary shares shall all be disclosed in accordance with IAS 33 "Earnings per share".

27) Operating segments

The Group's operating segments are reported in a manner consistent with the internal reports provided to the Chief Operating Decision-Maker. The Group's performance of segment profit (loss) is assessed based on the profit (loss) before tax, but not segment income, assets and liabilities. The Chief Operating Decision-Maker is responsible for allocating resources and assessing performance of the operating segments.

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

1) As the consolidated financial statements of the Group may be affected by the adoption of accounting policy, accounting estimate and assumption, the Group's management shall properly exercise its professional judgement, estimates, and assumptions on the information of the key risks that is obtained from other resources and could affect the carrying amounts of financial assets and liabilities in the next fiscal year while adopting critical accounting policies as stated in Note 4. Estimates and assumptions of the Group are the best estimates made in compliance with IFRSs as endorsed by the FSC. Estimates and assumptions are made based on past experience and other factors (including the influence of COVID 19) deemed relevant; however, the actual results may differ from the estimates. The Group evaluates the estimates and assumptions on an ongoing basis and recognizes the adjustment of the estimates only in the period which is affected by the adjustment. If the adjustment simultaneously affects both the current and future periods, it should be recognized in both periods.

2) Relevant information on key assumptions to be made in the future, key sources of assumption uncertainty made at balance sheet date, and assumptions and estimates that may cause key risks that could affect the carrying amounts of financial assets and liabilities are as follows:

A. Fair value of financial instruments

Financial instruments with no active market or quoted price use valuation technique to determine the fair value. Under such condition, fair value is assessed through the observable information or models of similar financial instruments. If there is no observable input available in a market, the fair value of financial instrument is assessed through appropriate assumptions. When valuation models are adopted to determine the fair value, all the models should be calibrated to ensure that the output can actually reflect actual information and market price. Models should try to take only observable information as much as possible.

B. Expected credit losses

For financial assets, the measurement of expected credit losses uses complex models and multiple assumptions. These models and assumptions take into account future macro-economic conditions and credit behaviors of borrowers (e.g. probability of customer default and loss). Please refer to Note 12(2) for detailed information on parameters, assumptions, and estimation methods used in measuring expected credit losses and disclosure of the sensitivity of credit loss to the aforementioned factors.

The measurement of expected credit losses according to applicable accounting rules involves significant judgement in several areas, for example:

(A)The criteria used to judge whether there is significant increase in credit risk.

(B)The selection of appropriate models and assumptions for measuring expected credit losses.

For judgements and estimations of the above expected credit losses, please refer to Note 12(2).

C. Impairment assessment on investment accounted for under the equity method

When there are impairment indicators that show the investments accounted for under equity method are impaired and the carrying amount can no longer be recovered, the Group will assess the impairment of the investment. The Group assesses its share of the recoverable amount which is based on the discounted value of expected cash flow, and assess the reasonableness of relevant assumptions, including revenue growth rate, operating profit margin, net profit margin, financial forecast, and discount rate.

D. Impairment assessment of goodwill

The periodic impairment assessment of goodwill includes allocation of assets, liabilities, and goodwill to brokerage segment, and determines the recoverable amount based on brokerage segment's present value of expected future cash flow. The periodic assessment also analyzes reasonableness of relevant assumptions, including expected future trading volumes, market share, segment's operating profit margin, and discount rates.

6. DETAILS OF SIGNIFICANT ACCOUNTS

1) Cash and cash equivalents

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Petty cash | $ 168 | $ 168 |
| Checking deposits | 1,032,994 | 639,368 |
| Current deposits: | | |
| Deposits denominated in NTD | 872,588 | 505,005 |
| Deposits denominated in foreign currencies | 1,452,113 | 1,256,458 |
| Time deposits | 2,399,149 | 2,723,863 |
| Total | $ 5,757,012 | $ 5,124,862 |

As of December 31, 2021 and 2020, the annual interest rates of time deposits, including foreign time deposits were 0.05%~2.70%, and 0.02% ~ 2.95%, respectively.

2) Financial assets at fair value through profit or loss

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Current items: | | |
| Financial assets mandatorily measured at fair value through profit or loss: | | |
| Open-ended funds, money market instruments and securities investment by brokers | | |
| Open-ended mutual funds beneficiary certificates | $ 92,360 | $ 170,000 |
| Listed (TSE and OTC) stocks | - | 5,799 |
| Exchange-traded funds | 15,914 | 35,148 |
| Subtotal | 108,274 | 210,947 |
| Adjustment of open-ended funds ,money market instruments and securities investment by brokers | 14,250 | 34,433 |
| Total | 122,524 | 245,380 |
| Trading securities - dealer | | |
| Listed (TSE and OTC) stocks | 6,599,789 | 5,610,556 |
| Government bonds | 1,494,196 | 2,699,935 |
| Corporate bonds | 2,648,112 | 3,317,423 |
| Convertible corporate bonds | 365,393 | 417,025 |
| Emerging stocks | 222,266 | 125,046 |
| Overseas stocks | 9,145,908 | 17,722,487 |
| Exchange-traded funds | 966,526 | 2,099,505 |
| Unlisted stocks | 77,907 | 35,964 |
| Subtotal | 21,520,097 | 32,027,941 |
| Adjustment of trading securities - dealer | 310,603 | 1,114,737 |
| Total | 21,830,700 | 33,142,678 |

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Trading securities - underwriter | | |
| Listed (TSE and OTC) stocks | $ 184,916 | $ 469,460 |
| Convertible corporate bonds | 493,640 | 170,407 |
| Subtotal | 678,556 | 639,867 |
| Adjustment of trading securities - underwriter | 121,471 | 49,913 |
| Total | 800,027 | 689,780 |
| Trading securities - hedging | | |
| Listed (TSE and OTC) stocks | 5,454,491 | 3,535,818 |
| Convertible corporate bonds | 32,692 | 20,561 |
| Warrants | 16,108 | 52,681 |
| Overseas stocks | 196,726 | - |
| Exchange traded funds | 2,992 | 12,084 |
| Subtotal | 5,703,009 | 3,621,144 |
| Adjustment of trading securities - hedging | 304,525 | 117,091 |
| Total | 6,007,534 | 3,738,235 |
| Options bought - futures | 26,510 | 37,316 |
| Futures guarantee deposits receivable | 4,780,970 | 3,748,960 |
| Derivative financial instrument assets - OTC | 14,724 | 9,373 |
| Total | $ 33,582,989 | $ 41,611,722 |
| Non-current items: | | |
| Financial assets mandatorily measured at fair value through profit or loss: | | |
| Trading securities - dealer - government bonds | $ 49,973 | $ 49,947 |
| Unlisted stocks | 2,609 | 2,609 |
| other | 15,000 | - |
| Subtotal | 67,582 | 52,556 |
| Adjustment of trading securities | 9,142 | 14,928 |
| Total | $ 76,724 | $ 67,484 |

a. For the years ended December 31, 2021 and 2020, net realized and unrealized gains on financial assets and liabilities at fair value through profit or loss amounted to $3,960,906 and $4,532,010, respectively.

b. Details of the Group’s financial assets at fair value through profit or loss pledged to others as collateral are provided in Note 8.

c. Information relating to credit risk is provided in Note 12(2).

3) Financial assets at fair value through other comprehensive income

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Current items: | | |
| Equity instruments | | |
| Trading securities - dealer | | |
| Listed (TSE and OTC) stocks | $ 189,812 | $ 189,812 |
| Adjustment of trading securities - dealer | 220,393 | 163,698 |
| Total | $ 410,205 | $ 353,510 |
| Non-current items: | | |
| Equity instruments | | |
| Unlisted stocks | $ 37,565 | $ 37,565 |
| Adjustment of trading securities | 1,100,191 | 670,051 |
| Total | $ 1,137,756 | $ 707,616 |

a. The Group has elected to classify unlisted stocks that are considered to be strategic investments or receive steady dividend as financial assets at fair value through other comprehensive income. The fair value of such investments amounts to $1,547,961 and $1,061,126 as at December 31, 2021 and 2020, respectively.

b. For the year ended December 31, 2020, the Group sold its stock investments listed on TSE and OTC with fair value of $1,525,695, and an accumulated gain on disposal of $177,031, in order to adjust the investment position. There were no transactions for the year ended December 31, 2021.

c. Amounts recognized in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

| Equity instruments at fair value through other comprehensive income | Year ended December 31, 2021 | Year ended December 31, 2020 |
|---|---|---|
| Fair value change recognised in other comprehensive income - parent company | $ 475,001 | $ 453,860 |
| Fair value change recognised in other comprehensive income - non-controlling interest | 11,835 | 2,888 |
| Total | $ 486,836 | $ 456,748 |
| Cumulative gains reclassified to retained earnings due to derecognition | $ - | ($ 177,031) |
| Dividend income recognised in profit or loss | | |
| Held at end of period | $ 31,915 | $ 25,486 |
| Derecognised during the period | - | 66,894 |
| | $ 31,915 | $ 92,380 |

| Debt instruments at fair value through other comprehensive income | Year ended December 31, 2021 | Year ended December 31, 2020 |
|---|---|---|
| Fair value change recognised in other comprehensive income | $ - | ($ 100,330) |
| Cumulative other comprehensive income reclassified to profit or loss | | |
| Due to derecognition | $ - | $ 100,358 |
| Interest income recognised in profit or loss | $ - | $ 28,276 |

d. Details of the Group's financial assets at fair value through other comprehensive income pledged to others as collateral are provided in Note 8.

e. Information relating to credit risk is provided in Note 12(2).

4) Bonds purchased under resale agreements

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Foreign bonds | $ 27,401 | $ - |

The above bonds purchased under resale agreements as of December 31, 2021 and 2020 were due within one year and were contracted to be repurchased at the agreed-upon price plus interest charge on the specific date after the transaction. The total repurchase amounts were $27,424 and $0, respectively, and the annual interest rates in every currency were shown as follows:

| Currency | December 31, 2021 | December 31, 2020 |
|---|---|---|
| USD | 0.3375% | - |

5) Margin loans receivable

Margin loans receivable were secured by the securities purchased by customers under margin loans. The annual interest rate was 6.4%.

6) Customer margin account

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Bank deposit | $ 15,444,698 | $ 15,149,252 |
| Futures clearing house | 3,837,326 | 2,372,222 |
| Other futures commission merchant | 2,053,066 | 3,584,333 |
| Securities | 442 | 363 |
| Total | $ 21,335,532 | $ 21,106,170 |

The difference between the customer margin deposits accounts and futures traders' equity as of December 31, 2021 and 2020 were outlined below:

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Customer margin deposits accounts | $ 21,335,532 | $ 21,106,170 |
| Futures trading margins receivable | 45 | - |
| Add: Early customer margin deposits | 15,106 | 2,202 |
| Less: Service fee income pending for transfer | ( 11,180) | ( 12,815) |
| Futures exchange tax pending for transfer | ( 835) | ( 967) |
| Net interest income pending for transfer | ( 1,580) | ( 1,549) |
| Temporary receipts | ( 8,914) | ( 5,907) |
| Futures traders' equity | $ 21,328,174 | $ 21,087,134 |

7) Accounts receivable

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Accounts receivable - related parties | $ 1,147 | $ 875 |
| Accounts receivable - non related parties | | |
| Settlement price receivable-brokers | $ 14,272,345 | $ 16,022,037 |
| Settlement price receivable-dealer | 392,802 | 132,304 |
| Accounts receivable-foreign bonds | 137,269 | 4,454 |
| Spot exchange receivable, foreign currencies | - | 55,001 |
| Interest receivable | 336,711 | 244,723 |
| Settlement price | 1,350,480 | 2,287,777 |
| Others | 238,828 | 106,725 |
| Subtotal | 16,728,435 | 18,853,021 |
| Less: Allowance for uncollectable accounts | ( 742) | ( 625) |
| Total | $ 16,727,693 | $ 18,852,396 |

A. The ageing analysis of accounts receivable that were past due but not impaired is as follows:

| | December 31, 2021 | | | | | |
|---|---|---|---|---|---|---|
| | Up to 30 days | 31 to 90 days | 91 to 180 days | 181 days to 12 months | More than 12 months | Total |
| Accounts receivable | | | | | | |
| Accounts receivable - related parties | $ 1,147 | $ - | $ - | $ - | $ - | $ 1,147 |
| Accounts receivable - non related parties | 16,407,215 | 48,077 | 93,910 | 116,288 | 62,945 | 16,728,435 |
| | $ 16,408,362 | $ 48,077 | $ 93,910 | $ 116,288 | $ 62,945 | $ 16,729,582 |

| | December 31, 2020 | | | | | |
|---|---|---|---|---|---|---|
| | Up to 30 days | 31 to 90 days | 91 to 180 days | 181 days to 12 months | More than 12 months | Total |
| Accounts receivable | | | | | | |
| Accounts receivable - related parties | $ 875 | $ - | $ - | $ - | $ - | $ 875 |
| Accounts receivable - non related parties | 18,627,147 | 44,729 | 86,828 | 62,638 | 31,679 | 18,853,021 |
| | $ 18,628,022 | $ 44,729 | $ 86,828 | $ 62,638 | $ 31,679 | $ 18,853,896 |

Note：The above ageing analysis was based on invoice date.

B. Information relating to credit risk is provided in Note 12(2).

8) Other receivables

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Interest receivable | $ 6,960 | $ 6,121 |
| Others | 27,182 | 18,554 |
| Subtotal | 34,142 | 24,675 |
| Less: Allowance for uncollectible accounts | ( 853) | ( 725) |
| Total | $ 33,289 | $ 23,950 |

Information relating to credit risk is provided in Note 12(2).

9) Other current assets

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Pending settlements | $ 1,208,513 | $ 1,489,800 |
| Pledged time deposits | 521,021 | 525,249 |
| Deposits-in for foreign currency securities | 1,884,425 | 647,622 |
| Underwriting share proceeds collected on behalf of customers | 5,243,851 | 651,290 |
| Others | 104,236 | 30,666 |
| Total | $ 8,962,046 | $ 3,344,627 |

10) Transfer of financial assets

A. During the Group's activities, the transferred financial assets that do not meet derecognition conditions are mainly debt instruments with purchase agreements or debt instruments lent out in accordance with securities borrowing and lending agreement. The cash flow of the contract has been transferred and related liabilities of transferred financial assets that will be repurchased at a fixed price in the future have been reflected. The Group may not use, sell or pledge the transferred financial assets during the valid period of the transaction. The financial assets were not derecognized as the Group is still exposed to interest rate risk and credit risk.

B. Financial assets that do not meet the derecognition conditions and related financial liabilities are analysed below:

| Financial assets category | Carrying amount of transferred financial assets | Carrying amount of related financial liabilities |
|---|---|---|
| Financial assets measured at fair value through profit or loss | | |
| Repurchase agreement | $ 10,016,623 | $ 9,643,040 |

December 31, 2020

| Financial assets category | Carrying amount of transferred financial assets | Carrying amount of related financial liabilities |
|---|---|---|
| Financial assets measured at fair value through profit or loss | | |
| Repurchase agreement | $ 20,375,875 | $ 19,096,165 |

11) Offsetting financial assets and financial liabilities

A. The Group has transactions that are or are similar to net settled master netting arrangements but do not meet the offsetting criteria, i.e. derivative financial instruments, resale and repurchase agreements. If one party breaches the contract, the counterparty can choose to use net settlement for the above transactions.

B. The offsetting of financial assets and financial liabilities are set as follows:

(Blank below)

(1) Financial assets

| December 31, 2021 | | | | | | |
|---|---|---|---|---|---|---|
| | | | | Not set off in the balance sheet | | |
| Description | Gross amounts of recognised financial assets | Gross amounts of recognised financial liabilities set off in the balance sheet | Net amounts of financial assets presented in the balance sheet | Financial instruments | Cash collateral received | Net amount |
| Derivative financial instruments | $ 14,257 | $ - | $ 14,257 | $ 2,467 | $ - | $ 11,790 |
| Bonds purchased under resale agreements | 27,401 | - | 27,401 | 27,334 | - | 67 |
| Total | $ 41,658 | $ - | $ 41,658 | $ 29,801 | $ - | $ 11,857 |

| December 31, 2020 | | | | | | |
|---|---|---|---|---|---|---|
| | | | | Not set off in the balance sheet | | |
| Description | Gross amounts of recognised financial assets | Gross amounts of recognised financial liabilities set off in the balance sheet | Net amounts of financial assets presented in the balance sheet | Financial instruments | Cash collateral received | Net amount |
| Derivative financial instruments | $ 9,303 | $ - | $ 9,303 | $ 9,303 | $ - | $ - |

(2) Financial liabilities

| December 31, 2021 | | | | | | |
|---|---|---|---|---|---|---|
| | | | Net amounts of | | | |
| | Gross amounts of | Gross amounts of | financial liabilities | Not set off in the balance sheet | | |
| | recognised financial | recognised financial assets | presented in the | Financial | Cash collateral | |
| Description | liabilities | set off in the balance sheet | balance sheet | instruments | received | Net amount |
| Derivative financial instruments | $ 2,467 | $ - | $ 2,467 | $ 2,647 | $ - | ($ 180) |
| Bonds sold and repurchase agreements | 6,598,995 | - | 6,598,995 | 6,598,995 | - | - |
| Total | $ 6,601,462 | $ - | $ 6,601,462 | $ 6,601,642 | $ - | ($ 180) |

| December 31, 2020 | | | | | | |
|---|---|---|---|---|---|---|
| | | | Net amounts of | | | |
| | Gross amounts of | Gross amounts of | financial liabilities | Not set off in the balance sheet | | |
| | recognised financial | recognised financial assets | presented in the | Financial | Cash collateral | |
| Description | liabilities | set off in the balance sheet | balance sheet | instruments | received | Net amount |
| Derivative financial instruments | $ 26,252 | $ - | $ 26,252 | $ 9,303 | $ - | $ 16,949 |
| Bonds sold and repurchase agreements | 14,051,616 | - | 14,051,616 | 14,051,616 | - | - |
| Total | $ 14,077,868 | $ - | $ 14,077,868 | $ 14,060,919 | $ - | $ 16,949 |

12) Investments accounted for under the equity method

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Uni-President Asset Management Corp. | $ 760,787 | $ 602,865 |
| Jin Yuan President Securities Co.,Ltd. | 2,363,197 | 2,531,901 |
| | $ 3,123,984 | $ 3,134,766 |

A. The Group's share of its associates' profits or losses recognized in long-term equity investment accounted for under the equity method for the years ended December 31, 2021 and 2020 were $78,359 and $68,825, respectively.

