

Stock Code: 6021

Good Finance Securities Co., Ltd.
(Formerly known as Ta Ching Securities
Co., Ltd.)

2022

Company website: <http://www.goodfinance.com>
Annual Report accessible at: <http://mops.twse.com.tw>
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VII. Company website: <http://www.tcstock.com.tw>

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To the Shareholders of Good Finance Securities,

Ta Ching Securities Co., Ltd., Ta Ching Securities Investment Consulting Co., Ltd. and Ta Ching PE Co., Ltd. were renamed in 2022 to become Good Finance Securities Co., Ltd., Good Finance Securities Investment Advisors Co., Ltd. and Good Finance PE Co., Ltd. under Good Finance. The name Good Finance is a reiteration of our belief that we adhere to our promise steadfastly. The “Good” is a promise that inspires motivation; it is also the standard by which we examine our progress every day.

To me, this year’s shareholder letter evokes the feeling of dawn – when the rays of the sun begin to shine through and the roosters crow at the break of dawn, everything is awakened and rising to new challenges. As the beaming sun rises steadily above the horizon, the Good Finance team looks on and feels vitalized in the face of challenges after the company restructures.

As usual, I share with our shareholders my thoughts on the operation, policy decisions and outlook from the past year to ensure we are aligned on our investment philosophy. Regardless of how many shares of Good Finance Securities you own, I am incredibly grateful for our shareholders’ trust and support.

Operating Results

As of the end of 2022, the net value of Good Finance Securities was NT\$4.560 billion (NT\$ from here onwards) – a decrease of 1.030 billion (-18.4%) from 5.590 billion at the end of 2021; a decrease of 82 million (-1.8%) from 4.642 billion at the end of 2019 after the new team took over.

The comprehensive income in the same year was -1.045 billion; the net income was 52 million. Comparatively, the comprehensive income and net income in 2021 were 604 million and 321 million respectively; in 2019 they were -9 million and 26 million respectively.

It seems that the changes in net value over the past four years have not led to the creation of much wealth for shareholders. Regarding this I would like to share my thoughts: First, this is the nature of the fluctuations in net value as a consequence of holding stocks over the long run by the investment department. In addition, it is also because we have invested significantly in the company’s transformation and future development, which constrains short-term operating results. The substance of our company is fundamentally different from four years ago; distinguished managers from all over the world have joined us and have been working hard to apply their abilities in the financial industry. This means a remarkably multi-disciplinary and diverse culture is taking shape in the company. It took some time and was not easy, though after a period of adjustment, the young managers in various departments are taking responsibility and driving changes.

The change in comprehensive income is a result of capital allocation and is in line with expectations. In fact, holding a vast number of stocks in the long run is bringing in about 200 million of stable income from dividends and fluctuations of net value growth every year. The net income remains modest because our resources are focused on the company transformation as much as possible, in terms of investing in building a talented team and laying the foundation for future growth, from server management, data security software and hardware management, customer research, product design to risk management system and audit system optimization. Despite weakening the short-term profitability, these solid foundations for long-term growth are the key building blocks for our development in the coming decade. To build a state-of-the-art skyscraper, the upfront investment in the preliminary planning and foundation is the most time-consuming process, yet we believe this is an indispensable expense.

We continue to emphasize that our reporting to shareholders is based on net value, rather than net income and earnings per share that the market is accustomed to because our business comprises two major components, namely capital allocation and operation management. A discussion confined to net income and earnings per share cannot provide shareholders with a complete picture of our business, whereas growth in net value can help shareholders and partners evaluate our business and enterprise in a more complete and accurate manner.

In reviewing the business development in the past year, I will discuss in two separate sections below in terms of capital allocation and operation management.

Understanding Our Context

We are in an era of radical change. Looking back on the past three years – first, the Russo-Ukrainian War was the largest war in continental Europe since the end of World War II in 1945. The fragmentation of society and the tension as a result of the uncertainty of Europe being on the verge of military conflict over an extended period significantly impeded the entire European economy. Second, the most severe energy crisis since the 1970s has continued to intensify, triggering global inflation. Third, COVID-19 is the most devastating plague in human history since the 1918 influenza pandemic, with 759 million people infected. *The Economist* estimates that the actual death toll may be between 16.5 million and 27.3 million. This pandemic, estimated to be the most widespread in human history, has brought economies and societies around the world to a near standstill. Fourth, the relationship between China and the United States has become more strained and precipitated the suspension of the decades-long trend of a globalized single international market. The pursuit of the most efficient international cooperation and division of labor has come to an abrupt halt, and the global supply chain is under tremendous stress.

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Let's look at the total return including dividends in different markets over the last four years between 2018 and 2022: Taiwan Weighted Index 68.5%, US S&P 500 Index 64%, China CSI 300 Index 39.9%, Hong Kong Hang Seng Index -13.1%. In 2022, Taiwan Weighted Index -18.8%, US S&P 500 Index -18.1%, the indices fell to the levels at the end of 2020; China CSI 300 Index -19.8% returned to its position in 2019, while Hong Kong Hang Seng Index -12.6% was at its lowest point in the last four years.

Total Return including Dividends	Taiwan Weighted Index	US S&P 500 Index	China CSI 300 Index	Hong Kong Hang Seng Index	Good Finance Securities Net Value including dividends [1]
2018	11,692	2,777	3,352	31,074	4,957,549
2019	15,058 28.8%	3,651 31.5%	4,666 39.2%	35,118 13.0%	4,948,769 (0.2%)
2020	19,128 27.0%	4,322 18.4%	6,061 29.9%	35,035 (0.2%)	5,283,386 6.8%
2021	24,277 26.9%	5,562 28.7%	5,848 (3.5%)	30,888 (11.8%)	5,897,060 11.6%
2022	19,706 (18.8%)	4,554 (18.1%)	4,688 (19.8%)	27,009 (12.6%)	4,866,706 (17.5%)
Compound Annual Rate of Return (2018-2022)	13.9%	13.2%	8.7%	(3.4%)	(0.5%)
Total Rate of Return (2018-2022)	68.5%	64.0%	39.9%	(13.1%)	(1.8%)

[1] The calculation of the total return at Good Finance Securities is the sum of net value at the end of year and the total dividends distributed after 2019. Source: Bloomberg and company annual reports.

Revenue	Hon Hai Precision* [1] NTS million	TSMC NTS million	Dacn Construction NTS million	Media Tek NTS million	BERKSHIRE HATHAWAY INC NTS million
2019	5,342,811	1,069,985	10,761	246,222	254,616
2020	5,358,023 0.3%	1,339,255 25.2%	15,108 40.4%	322,146 30.8%	245,579 (3.5%)
2021	5,994,174 11.9%	1,587,415 18.5%	14,812 (2.0%)	493,415 53.2%	276,203 12.5%
2022	6,621,942 10.5%	2,263,891 42.6%	17,174 15.9%	548,796 11.2%	302,089 9.4%
Compound Annual Growth Rate (2019-2022)	5.9%	28.4%	16.9%	30.6%	5.9%

Net Income	Hon Hai Precision ^[*] NTS million	TSMC NTS million	Dacin Construction NTS million	Media Tek NTS million	BERKSHIRE HATHAWAY INC NTS million
2019	132,185	345,344	624	23,204	81,417
2020	114,326 (13.5%)	518,158 50.0%	1,121 79.6%	41,439 78.6%	42,521 (47.8%)
2021	153,823 34.5%	597,073 15.2%	1,209 7.9%	111,873 170.0%	89,795 111.2%
2022	N/A	1,016,901 70.3%	1,162 (3.9%)	118,625 6.0%	(22,819) (125.4%)
Compound Annual Growth Rate (2019-2022)	7.9%	43.3%	23.0%	72.3%	(165.4%)

Source: Bloomberg and company annual reports.

[*]Hon Hai's revenue in 2022 is non-audit, and the compound annual growth rate is calculated up till 2021.

Capital Allocation

We hold assets in the most exceptional, highest quality companies in the world; these companies are characterized by their operating capabilities and resilience against risks. Despite the challenging investment environment in the past three years, the value of these companies has been highlighted amid the turmoil. Of course, their stock prices also fluctuate due to various factors in the short term, yet their value and capabilities continue to grow steadily in the long run. In this section, I will examine our capital allocation from two perspectives.

First, from the perspective of remuneration – the investment team was formed in 2019, got up to speed and began investing in 2020. The current investment portfolio was largely established in June 2020, and the investment is distributed in the following markets (in order of proportion), Taiwan, the United States, and Hong Kong. After the investment portfolio was set up, the overall performance was roughly in line with the index return. However, if the calculation spans four years from the end of 2018 to the end of 2022, the total net value has dropped by 1.8% and there appears to be a gap between our performance and the returns of the three major indices. The key reason is that before we were able to begin building our portfolio in 2020, a rather favorable time to invest in 2019 was unfortunately missed.

Secondly, from a business point of view – in an environment where the world is becoming increasingly turbulent and unstable, it is the best time to examine the nature of business and the ability of managers. For example, Hon Hai Precision is facing multiple critical challenges. On the one hand, there is the impact of lockdown in many cities in China which diminished production capacity; on the other hand, when the global production chain is being reconfigured, Chairman Young Liu is faced with the inability to manufacture, a backlog of orders and a sharp upsurge in inventory, while pulling out all the stops to lead the company to innovate and enter the electric vehicle market. Under such trying circumstances, their revenue in 2022 hit a record high of 6.62 trillion, an increase of 10.5%. That was truly impressive.

On a related note, under the leadership of Chairman Mark Liu and CEO C.C. Wei, TSMC's turnover once again hit a record high of 2.26 trillion, increasing 42.6%. With the rapid growth in demand for cloud computing, storage and computing power, whether it is catering for electric vehicles or the defense industry, the demand for the advanced chip will continue to grow. TSMC has been investing more than 1 trillion in capital expenditures per year; not only is it the largest-scale investment since its establishment, but it is also a demonstration of their conviction for the future. They are occupied with research and development, as well as challenges in human resources where they would not have enough manpower even if they were able to hire all Taiwanese engineering graduates every year. Meanwhile, they are also engaged with the geopolitical complications among the United States, China, Japan, and Europe. Despite all this, TSMC can still retain 1.02 trillion net income, an increase of 70.3% versus the net income of 0.35 trillion in 2019; it has grown by 194.5% in three years. To sustain rapid growth as such an enormous entity, is really remarkable.

As shareholders, investing in these accomplished companies and entering a superb global market allows us to enjoy stable growth and income. The business could be going really well, yet the stock price would drop from 680 to 370 – that is the stock market. The stock price does not always reasonably reflect the true value of the company. For investors who only care about the ups and downs and not about the nature of the business, the paper loss is a nuisance; they would relinquish ownership of outstanding businesses when prices fall. On the contrary, for investors who want to buy and hold great companies with a long-term view, this is a fine opportunity. When the stock prices are falling and the book value looks bad, it is a wonderful opportunity to buy the shares of a good business that is backed by a good team, at a good price. Taking a little discomfort from the paper loss in exchange

for decent returns in the long run in the future is indeed a wonderful opportunity. If there is no decline in the market, how could a prime buying opportunity come along?

Dacin Construction, MediaTek, and Berkshire Hathaway have been performing well in the past few years. Whether it is the nature of the business, assets and liabilities, profit and loss, cash flow, dynamic moat, and the quality of the management team – everything is in good condition.

Overall, the companies of which the assets we hold are all quite healthy. These stable businesses are bringing us stable dividend income. Yet there are two sides of the same coin – they also bring unstable price fluctuations, which come with stable cash flow and profit and loss, as well as comprehensive income and balance sheet with larger fluctuations in net value. With regard to the short term, businesses that are doing well this year bring significant fluctuations in their net value as the stock market retreats; instead, we should focus on the nature of the business, the substance of the company and the longer-term perspective. I believe this will bring a lot more wealth to the shareholders in the next few decades.

Operation Management

Since 2020, we have begun to develop asset management businesses. So far, the asset under management has exceeded 5 billion. At the beginning of this year, the App "Good Wallet" (Good Finance App), which manages wealth for Good Finance customers, was launched. Customers can open an account and view their account details for the purchase and renewal of principal-guaranteed note products online. This is a wonderful experience, a very meaningful milestone and a small step in our transformation into a fintech company. We will continue to actively develop wealth management services. In addition to producing fixed-income products, we will further expand into the overseas bond sub-brokerage market to serve customers and bolster our business scale.

In 2019, after the new team took over Ta Ching Securities, we worked hard on the integration with the existing team. In 2020, in the face of tremendous changes in the securities industry, we need to build a team capable of radical change and innovation. It took us two years to overcome the daunting challenge of trying to build an excellent team under a brand that had no clear advantage. In 2022, when there were enough talents, we have to outline a clearer vision, mission, strategy, roadmap and goal, and reshape the organizational structure so that the 35-year-old company can start anew.

Transformation is not easy for a company that has more than 30 years of history and is still striving to create value for existing and new customers. Change requires determination and long-term commitment. With the continuous investment in future core capabilities, there will be a contradiction between short-term performance and long-term returns, and there will be a time gap between input and output. However, we firmly believe this is only a transitional period; the imminent growth will enable us to reap the results of the efforts spent in the past few years.

We continue to improve the company system and establish a clear mission, vision, strategy, and blueprint. When talents are in place, coupled with the appropriate investment in technology, this will lay a solid foundation for the 2030 goal to create more value for customers and shareholders. In the process of establishing the mission and vision, our colleague Kurt Lin who oversees content has this vision for the future: imagine one day when people no longer worry about money and can pursue their full potential; their imaginations and possibilities will no longer be limited by money. We should be committed to creating tools to support people such that they no longer have to worry about money so that everyone can focus on their passion, talent, and creation. What an incredible outcome if this comes true. This vision is a wonderful illustration of the mission and vision of Good Finance, such that all colleagues and shareholders can understand our future better. In our path to the future, we will continue to optimize and provide better solutions every year to help customers realize their dreams, and to achieve good finance and a great society.

Future Goals

In terms of capital allocation, we continue to be research-driven and we keep optimizing our investment strategies. Because of the high tax rate on profits from overseas positions, we will reduce the proportion of overseas investment, and at the same time seize the opportunity of the interest rate hike cycle to develop a bond business. In the current world economic environment, the money supply is at its highest level in history; the supply chain is restructuring, there is the energy crisis, and a host of factors that cause inflation. At the same time, a cycle of interest rate hikes will dampen consumption and drive up the operating costs of enterprises. That being said, in the long run, human production capacity is sufficient, or even excessive; I believe that in the long run, inflation and interest rates will return to a relatively lower norm and many investment opportunities will be revealed at that time.

In terms of operation management, we will provide more customized services to corporate clients and high-net-worth clients to better optimize their assets. In 2023, we will begin to reform our branch offices. We will pay equal attention to our brokerage business and customer-centered financial planning services. We look forward to having more passionate, experienced partners who are willing to take on the responsibility of social development join us and provide professional upgrades for the community and customers. With the continuous investment in technology, the "Good Wallet" will create more beautiful experiences and returns for customers.

Adjustment to Dividend Policy

In the future, we will flexibly adjust the dividend policy. Good Finance Securities has been working hard to generate better returns for shareholders' capital through optimizing capital allocation. After accumulating operating experience over the past few years, we realized that there are many challenges to such an ideal. Laws and policies pose many restrictions on the portfolio of securities companies, such as restrictions on BIS ratio, restrictions on concentration risks, high income tax rates on overseas portfolios, to name but a few, that challenged us to rethink the appropriate dividend policy. Considering the trade-off between the efficiency of retained earnings and the distribution of dividends, which is the most efficient method for shareholders' capital? We will use the efficiency of retained earnings as a self-examination standard to determine our dividend policy.

Conclusion

All efforts are for the long term.

Over the years, we have been fortunate to assemble many partners and team members who are experienced, enthusiastic and visionary. We must face a multitude of challenges every day. At times when we are stuck and can't break through, our excellent colleagues would propose fascinating solutions, which makes me think: "Wow, it's such an honor to work with this team!" This kind of experience only increases day by day. Although there are still many difficulties and perplexities, I am assured that with so many wonderful partners, we will be able to get over the trials and tribulations one after another.

In many of our meetings, we can see a group of people working hard and trying their utmost, applying their expertise to innovate and strive hard for customers, whether it is product, service or design – I am deeply moved. Such an experience is touching, beautiful and worthwhile despite all the difficulties and exertion.

Finally, I would like to share a short passage to echo the feeling at dawn: my colleague Edward Shen, who is in charge of fintech products, described the company's situation as a kettle – it keeps heating up, the pressure is building, yet the lid still has not been removed, and there is no telling when it will be, but we know eventually it will happen.

We value the long-term over the short-term and firmly believe that the fundamental measure of success is how much long-term good value we can create for our shareholders and society at large. We understand that this goal cannot be achieved without scale and influence, thus we are committed to expanding business with long-term value and establishing a long-term business model. In any case, the future is full of opportunities, and we will continue to work hard to achieve our mission: to build a good FinTech company that creates value for society.

Thank you. Welcome to our shareholder meeting and earnings conference and let's see the good society together.

Two. Company Profile

I. Date of Establishment: July 7, 1988

II. Company History:

Year	Milestones
1988	Registration and incorporation approved on July 7, with the paid-in capital amounting to NT\$200 million
1993	Issue new shares upon capital increase and paid-in capital amounted to NT\$250 million Luzhou Branch started operating officially.
1994	Paid-in capital amounted to NT\$450 million, upon consolidation of Tai Ching Securities and Hsieh Ching Securities.
1995	Start-up of margin trading and short sale for the trading of securities. Issue new shares upon capital increase and paid-in capital amounted to NT\$720 million Establishment of Proprietary Trading Dept. Yangmei Branch started operating officially.
1996	Issue new shares upon capital increase and paid-in capital amounted to NT\$810 million
1997	Issue new shares upon capital increase and paid-in capital amounted to NT\$1.42 billion Establishment of Underwriting Dept. Taishan Branch, Kaohsiung Branch, Keelung Branch, Tainan Branch and Taichung Branch started to operate officially.
1998	Issue new shares upon capital increase and paid-in capital amounted to NT\$1,848,890,000. Establishment of Futures Dept.
1999	Issue new shares upon capital increase and paid-in capital amounted to NT\$2,006,045,650. Zhonghe Branch started operating officially. Establishment of Network Service Dept. Relocation of Tainan Branch
2000	Issue new shares upon capital increase and paid-in capital amounted to NT\$2,146,878,240. Relocation of Kaohsiung Branch
2001	Issue new shares upon capital increase and paid-in capital amounted to NT\$2,232,753,370. Relocation of Taichung Branch and Zhonghe Branch
2002	Issue new shares upon capital increase and paid-in capital amounted to NT\$2,270,710,180.
2003	Listed on TPEx officially on April 21. Issue new shares upon capital increase and paid-in capital amounted to NT\$2,316,124,380.
2006	Issue new shares upon capital increase and paid-in capital amounted to NT\$2,397,883,580.
2007	Issue new shares upon capital increase and paid-in capital amounted to NT\$2,493,798,930.
2008	Issue new shares upon capital increase and paid-in capital amounted to NT\$2,655,895,870.
2010	Issue new shares upon capital increase and paid-in capital amounted to NT\$2,788,690,670.
2011	Issue new shares upon capital increase and paid-in capital amounted to NT\$3,067,559,740. The Company merged and acquired FULLSUN SECURITIES CO., LTD on December 25, 2011, and established FULLSUN Branch and Evergreen Branch.
2015	Invested capital to establish Ta Ching Securities Investment Consulting Co., Ltd. in

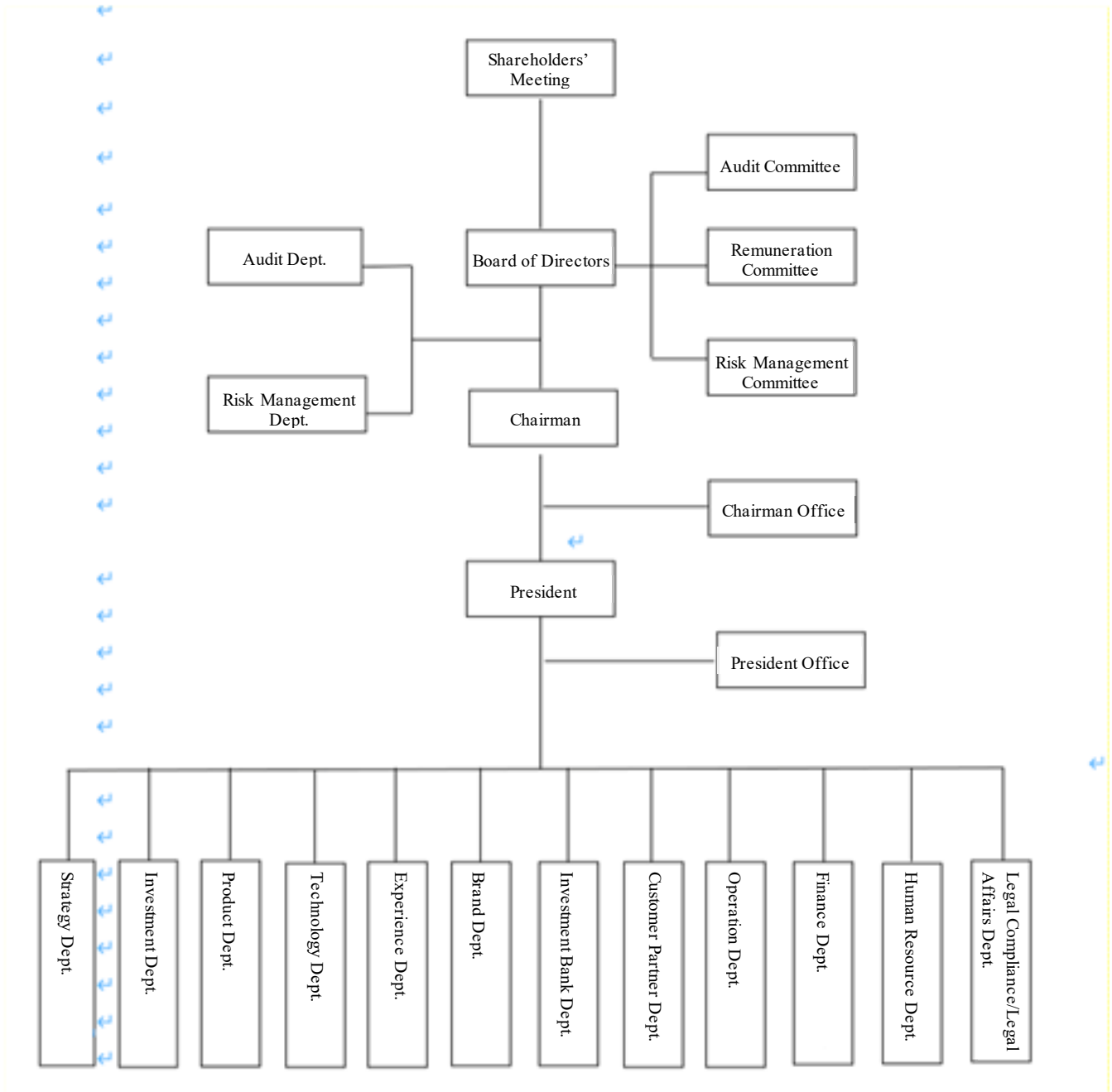
	April.
2017	Fuxing Branch was closed on January 20. The related operations were consolidated into the Head Office's Brokerage Dept.
2018	In September, Caterpillar Capital Co., Ltd. acquired 51.02% of the Company's common shares and the Company's right of management was changed accordingly. A special shareholders' meeting was convened on November 9, 2018 to re-elect the whole directors of 16 th Board of Directors to have the new management team to direct the Company's operations.
2019	Establishment of New Financial Product Dept. in October
2020	Evergreen Branch was closed on August 31. The related operations were consolidated into Luzhou Branch.
2021	The shareholders' meeting resolved to change the name of the Company to "Good Finance Securities Co., Ltd." on August 17.
2022	The Company received authorization to open its Shanghai Office on January 14.

- (I) Merger and acquisition activities, investments in affiliated companies and corporate reorganization in the most recent year until the date of publication of the annual report: None.
- (II) Large share transfers or changes in shareholdings of directors, supervisors, or shareholders who hold more than 10% of the Company's shares in the most recent year until the date of publication of the annual report: None.
- (III) Any change in managerial control, operating methods or type of business and any other matters of material significance that could affect shareholders' equity in the recent year until the date of publication of the annual report: None.

Three. Corporate Governance Report

I. Organization

1. The Organizational Chart is as follows:



Notes:

1. Customer Partner Dept. is in charge of securities and futures services and branches.
2. Operation Dept. is in charge of back-office settlement business related to securities and futures.
3. Product Dept. is in charge of financial product and technical product business.
4. Investment Bank Dept. is in charge of underwriting business.
5. For the time being, the Company has 12 sites of operations, namely Taipei Head Office, and Luzhou, Yangmei, Taishan, Kaohsiung, Miaoli, Zhongli, Keelung, Tainan, Taichung, Zhonghe, and Fullsun Branches.

2. Business operations of key departments

By department	Operations
Chairman Office	The Company's business development planning, new business planning, designated project planning, and instructions from Chairman.
President Office	Procurement and administration operations and sustainable development affairs.
Audit Dept.	Review and evaluate the adequacy of internal control system, ensure compliance with policies and laws, periodic execution of audit plans, and proposal of improvement and other related business.
Risk Management Dept.	Monitor the Company's risk profile and each sales unit's risk profile, and ensure that the sales units' risk is controlled within the limit authorized by the Company, and other related matters.
Strategy Dept.	Responsible for the annual business plan and business performance evaluation, and provide insight report on market, competition and business results, and mid-term/long-term development planning.
Investment Dept.	Responsible for proprietary trading of securities in the centralized ordered market, proprietary trading of securities on TPEX, proprietary trading of foreign securities, and foreign derivatives hedging trading, outright purchase/sale of bonds, RP/RS trading, trading of bonds approved by the competent authority, and other related business.
Product Dept.	Plan the Company's overall product development strategies, responsible for developing and promoting various financial products and technological products, and other related business.
Technology Dept.	Responsible for planning, design and maintenance of computer software and hardware, backup and management of the Company's computer data, and other related business.
Experience Dept.	Plan the Company's overall product experience development strategies, responsible for research on various product users, users' experience design, development and promotion, and other related business.
Brand Dept.	Responsible for management of the Company's brand and PR identity, marketing management, financial education, optimization of spaces, and customer experience.
Investment Bank Dept.	Tutorship for the public companies' offering of various securities, and listing thereof on TWSE/TPEX, underwriting of securities including stocks and corporate bonds, and financial consulting services.
Customer Partner Dept.	Trade securities under securities contract, trade futures under contract with futures traders, and AUM operations.
Operation Dept.	Responsible for closing accounts of various financial products of the Head Office and branches, and all back-office operations, including integration and planning of operating procedures and systems, enactment of operating requirements, standardization of operating procedures and futures risk control, settlement and other related business.
Finance Dept.	Preparation of the Company's budget and execution and control thereof, capital utilization, allocation, accounting and tax treatment, income and expenditure, and other related business.
Human Resource Dept.	Support realization of the Company's core business targets. Practice and continue to deepen the Company's cultures and values through recruitment, training, remuneration and bonus policy, and performance appraisal.
Legal Compliance/ Legal Affairs Dept.	Responsible for supervision, planning, execution and management of compliance and AML/CFT systems, as well as legal advice, review of contracts, and prosecution of litigious and non-litigious cases.

II. Information about Directors, Supervisors, Presidents, Vice Presidents, Assistant Vice Presidents, and Managers of All Divisions and Branch Units

(I) 1. Background of Directors and Supervisors

January 31, 2023

Position	Nationality or place of domicile	Name	Gender/Age	Date elected / appointed	Term of office	Date first elected	Shareholding while elected		Current shareholding		Shares held by spouse and underage children		Shares held in the names of others		Major (academic degree) experience	Concurrent positions in other companies	Spouse or relatives within the second degree of kinship acting as other managers, directors or supervisors			Remarks
							Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio			Position	Name	Relationship	
Chairman	R.O.C.	Ku-Han Huang	Male 41-50	June 19, 2020	3 years	November 9, 2018	0	0.00%	10,745,000	3.45%	301,044	0.1%	28,759,0000	9.24%	Department of Japanese Language and Culture, Fu Jen Catholic University Deputy Manager, Yuanta Securities Director, CTBC Hong Kong	Chairman, Asia Value Asset Management Co., Ltd. Chairman, Asia Value Cornerstone Capital Co., Ltd. Chairman, Infinite Bliss Financial Technology Co., Ltd. Chairman, Xin Yi Ling Co., Ltd. Chairman, Asia Value Capital Co., Ltd. Chairman, Caterpillar Capital Co., Ltd. Chairman, Shanghai Kuhan Investment Management Ltd. Chairman, Asia Value Capital Co., Ltd. Chairman, Asia Value Capital (Shanghai) Ltd. Chairman, Asia Value Capital (Hangzhou) Ltd. Chairman, Aman Co., Ltd. Chairman, Innovation Universe Co., Ltd. Chairman, Good Land Co., Ltd. Chairman, Good Innovation Co., Ltd. Chairman, T & M Capital Company Chairman, Software Innovation Co., Ltd.	None	None	None	
Vice chairperson	R.O.C.	Ming-Li Chuang	Female 61-70	June 19, 2020	3 years	May 29, 2018	8,992,202	2.93%	8,992,202	2.89%	0	0.00%	None	None	Master in Political Science, Chinese Culture University Chairman, Good Finance Securities Co., Ltd.	Director, Medigen Biotechnology Corp. Chairman, CheerTime Enterprise Co. Ltd. Director, Ta Ching Construction Co., Ltd. Chairman, Ta Chun Development and Construction Co., Ltd. Supervisor, Hsin Ching Construction Co., Ltd. Director, Tsao Ching Construction Co., Ltd. Chairman, Hsin I Tai Investment Co., Ltd. Chairman, TSC Electronic Co., Ltd.	None	None	None	
Director	R.O.C.	Fu-Liang Wan	Male 61-70	June 19, 2020	3 years	November 9, 2018	0	0.00%	0	0.00%	0	0.00%	None	None	MBA, Saint Louis University Vice President, Underwriting Dept. of Good Finance Securities	Senior Vice President, Investment Bank Dept., Good Finance Securities	None	None	None	
Director	R.O.C.	Caterpillar Capital Co., Ltd. Representative: Yu-De Shen	Male 41-50	June 19, 2020	3 years	November 9, 2018	156,500,000 0	51.02% 0.00%	114,670,000 46,000	36.83% 0.015%	68,000	0.02%	None	None	Bachelor, Department of Electrical Engineering of National Taiwan University Master in Computer Science and Information Engineering, National Taiwan University Master in Media Art & Technology, MIT Founder of Storysense Computing Limited	Supervisor of Epoch Foundation Chairman of Storysense Computing Limited Chairman of Storysense Computing, Inc. (British Virgin Islands) Vice President, Technology Dept. of Good Finance Securities	None	None	None	

Director	R.O.C.	Caterpillar Capital Co., Ltd. Representative: Shen-Chun Lo	Male 41-50	June 19, 2020	3 years	November 9, 2018	156,500,000 0	51.02% 0.00%	114,670,000 246,000	36.83% 0.08%	0	0.00%	None	None	Computer Animation Group, Department of Arts and Crafts of Fu-Hsin Trade & Arts School Co-founder of WeFx Studio Advisor, Innovative Experiment Special Zone Promotion Team of Zhongxing New Village, Executive Yuan Distinguished Associate Professor, National Taiwan Normal University Independent Director, Good Finance Securities Co., Ltd.	Vice President, President Office of Good Finance Securities Co., Ltd. Person in charge of JL Design Lab Inc. Person in charge of Creative Generation Co, Ltd.	None	None	None
Director	R.O.C.	Caterpillar Capital Co., Ltd. Representative: Cheng-Yao Ku	Male 61-70	June 19, 2020	3 years	November 9, 2018	156,500,000 0	51.02% 0.00%	114,670,000 30,000	36.83% 0.01%	0	0.00	None	None	Bachelor, Department of Business Administration, National Taiwan University President, Good Finance Securities Co., Ltd.	Advisor, Good Finance Securities Co., Ltd.	None	None	None
Director	R.O.C.	Caterpillar Capital Co., Ltd. Representative: Hsuan-Ching Peng	Male 31-40	June 19, 2020	3 years	November 9, 2018	156,500,000 0	51.02% 0.00%	114,670,000 0	36.83% 0.00%	0	0.00%	None	None	Bachelor, Department of Biology and Public Health of Duke University Business Planner and Analyst, Citibank Founder of TEDxTaipei	Director/President of Suzhou Wanjin Hotel (Suzhou Pace Hotel) Management Co., Ltd. Director, Bar Koo Investment Corporation Manager, Pace Life Company Limited	None	None	None
Independent Director	R.O.C.	Wei-Jen Li	Male 31-40	June 19, 2020	3 years	June 19, 2020	0	0.00%	0	0.00%	0	0.00%	None	None	Bachelor, Department of Accounting of National Taiwan University Auditor of EY Taiwan Master in Accounting Information, University of Texas at Dallas	CPA of Wei Li CPA Firm Independent Director of Hyweb Technology Co., Ltd. Chairman, Kuan Yu Co. Ltd.	None	None	None
Independent Director	R.O.C.	Jung-Yuan Ho	Male 61-70	June 19, 2020	3 years	June 19, 2020	0	0.00%	0	0.00%	0	0.00%	None	None	Bachelor, Department of Law, National Chengchi University Graduate, 24th Term of Academy of the Judiciary Attorney-at-Law, Jung-Yuan Ho Attorneys-at-Law	None	None	None	
Independent Director	R.O.C.	Te-Wei Huang	Male 41-50	June 19, 2020	3 years	June 19, 2020	0	0.00%	0	0.00%	0	0.00%	None	None	Bachelor, Department of Business Administration, National Taiwan University CEO of Ta Yang Group Holdings Limited	Chairman, Love Happiness Good Co. Ltd. Director, DrSignal BioTechnology Co., Ltd. Chairman, AccuHit AI Technology Taiwan Co., Ltd. Chairman, Hong Kong Tenery Biotech Co., Limited Taiwan Branch Chairman, Hong Kong Popmax Company Limited Taiwan Branch Chairman, AccuHit Tech Holding Limited (Cayman) Director, Vision Aim Limited Director, SiPALS International Holdings Co., Ltd. Director, Atry Martech Investment Limited (HK) Director, Allizone World Limited (Cayman) Director, ArtV Venture Capital Limited (HK) Director, NJ Holding Limited (HK) Director, Daiwa Village Wusjp Education Limited Chairman, Tianyia Biotech Co., Limited Director, Dongguan SiPALS Creative Design Trading Co., Ltd.	None	None	None

Note 1: The Director Su-Hua Ku (representative of Caterpillar Capital Co., Ltd.) resigned on August 1, 2022.

Note 2: Cases where the Chairman and President or equivalent (the highest-ranking manager) of the Company are the same person, spouses or relatives within the first degree of kinship: None.

2. Major shareholders of institutional shareholders

January 31, 2023

Name of Institutional Shareholders	Major Shareholders of institutional Shareholders
Caterpillar Capital Co., Ltd. (36.83%)	Asia Value Capital Co., Ltd. (70.64%), Good Finance 1 Industry Co., Ltd. (9.63%), Ku-Han Huang (6.42%), Da Han Capital Co., Ltd. (1.56%), Su-Mei Chen (1.19%), Aman Co., Ltd. (0.18%)

Note 1: Where the director or supervisor acts as an institutional shareholder's representative, please specify the institutional shareholder's name.

Note 2: Please specify the names of major shareholders of the institutional shareholder (with shareholding ranking Top 10), and the shareholding thereof. Where the major shareholder is a juristic person, please also complete the following Table 2.

Note 3: If the institutional shareholder is not a company, said shareholders' names and shareholdings shall mean the capital contributors' or donors' names and their contribution or donation percentage.

3. Major shareholders of an institutional shareholder who are representatives of the institutional shareholder

Name of institutional Shareholders	Major Shareholders of institutional Shareholders
Asia Value Capital Co., Ltd.	Asia Value Capital (100%)
Good Finance 1 Industry Co., Ltd.	Asia Value Capital Co., Ltd. (100%)
Da Han Capital Co., Ltd.	Tun-Hsi Yang (33.33%), Chiu-Hsiung Lin (22.22%), Lu He-Nien Lin (22.22%), Yu-Hsing Lin (22.22%)
Aman Co., Ltd.	Ku-Han Huang (99.999%), Chia-Lin Yu (0.001%)

Note 1: Where the major shareholders referred to in said Table 1 are juristic persons, please specify the juristic persons' names.

Note 2: Please specify the names of major shareholders of such juristic persons (with shareholding ranking Top 10), and the shareholding thereof.

Note 3: If the institutional shareholder is not a company, said shareholders' names and shareholdings shall mean the capital contributors' or donors' names and their contribution or donation percentage.

4. Expertise of Directors and the Diversity and Independence of the Board of Directors

(1) Disclosure of information on the professional qualifications of Directors and independence of Independent Directors:

Qualifications Name	Professional qualifications and experience	Independence	Number of public companies in which the individual serves as an independent director
Ku-Han Huang	<ol style="list-style-type: none"> Deputy Manager, Yuanta Securities Co., Ltd. Director, CTBC Hong Kong Chairman, Asia Value Capital Co., Ltd. (current title) Chairman, Good Finance Securities Co., Ltd. (current title) 	-	0
Ming-Li Chuang	<ol style="list-style-type: none"> Director, Ta Ching Construction Co., Ltd. (current title) Director, Medigen Biotechnology Corp. (current title) Chairman, Ta Chun Development and Construction Co., Ltd. (current title) Vice Chairman, Good Finance Securities Co., Ltd. (current title) (current title) 	-	0
Fu-Liang Wan	<ol style="list-style-type: none"> Director, Good Finance Securities Co., Ltd. (current title) Senior Executive Vice President, Investment Bank Dept., Good Finance Securities Co., Ltd. (current title) 	-	0
Yu-De Shen	<ol style="list-style-type: none"> Chief Operations Officer, Beijing Yulore Innovation Technology Limited Person in charge, Storysense Computing Limited (current title) Director, Good Finance Securities Co., Ltd. (current title) Vice President, Technology Dept., Good Finance Securities Co., Ltd. (current title) 	-	0
Shen-Chun Lo	<ol style="list-style-type: none"> Co-founder of WeFx Studio Advisor, Innovative Experiment Special Zone Promotion Team of Zhongxing New Village, Executive Yuan Distinguished Associate Professor, National Taiwan Normal University Person in charge of JL Design Lab Inc. (current title) Director, Good Finance Securities Co., Ltd. (current title) Vice President, Good Finance Securities Co., Ltd. (current title) 	-	0
Cheng-Yao Ku	<ol style="list-style-type: none"> President, Good Finance Securities Co., Ltd. Director, Good Finance Securities Co., Ltd. (current title) Advisor, Good Finance Securities Co., Ltd. (current title) 	-	0
Hsuan-Ching Peng	<ol style="list-style-type: none"> Citibank business planning and analysis Founder of TEDxTaipei President, Suzhou Wangjing Hotel (current title) Director, Good Finance Securities Co., Ltd. (current title) 	-	0
Wei-Jen Li	<ol style="list-style-type: none"> Master in Accounting Information, University of Texas at Dallas Bachelor, Department of Accounting of National Taiwan University 	1. The individual, spouse, and relative within the second degree of kinship is not a director, supervisor, or employee of the Company or any of its affiliates.	1

	<ol style="list-style-type: none"> 3. CPA of Wei Li CPA Firm (current title) 4. Independent Director, Hyweb Technology Co., Ltd. (current title) 5. Independent Director, Good Finance Securities Co., Ltd. (current title) 	<ol style="list-style-type: none"> 2. The individual, spouse, and relative within the second degree of kinship do not hold shares (or have shares held in names of third parties) of the Company. 3. The individual is not a director, supervisor, or employee of a company that has special relations with the Company. 4. The individual has not provided business, legal, financial, or accounting services to the Company or its affiliates in the last two years. 5. The individual does not meet any descriptions stated in Article 30 of the Company Act. 	
Jung-Yuan Ho	<ol style="list-style-type: none"> 1. Department of Law, National Chenchi University 2. Graduate, 24th Term of Academy of the Judiciary 3. Attorney-at-Law, He Jung Yuan Attorneys-at-Law 4. Independent Director, Good Finance Securities Co., Ltd. (current title) 	<ol style="list-style-type: none"> 1. The individual, spouse, and relative within the second degree of kinship is not a director, supervisor, or employee of the Company or any of its affiliates. 2. The individual, spouse, and relative within the second degree of kinship do not hold shares (or have shares held in names of third parties) of the Company. 3. The individual is not a director, supervisor, or employee of a company that has special relations with the Company. 4. The individual has not provided business, legal, financial, or accounting services to the Company or its affiliates in the last two years. 5. The individual does not meet any descriptions stated in Article 30 of the Company Act. 	0
Te-Wei Huang	<ol style="list-style-type: none"> 1. Department of Business Administration, National Taiwan University 2. CEO of Ta Yang Group Holdings Limited 3. Chairman, AccuHit AI Technology Taiwan Co., Ltd. (current title) 4. Independent Director, Good Finance Securities Co., Ltd. (current title) 	<ol style="list-style-type: none"> 1. The individual, spouse, and relative within the second degree of kinship is not a director, supervisor, or employee of the Company or any of its affiliates. 2. The individual, spouse, and relative within the second degree of kinship do not hold shares (or have shares held in names of third parties) of the Company. 3. The individual is not a director, supervisor, or employee of a company that has special relations with the Company. 4. The individual has not provided business, legal, financial, or accounting services to the Company or its affiliates in the last two years. 5. The individual does not meet any descriptions stated in Article 30 of the Company Act. 	0

Note 1: Professional qualifications and experience: Explain the professional qualifications and experience of individual Directors and Supervisors. If a Director or Supervisor is a member of the Audit Committee and has accounting or financial expertise, explain the accounting or financial background and work experience and whether he/she meets any of the conditions stated in Article 30 of the Company Act.

Note 2: Describe the independence criteria of Independent Directors, including but not limited to stating whether the individual, spouse, or relative within the second degree of kinship is a director, supervisor, or employee of the Company or any of its affiliates; whether the individual, spouse, or relative within the second degree of kinship hold shares (or have shares held in names of third parties) of the Company; whether the individual is a director, supervisor, or employee of a company that has special relations with the Company (refer to Article 3, Subparagraphs 5 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); and any remuneration from providing business, legal, financial, or accounting service to the Company or any of its affiliates in the last two years.

(2) Diversity and independence of the Directors:

A. Diversity of the Directors: Article 20 of the Company's Corporate Governance Best Practice Principles state that the composition of the Board of Directors shall be determined by taking diversity into consideration. It is advisable that an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs be formulated and include, without being limited to, the following two general standards:

I. Basic requirements and values: Gender, age, nationality, culture, etc.

- II. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.

The Board of Directors as a whole shall possess the following abilities:

- I. Ability to make operational judgments.
- II. Ability to perform accounting and financial analysis.
- III. Ability to conduct management administration.
- IV. Ability to conduct crisis management.
- V. Knowledge of the industry.
- VI. An international market perspective.
- VII. Ability to lead.
- VIII. Ability to make policy decisions.
- IX. Knowledge and ability for risk management.

Name of Director	Director Knowledge and Skills	Gender	Required Abilities of the Board of Directors											
			Age Group				Ability to make operational judgments	Ability to perform accounting and financial analysis	Ability to conduct management administration	Ability to conduct crisis management	Knowledge of securities and derivatives	An international market perspective	Ability to lead	Knowledge and ability for risk management
			Under 40	41-50	51-60	61-70								
Hank Huang	Asset management, finance, marketing	Male		✓			✓	✓	✓	✓	✓	✓	✓	✓
Ming-Li Chuang	Industry, finance	Female				✓	✓	✓	✓	✓	✓	✓	✓	✓
Cheng-Yao Ku	Securities	Male				✓	✓	✓	✓	✓	✓	✓	✓	✓
Hsuan-Ching Peng	Industry	Male	✓				✓	✓	✓	✓	✓	✓	✓	✓
Yu-De Shen	Technology	Male		✓			✓		✓	✓		✓	✓	✓
Shen-Chun Lo	Brand design	Male		✓			✓		✓	✓		✓	✓	✓
Fu-Liang Wan	Securities	Male				✓	✓	✓	✓	✓	✓	✓	✓	✓
Wei-Jen Li	Finance, accounting	Male	✓				✓	✓	✓	✓	✓	✓	✓	✓
Jung-Yuan Ho	Law	Male				✓	✓		✓	✓		✓	✓	✓
Te-Wei Huang	Technology	Male		✓			✓		✓	✓		✓	✓	✓

Note 1: All Directors of the Company are citizens of the Republic of China. 2 Directors are aged below 40, 4 Directors are aged between 41 to 50; 0 Directors are aged between 51 to 60; 4 Directors are aged between 61 to 70.

Note 2: The Company's Directors include 1 female Director who accounts for 10% of all Directors.

Note 3: The Company's Independent Directors Wei-Jen Li, Jung-Yuan Ho, and Te-Wei Huang have served as Independent Directors for less than three years.

B. Independence of the Board of Directors: The Company's Board of Directors is independent.

Item	Description of Independence
1. Number and ratio of Independent Directors	1. The Company has 3 Independent Directors, which meets the criteria in Article 14-2 of the Securities and Exchange Act with 3/10 of the Directors (not less than 1/5 of the total number of Directors).
2. Compliance with Article 26-3, Paragraph 3 of	Such relationship do not exist.

<p>the Securities and Exchange Act: Except where the Competent Authority has granted approval, the following relationships may not exist among more than half of a company's directors:</p> <p>I. A spousal relationship.</p> <p>II. A familial relationship within the second degree of kinship.</p>	
<p>3. Compliance with Article 26-3, Paragraph 4 of the Securities and Exchange Act: Except where the Competent Authority has granted approval, a company shall have at least one or more supervisors, or one or more supervisors and directors, among whom no relationship under the preceding subparagraphs exists.</p>	<p>3. The Company does not appoint supervisors, and the Audit Committee is composed of three Independent Directors who retain their independence. Therefore, such relationship do not exist.</p>

(II) Information about Directors, Presidents, Vice Presidents, Supervisors of All the Company's Divisions and Managers of All Divisions and Branch Units

January 31, 2023

Job Title (Note 1)	Nationality	Name	Gender	Date elected / appointed	Shareholding		Shares held by spouse and underage children		Shares held in the names of others		Major (academic degree) experience (Note 2)	Concurrent positions in other companies	Spouse or relatives within the second degree of kinship acting as managers		
					Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio			Position	Name	Relationship
President	R.O.C.	Ta-Hsiu Chuang	Male	November 1, 2003	9,152	0.04%	0	0.00%	None	None	Department of Economics, National Taiwan University Assistant Vice President, Brokerage Dept. of Good Finance Securities	None	None	None	None
Customer Partner Dept. Senior Vice President	R.O.C.	Hui-Sheng Tsao	Male	January 9, 2019	295,000	0.09%	0	0.00%	None	None	Department of Computer Science and Information Engineering, Tamkang University Vice President, Citibank International Finance Dept.	None	None	None	None
Experience Dept. Senior Vice President	R.O.C.	Tzu-Wei Shih	Female	October 27, 2020	2,000	0.00%	0	0.00%	None	None	Master in Information Sciences, University of Pittsburgh Chief Product Officer, ZA International Chief Executive Officer, Cobinhood	Supervisor, Firstory Co., Ltd.	None	None	None
Legal Compliance/Legal Affairs Dept. Senior Vice President	R.O.C.	Huei-Cheng Shen	Male	October 11, 2002	21,276	0.01%	2,550	0.00%	None	None	Department of Law, National Chenchi University Assistant Vice President, Audit Office of Good Finance Securities	Director, ADO Optronics Corporation Director, OFCO Industrial Corporation Independent Director, Cheer Time Enterprise Co. Ltd. Supervisor, Yung Fu Co., Ltd. Supervisor, TSC Electronic Co., Ltd.	None	None	None
Investment Bank Dept. Senior Vice President	R.O.C.	Fu-Liang Wan	Male	October 11, 2002	0	0.00%	0	0.00%	None	None	MBA, Saint Louis University Vice President, Underwriting Dept. of Good Finance Securities	None	None	None	None
Customer Partner Dept. Senior Vice President	R.O.C.	Yi-Yuan Lee	Male	December 25, 2011	0	0.00%	0	0.00%	None	None	Graduate Institute of Information Management of Texas Tech University	None	None	None	None
Operation Dept. Senior Vice President	R.O.C.	Hsueh-Li Yu	Female	April 29, 2021	0	0.00%	0	0.00%	None	None	Bachelor, Division of Economic and Financial Law, Dept. of Law of National Taiwan University Master of Laws, Boston University Chief Legal Officer, Chief Compliance Officer and Chief Operating Officer of PCA Life Assurance Co., Ltd. Practicing lawyer	Director, Good Finance PE Co., Ltd. Director, Good Finance PE 1 Co., Ltd.	None	None	None
Customer Partner Dept. Vice President	R.O.C.	Tun-Hsi Yang	Male	June 24, 2021	0	0.00%	300,000	0.10%	2,000,000	0.64%	Bachelor in Business Administration, Chung Yuan Christian University Wealth Management Manager, Standard Chartered Bank Taichung Branch President, South China Region, Asia Value Capital	Chairman, Da Han Capital Co., Ltd.	None	None	None

Product Dept. Vice President	R.O.C.	Pei-Chi Hung	Female	June 24, 2021	0	0.00%	0	0.00%	None	None	Graduate Institute of Law, National Chenchi University Executive Director, J.P. Morgan Asset Management	Brand Manager, Good Finance PE Co., Ltd.	None	None	None
President Office Vice President	R.O.C.	Shen-Chun Lo	Male	April 1, 2020	246,000	0.08%	0	0.00%	None	None	Computer Animation Group, Department of Arts and Crafts of Fu-Hsin Trade & Arts School Co-founder of WeFx Studio Advisor, Innovative Experiment Special Zone Promotion Team of Zhongxing New Village, Executive Yuan Distinguished Associate Professor, National Taiwan Normal University Independent Director of Good Finance Securities Co., Ltd.	Person in charge of JL Design Lab Inc. Person in charge of Creative Generation Co., Ltd.	None	None	None
Audit Dept. Vice President	R.O.C.	Hsiu-Chu Chen	Female	April 26, 2017	0	0.00%	0	0.00%	None	None	Department of International Trade, Open College Affiliated with National Taipei University of Business Manager, Audit Office of Good Finance Securities	None	None	None	None
Audit Dept. Vice President	R.O.C.	Yu-Ling Lung	Female	August 25, 2022	5,613	0.00%	0	0.00%	None	None	Bachelor, Department of Accounting of National Taiwan University Manager of financial services and risk management services, Audit Service Department, PricewaterhouseCoopers Taiwan Financial Controls & Risk Senior Manager, Central Finance Unit, Standard Chartered Bank Assistant Vice President, Forensic Integrity and Compliance Service Department, Ernst & Young, Taiwan	None	None	None	None
Technology Dept Vice President	R.O.C.	Yu-De Shen	Male	July 15, 2020	46,000	0.08%	68,000	0.02%	None	None	Bachelor, Department of Electrical Engineering of National Taiwan University Master in Computer Science and Information Engineering, National Taiwan University Master in Media Art & Technology, MIT Founder of Storysense Computing Limited	Director of Storysense Computing Limited Supervisor of Epoch Foundation Chairman of Storysense Computing, Inc. (British Virgin Islands)	None	None	None
Product Dept. Vice President	R.O.C.	Shih-Hsuan Huang	Male	April 29, 2021	0	0.00%	495,000	0.08%	None	None	Bachelor, University of Washington MBA, Wharton School of the University of Pennsylvania Vice President of Financial Wealth Management Products Amazon Senior Product Manager	Chairman, Good Finance PE Co., Ltd. Director of Hyweb Technology Co., Ltd.	None	None	None
Customer Partner Dept. Assistant Vice President	R.O.C.	Ta-Hsien Liu	Male	August 30, 2002	1,000	0.00%	1,069	0.00%	None	None	Department of Mechanical Engineering, National Taipei Institute of Technology	None	None	None	None

Human Resource Dept. Assistant Vice President	R.O.C.	Wan-Chi Fang	Female	January 1, 2023	0	0.00%	0	0.00%	None	None	Bachelor of Psychology, University of Southern California LVMH Fashion Group China Head of HR - SSC, Talent Acquisition and Employer Branding LVMH Fashion Group – KENZO Shanghai Head of HR	Human Resources Manager, Good Finance PE Co., Ltd.	None	None	None
Investment Dept. Manager	R.O.C.	Ching-Yao Huang	Male	August 1, 2022	64,000	0.02%	0	0.00%	None	None	Bachelor, Department of Economics, National Taiwan University Senior Researcher and Trader, Investment Dept., Good Finance Securities	None	None	None	None
Finance Dept. Manager	R.O.C.	Chia-Ling Yu	Female	December 22, 2018	16,000	0.01%	20,000	0.01%	None	None	Department of Accounting of National Taiwan University Manager of Asia Value Capital Co., Ltd.	Director of Taipei City Life Exploration and Education Foundation Supervisor of Asia Value Asset Management Co., Ltd. Supervisor, Ching Hao Investment Co., Ltd. Financial Manager, Good Finance PE Co., Ltd.	None	None	None
Finance Dept. Accounting Manager	R.O.C.	Tzu-Ying Wu	Female	December 20, 2019	5,855	0.02%	31,174	0.01%	None	None	Department of Accounting of National Taiwan University Assistant Vice President, PwC Taiwan	Accounting Manager, Good Finance PE Co., Ltd.	None	None	None
Finance Dept. Manager	R.O.C.	Kuo Lin	Female	January 9, 2019	0	0.00%	0	0.00%	None	None	Bachelor in Economics, National Taiwan University Deputy Manager, P&G Taiwan Deputy Manager, Thermo Fisher Scientific Inc. (TMO)	Director of Taipei City Life Exploration and Education Foundation Director, Good Finance PE Co., Ltd.	None	None	None
Brand Dept. Manager	R.O.C.	Po-Hsiang Kuo	Male	January 18, 2022	0	0.00%	0	0.00%	None	None	Master in Technology Management, National Tsing Hua University Deputy Manager, P&G Taiwan Senior Manager, Diageo Taiwan Inc., Taiwan Branch (Panama) Senior Manager, Heineken Brouwerijen B.V.	Chairman, Aim-further Intelligence Co. Ltd.	None	None	None
Chief Corporate Governance Officer	R.O.C.	Ching-Wen Hung	Female	August 25, 2022	0	0.00%	0	0.00%	None	None	Master in Law, National Taiwan University Attorney, Weisers Law Office Compliance Officer, Jih Sun Futures Co., Ltd. Supervisor, Jih Sun Securities Investment Consulting Co., Ltd. Manager, Compliance and Legal Department, Jih Sun Securities Co., Ltd.	None	None	None	None
Risk Management Dept. Manager	R.O.C.	Chien-Jen Cheng	Male	November 1, 2022	0	0.00%	0	0.00%	None	None	Master in Finance Operation, National Kaohsiung First University of Science and Technology Deputy Manager, Treasury Division, Jih Sun Bank Assistant Project Manager, Market Risk Department, Risk Management Division, Jih Sun Financial Holding	None	None	None	None
Futures Clearing and Settlement Supervisor	R.O.C.	Ming-Chu Fan	Female	July 1, 2014	1000	0.00%	0	0.00%	None	None	Yu Da High School of Commerce and Home Economics	None	None	None	None

Taishan Branch Manager	R.O.C.	Mei-Ling Liao	Female	June 1, 2020	0	0.00%	0	0.00%	None	None	Department of International Trade of Ming Chuan University	None	None	None	None
Luzhou Branch Manager	R.O.C.	Chia-Yen Chuang	Female	May 23, 2019	0	0.00%	0	0.00%	None	None	Department of Business of Blessed Imelda's School	None	None	None	None
Yangmei Branch Manager	R.O.C.	Hsia-Ping Chen	Female	January 1, 2015	1,000	0.00%	0	0.00%	None	None	Department of Food Nutrition of Chung Hwa Medical University	None	None	None	None
Kaohsiung Branch Manager	R.O.C.	Hui-Hao Tsai	Female	November 1, 2022	0	0.00%	0	0.00%	None	None	Master of Financial Management, Cheng Shiu University Assistant Vice President of Financial Service, Hua Nan Securities	None	None	None	None
Miaoli Branch Manager	R.O.C.	Yu-Chen Hsu	Female	May 1, 2019	55	0.00%	0	0.00%	None	None	Department of Industrial Management of National United University	None	None	None	None
Zhongli Branch Manager	R.O.C.	Yu-Feng Liu	Male	August 26, 2005	0	0.00%	745	0.00%	None	None	Department of Economics, Chinese Culture University	None	None	None	None
Keelung Branch Manager	R.O.C.	Chi-Chao Chen	Male	April 1, 2017	0	0.00%	0	0.00%	None	None	In-service Master Program, Department of Economics of Soochow University	None	None	None	None
Tainan Branch Manager	R.O.C.	Ya-Yu Wu	Female	August 21, 2017	8,067	0.00%	0	0.00%	None	None	Department of Business Administration, Open College Affiliated with National Cheng Kung University	None	None	None	None
Taichung Branch Manager	R.O.C.	Meng-Fan Wu	Female	May 15, 2015	1,000	0.00%	0	0.00%	None	None	Graduate Institute of Business Administration, National Chung Cheng University	Director of Hiina International Co., Ltd.	None	None	None
Zhonghe Branch Manager	R.O.C.	Chien-An Chen	Male	July 1, 2011	24,000	0.02%	0	0.00%	None	None	Department of Mechanical Engineering of National Chin-Yi University of Technology	None	None	None	None

Note 1: It shall include the information concerning the president, vice presidents, assistant vice presidents, and managers of all divisions and branch units. Meanwhile, the information for all persons holding a position equivalent to president, vice president, or assistant vice president must be disclosed, regardless of job title.

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

Note 3: The changes involving the Vice Presidents and managers of all divisions and branch units from January 1, 2022 to January 31, 2023 are as follows: Su-Hua Ku, Senior Vice President of the Investment Dept. (adjustment of duties within the Group on August 1, 2022), Kuei-Lan Lu, Chief Corporate Governance Officer (retired on August 2, 2022), Kuan-Fang Wang, manager of Kaohsiung Branch (adjustment of duties within the Group on November 1, 2022), Ing-Hui Lin, Assistant Manager of the Risk Management Dept. (transferred on November 1, 2022), Hui-Ju Chang (transferred on January 1, 2023).

(III) If the Chairman and President or equivalent (the highest-ranking manager) of the Company are the same person, spouses or relatives within the first degree of kinship, please disclose the reason, rationality, necessity and responsive measures: None.

III. Compensation paid to Directors, Presidents and Vice Presidents in the most recent year:

1. Remuneration of Directors (including Independent Directors)

Unit: NTS thousand; %

Position	Name (Note 1)	Remuneration to directors								Sum of A, B, C, and D as percentage of net income				Employee compensation received by directors								The sum of A, B, C, D, E, F, and G and its percentage of net income (%)				Compensation from investees other than subsidiaries
		Remuneration (A) (Note 2)		Retirement pension (B)		Remuneration to directors (C)		Fees for services rendered (D)						Salaries, bonuses, special allowances etc. (E)		Retirement pension (F)		Remuneration to employees (G)								
		The Company	All Companies in the Consolidated Financial Statements	The Company	All Companies in the Consolidated Financial Statements	The Company	All Companies in the Consolidated Financial Statements	The Company	All Companies in the Consolidated Financial Statements	The Company	All Companies in the Consolidated Financial Statements	The Company	All Companies in the Consolidated Financial Statements	The Company	All Companies in the Consolidated Financial Statements	The Company	All Companies in the Consolidated Financial Statements	The Company		All Companies in the Consolidated Financial Statements		The Company	All Companies in the Consolidated Financial Statements			
																		Amount of Cash	Amount of Stock	Amount of Cash	Amount of Stock					
Chairman	Ku-Han Huang	4,131	4,131	0	0	29	29	29	29	4,189	7.98%	4,189	7.98%	0	0	0	0	0	0	0	0	4,189	7.98%	4,189	7.98%	None
Vice chairperson	Ming-Li Chuang	4,145	4,145	0	0	29	29	23	23	4,197	7.99%	4,197	7.99%	0	0	0	0	0	0	0	0	4,197	7.99%	4,197	7.99%	None
Independent Director	Jung-Yuan Ho	420	420	0	0	29	29	40	40	489	0.93%	489	0.93%	0	0	0	0	0	0	0	0	489	0.93%	489	0.93%	None
Independent Director	Wei-Jen Li	420	420	0	0	29	29	54	54	503	0.96%	503	0.96%	0	0	0	0	0	0	0	0	503	0.96%	503	0.96%	None
Independent Director	Te-Wei Huang	440	440	0	0	29	29	40	40	509	0.97%	509	0.97%	0	0	0	0	0	0	0	0	509	0.97%	509	0.97%	None
Director	Fu-Liang Wan	240	240	0	0	29	29	23	23	292	0.56%	292	0.56%	2,048	2,048	0	0	0	0	0	0	2,340	4.46%	2,340	4.46%	None
Director	Su-Hua Ku (Note 3)	140	140	0	0	29	29	21	21	190	0.36%	190	0.36%	1,660	3,523	63	2019	0	0	0	0	1,913	3.64%	3,821	7.28%	None
Director	Cheng-Yao Ku	240	240	0	0	29	29	23	23	292	0.56%	292	0.56%	0	0	0	0	0	0	0	0	292	0.56%	292	0.56%	None
Director	Hsuan-Ching Peng	240	240	0	0	29	29	23	23	292	0.56%	292	0.56%	0	0	0	0	0	0	0	0	292	0.56%	292	0.56%	None
Director	Shen-Chun Lo	240	240	0	0	29	29	20	20	289	0.55%	289	0.55%	3,150	3,150	2019	2019	0	0	0	0	3,547	6.76%	3,547	6.76%	None
Director	Yu-De Shen	240	240	0	0	29	29	20	20	289	0.55%	289	0.55%	3,868	3,868	2019	2019	0	0	0	0	4,265	8.12%	4,265	8.12%	None

Note 1: The Company's remuneration policy for Independent Directors is processed in accordance with the Company's Regulations for Director Remuneration (abolished on September 1, 2022) and the Company's Regulations for Payment of Remuneration to Directors and Members of Functional Committees (effective starting from September 1, 2022): (1) Independent Directors receive a salary of NTS20,000 per month, which was adjusted to NTS50,000 per month starting from September 2022; Independent Directors receive an attendance transportation allowance of NTS3,000 for attending a board meeting, which was adjusted to NTS5,000 starting from September 2022. According to the Articles of Incorporation, the Directors' remuneration for all Directors shall be no higher than 1% of the profits for the year. (2) In 2022, the Company only distributed transportation allowances and fixed remuneration.

Note 2: Other than the compensation disclosed in the table above, the compensation received by any of the Company's Directors for providing services to any company included in the financial statement (e.g., service as a non-employee advisor): NTS1,509 thousand.

Note 3: The Director Su-Hua Ku (representative of Catemillar Capital Co., Ltd.) resigned on August 1, 2022.

2. Remuneration of Supervisors

The Company established the Audit Committee in the shareholders' meeting on June 23, 2016 to take over the duties of Supervisors.

3. Compensation to President and Vice Presidents

Position	Name	Salary (A)		Retirement pension (B)		Bonuses and special allowances etc. (C)		Remuneration to employees (D)				Sum of A, B, C, and D and its percentage of net income (%)				Compensation from investees other than subsidiaries
		The Company	All Companies in the Consolidated Financial Statements	The Company	All Companies in the Consolidated Financial Statements	The Company	All Companies in the Consolidated Financial Statements	The Company		All Companies in the Consolidated Financial Statements		The Company		All Companies in the Consolidated Financial Statements		
								Amount of Cash	Amount of Stock	Amount of Cash	Amount of Stock					
President	Ta-Hsiu Chuang	32,698	32,698	972	972	8,885	8,885	0	0	42,555	42,555	42,555	81.06%	42,555	81.06%	None
Senior Vice President	Fu-Liang Wan															
Senior Vice President	Huei-Cheng Shen															
Vice President	Hsiu-Chu Chen															
Senior Vice President	Su-Hua Ku															
Senior Vice President	Hui-Sheng Tsao															
Senior Vice President	Tzu-Wei Shih															
Vice President	Shen-Chun Lo															
Vice President	Yu-De Shen															
Senior Vice President	Hsueh-Li Yu															
Vice President	Shih-Hsuan Huang															
Vice President	Pei-Chi Hung															
Vice President	Tun-Hsi Yang															
Vice President	Yu-Ling Lung															

Unit: NT\$ thousand; %

Note: The remuneration paid to the President's driver was NT\$648 thousand in 2022.

Breakdown of Compensation to President and Vice Presidents	Names of President and Vice Presidents	
	The Company	All Companies in the Consolidated Financial Statements (E)
Less than 1,000,000	None	None
1,000,000 (inclusive) to 2,000,000 (exclusive)	Hsiu-Chu Chen, Yu-Ling Lung, Su-Hua Ku	Hsiu-Chu Chen, Yu-Ling Lung, Su-Hua Ku
2,000,000 (inclusive) to 3,500,000 (exclusive)	Fu-Liang Wan, Tun-Hsi Yang, Hui-Sheng Tsao, Hui-Cheng Shen, Ta-Hsiu Chuang, Shen-Chun Lo, Hsueh-Li Yu	Fu-Liang Wan, Tun-Hsi Yang, Hui-Sheng Tsao, Hui-Cheng Shen, Ta-Hsiu Chuang, Shen-Chun Lo, Hsueh-Li Yu
3,500,000 (inclusive) to 5,000,000 (exclusive)	Shih-Hsuan Huang, Pei-Chi Hung, Yu-De Shen, Tzu-Wei Shih	Shih-Hsuan Huang, Pei-Chi Hung, Yu-De Shen, Tzu-Wei Shih
5,000,000 (inclusive) to 10,000,000 (exclusive)	None	None
10,000,000 (inclusive) to 15,000,000 (exclusive)	None	None
15,000,000 (inclusive) to 30,000,000 (exclusive)	None	None
30,000,000 (inclusive) to 50,000,000 (exclusive)	None	None
50,000,000 (inclusive) to 100,000,000 (exclusive)	None	None
100,000,000 and above	None	None
Total	14 persons	14 persons

4. Names of managers receiving employee remuneration, and state of distribution

The Board of Directors resolved on March 7, 2023 to distribute the remuneration to employees totaling NT\$318,388. As of the date of publication of the annual report, the remuneration has not yet been distributed. The amount of cash dividend to be distributed to employees this year was based on that distributed actually last year. Please refer to the following table:

Names of managers receiving employee remuneration, and state of distribution

Unit: NT\$

	Position (Note 1)	Name (Note 1)	Amount of Stock	Amount of Cash	Total	The sum as percentage of net income (%)
Manager	President	Ta-Hsiu Chuang	None	0	0	-
	Senior Vice President	Hui-Sheng Tsao				
	Senior Vice President	Huei-Cheng Shen				
	Senior Vice President	Fu-Liang Wan				
	Senior Vice President	Hsueh-Li Yu				
	Senior Vice President	Tzu-Wei Shih				
	Senior Vice President	Yi-Yuan Lee				
	Vice President	Hsiu-Chu Chen				
	Vice President	Yu-Ling Lung				
	Vice President	Yu-De Shen				
	Vice President	Shen-Chun Lo				
	Vice President	Shih-Hsuan Huang				
	Vice President	Tun-Hsi Yang				
	Vice President	Pei-Chi Hung				
	Assistant Vice President	Ta-Hsien Liu				
	Assistant Vice President	Wan-Chi Fang				
	Manager	Chia-Ling Yu				
	Manager	Tzu-Ying Wu				
	Manager	Kuo Lin				
	Manager	Po-Hsiang Kuo				
	Manager	Ching-Wen Hung				
	Manager	Chien-Jen Cheng				
	Manager	Ching-Yao Huang				
	Futures Clearing and Settlement Supervisor	Ming-Chu Fan				
	Branch Manager	Meng-Fan Wu				
	Branch Manager	Chia-Yen Chuang				
	Branch Manager	Hsia-Ping Chen				
Branch Manager	Yu-Feng Liu					
Branch Manager	Chien-An Chen					
Branch Manager	Chi-Chao Chen					
Branch Manager	Hui-Hao Tsai					
Branch Manager	Ya-Yu Wu					
Branch Manager	Yu-Chen Hsu					
Branch Manager	Mei-Ling Liao					

5. Total of the compensation paid in the most recent two years by the Company and all companies included in the consolidated financial statements to the Company's directors, supervisors, President, and Vice Presidents in the most recent two years, and their respective proportions to the net income specified in the parent company only or individual financial report, as well as the policies, standards and packages by which the compensation was paid, the procedures through which compensation was determined, and their association with business performance.

1. Compensation paid in the most recent two years by the Company to the Company's Directors, Supervisors, President, and Vice Presidents as a percentage of net income in the most recent two years is analyzed as following:

Unit: %

Payee/Year	2021	2022
Director	10.93%	21.96%
President and Vice Presidents	13.85%	81.06%

Note: The shareholders' meeting has established the Audit Committee in 2016 and, therefore, no supervisors were appointed.

The Company's total remuneration to Directors, President, and Vice Presidents in 2022 as percentage of net profit after tax was significantly higher than the amount in 2021. "Inflation" was undoubtedly the key factor in global economics in 2022. Due to the impact of the COVID-19 pandemic and the Russo-Ukrainian War, the cost of living rose rapidly across the globe. Central Banks increased interest rates, which devastated global stock markets and resulted in a sharp 20% decline in the previous year. As the risk of recession loomed, it sent shockwaves across Taiwan's stock market and affected stock market investors and their investments.

The changes in the overall stock market decreased the Company's net profit after tax by NT\$268,491 thousand, which was a negative growth of 511.45%. Due to the sharp decline of net profit after tax, its ratio of the net profit after tax rose.

2. Policies, standards and packages by which the compensation was paid, the procedures through which compensation was determined, and their association with business performance

① Policy by which the compensation was paid

The Company pays remuneration to Directors in accordance with the regulations in the Articles of Incorporation, the regulations in the Regulations for Payment of Remuneration to Directors and Members of Functional Committees. In order to recruit and retain management talents to take charge of the management business, the compensation was determined based on the prevailing standards in the market and industry and among peer companies for the position.

② Standards and packages by which the compensation was paid

The Company established the Remuneration Committee on December 30, 2011. The Committee sets and periodically reviews the annual and long-term performance targets and remuneration policies, systems, standards and structure for Directors and managers, assesses the achievement of performance targets by directors and managers periodically, and determines the details and amount of remuneration to individual Directors and managers based on the results of evaluations conducted in accordance with the performance evaluation standards. The Company's Regulations for Payment of Remuneration to Directors and Members of Functional Committees states that the scope of the remuneration for Directors includes compensation, remuneration, and fees for services rendered (transportation and travel expenses). Directors receive a fixed remuneration each month. According to the Articles of Incorporation, the remuneration for Directors shall be no higher than 1% of the total profits for the year. The Remuneration Committee shall formulate recommendations for the distribution of remuneration

for the Company's Directors based on the overall performance of the Board, the Company's business performance, future operations, and risk tolerance. The Board of Directors shall review and approve the amount and distribute the remuneration based on the level of participation of each Director in the Company's operations. The fees for services rendered, which consists of transportation and travel expenses, shall be paid based on the actual requirements for services provided by Directors.

③ Procedures through which compensation was determined

According to the Regulations for Payment of Remuneration to Directors and Members of Functional Committees, the Company references peer companies' pay level, proposes the remuneration to the Remuneration Committee for review, and submits the proposal to the Board of Directors for resolution and implementation.

④ Association with business performance and future risk

Article 30 of the Articles of Incorporation: If the Company records a profit in a year, the Company shall set aside no less than 1% of the profit for employee's remuneration, which shall be distributed in shares or cash by resolution of the Board of Directors. The Company may, by resolution of the board meeting, set aside no more than 1% of the said profit for Directors' remuneration. The motions for distribution of remuneration to employees and directors shall be submitted to the shareholders' meeting for reporting. The remuneration to employees and directors/supervisors resolved by the Board of Directors was NT\$318,388 and NT\$318,388, respectively, in 2022.

IV. Corporate Governance Operations

(1) Operations of the Board of Directors:

A total of 10 Board meetings (A) were held in 2022. Below are the Directors' attendance records:

(1) Information about operations of the Board of Directors in 2022

Position	Name (Note 1)	Actual attendance (in non-voting capacity (times) (B)	Attendance by proxy (times)	Actual attendance rate (B/A) (%) (Note 2)	Remarks
Chairman	Ku-Han Huang	10	0	100%	None
Vice chairperson	Ming-Li Chuang	10	0	100%	None
Director	Fu-Liang Wan	10	0	100%	None
Director	Caterpillar Capital Co., Ltd. Representative: Su- Hua Ku	5	0	100%	Resigned on August 1, 2022
Director	Caterpillar Capital Co., Ltd. Representative: Cheng-Yao Ku	10	0	100%	None
Director	Caterpillar Capital Co., Ltd. Representative: Hsuan-Ching Peng	10	0	100%	None
Director	Caterpillar Capital Co., Ltd. Representative: Yu- De Shen	9	1	90%	None
Director	Caterpillar Capital Co., Ltd. Representative: Shen-Chun Lo	9	1	90%	None
Independent Director	Wei-Jen Li	10	0	100%	None
Independent Director	Jung-Yuan Ho	9	1	90%	None
Independent Director	Te-Wei Huang	10	0	100%	None
Other remarks:					
I. For Board of Directors meetings that meet any of the following descriptions, state the date, session, contents of the motions, independent directors' opinions and how the Company has responded to such opinions:					
(I) Items listed in Article 14-3 of the Securities and Exchange Act: None.					
(II) Any other resolution(s) by the Board of Directors meetings passed but with independent directors voicing opposing or qualified opinions on the record or in writing: None.					

- II. For directors' avoidance of motions which involves conflict of interest, the names of directors, contents of the motions, reasons of the recusal for conflict of interest, and participation in voting must be disclosed:
- (I) The Company proposed to distribute no more than NT\$65 million as the 2021 year-end bonus for the Company's managers and employees in the second proposal in the third extraordinary board meeting of the 17th-term Board of Directors. The Chairman was authorized to carry out the distribution. The Directors Su-Hua Ku, Fu-Liang Wan, Yu-De Shen, and Shen-Chun Lo serve as managers of the Company's departments. They recused themselves and did not participate in the discussion and voting due to the conflict of interest. The motion was unanimously passed by all other Directors after the chair's inquiry.
 - (II) The Company proposed to distribute the 2021 year-end bonus to the Chairman and Vice Chairman in the third proposal in the third extraordinary board meeting of the 17th-term Board of Directors. Directors with conflict of interest: The Chairman Ku-Han Huang and Vice Chairman Ming-Li Chuang recused themselves and did not participate in the discussion and voting due to the conflict of interest in accordance with the Company's Rules of Procedure for Board Meeting. The Chairman designated the Independent Director Wei-Jen Li to preside over the discussion of the proposal as acting chair. Except for the two aforementioned Directors who recused themselves due to the conflict of interest, the motion was unanimously passed by all other Directors after the acting chair's inquiry.
 - (III) In the fifth proposal in the third extraordinary board meeting of the 17th-term Board of Directors, as Vice President Shen-Chun Lo, manager of the Brand Dept., was transferred to the President Office, his deputy Po-Hsiang Kuo was appointed to serve as acting manager before the appointment of the new manager of the Brand Dept. Except for the Director Shen-Chun Lo who recused himself due to the conflict of interest, the motion was unanimously passed by all other Directors after the chair's inquiry.
 - (IV) In the 21st proposal involving the procurement of the Brand Dept. in the 13th board meeting of the 17th-term Board of Directors, the Director Shen-Chun Lo recused himself due to a conflict of interest as he serves as the person in charge of JL Design Lab Inc. The motion was passed by all other Directors in attendance after the chair's inquiry.
 - (V) In the 22nd proposal involving the anti-money laundering (AML) system development contract in the 13th board meeting of the 17th-term Board of Directors, the Chairman Ku-Han Huang recused himself due to his role as the Chairman of Asia Value Cornerstone Capital Co., Ltd., a major shareholder of Hyweb Technology Co., Ltd. with more than 10% of shares; the Director Yu-De Shen recused himself due to his role as the representative of an institutional director of Hyweb Technology during the period the proposal was filed by the Board of Directors; and Independent Director Wei-Jen Li recused himself due to his role as the Independent Director of Hyweb Technology. The Vice Chairman Ming-Li Chuang served as acting chair and presided over the discussion and voting of the proposal. The motion was passed by all other Directors in attendance after the acting chair's inquiry.
 - (VI) The 2nd proposal in the fourth extraordinary board meeting of the 17th-term Board of Directors was the proposal for the distribution of Directors' remuneration for 2020 and 2021. The Independent Director Jung-Yuan Ho whose ratio of distribution was the highest, making it inadvisable for him to participate in the decision making, and he recused himself from participating in the decision making. The motion was passed by all other Directors in attendance after the chair's inquiry.
 - (VII) The 4th proposal in the fourth extraordinary board meeting of the 17th-term Board of Directors was the proposal for the adjustment of the managers' salary structure and amount. The Director Yu-De Shen (and his proxy Director Shen-Chun Lo), Director Fu-Liang Wan, and other managers in attendance were interested parties in the proposal and recused themselves. The motion was passed by all other Directors in attendance after the chair's inquiry.
 - (VIII) The 5th proposal in the fourth extraordinary board meeting of the 17th-term Board of Directors was the proposal for the replacement of the Director of the subsidiary Good Finance Securities Investment Consulting Co., Ltd. The Director Su-Hua Ku recused herself as she had a conflict of interest in this proposal. The motion was passed by all other Directors in attendance after the chair's inquiry.
 - (IX) The 13th proposal in the 16th board meeting of the 17th-term Board of Directors was the proposal for the establishment of the Company's Regulations for Payment of Remuneration to Directors and Members of Functional Committees and the continued distribution of the fixed monthly salary and group bonus to the Chairman and the Vice Chairman to December 31, 2022. Except for the Chairman and Vice Chairman who recused themselves due to the conflict of interest, the motion was passed by all other Directors in attendance after the chair's inquiry.
 - (X) The 14th proposal in the 16th board meeting of the 17th-term Board of Directors was the recommendation for the list of recipients of new restricted stock awards for 2021 and the number of shares to be distributed. The Director Fu-Liang Wan recused himself due to a conflict of interest in this proposal. The motion was passed by all other Directors in attendance after the chair's inquiry.
 - (XI) The 1st proposal in the 17th board meeting of the 17th-term Board of Directors was the additional manpower procurement for the functions of the anti-money laundering (AML) system of Good Finance Securities. The Chairman Ku-Han Huang recused himself due to his role as the person in charge of Cayman Islands Asia Value Capital, which was the fund manager of Asia Value Fund, the major shareholder of Hyweb Technology. The Director Yu-De Shen recused himself due to his role as the representative of an institutional director of Hyweb

Technology when the anti-money laundering (AML) system development contract was signed. The Independent Director Wei-Jen Li recused himself due to his role as the Independent Director of Hyweb Technology and a conflict of interest in this case. The Vice Chairman Ming-Li Chuang served as acting chair and presided over the discussion in accordance with Article 208, Paragraph 3 of the Company Act. The acting chair inquired the opinions of Directors other than the Chairman Ku-Han Huang, the Director Yu-De Shen, and the Independent Director Wei-Jen Li, and the motion was passed by all other Directors.

- (XII) The 11th proposal in the 18th board meeting of the 17th-term Board of Directors was the Company's proposal for the bond repurchase and reverse purchase transaction with "Good Finance 1 Industry Co., Ltd.". The Chairman Ku-Han Huang recused himself due to his role as the person in charge of Asia Value Capital, the parent company of Good Finance 1 Industry Co., Ltd. with a conflict of interest in this case. The Directors Yu-De Shen, Shen-Chun Lo, Su-Hua Ku, and Hsuan-Ching Peng recused themselves due to a conflict of interest because the institutional shareholder they represent, Caterpillar Capital Co., Ltd., and Good Finance 1 Industry Co., Ltd. are both subsidiaries invested by Asia Value Capital, and the two companies have a relationship of control and subordination. The Vice Chairman Ming-Li Chuang served as the acting chairman and presided over the discussions in accordance with Article 208, Paragraph 3 of the Company Act. The acting chair inquired the opinions of Directors in attendance other than the Chairman Ku-Han Huang and the Directors Yu-De Shen, Shen-Chun Lo, Su-Hua Ku, and Hsuan-Ching Peng, and the motion was passed by all other Directors.
- (XIII) The 1st proposal in the 6th extraordinary board meeting of the 17th-term Board of Directors involved the results of the Company's 2022 annual performance evaluation of managers. The Directors Fu-Liang Wan, Shen-Chun Lo, and Yu-De Shen who serve as the Company's managers recused themselves due to the conflict of interest. The chair inquired the opinions of Directors other than the Directors Fu-Liang Wan, Shen-Chun Lo, and Yu-De Shen, and the motion was passed by all other Directors.
- (XIV) The 2nd proposal in the 6th extraordinary board meeting of the 17th-term Board of Directors was the distribution of 2022 year-end bonus and the manager's bonus. The Directors Fu-Liang Wan, Shen-Chun Lo, and Yu-De Shen who serve as the Company's managers recused themselves due to the conflict of interest. The chair inquired the opinions of Directors other than the Directors Fu-Liang Wan, Shen-Chun Lo, and Yu-De Shen. They agreed to change the asset management promotion bonus for managers in No. 33 of Attachment 2 from NT\$90,698 to NT\$14,368, and change the total year-end bonus from NT\$176,906 to NT\$100,576 and the motion was passed by all other Directors.
- III.** The TWSE/TPEX-listed company shall disclose the evaluation cycle and period, scope of evaluation, method and contents of evaluation about the Board of Directors' self (or peer) performance evaluation, and specify the status of evaluation conducted by the Board of Directors in the Schedule 2(2)-Status of the Board of Directors Performance Evaluation attached hereto.
- IV.** Enhancement of the functionality of the Board of Directors in the current and the most recent year (e.g., the establishment of an Audit Committee, the improvement of information transparency, etc.) and the respective progress reports:
- (I). The Company performs the obligation to disclose information honestly in accordance with related laws and TWSE's regulations. Establish the online information disclosure system, designate dedicated personnel to take charge of collecting and disclosing information, and set up the spokesperson system to ensure that any information which might affect shareholders' and stakeholders' decisions may be disclosed adequately.
- (II). The Company constructs a website via the network conveniently and create the Company's business/finance-related information and corporate governance information for shareholders' and stakeholders' reference, and provides an English translation of the financial statements, corporate governance or others, if necessary, The network referred to in the preceding paragraph is maintained by dedicated personnel. The personnel update the information accurately, honestly and timely to prevent any confusion.
- (III). The Company discloses the relevant corporate governance information within this year in accordance with related laws and TPEX's regulations. Meanwhile, subject to the corporate governance implementation status, the Company will disclose the concrete plans and measures to be adopted to improve the corporate governance in adequate manners.
- (IV) The Company has established the Audit Committee on June 23, 2016, in order to strengthen the internal control mechanism for corporate governance.

Note 1: Where the director or supervisor is a juristic person, please specify the names of shareholders and representatives of such juristic person.

Note 2: (1) Before the end of the year, if a director resigns from his/her position, the resignation date should be marked in the remarks column. The actual presence (attendance) rate (%) should be calculated based on how often the Board meeting was convened (times) and his/her actual presence (attendance) (times) during his/her term of office.

(2) If a re-election of directors/supervisors had taken place prior to the close of the financial year, old and new directors/supervisors are listed, in which case, the remarks column would specify whether they are former directors or supervisor, newly elected or re-elected, and the date of the reelection. The actual presence

(attendance) rate (%) will be calculated based on how often the Board meeting was convened (times) and his/her actual presence (attendance) (times) during his/her term of office.

(2) Status of the Board of Directors Performance Evaluation

Evaluation Cycle (Note 1)	Evaluation Period (Note 2)	Scope of Evaluation (Note 3)	Method of Evaluation (Note 4)	Contents of Evaluation (Note 5)
Once per year	From January 1, 2022 to December 31, 2022	Board of Directors	Self-evaluation by the Board of Directors	<ol style="list-style-type: none"> 1. The contents of evaluation cover participation in the Company's operation, Board decision-making quality, composition and structure of the Board, election and continuing education of directors and internal controls, etc. Of the 46 evaluation items, the completion rate was more than 90%.
		Individual board members	Board members' self-evaluation	<ol style="list-style-type: none"> 1. The contents of evaluation cover alignment with the goals and mission of the Company, knowledge of directors' duties, participation in the Company's operations, management of internal relationship and communication, professionalism and continuing education of directors, and internal controls, etc.. 2. There are 10 directors in total, 100% self-evaluation completion rate of 10 directors, which demonstrated that the Directors already performed their required functions in the Board of Directors' operations.
		Audit Committee	Audit Committee's self-evaluation	<ol style="list-style-type: none"> 1. The contents of evaluation cover participation in the Company's operation, knowledge of the Committee's duties, Committee's decision-making quality, composition and structure of the Committee, and internal controls, etc. 2. Of the 17 evaluation items, the completion rate was more than 90%, which showed that the Company's Audit Committee has already performed its required functions.
		Remuneration Committee	Remuneration Committee's self-evaluation	<ol style="list-style-type: none"> 1. The contents of evaluation cover participation in the Company's operation, knowledge of the Committee's duties, Committee's decision-making quality, composition and structure of the Committee, and internal controls, etc. 2. Of the 14 evaluation items, the completion rate was more than 90%, which showed that the Company's Remuneration Committee has already performed its required functions.

		Risk Management Committee	Risk Management Committee's self-evaluation	<p>1. The contents of evaluation cover participation in the Company's operation, Committee's decision-making quality, composition and structure of the Committee, and internal controls, etc.</p> <p>2. Of the 17 evaluation items, the completion rate was more than 90%, which showed that the Company's Audit Committee has already performed its required functions.</p>
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Note 1: To specify the Board's performance evaluation cycle, e.g. once per year.

Note 2: To specify the Board's performance evaluation period, e.g. The Board's performance evaluation conducted from January 1, 2019 to December 31, 2019.

Note 3: The scope of evaluation covers the Board of Directors, individual Board members and functional committees.

Note 4: The methods of evaluation include Board's internal self-evaluation, Board members' self-evaluation, peer evaluation, external professional organization's evaluation, and performance evaluation by experts or in any other adequate manners.

Note 5: The contents of evaluation shall consist of, at least, the following elements, subject to the scope of evaluation:

- (1) Board's performance evaluation: To cover, at least, participation in the Company's operation, Board decision-making quality, composition and structure of the Board, election and continuing education of directors and internal controls, etc.
- (2) Individual Board Member's Performance Evaluation: To cover, at least, alignment with the goals and mission of the Company, knowledge of directors' duties, participation in the Company's operations, management of internal relationship and communication, professionalism and continuing education of directors, and internal controls, etc..
- (3) Functional committees' performance evaluation: To cover, at least, participation in the Company's operation, knowledge of the Committee's duties, Committee's decision-making quality, composition and structure of the Committee, and internal controls, etc.