B. The Group holds 42.49% of the equity of Uni-President Asset Management Corp., making it the single largest shareholder of the company, while the other equity is mainly held by the other 15 shareholders. Half of the voting rights of the shareholders attending the shareholders, meeting exceeds the voting rights of the Group, and the Group does not take an active role in the management of the company. This shows that the Group has no actual ability to direct relevant activities. The Group has no control over Uni-President Asset Management Corp., but has significant influence over it.

C. The financial information of the Group's principal associates is summarized as follows:

(a)The basic information of the associates that are material to the Group is as follows:

| Company name | Princial place of businesss | Shareholding ratio | | Nature of relationship | Methods of measurement |
|---|---|---|---|---|---|
| | | December 31, 2021 | December 31, 2020 | | |
| Uni-President Asset Management Corp. | Taipei city | 42.49% | 42.49% | Associate | Equity method |
| Jin Yuan President Securities Co.,Ltd. (Note) | Xiamen | 49% | 49% | Associate | Equity method |

Note:The Company participated in the establishment of Jin Yuan President Securities Co., Ltd. since May 2020.

(b)The summarized financial information of the associates that are material to the Group is as follows:

Balance sheet

| | Uni-President Asset Management Corp. | |
|---|---|---|
| | December 31, 2021 | December 31, 2020 |
| Current assets | $ 1,105,200 | $ 656,152 |
| Non-current assets | 761,113 | 687,024 |
| Current liabilities | ( 433,586) | ( 292,750) |
| Non-current liabilities | ( 64,962) | ( 54,266) |
| Total net assets | $ 1,367,765 | $ 996,160 |
| Share in associate net assets | $ 581,265 | $ 423,343 |
| Goodwill and others | 179,522 | 179,522 |
| Carrying amount of the associate | $ 760,787 | $ 602,865 |

Balance sheet

| | Jin Yuan President Securities Co.,Ltd. | |
|---|---|---|
| | December 31, 2021 | December 31, 2020 |
| Current assets | $ 8,438,646 | $ 5,083,846 |
| Non-current assets | 317,940 | 174,020 |
| Current liabilities | ( 3,852,030) | ( 85,687) |
| Non-current liabilities | ( 81,706) | ( 5,034) |
| Total net assets | $ 4,822,850 | $ 5,167,145 |
| Share in associate net assets | $ 2,363,197 | $ 2,531,901 |
| Carrying amount of the assciate | $ 2,363,197 | $ 2,531,901 |

Statement of comprehensive income

| | Uni-President Asset Management Corp. | |
|---|---|---|
| | Year ended December 31, 2021 | Year ended December 31, 2020 |
| Revenue | $ 1,411,480 | $ 941,595 |
| Profit (loss) for the period from continuing operations | $ 536,134 | $ 258,096 |
| Other comprehensive income - net of tax | 68,517 | 20,871 |
| Total comprehensive income | $ 604,651 | $ 278,967 |
| Dividends received from associates | $ 99,039 | $ 94,542 |

| | Jin Yuan President Securities Co.,Ltd. | |
|---|---|---|
| | Year ended December 31, 2021 | Eight months ended December 31, 2020 |
| Revenue | $ 291,581 | $ 74,454 |
| Profit (loss) for the period from continuing operations | $ 305,071 | ($ 83,388) |
| Total comprehensive income (loss) | $ 305,071 | ($ 83,388) |

13) Property and equipment

| | 2021 | | | | |
|---|---|---|---|---|---|
| January 1 | Land | Buildings | Equipment | Leasehold improvements | Total |
| Cost | $ 1,680,129 | $ 1,098,380 | $ 277,347 | $ 39,669 | $ 3,095,525 |
| Accumulated depreciation and impairment | - | ( 455,178) | ( 158,858) | ( 27,777) | ( 641,813) |
| Total | $ 1,680,129 | $ 643,202 | $ 118,489 | $ 11,892 | $ 2,453,712 |
| January 1 | $ 1,680,129 | $ 643,202 | $ 118,489 | $ 11,892 | $ 2,453,712 |
| Additions | - | 924 | 50,927 | 555 | 52,406 |
| Disposal | - | - | ( 57) | - | ( 57) |
| Reclassifications | - | 12,443 | 19,180 | 750 | 32,373 |
| Depreciation | - | ( 34,528) | ( 52,228) | ( 4,550) | ( 91,306) |
| December 31 | $ 1,680,129 | $ 622,041 | $ 136,311 | $ 8,647 | $ 2,447,128 |

| December 31 | Land | Buildings | Equipment | Leasehold improvements | Total |
|---|---|---|---|---|---|
| Cost | $ 1,680,129 | $ 1,110,116 | $ 313,717 | $ 35,121 | $ 3,139,083 |
| Accumulated depreciation and impairment | - | ( 488,075) | ( 177,406) | ( 26,474) | ( 691,955) |
| Total | $ 1,680,129 | $ 622,041 | $ 136,311 | $ 8,647 | $ 2,447,128 |

| | 2020 | | | | |
|---|---|---|---|---|---|
| January 1 | Land | Buildings | Equipment | Leasehold improvements | Total |
| Cost | $ 1,680,129 | $ 1,060,323 | $ 259,114 | $ 48,000 | $ 3,047,566 |
| Accumulated depreciation and impairment | - | ( 428,805) | ( 143,409) | ( 31,388) | ( 603,602) |
| Total | $ 1,680,129 | $ 631,518 | $ 115,705 | $ 16,612 | $ 2,443,964 |
| January 1 | $ 1,680,129 | $ 631,518 | $ 115,705 | $ 16,612 | $ 2,443,964 |
| Additions | - | 4,262 | 30,779 | 1,613 | 36,654 |
| Disposal | - | - | ( 244) | ( 87) | ( 331) |
| Reclassifications | - | 37,170 | 19,213 | - | 56,383 |
| Depreciation | - | ( 29,748) | ( 46,964) | ( 6,246) | ( 82,958) |
| December 31 | $ 1,680,129 | $ 643,202 | $ 118,489 | $ 11,892 | $ 2,453,712 |

| | 2020 | | | | |
|---|---|---|---|---|---|
| December 31 | Land | Buildings | Equipment | Leasehold improvements | Total |
| Cost | $ 1,680,129 | $ 1,098,380 | $ 277,347 | $ 39,669 | $ 3,095,525 |
| Accumulated depreciation and impairment | - | ( 455,178) | ( 158,858) | ( 27,777) | ( 641,813) |
| Total | $ 1,680,129 | $ 643,202 | $ 118,489 | $ 11,892 | $ 2,453,712 |

A. No interest was capitalized for property and equipment for the years ended December 31, 2021 and 2020.

B. The information on property and equipment pledged or restricted as of December 31, 2021 and 2020 is described in Note 8.

14) Leasing arrangements－lessee

A. The Group leases various assets including buildings, machinery and equipment, business vehicles and multifunction printers. Rental contracts are typically made for periods of 1 to 10 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, 2021 | | December 31, 2020 | |
|---|---|---|---|---|
| | Carrying Amount | | Carrying Amount | |
| Buildings | $ | 176,182 | $ | 174,624 |
| Transportation equipment (Business vehicles) | | 19,011 | | 17,350 |
| Office equipment (Photocopiers) | | 9,428 | | 11,605 |
| Total | $ | 204,621 | $ | 203,579 |

| | Year ended December 31, 2021 | | Year ended December 31, 2020 | |
|---|---|---|---|---|
| | Depreciation charge | | Depreciation charge | |
| Buildings | $ | 86,568 | $ | 88,224 |
| Transportation equipment (Business vehicles) | | 6,725 | | 6,440 |
| Office equipment (Photocopiers) | | 2,661 | | 1,756 |
| Total | $ | 95,954 | $ | 96,420 |

C. For the years ended December 31, 2021 and 2020, the additions to right-of-use assets amounted to $98,263 and $84,449, respectively.

D. The information on income and expense accounts relating to lease contracts is as follows:

| Items affecting profit or loss | Year ended December 31, 2021 | | Year ended December 31, 2020 | |
|---|---|---|---|---|
| Interest expense on lease liabilities | $ | 1,618 | $ | 2,293 |
| Expense on short-term lease contracts | | 1,682 | | 3,567 |
| Expense on variable lease payment | | 3,485 | | 224 |

E. For the years ended December 31, 2021 and 2020, the Group's total cash outflow for leases amounted to $96,804 and $98,866, respectively.

F. The Group has applied the practical expedient to "Covid-19-related rent concessions", and recognized the other gains or losses from changes in lease payments arising from the rent concessions amounting to $104 and $116 by decreasing rent expense for the years ended December 31, 2021 and 2020.

15) Leasing arrangements – lessor

A. The Group leases various assets including office and parking space. Rental contracts are typically made for periods of 1 and 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

B. For the years ended December 31, 2021 and 2020, the Group recognized rent income in the amount of $18,113 and $18,836, respectively, based on the operating lease agreement, which does not include variable lease payments.

C. The maturity analysis of the lease payments under the operating leases is as follows:

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| 2021 | $ - | $ 17,584 |
| 2022 | 17,752 | 17,284 |
| 2023 | 22,424 | 17,284 |
| 2024 | 4,312 | 4,195 |
| Total | $ 44,488 | $ 56,347 |

16) Investment property

| | 2021 | | |
|---|---|---|---|
| January 1 | Land | Buildings | Total |
| Cost | $ 198,099 | $ 107,076 | $ 305,175 |
| Accumulated depreciation and impairment | - | ( 34,672) | ( 34,672) |
| Total | $ 198,099 | $ 72,404 | $ 270,503 |
| January 1 | $ 198,099 | $ 72,404 | $ 270,503 |
| Depreciation | - | ( 2,101) | ( 2,101) |
| December 31 | $ 198,099 | $ 70,303 | $ 268,402 |
| December 31 | Land | Buildings | Total |
| Cost | $ 198,099 | $ 107,076 | $ 305,175 |
| Accumulated depreciation and impairment | - | ( 36,773) | ( 36,773) |
| Total | $ 198,099 | $ 70,303 | $ 268,402 |

| | 2020 | | |
|---|---|---|---|
| January 1 | Land | Buildings | Total |
| Cost | $ 198,099 | $ 107,076 | $ 305,175 |
| Accumulated depreciation and impairment | - | ( 32,572) | ( 32,572) |
| Total | $ 198,099 | $ 74,504 | $ 272,603 |
| January 1 | $ 198,099 | $ 74,504 | $ 272,603 |
| Depreciation | - | ( 2,100) | ( 2,100) |
| December 31 | $ 198,099 | $ 72,404 | $ 270,503 |
| Cost | $ 198,099 | $ 107,076 | $ 305,175 |
| Accumulated depreciation and impairment | - | ( 34,672) | ( 34,672) |
| Total | $ 198,099 | $ 72,404 | $ 270,503 |

A. For the years ended December 31, 2021 and 2020, rental income from the lease of the investment property were $17,115, and $16,570, respectively, and direct operating expenses arising from the investment property were $3,579, and $3,864, respectively.

B. Details of fair value of investment property are provided in Note 12(5).

17) Intangible assets

| | 2021 | | | |
|---|---|---|---|---|
| January 1 | Computer software | Goodwill | Customer relationships and others | Total |
| Cost | $ 196,733 | $ 42,004 | $ 89,929 | $ 328,666 |
| Accumulated depreciation and impairment | ( 122,720) | - | ( 54,181) | ( 176,901) |
| Total | $ 74,013 | $ 42,004 | $ 35,748 | $ 151,765 |
| January 1 | $ 74,013 | $ 42,004 | $ 35,748 | $ 151,765 |
| Additions | 46,025 | - | - | 46,025 |
| Reclassifications | 35,375 | - | - | 35,375 |
| Depreciation | ( 37,679) | - | ( 18) | ( 37,697) |
| December 31 | $ 117,734 | $ 42,004 | $ 35,730 | $ 195,468 |

| December 31 | Computer software | Goodwill | Customer relationships and others | Total |
|---|---|---|---|---|
| Cost | $ 273,340 | $ 42,004 | $ 89,929 | $ 405,273 |
| Accumulated depreciation and impairment | ( 155,606) | - | ( 54,199) | ( 209,805) |
| Total | $ 117,734 | $ 42,004 | $ 35,730 | $ 195,468 |

| | 2020 | | | |
|---|---|---|---|---|
| January 1 | Computer software | Goodwill | Customer relationships and others | Total |
| Cost | $ 153,387 | $ 42,004 | $ 89,929 | $ 285,320 |
| Accumulated depreciation and impairment | ( 101,997) | - | ( 54,163) | ( 156,160) |
| Total | $ 51,390 | $ 42,004 | $ 35,766 | $ 129,160 |
| January 1 | $ 51,390 | $ 42,004 | $ 35,766 | $ 129,160 |
| Additions | 17,887 | - | - | 17,887 |
| Disposals | ( 31) | - | - | ( 31) |
| Reclassifications | 32,640 | - | - | 32,640 |
| Depreciation | ( 27,873) | - | ( 18) | ( 27,891) |
| December 31 | $ 74,013 | $ 42,004 | $ 35,748 | $ 151,765 |

| December 31 | 2020 Computer software | Goodwill | Customer relationships and others | Total |
|---|---|---|---|---|
| Cost | $ 196,733 | $ 42,004 | $ 89,929 | $ 328,666 |
| Accumulated depreciation and impairment | ( 122,720) | - | ( 54,181) | ( 176,901) |
| Total | $ 74,013 | $ 42,004 | $ 35,748 | $ 151,765 |

A. No interest was capitalized for intangible assets for the years ended December 31, 2021 and 2020.

B. Goodwill and customer relationships were acquired through acceptance of transfer of the securities brokerage business of Standard Chartered (Taiwan) Bank's retail banking business, and were all allocated to the Group's brokerage segment.

C. The recoverable amount of goodwill was periodically determined based on its value in use. Calculations of value in use after-tax cash flow projections are based on financial budgets approved by the management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below.

The recoverable amount calculated based on the value in use exceeded the carrying amount, thus the goodwill was not impaired. The key assumptions used for calculation of value in use are as follows:

| | Brokerage Segment 2021 | Brokerage Segment 2020 |
|---|---|---|
| Growth rate | 0.00% | 0.00% |
| Discount rate | 12.03% | 9.79% |

Management determined the growth rate based on past performance and its expectations of market development. The discount rates were based on the weighted average financing cost rates determined by the Company's capital asset pricing model. The discount rates also reflect specific risks related to relevant operating segments.

18) Other non-current assets

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Operation guaranteed deposits | $ 655,000 | $ 655,000 |
| Clearing and settlement fund | 337,108 | 346,349 |
| Refundable deposits | 283,144 | 238,840 |
| Deferred expenses | 14,572 | 15,564 |
| Prepaid pension expenses | 1,042 | 17,625 |
| Prepayment for equipment | 94,823 | 22,610 |
| Overdue receivables | 12,517 | 39,388 |
| Others | 2,500 | 720 |
| | 1,400,706 | 1,336,096 |
| Less: Allowance for uncollectible accounts | ( 12,517) | ( 39,388) |
| Total | $ 1,388,189 | $ 1,296,708 |

19) Short-term loans

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Unsecured loans | $ 590,000 | $ 946,276 |
| Interest rates | 0.790% | 0.590%~1.154% |

20) Commercial papers payable

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Face value | $ 8,650,000 | $ 7,300,000 |
| Less: discount on commercial papers payable | ( 1,442) | ( 1,104) |
| Total | $ 8,648,558 | $ 7,298,896 |
| Interest rates | 0.320%~0.500% | 0.200%~0.340% |

21) Financial liabilities at fair value through profit or loss - current

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Covering bonds | $ 148,560 | $ - |
| Valuation adjustment on covering bonds | ( 270) | - |
| | 148,290 | - |
| Liabilities on sale of borrowed securities - hedged | 408,629 | 243,446 |
| Valuation adjustment on liabilities on sale of borrowed securities - hedged | 16,664 | 28,741 |
| Liabilities on sale of borrowed securities - non-hedged | 4,294,538 | 688,401 |
| Valuation adjustment on liabilities on sale of borrowed securities - non-hedged | 404,442 | 79,206 |
| Subtotal | 5,124,273 | 1,039,794 |
| Issuance of call ( put ) warrants | 12,925,747 | 10,937,977 |
| Gain on price fluctuation | ( 500,708) | ( 912,291) |
| Market value (A) | 12,425,039 | 10,025,686 |
| Warrants redeemed | ( 12,258,180) | ( 9,807,568) |
| Loss on price fluctuation | 729,365 | 461,682 |
| Market value (B) | ( 11,528,815) | ( 9,345,886) |
| Warrants - net (A+B) | 896,224 | 679,800 |
| Options sold - TAIFEX | 8,029 | 17,683 |
| Outstanding Liability for Issuance of ETNs | 1,678,161 | 683,685 |
| Valuation adjustment on outstanding Liability for Issuance of ETNs | ( 106,307) | 52,029 |
| Subtotal | 1,571,854 | 735,714 |
| Derivative financial liabilities - OTC | 423,932 | 151,428 |
| Total | $ 8,172,602 | $ 2,624,419 |

Among the warrants issued by the Group, except for contract-based warrants which are European-style warrants, all other warrants are American-style warrants. Warrants are stated as liabilities for issuance of warrants at issuance price prior to expiration. Upon repurchase of warrants after issuance, the repurchased amounts are recognized as warrants repurchase and charged as a deduction to liabilities for issuance of warrants. The warrants have six to twelve months exercise period from the date of issuance. The issuer has the option to settle either by cash or stock delivery.

22) Bonds sold under repurchase agreements

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Government bonds | $ 1,623,147 | $ 2,856,072 |
| Corporate bonds | 500,119 | 951,350 |
| Bank debentures | 300,000 | 200,000 |
| International bonds | 620,779 | 1,037,127 |
| Foreign bonds | 6,598,995 | 14,051,616 |
| Total | $ 9,643,040 | $ 19,096,165 |

The above bonds sold under repurchase agreements as of December 31, 2021 and 2020 were due within one year and were contracted to be repurchased at the agreed-upon price plus interest charge on the specific date after the transaction. The total repurchase amounts were $9,648,756 and $19,112,268, respectively, and the annual interest rates in every currency were shown as follows:

| Currency | December 31, 2021 | December 31, 2020 |
|---|---|---|
| NTD | 0.17%~0.32% | 0.17%~0.26% |
| Foreign currencies (Note) | -0.70%~3.61% | -0.40%~3.10% |

(Note)：Foreign currencies include AUD, EUR, USD, GDP, RMB and SGD.