(II) Audit Committee's operations

1. The shareholders' meeting on June 23, 2016 has established the Audit Committee.
2. **The Audit Committee convened 7 meetings (A) in the most recent year (2022). Below are the Independent Directors' attendance records:**

Position	Name	Actual presence (times) (B)	Attendance by proxy (times)	Actual attendance rate (B)/(A) %	Remarks
Independent Director (Convener)	Wei-Jen Li	7	0	100%	None
Independent Director	Jung-Yuan Ho	6	1	85.71%	None
Independent Director	Te-Wei Huang	7	0	100%	None

Other remarks:

- I. Where one of the following conditions occur in the operations of the Audit Committee, state the date, term, and contents of motions of the Audit Committee meeting, objections, reservations, or important suggestions by the Independent Directors, as well as the resolutions of the Audit Committee and the Company's actions in response to the opinions of the Audit Committee:

- (I) Items listed in Article 14-5 of the Securities and Exchange Act:

Contents of Motion	Resolutions of the 13th meeting of the 4th Audit Committee on March 24, 2022	Items not passed by the Audit Committee but passed with the approval of more than 2/3 of all Directors
1. The Company's 2021 Business Report is submitted for review.	The chair consulted all members in attendance and the proposal was passed and submitted to the Board of Directors for approval.	None
2. The Company's 2021 parent company only and consolidated financial statements are submitted for review.	The chair consulted all members in attendance and the proposal was passed and submitted to the Board of Directors for approval.	None
3. The Company's 2021 earnings distribution plan is submitted for review.	The chair consulted all members in attendance and the proposal was passed and submitted to the Board of Directors for approval.	None
4. The proposal for the appointment and remuneration of the Company's CPAs and evaluation of CPAs' independence and competence is provided in the explanation and submitted for review.	The chair consulted all members in attendance and the proposal was passed and submitted to the Board of Directors for approval.	None
5. The proposal for the amendments to the "Operating Procedure for Acquisition or Disposal of Assets" is submitted for review.	The chair consulted all members in attendance and the proposal was passed and submitted to the Board of Directors for approval.	None
6. The amendment of the Company's "Organization Charter" is submitted for review.	The chair consulted all members in attendance and the proposal was passed and submitted to the Board of Directors for approval.	None
7. The issuance of the Company's 2021 Declaration of Internal Control System is submitted for review.	The chair consulted all members in attendance and the proposal was passed and submitted to the Board of Directors for approval.	None
8. The issuance of the Company's 2021 Declaration of AML/CFT Internal Control System is submitted for review.	The chair consulted all members in attendance and the proposal was passed and submitted to the Board of Directors for approval.	None
9. The internal control system for securities dealer "Customer Personal Data International Transmission Operations" (No. CM-19B00) is added and submitted for review.	The chair consulted all members in attendance and the proposal was passed and submitted to the Board of Directors for approval.	None
10. The amendment of the internal control system for futures is submitted for review.	The chair consulted all members in attendance and the proposal was passed and submitted to the Board of Directors for approval.	None
11. The amendment of the internal control system for securities dealers (No. CA-18280 and No. CA-18320) is submitted for review.	The chair consulted all members in attendance and the proposal was passed and submitted to the Board of Directors for approval.	None
12. The outsourcing procurement project of the Brand Dept. is submitted for review.	The chair consulted all members in attendance and the proposal was passed and submitted to the Board of Directors for approval.	None
13. The amendment of the anti-money laundering (AML) system development contract is submitted for review.	Except for the Independent Director Wei-Jen Li who recused himself due to conflicts of interest, the acting chair consulted all members in attendance and the proposal was passed and submitted to the Board of Directors for approval.	None
Contents of Motion	Resolutions of 14th meeting of the	Items not passed by

	4th Audit Committee on April 28, 2022	the Audit Committee but passed with the approval of more than 2/3 of all Directors
1. The amendment of the internal control system for securities and futures (No. CM-19C00 and CM-29C00 “Data Sharing Operations between Financial Institutions”) is submitted for review.	The chair consulted all members in attendance and the proposal was passed and submitted to the Board of Directors for approval.	None
2. The Company’s proposal for the issuance of RSA 2022 is submitted for review.	The chair consulted all members in attendance and the proposal was passed and submitted to the Board of Directors for approval.	None
Contents of Motion	Resolutions of the 16th meeting of the 4th Audit Committee on August 25, 2022	Items not passed by the Audit Committee but passed with the approval of more than 2/3 of all Directors
1. The amendment of the Company’s internal control system is submitted for ratification.	The chair consulted all members in attendance and the proposal was passed and submitted to the Board of Directors for discussions.	None
2. The establishment of the Company’s “Financial Report Preparation Procedures and Management Regulations” is submitted for approval.	The chair consulted all members in attendance and the amended wording in Article 4.4 and Article 5.3.2 before submitting the results to the Board of Directors for discussions.	None
3. The Company’s Q2 2022 parent company only financial report and consolidated financial statements are submitted for approval.	The chair consulted all members in attendance and the proposal was passed and submitted to the Board of Directors for discussions.	None
4. The amendment of the Company’s “Regulations for Monitoring and Control of Subsidiaries” is submitted for approval.	The chair consulted all members in attendance and the proposal was passed and submitted to the Board of Directors for discussions.	None
5. The amendments of the Company’s “Organization Charter” and “Tiered Responsibility Regulations” are submitted for approval.	The chair consulted all members in attendance and amended the authorization for the approval of accounting work item “4. Preparation and reporting of statements” of the Finance Department in the “Tiered Responsibility Regulations”. The proposal was submitted to the Board of Directors for discussions.	None
6. The promotion of the Assistant Vice President Yu-Ling Lung to Vice President and appointment as the manager of the Audit Dept. is submitted for approval.	The chair consulted all members in attendance and the proposal was passed and submitted to the Board of Directors for discussions.	None
7. The name list of employees entitled to the RSAs in 2021 and the proposed number of shares are submitted for approval.	The chair consulted all members in attendance and the proposal was passed and submitted to the Board of Directors for discussions.	None

Contents of Motion	Resolutions of the 17th meeting of the 4th Audit Committee on October 27, 2022	Items not passed by the Audit Committee but passed with the approval of more than 2/3 of all Directors
1. Additional manpower procurement project for the Good Finance Securities anti-money laundering (AML) system is submitted for approval.	The acting chair consulted all members in attendance except for the Independent Director Mr. Li and the proposal was passed and submitted to the Board of	None

	Directors for discussions.	
2. The amendment of the Company's internal control system is submitted for ratification.	The chair consulted all members in attendance and the proposal was passed and submitted to the Board of Directors for discussions.	None
3. The second name list of employees entitled to the RSAs in 2021 and the proposed number of shares are submitted for approval.	The chair consulted all members in attendance and the proposal was passed and submitted to the Board of Directors for discussions.	None
Contents of Motion	Resolutions of the 2nd extraordinary meeting of the 4th Audit Committee on December 15, 2022	Items not passed by the Audit Committee but passed with the approval of more than 2/3 of all Directors
1. The proposed amendment of the Regulations Governing Issuance of Restricted Stock Awards (RSA) 2021 of the Company is submitted for approval.	The chair consulted all members in attendance and the proposal was passed and submitted to the Board of Directors for discussions.	None
Contents of Motion	Resolutions of the 18th meeting of the 4th Audit Committee on December 22, 2022	Items not passed by the Audit Committee but passed with the approval of more than 2/3 of all Directors
1. The proposal for the appointment of the Company's CPAs for 2023 and the evaluation of their independence is submitted for approval.	The chair consulted all members in attendance and the proposal was passed and submitted to the Board of Directors for discussions.	None
2. The amendment of the Company's internal control system is submitted for ratification.	The chair consulted all members in attendance and the proposal was passed and submitted to the Board of Directors for discussions.	None
3. The proposal for the Company's 2023 internal audit plan is submitted for approval.	The chair consulted all members in attendance and the proposal was passed and submitted to the Board of Directors for discussions.	None
4. The proposal for the reverse purchase transactions of bonds with "Good Finance 1 Industry Co., Ltd." is submitted for approval.	The chair consulted all members in attendance and the proposal was passed and submitted to the Board of Directors for discussions.	None

(II) Other than those described above, any resolutions unapproved by the Audit Committee but passed by more than two-thirds of directors: None.

(III) For independent directors' avoidance of motions which involves conflict of interest, the names of independent directors, contents of the motions, reasons of the recusal for conflict of interest, and participation in voting must be disclosed:
Items listed in Article 14-5 of the Securities and Exchange Act:
1. 17th meeting of the 4th Audit Committee on October 27, 2021
2. Contents of Motion: Additional manpower procurement project for the Good Finance Securities anti-money laundering (AML) system.
3. Resolution of the Audit Committee: As the Independent Director Wei-Jen Li serves as the Independent Director of Hyweb Technology, he recused himself due to the conflict of interest in this case and left the conference room. Independent Director Mr. Ho nominated Independent Director Mr. Huang to serve as acting chair and continue to oversee discussions. The acting chair consulted all members in attendance except for the Independent Director Mr. Li and the proposal was passed and submitted to the Board of Directors for discussions.

(IV) Communication between Independent Directors and chief internal auditor/external auditors (e.g., discussions concerning major financial and business affairs, the method of communication used, and the outcome):

I. Communication between Independent Directors and chief internal auditor/external auditors:

1. The Company's internal audit unit would deliver the audit report to independent directors for review on a monthly basis. The chief internal auditor explains to independent directors about the audit business and results, as well as the followup on improvement of audited deficiencies, on the Audit Committee meeting from time to time.
2. Upon completion of the audit on the semi-annual and annual financial reports, the Company's independent auditors would explain the audit results and findings to independent directors at the Audit Committee meeting.

II. Memo about communication between independent directors and chief internal auditor: The independent directors' communication about the audit implementation and results was considered fair and successful.

The memo about communication in 2022:

Date	Contents of Communication	Results
March 24, 2022	<ol style="list-style-type: none"> 1. Report on internal audit and followup on deficiencies. 2. Issuance of the Company's 2021 Declaration of Internal Control System. 	<ol style="list-style-type: none"> 1. Acknowledged and reported to the Board of Directors. 2. Proposed to the Board of Directors upon review and approval.
April 28, 2022	<ol style="list-style-type: none"> 1. Report on internal audit and followup on deficiencies. 	<ol style="list-style-type: none"> 1. Acknowledged and reported to the Board of Directors.
June 23, 2022	<ol style="list-style-type: none"> 1. Report on internal audit and followup on deficiencies. 	<ol style="list-style-type: none"> 1. Acknowledged and reported to the Board of Directors.
August 25, 2022	<ol style="list-style-type: none"> 1. Report on internal audit and followup on deficiencies. 2. Amendments to the internal control system. 	<ol style="list-style-type: none"> 1. Acknowledged and reported to the Board of Directors. 2. Proposed to the Board of Directors upon review and approval.
October 27, 2022	<ol style="list-style-type: none"> 1. Report on internal audit and followup on deficiencies. 2. Report on the inspection comments of Financial Examination Bureau, Financial Supervisory Commission, and improvement status. 3. Amendments to the internal control system. 	<ol style="list-style-type: none"> 1. Acknowledged and reported to the Board of Directors. 2. Acknowledged and reported to the Board of Directors. 3. Proposed to the Board of Directors upon review and approval.
December 22, 2022	<ol style="list-style-type: none"> 1. Report on internal audit and followup on deficiencies. 2. Report on the Financial Supervisory Commission's written opinions. 3. Amendments to the internal control system. 4. 2023 internal audit plan. 	<ol style="list-style-type: none"> 1. Acknowledged and reported to the Board of Directors. 2. Acknowledged and reported to the Board of Directors. 3. Proposed to the Board of Directors upon review and approval. 4. Proposed to the Board of Directors upon review and approval.

- I. Memo about communication between independent directors and the external auditors:
 The independent directors and the external auditors maintain good communication.
 The memo about communication in 2022:

Date	Contents of Communication	Results
March 24, 2022	1. 2021 parent company only financial report and independent auditor's report. (Deloitte & Touche) 2. 2021 consolidated financial report and independent auditor's report. (Deloitte & Touche)	1. Proposed to the Board of Directors upon review and approval. 2. Proposed to the Board of Directors upon review and approval.
August 25, 2022	1. Q2 2022 parent company only financial report and independent auditor's report. (Deloitte & Touche) 2. Q2 2022 consolidated financial report and independent auditor's report. (Deloitte & Touche)	1. Proposed to the Board of Directors upon review and approval. 2. Proposed to the Board of Directors upon review and approval.

(III) Status of corporate governance, and deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed Companies and causes thereof

Assessment criteria	Status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed Companies and causes thereof
	Yes	No	Summary	
I. Has the Company established and disclosed its corporate governance best-practice principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed Companies"?	✓		The Company has established its own corporate governance best-practice principles, which were already passed by the Board of Director on December 19, 2014. They were amended on October 27, 2020 and June 23, 2022 and disclosed on the Company's website.	No material deviation.
II. The Company's Equity Structure and Shareholders' Right				
(I) Does the Company have the internal procedures set up to handle shareholders' proposals, doubts, disputes, and litigation matters, and have the procedures been implemented accordingly?	✓		(I) 1. The Company has appointed the spokesperson, shareholders service personnel and legal personnel to process any shareholders' suggestions, questions, disputes and legal actions. 2. The Company's website set up the "Investor Service" section and mailbox for investors. Meanwhile, the Company has the spokesperson and shareholders service personnel deal with shareholders' suggestion or disputes.	No material deviation.
(II) Does the Company possess the list of the Company's major shareholders of ultimate controllers, and the list of the ultimate controllers of the major shareholders?	✓		(II) The Company maintains close communication with major shareholders closely and designates shareholders service personnel to monitor any changes in shares held by major shareholders.	
(III) Does the Company establish and implement the risk control and firewall mechanism with its affiliated companies?	✓		(III) The Company and its affiliates operate independently, in finance and business. The management authorities between the Company and affiliates are also defined specifically. The communication or transactions among the affiliates are governed by laws. The Company also established the "Regulations Governing Management of Monitoring of Subsidiaries." as mechanisms for the management of subsidiaries.	

Assessment criteria	Status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed Companies and causes thereof
	Yes	No	Summary	
(IV) Has the Company established internal policies that prevent insiders from trading securities using unpublished market information?	✓		<p>(IV) The Company established the “Procedures for Handling Material Inside Information” and “Regulations for Prevention of Insider Trading” with contents including the prohibition of insiders of the Company from using unpublished information to trade securities during the closed period of 30 days prior to the publication of the annual financial reports and 15 days prior to the publication of the quarterly financial reports.</p> <p>The Company convenes at least one training session each year for the current Directors, managers, and employees regarding the operating procedures for handling material inside information, prevention of insider trading, and related regulations.</p> <p>In 2022, the Company has provided training to 383 directors, managers, and employees. The contents of the courses included:</p> <ol style="list-style-type: none"> 1. Confidentiality of material information. 2. Basis for recognizing insider trading, recognition process, and actual case studies of trading. 3. Scope of internal material information, confidentiality operations, announcement operations, and procedures for processing violations. 	No material deviation.

Assessment criteria	Status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed Companies and causes thereof
	Yes	No	Summary	
III. Composition and responsibilities of the Board of Directors (I) Does the Board of Directors have member diversification policies regulated and implemented substantively according to the composition of the members?	✓		(I) The board diversification policy is specified in Article 20 of the Company's Corporate Governance Best Practice Principles. The current board members consist of the directors elected, based on the principle of diversification, from the candidates with professional knowledge, skills, qualifications and abundant industry experience, to meet the Company's business development needs, shareholdings and practical needs. The Company has 10 directors (including 3 independent directors) who specialize in banking, finance, commerce, law and industry. There is one female director, i.e. 10% of all directors. The Board members' abilities are stated in Chapter Three: Sections regarding the diversification and independence of directors in Chapter Three. Corporate Governance Report.	No material deviation.

Assessment criteria	Status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed Companies and causes thereof
	Yes	No	Summary	
(II) Does the Company, in addition to setting up the Remuneration Committee and Audit Committee lawfully, have other functional committees set up voluntarily?	✓		(II) The Company's Board of Directors has appointed independent directors and established Audit Committee, Remuneration Risk and Risk Management Committee. 1. In consideration of the professionalism, normality and timeliness required by risk management, the Company's Board of Directors passed the Articles of Association for Risk Management Committee and establishment of the Risk Management Committee on December 20, 2019. The Committee is responsible for supervising the risk management of routine transactions and performing the following duties: (1) Set forth the Company's risk management policy and structure, and delegated powers to related units. (2) Set forth the Company's risk assessment standards. (3) Manage the Company's overall risk limit and various departments' risk. 2. The Risk Management Committee consists of 3 members. The Committee members are appointed per the Board of Directors' resolution. The Risk Management Committee shall convene a meeting for at least once per quarter, in order to help the Board's planning and supervise the Company's risk management operations. It shall also report the risk management implementation status to the Board of Directors periodically, and propose any necessary corrective actions.	No material deviation.

Assessment criteria	Status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed Companies and causes thereof
	Yes	No	Summary	
(III) Has the Company established a set of policies and assessment methods to evaluate the Board's performance, conducted the performance evaluation regularly at least on an annual basis, and submitted the performance evaluation result to the Board and applied the same as reference for remuneration to individual directors and nomination?	✓		(III) The Company established the “Regulations for the Performance Evaluation of the Board of Directors” in December 2018. The Board of Directors, functional committees, and individual directors conduct self-evaluations to complete the performance evaluation pursuant to the Regulations each year. The Company completed the self-evaluation of the Directors and the Board of Directors before December 31, 2022. In terms of the self-evaluation of the Directors, all ten current Directors participated in the self-evaluation. There are 25 evaluation items and the achievement rates were over 90%. In terms of the self-evaluation of the Board of Directors, there are 46 evaluation items and the achievement rates were over 90%. According to the evaluation results above, the Company’s Board of Directors have fully demonstrated its functions in operations. The results of the evaluations were submitted to the 19th meeting of the 17th Board of Directors on March 7, 2023.	No material deviation.

Assessment criteria	Status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed Companies and causes thereof
	Yes	No	Summary	
			<p>According to Article 30 of the Articles of Incorporation and the Regulations for Payment of Remuneration to Directors and Members of Functional Committees, if the Company generates profits in the current year, the Remuneration Committee may consider the overall performance of the Board of Directors, business performance of the Company, and the future operations and risk appetite of the Company, and prepare a recommendation for distribution. The Board of Directors shall determine the allocation of no more than 1% as directors' remuneration in this resolution and distribute the remuneration based on the level of participation of individual directors in the operations of the Company.</p>	

Assessment criteria	Status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed Companies and causes thereof
	Yes	No	Summary	
(IV) Does the Company have the independence of the independent auditor evaluated regularly?	✓		(IV) The Company has the independence of the independent auditor evaluated regularly. The existing CPAs are non-related parties of the Company, who have no conflict of interest with the Company and comply with the principles of independence strictly. The Company listed the related independence checking items and conducted the evaluation based on these items one by one, in accordance with Article 46 and 47 of the Certified Public Accountant Act and the Bulletin of Norm of Professional Ethics for Certified Public Accountant of the Republic of China No. 10, "Integrity, Objectivity and Independence". Meanwhile, the CPAs were also asked to issue the statement of independence. The motion for evaluation on CPAs' independence and competence was under assessment by the Board of Directors on December 22, 2022. The assessment result showed that Yi-Chun Wu, CPA and Pei-De Chen, CPA of Deloitte & Touche should be considered satisfying the Company's criteria for independence and competence and, therefore, qualified as the Company's independent auditors certifying the Company's finance and taxation information.	No material deviation.

Assessment criteria	Status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed Companies and causes thereof
	Yes	No	Summary	
IV. Whether the TWSE/TPEX-listed company assigns the adequate number of competent corporate governance officers, and appoints the chief corporate governance officer responsible for the corporate governance affairs (including but not limited to, provision to directors/supervisors the information needed by them to perform their duties, assistance to directors/supervisors in compliance, organization of the Board of Directors meetings and shareholders' meetings, and preparation of board meeting and shareholders' meeting minutes, etc.)?	✓		The Legal Compliance/Legal Affairs Dept. of the Company is responsible for corporate governance matters. The proposal to designate senior manager Hung Ching-Wen as the Chief Corporate Governance Officer was passed in a resolution of the Board of Directors on August 25, 2022.	No material deviation.
V. Has the Company provided proper communication channels and created an investor relations section on its website to address corporate social responsibility issues that are of significant concern to stakeholders (including but not limited to shareholders, employees, customers and suppliers)?	✓		<ol style="list-style-type: none"> 1. The Company has set up the spokesperson and acting spokesperson system and established communication channels with stakeholders. 2. Customers can use the customer service hotline and email to provide feedback or file complaints to the Company's customer service units. 3. Employees may propose opinions or complaints to managers on all levels verbally or in writing. They can also file them directly to the HR unit by email. 	No material deviation.
VI. Does the Company engage a Shareholders Service Agency to handle Shareholders' Meeting affairs?	✓		The Company appoints CTBC Bank Co., Ltd., Transfer Agency Department to handle the shareholders services on behalf of it.	No material deviation.
VII. Information disclosure (I) Does the Company set up a website to disclose the Company's business, finance and corporate governance information?	✓		(I) The Company already set up its official website and the "Investor Service" and "Stakeholder" sections, in order to disclose the information about the Company's business, finance and corporate governance periodically. The Company also discloses business and finance messages on the "MOPS" periodically and from time to time.	No material deviation.

Assessment criteria	Status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed Companies and causes thereof
	Yes	No	Summary	
(II) Does the Company adopt other information disclosure methods (e.g., establishing an English website, designating responsible person for collecting and disclosing information of the Company, substantiating the spokesman system, posting the investor conference on the Company's website, etc.)?	✓		(II) The Company's business units for individual businesses are responsible for disclosing information on the MOPS. The Company has appointed a spokesperson and acting spokesperson to oversee the Company's external announcements. We also set up a section for investor conferences on the Company's website.	No material deviation.
(III) Does the Company announce and report the annual financial report within two months at the end of each fiscal year, and the financial report for Q1, Q2 and Q3 and monthly operation overview before the prescribed time limit?	✓		(III) The Company announces and reports the annual financial report within two months at the end of each fiscal year, and the financial report for Q1, Q2 and Q3 and monthly operation overview before the prescribed time limit.	
VIII. Does the Company have other information that enables a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholders' interests, continuing education of Directors/Supervisors, implementation of risk management policies and risk measurements, implementation of customer policy, and the Company's purchase of liability insurance for directors and supervisors)?	✓		(I) The Company's website has set up the investor service section dedicated to disclosing the information about the Company's business, finance and corporate governance. (II) The Company also convenes the shareholders' meeting each year, and prepares and uploads its annual report to the MOPS to help shareholders and investors learn about the Company's corporate governance operations. (III) The Company also set up the spokesperson system and assigns various business contact persons to implement its customer policy and protect stakeholders' rights and interests. (IV) All Directors of the Company attended at least six hours of continuing education in 2022. (V) The Company has purchased liability insurance for Directors.	No material deviation.

Assessment criteria	Status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed Companies and causes thereof
	Yes	No	Summary	
IX. Please explain the improvements made, based on the latest Corporate Governance Evaluation results published by the TWSE Corporate Governance Center, and propose enhancement measures for any issues that are yet to be rectified.	✓		The Company has completed the corporate governance self-evaluation per TWSE's requirements by the end of January 2023.	No material deviation.

Note 1: Always provide explanations in the summary description column, regardless of whether the status is ticked "Yes" or "No."

Note 2: The corporate governance self-evaluation report referred to herein means the report about the Company's self-evaluation on the Company's operations and execution conducted per the corporate governance self-evaluation indicators.

(IV) If a remuneration committee is established within the Company, the composition and operations of the committee must be disclosed:

The Company's Board of Directors resolved on December 30, 2011 to establish the Remuneration Committee. The duties of the Remuneration Committee are to set and periodically review the performance evaluation standards as well as annual and long-term performance targets and remuneration policies, systems, standards and structure for Directors and managers. It assesses the achievement of performance targets by directors and managers periodically, and determines the details and amount of remuneration to individual Directors and managers based on the results of evaluations conducted in accordance with the performance evaluation standards. 1. Information about the Company's 6th Remuneration Committee (June 19, 2020 to June 18, 2023) members

January 31, 2023

Identity type (Note 1)	Name	Professional qualifications and experience (Note 2)	Independence (Note 3)	Number of other public companies in which he/she concurrently serves as the remuneration committee member
Convener and Independent Director	Te-Wei Huang	<ol style="list-style-type: none"> 1. Department of Business Administration, National Taiwan University 2. CEO of Ta Yang Group Holdings Limited 3. Chairman, AccuHit AI Technology Taiwan Co., Ltd. (current title) 	<ol style="list-style-type: none"> 1. The individual, spouse, and relative within the second degree of kinship is not a director, supervisor, or employee of the Company or any of its affiliates. 2. The individual, spouse, and relative within the second degree of kinship do not hold shares (or have shares held in names of third parties) of the Company. 3. The individual is not a director, supervisor, or employee of a company that has special relations with the Company. 4. The individual has not provided business, legal, financial, or accounting services to the Company or its affiliates in the last two years. 	0
Independent Director	Jung-Yuan Ho	<ol style="list-style-type: none"> 1. Department of Law, National Chenchi University 2. Graduate, 24th Term of Academy of the Judiciary 3. Attorney-at-Law, He Jung Yuan Attorneys-at-Law 	<ol style="list-style-type: none"> 1. The individual, spouse, and relative within the second degree of kinship is not a director, supervisor, or employee of the Company or any of its affiliates. 2. The individual, spouse, and relative within the second degree of kinship do not hold shares (or have shares held in names of third parties) of the Company. 3. The individual is not a director, supervisor, or employee of a company that has special relations with the Company. 4. The individual has not provided business, legal, financial, or accounting services to the Company or its affiliates in the last two years. 	0
Independent Director	Wei-Jen Li	<ol style="list-style-type: none"> 1. Master in Accounting Information, University of Texas at Dallas 2. Bachelor, Department of Accounting of National Taiwan University 	<ol style="list-style-type: none"> 1. The individual, spouse, and relative within the second degree of kinship is not a director, supervisor, or employee of the Company or any of its affiliates. 2. The individual, spouse, and relative 	1

		3. CPA of Wei Li CPA Firm (current title)	<p>within the second degree of kinship do not hold shares (or have shares held in names of third parties) of the Company.</p> <p>3. The individual is not a director, supervisor, or employee of a company that has special relations with the Company.</p> <p>4. The individual has not provided business, legal, financial, or accounting services to the Company or its affiliates in the last two years.</p>	
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Note 1: Please specify the relevant years of service, professional qualifications and experience, and independence of each member of the Remuneration Committee in the table. If the individual is an Independent Director, a note may be added that the information is provided in Table 1 Profile of Directors and Supervisors (1) on page OO. For identity type, please specify whether the person is a Director, Independent Director, or other (if the individual is the convener, please specify).

Note 2: Professional qualifications and experience: Specify the professional qualifications and experience of the members of the Remuneration Committee.

Note 3: Compliance with the independence criteria: Describe the independence criteria of each member of the Remuneration Committee, including but not limited to stating whether the individual, spouse, or relative within the second degree of kinship is a director, supervisor, or employee of the Company or any of its affiliates; whether the individual, spouse, or relative within the second degree of kinship hold shares (or have shares held in names of third parties) of the Company; whether the individual is a director, supervisor, or employee of a company that has special relations with the Company (refer to Article 6, Paragraph 1, Subparagraphs 5 to 8 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange); and any remuneration from providing business, legal, financial, or accounting service to the Company or any of its affiliates in the last two years.

2. Information about Remuneration Committee's operations

- (1) The Company's Remuneration consists of 3 members.
- (2) The current members' term of office: The term of office for 6th Remuneration Committee members commences from June 19, 2020 until June 18, 2023. A total of 7 Remuneration Committee meetings (A) were convened in the most recent year (2022). Below are the members' attendance records:

Position	Name	Actual presence (times) (B)	Attendance by proxy (times)	Actual attendance rate (B)/(A) %	Remarks
Convener	Te-Wei Huang	6	1	85.7%	
Member	Jung-Yuan Ho	7	0	100%	
Member	Wei-Jen Li	7	0	100%	

Other remarks:

- I. Should the Board rejects or modifies the suggestions from the Remuneration Committee, the following should be stated: date of the Board meeting, term of the Board, contents of the motions, resolutions of the Board and the Company's handling of the Remuneration Committee's opinion: None.
- II. Should any resolution(s) by the Remuneration Committee be passed but with member voicing opposing or qualified opinions on the record or in writing, please describe the date and session of the meeting, contents of the motion, the entire members' opinions, and how their opinions are addressed: None.

Note: (1) Before the end of the year, if a member resigns from his/her position, the resignation date should be marked in the remarks column. The actual presence rate (%) should be calculated based on how often the Board meeting was convened (times) and his/her actual presence (times) during his/her term of office.

- (2) If a re-election of members had taken place prior to the close of the financial year, old and new members are listed, in which case, the remarks column would specify whether they are former, newly elected or re-elected members, and the date of the reelection. The actual presence rate (%) will be calculated based on how often the Board meeting was convened (times) and his/her actual presence (attendance) (times) during his/her term of office.


- (3) The focus of the communication via meetings in the most recent year until the date of publication of the annual report: January 1, 2022 to December 31, 2022

Date of Remuneration Committee Meeting	Contents of Motion	Resolution	The Company's resolution of Remuneration Committee's opinions
4th meeting of 6th term January 18, 2022	Case No. 1: The Company proposed to distribute no more than NT\$65 million as the 2021 year-end bonus for the Company's managers and employees and to authorize the Chairman to carry out the distribution. It was submitted for review.	Approved by all present members unanimously, and submitted to the Board of Directors.	None; submitted to the Company's Board of Directors for resolution and approval.
	Case No. 2: Distribution of the 2021 year-end bonus for the Chairman and the Vice Chairman.	Approved by all present members unanimously, and submitted to the Board of Directors.	None; submitted to the Company's Board of Directors for resolution and approval.
	Case No. 3: The proposal for the abolishment of the standards for authorizing the Chairman to approve the distribution of earnings to Directors of the Company and personnel ranked managers and above, standards for authorizing the Chairman to approve the distribution of bonuses to personnel ranked managers and above, and the standards for authorizing the Chairman to determine the salary of personnel ranked managers and above is submitted for review.	Approved by all present members unanimously, and submitted to the Board of Directors.	None; submitted to the Company's Board of Directors for resolution and approval.
5th meeting of 6th term April 28, 2022	Case No. 1: Establishment of the Company's Regulations for the Development and Performance Evaluations of Managers and the confirmation of the performance evaluation for the 2020 and 2021 Employee Restricted Stock Awards Rules.	Approved by all present members unanimously, and submitted to the Board of Directors.	None; submitted to the Company's Board of Directors for resolution and approval.
6th meeting of 6th term July 26, 2022	Case No. 1: The amendment of the Company's Remuneration Committee Charter is submitted for review.	Approved by all present members unanimously, and submitted to the Board of Directors.	None; submitted to the Company's Board of Directors for resolution and approval.
	Case No. 2: The establishment of the Regulations for the Remuneration of the Company's Directors and Members of Functional Committees is submitted for review.	Approved by all present members unanimously, and submitted to the Board of Directors.	None; submitted to the Company's Board of Directors for resolution and approval.
	Case No. 3: The proposal for payment of remuneration to directors and managers from November 2021 until June 2022 is submitted for resolution.	The chair consulted all members in attendance and except for the recusals of those with conflicts of interest, the proposal was passed.	None; submitted to the Company's Board of Directors for resolution and approval.
	Case No. 4: The Company's proposal for the distribution of the 2020 and 2021 remuneration for directors is submitted for approval.	The chair consulted all members in attendance and except for the recusals of those with conflicts of interest, the proposal was passed.	None; submitted to the Company's Board of Directors for resolution and approval.
	Case No. 5: The adjustment of the structure and amount of salary for the Company's managers is submitted for approval.	Approved by all present members unanimously, and submitted to the Board of Directors.	None; submitted to the Company's Board of Directors for resolution and approval.


7th meeting of 6th term August 25, 2022	Case No. 1: The remuneration of the manager of the Audit Department is submitted for approval.	Approved by all present members unanimously, and submitted to the Board of Directors.	None; submitted to the Company's Board of Directors for resolution and approval.
	Case No. 2: The remuneration of the Chief Corporate Governance Officer is submitted for approval.	Approved by all present members unanimously, and submitted to the Board of Directors.	None; submitted to the Company's Board of Directors for resolution and approval.
	Case No. 3: The proposal for the establishment of the Company's Regulations for Payment of Remuneration to Directors and Members of Functional Committees and the continued distribution of the fixed salary and group bonus to the Chairman and Vice Chairman till December 31, 2022 is submitted for approval.	According to Article 6, Subparagraph 6 of the Remuneration Committee Charter, the members of the Committee may not participate in discussions and voting regarding their salary and remuneration. With regard to the parts involving the Independent Directors, the Committee complied with the aforementioned regulations and did not render a resolution, and the proposal was submitted to the Board of Directors for review. With regard to other parts of the proposal, the chair consulted all members in attendance and the proposal was passed.	None; submitted to the Company's Board of Directors for resolution and approval.
	Case No. 4: The name list of employees entitled to the RSAs in 2021 and the proposed number of shares are submitted for approval.	Approved by all present members unanimously, and submitted to the Board of Directors.	None; submitted to the Company's Board of Directors for resolution and approval.
8th meeting of 6th term October 25, 2022	Case No. 1: The remuneration of the manager of the Risk Management Department is submitted for approval.	Approved by all present members unanimously, and submitted to the Board of Directors.	None; submitted to the Company's Board of Directors for resolution and approval.
	Case No. 2: The remuneration of the manager of Kaohsiung Branch is submitted for approval.	Approved by all present members unanimously, and submitted to the Board of Directors.	None; submitted to the Company's Board of Directors for resolution and approval.
	Case No. 3: The second name list of managers entitled to the employees' RSAs in 2021 and the proposed number of shares are submitted for approval.	Approved by all present members unanimously, and submitted to the Board of Directors.	None; submitted to the Company's Board of Directors for resolution and approval.
9th meeting of 6th term December 22, 2022	Case No. 1: The remuneration of the manager of the Human Resource Department is submitted for approval.	Approved by all present members unanimously, and submitted to the Board of Directors.	None; submitted to the Company's Board of Directors for resolution and approval.
10th meeting of 6th term December 28, 2022	Case No. 1: The Company's 2022 performance evaluation of the managers is submitted for approval.	Approved by all present members unanimously, and submitted to the Board of Directors.	None; submitted to the Company's Board of Directors for resolution and approval.
	Case No. 2: The distribution of the year-end performance bonus for the managers of the Company is submitted for approval.	Approved by all present members unanimously, and submitted to the Board of Directors.	None; submitted to the Company's Board of Directors for resolution and approval.

(V) Promotion of Sustainable Development – Implementation Status and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons.

Promotion Item	Implementation Status (Note 1)			Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEX-Listed Companies and the Reasons
	Yes	No	Summary	
I. Has the Company set up a governance structure for sustainable development, established an exclusively (or concurrently) dedicated unit to implement sustainable development, and have senior executives appointed by the Board of Directors to be in charge of corporate social responsibility and to report the implementation status to the Board of Directors?	✓		<p>1. In terms of the Company's governance structure for promoting sustainable development, the Board of Directors has authorized the senior management to set up part-time units to promote the Company's businesses for sustainable development.</p> <p>2. The Company has set up the “Sustainable Development Task Force” as a part-time unit with the President as the convener. The Board of Directors granted authorization (passed in a resolution of the board meeting on March 24, 2022) for the Task Force to promote Company’s sustainable development. The Task Force consists of the managers of the Customer Partner Dept., Operation Dept., Brand Dept., Human Resource Dept., Finance Dept., Legal Compliance/Legal Affairs Dept., Audit Dept., Risk Management Dept., and Technology Dept. The responsibilities of the Task Force are as follows: (1) Establishment of policies, systems or related management guidelines for sustainable development of the Company. (2) Proposal and implementation of specific promotion plans for sustainable development. (3) Follow-up and review of the effectiveness of the implementation of sustainable development projects. (4) Preparation of the Sustainability Report based on the results each year. (5) Regular reports of the Company’s implementation of sustainable development to the Board of Directors each year. (6) Other work items related to sustainable development.</p>	No material deviation. In the future, the Company will continue to research and draft the policy in response to related laws and regulations.

			<p>3. The Sustainable Development Task Force reports the Company's progress of sustainable development to the Board of Directors. The most recent report date was August 25, 2022. The Board of Directors determines the effectiveness of the management approach for environmental, social, and corporate governance issues based on the Sustainability Report of the Task Force, and whether the strategies and objectives require adjustments and review. If there are any deficiencies, it provides guidance to the management for improvement.</p>	
<p>II. Does the Company conduct the risk assessment on environmental, social, and corporate governance issues related to the Company's operation and adopts related risk management policies or strategies? (Note 2)</p>			<p>1. The boundaries of risk assessment by the Company are the head office and branches of Good Finance Securities Co., Ltd.</p> <p>2. The Company's Sustainable Development Task Force conducts risk assessments of ESG issues based on the principle of materiality. Its evaluation criteria are based on environmental, social, and corporate governance issues related to the Company's operations, the level of concern of these issues to stakeholders, and their impact on environmental, social, and corporate governance issues. The Task Force ranks and selects the issues based on the order of importance before identifying key issues to develop the risk management strategy:</p> <p>(1) Environmental issues:</p> <ol style="list-style-type: none"> a. Risk assessment item: Impact of climate change on the Company's operations b. Risk management policies or strategies: Reduce the use of paper in operations and energy use management. The "customer statements" can be changed to "digital statements" with an online application. We offer "online account opening" to replace signature on printed documents. The Company has adopted "electronic proposals" and "electronic leave applications" in internal operations and we use the "TDCC e-Passbook" to reduce paper consumption. We store files and data in digital format wherever possible and print on both sides of the paper or use recycled paper for photocopying. We reduced the toner concentration in photocopiers. We adopt paperless and digital documents for work procedures. As a financial 	<p>No material deviation. In the future, the Company will continue to research and draft the policy in response to related laws and regulations.</p>

			<p>service business, the Company has no such problem about consumption of energy by production of tangible products. The largest power consumption in the Company's business operations are air conditioning, computer equipment, and lighting. We use energy-efficient products and replace traditional lighting equipment with LED lights. We have replaced the CRT screens used on the TV walls for stock market quotations with projection TV walls. The Company purchases energy-efficient products for all types of equipment wherever possible and plans to replace existing power-consuming equipment. The Company has prepared budgets each year to replace the air-conditioning system with equipment rated for level 1 energy efficiency. The Company's efforts in conservation of power and energy have achieved specific results. In 2022, we reduced power consumption by 120,000kWh compared to 2021, with an electricity conservation rate of 7%. By converting the power saved into CO2 emission, the Company has reduced CO2 emissions by 61,479kg.</p> <p>(2) Social issues:</p> <ol style="list-style-type: none"> a. Risk assessment item: Customer personal data and confidentiality protection b. Risk management policies or strategies: The Company established the "Personal Data and File Security Protection Plan" as the guiding principle for employees' implementation of personal data protection. To maintain the security of customer information and prevent data leak, the Company has established regulations on the collection, processing, and use of customers' personal data by employees in business operations. The Company implements strict control over the use of information equipment to prevent unauthorized access to customer data. We perform regular personal data inventory and conduct risk assessments on the security of files. We organize personal data protection training for new employees from time to time each year with training for "personal data compliance", "personal data collection, 	
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			<p>processing, and use”, and “emergency response procedures for personal data leaks”. All employees must receive information security and personal data protection training each year to enhance their ability to respond to information security incidents.</p> <p>(3) Corporate governance issues:</p> <p>a. Risk assessment item: Ethical corporate management.</p> <p>b. Risk management policies or strategies: The Company has established the “Good Finance Securities Co., Ltd. Ethical Corporate Management Operating Procedures” as the management guidelines to ensure that all employees of the Company shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty when engaging in business activities for purposes of acquiring or maintaining benefits. The Company communicates with employees from time to time to strengthen employees’ ethics and integrity and prevent employees from engaging in inappropriate conduct. The Company shall instruct the Audit Dept. to investigate any unethical conduct of the Company's employees. The dedicated unit shall report the unethical conduct, how it was handled, and subsequent review and improvement measures to the Board of Directors. In the event that the Company is subject to unethical conduct an unlawful act by another individual, the Audit Dept. shall provide the relevant audit results to the Legal Compliance/Legal Affairs Dept., which shall notify the judicial authorities in accordance with its authority and responsibility.</p>	
<p>III. Environmental issues</p> <p>(I) Does the Company have an appropriate environmental management system established in accordance with its industrial characteristics?</p>			<p>As a financial service business, the Company is considered engaging in the low-carbon industry. The impact to be posed by the Company’s operating activities to the environment on the earth is less destructive. Notwithstanding, the Company is still using the best effort to inspect various important parts of the entire operating activities, in order to search more eco-friendly practices to reduce the GHG emission and make contribution to the environmental protection.</p>	<p>No material deviation. In the future, the Company will continue to research and draft the policy in response to related laws and regulations.</p>

<p>(II) Is the Company committed to enhancing the efficient utilization of energy and to using renewable materials that have a low impact on the environment?</p>	<p>✓</p>		<p>The Company installs recycling bins at the office premises to recall any recyclable waste, such as wasted paper, iron cans and plastic bottles and cans, and practice the waste reduction policy.</p>	<p>No material deviation. In the future, the Company will continue to research and draft the policy in response to related laws and regulations.</p>
<p>(III) Does the Company assess the potential risk and opportunity posed by climate changes to the enterprise, now and in the future, and take responsive measures related?</p>	<p>✓</p>		<p>The Company is using the best effort to inspect various important parts of the entire operating activities, in order to search more eco-friendly practices to reduce the GHG emission and make contribution to the environmental protection. Reduction of GHG emission refers to the core issue in the Company's assessment and management of impact posed by weather. The Company prepares budget each year to replace old and energy-consumption electrical appliances. The new electrical appliances purchased by the Company are almost the 1st-grade energy-efficiency products that may reduce power consumption. The Company owns 12 business locations throughout the nation. Most of the business locations are situated at the metropolitan areas with convenient traffic. In order to reduce the CO2 emitted from transportation means, we encourage our employees to use mass transportation means more frequently to commute between work and home, and avoid driving vehicles or riding motorcycles as possible as they can, in order to mitigate the impact posed to the environment.</p>	<p>No material deviation. In the future, the Company will continue to research and draft the policy in response to related laws and regulations.</p>
<p>(IV) Does the Company gather the statistics about the annual GHG emission, water consumption and gross weight of waste for the past two years, and adopts policies for GHG reduction, reduction of water consumption, or other waste management?</p>	<p>✓</p>		<p>As a financial service business, the Company has no such problem about consumption of energy by production of tangible products. The Company has successively introduced energy-conservation products. The Company applies energy-conservation LED lamps, and adopts the projection TV wall to display stock market quotation. The Company's efforts in conservation of power and energy have achieved specific results. In 2022, we reduced power consumption by 120,000kWh compared to 2021, with an electricity conservation rate of 7%. By converting the power saved into CO2 emission, the Company has reduced CO2 emissions by 61,479kg.</p>	<p>No material deviation. In the future, the Company will continue to research and draft the policy in response to related laws and regulations.</p>
<p>IV. Social Issues (I) Does the Company develop management policies in accordance with relevant regulations and international human rights conventions?</p>	<p>✓</p>		<p>All business activities of the Company's are conducted in accordance with government regulations, and are in compliance with the regulations of human rights-related regulations in Taiwan. The Company supports and respects the human rights and equality recognized internationally, and would never discriminate based on gender, race and religious</p>	<p>No material deviation. In the future, the Company will continue to research and draft the policy in response to related laws and regulations.</p>

			belief when recruiting personnel, performing appraisal and determining reward and remuneration. The Company's development relies on harmonious labor-management relationship. The Company establishes its work rules in accordance with the "Labor Standards Act" in order to expressly define both parties' right and obligation.	
(II) Does the Company adopt and implement reasonable employee benefit policy (including remuneration, vacation and other benefits, etc.), and reflect the operating performance or results to the remuneration to employees adequately?	✓		The Company's management policies on labor-employer relationship and labor-management relationship focus on the issues, such as remuneration and benefits, employees' training, employees' health, communication with employees, and gender equality, establishment of legal organizations and adoption of reasonable and compliant operating regulations and welfare systems, in order to achieve the management target to care employees. In terms of employees' leave, the Company provides special leave based on the number of years of service, 30 days of sick leave for which half the salary is paid, prenatal checkup leave, and paternity leave for prenatal checkup and childbirth. To implement epidemic prevention management, we encourage employees to receive COVID-19 vaccination and provide employees with comprehensive care. Employees may apply for paid quarantine leave for epidemic prevention on the day of each vaccination. If the vaccination causes adverse responses, they may apply for another day of paid leave quarantine leave for epidemic prevention to rest. If there are risks of infections from confirmed cases or if the employee had been in contact with people with confirmed cases of infections and must quarantine at home, the Company provides full payment of salary. In 2021 and 2022, a shareholders' meeting resolved to pass the issuance of RSAs to recruit talents.	No material deviation. In the future, the Company will continue to research and draft the policy in response to related laws and regulations.
(III) Does the Company provide employees with a safe and healthy work environment, and provide safety and health education to employees regularly?	✓		The Company's business locations comply with the local government laws and regulations, and conduct fire protection inspection periodically to protect employees' safety in workplace. The Company uses the best effort to improve the working environment according to the Occupational Safety and Health Act. Since 2001, the Company has adopted gypsum boards or calcium silicate compartments for the partitions inside the Company, in order to replace angle materials as the compartmental framework. Meanwhile, the Company ceases to use the counter made of wooden materials, and replaces it with OA office furniture. The Company also adopts the storage cabinets made of iron or fireproof polymer boards, thus reducing	No material deviation. In the future, the Company will continue to research and draft the policy in response to related laws and regulations.