23) Accounts payable

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Settlement accounts payable - brokered trading | $ 15,695,459 | $ 17,947,954 |
| Settlement proceeds | 785,772 | 471,589 |
| Settlement accounts payable - operating | 1,404,454 | 519,434 |
| Accounts payable - foreign bonds | 121,943 | 14,454 |
| Accounts payable - international bonds | - | 27,575 |
| Spot exchange payable, foreign currencies | - | 54,719 |
| Others | 330,584 | 142,759 |
| Total | $ 18,338,212 | $ 19,178,484 |

24) Other payables

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Salary and bonus payable | $ 1,706,135 | $ 1,329,809 |
| Employees' and directors' remuneration payable | 195,823 | 175,255 |
| Others | 725,965 | 611,349 |
| Total | $ 2,627,923 | $ 2,116,413 |

25) Other financial liabilities - current

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Equity-linked notes (ELN) - Options | $ 84,000 | $ 17,000 |
| Principal guaranteed notes (PGN) - fixed income | 4,899,139 | 5,991,310 |
| Total | $ 4,983,139 | $ 6,008,310 |

The Group deals in equity-linked products and combines fixed income instruments with call or put options. These products are categorized into ELN (Equity-Linked Notes) and PGN (Principal Guaranteed Notes). On trade date, the contracted amounts are collected in full from the counterparties. The payout amount on maturity will depend on the price fluctuation of the instruments linked to these contracts and be calculated as trading price less option strike price on maturity. All the linked products are financial instruments under the supervision of the SFB (Securities and Futures Bureau).

26) Other liabilities-non-current

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Guarantee deposits received | $ 6,594 | $ 7,802 |
| Net defined benefit obligation | 62,691 | 6,612 |
| Total | $ 69,285 | $ 14,414 |

27) Pension plan

A. Defined benefit plans

(A) The Group 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. 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. 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. The Group contributes monthly an amount which ranges between 2.0% and 7.2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the supervisory committee of workers' retirement reserve fund, and with Cathay United Bank, under the name of the management committee of employees' retirement fund. Also, the Group would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method, to the employees expected to be qualified for retirement next year, the Group will make contributions to cover the deficit by next March.

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

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Net present value of defined benefit liabilities | $ 846,969 | $ 829,660 |
| Fair value of plan assets | ( 785,320) | ( 840,673) |
| Net defined benefit (assets) liabilities | $ 61,649 | ($ 11,013) |

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

| Year ended December 31, 2021 | Present value of defined benefit obiligations | Fair value of plan assets | Net defined benefit liabilities (assets) |
|---|---|---|---|
| Blance at January 1 | $ 829,660 | ($ 840,673) | ( 11,013) |
| Current service cost | 3,994 | - | 3,994 |
| Interest expense (income) | 2,489 | ( 2,522) | ( 33) |
| | 836,143 | ( 843,195) | ( 7,052) |
| Remeasurements: | | | |
| Return on plan assets (excluding amounts included in interest income or expense) | - | ( 8,863) | ( 8,863) |
| Change in demorgraphic assumptions | 725 | - | 725 |
| Change in financial assumptions | ( 14,083) | - | ( 14,083) |
| Experience adjustments | 147,968 | - | 147,968 |
| | 134,610 | ( 8,863) | 125,747 |
| Pension fund contribution | - | ( 57,046) | ( 57,046) |
| Paid pension | ( 123,784) | 123,784 | - |
| | ( 123,784) | 66,738 | ( 57,046) |
| Blance at December 31 | $ 846,969 | ($ 785,320) | $ 61,649 |

| Year ended December 31, 2020 | Present value of defined benefit obiligations | Fair value of plan assets | Net defined benefit liabilities (assets) |
|---|---|---|---|
| Blance at January 1 | $ 850,830 | ($ 844,616) | 6,214 |
| Current service cost | 4,678 | - | 4,678 |
| Interest expense (income) | 5,982 | ( 5,933) | 49 |
| | 861,490 | ( 850,549) | 10,941 |
| Remeasurements: | | | |
| Return on plan assets (excluding amounts included in interest income or expense) | - | ( 10,504) | ( 10,504) |
| Change in financial assumptions | 28,169 | - | 28,169 |
| Experience adjustments | 4,332 | - | 4,332 |
| | 32,501 | ( 10,504) | 21,997 |
| Pension fund contribution | - | ( 43,951) | ( 43,951) |
| Paid pension | ( 64,331) | 64,331 | - |
| | ( 64,331) | 20,380 | ( 43,951) |
| Blance at December 31 | $ 829,660 | ($ 840,673) | ($ 11,013) |

(D) The Bank of Taiwan was commissioned to manage the Fund of the Group's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization 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 utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator.

The Group has no right to participate in managing and operating that fund and hence the Group is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2021 and 2020 is given in the Annual Labor Retirement Fund Utilization Report published by the government. In addition, for retirement fund deposits with Cathay United Bank, under the name of the management committee of employees' retirement fund, the fund invests in time deposit accounts under Cathay United Bank.

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

| | Year ended December 31, 2021 | Year ended December 31, 2020 |
|---|---|---|
| Discount rate | 0.50%~0.60% | 0.30% |
| Future salary increases | 2.00%~3.00% | 2.00%~3.00% |

Assumptions regarding future mortality rate are set based on the Taiwan Standard Ordinary Experience Mortality Table (2021 and 2011) for the years ended December 31, 2021 and 2020. 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% |
| December 31, 2021 | | | | |
| Effect on present value of defined benefit obligation | ($ 16,776) | $ 17,279 | $ 14,821 | ($ 14,490) |
| December 31, 2020 | | | | |
| Effect on present value of defined benefit obligation | ($ 17,560) | $ 18,115 | $ 15,634 | ($ 15,264) |

(F) Pension fund contribution plans to pay $55,978 for the year ended December 31, 2022.

B. Defined contribution plans:

Effective from July 1, 2005, the Group established a defined contribution plan pursuant to the "Labor Pension Act", which covers employees with R.O.C. nationality and those who chose or are required to apply the "Labor Pension Act". The contributions are made monthly based on not less than 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The payment of pension benefits is based on the employees' individual pension fund accounts and the cumulative profit in such accounts. The employees can choose to receive such pension benefits monthly or in lump sum. The pension costs under defined contribution pension plans of the Group for the years ended December 31, 2021 and 2020 were $83,469 and $70,873, respectively.

C. President Securities (HK), President Walth Management (HK), and President Securities (Nominee) have defined benefit pension plans in accordance with local laws, and recognized the current pension expenses by contributing to the accrued pension assets. President Securities (HK) recognized pension expenses of $1,662 and $1,778, respectively, for the years ended December 31, 2021 and 2020.

28) Equity

A. Common stock

(A) As of December 31, 2021, the Company's authorized capital was $15,000,000 with a par value of $10 (in dollars) per share. As of December 31, 2021 and 2020, the outstanding common stocks were 1,455,831 and 1,399,838 thousand shares, respectively.

Movements in the number of the Company's ordinary shares outstanding are as follows:

(Expressed in thousands)

| | Year ended December 31, 2021 | Year ended December 31, 2020 |
|---|---|---|
| January 1 | $ 1,399,838 | $ 1,372,390 |
| Stock dividends | 55,993 | 27,448 |
| December 31 | $ 1,455,831 | $ 1,399,838 |

The Group was approved by the Board of Directors on March 23, 2021 and the shareholders' meeting resolved on July 20, 2021 to increase capital with an undistributed surplus of 559,935, and issue 55,993 thousand ordinary shares with a par value of $10 per share. The capital increase base date is at September 1, 2021, the total issued share capital after the capital increase was $14,558,313, divided into 1,455,831 thousand shares, each with a denomination of $10 per share.

B. Capital reserve

| | Share premium | Treasury share transactions | Expired stock options | Difference between consideration and carrying amount of subsidiaries acquired or disposed | Total |
|---|---|---|---|---|---|
| December 31, 2021 | $ 24,663 | $ 65,675 | $ 483 | $ 440 | $ 91,261 |
| December 31, 2020 | $ 24,663 | $ 65,675 | $ 483 | $ 440 | $ 91,261 |

Pursuant to the R.O.C. Company Law, capital reserve 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 it should not exceed 10% of the paid-in capital each year. Capital reserve should not be used to cover accumulated deficit unless the legal reserve is insufficient.

C. Legal reserve

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% of the remaining amount shall be set aside as legal reserve. 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 balance of the reserve exceeds 25% of the Company's paid-in capital.

D. Special reserve

In accordance with 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, and plus the items other than the after-tax net profit for the period, that are included in the unappropriated earnings of the period, if any, shall be set aside as special reserve until the cumulative balance equals the total amount of paid-in capital. The special reserve shall be used exclusively to cover accumulated deficit or to increase capital and shall not be used for any other purpose. Such capitalization shall not be permitted unless the Company had already accumulated a special reserve of at least 25% of its paid-in capital stock and only quarter of such special reserve may be capitalized.

In accordance with the regulations, the Company shall set aside an equivalent amount of special reserve from accumulated unappropriated retained earnings of the current year based on the decreased amount of equity. If there is any subsequent reversal of the decrease in equity, the earnings may be distributed based on the reversal proportion.

In accordance with Jing-Guan-Zheng-Chuan Letter No. 10500278285 dated August 5, 2016, securities firms should set aside 0.5% to 1% of net income after tax as special reserve, upon the distribution of earnings from 2016 to 2018. From fiscal year 2017, special reserve as mentioned above may be reversed based on an amount equal to employees' transformation training expenditure, transfer and arrangement expenditure arising from the development of Fintech. Further, according to Jing-Guan-Zheng-Chuan Letter No. 1080321644 dated July 10, 2019, securities firms are no longer required to set aside special reserve starting from 2019. And the special reserve, within the balance of special reserve set aside in the previous years, could be reversed at the same amount for the aforementioned expenditures.

29) Unappropriated earnings and dividends policy

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall be used to pay all taxes and offset prior years' operating losses first, and then set aside as legal reserve, accounted for as 10% of the remaining amount, and special reserve, accounted for as 20% of the remaining amount. Upon provision or reversal of special reserve in accordance with the law, any remaining amount together with unappropriated earnings at beginning of the period shall be distributed according to the following resolution adopted at the stockholders' meeting: Distribution shall not be made if the balance of distributable earnings is less than 5% of paid-in capital.

B. In addition, the total amount of dividends declared every year shall be at least 70% of distributable earnings, of which stock dividends shall be at least 50% and cash dividends shall be lower than 50%.

C. The Company may determine a better proportion of cash and stock dividends distribution based on its actual operating conditions and capital utilization plan for the following year.

D. The earnings distribution for 2020 as resolved by the shareholders on July 20, 2021 the appropriation of 2019 earnings was resolved by the shareholders on June 19, 2020. Details are as follows:

| | For the year ended December 31, 2020 | | For the year ended December 31, 2019 | |
|---|---|---|---|---|
| | Amount | Dividends per share (in dollars) | Amount | Dividends per share (in dollars) |
| Provision of legal reserve | $ 376,735 | | $ 234,244 | |
| Provision of special reserve | 721,503 | | 473,707 | |
| Reversal of special reserve (Note) | ( 7,620) | | ( 4,221) | |
| Cash dividends | 2,099,757 | $ 1.50 | 1,372,390 | $ 1.00 |
| Stock dividends | 559,935 | 0.40 | 274,478 | 0.20 |
| Total | $ 3,750,310 | | $ 2,350,598 | |

Note：Special reserve was provided for employees' transition for financial technology development according to Jing-Guan-Zheng-Chuan Letter No. 1080321644 and can be reversed for employees' transition.

E. The earnings distribution for 2020 as resolved by the Board of Directors on March 23, 2021 is set forth below:

| | Year ended December 31, 2021 | |
|---|---|---|
| | Amount | Dividends per share (in dollars) |
| Provision of legal reserve | $ 390,101 | |
| Provision of special reserve | 780,203 | |
| Reversal of special reserve (Note) | ( 3,413) | |
| Cash dividends | 2,751,521 | $ 1.89 |
| Total | $ 3,918,412 | |

Note：Special reserve was provided for employees' transition for financial technology development according to Jing-Guan-Zheng-Chuan Letter No. 1080321644 and can be reversed for employees' transition.

30) Brokerage handling fee revenue

| | Year ended December 31, 2021 | Year ended December 31, 2020 |
|---|---|---|
| Revenues from brokered trading - TWSE | $ 3,161,522 | $ 1,787,310 |
| Revenues from brokered trading - OTC | 880,732 | 617,121 |
| Revenues from brokered trading - Futures | 824,097 | 790,960 |
| Others | 160,878 | 135,639 |
| Total | $ 5,027,229 | $ 3,331,030 |

31) Revenues from underwriting business

| | Year ended December 31, 2021 | Year ended December 31, 2020 |
|---|---|---|
| Revenues from underwriting securities on a firm commitment basis | $ 61,104 | $ 25,222 |
| Others | 42,931 | 51,284 |
| Total | $ 104,035 | $ 76,506 |

32) Net gain (loss) on sale of trading securities

| | Year ended December 31, 2021 | Year ended December 31, 2020 |
|---|---|---|
| Dealers: | | |
| -TAIEX | $ 4,193,183 | $ 1,750,883 |
| -OTC | 486,511 | 32,375 |
| -Overseas trading | ( 201,478) | 1,232,261 |
| -Dealings of non-listed securities | 1,500 | - |
| Subtotal | 4,479,716 | 3,015,519 |
| Underwriters: | | |
| -TAIEX | 20,564 | 59,566 |
| -OTC | 135,272 | 65,373 |
| Subtotal | 155,836 | 124,939 |
| Hedging: | | |
| -TAIEX | 3,998,363 | 159,062 |
| -OTC | 68,918 | 53,329 |
| -Overseas trading | 28,210 | 3,280 |
| Subtotal | 4,095,491 | 215,671 |
| Total | $ 8,731,043 | $ 3,356,129 |

33) Interest revenue

| | Year ended December 31, 2021 | Year ended December 31, 2020 |
|---|---|---|
| Interest income from margin loans | $ 890,511 | $ 566,024 |
| Interest income from bonds | 274,506 | 535,601 |
| Others | 33,189 | 17,033 |
| Total | $ 1,198,206 | $ 1,118,658 |

34) Net valuation gain (loss) on trading securities at fair value through profit or loss

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Gain (loss) on sale of securities - dealer | ($ 1,090,619) | $ 1,007,647 |
| Gain (loss) on sale of securities - underwriting | 71,558 | ( 51,505) |
| Gain (loss) on sale of securities - hedging | 187,434 | 33,077 |
| Total | ($ 831,627) | $ 989,219 |

35) Net gain (loss) on covering of borrowed securities and bonds with resale agreements - short sales

| | Year ended December 31, 2021 | Year ended December 31, 2020 |
|---|---|---|
| Gain (loss) from the bond investments under resale agreements | ($ 1,270) | ($ 5,861) |
| Gain (loss) from securities borrowing transactions | ( 217,126) | 262,525 |
| Gain (loss) from covering | 36,503 | 11,775 |
| Total | ($ 181,893) | $ 268,439 |

36) Net valuation gain (loss) on borrowed securities and bonds with resale agreements-short sales at fair value through profit or loss

| | Year ended December 31, 2021 | Year ended December 31, 2020 |
|---|---|---|
| Valuation gain (loss) from securities borrowing transactions | ($ 325,247) | ($ 92,093) |
| Valuation gain (loss) from covering | 12,088 | ( 24,928) |
| Total | ($ 313,159) | ($ 117,021) |

37) Net realized gain (loss) on financial assets measured at fair value through other comprehensive income – bonds

| | Year ended December 31, 2021 | Year ended December 31, 2020 |
|---|---|---|
| Foreign bonds | $ - | $ 100,358 |

38) Net gain (loss) from issuance of call (put) warrants

| | Year ended December 31, 2021 | Year ended December 31, 2020 |
|---|---|---|
| Net gain (loss) on changes in fair value of call (put) warrant liabilities and redemption | ($ 1,193,204) | $ 367,407 |
| Net gain (loss) on exercise of call (put) warrants before maturity | ( 1,443,684) | ( 114,508) |
| Expenses arising out of issuance of call (put) warrants | ( 260,068) | ( 157,494) |
| Total | ($ 2,896,956) | $ 95,405 |

39) Net gain (loss) from derivatives

| | Year ended December 31, 2021 | Year ended December 31, 2020 |
|---|---|---|
| Futures contract gain (loss) | $ 409,040 | $ 450,510 |
| Option trading gain (loss) | ( 166,004) | ( 203,770) |
| OTC option trading gain (loss) | ( 924,981) | ( 145,089) |
| Net gain (loss) on foreign exchange derivatives | 83,242 | ( 43,196) |
| Others | ( 41,690) | ( 38,335) |
| Total | ($ 640,393) | $ 20,120 |

40) Impairment loss and reversal of impairment gain

| | Year ended December 31, 2021 | Year ended December 31, 2020 |
|---|---|---|
| Impairment (loss) and reversal of impairment gain | $ 7,664 | ($ 18,181) |
| Recovery of bad debts | 3,312 | 2,202 |
| Total | $ 10,976 | ($ 15,979) |

41) Other operating income

| | Year ended December 31, 2021 | Year ended December 31, 2020 |
|---|---|---|
| Income from securities lending | $ 374,310 | $ 151,265 |
| Net currency exchange gain (loss) | 184,209 | ( 316,918) |
| Handling fee revenues from funds | 59,579 | 46,873 |
| Others | 126,848 | 72,440 |
| Total | $ 744,946 | ($ 46,340) |

42) Handling charges

| | Year ended December 31, 2021 | Year ended December 31, 2020 |
|---|---|---|
| Brokerage handling fee expense | $ 578,187 | $ 378,899 |
| Dealer handling fee expense | 172,742 | 164,884 |
| Refinancing processing fee expense | 4,649 | 4,704 |
| Total | $ 755,578 | $ 548,487 |

43) Interest expense

| | Year ended December 31, 2021 | Year ended December 31, 2020 |
|---|---|---|
| Interest expense from repurchase agreements | $ 49,404 | $ 180,657 |
| Loans interest expense | 40,273 | 82,378 |
| Other interest expense | 11,610 | 13,849 |
| Total | $ 101,287 | $ 276,884 |

44) Employee benefits expense

| | Year ended December 31, 2021 | Year ended December 31, 2020 |
|---|---|---|
| Salaries | $ 3,564,613 | $ 2,872,161 |
| Labor and health insurance | 174,172 | 137,785 |
| Pension | 89,092 | 77,378 |
| Other employee benefits | 174,467 | 115,012 |
| Total | $ 4,002,344 | $ 3,202,336 |

A. In accordance with the Company's Article of Incorporation, the remainder of the year-end income before taxes less income before appropriating employees' compensation and directors' remuneration, if any, shall appropriate an employees' compensation no less than 1.6% and directors' remuneration no more than 2%. However, when the Company has an accumulated deficit, earnings to cover the deficit shall first be retained before appropriating employees' compensation and directors' remuneration.
B. For the years ended December 31, 2021 and 2020, employees' compensation was accrued at $94,748 and $81,804, respectively; directors' remuneration was accrued at $94,748 and $81,804, respectively. The aforementioned amounts were recognized in salary expenses.
C. For the year ended December 31, 2021, employees' compensation was estimated at 2% and directors' remuneration at 2%, based on the period-end income before taxes less income before appropriating employees' compensation and directors' remuneration.
D. The actual distributed amount of employees' and directors' remuneration for 2020 as resolved by the Board of Directors was in agreement with the estimates in the 2020 financial statements.
E. Information on the appropriation of the Company's earnings as resolved by the Board of Directors would be posted in the "Market Observation Post System" on the Taiwan Stock Exchange official website.