			<p>the use of wooden materials directly or indirectly. The light steel frame ceiling has also been replaced by calcium silicate boards, in order to reduce dust.</p> <p>The Company adheres to the regulations in the Occupational Safety and Health Act and appoints medical personnel to provide onsite labor health services such as monthly health seminars to share information and identify hazardous factors in the work environment. We also promote four major projects for workplace health to address issues for maternity protection, abnormal workload, ergonomic hazards, and illegal infringement at the workplace to provide employees with a safe and healthy work environment.</p>	
(IV) Does the Company have an effective career capacity development training program established for employees?	✓		<p>The Company has set forth the “Regulations Governing Education and Training Management” as its management policy. The Company organizes the orientation and in-service training programs in response to the competent authority’s requirements, and also plans various professional training and management training programs, including external and internal training, in order to help employees access systematic and professional training, and also cultivate the effective attitude, knowledge and skills to execute the Company’s mission via various learning resources, thus improving the employees’ expertise and business performance. The 2022 employee education and training programs have been attended by a total of 5,137 persons, for a total of 9,574 hours.</p>	No material deviation. In the future, the Company will continue to research and draft the policy in response to related laws and regulations.
(V) Does the Company comply with related laws and international practices with respect to customers’ health and safety, customers’ privacy, marketing and labeling for its products and services, adopt related policies or procedures for protecting the rights and interests of consumers or customers, and set up grievance procedures?	✓		<p>The Company complies with the “Personal Data Protection Act” to protect customer privacy. We established the “Personal Data and File Security Protection Plan” as the guiding principle for employees’ implementation of personal data protection. The Company has set up the customer service hotline, including customer grievance and dispute settlement mechanisms. When executing business, the Company shall respect the interest and right deserved by customers and settle any trading dispute adequately, in order to protect policy holders’ interest and right. Meanwhile, the Company adopts the “Fair Deal Policy”, “Procedures for Processing Financial Consumer Disputes”, and “Ethical Corporate Management Best-practice Principles” to improve employees’ knowledge about consumers protection and compliance with related regulations. The Company complies with the self-governing rules of the “Taiwan Securities Association Member Advertisement Management Regulations”</p>	No material deviation. In the future, the Company will continue to research and draft the policy in response to related laws and regulations.

			and distributes marketing ads based on the spirit of protecting investors and maintaining a fair securities transaction market.	
(VI) Does the Company adopt any specific suppliers' management policy to require suppliers to comply with the related regulations governing environmental protection, occupational safety and health or labors' human rights, and provide information on the implementation of the policy?	✓		The Company uses the best effort to promote the environmental protection philosophy, and demands that the procurement department should procure green and eco-friendly products voluntarily.	No material deviation. In the future, the Company will continue to research and draft the policy in response to related laws and regulations.
V. Does the Company prepare the report disclosing the Company's non-financial information, such as the Sustainability Report, based on the guidelines or directions for preparation of reports applicable internationally? Has the said report been assured or guaranteed by a third-party certification unit?	✓		The Company prepares the report disclosing the Company's non-financial information, such as Sustainability Report, based on the guidelines or directions for preparation of reports applicable internationally. For details, please refer to the stakeholder section on the Company's website. The said report obtained partial assurance or guarantee from a third-party certification unit.	No material deviation. In the future, the Company will continue to research and draft the policy in response to related laws and regulations.
VI. If the Company has established its own Sustainable Development Best-Practice Principles in accordance with the "Sustainable Development Best-Practice Principles for TWSE/TPEX-Listed Companies", please describe the current practices and any deviations of its practices from said Principles: None.				
VII. Any other important information which facilitates the understanding of promotion of sustainability development: None.				

Note 1: If "Yes" is selected in the implementation status, please explain the important policies, strategies, and measures adopted, and the implementation status. If "No" is selected in the implementation status, please explain the deviations and reasons in the "Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons" field and explain related policies, strategies, and measures to be adopted in the future. However, the company listed on TWSE or TPEX shall explain the governance and supervision framework for implementation items 1 and 2, including but not limited to the management approach, strategy and target formulation, and review measures. Describe the Company's risk management policies or strategies for related environmental, social, and corporate governance issues related to the Company's operations.

Note 2: The materiality principle refers to the material effect produced by the environment, society and corporate governance issues on the company's investors and other stakeholders.

Note 3: Please refer to the best-practice templates of the Corporate Governance Center, Taiwan Stock Exchange Corporation for the methods of disclosure.

(VI) Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX-Listed Companies and Reasons:

Assessment criteria	Status (Note)			Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX-Listed Companies and causes thereof
	Yes	No	Summary	
<p>I. Establish ethical management policies and plans</p> <p>(I) Has the Company stated in its Articles of Incorporation or external correspondence about the ethical management policies and practices passed by the Board of Directors and the commitment of the Board of Directors and senior management to actively implement the operating policies?</p> <p>(II) Has the Company established the assessment mechanism about unethical conduct to analyze and assess the operating activities with higher risk of unethical conduct in the scope of business periodically, and adopted the unethical conduct prevention program based on the mechanism, which shall at least cover the prevention measures referred to in the subparagraphs of Paragraph 2, Article 7 of the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies”?</p> <p>(III) Does the Company expressly state the SOP, guidelines for conduct and reward & punishment and grievance systems in the unethical conduct prevention program, fully implement them, and regularly review and amend the said program?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(I) The Company has established the “Procedure for Ethical Management” which was passed per resolution of the Board of Directors on December 19, 2014. The amendments were approved by the Board of Directors on March 23, 2020, and reported to 2020 annual general meeting.</p> <p>(II) The Company sets forth the unethical conduct prevention program in its “Procedure for Ethical Management”, and expressly states the SOP, guidelines for conduct and reward & punishment and grievance systems therein, and implements the same precisely.</p> <p>(III) The Company has set forth the prevention policy for the operating activities referred to in Paragraph 2 of Article 7 of the “Ethical Corporate Management Best-Practice Principles for TWSE/TPEX-Listed Companies” or with higher risk of unethical conduct in the scope of business.</p>	<p>(I) No material deviation.</p> <p>(II) No material deviation.</p> <p>(III) No material deviation.</p>
<p>II. Implementation of ethical management</p> <p>(I) Does the Company evaluate the integrity of all counterparts it has business relationships with? Are there any integrity clauses in the agreements it signs with business partners?</p>	<p>✓</p>		<p>(I) All of the Company’s trading counterparts must go through the ethical conduct record assessment. The ethical conduct clauses shall be expressly defined in the contracts executed with them.</p>	<p>(I) No deviation.</p>

<p>(II) Does the Company establish a unit dedicated to (or concurrently engaged in) promoting ethical corporate management under supervision of the Board of Directors which shall be responsible for reporting the status of implementation of the ethical management policy and unethical conduct prevention program to the Board of Directors periodically (at least for once per year)?</p>	<p>✓</p>	<p>(II) The Company's unit dedicated to promoting ethical corporate management is the President Office, which shall also report the status to the Board of Directors each year. The 2022 ethical management policies and unethical conduct prevention programs, and status thereof, were reported to the board meeting on March 7, 2023.</p>	<p>(II) No deviation.</p>
<p>(III) Has the Company developed policies to prevent conflicts of interest, provided adequate channel for communication, and substantiated the policies?</p>	<p>✓</p>	<p>(III) The Company has developed policies to prevent conflicts of interest, provided adequate channel for communication, and substantiated the policies.</p>	<p>(III) No deviation.</p>
<p>(IV) Does the Company fulfill the ethical management by establishing an effective accounting system and internal control system, and have an internal audit unit research and adopt related audit plans based on the unethical conduct risk assessment result and conduct audits on the compliance by the unethical conduct prevention program, or appoint a CPA to conduct the audits?</p>	<p>✓</p>	<p>(IV) In order to implement the ethical management, the Company has established effective accounting system and internal control system. The Company has the internal audit unit conduct the audit periodically, or retained CPAs to conduct the audit.</p>	<p>(IV) No deviation.</p>
<p>(V) Does the Company organize internal or external training on a regular basis to maintain business integrity?</p>	<p>✓</p>	<p>(V) The Company organizes regular training programs every year. In 2022, we provided training on ethical corporate management for 383 participants including current directors, managers, and employees.</p>	<p>(V) No deviation.</p>

Evaluation item	Status (Note)			Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX-Listed Companies and causes thereof
	Yes	No	Summary	
<p>III. Implementation of the Company's whistle-blowing system</p> <p>(I) Does the Company have a specific report and reward system stipulated, a convenient whistle-blowing channel established, and a responsible staff designated to deal with the whistle-blown individual?</p> <p>(II) Does the Company define the standard operating procedure, followup measures to be taken upon completion of the investigation, and nondisclosure mechanism toward the investigation of whistle-blown case as accepted?</p> <p>(III) Has the Company taken proper measures to protect the whistle-blowers from suffering any consequence of reporting an incident?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(I) The Company has established the Regulations for Processing Whistleblowing Cases. The Legal Compliance/Legal Affairs Dept. is the unit responsible for processing reports. The whistleblower may file a report to the Company's processing unit through the whistleblowing channels set up by the Company on the website for the Audit Dept. to conduct investigations.</p> <p>(II) Article 5 and Article 7 of the Regulations for Processing Whistleblowing Cases specify the investigation procedures and related confidentiality mechanisms for reported matters.</p> <p>(III) Article 5 of the Regulations for Processing Whistleblowing Case specifies that the Company may not permit whistleblowers to be subject to inappropriate treatment for their reports such as dismissal, relief of duty, demotion, salary cut, any loss of benefit that they are entitled to under laws, contracts or customary practices, or adverse treatments of any kind.</p>	<p>(I) No deviation.</p> <p>(II) No deviation.</p> <p>(III) No deviation.</p>
<p>IV. Enhanced information disclosure</p> <p>Has the Company disclosed its integrity principles and progress onto its website and Market Observation Post System (MOPS)?</p>	<p>✓</p>		<p>The Company has disclosed its ethical management best-practice principles on its website and MOPS.</p>	<p>No deviation.</p>
<p>V. If the Company has established its own ethical corporate management best practice principles in accordance with the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEX-Listed Companies", please describe the current practices and any deviations thereof from the Principles set forth by it: The Company has set forth the Procedure for Ethical Management, and practice the ethical management in accordance with the Procedure. There is no deviation of its practices from the Procedure.</p>				
<p>VI. Other important information to facilitate better understanding of the Company's implementation of ethical corporate management: (e.g., review and amendment of the Company's Ethical Corporate Management Best Practice Principles)</p> <p>1. The Company complies with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, TWSE/TPEX-listed company regulations or other business conduct-related laws and regulations as the basis for implementation of ethical management.</p> <p>2. The Company's "Rules of Procedure for Board Meeting" expressly states the system for directors' recusal from conflict of interest. Where any motions submitted to the Board meeting involve conflict of interest with any director himself/herself or the juristic person represented by him/her and, therefore, it is likely to impair the interest of</p>				

the Company, the director may state his/her own opinion and answers but shall recuse himself/herself from discussion and voting, and also be prohibited from exercising voting right on behalf of another director.

3. The Company has completed the ethical management training for directors and all employees in December 2022, and reported the same to the Board of Directors on March 7, 2023.
4. The Company has adopted the “Regulations for Prevention of Insider Trading” to expressly state that directors, supervisors, managers and employees shall not disclose any material internal information known by them to others, or inquire with any persons accessible to the Company’s material internal information for any information, or collect any information irrelevant to their job duty that has not yet been disclosed by the Company. The material internal information not yet disclosed by the Company known by them due to any causes other than performance of their duties shall not be disclosed to others either. The Company is used to upholding the ethical management principles in the conduct of business and always acts in accordance with laws.

Note: Always provide explanations in the summary description column, regardless of whether the status is ticked "Yes" or "No."

(VII) Please disclose the access to the Company’s Corporate Governance Best Practice Principles and related rules and regulations, if any:

1. The Company has established its “Corporate Governance Best-Practice Principles” and various alternate regulations in accordance with the “Corporate Governance Best-Practice Principles for Securities Firms” and by taking into consideration the Company’s business environment and practical needs.
2. Please access the Company’s website at <http://www.goodfinance.com> “Investor Service” page for the information about the Company’s “Corporate Governance Best-Practice Principles” and related regulations.

(VIII) Other information material to the understanding of corporate governance within the Company:

1. Fitch Ratings confirmed the Company’s ratings as following on November 11, 2022:
Domestic long-term credit rating as BBB+(twn), domestic short-term credit rating as F2 (twn), and domestic long-term outlook rating as Stable.
2. In order to practice the corporate governance and improve the Board’s and functional committees’ functions and set the performance targets to strengthen operating efficiency, the Company’s Board of Directors resolved on September 17, 2018 to pass the establishment of the Company’s “Regulations Governing Board and Functional Committee Performance Evaluation”, in accordance with the competent authority’s requirements. The Company has completed the Board and functional committee members’ self-evaluation before the first Board of Directors meeting in 2023, and reported the evaluation results to the Board of Directors on March 7, 2023.
3. Continuing education of Directors/Chief Corporate Governance Officer:

Position	Name	Date	Organizer	Name of Course	Hours
Directors and Independent Directors	Ku-Han Huang, Ming-Li Chuang, Fu-Liang Wan, Cheng-Yao Ku, Hsuan-Ching Peng, Yu-De Shen, Shen-Chun Lo, Jung-Yuan Ho (Independent Director), Wei-Jen Li (Independent Director),	October 27, 2022	Taiwan Independent Director Association	Financial Consumer and Fair Customer Treatment Principles and Case Studies	3
		December 20, 2022	Taiwan Securities Association	Latest Trends in Anti-Money Laundering and Counter Terrorist Financing (Including	3

	Te-Wei Huang (Independent Director)			Insider Trading Prevention)	
Chief Corporate Governance Officer	Ching-Wen Hung	From September 27, 2022 to September 28, 2022	Securities and Futures Institute	Directors, Supervisors (Including Independent Directors), and Corporate Governance Officer Course	12
		September 29, 2022	Taiwan Stock Exchange Corporation (TWSE)	2022 TPEX-listed Companies - Reference Guidelines for the Exercise of Powers by Independent Directors and the Audit Committee and Communication Seminar for Directors and Supervisors	3
		October 27, 2022	Taiwan Independent Director Association	Financial Consumer and Fair Customer Treatment Principles and Case Studies	3
		December 20, 2022	Taiwan Securities Association	Latest Trends in Anti-Money Laundering and Counter Terrorist Financing (Including Insider Trading Prevention)	3

4. Execution of consumer protection or customer policy: The Company has set forth the “Fair Deal Policy and Strategy” and “Procedure for Settlement of Dispute Over Financial Consumption”, in order to improve the employees’ knowledge of financial consumer protection and compliance with financial consumer protection laws and regulations.
5. For directors’ avoidance of motions which involves conflict of interest: The Company’s directors have recused themselves from any motions involving a conflict of interest with them. For details, please refer to the Information about functionality of the Board of Directors (Pages 34 to 39 of the annual report).
6. The Company’s purchase of liability insurance for directors: The Company reported to the Board of Directors on June 23, 2022 and purchased the liability insurance from Hotai Insurance Co., Ltd. The insurance period was effective from May 7, 2022 until May 7, 2023. The insured value was US\$5 million (the USD exchange rate was 29.665 on May 6, 2022).

(IX) Implementation of the internal control system shall disclose the following:

1. Declaration of Internal Control System

**Good Finance Securities Co., Ltd.
Declaration of Internal Control System**

Date: March 7, 2023

The following declaration was made based on the 2022 self-inspection of the Company's internal control policies:

- I. The Company is aware that the establishment, execution, and maintenance its internal control policies are the responsibility the Company's Board of Directors and Managers; such policies were implemented throughout the Company. The purpose of this system is to provide reasonable assurance in terms of business performance, efficiency (including profitability, performance, asset security, etc.) reliable, timely and transparent financial reporting, and regulatory compliance.
- II. Internal control policies are prone to limitations. No matter how robustly designed, effective internal control policies merely provide reasonable assurance to the achievements of the three goals above. Furthermore, environmental and situational changes may affect the effectiveness of internal control policies. However, self-supervision measures were implemented within the Company's internal control policies to facilitate immediate rectification once procedural flaws were identified.
- III. The Company evaluates the effectiveness of its internal control policy design and execution based on the criteria specified in "Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets" (hereinafter referred to as the "Regulations"). The criteria introduced by the "Regulations" consisted of five major elements, each representing a different stage of internal control: 1. Control environment, 2. Risk evaluation and response, 3. Procedural control, 4. Information and communication, 5. Supervision. Each element further contains several items. Please refer to the Regulations for the details.
- IV. The Company has adopted the above-mentioned criteria to validate the effectiveness of its internal control design and execution.
- V. Based on the assessments described above, the Company considers the design and execution of its internal control system to be effective as at December 31, 2022, except for matters specified in the Attachment. This system (including the supervision and management of subsidiaries and overall implementation of information security) has provided assurance with regards to the Company's business results, target accomplishments, reliability, timeliness and transparency of reported financial information, and its compliance with relevant laws.
- VI. This statement forms an integral part of the Company's annual report and prospectus, and shall be made public. Any illegal misrepresentation or non-disclosure in the public statement above are subject to legal consequences described in Articles 20, 32, 171, and 174 of the Securities and Exchange Act and Article 115 of the Futures Trading Act.
- VII. The Declaration was approved at the Company's Board of Directors meeting held on March 7, 2023. None of the 9 directors present at the meeting held any objections, and all directors unanimously agreed to the contents of the Declaration.

Good Finance Securities Co., Ltd.	
Chairman: Ku-Han Huang	(with seal/signature)
President: Ta-Hsiu Chuang	(with seal/signature)
Audit Manager: Yu-Ling Lung	(with seal/signature)
Supreme supervisor responsible for information security: Yu-De Shen	(with seal/signature)

Internal Control System Items for Improvement and Corrective Action Plan of
Good Finance Securities Co., Ltd.

Record Date: December 31, 2022

Items for improvement	Corrective action plan	Scheduled time to complete the improvement
None.	None.	None.

Note: Specify the warnings penalties including warnings (inclusive) or above or fines of NT\$240,000 or above imposed by the competent authority in the current year; specify the improvements made for information security deficiencies found in audits conducted by the competent authority, Taiwan Stock Exchange, Taipei Exchange, and Taiwan Futures Exchange.

2. The independent auditor's report issued by the CPA commissioned to conduct an internal control audit, if any: None.

3. Declaration of AML/CFT Internal Control

Declaration of AML/CFT Internal Control System

We hereby declare on behalf of Good Finance Securities Co., Ltd. (hereinafter referred to as “the Company”) that the Company has established the internal control system, implemented risk management and appointed the independent audit entity to conduct the audit and report to the Audit Committee and the Board of Directors periodically, in accordance with the AML/CFT-related laws and regulations from January 1, 2022 to December 31, 2022. Upon careful evaluation on various units’ AML/CFT internal controls and compliance this year, the units are considered executing the internal controls and compliance effectively, except for the items enumerated in the “AML/CFT Internal Control System Items for Improvement and Corrective Action Plan” attached hereto.

To:

Financial Supervisory Commission

Declarant

Chairman: Ku-Han Huang

President: Ta-Hsiu Chuang

Audit Manager: Yu-Ling Lung

AML/CFT Reporting Officer: Hui-Cheng Shen

March 7, 2023

AML/CFT Internal Control System Items for Improvement and Corrective Action Plan

(Record Date: December 31, 2022)

Items for improvement	Corrective action plan	Scheduled time to complete the improvement
In terms of the customers' regional risk assessment items, the Company failed to include the information on "countries or regions with economic sanctions or other similar measures imposed by the United Nations, United States, or European Union" or "supply of funding or support for terrorism or other countries or regions with terrorist activities" into the scope of regional risk assessment as stipulated in the Financial Supervisory Commission's Jin-Guan-Zheng-Quan No. 1070341687 official letter dated November 16, 2018. Countries such as Cuba and Russia were not included.	The Company's AML/CFT Task Force completed the update of the list of seven channels included in the official letter in the meeting on September 20, 2022 and adjusted the risk rating of certain countries. As Cuba is a country or region that sponsors terrorists and as Taiwan cooperates with international sanctions on Russia, we therefore adjusted the risk ratings for Cuba and Russia to "directly regarded as high risk".	Improvement already completed.
With regard to the customer occupation risk evaluation items, the Company failed to reference the 2021 National Money Laundering, Terrorist Financing and Proliferation Financing Risk Assessment Report (NRA) published on December 29, 2021. The Company is preparing to include newly added occupations that have vulnerabilities or can be used for terrorist financing or proliferation financing into the "AML/CFT Risk Assessment Table" as enhanced review or additional occupational items. For instance, the 2021 NRA added virtual assets and online gaming as occupations for the assessment of vulnerabilities and included vessel carriers and rental and leasing of vessels as occupations that may be used for financing proliferation.	The Company's AML/CFT Task Force passed a resolution in the meeting on September 20, 2022 to adjust the risk rating of the occupations added in the 2021 NRA that have vulnerabilities or can be used for terrorist financing or proliferation to "directly regarded as high risk". It also completed and uploaded the revision of the "AML/CFT Risk Assessment Table" at the end of October 2022.	Improvement already completed.
The "AML/CFT Risk Assessment Table" established for evaluating customers' money laundering, terrorist financing, and proliferation financing risk attributes increases the risk ratings of customers based on the number of business items (customers with over 5 items) they apply based on the product risk evaluation items in transactions with customers. However, it did not account for customer transactions in specific high-risk businesses.	The Company's AML/CFT Task Force reviewed the calculation of product risk ratings in the "AML/CFT Risk Assessment Table" in the meeting on September 20, 2022. It adjusted the weighted risk ratings for the risks of different businesses and added them up. It also completed and uploaded the revision of the "AML/CFT Risk Assessment Table" at the end of October 2022.	Improvement already completed.

(X) In 2022 up to the publication date of this Annual Report, if there has been punishment of the Company or its internal personnel, or punishment of the Company to its internal personnel for violating internal control system regulation, and its punishment results might have significant influence on shareholders' equity or securities' price, the punishment, main deficiencies and improvements shall be listed:

No.	Doc. No.	Explanation about major deficiencies	Improvement status
1	February 24, 2023 Jin-Guan-Zheng-Quan-Fa-Zi No. 1110361007 penalty (A fine of NT\$720,000) and February 24, 2023 Jin-Guan-Zhen-Quan-Zi No. 11103610071 correction	<p>The Financial Examination Bureau of the FSC conducted a general business examination in May 2022 and found the following discrepancies:</p> <ol style="list-style-type: none"> 1. Sales personnel ○○ Tang of Zhonghe Branch, ○○ Lin of Luzhou Branch, and ○○ Tsai of Fullsun Branch accepted requests from non-specific natural-person customers for the purchase of securities without a specified price limit, which was found to be in violation of related regulations for the trading and settlement operations in the internal control standards and regulations. 2. ○○ Tsai accepted customers' requests for electronic transactions with a method not permitted by regulations (LINE chatroom) for trading securities, which was found to be in violation of related regulations for the trading and settlement operations in the internal control standards and regulations. 3. The meeting operations of the Board of Directors and Audit Committee were found to be in violation of Article 9, Paragraph 3, Article 16, Paragraph 1, and Article 17, Paragraph 1 of the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies" and Article 14-5, Paragraph 1 of the Securities and Exchange Act. 4. The assessments of customers' money laundering, terrorist financing and proliferation financing risk attributes were found to be in violation of regulations prescribed in Jin-Guan-Zheng-Quan No. 1070341687 official letter dated November 16, 2018 and Jin-Guan-Zheng-Quan No. 1070321242 official letter dated July 4, 2018. 	<ol style="list-style-type: none"> 1. (1) The Customer Partner Dept. organized training from July to September 2022 and published the "Business Personnel Daily Operation Q&A" Guidelines and enhanced supervision and continuous supervision methods to strengthen operators' compliance and increase their risk awareness to prevent the same conditions from recurring. (2) A warning was imposed in accordance with Jin-Guan-Zheng-Quan-Zi No. 11103610071 official letter and Article 5, Subparagraph 5 of the Company's "Reward and Penalty Regulations". 2. The Company imposed a minor demerit in accordance with Article 6, Subparagraph 9 of the Company's "Reward and Penalty Regulations" on July 25, 2022. After receiving the Jin-Guan-Zheng-Quan-Zi No. 11103610072 penalty, the President decided to suspend the business operations of ○○ Tsai for three months. 3. (1) The corporate governance unit amended the contents of the "proxy form" of the Board of Directors so that when a director appoints another director to attend the board meeting on his/her behalf, the director shall be deemed as having waived his/her rights for voting on the "Extraordinary Motions". (2) The Company approved the amendment of the proposal form and the authorization procedures for the Board of Directors. The unit filing a proposal must first review whether the contents of the proposal involve the personal interests of directors before submitting the proposal form and the attachments of the agenda to the Legal Compliance/Legal Affairs Dept. and the corporate governance unit for review and approval. Where the contents of a proposal involve the interests of a director or the juristic person represented by the director, the corporate governance unit shall process the

			<p>meeting operations of the Board of Directors and Audit Committee in accordance with regulations, and record the recusals due to conflicts of interest in detail in the meeting minutes of the Board of Directors.</p> <p>4. (1) The Company included the updated operating procedures for national, occupational, and product risks into the Company’s “AML/CFT Operating Procedures”. (2) Resolutions of the meeting of the AML/CFT Task Force on September 20, 2022: Completed the update of the regional list and adjusted the risk ratings of countries such as Cuba and Russia. Adjusted the risk rating of the newly added occupations that have vulnerabilities or can be used for terrorist financing or proliferation in the 2021 NRA to “directly regarded as high risk”.</p>
2	February 24, 2023 Jin-Guan-Zhen-Quan No. 11103610072 penalty (suspension of business operations of the penalized individual for three months)	The Financial Examination Bureau of the FSC conducted a general business examination in May 2022 and found that the penalized individual ○○ Tsai accepted customers’ requests for electronic transactions with a method not permitted by regulations (LINE chatroom) for trading securities, engaged in the trading of securities, and produced false telephone recordings afterwards, which were found to be in violation of regulations in Article 18, Paragraph 1 and Paragraph 3 of the Regulations Governing Responsible Persons and Associated Persons of Securities Firms.	The Company imposed a minor demerit in accordance with Article 6, Subparagraph 9 of the Company’s “Reward and Penalty Regulations” on July 25, 2022. After receiving the Jin-Guan-Zheng-Quan No. 11103610072 penalty, the President decided to suspend the business operations of ○○ Tsai for three months.

(XI) Important resolutions made by the Shareholders’ Meeting and the Board of Directors in the most recent year up till the date of publication of the annual report:

1. Important resolutions of the shareholders’ meeting on June 2, 2022

Motion	Resolution	Implementation Status
1. 2021 Business Report and Financial Statements	Voting results on the motion: Passed as proposed by voting. Total number of voting rights present at the time of voting: 251,670,845 voting rights. 1. Number of voting rights in favor: 250,855,620 voting rights (176,231,883 voting rights exercised electronically and 0 voting rights exercised by video conference). 2. Number of voting rights against: 16,399 voting rights (13,972 voting rights exercised electronically); number of invalid voting rights: 0. 3. Number of voting rights abstained/not exercised: 798,826 (729,532 voting rights exercised electronically and 3,000 voting rights exercised by video conference). 4. The number of voting rights in favor accounted for 99.67% of the total number of voting rights present at the time of voting.	The motion was passed in accordance with the resolution of the shareholders’ meeting.
2. 2021 Earnings Distribution Table	Voting results on the motion: Passed as proposed by voting. Total number of voting rights present at the time of voting: 251,670,845 voting rights. 1. Number of voting rights in favor: 250,807,242 voting rights (176,183,505 voting rights exercised electronically and 0 voting rights exercised by video conference). 2. Number of voting rights against: 64,777 voting rights (64,777 voting rights exercised electronically); number of invalid voting rights: 0. 3. Number of voting rights abstained/not exercised: 798,826 (729,532 voting rights exercised electronically and 3,000 voting rights exercised by video conference). 4. The number of voting rights in favor accounted for 99.65% of the total number of voting rights present at the time of voting.	The motion was passed in accordance with the resolution of the shareholders’ meeting.
3. Amendments to the “Articles of Incorporation”	Voting results on the motion: Passed as proposed by voting. Total number of voting rights present at the time of voting: 251,670,845 voting rights. 1. Number of voting rights in favor: 250,870,465 voting rights (176,224,728 voting rights exercised electronically and 0 voting rights exercised by video conference). 2. Number of voting rights against: 16,399 voting rights (16,399 voting rights exercised electronically); number of invalid voting rights: 0. 3. Number of voting rights abstained/not exercised: 783,981 (736,687 voting rights exercised electronically and 3,000 voting rights exercised by video conference). 4. The number of voting rights in favor accounted for 99.68% of the total number of voting rights present at the time of voting.	The motion was passed in accordance with the resolution of the shareholders’ meeting.
4. Amendments to the “Operating Procedure for Acquisition or Disposal of Assets”	Voting results on the motion: Passed as proposed by voting. Total number of voting rights present at the time of voting: 251,670,845 voting rights. 1. Number of voting rights in favor: 250,870,465 voting rights (176,224,728 voting rights exercised electronically and 0 voting rights exercised by video conference). 2. Number of voting rights against: 17,554 voting rights (17,554 voting rights exercised electronically); number of invalid voting rights: 0. 3. Number of voting rights abstained/not exercised: 782,826 (735,532 voting rights exercised electronically and 3,000 voting rights exercised by video conference). 4. The number of voting rights in favor accounted for 99.68% of the total number of voting rights present at the time of voting.	The motion was passed in accordance with the resolution of the shareholders’ meeting.
5. Proposal for the redrafting of the “Rules and Procedures of Shareholders’ Meeting” and the	Voting results on the motion: Passed as proposed by voting. Total number of voting rights present at the time of voting: 251,670,845 voting rights. 1. Number of voting rights in favor: 250,826,465 voting rights (176,180,728 voting rights exercised electronically and 0 voting rights exercised by video conference).	The motion was passed in accordance with the resolution of the shareholders’ meeting.

abolishment of the original “Rules and Procedures of Shareholders’ Meeting”.	<p>2. Number of voting rights against: 59,399 voting rights (59,399 voting rights exercised electronically); number of invalid voting rights: 0.</p> <p>3. Number of voting rights abstained/not exercised: 784,981 (737,687 voting rights exercised electronically and 3,000 voting rights exercised by video conference).</p> <p>4. The number of voting rights in favor accounted for 99.66% of the total number of voting rights present at the time of voting.</p>	
6. The Company’s issuance of RSAs	<p>Voting results on the motion: Passed as proposed by voting.</p> <p>Total number of voting rights present at the time of voting: 251,670,845 voting rights.</p> <p>1. Number of voting rights in favor: 250,870,260 voting rights (176,224,523 voting rights exercised electronically and 0 voting rights exercised by video conference).</p> <p>2. Number of voting rights against: 21,596 voting rights (21,596 voting rights exercised electronically); number of invalid voting rights: 0.</p> <p>3. Number of voting rights abstained/not exercised: 778,989 (731,695 voting rights exercised electronically and 3,000 voting rights exercised by video conference).</p> <p>4. The number of voting rights in favor accounted for 99.68% of the total number of voting rights present at the time of voting.</p>	The motion was passed in accordance with the resolution of the shareholders’ meeting.

2. Important resolutions made by the Board of Directors in 2022 up till the date of publication of the annual report

Date	Motions	Resolution
17th Board of Directors 3rd extraordinary meeting of the Board of Directors January 18, 2022	<p>I. The proposed time, place and reasons of convention of the 2022 general annual meeting is submitted for review.</p> <p>II. The Company proposed to distribute no more than NT\$65 million as the 2021 year-end bonus for the Company’s managers and employees and to authorize the Chairman to carry out the distribution. It was submitted for review.</p> <p>III. The distribution of the 2021 year-end bonus for the Chairman and the Vice Chairman is submitted for review.</p> <p>IV. The changes regarding personnel are submitted for review.</p> <p>V. The changes regarding personnel are submitted for review.</p>	<p>Case No. 1 and Case No. 4: The chair consulted all members in attendance and the proposal was passed.</p> <p>Case No. 2: Except for the directors Su-Hua Ku, Fu-Liang Wan, Yu-De Shen, and Shen-Chun Lo who recused themselves due to conflicts of interest, the chair consulted all other Directors in attendance and the proposal was passed.</p> <p>Case No. 3: Except for the two aforementioned Directors who recused themselves due to the conflict of interest, the motion was unanimously passed by all other Directors after the acting chair’s inquiry.</p> <p>Case No. 5: Except for the Director Shen-Chun Lo who recused himself due to the conflict of interest, the motion was unanimously passed by all other Directors after the chair’s inquiry.</p>
17th Board of Directors 13th meeting of the Board of Directors March 24, 2022	<p>I. The Company’s 2021 Business Report is submitted for review.</p> <p>II. The Company’s 2021 parent company only and consolidated financial statements are submitted for review.</p> <p>III. The Company’s 2021 earnings distribution plan is submitted for review.</p> <p>IV. The proposal for the appointment and remuneration of the Company’s CPAs and evaluation of CPAs’ independence is provided in the explanation and submitted for discussion.</p> <p>V. The proposal for the application of unsecured loan credit limit for notes from Taishin is submitted for review.</p>	<p>Case No. 1 to Case No. 2: Passed by all directors in attendance unanimously upon inquiry by the chair, and submitted to the 2022 general shareholders’ meeting for acknowledgment.</p> <p>Case No. 3: Passed by all directors in attendance unanimously upon inquiry by the chair; the 2021 earnings distribution plan was submitted to the 2022 general shareholders’ meeting for acknowledgment, and 2021 remuneration to employees and</p>

	<p>VI. The proposal for convening the 2022 general shareholders' meeting and the use of video conference for supporting the shareholders' meeting is submitted for approval.</p> <p>VII. Amendments to the Company's Articles of Incorporation are submitted for review.</p> <p>VIII. The proposal for the redrafting of the "Rules and Procedures of Shareholders' Meeting" and the abolishment of the original "Rules and Procedures of Shareholders' Meeting" is submitted for review.</p> <p>IX. The proposal for the amendments to the "Operating Procedure for Acquisition or Disposal of Assets" is submitted for review.</p> <p>X. The Company's proposal for the issuance of RSA 2022 is submitted for review.</p> <p>XI. The amendment of the Company's "Organization Charter" is submitted for review.</p> <p>XII. The issuance of the Declaration of Internal Control System is submitted for review.</p> <p>XIII. The issuance of the Company's 2021 Declaration of AML/CFT Internal Control System is submitted for review.</p> <p>XIV. The internal control system for securities dealer "Customer Personal Data International Transmission Operations" (No. CM-19B00) is added and submitted for review.</p> <p>XV. The amendment of the internal control system for futures is submitted for review.</p> <p>XVI. The amendment of the internal control system for securities dealers (No. CA-18280 and No. CA-18320) is submitted for review.</p> <p>XVII. The amendment of the Company's "2022 Trading Department Risk Limit" is submitted for review.</p> <p>XVIII. The disclosure of the Company's 2021 "Risk Management Qualitative Information" is submitted for review.</p> <p>XIX. The establishment of the Company's "Sustainable Development Task Force Charter" is submitted for review.</p> <p>XX. The proposed amendment of the title of the Company's "Corporate Social Responsibility Best Practice Principles" to "Sustainable Development Best Practice Principles" and amendment of the Company's "Corporate Social Responsibility Policy" to "Sustainable Development Policy" and the amendment of related provisions are submitted for review.</p> <p>XXI. The outsourcing procurement project of the Brand Dept. is submitted for review.</p> <p>XXII. The amendment of the anti-money laundering (AML) system development contract is submitted for review.</p>	<p>directors was reported to the 2022 general shareholders' meeting. Case No. 4 to Case No. 6 and Case No. 11 to Case No. 20: The chair consulted all members in attendance and the proposal was passed.</p> <p>Case No. 7 to Case No. 9: Passed by all directors in attendance unanimously upon inquiry by the chair, and submitted to the 2022 general shareholders' meeting for discussion.</p> <p>Case No. 10: The chair consulted all members in attendance and they agree to withdraw the proposal and submit it for discussion in the next board meeting.</p> <p>Case No. 21: Except for the Director Shen-Chun Lo who recused himself due to the conflict of interest, the motion was unanimously passed by all other Directors in attendance after the chair's inquiry.</p> <p>Case No. 22: Except for the Chairman Ku-Han Huang, Director Yu-De Shen, and Independent Director Wei-Jen Li who recused themselves due to conflicts of interest, the motion was unanimously passed by all other Directors in attendance after the acting chair's inquiry.</p>
<p>17th Board of Directors 14th meeting of the Board of Directors April 28, 2022</p>	<p>I. The amendment of the internal control system for securities and futures (No. CM-19C00 and CM-29C00 "Data Sharing Operations between Financial Institutions") is submitted for review.</p> <p>II. The establishment of the Company's Regulations for the Development and Performance Evaluations of Managers and the confirmation of the performance evaluation for the 2020 and 2021 Employee Restricted Stock Awards Rules are submitted for review.</p> <p>III. The Company's proposal for the issuance of RSA 2022 is submitted for review.</p> <p>IV. The proposal for canceling the new shares in the first</p>	<p>Case No. 1, Case No. 2, and Case No. 4: The chair consulted all members in attendance and the proposal was passed.</p> <p>Case No. 3: The chair consulted all members in attendance and the proposal was passed and submitted to the 2022 general shareholders' meeting for discussion.</p>

	issuance of RSAs in 2020 is submitted for review.	
17th Board of Directors 15th meeting of the Board of Directors June 23, 2022	I. The Company's GHG inventory and certification schedule plan. II. Proposal for the establishment of the Taichung City Government Branch. III. The proposal for the amendment of the Corporate Governance Best Practice Principles is submitted for review.	Case No. 1 to Case No. 3: The chair consulted all members in attendance and the proposal was passed.
17th Board of Directors 4th extraordinary meeting of the Board of Directors July 26, 2022	I. The amendment of the Company's Remuneration Committee Charter. II. Distribution of the Company's remuneration for directors for 2020 and 2021.	Case No. 1: The chair consulted all members in attendance and the proposal was passed. Case No. 2: The Independent Director Jung-Yuan Ho recused himself from participating in the decision making. The motion was passed by all other Directors in attendance after the chair's inquiry.
17th Board of Directors 16th meeting of the Board of Directors August 25, 2022	I. The amendment of the Company's internal control system is submitted for ratification. II. The establishment of the Company's "Financial Report Preparation Procedures and Management Regulations" is submitted for approval. III. The Company's Q2 2022 parent company only financial report and consolidated financial statements are submitted for approval. IV. The proposal for the preparation of the Company's 2021 Sustainability Report is submitted for approval. V. The amendments of the Company's "Organization Charter" and "Tiered Responsibility Regulations" are submitted for approval. VI. The promotion of the Assistant Vice President Yu-Ling Lung to Vice President and appointment as the manager of the Audit Dept. is submitted for approval. VII. The appointment of the Chief Corporate Governance Officer is submitted for approval. VIII. The proposal for canceling the new shares in the first issuance of RSAs in 2020 is submitted for approval. IX. The name list of employees entitled to the RSAs in 2021 and the proposed number of shares are submitted for approval.	Case No. 1 to Case No. 9: The chair consulted all members in attendance and the proposal was passed.
17th Board of Directors 17th meeting of the Board of Directors October 27, 2022	I. Additional manpower procurement project for the Good Finance Securities anti-money laundering (AML) system is submitted for approval. II. The amendment of the Company's internal control system is submitted for ratification. III. The proposal for the amendment of the Company's "Operating Procedures for Handling Material Inside Information" is submitted for approval. IV. The second name list of employees entitled to the RSAs in 2021 and the proposed number of shares are submitted for approval. V. The proposal for canceling the new shares in the second issuance of RSAs in 2020 is submitted for approval.	Case No. 1: The acting chair inquired the opinions of Directors other than the Chairman Ku-Han Huang, the Director Yu-De Shen, and the Independent Director Wei-Jen Li, and the motion was passed by all other Directors. Case No. 2 to Case No. 5: The chair consulted all members in attendance and the proposal was passed.
17th Board of Directors 5th extraordinary meeting of the Board of Directors December 15, 2022	I. The proposed amendment of the Regulations Governing Issuance of Restricted Stock Awards (RSA) 2021 of the Company is submitted for approval.	Case No. 1: The chair consulted all members in attendance and the proposal was passed.
17th Board of Directors 18th meeting of the Board of Directors December 22, 2022	I. The Company's 2023 budget is submitted for approval. II. The proposal for the appointment of the Company's CPAs for 2023 and the evaluation of their independence is submitted for approval.	Case No. 1 to Case No. 4 and Case No. 6: The chair consulted all members in attendance and the proposal was passed.

	<p>III. The amendment of the Company's internal control system is submitted for approval.</p> <p>IV. The proposal for the Company's 2023 internal audit plan is submitted for approval.</p> <p>V. The proposal for the reverse purchase transactions of bonds with "Good Finance 1 Industry Co., Ltd." is submitted for approval.</p> <p>VI. The proposal for canceling the new shares in the second issuance of RSAs in 2020 and changing the record date for capital reduction is submitted for approval.</p>	Case No. 5: The acting chair inquired the opinions of Directors in attendance other than the Chairman Ku-Han Huang, the Directors Yu-De Shen, Shen-Chun Lo, Su-Hua Ku, and Hsuan-Ching Peng, and the motion was passed by all other Directors.
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(XII) The main contents of important resolutions of the Board passed but with directors or supervisors voicing opposing opinions on the record or in writing during the most recent year and up to the date of publication of the annual report: None.

(XIII) Summary of resignation/dismissal of the Company's Chairman, President, accounting manager, financial manager, internal audit officer, chief corporate governance officer or chief R&D officer in the most recent year and as of the date of publication of the annual report:

Position	Name	Date appointed	Date dismissed	Reason for resignation or dismissal
Internal Audit Manager	Hsiu-Chu Chen	April 26, 2017	October 11, 2022	Transferred
Chief Corporate Governance Officer	Kuei-Lan Lu	March 22, 2019	August 2, 2022	Retirement

V. Information about CPA's Audit Fees

(I) Information about CPA's Audit Fees

Unit: NT\$ thousand

Name of CPA Firm	Name of CPA	Audit Period	Audit Fee	Non-Audit Fee	Total	Remarks
Deloitte & Touche	Yi-Chun Wu	2022	2,440	500	2,940	
	Pei-De Chen	2022				

Note: Detailed contents of non-audit fees: Tax certification, review of salary information inspection table of full-time employees not in management positions, and the issuance of the review opinions for the issuance of new shares with RSA inspection table.

(II) If a change of CPA firm resulted in a lower audit fee for that year compared to the previous year, the amount, percentage, and reason of the reduction before and after the change must be disclosed: None.

(III) If the audit fee was reduced by more than 10% from the previous year, the actual amount, proportion, and reasons for the reduction must be disclosed: Not applicable.

VI. Replacement of CPA: None.

(I) About the former CPA: Not applicable.

(II) About succeeding CPA: Not applicable.

(III) The Company shall submit the matters stipulated in Paragraph 1 and Item 3 in the preceding paragraph to the former CPAs in writing, and notify the former CPAs to respond via writing within ten days if the former CPAs hold different opinions. The Company shall disclose the former CPA's written response: Not applicable.

VII. Disclosure of any of the Company's Chairman, President, or managers responsible for financial or accounting affairs being employed by the auditor's firm or any of its affiliated company in the last year, including their names, job titles, and the periods during which they were employed by the auditor's firm or any of its affiliated company. The term "affiliated enterprise of a CPA firm" means one owned by the independent auditors: None.

VIII. Details of shares transferred or pledged by directors, supervisors, managers, and shareholders with more than 10% ownership interest in the last year up until the publication date of this annual report:

1. Changes of the equity of directors, supervisor, managers and major shareholders

Position	Name	2022		Current year as of March 26	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Chairman with stake more than 10%	Ku-Han Huang	0	0	0	0
Vice chairperson	Ming-Li Chuang	0	0	0	0
Director	Caterpillar Capital Co., Ltd. Representatives: Ku Cheng-Yao	0 (7,970,000)	1,500,000	0 (4,860,000)	0
	Caterpillar Capital Co., Ltd. Representatives: Hsuan-Ching Peng				
	Caterpillar Capital Co., Ltd. Representatives: Yu-De Shen				
	Caterpillar Capital Co., Ltd. Representatives: Shen-Chun Lo,				
	Caterpillar Capital Co., Ltd. Representatives: Not available				
Shareholders with stake more than 10%	Caterpillar Capital Co., Ltd.				
Director and also Senior Vice President	Fu-Liang Wan	50,000 (50,000)	0	0	0
Independent Director	Jung-Yuan Ho	0	0	0	0
Independent Director	Wei-Jen Li	0	0	0	0
Independent Director	Te-Wei Huang	0	0	0	0
President	Ta-Hsiu Chuang	0	0	0	0
Senior Vice President	Hui-Sheng Tsao	25,000	0	0	0
Senior Vice President	Huei-Cheng Shen	0	0	0	0
Director and Vice President	Shen-Chun Lo	0	0	0	0
Director and Vice President	Yu-De Shen	0	0	0	0
Senior Vice President	Tzu-Wei Shih	202,000 (200,000)	0	0	0
Senior Vice President	Hsueh-Li Yu	210,000 (210,000)	0	0	0
Vice President	Shih-Hsuan Huang	0	0	0	0
Vice President	Tun-Hsi Yang	0	0	0	0
Vice President	Pei-Chi Hung	125,000 (125,000)	0	0	0
Vice President	Hsiu-Chu Chen	0	0	0	0
Vice President	Yu-Ling Lung (Date of appointment: August 25, 2022)	100,000 (100,000)	0	0	0
Assistant Vice President	Ta-Hsien Liu	0	0	0	0
Assistant Vice President	Wan-Chi Fang (Date of appointment: January 1, 2023)	0	0	0	0
Manager	Ching-Yao Huang (Date of appointment: August 25, 2022)	50,000 (50,000)	0	0	0
Manager	Chien-Jen Cheng (Date of appointment: November 1, 2022)	0	0	0	0
Manager	Hui-Hao Tsai (Date of appointment: November 1, 2022)	0	0	0	0
Manager	Chien-An Chen	0	0	0	0
Manager	Yu-Feng Liu	0	0	0	0

Assistant Vice President	Hsi-Jung Kuo (Note) (Date of dismissal: July 1, 2021)	50,000 (50,000)	0	0	0
Manager	Hsia-Ping Chen	1,000	0	2,000	0
Manager	Yi-Yuan Lee	0	0	0	0
Manager	Ming-Chu Fang	0	0	0	0
Manager	Meng-Fan Wu	0	0	0	0
Manager	Ya-Yu Wu	0	0	0	0
Manager	Chi-Chao Chen	0	0	0	0
Financial Manager	Chia-Ling Yu	0	0	0	0
Accounting Manager	Tzu-Ying Wu	0	0	0	0
Manager	Lin Kuo	0	0	0	0
Manager	Yu-Chen Hsu	0	0	0	0
Manager	Chiang-Yen Chuang	0	0	0	0
Manager	Mei-Ling Liao	0	0	0	0
Manager	Hui-Ju Chang (Note)	102,000 (100,000)	0	0	0
Manager	Po-Hsiang Kuo (Date of appointment: January 18, 2022)	0	0	0	0
shareholders with more than 10% shareholding	Lung-Ching Chuang	0	0	0	0
Senior Manaer & Chief Corporate Governance Officer	Ching-Wen Hung (Date of appointment: August 25, 2022)	0	0	0	0
Senior Vice President	Su-Hua Ku (Date of dismissal: August 1, 2022)	0	0	0	0
Chief Corporate Governance Officer	Kuei-Lan Lu (Date of dismissal: August 2, 2022)	0	0	0	0
Manager	Ying-Hui Lin (Date of dismissal: November 1, 2022)	0	0	0	0
Manager	Kuang-Fang Wang (Date of dismissal: November 1, 2022)	0	0	0	0
Manager	Hui-Ju Chang (Date of dismissal: January 1, 2023)	0	0	0	0

Note: In addition to those bought from the centralized ordered market, the additional shares refer to the allotted RSAs. The decreased shares refer to those kept in trust.

2. Information on a counterparty of an equity transfer who is a related party: No such occurrence.

3. Information on a counterparty of an equity pledge who is a related party: Information about the counterpart in any pledge of equity who is a related party of a director, supervisor, manager and shareholder with more than 10% shareholding: None.

IX. Disclosure of relationships, such as related party defined under Statement of Financial Accounting Principle No. 6, or spouse or relative within the second degree of kinship, among the top ten shareholders

Disclosure of the related party among the top ten shareholders

Name (Note 1)	Shareholding under own name		Shares held by spouse and underage children		Total shares held in the names of others		Disclosure of the related parties defined under Statement of Financial Accounting Principle No. 6 among the top ten shareholders, including their names and relationship		Remarks
	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio	Name	Relationship	
Caterpillar Capital Co., Ltd.	114,670,000	36.84%	0	0.00%	None	-	1. Asia Value Capital Co., Ltd. 2. Asia Value Cornerstone Capital Co., Ltd.	1. Same chairman; Asia Value Capital is a major shareholder of Caterpillar Capital Co., Ltd. with the stake of 70%. 2. Same chairman and shareholders.	None
Lung-Ching Chuang	40,968,784	13.16%	0	0.00%	None	-	Lung-Wen Chuang Lung-Chang Chuang Ming-Li Chuang	Relative within the second degree of kinship	None
Deutsche Bank as Trustee of Asia Value Fund Investment Account	19,896,000	6.39%	0	0.00%	None	-	None	None	None
Asia Value Cornerstone Capital Co., Ltd.	15,595,000	5.01%	0	0.00%	None	-	Asia Value Capital Co., Ltd.	Same chairman and shareholders.	None
Asia Value Capital Co., Ltd.	13,283,000	4.27%	0	0.00%	None	-	1. Caterpillar Capital Co., Ltd. 2. Asia Value Cornerstone Capital Co., Ltd.	1. Same chairman; Asia Value Capital is a major shareholder of Caterpillar Capital Co., Ltd. with the stake of 70%. 2. Same chairman and shareholders.	None
Ku-Han Huang	10,745,000	3.45%	301,044	0.1%	28,759,000	9.24%	1. Caterpillar Capital Co., Ltd. 2. Asia Value Cornerstone Capital Co., Ltd. 3. Asia Value Capital Co., Ltd.	Chairman	None
Ming-Li Chuang	8,992,202	2.89%	0	0.00%	None	-	Lung-Chang Chuang Lung-Ching Chuang Lung-Wen Chuang	Relative within the second degree of kinship	None
Lung-Chang Chuang	7,698,086	2.43%	0	0.00%	None	-	Lung-Ching Chuang Lung-Wen Chuang Ming-Li Chuang	Relative within the second degree of kinship	None
Lung-Wen Chuang	6,365,072	2.04%	0	0.00%	None	-	Lung-Chang Chuang Lung-Ching Chuang Ming-Li Chuang	Relative within the second degree of kinship	None
North Bay Recreation Co., Ltd.	5,614,406	1.80%	0	0.00%	None	-	Lung-Wen Chuang	Relative within the first degree of kinship	None

Representative: Jun-Chi Chuang									
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X. Number of shares held by the Company, the Company's directors, supervisors and managers, and the entities directly or indirectly controlled by the Company in a single investee

Unit: Thousand Shares; %

Investee (Note)	By the Company		By Directors, supervisors, managers and the entities directly or indirectly controlled by the Company		Consolidated shareholding	
	Shares	Shareholding	Shares	Shareholding	Shares	Shareholding
Good Finance Securities Investment Consulting Co., Ltd.	5,000	100%	0	-	5,000	100%
Good Finance PE Co., Ltd.	5,000	100%	0	-	5,000	100%

Note: The Company's investee under equity method.

Four. Funding Status

I. Capital and outstanding shares

(I) Source of Capital Stock

February 28, 2023

Issue price	Authorized capital stock		Paid-in capital stock		Remark
	Shares	Amount	Shares	Amount	
10	2,000,000,000	20,000,000,000	311,265,974	3,112,659,740	<ul style="list-style-type: none"> The Board of Directors approved the issuance of RSAs in 2022 totaling 1,535,000 shares. The record dates of the capital increase were August 29 and October 28, 2022. 125,000 new shares with RSAs were recovered due to employee turnover. The Board of Directors approved the record date for the capital decrease for 50,000 shares as December 23, 2022. However, the registration of changes at the Ministry of Economic Affairs was completed on January 19, 2023. The amount was therefore temporarily recognized as capital stock to be canceled. In 2022 and as of February 28, 2023, there was a difference of 50,000 shares in the number of approved and paid-in capital shares due to the aforementioned reason.

Total shares	Authorized capital stock			Remarks
	Outstanding shares	Unissued shares	Total	
Common shares	TPEX-listed 311,265,974	1,688,734,026	2,000,000,000	None

(II) Shareholder structure

Unit: shares; March 26, 2023

Shareholder structure	Government agencies	Financial institutions	Other juristic persons	Foreign institutions and foreigners	Individuals	Recovery of RSAs	Total
Quantity							
Number of persons	0	2	23	13	3,985	0	4,023
Shares held	0	4,510,000	162,940,716	20,696,476	123,118,782	0	311,265,974
Shareholding	0%	1.45%	52.35%	6.65%	39.55%	0%	100%

(III) Distribution of equity

Face value at NT\$10 per share

March 26, 2023

Shareholding category	Number of shareholders	Shares held	Shareholding
1 to 999	2,400	445,227	0.14%
1000 to 5000	953	2,148,683	0.69%
5001 to 10,000	227	1,720,038	0.55%
10,001 to 15,000	106	1,306,231	0.42%
15,001 to 20,000	47	841,151	0.27%
20,001 to 30,000	79	1,918,952	0.62%
30,001 to 40,000	30	1,054,379	0.34%
40,001 to 50,000	40	1,825,203	0.59%
50,001 to 100,000	60	4,289,309	1.38%
100,001 to 200,000	21	2,895,918	0.93%
200,001 to 400,000	19	5,796,744	1.86%
400,001 to 600,000	4	2,052,273	0.66%
600,001 to 800,000	7	4,947,442	1.59%
800,001~1,000,000	1	888,740	0.29%
1,000,001 shares and above	29	279,135,684	89.67%
Total	4,023	311,265,974	100.00%

(IV) List of major shareholders: List of shareholders with a stake of 5 percent or greater, or of the top ten

March 26, 2023

Shares Name of major shareholder	Shares held	Shareholding
Caterpillar Capital Co., Ltd.	114,670,000	36.84%
Lung-Ching Chuang	40,968,784	13.16%
Deutsche Bank as Trustee of Asia Value Fund Investment Account	19,896,000	6.39%
Asia Value Cornerstone Capital Co., Ltd.	15,595,000	5.01%
Asia Value Capital Co., Ltd.	13,283,000	4.27%
Ku-Han Huang	10,745,000	3.45%
Ming-Li Chuang	8,992,202	2.89%
Lung-Chang Chuang	7,567,086	2.43%
Lung-Wen Chuang	6,365,072	2.04%
North Bay Recreation Co., Ltd.	5,614,406	1.80%

(V) Information on market value, net worth, earnings and stock dividends during the most recent two years

Item		Year	2021 (Distributed in 2022)	2022 (Distributed in 2023)	Current year as of February 28, 2023 (Note 4)
		Market price per share (Note 1)	Highest		26.55	21.80	20.00
Lowest			19.00	18.15	17.20
Average			21.32	20.10	18.16
Net asset value per share (Note 2)	Before distribution		18.04	14.65	15.69
	After distribution		18.04	14.65	15.69
Earnings per share	Weighted average shares (thousand shares)		306,756	306,756	306,756
	EPS	Before adjustment	1.05	0.17	(0.14)
		After adjustment	1.04	0.17	(0.14)
Dividend per share	Cash dividend		-	-	-
	Stock bonus	Before adjustment	-	-	-
		After adjustment	-	-	-
	Accumulated unpaid dividend		-	-	-
ROI analysis	P/E ratio (Note 3)		20.30	118.24	(129.71)
	P/D ratio		-	-	-
	Cash dividend yield		-	-	-

*If shares are distributed in connection with a capital increase out of earnings or capital surplus, please also disclose the information on market prices and cash dividends retroactively adjusted based on the number of shares after distribution.

Note 1: List the highest and lowest market prices of common stocks for each year, and then calculate the average market price for each year based on the annual trading value and volume.

Note 2: Please apply the number of the outstanding issued shares at the end of year as the basis and specify it based on the distribution resolved by the shareholders' meeting of next year.

Note 3: P/E ratio = Average closing price per share for the year/Earnings per share.

Note 4: The information about net worth per share and earnings per share shall refer to the information available during the most recent quarter until the date of publication of the annual report, which has been audited (reviewed) by the CPA, while the other sections shall specify the information available in the current year until the date of publication of the annual report.

(VI) Dividend policy

1. Dividend Policy

The Company's earnings and cash flow were primarily affected by fluctuations in the economic cycle. In order to seek sustainable and stable business development, the Company adopted the balanced and stable dividend policy. The cash dividend distributed by the Company, if any, shall account for at least 10% of the whole dividends for the year. Meanwhile, the dividends would be distributed in the form of stock or in cash, subject to the need for investment fund and dilution of earnings per share. The limit of distributed dividends referred to in the preceding paragraph is provided for reference only. The Company may consider the capital planning of next year subject to the actual operations in the current year, in order to decide the optimal dividend policy.

2. The dividends proposed to be distributed at the shareholders' meeting:

The Company's Board of Directors resolved on March 7, 2023 that no dividends should be distributed.

(VII) Impact Posed by Stock Dividend Issuance Proposed at the Meeting to the Company's Business Performance and Earnings per Share

The Company's 2023 annual general meeting didn't propose the distribution of stock bonus.

(VIII) Remuneration to employees and directors

1. The percentages or ranges with respect to remuneration to employees, directors and supervisors, as set forth in the Company's Articles of Incorporation:

Article 30: If the Company records a profit in a year, the Company shall set aside 1% of the profit for employee's remuneration, which shall be distributed in shares or cash by resolution of the board of directors. The Company may, by resolution of the board meeting, set aside no more than 1% of the said profit for directors' remuneration. The motions for distribution of remuneration to employees and directors shall be submitted to the shareholders' meeting for reporting. If, however, the Company has accumulated losses, profit shall first be used to offset accumulated losses and then to set aside the remuneration to employees and directors according to the aforementioned percentages.

2. The Board of Directors passed the distribution of the 2022 remuneration to employees: NT\$318,388.

3. The Board of Directors passed the distribution of the 2022 remuneration to directors: NT\$318,388.

4. The basis for estimating the amount of remuneration to employees and directors and for calculating the number of shares to be distributed as the remuneration to employees, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period: None.

(IX) Repurchase of the Company's Shares: None.

II. Issuance of corporate bond (including overseas corporate bonds)

(I) Outstanding corporate bonds

Corporate bond type	1st issuance of secured corporate bonds in 2020	2nd issuance of secured corporate bonds in 2020	1st issuance of secured corporate bonds in 2021
Date of Issue (offering)	September 3, 2020	December 21, 2020	May 13, 2021
Face value (NT\$)	1,000,000	1,000,000	1,000,000
Place of issue and trading	Taipei Exchange	Taipei Exchange	Taipei Exchange
Issuance price	Issued at full face value	Issued at full face value	Issued at full face value
Total amount (NT\$)	200,000,000	300,000,000	300,000,000
Interest rate	0.70%	0.65%	0.65%
Term	5-year Maturity: September 3, 2025	5-year Maturity: December 21, 2025	5-year Maturity: May 13, 2026
Guaranteeing institution	Shing Kong Bank Co., Ltd.	CTBC Bank Co., Ltd.	Taiwan Cooperative Bank Co., Ltd.
Trustee	Bank SinoPac Co., Ltd.	Bank SinoPac Co., Ltd.	Jih Sun International Bank Co., Ltd.
Underwriter	Masterlink Securities Corporation	Good Finance Securities Co., Ltd.	Taiwan Cooperative Securities Co., Ltd.
Certifying Attorney	Chan Kang-Jung, Attorney-at-Law	Chan Kang-Jung, Attorney-at-Law	Ya-Wen Chiu, Attorney-at-Law
Independent Auditor	Deloitte & Touche Independent Auditor: Wu Yi-Chun	Deloitte & Touche Independent Auditor: Wu Yi-Chun	Deloitte & Touche Independent Auditor: Wu Yi-Chun
Repayment method	To be repaid in full upon maturity of the corporate bond.	To be repaid in full upon maturity of the corporate bond.	To be repaid in full upon maturity of the corporate bond.
Outstanding principal	200,000,000	300,000,000	300,000,000
Terms of redemption or early repayment	None	None	None
Restrictive terms	Not applicable.	Not applicable.	Not applicable.
Guaranteeing institution/ratings agency, date of rating, and rating of corporate bond	Shin Kong Bank Co., Ltd. Taiwan Ratings Corp. - twAA-	CTBC Bank Co., Ltd. Moody's - A2	Taiwan Cooperative Bank Co., Ltd. Taiwan Ratings Corp. twAA+
Other rights	Amount of common shares, global depository receipts, or other securities converted (exchanged or subscribed for) up to the date of publication of the annual report	Not applicable.	Not applicable.
	Issuance and conversion (exchange or subscription) terms	Not applicable.	Not applicable.
Possible dilution of equity and impact on the existing shareholders' equity due to the issuance and conversion, terms of exchange or subscription, and terms of issuance	Not applicable.	Not applicable.	Not applicable.
Custodian of exchanged assets	Not applicable.	Not applicable.	Not applicable.

(II) Corporate bond, current portion: None.

III. Issuance of preferred shares

None.

IV. Issuance of global depository receipts

None.

V. Employee stock warrants and restricted stock awards (RSAs)

(I) Remarks on employee stock warrants: None.

(II) Remarks on restricted stock awards (RSAs):

1. For all RSAs for which the vesting conditions have not yet been met for the full number of shares, the annual report shall disclose the status up to the date of publication of the annual report and the effect on shareholders' equity.

Status of RSAs

Types of new restricted employee shares (Note 1)	2020 Issuance of RSAs	
Effective date of report <u>and total number of shares</u>	July 13, 2020 3,500,000	
Date of issuance (Note 2)	March 24, 2021	May 3, 2021
Issued RSAs	3,000,000	100,000
<u>RSAs available for issuance</u>	500,000	400,000
Issue price	0	0
Issued RSAs as a ratio of total outstanding shares	0.96%	0.032%
Vesting conditions for RSAs	Employees shall still hold the position on each vesting date after being allotted the RSAs and are held by the Company free from violations of the Company's labor contract, work rules, non-competition and non-disclosure agreements, or any other agreements/contracts with the Company, and also attain the personal performance appraisal indicators set by the Company, which shall reach Grade A or above.	
Restrictive conditions for RSAs	<ol style="list-style-type: none">1. Where any employees fail to hold the position on each vesting date after being allotted the RSAs, and also violate the Company's labor contract, work rules, non-competition and non-disclosure agreements, or any other agreements/contracts with the Company, with the personal performance appraisal rating less than Grade A, the Company is entitled to recall the RSAs for which the conditions are not met by the employees, without consideration, and cancel the same.2. Where any employee resigns voluntarily, or is dismissed or laid off during the vesting period, or deceased due to any causes other than occupational hazards, the number of shares which have not yet been vested in him/her shall be recalled by the	

	Company without consideration, and then canceled.	
Custody of RSAs	Taishin Bank was contracted as the custodian.	
Method for processing employees' failure to attain vesting conditions for the allotment or subscription of new shares	<ol style="list-style-type: none"> 1. After becoming eligible for the allotment of new shares but before meeting the vesting conditions, except in the case of inheritance, the employee shall not sell, pledge, transfer or give the RSAs to any others, or create mortgage thereof, or dispose of the same in any other manners. 2. After becoming eligible for the allotment of new shares but before meeting the vesting conditions, the rights, including attendance, proposition, speech, voting and right of election, vested in the employee shall be identical with those with respect to the common shares already issued by the Company and shall be exercised pursuant to the trust contract. 3. Any other rights vested in the employee who becomes eligible for the RSA pursuant to the Regulations but has not yet met the vesting conditions, including but not limited to, rights to receive allotted bonus, stock dividend, legal reserve and capital surplus, and right to subscribe for new shares issued through capital increase in cash, shall be identical with those with respect to the common shares already issued by the Company. The related operations shall be executed pursuant to the trust contract. 4. The time and procedure to relieve the restrictions on the stocks vested in the employee who meets the vesting conditions on the book closure dates for issuance of bonus shares, cash dividends and subscription for new shares issued through capital increase in cash of the Company and of a shareholders' meeting referred to in Paragraph 3 of Article 165 of the Company Act, or from statutory book closure date de facto until the record date for distribution of rights shall be governed by the trust contract or related laws and regulations. 	
Number of redeemed or repurchased RSAs	75,000	50,000
Number of RSAs with restrictions lifted	0	
Number of RSAs with restrictions not yet lifted	2,975,000	
Percentage of RSAs subject to restrictions to total issued shares (%)	0.955%	
Impact on shareholders' equity	Subject to the vesting period set as three years and total outstanding shares, the expensable amount for each of the five years will be NT\$11,469 thousand, NT\$11,469 thousand, NT\$11,469 thousand, NT\$6,971	

	thousand, and NT\$3,598 thousand, and the dilution of the Company's earnings per share for each year is NT\$0.037, NT\$0.037, NT\$0.037, NT\$0.022 and NT\$0.012. As the dilution of the Company's earnings per share is limited, no material impact will be posed on the shareholders' equity.
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Types of new restricted employee shares (Note 1)	2021 Issuance of RSAs	
<u>Effective date of report and total number of shares</u>	December 15, 2021 3,500,000	
Date of issuance (Note 2)	August 29, 2022	October 28, 2022
Issued RSAs	1,335,000	200,000
<u>RSAs available for issuance</u>	2,165,000	1,965,000-
Issue price	0	0
Issued RSAs as a ratio of total outstanding shares	0.43%	0.06%
Vesting conditions for RSAs	Employees shall still hold the position on each vesting date after being allotted the RSAs and are held by the Company free from violations of the Company's labor contract, work rules, non-competition and non-disclosure agreements, or any other agreements/contracts with the Company, and also attain the personal performance appraisal indicators set by the Company, which shall reach Grade A or above.	
Restrictive conditions for RSAs	<ol style="list-style-type: none"> Where any employees fail to hold the position on each vesting date after being allotted the RSAs, and also violate the Company's labor contract, work rules, non-competition and non-disclosure agreements, or any other agreements/contracts with the Company, with the personal performance appraisal rating less than Grade A, the Company is entitled to recall the RSAs for which the conditions are not met by the employees, without consideration, and cancel the same. Where any employee resigns voluntarily, or is dismissed or laid off during the vesting period, or deceased due to any causes other than occupational hazards, the number of shares which have not yet been vested in him/her shall be recalled by the Company without consideration, and then canceled. 	
Custody of RSAs	Taishin Bank was contracted as the custodian.	
Method for processing employees' failure to attain vesting conditions	<ol style="list-style-type: none"> After becoming eligible for the allotment of new shares but before meeting the vesting conditions, 	

for the allotment or subscription of new shares	<p>except in the case of inheritance, the employee shall not sell, pledge, transfer or give the RSAs to any others, or create mortgage thereof, or dispose of the same in any other manners.</p> <p>2. After becoming eligible for the allotment of new shares but before meeting the vesting conditions, the rights, including attendance, proposition, speech, voting and right of election, vested in the employee shall be identical with those with respect to the common shares already issued by the Company and shall be exercised pursuant to the trust contract.</p> <p>3. Any other rights vested in the employee who becomes eligible for the RSA pursuant to the Regulations but has not yet met the vesting conditions, including but not limited to, rights to receive allotted bonus, stock dividend, legal reserve and capital surplus, and right to subscribe for new shares issued through capital increase in cash, shall be identical with those with respect to the common shares already issued by the Company. The related operations shall be executed pursuant to the trust contract.</p> <p>4. The time and procedure to relieve the restrictions on the stocks vested in the employee who meets the vesting conditions on the book closure dates for issuance of bonus shares, cash dividends and subscription for new shares issued through capital increase in cash of the Company and of a shareholders' meeting referred to in Paragraph 3 of Article 165 of the Company Act, or from statutory book closure date de facto until the record date for distribution of rights shall be governed by the trust contract or related laws and regulations.</p>	
Number of redeemed or repurchased RSAs	0	0
Number of RSAs with restrictions lifted	0	0
Number of RSAs with restrictions not yet lifted	1,335,000	200,000
Percentage of RSAs subject to restrictions to total issued shares (%)	0.43%	0.06%
Impact on shareholders' equity	<p>Subject to the vesting period set as three years and total outstanding shares, the expensable amount for each of the five years will be NT\$21,375 thousand, NT\$21,375 thousand, NT\$21,375 thousand, NT\$12,993 thousand, and NT\$6,706 thousand, and the dilution of the Company's earnings per share for each year is NT\$0.069, NT\$0.069, NT\$0.068, NT\$0.042 and NT\$0.021. As the dilution of the Company's earnings per share is limited, no material impact will</p>	

be posed on the shareholders' equity.

2. Names of managers holding the RSAs cumulatively and top ten employees holding the most shares, and the status of acquisition, until the date of publication of the annual report:

	Job Title (Note 1)	Name	Number of acquired RSAs	Percentage of acquired RSAs to total issued shares (Note 4)	Already relieved from restriction (Note 2)			Subject to restriction (Note 2)				
					Number of shares already relieved from restrictions	Issue price	Issue amount	Percentage of RSAs already relieved from restrictions to total issued shares (Note 4)	Number of shares subject to restrictions	Issue price	Issue amount	Percentage of RSAs subject to restrictions to total issued shares (Note 4)
Manager	Advisor	Cheng-Yao Ku	2,635	0.8465%	0	0	0	0.00%	2,635	0	0	0.8465%
	President	Ta-Hsiu Chuang										
	Senior Vice President	Hsueh-Li Yu										
	Senior Vice President	Tzu-Wei Shih										
	Senior Vice President	Fu-Liang Wan										
	Senior Vice President	Huei-Cheng Shen										
	Senior Vice President	Yi-Yuan Lee										
	Senior Vice President	Hui-Sheng Tsao										
	Vice President	Yu-De Shen										
	Vice President	Shen-Chun Lo										
	Vice President	Shih-Hsuan Huang										
	Vice President	Pei-Chi Hung										
	Vice President	Tun-Hsi Yang										
	Vice President	Yu-Ling Lung										
	Manager	Ching-Yao Huang										
	Manager	Hui-Ju Chang										
	Manager	Chia-Ling Yu										
	Manager	Chien-Jen Cheng										
	Manager	Tzu-Ying Wu										
Manager	Chien-An Chen											
Employee (Note 3)	Senior Assistant Vice President	Wei-Chun Lin	1,400	0.4498%	0	0	0	0.00%	1,400	0	0	0.4498%
	Senior Assistant Vice President	Tzu-Hui Lin										
	Assistant Vice President	Shih-Yun Huang										
	Assistant Vice President	Wan-Chi Fang										
	Assistant Vice President	Hsi-Jung Kuo										
	Manager	Po-Hsiang Kuo										
	Manager	Wei-Hsuan Chen										
	Manager	Kuo Lin										

Deputy Manager	I-Feng Liao											
Deputy Manager	Meng-Chien Li											
Deputy Manager	Chung-Fa Lin											
Deputy Manager	Li Pin-I											
Deputy Manager	I-Chen Li											
Deputy Manager	Ke-Hsin Yen											
Deputy Manager	Hou-Fu Lin											
Deputy Manager	Chin-Fu Lin											
Assistant Manager	Chiung-Hui Wen											
Employee	Yin Peng											
Employee	Ting-Ting Shao											
Employee	Yu-Chen Wang											
Employee	Yi-Chun Lin											

Unit: Thousand Shares

Note 1: Including managers and employees (resigned or death to be specified) whose names and job titles should be disclosed, with disclosure of the shares allotted to or subscribed for by them in aggregate amount.

Note 2: The number of spaces is adjustable subject to the frequency of the issuance.

Note 3: The top ten employees acquiring the RSAs mean the employees other than managers.

Note 4: The total issued shares refer to the number of shares listed by Ministry of Economic Affairs upon change of the registered information.

VI. Mergers or acquisitions or with acquisitions of shares of other companies

None.

VII. Implementation of capital utilization plan

No issuance or private placement of securities was pending, or no utilization plan which has been completed within the most recent three years but has not presented effects was existing, by the quarter preceding to the date of publication of the annual report.

Five. Overview of operation

I. Operations

(I) Business Scope

1. The Company's main operations:

- (1) Brokerage of securities listed on the Taiwan Stock Exchange (TWSE).
- (2) Proprietary trading of TWSE-listed securities.
- (3) Margin trading and short sale for the trading of securities.
- (4) Brokerage of securities listed on the Taipei Exchange (TPEX).
- (5) Proprietary trading of securities listed on TPEX.
- (6) Underwriting of securities.
- (7) Concurrent engagement in futures-related services.
- (8) Consigned trading of foreign securities.
- (9) Shareholders service agency.
- (10) Other securities-related operations approved by the competent authority.

2. Main business ratio

The information provided by the merged company to major decision makers for the distribution of resources and the evaluation of the performance of the departments is focused on the business performance of the subsidiaries. The reportable segments of the merged company are as follows:

- (I) Customer Partner Dept.: Mainly responsible for the mandate and brokerage of securities trading.
- (II) Investment Dept.: Mainly responsible for the proprietary trading of securities and bonds, transactions of bonds with repurchase agreements, and trading of financial products related to interest rates.
- (III) Investment Bank Dept.: Mainly responsible for the underwriting of securities transactions.
- (IV) Futures Dept.: Mainly responsible for the mandate and brokerage of futures trading.
- (V) Other departments: They include the operating revenue of other subsidiaries.

The business performance of the reportable segments of the continuing operations are as follows:

Unit: NT\$ thousand

Item \ Year	2021		2022	
	Amount	%	Amount	%
Customer Partner Dept.	1,082,599	83.0	626,878	72.1
Investment Dept.	179,313	13.7	181,411	20.9
Investment Bank Dept.	1,115	0.1	149	-
Futures Dept.	37,128	2.8	35,388	4.1
Other segments	4,872	0.4	25,523	2.9
Total	1,305,027	100.0	869,349	100.0

3. The Company's current products (services)

(1) Brokerage

- Brokerage trading
- Futures
- Margin trading and short sale
- Loans with unrestricted purposes

(2) Proprietary trading

- Proprietary trading of securities
- Transactions of bonds with repurchase agreements
- Financial derivatives

(3) Underwriting

- Assistance or evaluation of the issuance and offering of securities by public companies
- Assistance in the fundraising for the issuance of securities
- Service as financial consultant

(4) Other related operations approved by the competent authority.

4. New products (services) under development

The Financial Supervisory Commission (hereinafter referred to as the "FSC") encourages and guides institutional investors to invest in industries in Taiwan and help industries raise funds. The FSC has allowed securities dealers to invest in private equity funds since 2018 and they may also use subsidiaries to serve as regular partners of venture capital or private equity funds. On April 21, 2020, the FSC issued an official letter to allow securities dealers that meet certain criteria to manage private equity funds and introduce professional investment institutions to take part in the investment of private equity funds. The Company obtained approval from the FSC on December 11, 2020 for investment in setting up Good Finance PE Co., Ltd. (formerly known as Ta Ching PE Co., Ltd.), which commenced related operations in June 2021. The Company shall use Good Finance PE Co., Ltd. to accelerate innovation in financial products and provide customers with comprehensive financial consulting services to satisfy customers financial management needs.

(II) Overview of Industry

1. Status and development of the industry

On December 8, 2020, the FSC proposed the "Capital Market Roadmap" for the capital market. Its main goal is to create a fair, efficient, innovative, open, diverse, and international capital market. It aims to use the 82 specific measures in the five major strategies to attain four major goals including sustainable development, inclusive finance, increased competitiveness, and investor protection. The main policies are as follows:

Five major strategies	Impact on the securities industry
Strengthen primary market functions to support real economic development	The channels open to future public companies will become more diverse and the number of public companies will also expand. The types of underlying available to investors will become more diverse and the direct financing ratio will increase, which will benefit the overall development of the securities industry.
Activate the market and increase efficiency and liquidity	Policies such as the odd lot trading system, TWSE market make system, and extension of the day trade tax reduction will increase market efficiency and liquidity, and thereby increase the turnover ratio of assets under the management of securities dealers.
Attract domestic and	Providing information in English to increase friendliness to

foreign investment and improve international visibility	investors and allow foreign capital to invest in a greater range of financial products will attract more foreign capital to invest in Taiwan.
Boost functions and competitiveness of financial intermediaries	<ul style="list-style-type: none"> ● Optimize the online account opening procedures to provide investors with integrated information services and promote the digital transformation of securities dealers. Help securities dealers develop virtual business venues or increase the level of digital services at brick-and-mortar business venues to promote the development of digital transactions and separate account businesses. ● The FSC relaxes regulations and international securities businesses, drives exponential growth in asset management businesses, and encourages securities dealers to develop diverse financial products. These measures will eliminate the boundaries between securities dealers and other financial institutions. Due to the natural advantages of securities dealers in investment and the lack of development in Taiwan’s fund industry, more innovative securities dealers will use FinTech and innovations in the wealth management business to continue to improve their market presence and profitability to become comprehensive financial institutions.
Encourage financial innovation and diversity	The policies for upgrading the information security in the industry, strengthening the security of Internet services and uninterrupted operations, and enhancing information security will accelerate the securities dealers’ demand for network upgrade and facilitate the consolidation of small and medium-sized securities dealers.

Open banking: To attain financial inclusion, the FSC has started to build an open financial ecosystem. The plan is divided into three phases, and it starts with open banking. It will shift to open securities and investment and open insurance services for the entire financial industry to connect all services in the financial market through OpenAPI. The industry will strive to meet all the financial needs of consumers by offering more convenient service models and forming a comprehensive open financial ecosystem. In terms of the open banking strategy, the phase 1 open public information inquiries and phase 2 open consumer information inquiries have been completed. Phase 3 open transaction information will soon be implemented. We believe that in an era where policies advocate “customer-centric” data empowerment, we can use the information provided through customer authorization to create more convenient service procedures so that customers do not have to provide the same information repeatedly. We can use more accurate and faster ways to complete KYC and KYP and provide customers with the most suitable wealth management products and services.

2. Correlation of the up-stream, mid-stream and down-stream dealers in the industry:

The securities market constitutes a part of the financial market as the trading channel for fund demanders and fund providers. Generally, enterprises are used to raising fund by issuing securities. The investment in securities becomes an important approach for the private to utilize their savings and manage personal wealth. Therefore, the securities market aims to gather savings and transform them into investment, in order to drive the economic growth.



3. Product development trends and competition:

- (1) **Brokerage:** The Company's brokerage business is stable and its profitability is high. We are now planning to use technology to empower our brokerage business and make transactions more convenient for investors. The Company will use distributed computing strategies to increase the stability of transactions and use online account opening and self-developed transaction apps to provide top-notch experience. We will upgrade the brand, contents, products, and social media marketing to increase our presence, and leverage new structures, a new brand, and new experiences to expand to the market of young consumers. We will use the brokerage business to reach customers, establish connections with customers, and continue to strengthen trust and increase the core values of the brokerage business. We shall use professional, thoughtful, and supportive services to become customers' wealth management partners.
- (2) **Asset management services:** The main business strategy is to expand operations and businesses to provide customers with comprehensive financial services and a diverse range of investment tools to satisfy their asset management requirements. In 2022, the Company obtained a license and commenced the principal guaranteed note (PGN) business (new financial product business) to provide customers with diverse investment tools and increase the Company's financing channels. The market response has been good. In addition, the Company invested in the establishment of a private equity subsidiary in 2020 and commenced operations in June 2021. The Company will continue to promote innovations in financial products and upgrade the user experience to encourage new and old customers to attain their financial goals by investing in the financial products of the Company.
- (3) **Proprietary trading:** After years of research, the Company has developed two major investment strategies. The first strategy is to invest in innovation and growth by investing in companies with high-quality growth and becoming long-term shareholders. Investment in companies with high-quality growth is the best way to counter the fluctuations in the capital market and economic cycles. The second strategy is to invest in a basket of stable companies. A number of invisible top companies have risen in Taiwan and they have very stable businesses with very high dividends. We have built a basket of such companies in Taiwan. In terms of the investment regions, we focus on Taiwan, the United States, and China. We identify companies with high-quality growth in the United States and China and we distribute investments in a basket of companies with high yields in Taiwan. The globally dispersed and strategically dispersed investments will create an overall stable investment portfolio and attain growth.
- (4) **Underwriting:** By leveraging the advantages of non-medium-and-small securities dealers, the Company will strategically participate in certain supporting business activities.

(III) Overview of Technology and R&D

Develop asset management business: The Company has obtained licenses to continue to develop new products that support customers' long-term interests. In 2020, we launched the first asset management product "bond + PNG principal secured structural product", which was produced and sold exclusively by the Company for customers that require fixed revenue. As of the end of 2022, we accumulated 778 customers who entrusted us with an amount of NT\$1.8 billion. In June 2021, the subsidiary Good Finance PE Co., Ltd. commenced the management of private equity and offers diverse products to satisfy customers' demand for wealth management. By the end of 2022, we accumulated 1,849 customers who entrusted us with NT\$3.2 billion. It was a great start for

progressing from having no products to issuing the first asset management product and a small step in increasing the scale of assets under management. We progressed from team building to applications for permits, product design and development, establishment of the risk management system, and learning and establishment of the audit team, and conducted a series of small-scale internal tests before launching the product with the utmost care to provide customers with a positive experience. We hope to develop this business as our profit engine and also a new engine for low-efficiency capital in Taiwan. The capital scale will be tens of trillion NTD.

(IV) Long-term/short-term business development plan

1. Short-term development plan:

- (1) Brokerage: Launch the Market Observer and Investment Consultant Bimonthly to reach all customers on a regular basis and increase customers' satisfaction with investments.
- (2) Proprietary trading: Expand the investment team and improve the research system to increase the efficiency of capital deployment. The market value of proprietary investments has reached NT\$5.4 billion.
- (3) Underwriting: The Company's Underwriting Dept. has transitioned to the Investment Bank Dept. and has begun to provide the best asset and liability management services to financial institutions, corporations, and natural persons.

2. Long-term development plan:

The Company will consolidate its market position in the brokerage business, accelerate the development of technological capabilities and digital transformation, and focus on wealth management demand with potential for growth as it transforms into a business model that focuses on both brokerage and asset management. We shall create stable long-term profits for the Company and create a financial institution that focuses on customers' long-term interests.

- (1) Develop asset management businesses: The Company has divided financial businesses into stock and flow. Brokerage business is a flow business that fluctuates with market transaction volume but brings in tremendous number of customers and data. The Company currently has NT\$150 billion in customer assets and 200,000 accounts with 50,000 annual active customers and 5,000 days of active trading. These are valuable diverse transitional assets and an important foundation and starting point for developing stock businesses.
- (2) Investment in technology: Technology is decomposing finance. The future of finance is technology. Technology is creating new possibilities for finance, and the financial services that people need are changing rapidly. Our goal is to enhance customer satisfaction to brokerage businesses, access the youth market through technology, and provide customers with access to the Company's diverse investment channels. In terms of traditional brokerage transactions, we provide customers with a convenient and immediate order placement experience. In terms of wealth management, we provide consulting services based on customers' individual needs.
- (3) Attract high-level talents from different sectors: As the diverse development of the securities market and digital finance become the norm in international developments, securities dealers have a strong demand for talents from different fields. The FSC therefore relaxed regulations in the Regulations Governing Responsible Persons and Associated Persons of Securities Firms in October 2020 to help securities dealers complete business transition or increase competitiveness. Those with six years or more of work experience, with a good performance record, in a professional field such as information, technology, law, e-commerce, or digital economy may serve as managers in securities dealers. The Company has also continued to recruit diverse talents from multiple industries in the last two years as we seek to become one of the most innovative financial institutions in Taiwan as quickly as possible.
- (4) Renovation of existing business premises: In 2020, the Company has upgraded and renovated

Fullsun Branch and Taipei Head Office, which are the Company's largest business premises. The upgrade and renovation of business premises will continue to proceed as we explore ways to provide comprehensive financial consulting services and brand experience.

II. Overview of market and production & marketing

(I) Market analysis

1. Territories where the services are sold and provided

(1) Main service items and recipients

① Service items: securities brokerage (including futures), proprietary trading, credit trading, and financial derivatives trading, etc.

② Service recipients: including domestic and foreign institutional investors and general investors.

(2) Geographic areas where the main services are sold

The Company extends services to domestic and foreign institutional investors and general investors primarily, and sets up business locations in major cities throughout the nation. Meanwhile, the Company's e-trading order system may help investors access more rapid and convenient wealth management information and services free from the limitation on time and space, and provide services to more customers of different attributes.

2. Market share: The Company's brokerage services secured the average market share of 0.43% in 2022.

3. Future demand & supply and potential growth in the market

(1) Market: 2020 to 2022 were the years with the most active securities transactions in Taiwan's history and the number of new accounts reached record highs in nearly 20 years. We witnessed the entry of a group of young investors with new accounts in the market and they have proposed new demand for brands, technologies and trading experience. We believe that the stock market will remain active in the near future due to prevailing low interest rates, continuous outstanding performance of Taiwan's export trade, and growth of new customers in the market.

(2) Business: Taiwan's market is based on the diverse demand for financial services from 19 million people and more than NT\$138 trillion funds, particularly the investment insurance market with an annual inflow of NT\$3 trillion and a yield rate of approximately 3%. The Company currently provides services to a very small part of the market and customers and there is tremendous room for growth for the Company. The overall profitability of Taiwan's financial industry in 2020 was NT\$675.6 billion, including NT\$81.7 billion from securities, NT\$223.1 billion from insurance, and NT\$370.8 billion from banking. We have achieved tremendous growth in profitability. Good trading management is the starting point for all services and it is an inelastic demand like good credit card services provided by banks. We launched a brand-new financial product in 2020 and we shall use the transaction management, asset management, and liability management products to provide customers with comprehensive financial services and enter a market with a total annual profit of nearly NT\$700 billion.

4. Competitive niche

(1) The Company's profitability in brokerage businesses has always led the market. We have priced service fees higher than those of our competitors and the ratio of electronic orders has remained low. The discounts offered by the competitors in the market are generally over 50% while the Company collects 56.6% of the full service fee. The Company collects 43.7% for electronic orders of the full service fee while certain low-price securities dealers collect only 28%. The ratio of electronic orders in the market is close to 80% but they only account for 61% of the Company's brokerage businesses.

(2) The Company's profitability in margin trading and short sale for the trading of securities leads the market. The pricing of margin trading business has maintained at approximately 5.7% in

past years, while the margin trading interest rate of competitors is approximately 5%. The Company's daily average margin trading volume has increased by approximately 67% from 2020 to 2021. The Company is not affected by the price competition from competitors in the market and the margin trading business has created a more stable source of revenue from interest.

- (3) The customer structure of the Company's brokerage business is diverse and natural persons account for the absolute majority of customers. The ratio of physical transactions is high and the profitability is also high.
- (4) The Company recruited several professional executives from 2020 to 2021 and established a first-rate diverse, professional, and experienced management team.

5. Positive and negative factors for future development, and responsive measures

(1) Positive factors: In response to the domestic/foreign economy and rapid changes of social structure, financial supervision and policies shall keep up with the trends. In order to help the financial business development and improve the financial industry's profitability, insofar the financial institutions observe laws and value risks, FSC will continue to relax laws and permit additional business lines, use the best to research and adopt related policies favorable to the finance, help the financial industry improve its competitiveness to expand its business, and encourage active support for industrial development, and provide domestic industries with the best assistance to activate the industrial economy and make more contribution to domestic economic development.

① Construct and activate diversified fund-raising and investment market

Build a robust capital market, and improve corporate governance and corporate social responsibility; expand the capital market scale, and continue to solicit fine-quality and potential enterprises for entry to the capital market; select focus industries and boost their listing on TWSE/TPEX, construct the capital market with industrial characteristics, and continue to organize and attend promotional seminars for characteristic industry to help the micro-innovative enterprises' business development; continue to supervise TPEX's promotion of the Go Incubation Board to deepen the capital market; continue to supervise TPEX's promotion of green bonds to provide the green power industry with diversified fund-raising channels.

② Expand the financial business scope

In response to the financial market's development and consumer banking services, the Company continues to construct a sound financial regulatory system, expand the financial institutions' business or service scope, and improve the financial institutions' international competitiveness, and to construct the sound securities supervisory mechanism, promote the futures market's globalization, expand the securities/futures business scope and improve their competitiveness.

③ Encourage R&D of financial innovative products and services, provide futures market with hewn products or issue new futures trust funds to satisfy the need for diversified products.

④ Encourage the financial industry to promote online financial services actively to increase the e-trading percentage for securities year by year.

⑤ Improvement of investors' and financial consumers' interest and right: promote the financial literacy plan and investors' educational promotion, and improve the investors' and traders' interest and right protection. Continue to promote the "campus and community financial knowledge promotional activity."

(2) Negative factors:

In consideration of the winner-take-all tendencies among financial institutions, the Company's business scope might be affected, due to the Company's smaller capital for incorporation. As such, the Company continues to play the role of a market follower. The strategic alliance formed by securities dealers and banks/insurance companies, or enrollment into a financial holding group might be able to provide more complete financial products. The Company still has room for improvements for advancing its business toward the "one-stop shopping" omnibus financial service pursued by everyone in the new age of finance.

Responsive measures:

- ① Definite organization and powers and responsibilities: Good Finance Securities' organization is simple with definite powers and responsibilities. Compared to large-size financial institutions, the Company can make decision faster. Besides, the communication channels are uninterrupted at all levels. It is easier for the Company to execute its business tactics.
- ② Centralized equity: The shares held by directors are centralized. The Board of Directors and shareholders uphold the consistent corporate sustainability management philosophy affirmatively. The management may have more clear knowledge of the Company's mid-term and long-term development plans.
- ③ No difficulty in mergers: The Company doesn't have to worry about the difficulty in mergers to be dealt with by a large-scale financial group or financial holding company, or the trouble in handling strengths and shortcomings of the group members. The Company continues to focus on "quality improvement". Meanwhile, the Company has contracted high-quality institutions in various financial areas, hoping to build the cross-industry consolidated effects.
- ④ Fair operating performance of each business location: The units engaged in trading stocks, futures and bonds all adopt the streamlining strategy. That is, experienced management in the same trade are leading the elites from various fields to increase the operating benefits based on the Company's business strategies. Most of the business locations have been operated for many years, laid solid foundations in each areas and received stable sales and profit.
- ⑤ Strict risk control mechanism: The Company has built strict risk control systems for credit trading or futures trading and, therefore, the risk over default may be mitigated.