45) Depreciation and amortization

| | Year ended December 31, 2021 | Year ended December 31, 2020 |
|---|---|---|
| Depreciation | $ 189,361 | $ 181,478 |
| Amortization | 38,192 | 28,361 |
| Total | $ 227,553 | $ 209,839 |

46) Other operating expenses

| | Year ended December 31, 2021 | Year ended December 31, 2020 |
|---|---|---|
| Taxes | $ 1,056,966 | $ 771,087 |
| Computer information expenses | 181,692 | 161,286 |
| Security lending expenses | 179,411 | 93,702 |
| TDCC service fee | 134,050 | 77,306 |
| Others | 478,238 | 403,777 |
| Total | $ 2,030,357 | $ 1,507,158 |

47) Other gains and losses

| | Year ended December 31, 2021 | Year ended December 31, 2020 |
|---|---|---|
| Financial income | $ 111,787 | $ 154,603 |
| Net gain (loss) on disposal of investments | 62,303 | ( 49,665) |
| Net gain (loss) on valuation of non-opearting financial instrument | ( 24,318) | 25,279 |
| Net currency exchange loss | ( 4,749) | ( 6,149) |
| Other non-operating revenues | 178,499 | 182,819 |
| Total | $ 323,522 | $ 306,887 |

48) Income tax

A. Income tax expense

(a) Components of income tax expense:

| | Year ended December 31, 2021 | Year ended December 31, 2020 |
|---|---|---|
| Current tax: | | |
| Current tax on profits for the periods | $ 646,792 | $ 354,773 |
| Prior year income tax overestimation | 48,942 | ( 19,501) |
| Tax on undistributed surplus | 852 | - |
| Total current tax | 696,586 | 335,272 |
| Deferred taxes: | | |
| Temporary differences | ( 38,524) | 32,954 |
| Total deferred taxes | ( 38,524) | 32,954 |
| Income tax expense | $ 658,062 | $ 368,226 |

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

| | Year ended December 31, 2021 | Year ended December 31, 2020 |
|---|---|---|
| Remeasurement of defined benefit obligations | ($ 25,149) | ($ 4,399) |

B. Reconciliation between income tax expense and accounting profit

| | Year ended December 31, 2021 | Year ended December 31, 2020 |
|---|---|---|
| Tax calculated based on profit before tax and statutory tax rate | $ 966,498 | $ 840,916 |
| Expenses disallowed by tax regulation | ( 60,664) | 23,050 |
| Prior year income tax overestimation | 48,942 | ( 19,501) |
| Tax exempt income by tax regulation | ( 722,447) | ( 772,176) |
| Effect from AlternativeMinimum Tax | 424,881 | 295,937 |
| Tax on undistributed surplus | 852 | - |
| Income tax expense | $ 658,062 | $ 368,226 |

C. Amounts of deferred tax assets or liabilities as a result of temporary differences, tax losses and investment tax credits are as follows:

| | Year ended December 31, 2021 | | | |
|---|---|---|---|---|
| | January 1 | Recognized in profit or loss | Recognized in other comprehensive income | December 31 |
| Deffered tax assets: | | | | |
| -Temporary differences: | | | | |
| Pension | $ 94,947 | ($ 4,983) | $ 25,169 | $ 115,133 |
| Unrealised exchange loss | - | 33,566 | - | 33,566 |
| Valuation loss from financial instruments | - | 8,375 | - | 8,375 |
| Other | 8,802 | ( 5,289) | - | 3,513 |
| Subtotal | $ 103,749 | $ 31,669 | $ 25,169 | $ 160,587 |
| Deferred tax liabilities: | | | | |
| -Temporary differences: | | | | |
| Valuation gain from financial instruments | ($ 8,950) | $ 6,700 | $ - | ($ 2,250) |
| Other | ( 983) | 155 | ( 20) | ( 848) |
| Subtotal | ($ 9,933) | $ 6,855 | ($ 20) | ($ 3,098) |
| Total | $ 93,816 | $ 38,524 | $ 25,149 | $ 157,489 |

| | Year ended December 31, 2020 | | | |
|---|---|---|---|---|
| | January 1 | Recognized in profit or loss | Recognized in other comprehensive income | December 31 |
| Deffered tax assets: | | | | |
| -Temporary differences: | | | | |
| Losses on doubtful debts | $ 39,479 | ($ 39,479) | $ - | $ - |
| Pension | 90,543 | - | 4,404 | 94,947 |
| Other | 5,243 | 3,559 | - | 8,802 |
| Subtotal | $ 135,265 | ($ 35,920) | $ 4,404 | $ 103,749 |
| Deferred tax liabilities: | | | | |
| -Temporary differences: | | | | |
| Unrealised exchange gain | ($ 12,148) | $ 12,148 | $ - | $ - |
| Valuation gain from financial instruments | - | ( 8,950) | - | ( 8,950) |
| Other | ( 746) | ( 232) | ( 5) | ( 983) |
| Subtotal | ($ 12,894) | $ 2,966 | ($ 5) | ($ 9,933) |
| Total | $ 122,371 | ($ 32,954) | $ 4,399 | $ 93,816 |

D. As of December 31, 2021, the Company's income tax returns have been approved by the Tax Authority until 2018 and the Subsidiary Company's income tax returns have been approved by the Tax Authority until 2019.

E. With respect to the income tax returns of the Company for 2018, the Tax Authority assessed to increase income tax payable by $4,581. The Company disagreed with the assessment and had filed for administrative remedy and had recognized the income tax expense based on the assessment.

49) Earnings per share

| | Year ended December 31, 2021 | | |
|---|---|---|---|
| | Amount after tax | Weighted-average outstanding common shares (In thousands) | Earnings per share (In dollars) |
| Basic earnings per share | | | |
| Net income attributable to common shareholders | $ 4,007,435 | 1,455,831 | $ 2.75 |
| Dilutive effect of common stock equivalents | | | |
| Employee bonus | - | 4,006 | |
| | $ 4,007,435 | 1,459,837 | $ 2.75 |

| | Year ended December 31, 2020 | | |
|---|---|---|---|
| | Amount after tax | Weighted-average outstanding common shares (In thousands) | Earnings per share (In dollars) |
| Basic earnings per share | | | |
| Net income attributable to common shareholders | $ 3,607,518 | 1,455,831 | $ 2.48 |
| Dilutive effect of common stock equivalents | | | |
| Employee bonus | - | 4,624 | |
| | $ 3,607,518 | 1,460,455 | $ 2.47 |

The above-mentioned weighted average number of outstanding shares has been adjusted based on the proportion of capital increase on September 1, 2021, and the earnings per share for the years ended December 31, 2020 have been recalculated.

7. RELATED PARTY TRANSACTIONS

1) Names and relationships of related parties

| Names of related parties | Relationship with the Company |
|---|---|
| Uni-President Enterprises Corp. | Entity having significant influence on the Company |
| Uni-President Asset Management Corp. | Associate |
| President Tokyo Co., Ltd. | Other related party |
| President Tokyo Auto Leasing Co., Ltd. | Other related party |
| ScinoPharm Taiwan, Ltd. | Other related party |
| Ton Yi Industrial Corp. | Other related party |
| President Chain Store Corp. (PCSC) | Other related party |
| Presco Netmarketing Co., Ltd | Other related party |
| President Professional Baseball Team Co., Ltd | Other related party |
| Tainan Spinning Retail and Distribution Co., Ltd | Other related party |
| Kai Yu (BVI) Investment Co., Ltd | Other related party |
| Cayman President Holdings, Ltd. | Other related party |
| President Life Sciences Cayman Co., Ltd | Other related party |
| President (BVI) International Investment Holdings Ltd. | Other related party |
| Fund managed by Uni-President Asset Management Corp. | Security investment trust fund raised by the Uni-President Assets Management Corp. |

2) Significant related party transactions and balances

A. Accounts receivable

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Entity having significant influence on the company: | | |
| Uni-President Enterprises Corp. | $ 312 | $ 25 |
| Other related party: | | |
| ScinoPharm Taiwan, Ltd. | 526 | 399 |
| President Chain Store Corp. (PCSC) | 207 | 378 |
| Others | 102 | 73 |
| Total | $ 1,147 | $ 875 |

B. Other receivables

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Other related party: | | |
| Others | $ 9 | $ 18 |

C. Guarantee deposit received

| | December 31, 2021 | December 31, 2020 |
| --- | --- | --- |
| Associate: | | |
| Uni-President Assets Management Corp. | $ 1,044 | $ 1,044 |
| Other related party: | | |
| President Tokyo Co., Ltd. | 1,418 | 1,434 |
| Total | $ 2,462 | $ 2,478 |

D. Lease transactions－lessee

(A) The Group leases business vehicles and multifunction printers, etc., from President Tokyo Co., Ltd. Rental contracts periods are typically 1 to 5 years. Rents are paid monthly.

(B) Right-of-use assets:

a. Acquisition of right-of-use assets

| | December 31, 2021 | December 31, 2020 |
| --- | --- | --- |
| Other related party: | | |
| President Tokyo Co., Ltd. | $ 5,864 | $ 15,818 |
| President Tokyo Auto Leasing Co., Ltd. | 3,732 | - |
| Total | $ 9,596 | $ 15,818 |

b. Disposition of right-of-use assets

| | December 31, 2021 |
| --- | --- |
| Other related party: | |
| President Tokyo Co., Ltd. | $ 2,601 |

There were no transaction with related party at December 31, 2020.

(C) Lease liabilities

a. Lease liabilities－current

| | December 31, 2021 | December 31, 2020 |
| --- | --- | --- |
| Other related party: | | |
| President Tokyo Co., Ltd. | $ 7,399 | $ 8,004 |
| President Tokyo Auto Leasing Co., Ltd. | 737 | - |
| Total | $ 8,136 | $ 8,004 |

b. Lease liabilities－non-current

| | December 31, 2021 | December 31, 2020 |
| --- | --- | --- |
| Other related party: | | |
| President Tokyo Co., Ltd. | $ 15,343 | $ 18,108 |
| President Tokyo Auto Leasing Co., Ltd. | 2,934 | - |
| Total | $ 18,277 | $ 18,108 |

c. Interest expense

| | Year ended December 31, 2021 | Year ended December 31, 2020 |
|---|---|---|
| Other related party: | | |
| President Tokyo Co., Ltd. | $ 195 | $ 154 |
| President Tokyo Auto Leasing Co., Ltd. | 2 | - |
| Total | $ 197 | $ 154 |

d. Gain on lease modification

| | Year ended December 31, 2021 | Year ended December 31, 2020 |
|---|---|---|
| Other related party: | | |
| President Tokyo Co., Ltd. | $ 17 | $ - |

E. Bonds sold under repurchase agreements

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Other related party: | | |
| Kai Yu (BVI) Investment Co., Ltd. | $ - | $ 148,096 |
| Cayman President Holdings, Ltd. | 69,200 | 489,856 |
| Total | $ 69,200 | $ 637,952 |

F. Structured notes

| | December 31, 2020 |
|---|---|
| Other related party: | |
| Kai Yu (BVI) Investment Co., Ltd. | $ 116,768 |
| Cayman President Holdings, Ltd. | 12,816 |
| Total | $ 129,584 |

The above transaction amounts are respectively listed under the financial liabilities at fair value through profit or loss – current and other financial liabilities – current. There were no transaction with related party at December 31, 2021.

G. Handling fee revenue

| | Year ended December 31, 2021 | Year ended December 31, 2020 |
|---|---|---|
| Entity having significant influence on the company: | | |
| Uni-President Enterprises Corp. | $ 6 | $ - |
| Security investment trust fund raised by the Uni-President Asset Management Corp.: | | |
| Uni-President Asset Management Corp. | 70,198 | 47,845 |
| Other related party: | | |
| Other | 1,217 | 2,354 |
| Total | $ 71,415 | $ 50,199 |

Terms of handling fee revenue mentioned above are similar to those of transactions with third parties.

H. Net gain (loss) on wealth management - trust income from sales of funds

| | Year ended December 31, 2021 | Year ended December 31, 2020 |
|---|---|---|
| Associates: | | |
| Uni-President Assets Management Corp. | $ 6,730 | $ 5,260 |

The revenues were collected on a monthly basis in accordance with contract terms.

I. Other operating revenue - consultation revenue

| | Year ended December 31, 2021 | Year ended December 31, 2020 |
|---|---|---|
| Associates: | | |
| Uni-President Assets Management Corp. | $ 2,400 | $ 2,400 |

J. Other operating revenue - handling fee revenues from underwriting funds

| | Year ended December 31, 2021 | Year ended December 31, 2020 |
|---|---|---|
| Associates: | | |
| Uni-President Assets Management Corp. | $ 53,784 | $ 45,022 |

The revenues were collected on a monthly basis in accordance with contract terms.

K. Rent income

| | Period | Deposit | Year ended December 31, 2021 | Year ended December 31, 2020 |
|---|---|---|---|---|
| Associates: | | | | |
| Uni-President Assets Management Corp. | 2016.01.01~2024.03.31 | $ 1,044 | $ 6,490 | $ 6,811 |
| Other related party: | | | | |
| President Tokyo Co., Ltd. | 2018.04.01~2024.03.31 | 1,418 | 9,061 | 9,422 |
| Total | | | $ 15,551 | $ 16,233 |

Rental income mentioned above is derived from leasing part of the Group's office space and business premises to various related parties and calculated as agreed by both parties. Lease payments are collected on schedule in accordance with the terms of the lease contracts.

L. Revenues from underwriting business

| | Year ended December 31, 2021 | Year ended December 31, 2020 |
|---|---|---|
| Entity having significant influence on the company: | | |
| Uni-President Enterprises Corp. | $ 600 | $ 300 |

M. Stock custodian income

| | Year ended December 31, 2021 | Year ended December 31, 2020 |
|---|---|---|
| Entity having significant influence on the company: | | |
| Uni-President Enterprises Corp. | $ 3,908 | $ 3,697 |
| Associate: | | |
| Uni-President Assets Management Corp. | 134 | 135 |
| Other related party: | | |
| ScinoPharm Taiwan, Ltd. | 2,547 | 2,635 |
| Ton Yi Industrial Corp. | 1,271 | 1,220 |
| President Chain Store Corp. (PCSC) | 2,478 | 2,097 |
| Others | 667 | 663 |
| Total | $ 11,005 | $ 10,447 |

Terms of stock custodian income mentioned above are similar to third parties.

N. Net gain (loss) from derivatives

| | Year ended December 31, 2021 | Year ended December 31, 2020 |
|---|---|---|
| Other related party: | | |
| Cayman President Holdings, Ltd. | ($ 1,360) | ($ 1,189) |
| Kai Yu (BVI) Investment Co., Ltd | ( 1,290) | ( 36) |
| Total | ($ 2,650) | ($ 1,225) |

O. Other operating expenses - equipment rental and copy expense

a. Equipment rental

| | Year ended December 31, 2021 | Year ended December 31, 2020 |
|---|---|---|
| Other related party: | | |
| President Tokyo Co., Ltd. | $ 18 | $ 413 |

b. Copy expense

| | Year ended December 31, 2021 | Year ended December 31, 2020 |
|---|---|---|
| Other related party: | | |
| President Tokyo Co., Ltd. | $ 592 | $ 1,476 |

c. Advertising expense

| | Year ended December 31, 2021 | Year ended December 31, 2020 |
|---|---|---|
| Other related party: | | |
| Presco Netmarketing Co., Ltd | $ 15,395 | $ - |
| President Professional Baseball Team Co., Ltd | 2,310 | 2,100 |
| Tainan Spinning Retail and Distribution Co., Ltd | 2,000 | - |
| Others | 473 | 522 |
| Total | $ 20,178 | $ 2,622 |

P. Financial expense

| | Year ended December 31, 2021 | Year ended December 31, 2020 |
|---|---|---|
| Other related party: | | |
| Cayman President Holdings, Ltd. | $ 1,601 | $ 1,134 |
| Kai Yu (BVI) Investment Co., Ltd | 2,080 | 155 |
| President Life Sciences Cayman Co., Ltd | - | 212 |
| President (BVI) International Investment Holdings Ltd. | - | 564 |
| Total | $ 3,681 | $ 2,065 |

Q. Purchases of trading securities – dealer

| | December 31, 2021 | | Year ended December 31, 2021 |
|---|---|---|---|
| | Ending Shares (In thousands) | Ending Balance | Gain (loss) |
| Entity having significant influence on the company: | | | |
| Uni-President Enterprises Corp. | 100 | $ 6,860 | ($ 67) |
| Security investment trust fund raised by the Uni-President Asset Management Corp.: | | | |
| Uni-President Asset Management Corp. | - | 49,347 | 3,084 |
| Other related parties: | | | |
| President Chain Store Corp. | - | - | ( 367) |
| Others | 54 | 816 | ( 179) |
| Total | | $ 57,023 | $ 2,471 |

| | December 31, 2020 | | Year ended December 31, 2020 |
|---|---|---|---|
| | Ending Shares (In thousands) | Ending Balance | Gain (loss) |
| Entity having significant influence on the company: | | | |
| Uni-President Enterprises Corp. | 5 | $ 338 | ($ 2,029) |
| Security investment trust fund raised by the Uni-President Asset Management Corp.: | | | |
| Uni-President Asset Management Corp. | - | 10,315 | - |
| Other related parties: | | | |
| President Chain Store Corp. | - | - | ( 119) |
| ScinoPharm Taiwan, Ltd. | - | - | ( 47) |
| Others | - | - | ( 1) |
| Total | | $ 10,653 | ($ 2,196) |

R. Compensation of key management personnel

The compensation of key management such as directors, general managers, vice general managers were as follows:

| | Year ended December 31, 2021 | Year ended December 31, 2020 |
|---|---|---|
| Salary and short-term employee benefits | $ 388,292 | $ 328,118 |
| Retirement benefits | 1,666 | 1,379 |
| Other long-term employee benefits | - | - |
| Termination benefits | - | - |
| Share-based payment | - | - |
| Total | $ 389,958 | $ 329,497 |

(Blank below)

8. PLEDGED ASSETS

The Company's assets pledged or restricted for use were as follows:

| Assets | December 31, 2021 | December 31, 2020 | Purposes |
|---|---|---|---|
| Financial assets at fair value through profit or loss - current: | | | |
| Trading securities (par value) | | | |
| - Corporate bonds | $ 500,000 | $ 950,000 | Securities for bonds sold under repurchase agreements |
| - Government bonds | 1,507,300 | 2,634,800 | Securities for bonds sold under repurchase agreements |
| - International bonds | 623,210 | 1,034,879 | Securities for bonds sold under repurchase agreements |
| - Bank debentures | 300,000 | 200,000 | Securities for bonds sold under repurchase agreements |
| - Overseas bonds | 7,124,566 | 15,119,396 | Securities for bonds sold under repurchase agreements |
| Other current assets: | | | |
| - Demand deposits | 5,244,571 | 652,010 | Collections on behalf of third parties and reimbursement for wages and stocks |
| - Pledged time deposits | 521,021 | 525,249 | Securities for short-term loans |
| Financial assets at fair value through profit or loss - non-current: | | | |
| - Government bonds (par value) | 50,000 | 50,000 | Trust fund deposit-out |
| Property and equipment | | | |
| - Land and buildings (book value) | 1,096,408 | 1,101,768 | Securities for short-term loans and guarantees for issuance of commercial papers |
| Pledged time deposits | | | |
| - Operating guarantee deposits | 655,000 | 655,000 | Security deposits |
| - Refundable deposits | 2,000 | 2,181 | Security deposits |

9. SIGNIFICANT COMMITMENTS

None.

10. SIGNIFICANT LOSS FROM NATURAL DISASTER

None.

11. SIGNIFICANT SUBSEQUENT EVENT

None.

12. OTHER

1) Management objective and policy of financial risks

A. Risk management objective

The Group continually strengthens risk culture to every employee and makes sure that the Group can actively develop various businesses under a healthy and effective risk management system. At the same time, by creating value of an entity and continually increasing profit, profit maximization may be achieved within appropriate risk tolerance.

B. Risk management system

In order to ensure the completeness of risk management system, run the balancing mechanism of risk management, and improve the division efficiency of risk management, the Group sets up "Risk Management Policy". Such policy aims to establish internal system compliance and the guiding tools for policies communication within the Group and enable every layer of the Group engaged in different tasks to identify, evaluate, monitor, and control various risks with establishment of consistent compliance rules for risks of each business so that the risks can be controlled within the limits set in advance.

The Group's risk management system covers risks incurred from businesses on and off the balance sheet, such as market risk, credit risk, liquidity risk, operating risk, legal risk, model risk which are all included in the risk management.

C. Risk management organization

Risk management organization: Board of Directors, Risk Management Committee, Risk Control Office, Business units and other related segments (such as Office of Auditing, Office of General Manager, Compliance segment, Legal segment, Finance segment and Settlement segment) are in charge of planning, supervising and execution.

(A) The Board of Directors should ensure the effectiveness of risk management and be responsible for the ultimate result and the following duties:
   a. To establish proper risk management system, operating process, and risk management culture in the Group with allocation of necessary resource for better execution and operation.
   b. Policy of risk management review
   c. Review and approval of business application, transaction authorization and risk limit.

(B) The Risk Management Committee reports to the Board of Directors and is responsible for the following:
   a. Review risk management policy
   b. Review the highest risk tolerance
   c. Submit regular reports to the Board of Directors in relation to the risk management status of the whole Group

(C) The General Manager supervises daily risk management of the entire Group and is responsible for the following:
   a. Supervise and monitor daily risk management of the entire Group
   b. Approval of management exceptions

(D) Assets and Liabilities Committee reports to the General Manager and is responsible for the following:
   a. Set up the ultimate guidelines for assets and liabilities management of the entire Group
   b. Analyze and control the entire Group's assets and liabilities portfolio
   c. Approval of various businesses' quotas
   d. Gather and analyze information on domestic and offshore interest rate, exchange rate, prosperity fluctuation, political and economic environmental changes, and predict the financial trend in the future

(E) Risk Control Office implements risk management policy and related regulations and reports to the Risk Management Committee. Risk Control Office also reports daily risk management to the General Manager and is responsible for the following:
   a. Establish Risk Management Policy of the entire Group
   b. Develop effective method for measurement and risk management in an entity
   c. Review risk management system of business units
   d. Generate risk report through information gathering and consolidation
   e. Analyze various business risks and report to the General Manager

f. Report the risk management situation to the Risk Management Committee according to a meeting's nature and needs

g. Carry out duties as designated by the Risk Management Committee and control risks of business units

(F) Auditing Office is responsible for the following:

a. Execute operating risk control

b. Include the risk management system into internal audit program and carry out the daily audit schedule.

c. Assess the effectiveness of internal control and verify the executed result.

(G) Compliance segment and legal segment under the Office of General Manager are responsible for the following:

a. Compliance segment should make sure that the business operation and risk management system are in compliance with relevant regulations.

b. Legal segment is responsible for legal risk control

c. Compliance segment also provides services of Anti-Money Laundering and Counter Terrorism Financing, including designs specification and internal control, establishes transaction monitoring, oversees the effective implementation of business units, conducts the employee training and reports any suspicion of money laundering.

(H) Finance segment is responsible for the following:

a. Verify the correctness of position information and reasonability of profit and loss calculation.

b. Control and analyze self-owned capital adequacy ratio.

c. Analyze the appropriateness of structures of the assets and liabilities.

(I) Business units are responsible for the following:

a. Set up risk management details of various businesses according to the risk management policy and other related regulations.

b. Provide sufficient position information and risk control information to the Risk Control Office.

(J) Settlement division is responsible for:

a. Clearing and settlement; risk control and management of margin purchase and short sale of securities.

b. Risk control and management of trading middle office and enforcement of rules governing risk management of business segments.

D. Risk management policy

In order to ensure the completeness of risk management system, run the balancing mechanism of risk management, and improve the division efficiency of risk management, the Group sets up "Risk Management Policy". Such policy aims to establish internal system compliance and the guiding tools for policies communication within the Group and enable every layer of the Group engaged in different tasks to identify, evaluate, monitor, and control various risks with establishment of consistent compliance rules for risks of each business so that the risks can be controlled within the limits set in advance.

Risk management processes include risk identification, risk evaluation, risk supervision and various risk control. Each kind of risk evaluations and responding strategies are described as follows:

(A) Market risk management

The Group has implemented risk management information system (Risk Manager) in relation to market risk control. All trading positions of the Group have been included in the daily risk control system for the calculation of Value at Risk (VaR). Limit exceeding indicators are mainly the nominal principal, stop-loss, sensitivity (Greeks) and VaR. The risk management report is presented on a daily basis for implementation of regular control and limit exceeding handling procedures.

(B) Credit risk management

In relation to risk control, the quantitative model of default rate adopts KMV model to calculate the default rate of issuers with credit exposure of the issuing company and the trading counterparties, and credit risk of securities disclosed in the report. The credit exposure is mitigated through regular review of credit status.

(C) Fund liquidity risk

Unit in charge of fund procurement regularly predicts future fund demand and supply, and consolidates company guarantee or endorsement and capital lending businesses to monitor the condition of fund procurement on a daily basis.

E. Hedging and risk-offsetting strategy

(A) Policies of hedging and risk mitigating are parts of the Group's risk management policies, and the hedging position and hedged trading position are supposed to be one portfolio, of which the gain and loss and risk information are measured on a consolidated basis.

(B) The overall position (hedging position and trading position) is included in the daily risk management system to calculate Value at Risk and other relevant information. Limit exceeding indicators mainly include nominal principal, stop-loss point, price sensitivity and VaR. With the presentation of daily risk management report, routine control and limit exceeding treatment can be executed.

(C) The continued effectiveness of hedging and risk-offsetting strategy is measured by the gain and loss of overall position (hedging position and trading position), in order to track reasonableness of the profit or loss of hedging position and the offsetting relationship with the profit or loss of trading position, and to control them within a reasonable range.

2) Credit risk

A. Source and definition of credit risk

The credit risk exposure of the Group as a result of engagement in financial transactions include issuer's credit risk, credit risk of counterparty and credit risk of underlying assets:

(A) Credit risk of the issuer refers to the issuers of financial debt instruments held by the Group failing to repay its obligation due to the fact that the issuer breaches the contract resulting in the risk of financial loss to the Group.

(B) Credit risk of counterparty refers to risk of financial loss to the Group arising from default by the counterparty of financial instruments on the settlement or payment obligation.

(C) Credit risk of the underlying assets happens when the credit rating of the underlying assets linked to the financial instrument is downgraded by the rating agency or when the losses occur as a result of contract default.

The financial assets held by the Group which could result in credit risk include bank deposit, debt securities, derivatives transactions in OTC, bonds purchased/sold under resale/repurchase agreements, refundable deposit of securities lending, futures trade margins, other refundable deposits and receivables.

B. Maximum credit risk exposure and credit risk concentration

The maximum exposure to credit risk of financial assets in the consolidated balance sheet, without consideration of the collateral or other credit enhancements, is equivalent to the carrying amount. In Taiwan, the sources of credit risk of the Group are primarily resulting from cash deposited with banks or other financial institutions, debt securities issued or guaranteed by a bank, derivative instruments transaction underwritten by the Group, and all counterparties of customer margin deposits accounts being financial institutions. Credit risks of various financial assets are as follows:

(A) Cash and cash equivalents

Cash and cash equivalents include time deposit, demand deposits and checking deposits. Correspondent institutions are mainly domestic financial institutions.

(B) Financial assets at fair value through profit and loss -current

a. Fund

The funds held by the Group are bond funds. As the positions held are not significant, credit risk is deemed low.

b. Commercial papers

The commercial papers held by the Group are under resale agreements. As all the counterparties are financial institutions with good credit, the credit risk from counterparties is extremely low.

c. Debt securities

Debt securities are mainly positions like government bonds, convertible corporate bonds and foreign bonds and the issuers are primarily R.O.C. government, domestic and foreign legal entities. 42% of convertible corporate bond is guaranteed by banks. Details are as follows:

(a)Government bonds

The bonds held by the Group are mostly government bonds (inclusive of central and local government). As a whole, the credit risk of the bonds held by the Group is low.

(b) Corporate bonds

The corporate bonds held by the Group are mainly underlying investment with good credit rating and those with rating above (S&P BB).

(c)Convertible corporate bond

The convertible corporate bonds held by the Group are mostly issued by the domestic legal entities. The Group mitigates highly risky credit exposure of the issuers by control through Taiwan Corporate Credit Risk Index (TCRI).

(d)Foreign bonds

The foreign bonds held by the Group are mainly underlying investment with good credit rating and those with rating above (S&P BB).

(C) Financial assets at fair value through other comprehensive income - current

The foreign government bonds held by the Group are classified as debt instruments at fair value through other comprehensive income. In general, the bonds held by the Group are with lower credit risk.

(D) Derivatives- futures trade margin

When engaging in futures trades in stock exchange market, the Group needs to deposit margin into a margin deposit account of a financial institution designated by the futures merchants as a guarantee to fulfil contractual obligation in the future. As a result, the credit risk is low.

(E) Derivatives-OTC

The Group signs International Swaps and Derivatives Association (ISDA) agreements with each counterparty when engaging in OTC derivatives as an agreement regarding such transactions for both parties. In the agreement, it provides a fundamental contractual model for OTC derivative transactions. If any party breaches the contract or terminates the transactions early, then all the open interest covered in the agreement should be settled by net amount as bound in the contract. When the ISDA agreement is signed, the Credit Support Annex (CSA) is also signed. According to the CSA, collateral will be transferred from a party to the other during transaction process to mitigate the risk of counterparty in open interest. Please refer to Note 6(10).

Types of OTC derivative transactions in which the Group is engaged include structured notes and swap transaction. The counterparties are all from financial service industry and mainly located in Taiwan, United States, and United Kingdom.

(F) Bonds investment under a resale agreement

Bonds sold under a resale agreement are the bonds that the client sold to the Group at a price, interest rate, length of period as agreed by two parties and the client shall repurchase the bonds at the specified price upon maturity. The Group needs to assume credit risk from counterparties when underwriting such business, as the payment being delivered to the other party. With consideration of good collateral obtained, the net of credit risk exposure from counterparties can be effectively reduced. As all the counterparties are financial institutions with good credit rating, the credit risks from counterparties are extremely low. Please refer to Note 6(9).

(G) Margin loans receivable

Margin loans receivable are the loans provided to the client in order to process businesses of margin trading and short sale using the securities purchased through financing as collateral. The Group monitors the clients' margin ratio through information system on a daily basis. As the margin ratio of margin trading is set at 130% according to Regulations Governing the Conduct of Securities Trading Margin Purchase and Short Sale Operations by Securities Firms, the credit risk is extremely low.

(H) Receivables of securities business money lending

Receivables of securities business money lending are the non-restricted purpose loan business and monetary financing business, pursuant to an agreement between a securities firm and a customer, using customer securities and other commodities as collateral. The Group regularly assesses its customer line of credit and implements appropriate credit control. As the margin ratio of margin trading is set at 130% according to Regulations Governing the Conduct of Securities Trading Margin Purchase and Short Sale Operations by Securities Firms, the credit risk is extremely low.

(I) Guaranteed price for securities lending

Guaranteed price for securities lending is the sale price of the Group's securities sold by other securities firms through margin trading after deduction of securities transactions tax and service fee, which is deposited in other securities firms as collateral. As all the counterparties are financial institutions with good credit rating, the credit risk from counterparties is extremely low.

(J) Refundable deposits for securities lending

Refundable deposits for securities lending are the margins deposited in other securities firm as collateral when the Group's securities are sold. As all the counterparties are financial institutions with good credit, the credit risk from counterparties is extremely low.

(K) Receivables

Receivables are the credit rights arising from the securities business including settlement receivables of consignment trading, settlement receivables of operating securities sold, financing interest receivables of self-operating credit transaction, receivables of consignment trading for securities, and receivables from banks' underwriting on foreign exchange transactions and foreign fund demand. As the majority of the Group's receivables from the consignment businesses and self-operating businesses are settlement of securities from OCT or TWSE, the credit risk is extremely low. As the foreign exchange transactions are simply the receipt or payment of different currencies and the correspondent banks are of good credit rating, the credit risk is extremely low.

(L) Other current assets

Other current assets are mainly the collateral deposited in the bank for application for short-term debt limit and guarantee for application for issuance of commercial papers. As the correspondent banks are all financial institutions with good credit rating, the credit risk is extremely low.

(M) Financial assets at fair value through profit and loss – non-current

In order to underwrite trust business, the Group deposits central government bonds in the Central Bank as collateral. Regardless of the bonds themselves or the financial institutions where the bonds are deposited, the credit risk is extremely low.

(N) Other non-current assets

Other non-current assets mainly comprise operating guarantee deposits, settlement funds, and refundable deposits. Operating guarantee deposits are mainly deposited in domestic banks with good credit rating. Settlement funds are deposited in securities exchange. Settlement funds are used as compensation when a party to a marketable securities transaction fails to fulfil the settlement obligation. The credit risks from the institutions where these two assets are deposited are extremely low. The refundable deposits refer to cash or other assets which are deposited externally by the Group and can be used as refundable deposits. Because deposits are placed in various financial institutions and each deposit amount is small, the credit risk is dispersed and the credit exposure of overall refundable deposit is extremely low.

C. Expected credit loss assessment

In the assessment of impairment and calculation of expected credit losses, the Group considers reasonable and supporting information about past events, current conditions and future economic conditions. The Group determines at the balance sheet date whether there has been a significant increase in credit risk since initial recognition or whether credit impairment has occurred, and recognizes expected credit loss according to which stage the asset belongs: no significant increase in credit risk or low credit risk at balance sheet date (Stage 1), significant increase in credit risk (Stage 2), and credit impaired (Stage 3). 12-month expected credit losses are recognized for assets in Stage 1, and lifetime expected credit loses are recognized for assets in Stage 2 and Stage 3.

The definition of and expected credit losses recognized for each stage are as follows:

| Item | Stage 1 | Stage 2 | Stage 3 |
|---|---|---|---|
| Definition | No significant deterioration of credit quality of the financial asset since initial recognition, or the financial asset is considered low-risk at the balance sheet date. | Significant deterioration of credit quality of the financial asset since initial recognition, but the asset is not yet credit impaired. | The financial asset is credit impaired at the financial reporting date. |
| Expected credit losses recognition | 12-month expected credit losses | Lifetime expected credit losses | Lifetime expected credit losses |

(A) Judgements of the significant increase in credit risk since initial recognition

Judgements and assumptions used to determine whether the credit risk has a significant increase since initial recognition when the Group calculates expected credit loss under IFRS 9 are as follows:

a. If contractual payments are over 30 days past due according to the payment terms, the financial asset is considered to have significant increase in credit risk since initial recognition.

b. There is significant increase in credit risk at the reporting date if the credit rating of the issuer has been downgraded by more than 2 grades and the final external credit rating at the reporting date is non-investment grade, if the interest payments are over 30 days past due, or if there has been a default in the past.