(II) Important purpose and production process of main products

1. Important purpose of main products (commodities) or services

Main services	Important purpose
Brokerage	Engage in trading of securities in the centralized ordered market and over-the-counter market on behalf of customers, and concurrently engage in the brokerage service of domestic stock index futures.
Underwriting	Tutorship for issuers' offering and issuance of securities, application for listing on TWSE (TPEX) or financial consulting services, and investment banking functions.
Proprietary trading	The proprietary trading of securities on the centralized ordered market, over-the-counter market and bond market aims to provide the Company with profit, and also adjust the demand and supply in the market and stabilize the stock price.

2. Production process: As a securities service business, the Company has no production process.

(III) Supply of main raw materials

Not applicable, as the Company is a securities service business and the business operated by the Company and services provided by the Company all follow the competent authority's regulations and, therefore, no physical supply of raw materials exists.

(IV) Trade creditors'/trade debtors' names as well as their sales (purchase) amounts and ratios that accounted for over 10% of the total amount of goods purchased (sold) in the past two years or in any year and the reasons for changes thereof

The Company primarily provides services to customers including individuals, juristic persons, or foreign professional institutional investors and natural persons as approved. None of the trade

creditors'/debtors' sales (purchase) amounts and ratios that accounted for more than 10% of the total amount of goods purchased (sold) in either of the past two years.

(V) Production volume/value during the most recent two years

Not applicable, as the Company is a securities service business and, therefore, it is impossible for the Company to provide such figures as the manufacturing industry.

(VI) Sales volume/value during the most recent two years: Not applicable.

Not applicable, as the Company is a securities service business and, therefore, it is impossible for the Company to provide such figures as the manufacturing industry.

III. Information about the number of employees

Number of employees, average years of service, average age, and academic background distribution ratio of employees in the most recent two years and as of February 28, 2023

Unit: Person; Age: Year; %

Year		2021	2022	Until February 28
Number of employees	Manager	34	35	36
	General employees	352	357	357
	Total	386	392	393
Average age		45.80	45.34	45.41
Average years of service		15.30	14.59	14.78
Academic background distribution ratio	PhD degree	0.00%	0.00%	0.00%
	Master degree	10.62%	14.29%	13.74%
	College	72.80%	69.90%	70.48%
	Senior high school	16.32%	15.56%	15.52%
	Below senior high school	0.26%	0.26%	0.25%

IV. Information about environment protection expenditure

As a securities service business, the Company has no concerns about environmental pollution. From 2022 until the date of publication of the annual report, the Company didn't suffer any losses or punishment for environmental pollution.

V. Labor-management relations

(I) List the Company's employee welfare measures, education, training, retirement system, and their implementation status, and labor agreements as well as the various employee rights protection measures

1. Employee Welfare Measures

The Company's management regulations and work rules are enacted based on the Labor Standards Act, as the consistent principles to be followed by the whole employees. The Company also cares about employees' life and welfare, and sets reasonable salary and compensation. For the employee welfare, in response to labor laws and regulations, the Company enrolls the employees to labor insurance programs and contributes pension fund pursuant to laws on a monthly basis, and establish the Employee Welfare Commission pursuant to laws, distribute birthday gift money and festival gift money or present, and subsidies for marriage, funeral and celebration. The Company sets up a sound welfare system to provide employees with stable life.

2. Employees' education and training

The Company provides diversified training courses and fair in-service education, including in-service training courses, professional courses, and the competent agency's training courses related to various job duties, in order to train professional and challenging talents.

3. Retirement system and implementation status thereof

- ① In order to enable the Company's employees to work without worries and protect their retirement life, the employees' retirement is handled in accordance with the Labor Standards Act, Labor Pension Act, and related regulations.
- ② The employees who have worked for the Company before enforcement of the Labor Pension Act (on July 1, 2005) may choose to continue applying the old system, under which their pension fund should be contributed from 2%~8% of the salary paid to them each year. Meanwhile, the employees may choose to apply the new system instead within five years. The pension fund of any employees who still work for the Company upon enforcement of the Labor Pension Act and choose to apply the Labor Pension Act, or the employees who are hired upon enforcement of the Labor Pension Act shall be contributed from 6% of their monthly salary on a monthly basis. The employees may also contribute no more than 6% of the monthly salary to their pension fund on a monthly basis voluntarily.

4. Labor agreements

The Company is engaged in the industry that may apply the Labor Standards Act. The Company is used to valuing the labor-management relationship, and always operating based on the Labor Standards Act. So far, the Company has kept the labor-management relationship harmonious and never been involved in any major labor-management dispute.

5. Employee rights protection measures

The Company's employee rights are protected pursuant to laws and maintained fairly.

- (II)** List the losses suffered by labor disputes in the most recent year and until the publication date of the prospectus, and disclose the amount of losses that may occur from such disputes in the future as well as the response measures. If the amount cannot be reasonably estimated, explain the facts behind why the reasonable estimation cannot be made: None in 2022 and 2023 until the date of publication of the prospectus.

VI. Cybersecurity management

(I) Describe the cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management.

1. The Company upholds its responsibilities for maintaining security in the securities market, protecting the rights and interests of investors, and improving service quality. To attain the Company's expectations and requirements for information security, the Company has established the "Information Security Policy" and set up related management and control procedures based on the development of the organization. We also consider information security risks for the gradual enhancement of related management mechanisms to create a comprehensive feasible, and effective information security management system.
2. The Company has established the Information Security Task Force in which an executive ranked Vice President or above serves as the convener. The members of the Task Force consist of the managers of related departments or employees assigned by them. They convene meetings on the Information Security Policy at regular intervals each year.
3. The Company's organization for the daily operations of information security or projects is the Technology Dept. We also assign suitable personnel to take charge of related operations. The current manpower allocation consists of one information security officer and a dedicated information security specialist who are responsible for the implementation of the Information Security Policy, planning of the information security system, and implementation of information security operations.
4. In terms of information risk management and cooperation, the Company has set up a DDoS protection mechanism with telecommunication operators and participated in the Financial Information Sharing and Analysis Center (F-ISAC). We assess related information security risks and implement related improvement measures based on the early warnings for threats and announcements of material vulnerabilities from F-ISAC. In addition, the Company conducts social engineering exercises as well as information security incident reports and response exercises in accordance with the Regulations on the Notification and Response of Cyber Security Incident with the Security and Future Computer Emergency Response Team (SFCERT).
5. In 2022, we set up and launched the special privilege account identity and access security management system, two-factor authentication for internal system VPN, and information security defense mechanisms such as web application firewall (WAF).
6. We attended and completed the 2022 DDoS defense mechanism live test exercise for securities and futures dealers.
7. To enhance employees' information security awareness, the Company organized information security training and email social engineering exercises at regular intervals each year.
8. To enhance protection against data leaks, the Company set up a data loss prevention system to monitor personal data, block leaks, and reduce the risks of leaks of personal data.
9. We conduct information security inspections on the Company's mobile app each year to enhance its security.
10. We schedule and execute regular vulnerability scans of critical systems to enhance information system security.
11. We convene regular simulation tests for the remote backup of the current state of the market to ensure the effectiveness of the backup mechanisms.

(II) Specify the Losses arising as a result of major cyber security incidents in the most recent year up until the publication date of this annual report, the potential impact, and the response measures. If the amount cannot be reasonably estimated, the reason for the inability to provide a reasonable estimation shall be explained.

No such occurrences at the Company in 2022 and in 2023 as of the publication date of the prospectus.

VII. Major contracts

The supply contracts, technical cooperation contracts, engineering contracts, long-term loan contracts, and other major contracts that may affect investors' interest and right, which are valid currently and going to expire in the most recent year:

Nature	Counterpart	Term	Main contents	Restrictive clauses
Service contract	JL Design Lab Inc.	April 1, 2022 to January 31, 2023	Design and creative guidance	None
Long-term loan	Good Finance Securities Co., Ltd. Cathay United Bank	November 25, 2020 to November 25, 2027	Use of the Company's land and buildings as collateral for the loan. The interest rate is based on Cathay United Bank's time deposit interest rate index - monthly variable interest rate plus 0.71 and adjusted on a monthly basis. As of December 31, 2022, the interest rate was 2.07% and the loan amount was NT\$229,000 thousand.	None

VIII. Own capital adequacy ratio since December 2022

Year	December 2021 (A)	December 2022 (B)	Variance (B-A)/A
Own capital adequacy ratio	258%	283%	9.69%

IX. Number of employees in non-management positions, annual average employee benefit expenses, and the difference compared to the preceding year.

Year	2022	2021	Deviation
Number of people / Amount			
Number of employees	357 people	326 people	31 people
Average benefit expenses	NT\$956 thousand	NT\$1,161 thousand	NT\$205 thousand

X. Major business items

Major business items in the most recent five years

(I) Acquisition or merger of other companies: None.

(II) Demerger: None.

(III) Investment in affiliates:

Name of affiliate	Relationship with the Company	Shareholding in the most recent five years %					Carrying amount as of December 31, 2022	Evaluation method
		End of 2022	End of 2021	End of 2020	End of 2019	End of 2018		
Good Finance Securities Investment Consulting Co., Ltd.	Investees valued under equity method	100.00%	100.00%	100.00%	100.00%	100.00%	\$ 43,394	Equity method

Good Finance PE Co., Ltd.	Investees valued under equity method	100.00%	100.00%	-	-	-	64,830	Equity method
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(IV) Reorganization: None.

(V) Purchase or disposal of material assets: None.

(VI) Major changes in business practices or contents of operations: None.

Six. Overview of finance

I. Condensed Balance Sheet and Income Statement for the most recent five years

(I) Condensed Balance Sheet

1. Parent Company Only Condensed Balance Sheet

Unit: NT\$ thousand

Item	Year	Financial information for the most recent 5 years (Note 1)				
		2018	2019	2020	2021	2022
Current assets		6,102,281	6,468,595	12,432,492	15,049,565	10,519,744
Property and equipment		259,602	252,770	562,058	551,041	566,059
Intangible assets		72,343	66,328	63,927	60,336	66,392
Other non-current assets		515,180	542,077	624,495	758,968	832,074
Total assets		6,951,414	7,329,770	13,682,972	16,419,910	11,984,269
Current liabilities	Before distribution	1,941,461	2,625,967	7,909,441	9,683,141	6,346,600
	After distribution	2,248,217	—	—	—	(Note 2)
Noncurrent liabilities		52,404	61,790	796,901	1,146,465	1,077,719
Total liabilities	Before distribution	1,993,865	2,687,757	8,706,342	10,829,606	7,424,319
	After distribution	2,300,621	—	—	—	(Note 2)
Capital stock		3,067,559	3,067,559	3,067,559	3,098,559	3,113,159
Capital surplus		12,157	12,157	12,157	30,845	39,566
Retained earnings	Before distribution	1,831,545	1,529,805	1,567,805	1,782,797	1,757,372
	After distribution	1,524,789	—	—	—	(Note 2)
Other equity		46,288	32,492	329,109	678,103	(350,147)
Total owner equity	Before distribution	4,957,549	4,642,013	4,976,630	5,590,304	4,559,950
	After distribution	4,650,793	—	—	—	(Note 2)

The post-distribution numbers mentioned above refer to the numbers inserted based on the Shareholders' Meeting resolution status for the following year.

Note 1: The financial data from previous years have been audited and certified by CPAs.

Note 2: The 2022 earnings distribution plan is still pending resolution by a shareholders' meeting.

2. Consolidated Condensed Balance Sheet

Unit: NT\$ thousand

Year		Financial information for the most recent 5 years (Note 1)				
		2018	2019	2020	2021	2022
Item						
Current assets		6,148,140	6,509,692	12,474,692	15,133,727	10,622,389
Property and equipment		259,602	252,845	562,108	551,838	566,742
Intangible assets		72,343	66,328	63,927	60,336	66,392
Other non-current assets		471,697	501,580	583,119	677,523	734,896
Total assets		6,951,782	7,330,445	13,683,846	16,423,424	11,990,419
Current liabilities	Before distribution	1,941,893	2,626,706	7,910,379	9,686,734	6,352,840
	After distribution	2,248,649	—	—	—	(Note 2)
Noncurrent liabilities		52,340	61,726	796,837	1,146,386	1,077,629
Total liabilities	Before distribution	1,994,233	2,688,432	8,707,216	10,833,120	7,430,469
	After distribution	2,300,989	—	—	—	(Note 2)
Capital stock		3,067,559	3,067,559	3,067,559	3,098,559	3,113,159
Capital surplus		12,157	12,157	12,157	30,845	39,566
Retained earnings	Before distribution	1,831,545	1,529,805	1,567,805	1,782,797	1,757,372
	After distribution	1,524,789	—	—	—	(Note 2)
Other equity		46,288	32,492	329,109	678,103	(350,147)
Total equity	Before distribution	4,957,549	4,642,013	4,976,630	5,590,304	4,559,950
	After distribution	4,650,793	—	—	—	(Note 2)

The post-distribution numbers mentioned above refer to the numbers inserted based on the Shareholders' Meeting resolution status for the following year.

Note 1: The financial data from previous years have been audited and certified by CPAs.

Note 2: The 2022 earnings distribution plan is still pending resolution by a shareholders' meeting.

(II) Condensed Comprehensive Income Statement

1. Parent Company Only Condensed Comprehensive Income Statement

Unit: NT\$ thousand

Item \ Year	Financial information for the most recent 5 years (Note 1)				
	2018	2019	2020	2021	2022
Income	613,272	511,622	730,440	1,300,154	843,827
Operating expenses and expenditure	520,450	517,235	657,802	985,318	868,067
Share of profit (loss) of associates and joint ventures accounted for using equity method	(1)	(119)	879	(3,141)	11,059
Other gains or losses	146,908	49,770	52,922	41,262	44,383
Profit before tax	239,729	44,038	126,439	352,957	31,202
Current period net profit	196,590	26,087	105,648	320,987	52,497
Other comprehensive income in this period (net income after tax)	153,426	(34,589)	228,969	283,225	(1,097,377)
Total comprehensive income in this period	350,016	(8,502)	334,617	604,212	(1,044,880)
EPS (NT\$)	0.64	0.09	0.34	1.05	0.17

Note 1: The financial data from previous years have been audited and certified by CPAs.

2. Consolidated Condensed Comprehensive Income Statement

Unit: NT\$ thousand

Item \ Year	Financial information for the latest 5 years (Note 1)				
	2018	2019	2020	2021	2022
Income	613,547	511,627	730,439	1,305,027	869,349
Operating expenses and expenditure	(520,319)	(517,040)	(656,481)	(993,870)	(880,320)
Other gains or losses	146,554	49,451	52,676	41,124	44,694
Profit before tax	239,780	44,038	126,634	352,281	33,723
Current period net profit	196,590	26,087	105,648	320,987	52,497
Other comprehensive income in this period (net income after tax)	153,426	(34,589)	228,969	283,225	(1,097,377)
Total comprehensive income in this period	350,016	(8,502)	334,617	604,212	(1,044,880)
EPS (NT\$)	0.64	0.09	0.34	1.05	0.17

Note 1: The financial data from previous years have been audited and certified by CPAs.

(III) Independent Auditors' Names and Audit Opinions for the Last Five Years

Year	Name of CPA Firm	Name of CPA	Audit Opinion
2018	Benison Associated CPAs' Firm	Lin Hsien-Chang/ Li Han	Unqualified opinion
2019	Deloitte & Touche	Yi-Chun Wu/ Kuo Li-Wen	Unqualified opinion
2020	Deloitte & Touche	Yi-Chun Wu/ Pei-De Chen	Unqualified opinion
2021	Deloitte & Touche	Yi-Chun Wu/ Pei-De Chen	Unqualified opinion
2022	Deloitte & Touche	Yi-Chun Wu/ Pei-De Chen	Unqualified opinion

II. Financial analysis for the latest 5 years
(I) Parent Company Only Financial Analysis

Analysis items		Year	Financial analysis for the latest 5 years (Note 1)				
		2018	2019	2020	2021	2022	
Financial structure	Liability to asset ratio (%)	28.68	36.67	63.63	65.95	61.95	
	Ratio of long-term fund to property, plant and equipment	1,915.05	1,860.90	1,027.21	1,222.55	995.95	
Solvency	Current ratio (%)	314.31	246.33	157.19	155.42	165.75	
	Quick ratio (%)	314.15	246.18	157.00	155.28	165.48	
Profitability	ROA (%)	2.46	0.36	1.01	2.13	0.37	
	ROE (%)	4.08	0.54	2.20	6.08	1.03	
	Ratio to the paid-in capital (%)	Operating income	3.03	(0.18)	2.37	10.16	(0.78)
		Income before tax	7.81	1.44	4.12	11.39	1.00
	Net profit margin (%)	32.06	5.10	14.46	24.69	6.22	
	EPS (NT\$) (Note 3)	0.64	0.09	0.34	1.05	0.17	
Cash Flow	Cash Flow Ratio (%)	116.53	(Note 2)	(Note 2)	(Note 2)	9.75	
	Cash Flow Adequacy Ratio (%)	467.55	324.27	(Note 2)	(Note 2)	(Note 2)	
	Cash Reinvestment Ratio (%)	41.37	(Note 2)	(Note 2)	(Note 2)	6.13	
Special purpose ratios (%)	Total liabilities to net worth ratio	40.22	57.90	174.94	193.72	162.82	
	Ratio of property and equipment to total assets	3.76	3.45	4.11	4.15	5.42	
	Ratio of underwritten securities to quick asset	3.63	3.96	1.43	1.52	3.05	
	Total share financing balance as a percentage of net worth	35.21	48.75	49.14	62.69	54.06	
	Total short sells balance as a percentage of net worth	6.04	5.38	5.18	3.26	5.48	

Please explain the reasons for changes in each financial ratio during the most recent two years:

1. The decrease in profitability ratios is mainly due to the negative impact of the Russo-Ukrainian War, inflation, and interest rate hikes by the Federal Reserve this year. They significantly reduced the trading volume in the stock market and reduced the brokerage service fee, which is the main source of the Company's revenue.
2. The increase in the ratio of property and equipment to total assets is mainly due to the decrease in financial assets measured at fair value through other comprehensive, accounts receivable, and collection of deposited funds for underwriting.
3. The increase in the ratio of underwritten securities to quick asset is mainly due to the increase in underwritten securities.
4. The decrease in the total share financing balance as a percentage of net worth and the increase in total share short sale balance as a percentage of net worth were mainly due to the negative factors in the market and the decrease in both stock prices and trading volume in the stock market, which resulted in a decrease in the financing balance and increase in short sale balance.

Note 1: The financial data from previous years have been audited and certified by CPAs.

Note 2: When the net cash flow in the business activities in the current year is negative, the cash flow ratio and cash reinvestment ratio are not calculated. When the total net cash flow in business activities in the most recent five years is negative, the cash flow adequacy ratio is not calculated.

Note 3: Effects of the retroactive first-time application of IFRS16 in 2019.

1. Financial structure

- (1) Liability to asset ratio = Total liabilities/Total assets
- (2) Ratio of long-term fund to property, plant and equipment = (Owner equity+noncurrent liabilities)/Property and equipment, net

2. Solvency

- (1) Current ratio = Current assets/Current liabilities
- (2) Quick ratio = (Current assets-Prepayment)/Current liabilities

3. Profitability

- (1) ROA = Income after tax/Total average assets
- (2) Return on owners' equity=Income after tax/Average owner equity
- (3) Net profit margin=Income after tax/Income
- (4) EPS = (Net profit after tax-Preferred stock dividend)/Weighted average number of outstanding shares

4. Cash Flow

- (1) Cash flow ratio = Net cash flow from operating activities/Current liabilities
- (2) Cash flow adequacy = Net cash flow from operating activities for the most recent five years/(Capital expenditure+Cash Dividend) for the most recent five year
- (3) Cash reinvestment ratio = (Net cash flow from operating activities=Cash dividend)/(Gross property and equipment+Long-term investment+Other noncurrent assets+Working capital)

5. Special purpose ratios

- (1) Liabilities to net worth ratio = Total liabilities/Owner equity
- (2) Ratio of property and equipment to total assets = Total property and equipment/Total assets
- (3) Ratio of underwritten securities to quick asset = Total underwritten securities/(Current assets-Current liabilities)
- (4) Total share financing balance as a percentage of net worth = Total share financing balance/Owner equity
- (5) Total short sells balance as a percentage of net worth = Total short sells balance/Owner equity

(II) Consolidated Financial Analysis

Analysis items		Year	Financial analysis for the latest 5 years (Note 1)				
		2018	2019	2020	2021	2022	
Financial structure	Liability to asset ratio (%)	28.68	36.67	63.63	65.96	61.97	
	Ratio of long-term fund to property, plant and equipment	1,914.11	1860.33	1,027.11	1220.77	994.73	
Solvency	Current ratio (%)	316.61	247.83	157.70	156.23	167.21	
	Quick ratio (%)	316.44	246.68	157.51	156.09	166.93	
Profitability	ROA (%)	2.46	0.36	1.01	2.13	0.37	
	ROE (%)	4.08	0.54	2.20	6.08	1.03	
	Ratio to the paid-in capital (%)	Operating income	3.03	(0.17)	2.37	10.04	-0.35
		Income before tax	7.81	1.41	4.06	11.37	1.08
	Net profit margin (%)	32.04	5.10	14.46	24.60	6.04	
	EPS (NT\$) (Note 4)	0.64	0.09	0.34	1.05	0.17	
Cash Flow	Cash Flow Ratio (%)	116.49	(Note 2)	(Note 2)	(Note 2)	10.40	
	Cash Flow Adequacy Ratio (%)	857.29	321.93	(Note 2)	(Note 2)	(Note 2)	
	Cash Reinvestment Ratio (%)	41.37	(Note 2)	(Note 2)	(Note 2)	6.60	
Special purpose ratios (%)	Total liabilities to net worth ratio	40.22	57.92	174.96	193.78	162.95	
	Ratio of property and equipment to total assets	6.59	3.45	4.11	4.15	5.42	
	Ratio of underwritten securities to quick asset	3.63	3.92	1.42	1.50	2.98	
	Total share financing balance as a percentage of net worth	35.21	48.75	49.14	62.69	54.06	
	Total short sells balance as a percentage of net worth	6.04	5.38	5.18	3.26	5.48	

Please explain the reasons for changes in each financial ratio during the most recent two years:

1. The decrease in profitability ratios is mainly due to the negative impact of the Russo-Ukrainian War, inflation, and interest rate hikes by the Federal Reserve this year. They significantly reduced the trading volume in the stock market and reduced the brokerage service fee, which is the main source of the Company's revenue.
2. The increase in the ratio of property and equipment to total assets is mainly due to the decrease in financial assets measured at fair value through other comprehensive, accounts receivable, and collection of deposited funds for underwriting.
3. The increase in the ratio of underwritten securities to quick asset is mainly due to the increase in underwritten securities.
4. The decrease in the total share financing balance as a percentage of net worth and the increase in total share short sale balance as a percentage of net worth were mainly due to the negative factors in the market and the decrease in both stock prices and trading volume in the stock market, which resulted in a decrease in the financing balance and increase in short sale balance.

Note 1: The financial data from previous years have been audited and certified by CPAs.

Note 2: When the net cash flow in the business activities in the current year is negative, the cash flow ratio and cash reinvestment ratio are not calculated. When the total net cash flow in business activities in the most recent five years is negative, the cash flow adequacy ratio is not calculated.

1. Financial structure

- (1) Liability to asset ratio = Total liabilities/Total assets
- (2) Ratio of long-term fund to property, plant and equipment = (Owner equity+noncurrent liabilities)/Property and equipment, net

2. Solvency

- (1) Current ratio = Current assets/Current liabilities
- (2) Quick ratio = (Current assets-Prepayment)/Current liabilities

3. Profitability

- (1) ROA=Income after tax/Total average assets
- (2) Return on owners' equity = Income after tax/Average owner equity
- (3) Net profit margin = Income after tax/Income
- (4) EPS = (Net profit after tax-Preferred stock dividend)/Weighted average number of outstanding shares

4. Cash Flow

- (1) Cash flow ratio = Net cash flow from operating activities/Current liabilities
- (2) Cash flow adequacy = Net cash flow from operating activities for the most recent five years/(Capital expenditure+Cash Dividend) for the most recent five year
- (3) Cash reinvestment ratio = (Net cash flow from operating activities - Cash dividend)/(Gross property and equipment+Long-term investment+Other noncurrent assets+Working capital)

5. Special purpose ratios

- (1) Liabilities to net worth ratio = Total liabilities/Owner equity
- (2) Ratio of property and equipment to total assets = Total property and equipment/Total assets
- (3) Ratio of underwritten securities to quick asset = Total underwritten securities/(Current assets-Current liabilities)
- (4) Total share financing balance as a percentage of net worth = Total share financing balance/Owner equity
- (5) Total short sells balance as a percentage of net worth = Total short sells balance/Owner equity

III. Audit Committee's review report on the latest financial report

Good Finance Securities Co., Ltd. **Audit Committee's Audit Report**

The Company has duly worked out the 2021 parent company only financial statements and consolidated financial statements, which have been audited by Yi-Chun Wu, CPA and Pei-de Chen, CPA of Deloitte Taiwan, who also issued an Audit Report with unqualified opinion for reference.

We, the Audit Committee, have reviewed these financial statements, and found the same to be compliant with laws. Accordingly, we hereby issue this declaration in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Good Finance Securities Co., Ltd.

Convener of Audit Committee: Wei-Jen Li

March 7, 2023

IV. The latest annual financial statements

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Good Finance Securities Co., Ltd

Opinion

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

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2022 and 2021, and its parent company only financial performance and its 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".

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company 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 judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Recognition of brokerage handling fee revenue

For the year ended December 31, 2022, the Company's brokerage fee revenue amounted to \$542,452 thousand. The Company's brokerage fee revenue arises from the trading of domestic and foreign securities, futures contracts and short sales. Because the accuracy and the amounts of brokerage fee revenue were material and have a significant impact on the financial statements, we have thus assessed the recognition of brokerage fee revenue as the key audit matter in our audit.

Our key audit procedures performed in respect of the above-mentioned key audit matter included the following:

1. Obtained an understanding of and evaluated the internal controls over the brokerage business.
2. Sample tested transaction reports and related vouchers in relation to brokerage fee revenue recognition.
3. Performed analytical review procedures and assessed the appropriateness of accounting policies in relation to brokerage fee revenue recognition.

Refer to Notes 4 and 22 for the related accounting policies and amounts of the Company's brokerage fee revenue.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the parent company only financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with the auditing standards, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 Company'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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision, and performance of the 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 parent company only financial statements for the year ended December 31, 2022, 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.

The engagement partners on the audits resulting in this independent auditors' report are Yi-Chun Wu and Pei-De Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 7, 2023

Notice to Readers

The accompanying parent company only financial statements are intended only to present the parent company only financial position, parent company only financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are standards on auditing of the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying parent company only financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

GOOD FINANCE SECURITIES CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

ASSETS	Notes	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
Current assets	4				
111100 Cash and cash equivalents	6 and 28	\$ 865,429	7	\$ 288,057	2
112000 Financial assets at fair value through profit or loss - current	7	647,059	5	259,562	2
113200 Financial assets at fair value through other comprehensive income - current	8, 27 and 28	3,986,072	33	5,142,984	31
114030 Receivables from margin loans	10	2,464,919	21	3,504,807	21
114040 Refinancing margin		25,077	-	4,357	-
114050 Refinancing deposit receivable		17,912	-	3,630	-
114066 Receivables of money lending – without specific purposes	10	116,283	1	166,923	1
114070 Customer margin accounts		238,161	2	292,829	2
114130 Accounts receivable	10	1,621,666	14	3,214,132	20
114150 Prepayments		17,577	-	13,331	-
114170 Other receivables	10	12,726	-	16,499	-
114200 Other financial assets - current	6	51,556	1	10,000	-
119080 Restricted assets - current	28	366,910	3	488,810	3
119120 Underwriting share proceeds collected on behalf of customers		81,537	1	1,640,555	10
119990 Other current assets		6,860	-	3,089	-
110000 Total current assets		10,519,744	88	15,049,565	92

(Continued)

GOOD FINANCE SECURITIES CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

ASSETS		Notes	December 31, 2022		December 31, 2021	
			Amount	%	Amount	%
Non-current assets		4				
123200	Financial assets at fair value through other comprehensive income - non-current	8	\$ 90,701	1	\$ 75,545	1
123300	Financial assets measured at amortized cost - non-current	9	50,648	-	50,740	-
124100	Investments accounted for using equity method	11	108,224	1	98,607	1
125000	Property and equipment	12, 27 and 28	566,059	5	551,041	3
125800	Right-of-use assets	13	54,410	-	74,839	-
127000	Intangible assets	14 and 27	66,392	1	60,336	-
128000	Deferred income tax assets	23	92,196	1	70	-
129010	Operating guarantee deposits		295,000	2	295,000	2
129020	Settlement and clearing fund		59,162	-	57,265	-
129030	Refundable deposits	15	79,577	1	76,267	1
129130	Prepayment for equipment		2,156	-	30,635	-
120000	Total non-current assets		1,464,525	12	1,370,345	8
906001	Total assets		\$ 11,984,269	100	\$ 16,419,910	100

(Continued)

GOOD FINANCE SECURITIES CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

LIABILITIES AND EQUITY		Notes	December 31, 2022		December 31, 2021	
			Amount	%	Amount	%
Current liabilities		4				
211100	Short-term loans	16	550,000	5	\$ 700,000	4
211200	Commercial paper payable	16	1,298,131	11	1,196,388	7
212000	Financial liabilities at fair value through profit or loss - current	7 and 27	1,762,724	15	1,833,662	11
214010	Liabilities for bonds with repurchase agreements	18	100,000	1	256,000	2
214040	Guarantee deposit received from short sales		285,864	2	130,216	1
214050	Deposits payable for short sales		246,534	2	161,820	1
214080	Futures traders' equity	27	238,161	2	292,829	2
214130	Accounts payable	19	1,580,694	13	3,196,511	20
214150	Advance collection		14,789	-	31,244	-
214160	Collections for third parties	19	87,086	1	1,649,023	10
214170	Other payables	19	124,314	1	180,090	1
214180	Other payables - related parties	27	12,530	-	1,080	-
214600	Current income tax liabilities	23	4,574	-	12,056	-
215220	Long-term liabilities - current portion	16	10,152	-	10,509	-
216000	Lease liabilities - current	13	30,610	-	31,432	-
219000	Other current liabilities		437	-	281	-
210000	Total current liabilities		<u>6,346,600</u>	<u>53</u>	<u>9,683,141</u>	<u>59</u>
Non-current liabilities		4				
221100	Bonds payable	17	800,000	7	800,000	5
221200	Long-term loans	16	207,737	2	217,618	2
225100	Provisions - non- current		9,738	-	9,656	-
226000	Lease liabilities - non-current	13	16,820	-	34,574	-
228000	Deferred income tax liabilities	23	8,075	-	41,862	-
229030	Deposits received	27	90	-	79	-
229070	Net defined benefit liabilities-non-current	20	35,259	-	42,676	-
220000	Total non-current liabilities		<u>1,077,719</u>	<u>9</u>	<u>1,146,465</u>	<u>7</u>
906003	Total liabilities		<u>7,424,319</u>	<u>62</u>	<u>10,829,606</u>	<u>66</u>

(Continued)

GOOD FINANCE SECURITIES CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	LIABILITIES AND EQUITY	Notes	December 31, 2022		December 31, 2021	
			Amount	%	Amount	%
Equity		21				
	Share capital					
301010	Common stock		\$ 3,112,659	26	\$ 3,098,559	19
301080	Shares capital awaiting retirement		500	-	-	-
301000	Total share capital		3,113,159	26	3,098,559	19
	Capital reserve					
302010	Additional paid-in capital		12,128	-	12,128	-
302030	Share-based payment	25	27,409	-	18,688	-
302040	Gains on disposals of assets		29	-	29	-
302000	Total capital reserve		39,566	-	30,845	-
	Retained earnings					
304010	Legal reserve		257,996	2	236,497	1
304020	Special reserve		1,285,969	11	1,221,772	8
304040	Unappropriated earnings		213,407	2	324,528	2
304000	Total retained earnings		1,757,372	15	1,782,797	11
	Other equity interest					
305140	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income		(301,126)	(3)	718,329	4
305290	Other		(49,021)	-	(40,226)	-
305000	Total other equity interest		(350,147)	(3)	678,103	4
906004	Total equity		4,559,950	38	5,590,304	34
906002	Total liabilities and equity		\$ 11,984,269	100	16,419,910	100

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

GOOD FINANCE SECURITIES CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars, except for earnings per share)

		Years ended December 31,					
		2022		2021			
Items	Notes	Amount	%	Amount	%		
Revenue							
	4						
401000	Brokerage fee revenue	22 and 27	\$ 542,452	64	\$ 983,430	76	
404000	Underwriting fee revenue	22	1,726	-	2,264	-	
410000	Net gain (loss) on sales of securities	22	9,981	1	(953)	-	
421200	Interest income	22	171,746	20	195,860	15	
421300	Dividend income	8 and 27	191,254	23	172,013	13	
421500	Net (loss) gain on trading securities at fair value through profit or loss	22	(21,106)	(2)	9,253	1	
424500	Net loss from derivative instruments – OTC	22	(61,386)	(2)	(58,157)	(5)	
425300	Reversal of credit impairment loss (expected credit impairment loss)	10	883	-	(2,842)	-	
428000	Other operating gain (loss)	22	8,277	1	(714)	-	
400000	Total revenues		843,827	100	1,300,154	100	
Costs and expenses							
501000	Handling charges-brokerage		(39,327)	(5)	(67,441)	(5)	
502000	Handling charge-proprietary trading		(122)	-	(64)	-	
503000	Service charge - refinancing		(293)	-	(304)	-	
504000	Underwriting charge - refinancing		(45)	-	(339)	-	
521200	Financial costs	22 and 27	(24,062)	(3)	(24,616)	(2)	
524300	Service charge - clearing and settlement		(3,470)	-	(3,662)	-	
528000	Other operating expenditure	27	(20,347)	(2)	(16,728)	(1)	

(Continued)

GOOD FINANCE SECURITIES CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars, except for earnings per share)

		Years ended December 31,					
		2022		2021			
Items	Notes	Amount	%	Amount	%		
531000	Employee benefit expenses	22 and 27	(\$ 505,201)	(60)	(\$ 570,293)	(44)	
532000	Depreciation and amortization	22	(75,549)	(9)	(62,803)	(5)	
533000	Other operating expense	22 and 27	(199,651)	(24)	(239,068)	(19)	
500000	Total cost and expenses		(868,067)	(103)	(985,318)	(76)	
5XXXXXX	Operating (loss) profit		(24,240)	(3)	314,836	24	
601100	Share of profit or loss of subsidiaries accounted for using equity method	11	11,059	2	(3,141)	-	
602000	Other gains and losses	22 and 27	44,383	5	41,262	3	
600000	Total non-operating income and expenses		55,442	7	38,121	3	
902001	Income before income tax		31,202	4	352,957	27	
701000	Income tax benefit (expense)	4 and 23	21,295	2	(31,970)	(3)	
902005	Net income		52,497	6	320,987	24	
	Other comprehensive income (loss)						
	Items that will not be reclassified to profit or loss						
805510	Remeasurements of defined benefit plan		(11,838)	(1)	(19,394)	(1)	
805540	Loss (gain) on equity instruments classified at fair value through other comprehensive income		(1,187,842)	(141)	292,337	22	
805560	Share of other comprehensive income of associates and joint ventures accounted for under the equity method		(1,442)	-	372	-	

(Continued)

GOOD FINANCE SECURITIES CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except for earnings per share)

	Items	Notes	Years ended December 31,			
			2022		2021	
			Amount	%	Amount	%
805599	Income tax related to items that will not be reclassified to profit or loss		\$ 103,745	12	\$ 9,910	1
805500	Items that will not be reclassified to profit or loss, net of tax		(1,097,377)	(130)	283,225	22
805000	Other comprehensive (loss) income for the year, net of tax		(1,097,377)	(130)	283,225	22
902006	Total comprehensive (loss) income for the year		(\$ 1,044,880)	(124)	\$ 604,212	46
	Earnings per share	24				
975000	Basic		\$ 0.17		\$ 1.05	
985000	Diluted		\$ 0.17		\$ 1.04	

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

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

	Share capital (Note 21)			Retained earnings (Note 21)			Other equity items (Note 21)		Total equity		
	Number of shares (Thousand shares)	Amount	Awaiting retirement	Capital reserve (Notes 21 and 25)	Legal reserve	Special reserve	Unappropriated earnings	Unrealised gains (losses) on financial assets measured at fair value through other comprehensive income		Unearned compensation cost	
A1	Balance on January 1, 2021	306,756	\$ 3,067,559	\$ -	\$ 12,157	\$ 232,697	\$ 1,200,642	\$ 134,466	\$ 329,109	\$ -	\$ 4,976,630
	Appropriations of 2020 earnings										
B1	Legal capital reserve	-	-	-	-	3,800	- (3,800)	-	-	-	-
B3	Special capital reserve	-	-	-	-	-	21,130 (21,130)	-	-	-	-
D1	Net income	-	-	-	-	-	320,987	-	-	-	320,987
D3	Other comprehensive (loss) income for the year, net of income tax	-	-	-	-	-	- (19,394)	302,619	-	-	283,225
D5	Total comprehensive income for the year	-	-	-	-	-	301,593	302,619	-	-	604,212
N1	Share-based payment	3,100	31,000	-	18,688	-	-	-	(40,226)	-	9,462
	Disposal of equity instruments classified at fair value through other comprehensive income	-	-	-	-	-	- (86,601)	86,601	-	-	-
Z1	Balance on December 31, 2021	309,856	3,098,559	-	30,845	236,497	1,221,772	324,528	718,329	(40,226)	5,590,304
	Appropriations of 2021 earnings										
B1	Legal capital reserve	-	-	-	-	21,499	- (21,499)	-	-	-	-
B3	Special capital reserve	-	-	-	-	-	64,197 (64,197)	-	-	-	-
D1	Net income	-	-	-	-	-	52,497	-	-	-	52,497
D3	Other comprehensive loss for the year, net of income tax	-	-	-	-	-	- (11,838)	(1,085,539)	-	(1,097,377)	-
D5	Total other comprehensive income (loss) for the year	-	-	-	-	-	40,659	(1,085,539)	-	(1,044,880)	-
N1	Share-based payment	1,535	15,350	-	7,971	-	-	-	(8,795)	-	14,526
T1	Restricted stock awards retirement	(75)	(1,250)	500	250	-	-	-	-	-	-
	Disposal of equity instruments classified at fair value through other comprehensive income	-	-	-	-	-	- (66,084)	66,084	-	-	-
Z1	Balance on December 31, 2022	311,316	\$3,112,659	\$ 500	\$ 39,566	\$ 257,996	\$ 1,285,969	\$ 213,407	(\$ 301,126)	(\$ 49,021)	\$ 4,559,950

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

GOOD FINANCE SECURITIES CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

		Years ended December 31,	
		2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
A10000	Profit before tax	\$ 31,202	\$ 352,957
A20010	Adjustments		
A20100	Depreciation	68,832	54,249
A20200	Amortization	6,717	8,554
A20300	(Gain on reversal of credit impairment loss) expected credit impairment loss	(883)	2,842
A20400	Net losses (gains) on financial assets or liabilities at fair value through profit or loss	21,106 (	9,253)
A20900	Financial costs	24,062	24,616
A21200	Interest income and financial income	(178,513 ) (	197,420)
A21300	Dividend income	(194,296 ) (	174,766)
A21900	Share-based payment	14,526	9,462
A22400	Share of the profit or loss of associates and joint ventures accounted for under the equity method	(11,059)	3,141
A22500	Loss on disposal of property and equipment	-	309
A23100	Gain on disposal of investment	- (	399)
A23300	Loss of non-operating financial instrument measured at fair value	-	88
A29900	Gain on lease modification	- (	143)
A60000	Changes in operating assets and liabilities		
A61110	(Increase) decrease in financial assets at fair value through profit (or loss	408,603)	607,704
A61150	Decrease (increase) in receivable from margin loans	1,040,732 (	1,062,139)
A61160	(Increase) decrease in refinancing margin	(20,720)	541
A61170	(Increase) decrease in refinancing deposits receivable	(14,282)	452
A61180	Decrease (increase) in receivables of money lending	50,681 (	152,016)
A61190	Decrease (increase) in customer margin accounts	54,668 (	17,661)
A61250	Decrease in accounts receivable	1,594,417	463,506
A61270	(Increase) decrease in prepayments	(4,246)	1,510
A61290	Decrease (increase) in other receivables	3,887 (	972)
A61365	Increase in financial assets at fair value through other comprehensive income	(46,086 ) (	493,444)
A61366	Decrease in financial assets measured at amortized cost	92	92
A61370	Decrease (increase) in other current assets	1,555,247 (	1,419,583)
A62110	Decrease in liabilities for bonds with repurchase agreement	(156,000 ) (	16,339)
A62130	(Decrease) increase in financial liabilities at fair value through profit or loss	(70,938)	386,937

(Continued)

GOOD FINANCE SECURITIES CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

		Years ended December 31,	
		2022	2021
A62160	Increase (decrease) in guarantee deposit received from short sales	\$ 155,648	(\$ 70,664)
A62170	Increase (decrease) in deposits payable for short sales	84,714	(57,467)
A62200	(Decrease) increase in futures traders' equity	(54,668)	17,661
A62230	Decrease in accounts payable	(1,615,698)	(488,543)
A62250	Decrease in advance collection	(16,455)	(69,497)
A62260	(Decrease) increase in collections for third parties	(1,561,937)	1,422,251
A62270	(Decrease) increase in other payables	(55,776)	58,038
A62280	Increase in other payables – related parties	11,450	180
A62290	Decrease in net defined benefit liabilities	(19,255)	(8,421)
A62320	Increase (decrease) in other current liabilities	156	(1,835)
A33000	Cash generated from (used in) operations	288,722	(825,472)
A33100	Interest received	169,793	141,769
A33200	Dividends received	192,561	171,447
A33300	Interest paid	(24,099)	(23,146)
A33500	Income tax (paid) refunded	(8,355)	23,045
AAAA	Net cash flows generated by (used in) operating activities	618,622	(512,357)
CASH FLOWS FROM INVESTING ACTIVITIES			
B01800	Acquisition of investments accounted for using equity method	-	(50,000)
B02700	Acquisition of property and equipment	(14,336)	(10,810)
B03500	Increase in settlement and clearing fund	(1,897)	(4,076)
B03700	Increase in refundable deposits	(3,310)	(18,683)
B04500	Acquisition of intangible assets	(2,615)	(3,103)
B06600	(Increase) decrease in other financial assets	(41,556)	20,000
B07100	Increase in prepayment for equipment	(16,931)	(37,173)
B07500	Interest received	5,346	1,548
B07600	Dividend received	3,042	2,753
B09900	Decrease (increase) in other investing activities	121,900	(213,210)
BBBB	Net cash flows generated by (used in) investing activities	49,643	(312,754)

(Continued)

GOOD FINANCE SECURITIES CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

		Years ended December 31,	
		2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES			
C00100	Increase in short-term loans	\$ -	\$ 700,000
C00200	Decrease in short-term loans	(150,000)	-
C00700	Increase in commercial paper payable	101,743	-
C00800	Decrease in commercial paper payable		(146,146)
C01200	Proceeds from issuance of bonds		300,000
C01700	Decrease in long-term loans	(10,238)	(873)
C03000	Increase in guarantee deposit received	11	15
C04020	Repayment of principal portion of lease liabilities	(32,409)	(24,433)
CCCC	Net cash flows generated by (used in) financing activities	(90,893)	828,563
EEEE	Net increase in cash and cash equivalents	577,372	3,452
E00100	Cash and cash equivalents at beginning of year	288,057	284,605
E00200	Cash and cash equivalents at end of year	\$ 865,429	\$ 288,057

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

GOOD FINANCE SECURITIES CO., LTD.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE INDICATED)

1. HISTORY

- (1) Summary of Good Finance Securities Co., Ltd. (the “Company”) is as follows:
- A. Year 1988: The Company was incorporated on July 7, and the paid-in capital was \$0.2 billion.
 - B. Year 1994: The Company merged with Tai Ching and Shei Ching Securities Co., Ltd. The paid-in capital was \$450 million after the merger.
 - C. Year 1995: The Company started to operate securities trading margin purchase and short sale business and established a dealing department.
 - D. Year 1997: The Company established an underwriting department.
 - E. Year 1998: The Company established a futures department and concurrently operated TAIFEX futures.
 - F. Year 2003: The Company stocks approved for OTC-listed trading since April 21.
 - G. Year 2011: The Company merged with Fullsun Securities Co., Ltd on December 25, 2011. The Company acquired and assumed all the assets, liabilities, rights and obligations of Fullsun Securities Co., Ltd and established Fullsun Branch and Changrong Branch.
 - H. Year 2015: The Company reinvested in a newly established company, Good Finance Securities Investment Advisors Co., Ltd.
 - I. Year 2019: The Company established a hybrid instruments department.
 - J. Year 2021: The Company reinvested in a newly established company, Good Finance PE Co., Ltd.
 - K. The Company, formerly known as Ta Ching Securities Co., Ltd., changed its name to Good Finance Securities Co., Ltd., approved by the Ministry of Economic Affairs on October 29, 2021.
- (2) Main business:
- A. Brokerage of marketable securities on the centralized securities exchange market.
 - B. Proprietary trading of securities on the centralized securities exchange market.
 - C. Operating securities trading margin purchase and short sales.
 - D. Brokerage trading of securities at the over-the-counter.
 - E. Proprietary trading of securities at the over the counter.
 - F. Underwriting of securities.
 - G. Concurrent operation of futures business.
 - H. Consignment trading of foreign securities.
 - I. Agent for stock affairs.
 - J. Securities investment consulting business.
 - K. Other securities-related businesses as approved by the competent authorities.