(B) Definition of default and credit-impaired financial assets

According to the definition of credit impairment set by IFRS 9, a financial asset is credit-impaired when one or more events that have occurred and have a significant impact on the expected future cash flows of the financial asset. The criteria used to judge whether a financial asset is credit-impaired since initial recognition includes but is not limited to the following:

a. Contractual payments or principal or interest payments on bonds are over 3 months (90 days) past due.

b. Bond investment is rated as “in default” by external credit rating agencies.

c. Bond issuer has filed for bankruptcy, restructure, or other debt clearance procedures.

d. Issuer or counterparty has financial difficulties.

(C) Writing-off policy

If any of the following condition applies, the Group will write off the non-recoverable portion of the overdue receivables as bad debt.

a. Debt cannot be fully or partially recovered due to dissolution of, disappearance of, settlement with, bankruptcy declaration by the debtor, or any other reason.

b. The collateral and the assets of the primary and secondary debtors could not be auctioned off after multiple attempts and multiple price discounts, and the Company has not received any real benefits in assuming the collateral.

c. Payments are over two years past due and could not be recovered after attempts to collect.

(D) Measurement of expected credit losses

The Group considers reasonable supporting information which shows significant increase in credit risk since initial recognition when calculating expected credit losses. Main indexes include: internal/external credit rating, information of past due, credit spread, other market information in relation to the borrower, issuer or counterparty, and significant increase in credit risk of other financial instrument of the same borrower.

a. Investments in bills and bonds

(a)Probability of default was based on external credit rating, which include forward-looking information.

(b)Loss given default was based on the average loss given default of external credit rating of investment position and counterparties.

(c)Exposure at default

Stage 1, Stage 2 and Stage 3: Total carrying amount (including interest receivable).

(E) Consideration of forward-looking information

Historical loss rate (based on the historical experience in the past 3 to 5 years) as obtained and compared with economic environment in the past, nowadays and future (forward-looking factor) to see whether there is any significant change, and then to properly adjust future loss rate standards. If any significant default event occurs, the loss rate in the current year will be included in the calculation of future loss rate standard.

D. Table of movements in loss provision of the Group

(A) For the years ended December 31,2021 and 2020, there were no changes in the loss allowance for investments in debt instruments measured at fair value through other comprehensive income.

(B) Except for bond interest receivable which was evaluated along with debt investments, the Group applies the simplified approach to measure the loss allowance at an amount equal to lifetime expected credit losses for marginal receivables, accounts receivable, other receivable-others and overdue receivables. The movements in loss provision of marginal receivables, accounts receivable, other receivable-others and other non-current assets-overdue receivables of the Group are as follows:

| | Year ended December 31, 2021 | | | | |
|---|---|---|---|---|---|
| | Marginal receivable | Accounts receivable | Other receivable | Other non-current assets-overdue receivables | Total |
| At January 1 | $ 58,840 | $ 625 | $ 725 | $ 39,388 | $ 99,578 |
| Provision (reversal of provision) for impairment | ( 11,407) | 117 | 300 | 3,326 | ( 7,664) |
| Derecognized | - | - | ( 172) | ( 30,197) | ( 30,369) |
| At December 31 | $ 47,433 | $ 742 | $ 853 | $ 12,517 | $ 61,545 |

| | Year ended December 31, 2020 | | | | |
|---|---|---|---|---|---|
| | Marginal receivable | Accounts receivable | Other receivable | Other non-current assets-overdue receivables | Total |
| At January 1 | $ 43,806 | $ 656 | $ 54 | $ 240,073 | $ 284,589 |
| Provision (reversal of provision) for impairment | 15,034 | ( 31) | 671 | 2,507 | 18,181 |
| Derecognized | - | - | - | ( 203,192) | ( 203,192) |
| At December 31 | $ 58,840 | $ 625 | $ 725 | $ 39,388 | $ 99,578 |

3) Liquidity risk

A. Definition and source of liquidity risk

Liquidity risk refers to possible financial losses arising from the inability to realize the asset or to obtain sufficient fund to fulfil the financial liabilities soon to be matured. Above situations may weaken the sources of cash from the Group’s trading and investment activities.

B. Liquidity risk management procedure and stimulation test

In order to prevent operational crisis as a result of liquidity risk, the Group has established responding crisis process with regular monitoring over liquidity gap of fund.

(A) Procedure

In addition to the operating capital for various business and long-term investment, the Group needs to maintain revolving funds at a certain level for daily operation. The use of remaining fund shall avoid high concentration and should be based on the principle of holding sound earning assets with high liquidity and treated in compliance with policies of the Group.

The responsive unit for fund procurement adjusts the liquidity gap to ensure proper liquidity according to the daily volume and movement in the market.

(B) Stimulation test

a. The Group reviews fund liquidity risk from a perspective of supply and demand of fund every month with simulation analysis of available fund for emergency including scenario analysis of cash, funding limit of financial institutions, margin loans and short sale, and value of disposal of position in order to compute maximum available fund and fund demand. Finally, safety stock of fund is reviewed to monitor liquidity risk.

b. Above liquidity risk is generally reviewed monthly. However, if the available limit of increment banking credit risk in financing limit of a financial institution is lower than a certain amount (that is, the amount may be timely adjusted according to the fund liquidity in the market and the actual fund demand and supply in an entity), the safety stock will be reviewed weekly. After the early warning report for fund is submitted, the head of finance segment will call for a fund control meeting.

c. Other than individual funding liquidity risk of an entity, stress test of minimization funding supply and maximization funding demand in the event of significant crisis is simulated, including:

(a) When there is a significant crisis in the market, the financing limit of the financial institutions and the value of disposal of position can be deemed the minimized ratio of fund supply which is then adjusted according to actual condition to compute the total fund supply under maximum stress.

(b) Except for the operating expense, the stock concept is adopted for the calculation of total fund demand under maximum stress.

(c) The Group should conduct a review to see whether the total minimized fund supply is more than maximized total fund demand. The Group should further review how long (by month) the difference may cover the operating expenses so that the safety stock of fund (by month) under stress test can be computed.

(d) The minimum safety stock of fund under stress test (by month) may be adjusted according to the crisis itself and only operating expense for at least 6 months under a normal stimulation can be deemed safe.

C. Maturity analysis for the financial assets and financial liabilities held for liquidity risk management

(A) The Group holds cash and sound earning assets with high liquidity in order to fulfil the payment obligation and potential emergency fund demand in the market. Financial assets held for liquidity risk management are mainly cash and cash equivalents, among which, all time deposits mature within a year. Financial assets at fair value through profit and loss are mainly listed stocks, convertible bonds and debt securities. As all of them have positions in active market, the liquidity risk is deemed low.

(B) Maturity analysis for the financial liabilities is as follows:

| | December 31, 2021 | | | | |
|---|---|---|---|---|---|
| | Immediately | Less than 3 months | 3-12 months | 1-5 years | Total |
| Short-term loans | $ - | $ 590,000 | $ - | $ - | $ 590,000 |
| Commercial papers payable | - | 8,650,000 | - | - | 8,650,000 |
| Financial liabilities at fair value through profit or loss-current | | | | | |
| Non-derivative financial liabilities | 5,124,283 | - | - | - | 5,124,283 |
| Derivative financial liabilities | 3,048,329 | - | - | - | 3,048,329 |
| Bonds sold under repurchase agreements | - | 9,648,756 | - | - | 9,648,756 |
| Deposits on short sales | 1,202,587 | - | - | - | 1,202,587 |
| Deposits payable for securities financing | 1,559,162 | - | - | - | 1,559,162 |
| Securities lending refundable deposits | - | 1,069,699 | 860,073 | 39,435 | 1,969,207 |
| Futures traders' equity | 21,328,174 | - | - | - | 21,328,174 |
| Accounts payable (includes notes payable) | 18,295,511 | 42,701 | - | - | 18,338,212 |
| Collections on behalf of third parties | 5,639,615 | 13,902 | - | 88,583 | 5,742,100 |
| Other payables | 5,605 | 369,839 | 2,252,479 | - | 2,627,923 |
| Other financial liabilities -current | - | 1,789,878 | 3,193,261 | - | 4,983,139 |
| Lease liabilities | - | 23,927 | 46,813 | 125,840 | 196,580 |
| Total | $ 56,203,266 | $ 22,198,702 | $ 6,352,626 | $ 253,858 | $ 85,008,452 |

| | December 31, 2020 | | | | |
|---|---|---|---|---|---|
| | Immediately | Less than 3 months | 3-12 months | 1-5 years | Total |
| Short-term loans | $ - | $ 946,276 | $ - | $ - | $ 946,276 |
| Commercial papers payable | - | 7,300,000 | - | - | 7,300,000 |
| Financial liabilities at fair value through profit or loss-current | | | | | |
| Non-derivative financial liabilities | 1,039,794 | - | - | - | 1,039,794 |
| Derivative financial liabilities | 1,552,957 | - | 31,668 | - | 1,584,625 |
| Bonds sold under repurchase agreements | - | 19,112,268 | - | - | 19,112,268 |
| Deposits on short sales | 1,381,470 | - | - | - | 1,381,470 |
| Deposits payable for securities financing | 1,809,955 | - | - | - | 1,809,955 |
| Securities lending refundable deposits | - | 803,016 | 100,836 | - | 903,852 |
| Futures traders' equity | 21,087,134 | - | - | - | 21,087,134 |
| Accounts payable (includes notes payable) | 19,128,785 | 49,699 | - | - | 19,178,484 |
| Collections on behalf of third parties | 1,010,210 | 10,071 | - | 80,784 | 1,101,065 |
| Other payables | 985 | 343,998 | 1,771,430 | - | 2,116,413 |
| Other financial liabilities -current | - | 2,017,803 | 3,990,507 | - | 6,008,310 |
| Lease liabilities | - | 25,683 | 61,014 | 111,621 | 198,318 |
| Total | $ 47,011,290 | $ 30,608,814 | $ 5,955,455 | $ 192,405 | $ 83,767,964 |

4) Market risk

A. Definition of market risk

Market risk refers to the risk of decrease in the Group's revenue or value of investment portfolio as a result of the changes in exchange rate, commodity price, interest rate, and stock price or other market risk factors.

The Group continually exercises risk management tools such as sensitivity analysis, Value at Risk, stress test and so on to completely and effectively measure, monitor and manage market risk.

B. Value at Risk (VaR)

Value at Risk is used to measure the possible maximum potential losses in investment portfolio as a result of movement in market risk factor in a specified period and confidence level. The Group currently uses confidence level of 95% to calculate Value at Risk of one day.

A VaR model must reasonably, completely and accurately measure the maximum potential risks of financial instruments or investment portfolio before being adopted as a risk management model by the Group. The VaR model used in risk management is continually certified and retrospectively tested to demonstrate that the model can reasonably and effectively measure the maximum potential risks of financial instruments or investment portfolios.

| Statistical table for one-day VaR of transactions | | Statistical table for one-day VaR of transactions | |
|---|---|---|---|
| Year ended December 31, 2021 | Amount | Year ended December 31, 2020 | Amount |
| December 31, 2021 | $ 107,421 | December 31, 2020 | $ 173,104 |
| VaR Maximum | 289,678 | VaR Maximum | 276,264 |
| VaR Average | 142,004 | VaR Average | 161,107 |
| VaR Minimum | 30,471 | VaR Minimum | 77,219 |

Statistical table for VaR of various risk indicators of transactions

| Year ended December 31, 2021 | Foreign exchange | Interest | Share ownership |
|---|---|---|---|
| December 31, 2021 | $ 1,402 | $ 23,468 | $ 106,744 |
| VaR Maximum | 16,846 | 43,928 | 292,526 |
| VaR Average | 4,119 | 21,552 | 141,182 |
| VaR Minimum | 1,102 | 7,594 | 30,858 |

| Year ended December 31, 2020 | Foreign exchange | Interest | Share ownership |
|---|---|---|---|
| December 31, 2020 | $ 3,433 | $ 24,026 | $ 176,351 |
| VaR Maximum | 55,596 | 91,620 | 268,560 |
| VaR Average | 7,221 | 39,296 | 158,394 |
| VaR Minimum | 1,495 | 15,428 | 73,478 |

C. Information on gap of foreign exchange risk

The following table summarizes financial instruments of foreign assets or liabilities by currency and the foreign exchange exposure presented by book value as of December 31, 2021 and 2020：

| | December 31, 2021 | | | | | | |
|---|---|---|---|---|---|---|---|
| | USD | EUR | AUD | RMB | HKD | Others | Total |
| Financial assets in foreign currencies | | | | | | | |
| Cash and cash equivalents | $ 582,036 | $ 2,769 | $ 2,005 | $ 302,720 | $ 1,069,767 | $ 235,639 | $ 2,194,936 |
| Financial assets at fair value through profit or loss | 8,060,638 | 1,935,974 | 181,807 | 798,106 | 257,088 | 513,697 | 11,747,310 |
| Bonds purchased under resale agreements | 27,401 | - | - | - | - | - | 27,401 |
| Investments accounted for under the equity method | - | - | - | 2,363,197 | - | - | 2,363,197 |
| Others | 7,681,439 | 21,826 | 40,836 | 27,141 | 1,253,782 | 109,487 | 9,134,511 |
| Financial liabilities in foreign currencies | | | | | | | |
| Financial liabilities at fair value through profit or loss | 4,332 | 1,599 | 106 | 2,828 | 195 | 359 | 9,419 |
| Bonds sold under repurchase agreements | 4,644,791 | 1,688,801 | 160,708 | 588,851 | - | 136,622 | 7,219,773 |
| Others | 9,528,760 | 18,141 | 40,178 | 314,020 | 959,851 | 114,068 | 10,975,018 |

Note: As of December 31, 2021, foreign exchange rates of the above currencies to TWD were 1 USD = 27.680 TWD; 1 EUR= 31.320 TWD; 1 AUD= 20.080 TWD; 1 RMB= 4.344 TWD; and 1 HKD= 3.549 TWD, respectively.

| | December 31, 2020 | | | | | | |
|---|---|---|---|---|---|---|---|
| | USD | EUR | AUD | RMB | HKD | Others | Total |
| Financial assets in foreign currencies | | | | | | | |
| Cash and cash equivalents | $ 443,058 | $ 4,174 | $ 2,247 | $ 455,155 | $ 560,409 | $ 173,237 | $ 1,638,280 |
| Financial assets at fair value through profit or loss | 13,300,410 | 3,486,806 | 1,006,892 | 1,267,289 | 404,502 | 428,144 | 19,894,043 |
| Investments accounted for under the equity method | - | - | - | 2,531,901 | - | - | 2,531,901 |
| Others | 7,745,156 | 23,028 | 1,918 | 55,006 | 2,553,641 | 96,586 | 10,475,335 |
| Financial liabilities in foreign currencies | | | | | | | |
| Short-term loans | 318,976 | - | - | - | 367,300 | - | 686,276 |
| Financial liabilities at fair value through profit or loss | 50,740 | 3,898 | 3,441 | 3,426 | 172 | 5,422 | 67,099 |
| Bonds sold under repurchase agreements | 9,996,698 | 3,080,106 | 853,836 | 871,401 | - | 286,703 | 15,088,744 |
| Others | 9,879,276 | 12,626 | 240 | 282,393 | 1,286,407 | 95,701 | 11,556,643 |

Note: As of December 31, 2020, foreign exchange rates of the above currencies to TWD were 1 USD = 28.480 TWD; 1 EUR= 35.020 TWD; 1 AUD= 21.950 TWD; 1 RMB= 4.377 TWD; and 1 HKD= 3.673 TWD, respectively.

D. The total exchange gain, including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2021 and 2020, amounted to $179,460 and ($323,067), respectively.

5) Fair values and hierarchy information

A. Financial instruments and non-financial instruments not measured at fair value.

Except for those listed in the table below, the carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, bonds purchased under resale agreements, margin loans receivable, refinancing guaranty deposits, guaranteed proceeds receivable from refinancing, guaranteed price deposits for security borrowing, security borrowing deposits, customer margin deposit account, notes and accounts receivable, other receivables, short-term loans, commercial paper payable, bonds sold under repurchase agreements, guarantee deposit received from short sales, guaranteed price deposits received from securities borrowers, security borrowing deposits, equity of futures traders, accounts payable, collection for others, and other payables) approximate their fair values. The fair value information of financial instruments measured at fair value is provided in Note 12(5)3.

| | Total | Quoted prices of the same assets in active markets (level 1) | Other significant observable inputs (level 2) | Significant non-observable inputs (level 3) |
|---|---|---|---|---|
| Non-financial assets | | | | |
| December 31, 2021 | | | | |
| Investment property | $ 712,476 | $ - | $ 712,476 | $ - |
| December 31, 2020 | | | | |
| Investment property | 667,546 | - | 667,546 | - |

The fair value of investment property held by the Group was assessed by external valuation experts using comparison approach and income approach, or the fair value can be assessed based on the market price of the area adjacent to the location where the Group's investment property is located.

B. Valuation techniques

(A)For financial instruments held for trading purposes which are classified as non-derivative instruments, their fair values are based on their quoted prices in an active market. If there is no quoted market price for reference, a valuation technique will be adopted to measure the fair value. Estimates and assumptions of valuation technique adopted by the Group are in agreement with the information of estimates and assumptions adopted by market users for financial instrument pricing and the said information shall be accessible to the Group. For those classified as derivative instruments, their fair values are based on their market prices if their quoted prices are available from an active market. If quoted market prices in an active market are not available, SWAP and IRS are valued at the discounted cash flow method, and options are valued at the Black-Scholes model.

(B) When available-for-sale financial assets have quoted market prices available in an active market, the fair value is determined using the market price.

C. Fair value hierarchy of the financial instruments

(A) Definitions for the hierarchy classifications of financial instruments measured at fair value

a. Level 1

Level 1, are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date. 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 Group's investments in listed stocks, beneficiary certificates, on-the-run Taiwan central government bonds and derivative instruments with quoted market prices, are deemed as level 1.

b. Level 2

Inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Investments of the Group such as emerging stock without active markets, off-the-run issue of government bonds, corporate bonds, bank debentures, convertible corporate bonds, currency swaps, interest rate swaps, options, asset swaps, and most derivatives are all classified within level 2. For the years ended December 31, 2021 and 2020, there was no significant transfer of financial instruments between Level 1 and Level 2.

c. Level 3

Unobservable inputs for the assets or liability. The fair value of the Group's investment in equity investment without active market is included in Level 3. For the years ended December 31, 2021 and 2020, part of the unlisted stocks became the emerging stocks, therefore these stocks were transferred from Level 3 to Level 2.