The parent company only financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

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

The parent company only financial statements were approved by the Board of Directors (the “Board”) on March 7, 2023.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

A. Initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (the “FSC”).

The application of the amended IFRSs endorsed and issued into by the FSC did not have material impact on the Company’s accounting policies.

B. The IFRSs endorsed by the Financial Supervisory Commission (FSC) for application starting from 2023

New Standards, Interpretations and Amendments	Effective Date Announced by IASB
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023 (Note 1)
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023 (Note 2)
Amendments to IAS 12, “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

As of the date the parent company only financial statements were authorized for issuance, the Company’s assessment of the application of other standards and interpretations will not have a significant impact on the Company’s financial position and financial performance.

C. IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

New Standards, Interpretations and Amendments	Effective Date Announced by IASB (Note 1)
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 IASB
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback”	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, ‘Classification of liabilities as current or non-current’	January 1, 2024
Amendments to IAS 1, ‘Non-current liabilities with covenants’	January 1, 2024

Note 1: Unless stated otherwise, the above New Standards, Interpretations and Amendments are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: Seller-lessee should apply the amendments of IFRS 16 retrospectively back to sale and leaseback transactions that were entered into after the date when the entity initially applied IFRS 16.

As of the date the parent company only financial statements were authorized for issuance, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company's financial position and financial performance, and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of Compliance

The parent company only financial statements of the Company 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".

(2) Basis of Preparation

The parent company only financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- A. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- B. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- C. Level 3 inputs are unobservable inputs for the asset or liability.

The subsidiaries are incorporated in the parent company only financial statements under the equity method. To make net profit for the year, other comprehensive income and equity in the parent company only financial statements equal to those attributed to owners of the parent on consolidated financial statements, the effect of the differences between basis of parent company only and basis of consolidation are adjusted in the "investments accounted for using equity method", "Share of profit or loss of subsidiaries accounted for using equity method", "Share of other comprehensive income of associates and joint ventures accounted for under the equity method" and related equity item.

(3) Classification of Current and Non-current Assets and Liabilities

Current assets include:

- A. Assets held primarily for the purpose of trading;
- B. Assets expected to be realized within 12 months after the reporting period; and
- C. Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- A. Liabilities held primarily for the purpose of trading;
- B. Liabilities to be settled within 12 months after the reporting period; and
- C. Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

(4) Foreign Currencies

In preparing the parent company only financial statements, transactions in currencies other than the Company's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the translation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the translation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

(5) Investments in Subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the subsidiary as well as the distribution received. The Company also recognizes its share in the changes in the equity of subsidiaries.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business over the cost of acquisition is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

The unrealised gains and losses of downstream transactions between the Company and its subsidiaries are eliminated in the financial statements. The gains and losses resulting from the upstream and side-stream transactions between the Company and its subsidiaries are recognized in parent company only financial statements to the extent that it is irrelevant to the Company's interest in subsidiaries.

(6) Property and Equipment

Property and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

The depreciation of property and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

(7) Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purpose of impairment testing, goodwill is allocated to each of the Company's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the Company disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

(8) Intangible Assets

A. Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

B. Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date. Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

C. Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

(9) Impairment of property and equipment, right-of-use asset and intangible assets other than goodwill

At the end of each reporting period, the Company reviews the carrying amounts of its property and equipment, right-of-use asset and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating unit on a reasonable and consistent basis of allocation.

Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss subsequently is reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been if the impairment had not been recognized. A reversal of an impairment loss is recognized in profit or loss.

(10) Financial Instrument

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than fair value through profit or loss financial assets (financial assets at FVTPL) and fair value through profit or loss financial liabilities (financial liabilities at FVTPL)) are added to the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

A. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a. Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and equity instruments at fair value through other comprehensive income (FVTOCI).

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value and any dividends, interest earned and remeasurement gains and losses on such financial assets are recognized in profit and loss. Fair value is determined in the manner described in Note 33.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- (i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- (ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, accounts receivable at amortized cost etc., are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- (i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- (ii) Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred: i. Significant financial difficulty of the issuer or the borrower; ii. Breach of contract, such as a default; iii. It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b. Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost at each balance sheet date.

The Company always recognizes lifetime expected credit losses (i.e. ECLs) for accounts receivable. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c. Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and any associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a liability for the proceeds received.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

B. Equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

C. Financial liabilities

a. Subsequent measurement

Except the following situations, all financial liabilities are measured at amortized cost using the effective interest method:

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when such financial liabilities are designated as at FVTPL.

A financial liability may be designated as at FVTPL upon initial recognition when doing so results in more relevant information and if:

- i. Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- ii. The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and has performance evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- iii. The contract contains one or more embedded derivatives so that the entire combined contract (asset or liability) can be designated as at FVTPL.

For a financial liability designated as at FVTPL, the amount of changes in fair value attributable to changes in the credit risk of the liability is presented in other comprehensive income and will not be subsequently reclassified to profit or loss. The remaining amount of changes in the fair value of that liability which does not incorporate any interest on such financial liability is presented in profit or loss. The gain or loss accumulated in other comprehensive income will be transferred to retained earnings when the financial liability is derecognized. If this accounting treatment related to credit risk would create or enlarge an accounting mismatch, all changes in the fair value of the liability are presented in profit or loss.

Fair value is determined in the manner described in Note 33.

- b. Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

- D. Derivative financial instruments

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument; in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

- (11) Margin loans, Short sales, Refinancing and Securities refinancing

- A. Margin loans and Refinancing

Margin loans are subject to securities investor financing from the Company through acquiring securities, which are recognised in "receivables from margin loans". The Company ranged interest rate to receive interest and use those securities bought by customers as collaterals. The collateral is treated using memo entries. The collateral securities are returned to the customers when the margin loans are repaid.

When the Company refinances the aforementioned margin loans, the margins deposited by the Company to securities finance company are recorded as "refinancing margin." Securities bought by refinancing are retained by the securities finance company as collaterals.

- B. Short sales and Securities refinancing

Short sale is one of the Company's businesses and subject to lending securities which were bought by customers as a collateral for financing transactions and refinanced from securities finance company to customers.

The proceeds of short sale less any dealer's commission, securities transaction tax and the Company's financing charges are recorded under "deposits payable for short sales". The Company received certain percentage of disposal consideration as a guarantee and recognised under "guarantee deposit received from short sales". The aforementioned deposits payable for "deposits payable for short sales" and "guarantee deposit received from short sales" will be paid to customers on the settlement day along with interests. The short sale securities are recorded as "short sale" using memo entries.

When the Company has insufficient stocks to conduct short sale, the proceeds from short sales were kept under securities finance companies as collateral and guarantee paid to securities finance companies for the stocks borrowed from securities finance companies are recorded as “refinancing deposit receivable” and “refinancing margin”. The refinancing securities delivered to securities finance company are recorded as “refinancing stock collateral” using memo entries.

(12) Securities Business Money Lending

The Company recognised “receivables of money lending” in connection with securities business money lending. The Company assesses the impairment loss based on the possibility of receivables recovery at the end of period. The collaterals received from money lending business in connection with securities business shall be reserved in the special account for money lending opened in Taiwan Depository Clearing Corp.

(13) Customer Margin Accounts

- A. Customer margin deposit account receives margins and premiums collected from the futures customers and differences from daily market closing prices in accordance with the related regulations, which are all included in the “customer margin account”.
- B. Futures clearing house received the clearing margin from clearing member. The clearing margin in relation to the sale of stock call option can be settled by its underlying securities. In addition, future trader can pay futures trading margin arising from the sale of stock call option contracts by underlying securities.

(14) Futures Traders’ Equity

Futures traders’ equity is the margin and premium customers pay for futures trading. The differences of daily market closing prices are accounted for as “futures traders’ equity”.

Accounts cannot be offset except for the same type of accounts of the same customer; if borrower’s balance arises from futures traders’ equity, the balance shall be recognised as “futures trading margin receivable”.

(15) Repurchase and Resale Transactions

Transactions involving the resale and repurchase of bonds with a financing nature are accounted for as bonds sold under repurchase agreements; and the related interest expense are accounted for on the basis of the interest rate stated in the contract.

(16) Provisions

Provisions, including those arising from contractual obligations specified in restore infrastructure before it is handed over to the grantor are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

(17) Revenue Recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied. Service income is recognized when services are provided.

The Company’s brokerage handling fee revenue is recognized on the trade date of securities and trading securities borrowing and lending.

(18) Leasing

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

A. The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

B. The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the balance sheets.

The Company negotiates with the lessor for rent concessions as a direct consequence of the Covid-19 to change the lease payments originally due by June 30, 2022, that results in the revised consideration for the lease less than the consideration for the lease immediately preceding the change. There is no substantive change to other terms and conditions. The Company elects to apply the practical expedient to these rent concessions and, therefore, does not assess whether the rent concessions are lease modifications. Instead, the Company recognizes the reduction in lease payment in profit or loss as other gains and losses in the period in which the events or conditions that trigger the concession occur, and makes a corresponding adjustment to the lease liability.

(19) Employee Benefits

A. Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

B. Post-employment benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Company's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

(20) Share-based payment arrangements

Restricted stock awards for employees.

The fair value at the grant date of the restricted stock awards is expensed on the straight-line basis over the vesting period, based on the Company's best estimates of the number of restricted stock awards that are expected to ultimately vest, with a corresponding adjustment to capital surplus – restricted stock awards or other equity (unearned compensation cost). It is recognized as an expense in full at the grant date if vested immediately.

When restricted stock awards for employees are issued, other equity - employees' unearned compensation are recognized on the grant date, with a corresponding increase in capital surplus - restricted stock awards for employees.

At the end of each reporting period, the Company revises its estimate of the number of restricted stock awards expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that cumulative expense reflects the revised estimate, with a corresponding adjustment to capital surplus - restricted stock awards.

(21) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

A. Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Law in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

B. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

C. Current and deferred tax for the period

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

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

In the application of the Company's accounting policies, management is required to make judgments, estimations, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Company considers the economic implications, inflation, market interest rate fluctuations and the impact on the development of our country due to the COVID-19 when making its critical accounting estimates related to cash flow projections, growth rates, discount rates, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

The Company has no critical accounting judgments, estimates and key sources of assumption uncertainty under the Company's assessment.

6. CASH AND CASH EQUIVALENTS

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash		
Petty cash	\$ 680	\$ 650
Demand deposits	634,695	286,938
Checking deposits	669	469
Cash equivalents		
Time deposits with original maturities less than three months	<u>229,385</u>	<u>-</u>
Total	<u>\$ 865,429</u>	<u>\$ 288,057</u>

Time deposits with original maturities more than three months were classified as other financial assets.

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Other financial assets		
Current	<u>\$ 51,556</u>	<u>\$ 10,000</u>
Non-current	<u>\$ -</u>	<u>\$ -</u>

7. FINANCIAL INSTRUMENTS AT FVTPL

	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>Note</u>
<u>Financial assets - current</u>			
Financial assets mandatorily measured at FVTPL			
Trading securities - proprietary	\$ 632,162	\$ 259,562	(1)
Trading securities - underwriting	14,897	-	(2)
Total	<u>\$ 647,059</u>	<u>\$ 259,562</u>	

	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>Note</u>
<u>Financial liabilities - current</u>			
Financial liabilities designated as at FVTPL			
Structured instruments	<u>\$ 1,762,724</u>	<u>\$ 1,833,662</u>	(3)

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
(1) Trading securities – proprietary		
Index funds	\$ 648,465	\$ 255,749
Valuation adjustment	(16,303)	3,813
Total	<u>\$ 632,162</u>	<u>\$ 259,562</u>

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
(2) Trading securities – underwriting		
Convertible bonds	\$ 15,887	\$ -
Valuation adjustment	(990)	-
Total	<u>\$ 14,897</u>	<u>\$ -</u>

(3) Structured instruments

A. Objective of holding structured instruments and the strategies for meeting the objectives

The Company's intention of holding structured instruments is to expand operation business and provide financial services in all aspects and diverse investment instruments to improve its business, further increase capital utilization and hedge efficiency.

B. The nominal amount and carrying amount of the outstanding structured instrument transactions were listed in accordance with the contract as follows:

	<u>December 31, 2022</u>		
	<u>Nominal amount</u>	<u>Amount paid (received)</u>	<u>Fair value</u>
Principal-guaranteed note	<u>\$ 1,762,000</u>	<u>(\$ 1,762,000)</u>	<u>(\$ 1,762,724)</u>
	<u>December 31, 2021</u>		
	<u>Nominal amount</u>	<u>Amount paid (received)</u>	<u>Fair value</u>
Principal-guaranteed note	<u>\$ 1,832,900</u>	<u>(\$ 1,832,900)</u>	<u>(\$ 1,833,662)</u>

C. For gains (losses) resulting from structured instrument transactions, refer to Note 22.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Equity instruments

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Current</u>		
Domestic investment		
Listed stocks	\$ 3,043,234	\$ 3,612,579
Foreign investment		
Listed stocks	942,838	1,530,405
Total	<u>\$ 3,986,072</u>	<u>\$ 5,142,984</u>
<u>Non-current</u>		
Domestic investment		
Unlisted stocks	<u>\$ 90,701</u>	<u>\$ 75,545</u>

The Company invests in common shares of above-mentioned companies for medium to long-term strategic purposes and expects to generate profit through long-term investments. The management believes that recognition of the short-term changes in the fair value of these investments in profit or loss would be inconsistent with the Company's strategy to hold these investments for long-term strategic purposes; therefore, the Company elected to designate these investments as at financial assets at fair value through other comprehensive income.

Cash dividends are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Stock dividends are recorded as an increase in the number of shares based on the type of investment on the ex-dividend date, and the cost per share and book value are recalculated based on the total number of shares received after the stock dividends are paid. The investment cost had no change and no revenue will be recognised.

In addition, according to Article 42 of the Income Tax Act, dividends or earnings received by the Company from its investment in another domestic profit-seeking enterprise shall not be included in its taxable income; however, dividends received from investments in foreign companies are foreign investment income and are not subject to the provisions of Article 42 of the Income Tax Act, and should be included in the income tax of profit-making enterprise in accordance with Article 3, Paragraph 2 of the Income Tax Act.

The Company regularly assesses the dividend policies and dividend yield of the issuing companies, in order to adjust the amount of investment and decided whether to dispose of the stock. For the years ended December 31, 2022 and 2021, the fair value on the date of disposal was \$740,555 thousand and \$798,008 thousand, respectively, and the cumulative loss transferred from other equity to retained earnings was a loss of \$76,927 thousand and \$113,761 thousand, respectively.

Dividends from the equity instruments that the Company held at end period and derecognized during the year were as follows:

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Dividends		
Held at the end	\$ 183,302	\$ 163,073
Derecognized during the reporting period	8,022	-
Total	<u>\$ 191,324</u>	<u>\$ 163,073</u>

Details of the Company's investments in equity instruments at financial assets at fair value through other comprehensive income pledged to others as collateral are provided in Note 28.

9. FINANCIAL ASSETS MEASURED AT AMORTIZED COST

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Non-current</u>		
Financial debenture	\$ 50,648	\$ 50,740
Less: loss allowance	-	-
	<u>\$ 50,648</u>	<u>\$ 50,740</u>
<u>Non-current</u>		
Par value	\$ 50,000	\$ 50,000
Coupon rate	0.88%	0.88%
Maturity date	2029.10.30	2029.10.30

10. RECEIVABLES FROM MARGIN LOANS, RECEIVABLES OF MONEY LENDING – WITHOUT SPECIFIC PURPOSES, ACCOUNTS RECEIVABLE, AND OTHER RECEIVABLES

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Measured at amortized cost		
Receivables from margin loans	\$ 2,466,918	\$ 3,507,650
Less: Loss allowance	(1,999)	(2,843)
Total	<u>\$ 2,464,919</u>	<u>\$ 3,504,807</u>
Receivables of money lending – without specific purposes	\$ 116,377	\$ 167,058
Less: Loss allowance	(94)	(135)
Total	<u>\$ 116,283</u>	<u>\$ 166,923</u>
Accounts receivable		
Accounts receivable - customer purchases	\$ 813,021	\$ 1,775,171
Accounts receivable - settlement	721,483	1,078,647
Interest receivable - margin loans	84,916	82,828
Settlement	-	275,793
Others	2,315	1,760
Sub-total	<u>1,612,735</u>	<u>3,214,199</u>
Less: Loss allowance	(69)	(67)
Total	<u>\$ 1,621,666</u>	<u>\$ 3,214,132</u>
Other receivables	\$ 14,528	\$ 18,301
Less: Loss allowance	(1,802)	(1,802)
Total	<u>\$ 12,726</u>	<u>\$ 16,499</u>

Receivables from margin loans were secured by securities purchased by customers under margin loans. As of December 31, 2022 and 2021, the annual interest rates of margin loans were both 6.45%.

The Company adopts policy by reference to external and internal credit ratings to rank its counterparties. The Company derives credit risk limit of individual counterparty from indicators like expected loss, default possibility and loss given default of individual counterparty. The Company also obtains sufficient guarantees under necessary circumstances to reduce settlement risk. The risk management development assesses changes in credit risk of the issuers and the counterparties and monitors individual credit risk as well as overall credit risk positions.

In addition, the Company reviews the recoverable amount of each individual receivables at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. Therefore, there has been a significant decrease in the Company's credit risk.

The Company measured loss allowance of accounts receivable at the balance sheet date. For accounts receivable, other receivables and margin loans receivable whose credit risk did not increase significantly since initial recognition, the expected credit loss is measured based on 12 months expected credit losses by reference to the historical default records of margin loans receivable and the industrial and economic trends, at the same time taking into consideration the current observable.

On December 31, 2022 and 2021, the gross carrying amounts of margin loans receivable assessed based on ECLs were as follows:

Description	Basis for Recognizing ECLs	ECL Rate	Gross Carrying Amount at December 31, 2022
There has been no significant increase in credit risk since initial recognition	12-month ECL	0.0810%	\$ 2,466,918
There has been a significant increase in credit risk since initial recognition	Lifetime ECL - not credit - impaired	-	-
The asset is credit - impaired	Lifetime ECL - credit - impaired	-	-
			<u>\$ 2,466,918</u>

Description	Basis for Recognizing ECLs	ECL Rate	Gross Carrying Amount at December 31, 2021
There has been no significant increase in credit risk since initial recognition	12-month ECL	0.0810%	\$ 3,507,650
There has been a significant increase in credit risk since initial recognition	Lifetime ECL - not credit - impaired	-	-
The asset is credit - impaired	Lifetime ECL - credit - impaired	-	-
			<u>\$ 3,507,650</u>

The aging of accounts receivable was as follows:

	December 31, 2022	December 31, 2021
Not past due	<u>\$ 1,621,735</u>	<u>\$ 3,214,199</u>

The above aging schedule was based on the number of past due days from the record date.

Movements in allowance loss of the Company based on the ECL assessment were as follows:

	For the year ended December 31, 2022					
	Receivable from Margin Loans			Accounts Receivable	Receivables of money lending	Other Receivables
	12-Months ECL	Lifetime ECL - Not Credit - impaired	Lifetime ECL - Credit - impaired	12-Months ECL	12-Months ECL	Lifetime ECL - Not Credit - impaired
Beginning balance	\$ 2,843	\$ -	\$ -	\$ 67	\$ 135	\$ 1,802
(Reversal) provision	(844)	-	-	2	(41)	-
Ending balance	<u>\$ 1,999</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69</u>	<u>\$ 94</u>	<u>\$ 1,802</u>

For the year ended December 31, 2021						
	Receivable from Margin Loans			Accounts Receivable	Receivables of money lending	Other Receivables
	12-Months ECL	Lifetime ECL - Not Credit - impaired	Lifetime ECL - Credit - impaired	12-Months ECL	12-Months ECL	Lifetime ECL - Not Credit - impaired
Beginning balance	\$ 201	\$ -	\$ -	\$ 2	\$ -	\$ 1,867
Provision (reversal)	2,642	-	-	65	135	-
Write-off	-	-	-	-	-	(65)
Ending balance	<u>\$ 2,843</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 67</u>	<u>\$ 135</u>	<u>\$ 1,802</u>

11. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Investee	December 31, 2022		December 31, 2021	
	Balance	% of Ownership	Balance	% of Ownership
Subsidiaries				
Good Finance Securities Investment Advisors Co., Ltd. (Good Finance Securities Investment Advisors)	\$ 43,394	100.00%	\$ 51,618	100.00%
Good Finance PE Co., Ltd. (Good Finance PE)	64,830	100.00%	46,989	100.00%
	<u>\$ 108,224</u>		<u>\$ 98,607</u>	

The details of the share of profit or loss of subsidiaries accounted for using equity method for the years ended December 31, 2022 and 2021 are as follows:

Investee	For the year ended December 31, 2022	For the year ended December 31, 2021
Good Finance Securities Investment Advisors	(\$ 3,247)	(\$ 368)
Good Finance PE	14,306	(2,773)
Total	<u>\$ 11,059</u>	<u>(\$ 3,141)</u>

For the years ended December 31, 2022 and 2021, detail of other comprehensive loss of subsidiaries for using the equity method are as follows:

Investee	For the year ended December 31, 2022	For the year ended December 31, 2021
Good Finance Securities Investment Advisors	(\$ 4,977)	\$ 610
Good Finance PE	3,535	(238)
Total	<u>(\$ 1,442)</u>	<u>\$ 372</u>

For the years ended December 31, 2022 and 2021, the investment accounted for using equity method and the Company's share of subsidiaries income and other comprehensive income were recognized based on the financial statements audited by the accountant during the same period.

The Company established subsidiary "Good Finance PE Co., Ltd." on April 16, 2021, as approved by the Board of Directors of the Company on April 25, 2019.

12. PROPERTY AND EQUIPMENT

	Land	Buildings	Equipment	Leasehold improvements	Total
<u>Cost</u>					
Balance on January 1, 2022	\$ 306,220	\$ 242,691	\$ 169,353	\$ 73,596	\$ 791,860
Additions	-	-	14,271	65	14,336
Disposals	-	(-)	53	(-)	53
Reclassifications	-	-	16,526	18,726	35,252
Balance on December 31, 2022	<u>\$ 306,220</u>	<u>\$ 242,691</u>	<u>\$ 200,097</u>	<u>\$ 92,387</u>	<u>\$ 841,395</u>

	Land	Buildings	Equipment	Leasehold improvements	Total
<u>Accumulated depreciations</u>					
Balance on January 1, 2022	\$ -	\$ 39,721	\$ 136,536	\$ 64,562	\$ 240,819
Depreciation expense	-	4,477	21,439	8,654	34,570
Disposals	-	-	(53)	-	(53)
Balance on December 31, 2022	\$ -	\$ 44,198	\$ 157,922	\$ 73,216	\$ 275,336
Carrying amounts on December 31, 2022	\$ 306,220	\$ 198,493	\$ 42,175	\$ 19,171	\$ 566,059

	Land	Buildings	Equipment	Leasehold improvements	Total
<u>Cost</u>					
Balance on January 1, 2021	\$ 306,220	\$ 242,691	\$ 157,192	\$ 69,164	\$ 775,267
Additions	-	-	8,837	1,973	10,810
Disposals	-	-	(1,476)	-	(1,476)
Reclassifications	-	-	4,800	2,459	7,259
Balance on December 31, 2021	\$ 306,220	\$ 242,691	\$ 169,353	\$ 73,596	\$ 791,860

<u>Accumulated depreciations</u>					
Balance on January 1, 2021	\$ -	\$ 35,248	\$ 116,767	\$ 61,194	\$ 213,209
Depreciation expense	-	4,473	20,936	3,368	28,777
Disposals	-	-	(1,167)	-	(1,167)
Balance on December 31, 2021	\$ -	\$ 39,721	\$ 136,536	\$ 64,562	\$ 240,819
Carrying amounts on December 31, 2021	\$ 306,220	\$ 202,970	\$ 32,817	\$ 9,034	\$ 551,041

Property and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	50-55 years
Equipment	3-15 years
Leasehold improvements	2-10 years

For the partial land and buildings pledged as collateral to financial institutions for short-term borrowings, long-term borrowings and overdraft credit facilities, please refer to Note 28.

13. LEASE ARRANGEMENTS

(1) Right-of-use assets

	December 31, 2022	December 31, 2021
Carrying amounts		
Buildings	\$ 54,410	\$ 74,674
Equipment	-	165
Total	\$ 54,410	\$ 74,839
	For the years ended December 31,	
	2022	2021
Additions to right-of-use assets	\$ 13,833	\$ 71,657

	For the years ended December 31,	
	2022	2021
Depreciation expense of right-of-use assets		
Buildings	\$ 34,097	\$ 25,015
Equipment	165	457
Total	\$ 34,262	\$ 25,472

(2) Lease liabilities

	December 31, 2022	December 31, 2021
Carrying amounts		
Current	\$ 30,610	\$ 31,432
Non-current	\$ 16,820	\$ 34,574

Ranges of discount rates for lease liabilities were as follows:

	December 31, 2022	December 31, 2021
Buildings	0.70%~1.38%	0.70%~0.85%
Equipment	-	0.85%

(3) Other lease information

	For the years ended December 31,	
	2022	2021
Expenses relating to short-term leases	\$ 8,989)	\$ 5,965)
Total cash outflow for leases	(\$ 41,826)	(\$ 30,669)

The Company has elected to apply the recognition exemption for leases which qualified as short-term, and thus did not recognize right-of-use assets and lease liabilities for these leases.

14. INTANGIBLE ASSETS

	Goodwill	Computer software	Total
<u>Cost</u>			
Balance on January 1, 2022	\$ 51,655	\$ 59,632	\$ 111,287
Additions	-	2,615	2,615
Reclassifications	-	10,158	10,158
Balance on December 31, 2022	\$ 51,655	\$ 72,405	\$ 124,060
<u>Accumulated amortizations</u>			
Balance on January 1, 2022	\$ -	\$ 50,951	\$ 50,951
Amortization expense	-	6,717	6,717
Balance on December 31, 2022	\$ -	\$ 57,668	\$ 57,668
Carrying amounts on December 31, 2022	\$ 51,655	\$ 14,737	\$ 66,392

<u>Cost</u>	<u>Goodwill</u>	<u>Computer software</u>	<u>Total</u>
Balance on January 1, 2021	\$ 51,655	\$ 54,669	\$ 106,324
Additions	-	3,103	3,103
Reclassifications	-	1,860	1,860
Balance on December 31, 2021	<u>\$ 51,655</u>	<u>\$ 59,632</u>	<u>\$ 111,287</u>
<u>Accumulated amortizations</u>			
Balance on January 1, 2021	\$ -	\$ 42,397	\$ 42,397
Amortization expense	-	8,554	8,554
Balance on December 31, 2021	<u>\$ -</u>	<u>\$ 50,951</u>	<u>\$ 50,951</u>
Carrying amounts on December 31, 2021	<u>\$ 51,655</u>	<u>\$ 8,681</u>	<u>\$ 60,336</u>

Amortization expense was amortized on a straight-line basis over the estimated useful lives of the assets as follows:

Computer software 3-5 years

In assessing whether goodwill is impaired, the Company considers the locations of its two branches, Changrong branch (has been merged into Luzhou branch) and Fullsun branch, as cash-generating unit and estimates their recoverable amounts based on their value in use. Key assumptions used in calculating the value in use of each cash-generating unit included actual profitability, operation and business cycle, macroeconomics and estimated salvage value. The calculation uses cash flow projections based on the Company's financial budgets covering a five-year period, and the discount rates were 11.10% and 13.36% for the years ended December 31, 2022 and 2021, respectively. Under the Company's assessment, there were no significant impairment on the Company's goodwill as of December 31, 2022 and 2021.

15. REFUNDABLE DEPOSITS

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Refundable deposits for bond settlement	\$ 56,236	\$ 53,023
Refundable deposits for golf club memberships	13,500	13,500
Refundable deposits for leasing buildings and parking lots	8,725	8,562
Others	1,116	1,182
Total	<u>\$ 79,577</u>	<u>\$ 76,267</u>

16. BORROWINGS

(1) Short-term loans

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Secured loans (Note 28)</u>		
Bank loans	\$ 550,000	\$ 700,000
Interest rate	1.90% ~ 1.95%	0.95% ~ 1.21%
Maturity date	2023.1.3 ~ 2023.1.12	2022.1.6 ~ 2022.2.15

(2) Short-term bills payable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Commercial paper payable	\$ 1,300,000	\$ 1,200,000
Less: Unamortized discounts on commercial paper payable	(1,869)	(3,612)
	<u>\$ 1,298,131</u>	<u>\$ 1,196,388</u>
Discount rate	0.65% ~ 1.80%	0.570% ~ 0.710%
Maturity date	2023.1.12 ~ 2023.3.7	2022.1.3 ~ 2022.12.15

The above commercial papers are issued by financial institutions.

(3) Long-term loans

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Secured loans</u>		
Bank loans	\$ 217,889	\$ 228,127
Less: current portion	(10,152)	(10,509)
Long-term loans	<u>\$ 207,737</u>	<u>\$ 217,618</u>
Interest rate	2.07%	1.50%
Maturity date	2027.11.25	2027.11.25

The bank borrowings are secured by the Company's freehold land and buildings (see Note 28).

17. BONDS PAYABLE

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Secured domestic bonds	<u>\$ 800,000</u>	<u>\$ 800,000</u>

- (1) The Board of Directors approved on June 3, 2020 to issue secured domestic bonds not exceeding \$0.2 billion to strengthen the Company's working capital and financial structure.

First series of secured domestic bonds in 2020

Issuing date	September 3, 2020
Par value	0.2 billion
Period	5 years
Maturity date	September 3, 2025
Stated interest rate	Fixed interest rate at 0.70%
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity

The bonds are guaranteed by Taiwan Shin Kong Commercial Bank.

- (2) The Board of Directors approved on October 27, 2020 to issue secured domestic bonds not exceeding \$0.3 billion to strengthen the Company's working capital and financial structure.

Second series of secured domestic bonds in 2020

Issuing date	December 21, 2020
Par value	0.3 billion
Period	5 years
Maturity date	December 21, 2025
Stated interest rate	Fixed interest rate at 0.65%
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity

The bonds are guaranteed by ChinaTrust Commercial Bank.

- (3) The Board of Directors approved on March 23, 2021 to issue secured domestic bonds not exceeding \$0.3 billion to strengthen the Company's working capital and financial structure.

First series of secured domestic bonds in 2021

Issuing date	May 24, 2021
Par value	0.3 billion
Period	5 years
Maturity date	May 24, 2026
Stated interest rate	Fixed interest rate at 0.65%
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity

The bonds are guaranteed by Taiwan Cooperative Bank.

18. LIABILITIES FOR BONDS WITH REPURCHASE AGREEMENTS

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Index funds	\$ 100,000	\$ 256,000
Repurchase price	\$ 100,269	\$ 256,485
Interest rate	1.20%	0.60%~0.88%

The liabilities for bonds with repurchase agreements mentioned above were due within one year. Under the agreements, bonds will be repurchased at agreed-upon price plus interest on the specific dates after transactions.

The details of repurchase and resale transactions as of December 31, 2022 and 2021 are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Financial assets at fair value through profit or loss - current	\$ 97,158	\$ 257,536

19. ACCOUNTS PAYABLE, OTHER PAYABLES AND COLLECTIONS FOR THIRD PARTIES

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts payable		
Accounts payable- customers' purchase	\$ 834,300	\$ 1,817,438
Accounts payable-settlement	649,050	1,333,374
Settlement	19,152	2,355
Others	78,192	43,344
Total	<u>\$ 1,580,694</u>	<u>\$ 3,196,511</u>
Other payables		
Salaries and bonuses payable	\$ 88,466	\$ 121,569
Discount of handling fee revenues payable	12,958	19,339
Others	22,890	39,182
Total	<u>\$ 124,314</u>	<u>\$ 180,090</u>

Collections for third parties are primarily from proceeds collected on behalf of customers received for underwriting business.

20. RETIREMENT BENEFIT PLANS

(1) Defined contribution plan

The Company adopted a pension plan under the Labor Pension Act (the "LPA"), which is a defined contribution plan. Based on the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages. The Company recognized expense of \$20,570 thousand and \$19,435 thousand in the statements of comprehensive income for the years ended December 31, 2022 and 2021, respectively.

(2) Defined benefit plan

The Company has a defined benefit plan in accordance with the Labor Standards Act. Under the defined benefit 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 Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Company's defined benefit plans were as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Present value of funded defined benefit obligation	\$ 114,886	\$ 110,380
Fair value of plan assets	(79,627)	(67,704)
Net defined benefit liabilities	<u>\$ 35,259</u>	<u>\$ 42,676</u>

Movements in net defined benefit liabilities were as follows:

	Present value of the defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities
Balance on January 1, 2022	\$ 110,380	(\$ 67,704)	\$ 42,676
Service cost			
Current service cost	1,191	-	1,191
Net interest expense			
(revenue)	773	(474)	299
Recognized in profit or loss	1,964	(474)	1,490
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(7,031)	(7,031)
Actuarial loss - experience adjustments	20,862	-	20,862
Actuarial loss - changes in financial assumptions	(1,993)	-	(1,993)
Recognized in other comprehensive income	18,869	(7,031)	11,838
Contributions from the employer	-	(12,822)	(12,822)
Benefits paid	(16,327)	8,404	(7,923)
Balance on December 31, 2022	<u>\$ 114,886</u>	<u>(\$ 79,627)</u>	<u>\$ 35,259</u>

	Present value of the defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities
Balance on January 1, 2021	\$ 132,634	(\$ 100,931)	\$ 31,703
Service cost			
Current service cost	2,669	-	2,669
Net interest expense			
(revenue)	796	(605)	191
Recognized in profit or loss	3,465	(605)	2,860
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,093)	(1,093)
Actuarial loss -demographic assumptions	15	-	15
Actuarial loss - experience adjustments	20,872	-	20,872
Actuarial loss - changes in financial assumptions	(400)	-	(400)

	Present value of the defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities
Recognized in other comprehensive income	\$ 20,487	(\$ 1,093)	\$ 19,394
Contributions from the employer	-	(3,043)	(3,043)
Benefits paid	(46,206)	37,968	(8,238)
Balance on December 31, 2021	<u>\$ 110,380</u>	<u>(\$ 67,704)</u>	<u>\$ 42,676</u>

Through the defined benefit plans under the Labor Standards Law, the Company is exposed to the following risks:

- A. Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- B. Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- C. Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Discount rate(s)	1.20%	0.70%
Expected rate(s) of salary increase	2.00%	2.00%

If reasonable change in each of the significant actuarial assumptions occurs, with all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Discount rate(s)		
0.5% increase	(\$ 971)	(\$ 1,041)
0.5% decrease	\$ 988	\$ 1,029
Expected rate(s) of salary increase		
0.5% increase	\$ 836	\$ 877
0.5% decrease	(\$ 826)	(\$ 896)

The above sensitivity analysis may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that changes in assumptions occur in isolation of one another as some of the assumptions may be correlated.

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
The expected contributions to the plan for the next year	\$ <u>1,715</u>	\$ <u>1,490</u>
The average duration of the defined benefit obligation	6.1 years	6.3 years

21. EQUITY

(1) Capital stock

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Number of shares authorized (in thousands)	<u>2,000,000</u>	<u>2,000,000</u>
Shares authorized	\$ <u>20,000,000</u>	\$ <u>20,000,000</u>
Number of shares issued (in thousands)	<u>311,266</u>	<u>309,856</u>
Shares issued	\$ <u>3,112,659</u>	\$ <u>3,098,559</u>
Shares capital awaiting retirement	\$ <u>500</u>	\$ <u>-</u>

The outstanding shares' par value is \$10, and each share has voting rights and right to receive dividends.

On March 23, 2021 and April 29, 2021, the Board of Directors of the Company approved to issue the restricted stock awards without consideration and the capital increase recordation date were May 24, 2021 and May 3, 2021, respectively. The issued amounts were \$31,000 thousand, and the outstanding shares amounted to 3,100 thousand shares with par value of \$10 (in dollars). Refer to Note 25 for the related illustration.

On August 25, 2022, the Board of Directors of the Company approved to issue the restricted stock awards without consideration and the capital increase recordation date was August 29, 2022. The issued amount was \$13,350 thousand, and the outstanding shares amounted to 1,335 thousand shares with par value of \$10 (in dollars). Refer to Note 25 for the related illustration.

On October 27, 2022, the Board of Directors of the Company approved to issue the restricted stock awards without consideration and the capital increase recordation date was October 28, 2022. The issued amount was \$2,000 thousand, and the outstanding shares amounted to 200 thousand shares with par value of \$10 (in dollars). Refer to Note 25 for the related illustration.

For the year ended December 31, 2022, 125 thousand shares of the Company's new shares with restricted employee rights were written-off due to the separation of employees, of which 50 thousand shares were reduced by resolution of the Board of Directors on December 23, 2022. It was temporarily recognised under capital stock to be cancelled effective the change of registration of the Ministry of Economic Affairs was completed on January 19, 2023.

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

	Ordinary shares outstanding (thousand shares)	Share capital
Balance on January 1, 2021	306,756	\$ 3,067,559
Issuance of the restricted stock awards (Note 25)	3,100	31,000
Balance on December 31, 2021	<u>309,856</u>	<u>\$ 3,098,559</u>
Balance on January 1, 2022	309,856	\$ 3,098,559
Issuance of the restricted stock awards (Note 25)	1,535	15,350
Write off of restricted stock awards (Note 25)	(125)	(1,250)
Balance on December 31, 2022	<u>311,266</u>	<u>\$ 3,112,659</u>

(2) Capital surplus

The capital surplus arising from issuance of common stock may be used to offset a deficit. In addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital at a limited percentage of the Company's paid-in capital once a year.

Capital surplus generated from restricted stock awards may not be used for any purpose.

The capital surplus arising from gain on disposals of assets can only be used to offset a deficit.

(3) Appropriation of earnings

Under the dividends policy as set forth in the Articles, when the Company makes a profit in a fiscal year, the profit shall be first utilized for paying taxes and offsetting losses of previous years, then setting aside 10% of the remaining profit as legal reserve, and a special reserve in accordance with the laws and regulations. Any remaining profit together with undistributed retained earnings shall be used by the Company's Board of Directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors and supervisors after the amendment, refer to Note 22(10).

According to the "Regulations Governing Securities Firms", 20% of the current year's earnings, after paying all taxes and offsetting any accumulated deficit, shall be set aside as special reserve until the reserve 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 purposes. 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.

The appropriations of earnings for 2021 and 2020 resolved in the shareholders' meetings on June 2, 2022 and August 17, 2021, respectively, are as follows:

	Appropriation of earnings	
	For the years ended December 31,	
	2021	2020
Legal reserve	\$ 21,499	\$ 3,800
Special reserve	\$ 64,197	\$ 21,130

The appropriation and distribution of 2022 earnings proposed by the Company's Board on March 7, 2023 were as follows:

	Appropriation of earnings
Special reserve	\$ 213,407

The appropriation and distribution of 2022 earnings are subject to the Company's stockholders' meeting on May 24, 2023.

(4) Dividend policy

The Company's earnings and cash flows are primarily affected by business cycle volatility. Balance and stable dividend policy is adopted in order to remain a sustainable and stable operation. Future dividend distribution policy is as follows:

- A. The Company's dividend policy takes into consideration the Company's capital needs in various future investments, financial structure and earnings. The dividend distribution shall be proposed and conducted by the Board of Directors according to current earnings after the resolution and authorisation by shareholders.
- B. Taking into consideration a balanced and stable dividend policy, the Company will distribute dividends in the form of stock or cash appropriately.

(5) Other equity

A. Unrealised gains (losses) on financial assets at fair value through other comprehensive income

	For the years ended December 31,	
	2022	2021
Beginning balance	\$ 718,329	\$ 329,109
Recognized during the year		
Unrealised gains (losses)		
Equity instruments	(1,187,842)	292,337
Share of subsidiaries using the equity method	(1,442)	372
Related income tax	103,745	9,910
Other comprehensive income recognized during the year	(1,085,539)	\$ 302,619
Cumulative gains (losses) of equity instruments transferred to retained earnings due to disposal	66,084	86,601
Ending balance	<u>(\$ 301,126)</u>	<u>\$ 718,329</u>

B. Unearned compensation

The shareholders' meeting of the Company approved the restricted stock plan for employees on August 17, 2021 and June 19, 2020. Refer to Note 25.

	For the years ended December 31,	
	2022	2021
Beginning balance	(\$ 40,226)	\$ -
Issuance	(23,321)	(49,688)
Share-based payment expenses recognized	14,526	9,462
Ending balance	<u>(\$ 49,021)</u>	<u>(\$ 40,226)</u>

22. BREAKDOWN ON ITEMS ON THE STATEMENTS OF COMPREHENSIVE INCOME

(1) Brokerage fee revenue

	For the years ended December 31,	
	2022	2021
Handling fee revenues from brokered trading	\$ 504,193	\$ 942,687
Commission revenue from short sales	2,871	3,604
Other fee revenues	35,388	37,139
Total	<u>\$ 542,452</u>	<u>\$ 983,430</u>

(2) Underwriting fee revenue

	For the years ended December 31,	
	2022	2021
Revenues from underwriting processing fees	\$ 1,401	\$ 1,934
Revenues from underwriting securities on a firm commitment basis	325	201
Revenue from other underwriting business	-	129
Total	<u>\$ 1,726</u>	<u>\$ 2,264</u>

(3) Gains (losses) on sale of trading securities

	For the years ended December 31,	
	2022	2021
Proprietary		
Over-the-counter	\$ 9,423	(\$ 1,643)
Underwriting		
Stock exchange markets	261	150
Over-the-counter	297	540
Sub total	<u>558</u>	<u>690</u>
Total	<u>\$ 9,981</u>	<u>(\$ 953)</u>

(4) Interest revenue

	For the years ended December 31,	
	2022	2021
Financing interest income	\$ 167,711	\$ 193,028
Interest revenue from money lending – without specific purposes	4,017	2,816
Others	18	16
Total	<u>\$ 171,746</u>	<u>\$ 195,860</u>

(5) Net gains (losses) on trading securities at fair value through profit or loss

	For the years ended December 31,	
	2022	2021
Trading securities - proprietary	(\$ 20,116)	\$ 9,253
Trading securities - underwriting	(990)	-
Total	<u>(\$ 21,106)</u>	<u>\$ 9,253</u>

(6) Losses from derivatives – OTC

	For the years ended December 31,	
	2022	2021
Structured instruments	<u>(\$ 61,386)</u>	<u>(\$ 58,157)</u>

(7) Other operating gains and losses

	For the years ended December 31,	
	2022	2021
Foreign exchange gains (losses)	\$ 8,631	(\$ 349)
Error account losses	(354)	(365)
Total	\$ 8,277	(\$ 714)

(8) Finance costs

	For the years ended December 31,	
	2022	2021
Borrowing costs	\$ 17,030	\$ 17,065
Interest expense on bonds payable	5,300	4,536
Interest expense on bills and bonds sold under repurchase agreement	692	2,109
Securities financing interest expenses	530	566
Lease liabilities interest expense	428	271
Others	82	69
Total	\$ 24,062	\$ 24,616

(9) Employee benefits expense

	For the years ended December 31,	
	2022	2021
Salaries expense	\$ 422,775	\$ 483,100
Labor and health insurance fees	36,521	35,238
Pension expense		
Defined contribution plan (Note 20)	20,570	19,435
Defined benefit plan (Note 20)	1,490	2,860
Directors' remuneration	11,214	19,801
Other employee benefits expense	12,631	9,859
Total	\$ 505,201	\$ 570,293

(10) Employees' compensation and directors' remuneration

The Company accrued employees' compensation at the rates of higher than 1% and directors' remuneration at the rates no higher than 1% of profit before income tax, net of employees' compensation and directors' remuneration.

For the years ended December 31, 2022 and 2021, the Company accrued the compensation of employees and remuneration of directors, based on the aforementioned rates as follows:

	For the years ended December 31,			
	2022		2021	
	Estimated amounts	Estimated rates	Estimated amounts	Estimated rates
Employees' compensation	\$ 318	1%	\$ 3,602	1%
Directors' remuneration	\$ 318	1%	\$ 3,602	1%

If there is a change in the proposed amounts after the annual financial statements are authorized for issuance, the differences are recorded as a change in accounting estimate and will be adjusted in the next year.

Employees' compensation and directors' remuneration of 2021 resolved at the meeting of the Board of Directors on March 24, 2022 were both \$3,602 thousand. Employees' compensation and directors' remuneration of 2020 resolved at the meeting of the Board of Directors on March 23, 2021 were both \$1,290 thousand.