(Blank below)

(B)Hierarchy of fair value estimation of financial instruments

| Financial instrument items measured at fair value | December 31, 2021 | | | |
|---|---|---|---|---|
| | Total | Level 1 | Level 2 | Level 3 |
| Recurring fair value | | | | |
| Non-derivative financial instruments | | | | |
| Assets | | | | |
| Financial assets at fair value through profit or loss-current | | | | |
| Stock investments | $ 14,416,332 | $ 14,309,899 | $ 40,721 | $ 65,712 |
| Bond investments | 13,213,896 | 776,724 | 12,437,172 | - |
| Others | 1,130,557 | 1,130,557 | - | - |
| Financial assets at fair value through other comprehensive income-current | | | | |
| Stock investments | 410,205 | 410,205 | - | - |
| Financial assets at fair value through profit or loss - non-current | | | | |
| Stock investments | 12,650 | - | - | 12,650 |
| Bond investments | 50,124 | - | 50,124 | - |
| Others | 13,950 | - | - | 13,950 |
| Financial assets at fair value through other comprehensive income- non-current | | | | |
| Stock investments | 1,137,756 | - | - | 1,137,756 |
| Liabilities | | | | |
| Financial liabilities at fair value through profit or loss -current | 5,124,273 | 5,124,273 | - | - |
| Derivative financial instruments | | | | |
| Assets | | | | |
| Financial assets at fair value through profit or loss-current | 4,822,204 | 4,807,480 | 14,724 | - |
| Liabilities | | | | |
| Financial liabilities at fair value through profit or loss - current | 3,048,329 | 2,624,397 | 423,932 | - |

| Financial instrument items measured at fair value | December 31, 2020 | | | |
|---|---|---|---|---|
| | Total | Level 1 | Level 2 | Level 3 |
| Recurring fair value | | | | |
| Non-derivative financial instruments | | | | |
| Assets | | | | |
| Financial assets at fair value through profit or loss-current | | | | |
| Stock investments | $ 12,062,758 | $ 12,027,789 | $ 23,187 | $ 11,782 |
| Bond investments | 23,302,082 | 1,170,822 | 22,131,260 | - |
| Others | 2,451,233 | 2,451,233 | - | - |
| Financial assets at fair value through other comprehensive income- current | | | | |
| Stock investments | 353,510 | 353,510 | - | - |
| Financial assets at fair value through profit or loss - non-current | | | | |
| Stock investments | 16,991 | - | - | 16,991 |
| Bond investments | 50,493 | - | 50,493 | - |
| Financial assets at fair value through other comprehensive income- non-current | | | | |
| Stock investments | 707,616 | - | - | 707,616 |
| Liabilities | | | | |
| Financial liabilities at fair value through profit or loss -current | 1,039,794 | 1,039,794 | - | - |
| Derivative financial instruments | | | | |
| Assets | | | | |
| Financial assets at fair value through profit or loss-current | 3,795,649 | 3,786,276 | 9,373 | - |
| Liabilities | | | | |
| Financial liabilities at fair value through profit or loss - current | 1,584,625 | 1,433,197 | 151,428 | - |

(C) The following table is the movement of financial assets at Level 3:

Year ended December 31, 2021

| | | Valuation amount | | Increased | | Decreased | | |
|---|---|---|---|---|---|---|---|---|
| | January 1 | Recorded in profit or loss | Recorded in other comprehensive income (loss) | Acquired/ Issued | Transfers into level 3 | Sold/ Disposed/ Settled | Transfers out from level 3 | December 31 |
| Financial assets at fair value through profit or loss- current | | | | | | | | |
| Unlisted stocks | $ 11,782 | ($ 685) | $ - | $ 60,415 | $ - | ($ 3,300) | ($ 2,500) | $ 65,712 |
| Financial assets at fair value through profit or loss - non-current | | | | | | | | |
| Venture capital shares | 16,991 | ( 4,341) | - | - | - | - | - | 12,650 |
| Others | - | ( 1,050) | - | 15,000 | - | - | - | 13,950 |
| Financial assets at fair value through other comprehensive income - non-current | | | | | | | | |
| Unlisted stocks | 707,616 | - | 430,140 | - | - | - | - | 1,137,756 |

Year ended December 31, 2020

| | | Valuation amount | | Increased | | Decreased | | |
|---|---|---|---|---|---|---|---|---|
| | January 1 | Recorded in profit or loss | Recorded in other comprehensive income (loss) | Acquired/ Issued | Transfers into level 3 | Sold/ Disposed/ Settled | Transfers out from level 3 | December 31 |
| Financial assets at fair value through profit or loss- current | | | | | | | | |
| Unlisted stocks | $ 41,231 | ($ 5,554) | $ - | $ 2,500 | $ - | $ - | ($ 26,395) | $ 11,782 |
| Financial assets at fair value through profit or loss - non-current | | | | | | | | |
| Venture capital shares | 21,180 | ( 4,189) | - | - | - | - | - | 16,991 |
| Financial assets at fair value through other comprehensive income - non-current | | | | | | | | |
| Unlisted stocks | 591,596 | - | 116,020 | - | - | - | - | 707,616 |

(D) The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

| December 31, 2021 | Fair value | Valuation technique | Significant unobservable input | Range (weighted average) | Relationship of inputs to fair value |
|---|---|---|---|---|---|
| Financial assets at fair value through profit or loss - current | | | | | |
| Unlisted stocks | $ 65,712 | Market approach | Price to earnings ratio multiple | 3.15 | The higher the multiple, the higher fair value |
| | | | Discount for lack of marketability | 25% | The higher the discount for lack of marketability, the lower the fair value |
| | | | Latest transaction price | Not applicable | Not applicable |
| Financial assets at fair value through profit or loss - non-current | | | | | |
| Venture capital shares | 12,650 | Net asset value | Not applicable | Not applicable | Not applicable |
| Others | 13,950 | Net asset value | Not applicable | Not applicable | Not applicable |
| Financial assets at fair value through other comprehensive income - non-current | | | | | |
| Unlisted stocks | 1,137,756 | Market approach | Price to earnings ratio multiple | 1.80~2.27 | The higher the multiple, the higher fair value |
| | | | Discount for lack of marketability | 6.24%~9.17% | The higher the discount for lack of marketability, the lower the fair value |

| December 31, 2020 | Fair value | Valuation technique | Significant unobservable input | Range (weighted average) | Relationship of inputs to fair value |
|---|---|---|---|---|---|
| Financial assets at fair value through profit or loss - current | | | | | |
| Unlisted stocks | $ 11,782 | Market approach | Price to earnings ratio multiple | 28.45 | The higher the multiple, the higher fair value |
| | | | Discount for lack of marketability | 25% | The higher the discount for lack of marketability, the lower the fair value |
| Financial assets at fair value through profit or loss - non-current | | | | | |
| Venture capital shares | 16,991 | Net asset value | Not applicable | Not applicable | Not applicable |
| Financial assets at fair value through other comprehensive income - non-current | | | | | |
| Unlisted stocks | 707,616 | Market approach | Price to earnings ratio multiple | 1.46~1.90 | The higher the multiple, the higher fair value |
| | | | Discount for lack of marketability | 6.99%~9.65% | The higher the discount for lack of marketability, the lower the fair value |

(E)Valuation process for fair value at Level 3

The parent company's risk management department is responsible for the verification of fair value categorized in Level 3. The department assesses the independence, reliability, consistency and representativeness of the source information, regularly verifies the valuation models and calibrates the parameters to ensure the valuation process and results are in compliance with IFRSs.

(F) For the fair value measurement of Level 3, the sensitivity analysis of the fair value to the reasonable alternative hypothesis shows that the fair value measurement of the financial assets by the Group is reasonable. However, use of different valuation models or assumptions may result in different measurement. The following is the impact to profit or loss or to other comprehensive income from financial assets and liabilities categorized within Level 3 if the inputs used in valuation models have changed up or down by 1%:

| December 31, 2021 | Recognised in profit or loss | | Recognised in other comprehensive income | |
|---|---|---|---|---|
| | Favourable change | Unfavourable change | Favourable change | Unfavourable change |
| Financial assets at fair value through profit or loss - current | | | | |
| Unlisted stocks | $ 657 | ($ 657) | $ - | $ - |
| Financial assets at fair value through profit or loss -non-current | | | | |
| Venture capital shares | Not applicable | Not applicable | - | - |
| Others | Not applicable | Not applicable | - | - |
| Financial assets at fair value through other comprehensive income - non-current | | | | |
| Unlisted stocks | - | - | 11,378 | ( 11,378) |

| December 31, 2020 | Recognised in profit or loss | | Recognised in other comprehensive income | |
|---|---|---|---|---|
| | Favourable change | Unfavourable change | Favourable change | Unfavourable change |
| Financial assets at fair value through profit or loss - current | | | | |
| Unlisted stocks | $ 118 | ($ 118) | $ - | $ - |
| Financial assets at fair value through profit or loss -non-current | | | | |
| Venture capital shares | Not applicable | Not applicable | - | - |
| Financial assets at fair value through other comprehensive income - non-current | | | | |
| Unlisted stocks | - | - | 7,076 | ( 7,076) |

6) Capital management

A. Objective of capital management

(A) The represented capital adequacy ratio basically shall not be lower than 200% in compliance with the warning standard addressed in the “Rules Governing Securities Firms”.

(B) The Group includes all risks involved in the investment position as a part of risk management, such as market risk, credit risk, liquidity risk, operating risk, legal risk, and model risk and so on. Each risk management responsive unit should identify, evaluate, monitor and control various risks in order to enable the Group to defend impact from financial market, reflect the current operating strategies and make the investment portfolio applied to business planning and development.

B. Capital management policy and procedure

In order to secure the long-term and stable development of various businesses and effectively assume risks, the Group manages capital based on the business development, related regulations and financial market environment. Major capital evaluation processes include:

(A) Each segment should provide accurate and valid source of information to maintain calculation accuracy of capital adequacy ratio.

(B) After the reporting at the 10th of each month, capital adequacy ratio should be computed by the end of every month. If the result is close to the legal standard, every unit will be called to attend a meeting for discussion and strategic planning to ensure that the basic objective of capital adequacy ratio is not less than 200%.

(C) Both the risk limits and economic capital of the Group should be agreed by the Board of Directors. The Group should quarterly report details of risk control with disclosure of investment condition in order to assess whether the risk position exceeds the limit and whether the investment direction is in line with the market trend. Within the authorized risk limits, the Group is actively engaged in development of various businesses and continually increases profit, creates company value, and complies with the capital management objective.

The Group calculates and reports the capital adequacy ratio according to "Rules Governing Securities Firms". As of December 31, 2021 and 2020, the capital adequacy ratios were 379% and 339%, respectively, as required by the regulations.

7) Assets and liabilities of trust accounts

Pursuant to Article 17 of Enforcement Rules of the Trust Enterprise Act, balance sheet, income statement, and property list of trust accounts shall be disclosed in the consolidated financial statements on a semiannual basis.

A. Balance sheet of trust accounts

BALANCE SHEETS

| Trust assets | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Bank savings | $ 669,217 | $ 492,979 |
| Structured notes | 923,114 | 664,243 |
| Stock | 1,284,571 | 928,705 |
| Bond | 435,389 | 423,452 |
| Repurchase bond | 23,127 | 21,794 |
| Fund | 5,014,866 | 3,877,584 |
| Accounts receivable | 60,575 | 36,087 |
| Total of trust assets | $ 8,410,859 | $ 6,444,844 |

| Trust liabilities | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Accounts payable | $ 2,130 | $ 1,699 |
| Trust capital | 6,945,206 | 5,562,920 |
| Net income | 1,753,062 | 1,099,366 |
| Accumulated deficit | ( 289,539) | ( 219,141) |
| Total of trust liabilities | $ 8,410,859 | $ 6,444,844 |

B. Income statement of trust accounts

STATEMENTS OF INCOME

| Item | Year ended December 31, 2021 | Year ended December 31, 2020 |
|---|---|---|
| Trust income | | |
| Interest income | $ 44,486 | $ 20,430 |
| Cash dividends received | 61,237 | 47,788 |
| Income from stock lending | - | 587 |
| Investment realised gains - bond | 5,882 | 18,510 |
| Investment realised gains - stock | 6,967 | - |
| Investment realised gains - fund | 392,454 | 244,372 |
| Investment realised gains - structured notes | 5,699 | 5,083 |
| Investment unrealised gains - bond | 20,265 | 31,001 |
| Investment unrealised gains - stock | 671,271 | 367,587 |
| Investment unrealised gains - fund | 718,037 | 459,799 |
| Investment unrealised gains - structured notes | 1,996 | 2,030 |
| Other income | 2 | - |
| Subtotal | 1,928,296 | 1,197,187 |
| Trust expenses | | |
| Administrative expenses | ( 1,255) | ( 1,099) |
| Service fee | ( 1,311) | ( 526) |
| Borrowing costs | - | ( 134) |
| Investment realised losses - bond | ( 1,393) | ( 318) |
| Investment realised losses - stock | ( 21) | - |
| Investment realised losses - fund | ( 34,002) | ( 42,212) |
| Investment realised losses - structured notes | ( 52) | - |
| Investment unrealised losses - bond | ( 14,706) | ( 7,317) |
| Investment unrealised losses - stock | ( 8,156) | ( 3,427) |
| Investment unrealised losses - fund | ( 87,619) | ( 40,634) |
| Investment unrealised losses - structured notes | ( 26,712) | ( 2,164) |
| Income before income tax | 1,753,069 | 1,099,356 |
| Income tax benefit (excpense) | ( 7) | 10 |
| Net income | $ 1,753,062 | $ 1,099,366 |

C. Property list of trust accounts

PROPERTY LIST OF TRUST ACCOUNTS

| Items | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Bank savings | $ 669,217 | $ 492,979 |
| Structured notes | 923,114 | 664,243 |
| Fund | 5,014,866 | 3,877,584 |
| Bond | 435,389 | 423,452 |
| Bonds under repurchase agreements | 23,127 | 21,794 |
| Stock | 1,284,571 | 928,705 |
| Others | 60,575 | 36,087 |
| Total | $ 8,410,859 | $ 6,444,844 |

8) Status of the company in the limitations on financial ratios imposed by futures trading act, and the related implementation

The table below is prepared according to "Regulations Governing Futures Commission Merchants".

| Article | Calculation formula | December 31, 2021 | | December 31, 2020 | | Standard | Enforcement |
|---|---|---|---|---|---|---|---|
| | | Calculation | Ratio | Calculation | Ratio | | |
| 17 | Stockholders' equity / (Total liability－futures trader's equity) | 2,250,466 / 42,881 | 52.48 | 2,846,449 / 72,340 | 39.35 | ≧1 | Met the requirement |
| 17 | Current assets / Current liabilities | 5,097,865 / 42,881 | 118.88 | 4,227,508 / 72,340 | 58.44 | ≧1 | Met the requirement |
| 22 | Stockholders' equity / Minimum paid-in capital | 2,250,466 / 400,000 | 562.62% | 2,846,449 / 400,000 | 711.61% | ≧60%<br>≧40% | Met the requirement |
| 22 | Adjusted net capital / Total amount of customer margins required for the open positions of futures traders | 1,860,017 / 635,292 | 292.78% | 2,578,686 / 406,350 | 634.60% | ≧20%<br>≧15% | Met the requirement |

9) Status of the subsidiary in the limitations on financial ratios imposed by the futures trading act and the related implementation

The table below is prepared according to "Regulations Governing Futures Commission Merchants".

| Article | Calculation formula | December 31, 2021 | | December 31, 2020 | | Standard | Enforcement |
|---|---|---|---|---|---|---|---|
| | | Calculation | Ratio | Calculation | Ratio | | |
| 17 | Stockholders' equity / (Total liability－futures trader's equity) | 2,502,861 / 176,386 | 14.19 | 2,173,904 / 204,613 | 10.62 | ≧1 | Met the requirement |
| 17 | Current assets / Current liabilities | 26,983,986 / 25,813,665 | 1.05 | 25,273,422 / 24,066,160 | 1.05 | ≧1 | Met the requirement |
| 22 | Stockholders' equity / Minimum paid-in capital | 2,502,861 / 645,000 | 388.04% | 2,173,904 / 645,000 | 337.04% | ≧60%<br>≧40% | Met the requirement |
| 22 | Adjusted net capital / Total amount of customer margins required for the open positions of futures traders | 2,187,401 / 4,151,688 | 52.69% | 1,833,493 / 4,060,614 | 45.15% | ≧20%<br>≧15% | Met the requirement |

10) Prospective risk for futures trading

The main risk for futures merchants engaging in futures trading is credit risk, which could happen if the margin call cannot be made when it should have been made. While being consigned to conduct the futures trading, the Group pays attention to the individual margin account on a daily basis and request additional margin call or reduction in trading volume when necessary according to the condition of individual customer transactions in order to control the credit risk accordingly. The main risk faced by the Group while engaging in self-operating businesses is market price risk- that is risk of changes in market prices of futures or options contracts as a result of fluctuation in underlying investment index. Losses may occur if the market index price and underlying investment move adversely. However, the Group has set up stop-loss point to control such risk for reasons of risk management.

(Blank below)

13. OTHER DISCLOSURE ITEMS

1) Information about significant transactions

A. Lending to others: Excluding security margin trading and conditional bond trading business, there is no lending of funds to either the shareholders or other parties.

B. Endorsements and guarantees for others：None.

C. Acquisitions of real estate exceeding $300 million or 20 percent of contributed capital：None.

D. Disposals of real estate exceeding $300 million or 20 percent of contributed capital：None.

E. Purchases or sales transactions discount on brokers' charges with related parties in excess of $5,000,000：None.

F. Receivables from related parties exceeding $100 million or 20 percent of contributed capital：None.

G. Significant transactions between parent company and subsidiaries

| No.(Note1) | Company | Counterparty | Relationship (Note 2) | Details of transactions | | | |
|---|---|---|---|---|---|---|---|
| | | | | Account | Amount | Conditions | Percentage (%) of total consolidated net revenues or assets (Note 3) |
| 0 | President Securities Corp. | President Futures Corp. | 1 | Futures Margin - Own Funds | $ 4,353,971 | Note 4 | 3.70% |
| 0 | President Securities Corp. | President Futures Corp. | 1 | Deposit-out | 34,000 | Note 4 | 0.03% |
| 0 | President Securities Corp. | President Futures Corp. | 1 | Accounts receivable | 3,085 | Note 4 | 0.00% |
| 0 | President Securities Corp. | President Futures Corp. | 1 | Deposit-in | 16,000 | Note 4 | 0.01% |
| 0 | President Securities Corp. | President Futures Corp. | 1 | Future commission revenue | 42,884 | Note 4 | 0.37% |
| 0 | President Securities Corp. | President Futures Corp. | 1 | Clearing charges | 14,089 | Note 4 | 0.12% |
| 0 | President Securities Corp. | President Futures Corp. | 1 | Other non-operating revenues | 4,458 | Note 4 | 0.04% |
| 0 | President Securities Corp. | President Capital Management Corp. | 1 | Expense from investment advisory | 50,400 | Note 4 | 0.43% |
| 0 | President Securities Corp. | President Capital Management Corp. | 1 | Other non-operating revenues | 3,644 | Note 4 | 0.03% |
| 0 | President Securities Corp. | President Insurance Agency Corp. | 1 | Other non-operating revenues | 1,125 | Note 4 | 0.01% |

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

1. The number zero is for parent company.
2. According to the sequential order, subsidiaries are numbered from 1.

Note 2：There are three kinds of transactions between related parties and numbered from 1 to 3 were shown as follows (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.)

1. Parent company to subsidiaries.
2. Subsidiaries to parent company.
3. Subsidiaries to subsidiaries.

Note 3：The calculation basis of the trading amount accounting for the total consolidated net revenues or assets is that the account ending balance is divided by the total consolidated assets if it is attributed to the balance sheet accounts, and the accumulated trading amount of the interim period is divided by the total consolidated net revenues if it is attributed to the profit or loss accounts.

Note 4：All the prices of the service revenues and consulting service provided between related parties were traded by contracts.

Note 5：Based on materiality, only the amounts of the transactions that were above $1 million would be shown in the table.

2) Related information of investee companies

A. Related information of investee companies

| | | | | | | Original investment | | Ending Balance | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Name of the investor | Name of the investee company | Location | Date of registration | Reference number and the date of approval letter issued by FSC | Major operating activities | Balance on December 31, 2021 | Balance on December 31, 2020 | Shares | Percentage | Book vlaue | Revenue of investee company | Net income (loss) of investee company | Investment income (loss) recognised by the Company | Cash dividends | Notes |
| President Securities Corp. | President Futures Corp. | Taipei | 1994.03.01 | 1994.03.01 Jing-Tou-Shen (83) Gong-Shang Letter No.1114 (Note 1) | Futures brokerage and dealer | $ 644,650 | $ 644,650 | 63,817,303 | 96.69% | $ 2,420,110 | $ 854,895 | $ 119,086 | $ 115,153 | $ 144,227 | Subsidiary of the Company |
| | President Capital Management Corp. | Taipei | 1997.04.15 | 1997.02.25 (86) Tai-Cai-Zheng (4) Letter No.17769 | Securities investment consulting | 326,000 | 326,000 | 30,000,000 | 100.00% | 312,175 | 88,621 | ( 8,081) | ( 8,074) | - | Subsidiary of the Company |
| | President Securities (HK) Ltd. | Hong Kong | 1994.07.26 | 1993.11.4 (82) Tai-Cai-Zheng (2) Letter No.40913 | Securities dealer, underwriting, brokerage and consulting | 848,735 | 848,735 | 192,600,000 | 100.00% | 1,288,431 | 75,964 | ( 27,343) | ( 27,343) | - | Subsidiary of the Company |
| | President Wealth Management (HK) Ltd. | Hong Kong | 2002.03.31 | 2001.12.11 (90) Tai-Cai-Zheng (2) Letter No.166728 | Wealth management | 92,091 | 92,091 | 23,400,000 | 100.00% | 54,073 | - | ( 39) | ( 39) | - | Subsidiary of the Company |

| Name of the investor | Name of the investee company | Location | Date of registration | Reference number and the date of approval letter issued by FSC | Major operating activities | Original investment: Balance on December 31, 2021 | Original investment: Balance on December 31, 2020 | Ending Balance: Shares | Ending Balance: Percentage | Ending Balance: Book vlaue | Revenue of investee company | Net income (loss) of investee company | Investment income (loss) recognised by the Company | Cash dividends | Notes |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | President Securities (Nominee) Ltd. | Hong Kong | 1999.08.06 | 1997.10.27 (86) Tai-Cai-Zheng (2) Letter No.04840 | Nominee Service | $ 3,403 | $ 3,403 | 1,000,000 | 100.00% | $ 1,529 | $ - | ($ 88) | ($ 88) | $ - | Subsidiary of the Company |
| | Uni-President Asset Management Corp. | Taipei | 1992.009.03 | 2000.07.19 (89) Tai-Cai-Zheng (2) Letter No.56407 | Investment Trust | 667,622 | 667,622 | 14,904,630 | 42.46% | 760,171 | 1,411,480 | 536,134 | 227,661 | 98,959 | Associates |
| | President Insurance Agency Corp. | Taipei | 2008.04.29 | (Note2) | Insurance Agent | 10,000 | 10,000 | 1,000,000 | 100.00% | 46,249 | 85,198 | 25,060 | 25,069 | 8,541 | Subsidiary of the Company |
| | PSC Venture Capital Investment Limited Company | Taipei | 2013.10.29 | 2013.08.08 Jing-Guan-Zheng-Chuan Letter No.1020028529 | Consultation of investment management and venture capital; other unprohibited or unrestricted businesses beyond the permit | 300,000 | 300,000 | 30,000,000 | 100.00% | 273,064 | 42,717 | 30,924 | 30,925 | - | Subsidiary of the Company |
| President Insurance Agency Corp. | Uni-President Asset Management Corp. | Taipei | 1992.09.03 | 2000.07.19 (89) Tai-Cai-Zheng (2) Letter No.56407 | Investment Trust | 478 | 478 | 12,000 | 0.03% | 616 | 1,411,480 | 536,134 | 183 | 80 | Associates |

Note 1：As FSC was established in July, 2004, President Futures Corp. was approved by the Investment Commission, Ministry of Economic Affairs.

Note 2：When securities corporations invest in domestic business within FSC's limitation, there is no need to obtain the approval from FSC in advance, according to Tai-Cai-Zheng (2) Letter No.0930000005. Therefore, there was no reference numbers for President Insurance Agency Corp.

B. Lending to others: Excluding security margin trading and conditional bond trading business, there is no lending of funds to either the shareholders or other parties.

C. Endorsements and guarantees for others：None.

D. Acquisitions of real estate exceeding $300 million or 20 percent of contributed capital：None.

E. Disposals of real estate exceeding $300 million or 20 percent of contributed capital：None.

F. Purchases or sales transactions discount on brokers' charges with related parties in excess of $5,000,000：None.

G. Receivables from related parties exceeding $100 million or 20 percent of contributed capital：None.

H. Accordance with Jing-Guan-Zheng-Chuang Letter No. 10300375782, the Company is required to disclose details of businesses run by foreign enterprises that were incorporated in the countries identified as non-signatories to the IOSCO MMoU or have not obtained securities or futures license of signatories to the IOSCO MMoU:

a) Revenue from engagement in consultation on assets management business, service contents and litigation：None

b) Balance sheets

PRESIDENT WEALTH MANAGEMENT (HK) LTD.

BALANCE SHEETS

DECEMBER 31, 2021 AND 2020

Expressed in HK dollars

| | December 31, 2021 | | December 31, 2020 | | | December 31, 2021 | | December 31, 2020 | |
|---|---|---|---|---|---|---|---|---|---|
| Assets | Amount | % | Amount | % | Liabilities and shareholders' equity | Amount | % | Amount | % |
| Currents assets | | | | | Current liabilities | | | | |
| Cash and cash equivalents | $ 15,252,550 | 100 | $ 15,254,818 | 100 | Other payables | $ 20,400 | - | $ 20,400 | - |
| Other receivables | 4,028 | - | 12,553 | - | Total liabilities | 20,400 | - | 20,400 | - |
| Total current assets | 15,256,578 | 100 | 15,267,371 | 100 | Shareholders' equity | | | | |
| | | | | | Share capital | 23,400,000 | 154 | 23,400,000 | 153 |
| | | | | | Retained earnings | | | | |
| | | | | | Accumulated deficit | ( 8,163,822) | ( 54) | ( 8,153,029) | ( 53) |
| | | | | | Total shareholders' equity | 15,236,178 | 100 | 15,246,971 | 100 |
| Total assets | $ 15,256,578 | 100 | $ 15,267,371 | 100 | Total liabilities and shareholders' equity | $ 15,256,578 | 100 | $ 15,267,371 | 100 |

PRESIDENT SECURITIES (NOMINEE) LTD.

BALANCE SHEETS

DECEMBER 31, 2021 AND 2020

Expressed in HK dollars

| | December 31, 2021 | | December 31, 2020 | | | December 31, 2021 | | December 31, 2020 | |
|---|---|---|---|---|---|---|---|---|---|
| Assets | Amount | % | Amount | % | Liabilities and shareholders' equity | Amount | % | Amount | % |
| Currents assets | | | | | Current liabilities | | | | |
| Cash and cash equivalents | $ 447,719 | 100 | $ 472,052 | 100 | Other payables | $ 16,800 | 4 | $ 16,800 | 3 |
| Other receivables | - | - | 6 | - | Total liabilities | 16,800 | 4 | 16,800 | 3 |
| Total current assets | 447,719 | 100 | 472,058 | 100 | Shareholders' equity | | | | |
| | | | | | Share capital | 1,000,000 | 223 | 1,000,000 | 212 |
| | | | | | Retained earnings | | | | |
| | | | | | Accumulated deficit | ( 569,081) | ( 127) | ( 544,742) | ( 115) |
| | | | | | Total shareholders' equity | 430,919 | 96 | 455,258 | 97 |
| Total assets | $ 447,719 | 100 | $ 472,058 | 100 | Total liabilities and shareholders' equity | $ 447,719 | 100 | $ 472,058 | 100 |

c) Statements of comprehensive income

PRESIDENT WEALTH MANAGEMENT (HK) LTD.
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

Expressed in HK dollars

| Assets | December 31, 2021 Amount | % | December 31, 2020 Amount | % |
|---|---|---|---|---|
| Expenditures and expenses | | | | |
| Other operating expenses | ($ 41,985) | 389 | ($ 41,435) | ( 44) |
| Total expenditures and expenses | ( 41,985) | 389 | ( 41,435) | ( 44) |
| Non-operating gains and losses | | | | |
| Other gains and losses | 31,191 | ( 289) | 136,625 | 144 |
| Profit before tax | ( 10,794) | 100 | 95,190 | 100 |
| Income tax expense | - | - | - | - |
| Net income | ($ 10,794) | 100 | $ 95,190 | 100 |

PRESIDENT SECURITIES (NOMINEE) LTD.
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

Expressed in HK dollars

| Assets | December 31, 2021 Amount | % | December 31, 2020 Amount | % |
|---|---|---|---|---|
| Expenditures and expenses | | | | |
| Other operating expenses | ($ 24,710) | 102 | ($ 23,535) | 123 |
| Total expenditures and expenses | ( 24,710) | 102 | ( 23,535) | 123 |
| Non-operating gains and losses | | | | |
| Other gains and losses | 372 | ( 2) | 4,337 | ( 23) |
| Profit before tax | ( 24,338) | 100 | ( 19,198) | 100 |
| Income tax expense | - | - | - | - |
| Net income | ($ 24,338) | 100 | ($ 19,198) | 100 |

d) Dealings with foreign businesses in related party transactions: None

3) Information of overseas branches and representative office: None

4) Disclosure of investment in Mainland China

A. Information of investment in Mainland China

| Investee in Mainland China | Main business activities | Paid-in capital (Note 4) | Investment method (Note 1) | Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021 | Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the years ended December 31, 2021 | | Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021 | Net income of investee as of December 31, 2021 | Ownership held by the Company (direct or indirect) | Investment income (loss) recognized by the Company for the year ended December 31, 2021 (Note 2) | Book value of investments in Mainland China as of December 31, 2021 | Accumulated amount of investment income remitted back to Taiwan as of December 31, 2021 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Remitted to Mainland China | Remitted back to Taiwan | | | | | | |
| Jin Yuan President Securities Co.,Ltd. | Securities brokering, securities dealing, securities underwriting and sponsoring service | $ 5,212,800 | Directly invest in a company in Mainland China | $ 2,481,388 | $ - | $ - | $ 2,481,388 | ($ 305,071) | 49% | ($ 149,485)<br>The financial statements that are audited by international accounting firm which has cooperative relationship with accounting firm in R.O.C. | $ 2,363,197 | $ - |

B. Limitation on investment in Mainland China (expressed in thousands of dollars)

| Company name | Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021 | Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) | Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA |
|---|---|---|---|
| Jin Yuan President Securities Co.,Ltd. | $ 2,481,388 | $ 2,481,388 | $ 19,059,978 |

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

(1) Directly invest in a company in Mainland China.

(2) Through investing in an existing company in the third area, which then invested in the investee in Mainland. (Please indicate investment company in the third area.)

(3) Others.

Note 2: In the 'Investment income (loss) recognized by the Company for the years ended December 31, 2021' column:

(1) It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.

(2) Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:.

a. The financial statements that are audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.

b. The financial statements that are audited and attested by R.O.C. parent company's CPA.

c. Others.

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

Note 4: The paid-in capital of Jin Yuan President Securities Co.,Ltd is CNY 1.2 billion.

5) Major shareholder information

| Major shareholder | Number of shares held (thousands) | Shareholding ratio |
|---|---|---|
| Uni-President Enterprises Corp. | 417,517 | 28.67% |

Note 1: The information of major shareholders in this table is based on the last business day of the end of each quarter by Taiwan Depository and Clearing Corp., which determines shareholders holding more than 5% of ordinary shares and special shares of securities firms that have completed unregistered delivery (including treasury shares). As for the share capital recorded in the financial report of the securities firm and the actual number of shares delivered by the securities firm without physical registration, there may be differences due to different calculation bases.

Note 2: In the case of the above information, if a shareholder delivers shares to the trust, it is disclosed in individual accounts by the trustee who opened the trust account by the trustee. As for the shareholders' declaration of insider's shareholding in accordance with the Securities and Exchange Act, their shareholding includes their own shareholding plus the shares delivered to the trust and the right to use the trust property. For information on insider's equity declaration, please refer to the Market Observation Post System.

14. SEGMENTS INFORMATION

1) General information

Financial information by the Group's segments is disclosed in accordance with IFRS 8. Management has determined the reportable operating segments based on the reports reviewed by the Chief Operating Decision-Maker (CODM) that are used to make strategic decisions. The Group's operating segments are classified into Brokerage, Quantitative Trading, Proprietary Trading, Fixed Income and Reinvestment according to the sources of income. The remaining operating results which have not reached the threshold requirements are consolidated in 'other operating segments'. Sources of income from products and services rendered by each segment are as follows:

A. Brokerage segment: consigned trading of the listed securities, margin trading and short sale, assistance in futures trading and other instruments trading as approved by the regulations.

B. Quantitative Trading segment: trading of domestic/overseas futures and options, ETF arbitrage, market maker, liquidity provider, hedging, spot/futures arbitrage as approved by Law.

C. Proprietary Trading segment: using the self-owned equity to conduct securities trading such as stocks and bonds trading, and futures and options hedging in Stock Exchange and OTC.

D. Financial product segment: Call (put) warrants (including negotiated warrants) and Callable Bull/Bear Contracts (CBBC) issuance, Structured Notes Trading, equity derivative trading, and Exchange Traded Note (ETN) and other derivative financial products approved by the competent authority.

E. Reinvestment segment: companies reinvested by the consolidated entities.

F. Other operating segments include Capital Market segment, Fixed Income segment, and Shareholder Services segment.

2) Segments information

The accounting policies applied to the Group's operating segments and summary of accounting policies disclosed in the notes to the financial statements are consistent and identical. The operating gains and losses are measured by the amount before tax and used as basis for performance appraisal. Income and expense attributable to each operating segment are attributed to the segmental gains and losses. Non-attributable indirect expenses and expenses from logistic support segment are amortized to each operating segment based on reasonable calculation standards and the expense nature. Those that cannot be reasonably amortized are listed under "Others"

3) Profit or loss, Assets and Liabilities of segments information

| | Year ended December 31, 2021 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Brokerage segment | Quantitative Trading segment | Proprietary Trading segment | Financial instrument segment | Reinvestment segment | Other operating segments | Others | Total |
| Segment revenues | $ 5,516,206 | $ 753,836 | $ 2,528,807 | $ 1,259,777 | $ 1,151,854 | $ 643,703 | ($ 232,564) | $ 11,621,619 |
| Segment profit or loss | $ 1,985,946 | $ 221,416 | $ 1,975,793 | $ 538,865 | $ 172,239 | $ 268,608 | ($ 493,432) | $ 4,669,435 |

| | Year ended December 31, 2020 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Brokerage segment | Quantitative Trading segment | Proprietary Trading segment | Financial instrument segment | Reinvestment segment | Other operating segments | Others | Total |
| Segment revenues | $ 3,188,195 | $ 1,053,299 | $ 1,816,970 | $ 613,902 | $ 1,211,542 | $ 1,883,253 | ($ 185,889) | $ 9,581,272 |
| Segment profit or loss | $ 776,046 | $ 535,516 | $ 1,227,947 | $ 185,504 | $ 877,943 | $ 1,291,776 | ($ 911,910) | $ 3,982,822 |

Note 1: As operating income (loss) in total is consistent with consolidated statement of comprehensive income, there is no need for adjustment.

Note 2: The Company measures the performance of reportable operating segment based on specific performance indicators instead of assets and liabilities. The performance of reportable operating segment is regularly reviewed and assessed by the CODM as a reference for making resources allocation decision.

4) Information on products and services

The Group’s segments are based on different products and services, and had disclosed in general information. It disclosures the types of products and services of the Group’s segments 's source of income. There is no additional disclosure requirement on the income information of products and services.

5) Geographical information

The Group's external customer income from a single foreign country is immaterial, so it would not be disclosed.

6) Major customer information

The Group did not have any significant customers that account for more than 10% of its revenue, so it would not be disclosed.