The actual amounts of compensation of employees and remuneration of directors paid are the same as that recognized in the financial statements for the years ended December 31, 2021 and 2020.

Information on the employees' compensation and directors' remuneration resolved by the Company's Board is available on the Market Observation Post System website of the TWSE.

(11) Depreciation and amortization expenses

	For the years ended December 31,	
	2022	2021
Property and equipment	\$ 34,570	\$ 28,777
Right-of-use assets	34,262	25,472
Intangible assets	6,717	8,554
Total	<u>\$ 75,549</u>	<u>\$ 62,803</u>

(12) Other operating expense

	For the years ended December 31,	
	2022	2021
Information technology expense	\$ 43,004	\$ 40,731
Advertisement expense	28,081	10,140
Professional service fees	22,967	54,988
Postage expenses	21,769	21,616
Taxes	17,411	25,406
Repairs and maintenance expense	11,975	10,247
Depository service expense	10,593	18,812
Miscellaneous expense	9,659	16,918
Others	34,192	40,210
Total	<u>\$ 199,651</u>	<u>\$ 239,068</u>

(13) Other gains and losses

	For the years ended December 31,	
	2022	2021
Rent revenue	\$ 39,931	\$ 40,227
Dividend income	3,042	2,753
Financial income	6,767	1,560
Gains on disposal of investments	-	399
Gains on lease modification	-	143
Losses on financial assets at FVTPL - open-end funds and money market instruments	- (	88)
Losses on disposal of property and equipment	- (	309)
Other non-operating revenue	4,218	4,593
Other non-operating expense	(9,575)	(8,016)
Total	\$ 44,383	\$ 41,262

23. INCOME TAX

(1) Income tax recognized in profit or loss

Major components of income tax benefit (expense) were as follows:

	For the years ended December 31,	
	2022	2021
Current tax		
In respect of the current period	(\$ 7,547)	(\$ 41,769)
Tax of undistributed profit	(4,900)	-
Adjustments for prior year income tax expense	4,027	14,543
	(8,420)	(27,226)
Deferred tax		
In respect of the current period	29,370	(4,744)
Adjustments for prior year income tax expense	345	-
	29,715	(4,744)
Income tax benefit (expense) recognized in profit or loss	\$ 21,295	(\$ 31,970)

The Company uses undistributed earnings to construct or purchase buildings, software, hardware and equipment, or technology up to a certain amount for use in production or operation as needed for operation of its business or ancillary business within three years from the year after such earnings are derived, such investment amount may be deducted from the calculation of undistributed earnings for that year in accordance with Article 23-3 of the Statute for Industrial Innovation and exempted from the 5% business income tax.

Reconciliations of accounting profit and income tax benefit (expense) are as follows:

	For the years ended December 31,	
	2022	2021
Profit before tax of continuing operations	\$ 31,202	\$ 352,957
Income tax expense calculated based on profit before tax and statutory tax rate	(\$ 6,240)	(\$ 70,591)
Gains or losses from securities trading and tax exempt income	28,421	24,278
Effect from items disallowed by tax regulation	(358)	(200)
Tax of undistributed profit	(4,900)	-
Adjustments for prior year income tax expense	4,372	14,543
Income tax benefit (expense) recognised in profit or loss	\$ 21,295	(\$ 31,970)

(2) Income tax recognised directly in equity

	For the years ended December 31,	
	2022	2021
Current tax		
– Disposal of investments in equity instruments designated as at fair value through other comprehensive income	\$ 7,547	\$ 27,160
Deferred tax		
– Disposal of investments in equity instruments designated at fair value through other comprehensive income	(7,547)	(27,160)
Total	\$ -	\$ -

(3) Income tax recognised in other comprehensive income

	For the years ended December 31,	
	2022	2021
<u>Deferred tax</u>		
Arising from the current year		
– Unrealised gains from financial assets measured at fair value through other comprehensive income	\$ 103,745	\$ 9,910
Total	\$ 103,745	\$ 9,910

(4) Current tax assets and liabilities

	December 31, 2022	December 31, 2021
Current tax liabilities		
Income tax payable	\$ 4,574	\$ 12,056

(5) Deferred tax assets and liabilities

Movements in deferred tax assets and liabilities are as follows:

For the year ended December 31, 2022

	Beginning balance	Recognised in profit or loss	Recognised in other comprehensive income	Recognised directly in equity	Ending balance
<u>Deferred tax assets</u>					
Temporary differences					
Unrealised exchange loss	\$ 70	(\$ 70)	\$ -	\$ -	\$ -
Financial assets at fair value through other comprehensive income	-	-	57,026	-	57,026
Unrealised gains on derivative financial instrument	-	145	-	-	145
Loss carryforwards	-	35,025	-	-	35,025
	<u>\$ 70</u>	<u>\$ 35,100</u>	<u>\$ 57,026</u>	<u>\$ -</u>	<u>\$ 92,196</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Unrealised exchange loss	\$ -	\$ 1,727	\$ -	\$ -	\$ 1,727
Financial assets at fair value through other comprehensive income	39,172	-	(46,719)	7,547	-
Defined benefit pension plans	2,497	3,851	-	-	6,348
Unrealised loss on derivative financial instrument	193	(193)	-	-	-
	<u>\$ 41,862</u>	<u>\$ 5,385</u>	<u>(\$ 46,719)</u>	<u>\$ 7,547</u>	<u>\$ 8,075</u>

For the year ended December 31, 2021

	Beginning balance	Recognised in profit or loss	Recognised in other comprehensive income	Recognised directly in equity	Ending balance
<u>Deferred tax assets</u>					
Temporary differences					
Unrealised exchange loss	\$ 2,937	(\$ 2,867)	\$ -	\$ -	\$ 70
<u>Deferred tax liabilities</u>					
Temporary differences					
Financial assets at fair value through other comprehensive income	\$ 21,922	\$ -	(\$ 9,910)	\$ 27,160	\$ 39,172
Defined benefit pension plans	813	1,684	-	-	2,497
Unrealised gains on derivative financial instrument	-	193	-	-	193
	<u>\$ 22,735</u>	<u>\$ 1,877</u>	<u>(\$ 9,910)</u>	<u>\$ 27,160</u>	<u>\$ 41,862</u>

(6) Income tax assessments

The income tax returns of the Company through 2020 have been assessed and approved by the Tax Authority.

24. EARNINGS PER SHARE

	Expressed in dollars	
	For the years ended December 31,	
	2022	2021
Basic earnings per share	\$ 0.17	\$ 1.05
Diluted earnings per share	\$ 0.17	\$ 1.04

The net profit and weighted average number of ordinary shares outstanding used in the computation of earnings per share are as follows:

Profit for the year

	For the years ended December 31,	
	2022	2021
Net profit used in the computation of basic earnings per share	\$ 52,497	\$ 320,987
Net profit used in the computation of diluted earnings per share	\$ 52,497	\$ 320,987

Number of shares

	Expressed in thousands of shares	
	For the years ended December 31,	
	2022	2021
Weighted average number of ordinary shares used in the computation of basic earnings per share	306,756	306,756
Effect of potentially dilutive ordinary shares		
Employees' compensation	55	183
Restricted Stock Awards	1,576	685
Weighted average number of ordinary shares used in the computation of diluted earnings per share	308,387	307,624

The Company may settle the compensation of employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

25. SHARE-BASED PAYMENT ARRANGEMENTS

Information on issuance of restricted stock awards is as follows:

Expressed in thousands of shares

Shareholders' Meeting Approval Date	Number of shares expected to be issued	Number of shares approved by the Board of Director	Grant date	Record date of capital increase	Number of shares actually issued	Fair value on grant date
2020.06.19	3,500	3,000	2021.03.24	2021.03.24	3,000	\$18.65
2020.06.19	3,500	100	2021.05.03	2021.05.03	100	\$21.50
2021.08.17	3,500	1,335	2022.08.29	2022.08.29	1,335	\$18.35
2021.08.17	3,500	200	2022.10.28	2022.10.28	200	\$17.90

Employees are entitled to receive a pro-rata allocation of restricted stock awards upon meeting the following service and performance requirements.

- (1) 30% of the number of shares allotted upon completion of three years of service after allotment.
- (2) 30% of the number of shares allotted upon completion of four years of service after allotment.
- (3) 40% of the number of shares allotted upon completion of five years of service after allotment.

The restrictions on the rights of the employees who acquire the restricted awards but have not met the vesting conditions are as follows:

- (1) Except for inheritance, employees cannot sell, pledge, transfer, make gift of, create other rights or, in any other way, dispose of these shares.
- (2) The restricted stock awards shall be held in trust and executed in accordance with the trust custody agreement.
- (3) Except for the foregoing two provisions, the other rights of the restricted stock awards pursuant to this restriction, including but not limited to: the right to receive dividends, dividends, legal reserve and capital surplus, the right to subscribe for additional cash capital and the right to vote at shareholders' meetings, are the same as those of the Company's issued common shares. The rest of the relevant regulations are governed by the "Regulations Governing the Issuance of restricted stock awards " of the Company.

If an employee fails to meet the vesting conditions, the Company will recall without consideration and cancel the restricted stock award.

Information on restricted stock awards was as follows:

	Shares (thousand)	
	For the year ended December 31, 2022	For the year ended December 31, 2021
Beginning balance	3,100	-
Issuance	1,535	3,100
Expired (Note)	(75)	-
Ending balance	<u>4,560</u>	<u>3,100</u>

Note: The number of expired shares from January 1, 2022 to December 31, 2022 are the number of shares recovered and cancelled without meeting the vesting conditions.

26. DISPOSAL OF SUBSIDIARY

On August 2021, the Good Finance PE lost its control and significant influence over the Good Finance PE Fund I Co., Ltd. as its shareholding in Good Finance PE Fund I Co., Ltd. was reduced to 10% and was therefore reclassified to financial assets at fair value through other comprehensive income. Please refer to Note 26 to the Company's consolidated financial statements for a description of the disposal of Good Finance PE Fund I Co., Ltd..

27. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Ku-Han, Huang	Chairman of the Company
Ming-Li, Chuang	Vice-chairman of the Company
Ta-Hsiu, Chuang	General manager of the Company
Ta Ching Construction Co., Ltd. (Ta Ching Construction)	Other related party
Infinite Bliss Financial Technology Co., Ltd. (Infinite Bliss Financial Technology)	Other related party
HYWEB Technology Co., Ltd. (HYWEB)	Other related party
JL Design Lab Inc. (JL Design Lab)	Other related party
Good Finance Securities Investment Advisors Co., Ltd. (Good Finance Securities Investment Advisors)	Subsidiary
Good Finance PE Co., Ltd. (Good Finance PE)	Subsidiary
The Company's directors, managers and their relatives, heads of departments.	Other related party

(2) Besides information disclosed elsewhere in the other notes, details of transactions between the Company and other related parties are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
1. Futures traders' equity		
Other related parties	\$ <u>5,200</u>	\$ <u>4,920</u>
2. Financial liabilities at fair value through profit or loss – current		
Other related parties	\$ <u>7,003</u>	\$ <u>12,004</u>

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
3. Other payables – related parties		
Subsidiaries		
Good Finance Securities Investment Advisors	\$ 1,400	\$ 1,080
Other related parties		
JL Design Lab	<u>11,130</u>	<u>-</u>
	<u>\$ 12,530</u>	<u>\$ 1,080</u>
4. Deposits received		
Subsidiaries		
Good Finance Securities Investment Advisors	\$ 64	\$ 64
Good Finance PE	<u>26</u>	<u>15</u>
	<u>\$ 90</u>	<u>\$ 79</u>
	<u>Proceeds on acquisition</u>	
	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
5. Equipment acquired		
Other related parties		
Infinite Bliss Financial Technology	<u>\$ -</u>	<u>\$ 1,016</u>
6. Intangible assets acquired		
Other related parties		
HYWEB	<u>\$ 2,140</u>	<u>\$ -</u>
	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
7. Brokerage fee revenue		
Other related parties	<u>\$ 4,350</u>	<u>\$ 7,823</u>
8. Dividend income		
Other related parties	<u>\$ 7,898</u>	<u>\$ 9,003</u>
9. Other operating expenditure		
Subsidiaries		
Good Finance Securities Investment Advisors	<u>\$ 14,880</u>	<u>\$ 11,340</u>
10. Professional service fees (recognised as other operating expenses)		
Other related parties		
Infinite Bliss Financial Technology	\$ -	\$ 20,160
Other	<u>-</u>	<u>245</u>
	<u>-</u>	<u>20,405</u>
11. Advertising expenses (recognised as other operating expenses)		
Other related parties	<u>\$ 27,825</u>	<u>\$ 9,947</u>

		For the years ended December 31,	
		2022	2021
12. Other gains and losses			
Other gains			
Rent revenue			
Subsidiaries	\$	519	\$ 444
Service revenue from information operation			
Subsidiaries		120	120
	\$	<u>639</u>	<u>\$ 564</u>
13. Financial cost			
Other related parties	\$	-	<u>\$ 12</u>

The terms and conditions of transactions with related parties were equivalent to those of transactions with third parties.

(3) Status of acquiring stocks from related parties

The information on stocks of other related parties held by the Company is as follows:

Financial asset measured at fair value through other comprehensive income-current

		December 31, 2022		
		Number of shares (In thousands)	Cost	Carrying amount
<u>Listed stocks</u>				
HYWEB	3,159	\$ 168,604	\$ 116,567	
		December 31, 2021		
		Number of shares (In thousands)	Cost	Carrying amount
<u>Listed stocks</u>				
HYWEB	3,159	\$ 168,604	\$ 146,578	

(4) Key management compensation

The total compensation for directors and other key management is as follows:

		For the years ended December 31,	
		2022	2021
Short-term employee benefits	\$	47,870	\$ 56,795
Post-employment benefits		2,334	540
Total	\$	<u>50,204</u>	<u>\$ 57,335</u>

28. PLEDGED ASSETS

The following assets were pledged to financial institutions as the collateral as at the balance sheet dates for short-term borrowings, long-term borrowings and a bank overdraft line:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Demand and time deposits (shown as restricted assets-current)	\$ 366,910	\$ 488,810
Financial assets at fair value through other comprehensive income	1,301,244	1,263,050
Property and equipment, net	<u>500,849</u>	<u>505,281</u>
Total	<u>\$ 2,169,003</u>	<u>\$ 2,257,141</u>

29. SIGNIFICANT COMMITMENTS AND CONTINGENT LIABILITIES : None.

30. SIGNIFICANT LOSS FROM NATURAL DISASTER : None.

31. SIGNIFICANT SUBSEQUENT EVENTS : None.

32. CAPITAL MANAGEMENT

Capital adequacy ratio calculation

To effectively monitor and control the capital adequacy ratio to maintain an appropriate level of risk appetite, the Company's Risk Management prescribed the Company's "Risk Management Guidelines" with reference to the "Risk Management Best-Practice Principles for Securities Firms". The capital adequacy ratio is calculated using the progressive method in accordance with the competent authorities and the Company periodically calculates and reports the Company's capital adequacy ratio in accordance with the "Regulations Governing Securities Firms".

As of December 31, 2022 and 2021, the Company's capital adequacy ratios are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Net amount of eligible regulatory capital		
Tier 1 Capital	\$ 4,613,448	\$ 4,912,201
Tier 2 Capital	-	323,081
Tier 3 Capital	-	-
Deduction assets	<u>(718,128)</u>	<u>(600,875)</u>
Net amount of eligible regulatory capital	<u>\$ 3,895,320</u>	<u>\$ 4,634,407</u>
Overall risk equivalent		
The equivalent amount of market risk	\$ 1,071,485	\$ 1,356,436
The equivalent amount of credit risk	167,012	336,829
The equivalent amount of operating risk	<u>139,019</u>	<u>100,856</u>
Overall risk equivalent	<u>\$ 1,377,516</u>	<u>\$ 1,794,121</u>
Capital adequacy ratio	283%	258%

$$* \text{ Capital adequacy ratio} = \frac{\text{Net amount of eligible regulatory capital}}{\text{Overall risk equivalent}}$$

* Net amount of eligible regulatory capital = Tier 1 capital + Tier 2 capital + Tier 3 capital - Deduction assets

* Overall risk equivalent = The equivalent amount of market risk + The equivalent amount of credit risk + The equivalent amount of operating risk

33. FINANCIAL INSTRUMENTS

(1) Fair value of financial instruments that are measured at fair value on a recurring basis.

A. Financial instruments not measured at fair value

	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
<u>December 31, 2022</u>					
<u>Financial assets</u>					
Financial assets measured at amortized cost					
Financial debenture	\$ 50,648	\$ 50,000	\$ -	\$ -	\$ 50,000
<u>December 31, 2021</u>					
<u>Financial assets</u>					
Financial assets measured at amortized cost					
Financial debenture	\$ 50,740	\$ 50,000	\$ -	\$ -	\$ 50,000

B. Fair value hierarchy

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Financial instruments measured at fair value				
Financial assets at fair value through profit or loss				
Stocks and beneficiary certificates investment	\$ 632,162	\$ -	\$ -	\$ 632,162
Convertible bonds	14,897	-	-	14,897
Financial asset at fair value through other comprehensive income - current				
Stocks investment	3,986,072	-	-	3,986,072
Financial assets at fair value through other comprehensive income – non-current				
Stocks investment	-	-	90,701	90,701
	<u>\$ 4,633,131</u>	<u>\$ -</u>	<u>\$ 90,701</u>	<u>\$ 4,723,832</u>
Financial liabilities at fair value through profit or loss				
Financial liabilities designated as at fair value through profit or loss				
	\$ -	\$ 1,762,724	\$ -	\$ 1,762,724

Financial instruments measured at fair value	December 31, 2021			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Stocks and beneficiary certificates investment	\$ 259,562	\$ -	\$ -	\$ 259,562
Financial assets at fair value through other comprehensive income – current				
Stocks investment	5,142,984	-	-	5,142,984
Financial assets at fair value through other comprehensive income – non-current				
Stocks investment	-	-	75,545	75,545
	<u>\$ 5,402,546</u>	<u>\$ -</u>	<u>\$ 75,545</u>	<u>\$ 5,478,091</u>
Financial liabilities at fair value through profit or loss				
Financial liabilities designated as at fair value through profit or loss	\$ -	\$ 1,833,662	\$ -	\$ 1,833,662

For the years ended December 31, 2022 and 2021, the Company had no transfers between Level 1 and Level 2 of the fair value measurement.

C. Valuation techniques and inputs of Level 2 fair value measurement

Types of financial instruments	Valuation techniques and inputs
Emerging stocks	Fair value is estimated using the average price on the valuation date or the date before
Structured instruments	Fair value is discounted by reference to the corporate bond benchmark interest rate announced by Taipei Exchange using the discounted cash flow method and option pricing method

D. Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2022

Financial assets	Financial assets at fair value through other comprehensive income
Beginning balance	Equity instruments \$ 75,545
Recognised in other comprehensive income	15,156
Ending balance	<u>\$ 90,701</u>

The gains and losses on assets of the year related to above unrealised gains and losses on financial assets recognised in other comprehensive income in the period	<u>\$ 15,156</u>
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For the year ended December 31, 2021

	Financial assets at fair value through other comprehensive income
	<u>Equity instruments</u>
<u>Financial assets</u>	
Beginning balance	\$ 71,181
Recognised in other comprehensive income	4,364
Ending balance	<u>\$ 75,545</u>

The gains and losses on assets of the year related to above unrealised gains and losses on financial assets recognised in other comprehensive income in the period	<u>\$ 4,364</u>
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E. Valuation techniques and assumptions applied for measuring fair value

The fair value of non- derivative instruments' financial assets and liabilities with active market transactions and standard terms and conditions is determined by reference to quoted market prices. When market prices are not available, the fair value is estimated using valuation method. The estimates and assumptions used in the valuation methods by the Company are consistent with those used by the market participants when pricing the financial instruments.

The fair value of derivatives is based on market price if active quoted market price is available. When market price is not available, fair value is determined by valuation model, models should try to use only observable information as much as possible and minimizing reliance on enterprise-specific estimates.

F. Quantitative information of the significant unobservable inputs (Level 3) used in the fair value measurement

Financial instruments measured at fair value	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	The relationship between inputs and fair value
<u>Non-derivative financial assets</u>					
Financial assets at fair value through other comprehensive income – non-current					
Unlisted shares	\$ 90,701	Market approach	Discount for lack of liquidity	30%	The higher discount for lack of liquidity, the lower fair value

Financial instruments measured at fair value	Fair value at December 31, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	The relationship between inputs and fair value
<u>Non-derivative financial assets</u>					
Financial assets at fair value through other comprehensive income – non-current					
Unlisted shares	\$ 75,545	Market approach	Discount for lack of liquidity	30%	The higher discount for lack of liquidity, the lower fair value

G. Valuation processes for fair value measurements categorised within Level 3

For financial instruments for which fair market value is not readily available or for which there is no active market, the Company follows the “Regulations Governing the Use of Financial Instrument Evaluation Models”, and the business unit submits an application for verification of the independence of the valuation model (including the parameters used in the model) by the Risk Management Department, and the Finance Department accounts for the evaluation results based on the aforementioned approved valuation model.

(2) Financial instruments by category

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets</u>		
Financial assets measured at amortized cost (Note 1)	\$ 6,265,026	\$ 8,469,316
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	647,059	259,562
Financial assets at fair value through other comprehensive income		
Equity instruments	4,076,773	5,218,529
<u>Financial liabilities</u>		
Financial liabilities measured at amortized cost (Note 2)	5,454,207	7,142,060
Financial assets at fair value through profit or loss		
Financial liabilities designated as at fair value through profit or loss	1,762,724	1,833,662

Note 1: Financial assets measured at amortized cost include cash and cash equivalents, receivables from margin loans, refinancing margin, refinancing deposits receivable, receivables of money lending – without specific purposes, customer margin accounts, accounts receivable, other receivables, other financial assets-current, restricted assets-current, financial assets measured at amortized cost- non-current, operation guarantee deposits, settlement and clearing fund and refundable deposits.

Note 2: Financial liabilities measured at amortized cost include short-term loans, commercial paper payable, liabilities for bonds with repurchase agreements, guarantee deposit received from short sales, deposits payable for short sales, futures traders' equity,

accounts payable, other payables, Other payables - related parties, long-term liabilities-current portion, bonds payable and long-term loans.

(3) Financial risk management objectives and policies

A. Risk managing system

a. Risk managing principle

- i. A sound risk management system is in place to analyze risks prudently and objectively in order to achieve reasonable returns.
- ii. Each unit performs daily operation management and has a dedicated risk management unit that reports regularly to the Risk Management Committee and the Board of Directors for immediate and effective risk control with an efficient risk management structure. If a significant risk is identified that threatens the financial or business status or compliance with laws and regulations, appropriate measures should be taken immediately and reported to the Board of Directors.
- iii. To establish an overall risk management mechanism to monitor the adequacy of the Company's capital at an appropriate risk appetite level based on the Company's business scale, market risk, credit risk and operational risk, and future operating trends, and to establish various monitoring mechanisms for overall risk exposure and own capital.

b. Organisation structure and responsibilities for risk management

- i. Board of Directors: The Board of Directors shall be aware of the risks faced by the Company's operations, ensure the effectiveness of risk management, be the highest decision-making body for risk management, and be ultimately responsible for risk management.
- ii. Risk Management Committee: To formulate risk management policies and establish qualitative and quantitative management standards, and at the same time, to provide timely feedback to the Board of Directors on the implementation of risk management and make necessary recommendations for improvement.
- iii. Risk Management Department: The Risk Management Department of the Company is under the Board of Directors and shall perform the following duties and responsibilities and the appointment and removal of the Head of Risk Management shall be approved by the Board of Directors.
 - (i) Assist in development of risk management policies.
 - (ii) Assist with risk limits and distribution for each department.
 - (iii) To ensure the implementation of the risk management policies approved by the Board.
 - (iv) Timely and complete reporting on risk management.

- (v) Understanding the content of the relevant transactions before a business unit conducts various transactions and continuously monitor the holdings of completed transactions.
 - (vi) Risk management measurement techniques should be enhanced as much as possible for financial instruments with quantifiable risks
 - (vii) Accurately understand the risk limits and utilization of each business unit.
 - (viii) Assessing the Company's risk exposure and risk concentration.
 - (ix) Development and implementation of stress test and back testing methods
 - (x) Review of pricing models and evaluation systems for financial instruments used by business units
 - (xi) Other risk management matters.
- iv Business unit: Each business unit of the Company is responsible for first-line risk management, analyzing and monitoring the risks associated with its respective unit, formulating risk management practices for each business unit, and ensuring that the execution of each business is in compliance with risk management regulations and various laws and regulations.
 - v. Auditing department : The Audit Department of the Company is an independent department under the Board of Directors and conducts regular audits of business operations in accordance with the provisions of the internal control system.
 - vi. Compliance and legal department: The Compliance and Legal Department is responsible for legal risk management and compliance with all laws and regulations.
 - vii. Finance department: The Finance Department of the Company is responsible for capital deployment and maintaining the liquidity of the Company.
 - viii. Clearing unit: The clearing unit of the Company is responsible for settlement and middle office risk control, and the compliance with the competent authorities' transaction and operational risk reporting.
- c. Risk Management Process
- i. Daily risk management is carried out by each unit in accordance with internal rules and regulations and hierarchical authorization. When a major risk event occurs, business unit exceeds limits, assets deteriorate, exceeds alert indicator limits, or a major loss event occurs, discuss action plan and report to the Risk Management Department.
 - ii. Based on the nature of risks and the handling mechanism of each risk category, the Risk Management Department reviews the risk event reports of each unit and submits them to the appropriate level of supervisors, and if necessary,

convenes the Risk Management Committee to discuss response measures and submits them to the latest Board of Directors meeting.

- iii. The risk management regulations and risk management indicators of the Company shall be reviewed by the Risk Management Department on a regular basis (at least annually) and may be revised and submitted to the Risk Management Committee for review as necessary, with the formulation/revision of the overall risk limits to be submitted to the Board of Directors for approval.
- iv. The Risk Management Department regularly reviews the risk measurement indicators and provides alerts when the risk indicator reaches amber or higher, and follows up in accordance with the Company's "Risk Management Regulations".

B. Market risk management:

Market risk is the risk of loss on on-balance sheet and off-balance sheet items due to uncertain changes in the value of financial assets during a certain period, such as changes in interest rates, exchange rates, equity securities and commodity prices. Therefore, the Company establishes a sound market risk management system, sets management indicators and sets indicator limits to effectively assess the exposure to market risk.

(a) Indicators of market risk management

i. Value at Risk (VaR) :

Monte Carlo Simulation is used to measure the change of market price (including changes in interest rates, exchange rates, equity securities and commodity prices) for 10 business days of the current trading session at a 99% confidence level.

	Expressed in thousands of New Taiwan dollars	
	For the years ended December 31,	
	2022	2021
VaR	\$ 200,948	\$ 185,662

ii. Stress testing :

To simulate and test the impact of past major domestic and international events or customary extreme situations on the existing site to understand the Company's market risk tolerance. For sensitivity analysis, the Company simulates and evaluates the impact of changes in exchange rates, interest rates and equity prices on the value of trading positions.

(b) Sensitivity analysis

The Company's exchange rate risk arises mainly from the transactions denominated in foreign currencies, which expose the Company to the exchange rate risk. The information on the carrying amount of monetary assets and liabilities denominated in non-functional currency on the balance date is provided in Note 34.

For the years ended December 31, 2022 and 2021, the Company's assets or liabilities denominated in foreign currencies were mainly affected by the fluctuations of USD and HKD exchange rates.

The following table show the sensitivity analysis of the Company when the exchange rate of the New Taiwan dollar (functional currency) increases and decreases by 1% against each relevant foreign currency. The sensitivity analysis includes only monetary items in foreign currencies in circulation and adjusts the period-end translation by a 1% change in the exchange rate. A positive number in the table below represents the amount by which a 1% appreciation of the New Taiwan dollar against each of the relevant currencies would decrease net income or equity before income taxes, while a 1% depreciation of the New Taiwan dollar against each of the relevant currencies would have a negative impact on net income or equity before income taxes.

	Year ended December 31, 2022	
	Effect of USD	Effect of HKD
Profit and loss	\$ 2,828	\$ 18
Equity	7,662	1,766

	Year ended December 31, 2021	
	Effect of USD	Effect of HKD
Profit and loss	\$ 13	\$ 98
Equity	11,046	4,258

The above effect arises mainly from bank deposits, financial assets at fair value through other comprehensive income, customer margin account and futures traders' equity denominated in USD, HKD and RMB that were outstanding as at December 31, 2022 and 2021 and were not hedged by cash flow hedge.

(c) Operation risk management :

Operational risks may be caused by improper or faulty internal operations, personnel and systems, or losses caused by external events, and legal risks are also included. In order to reduce the significant losses arising from operational risks and to affect the achievement of operational and management objectives, the Company follows the operational risk management mechanism and achieves risk identification, assessment, monitoring and control through operational risk loss reporting risk management activities to reduce operational risks.

The management of operational risk focuses on the implementation of the internal control system and the internal audit system. Transactions and related operations personnel should keep transaction records and traces according to the internal control operations for audit purposes. In addition to regular audits by each unit, auditors shall conduct audits based on the operating procedures and control points of the internal control system, and each business unit shall make improvements for audit deficiencies or irregularities.

D. Credit risk management:

Credit risk is the possibility that customers or counterparties (including securities issuers and contractual counterparties) may fail to meet their obligations and that such failure may cause losses to the Company's financial position. Therefore, the Company should pay attention to the credit status of customers or counterparties and establish credit management indicators to reduce default and concentration risks.

(a) Overall country risk exposure

The scope of country risk concentration control is the calculation of the contract value of general securities investments, transaction with reverse repurchase agreement, and derivative transactions (excluding sell options), which is the positive value of the replacement cost of derivative transactions and the market value or balance of other transactions.

	Expressed in thousands of New Taiwan dollars	
	For the years ended December 31,	
	2022	2021
Overall country risk exposure	\$ 942,838	\$ 1,530,405
Cost of foreign securities	1,227,970	1,334,544
Country risk exposure of sovereign rating of BB+ or below and "unequal"	-	-

(b) Single country risk exposure

	Expressed in thousands of New Taiwan dollars	
	For the years ended December 31,	
	2022	2021
United States	\$ 766,209	\$ 1,104,572
China	176,629	425,833

Note: Since October 2021, country risk categorization has replaced the underlying listing country with the country of the issuer's vesting.

(c) Analysis on asset quality and impaired assets

The expected credit losses on accounts receivable are estimated using the lifetime expected losses. The lifetime expected losses are based on the assessment of past default experience of the customer, an analysis of the customer's current financial position, and assessment of general economic conditions and the future conditions of the industry in which the customers operate. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

The information on measurement of loss allowance on receivable from margin loans and accounts receivable are as follows:

December 31, 2022

	Accounts receivable	Receivable from margin loans	Refinancing margin	Refinancing deposit receivable	Receivable of money lending – without specific purpose	Other receivables	Total
Expected credit loss rate	0.0043%	0.0810%	0%	0%	0.0808%	12.4036%	
Gross amount	\$ 1,621,735	\$ 2,464,918	\$ 25,077	\$ 17,912	\$ 116,377	\$ 14,528	\$ 4,262,547
Loss allowance (lifetime expected credit losses)	(69)	(1,999)	-	-	(94)	(1,802)	(3,964)
	<u>\$ 1,621,666</u>	<u>\$ 2,464,919</u>	<u>\$ 25,077</u>	<u>\$ 17,912</u>	<u>\$ 116,283</u>	<u>\$ 12,726</u>	<u>\$ 4,258,583</u>

Movements in loss allowance for the year ended December 31, 2022 are as follows:

	Accounts receivable	Receivable from margin loans	Refinancing margin	Refinancing deposit receivable	Receivable of money lending – without specific purpose	Other receivables	Total
Balance at the beginning of the year	\$ 67	\$ 2,843	\$ -	\$ -	\$ 135	\$ 1,802	\$ 4,847
Add: Provision for impairment	2	-	-	-	-	-	2
Less: Reversal of impairment	-	(844)	-	-	(41)	-	(885)
Balance at the end of the year	<u>\$ 69</u>	<u>\$ 1,999</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 94</u>	<u>\$ 1,802</u>	<u>\$ 3,964</u>

December 31, 2021

	Accounts receivable	Receivable from margin loans	Refinancing margin	Refinancing deposit receivable	Receivable of money lending – without specific purpose	Other receivables	Total
Expected credit loss rate	0.0021%	0.0810%	0%	0%	0.0808%	9.8465%	
Gross amount	\$ 3,214,199	\$ 3,507,650	\$ 4,357	\$ 3,630	\$ 167,058	\$ 18,301	\$ 6,915,195
Loss allowance (lifetime expected credit losses)	(67)	(2,843)	-	-	(135)	(1,802)	(4,847)
	<u>\$ 3,214,132</u>	<u>\$ 3,504,807</u>	<u>\$ 4,357</u>	<u>\$ 3,630</u>	<u>\$ 166,923</u>	<u>\$ 16,499</u>	<u>\$ 6,910,348</u>

Movements in loss allowance for the year ended December 31, 2021 are as follows:

	Accounts receivable	Receivable from margin loans	Refinancing margin	Refinancing deposit receivable	Receivable of money lending – without specific purpose	Other receivables	Total
Balance at the beginning of the year	\$ 2	\$ 201	\$ -	\$ -	\$ -	\$ 1,867	\$ 2,070
Add: Provision for impairment	65	2,642	-	-	135	-	2,842
Less: Reversal of impairment	-	-	-	-	-	(65)	(65)
Balance at the end of the year	<u>\$ 67</u>	<u>\$ 2,843</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 135</u>	<u>\$ 1,802</u>	<u>\$ 4,847</u>

E. Liquidity risk management:

Liquidity risk refers to the risk arising when the fund supply cannot be sufficiently obtained in an expected period of time leading to a failure of fulfilling the capital need as maturity comes due (which is called ‘funding liquidity risk’). It also refers to the risk arising due to the insufficiency in market depth or the disorder which lead to the disposed or written off position held cannot be traded in a reasonable period of time and

reasonable price resulting in a significant bid price or significantly discounted put price (which is called ‘market liquidity risk’). The Company establishes concentration control indicators based on different businesses and financial instruments to reduce market liquidity risk. It also establishes liquidity gap analysis and sets indicator limits to formulate response strategies to prevent the occurrence of poor liquidity.

The analysis of the remaining contractual maturities for financial liabilities

The table below shows the analysis of the remaining contractual maturities for financial liabilities as of December 31, 2022 and 2021:

December 31, 2022

	Contractual cash flows	Less than 6 months	6-12 months	1-5 year(s)	More than 5 years
<u>Liabilities</u>					
Short-term loans	\$ 550,168	\$ 550,168	\$ -	\$ -	\$ -
Commercial paper payable	1,300,000	1,300,000	-	-	-
Financial liabilities at fair value through profit or loss	1,762,724	340,912	509,069	912,743	-
Liabilities for bonds with repurchase agreements	100,269	100,269	-	-	-
Guarantee deposit received from short sales	285,864	-	285,864	-	-
Deposits payable for short sales	246,534	-	246,534	-	-
Futures traders’ equity	238,161	238,161	-	-	-
Accounts payable	1,580,694	1,580,694	-	-	-
Other payables	124,314	124,314	-	-	-
Other payables – other related parties	12,530	12,530	-	-	-
Bonds payables	817,850	1,950	3,350	812,550	-
Long-term borrowings	237,505	7,283	7,283	222,939	-
Lease liabilities	47,801	16,918	14,005	16,878	-
	<u>\$ 7,304,414</u>	<u>\$ 4,273,199</u>	<u>\$ 1,066,105</u>	<u>\$ 1,965,110</u>	<u>\$ -</u>

December 31, 2021

	Contractual cash flows	Less than 6 months	6-12 months	1-5 year(s)	More than 5 years
<u>Liabilities</u>					
Short-term loans	\$ 700,217	\$ 700,217	\$ -	\$ -	\$ -
Commercial paper payable	1,200,000	600,000	600,000	-	-
Financial liabilities at fair value through profit or loss	1,833,662	239,085	344,415	1,250,162	-
Liabilities for bonds with repurchase agreements	256,485	256,485	-	-	-
Guarantee deposit received from short sales	130,216	-	130,216	-	-
Deposits payable for short sales	161,820	-	161,820	-	-
Futures traders' equity	292,829	292,829	-	-	-
Accounts payable	3,196,511	3,196,511	-	-	-
Other payables	180,090	180,090	-	-	-
Other payables – other related parties	1,080	1,080	-	-	-
Bonds payables	823,150	1,950	3,350	817,850	-
Long-term borrowings	245,604	6,930	6,930	55,436	176,308
Lease liabilities	66,642	16,137	15,700	34,805	-
	<u>\$ 9,088,306</u>	<u>\$ 5,491,314</u>	<u>\$ 1,262,431</u>	<u>\$ 2,158,253</u>	<u>\$ 176,308</u>

(4) Transfer of financial assets

Transferred financial assets partially decognised

The transferred financial assets of the Company that do not qualify for derecognition in the daily operation are mainly securities sold under agreement to repurchase. The transaction transfers the contractual rights to receive the cash flows of the financial assets but the Company retains the liabilities to repurchase the transferred financial assets at fixed price in the future period. The Company cannot use, sell, or pledge these transferred financial assets within the validity period of the transaction. However, the Company still bears the interest rate risk and credit risk; thus, it does not derecognise it. Analysis of financial assets and related liabilities not completely meet derecognising condition is shown in following table:

Category of financial asset	December 31, 2022				
	Book value of transferred financial assets	Book value of related financial liabilities	Fair value of transferred financial assets	Fair value of related financial liabilities	Fair value of net position
<u>Transactions under repurchase agreements</u>					
Financial assets at fair value through profit or loss	\$ 97,158	\$ 100,000	\$ 97,158	\$ 100,000	(\$ 2,842)

Category of financial asset	December 31, 2021				
	Book value of transferred financial assets	Book value of related financial liabilities	Fair value of transferred financial assets	Fair value of related financial liabilities	Fair value of net position
<u>Transactions under repurchase agreements</u>					
Financial assets at fair value through profit or loss	\$ 257,536	\$ 256,000	\$ 257,536	\$ 256,000	\$ 1,536

(5) Offsetting financial assets and financial liabilities

The Company has some receivables from securities sale and payables from securities purchase which meet the offsetting criteria. Thus, the Company offsets them on the balance sheets.

The Company enters into the enforceable master netting arrangement or similar agreements, such as global master repurchase agreement, global securities lending agreement or similar agreement, with the counterparties to engage in repurchasing or reverse-repurchasing transactions. When the above-mentioned enforceable master netting arrangements or similar agreements are elected by both parties to be settled by net amount, settlements may be made by using the net amount after the offsetting of financial assets and financial liabilities. Conversely, if no such arrangements are made, settlements are made using the gross amount. However, upon the event of a default of a party, the counterparty may choose to settle by net amount.

The offsetting information of financial assets and financial liabilities are shown as follows:

December 31, 2022

Financial liabilities that are offset, or can be settled under enforceable master netting arrangement or similar agreement						
Financial liabilities	Gross amount of recognised financial liabilities	Gross amount of recognised financial assets offset in the balance sheet	Net amount of financial liabilities recognised in the balance sheet	Relevant amount that has not been offset in the balance sheet		Net amount
				Financial instruments	Cash collateral received	
Liabilities for bonds with repurchase agreements	\$ 100,000	\$ -	\$ 100,000	\$ 97,158	\$ -	\$ 2,842

December 31, 2021

Financial liabilities that are offset, or can be settled under enforceable master netting arrangement or similar agreement						
Financial liabilities	Gross amount of recognised financial liabilities	Gross amount of recognised financial assets offset in the balance sheet	Net amount of financial liabilities recognised in the balance sheet	Relevant amount that has not been offset in the balance sheet		Net amount
				Financial instruments	Cash collateral received	
Liabilities for bonds with repurchase agreements	\$ 256,000	\$ -	\$ 256,000	\$ 257,536	\$ -	(\$ 1,536)

34. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Company and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

Expressed in foreign currencies/in thousands of New Taiwan dollars

Financial assets	December 31, 2022		
	Foreign currency	Exchange rate	NTD
<u>Monetary items</u>			
USD	\$ 9,208	30.708	\$ 282,762
HKD	467	3.938	1,840

				December 31, 2022			
<u>Financial assets</u>	<u>Foreign currency</u>		<u>Exchange rate</u>		<u>NTD</u>		
<u>Non-monetary items</u>							
USD	24,951		30.708		766,209		
HKD	44,850		3.938		176,629		
				December 31, 2021			
<u>Financial assets</u>	<u>Foreign currency</u>		<u>Exchange rate</u>		<u>NTD</u>		
<u>Monetary items</u>							
USD	\$ 48		27.690		\$ 1,319		
HKD	2,764		3.551		9,814		
<u>Non-monetary items</u>							
USD	39,891		27.690		1,104,572		
HKD	119,933		3.551		425,833		

The foreign exchange gain and loss were gains of \$8,631 thousand and loss of \$349 thousand for the years ended December 31, 2022 and 2021, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions.

35. ADDITIONAL DISCLOSURES REQUIRED BY THE SECURITIES AND FUTURES BUREAU

(1) Related information of significant transactions

A. Lending to others: None.

B. Endorsements and guarantees for others: None.

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

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

E. Purchases or sales transactions discount on Broker's charges with related parties in excess of NT\$5 million: None.

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

(2) Disclosure information of investee company: Table 1.

(3) Overseas Branch Units and Representative Offices: Table 2.

(4) Information on investments in Mainland China: None.

(5) Major shareholders information: Table 3.

36. SEGMENT INFORMATION

The Company has disclosed relevant operating segment information in the financial report in accordance with the regulations.

GOOD FINANCE SECURITIES CO., LTD.
(ORIGINAL NAME: TA CHING SECURITIES CO., LTD.)
Information on investees

For the year ended December 31, 2022

Table 1

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

Name of investor	Name of investee	Location	Date of registration	Reference number and the date of approval letter issued by FSC	Main operation activities	Original investment		Period-end holding balance			Revenue of investee company	Net income (loss) of the investee company	Investment income (loss) recognised by the Company	Note
						Balance as at December 31, 2022	Balance as at December 31, 2021	Shares	Percentage (%)	Book value				
The Company	Good Finance Securities Investment Advisors	Taiwan	2015.03.13	Financial-Supervisory-Securities-SITC No. 1040003335, dated February 5, 2015	Securities investment consulting services	\$ 50,000	\$ 50,000	5,000,000	100.00	\$ 43,394	\$ 14,901	(\$ 3,247)	(\$ 3,247)	Subsidiary
The Company	Good Finance PE	Taiwan	2021.04.16	Financial-Supervisory-Securities-Firms No. 1090371530, dated December 11, 2020	General Investment, Venture Capital, Investment Consulting, Management Consulting	50,000	50,000	5,000,000	100.00	64,830	26,066	14,306	14,306	Subsidiary

GOOD FINANCE SECURITIES CO., LTD.
Information related to overseas branch unit and representative offices of securities firms

For year ended December 31, 2022

Table 2

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

Name of overseas branches or representative offices	Country and Region	Date of registration	Reference number and the date of approval letter issued by FSC	Main operation activities	Revenue	Net loss	Appropriated working capital				Significant transactions with parent company	Note
							Balance as at December 31, 2021	Increase working capital	Decrease working capital	Balance as at December 31, 2022		
Good Finance Securities Shanghai office	Shanghai, Mainland China	October 12, 2021	Financial-Supervisory-Securities-Firms No. 1090300612, dated February 13, 2020	Business Research, Industry technology research and data collection	\$ -	(\$ 1,249)	\$ -	\$ -	\$ -	\$ -	-	

GOOD FINANCE SECURITIES CO., LTD.
Information of major shareholders

December 31, 2022

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

Table 3

Name of major shareholders	Shares Number of shares held	Percentage of ownership (%)
Caterpillar Capital Co., Ltd.	119,530,000 shares	38.39%
Lung-Ching, Chuang	40,968,784 shares	13.15%
Asia Value Fund custodial account of Deutsche Bank Taiwan Branch	19,896,000 shares	6.39%

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.

V. Consolidated financial statements audited and certified by CPAs for the most recent year

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2022 are the same as those required to be included in the consolidated financial statements of parent and subsidiary companies prepared in conformity with the International Financial Reporting Standard 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we have not prepared a separate set of consolidated financial statements of affiliates.

Hereby certify

Company name: Good Finance Securities Co., Ltd

Chairman: Ku-Han, Huang

March 7, 2023

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Good Finance Securities Co., Ltd

Opinion

We have audited the accompanying consolidated financial statements of Good Finance Securities Co., Ltd. and its subsidiaries (collectively, the “Group”), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and 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 of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Firms” and “Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants”. and International Financial Reporting Standards(IFRS), International Accounting Standards(IAS), IFRIC Interpretations(IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. 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 judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Group’s consolidated financial statements of the current period are stated as follows:

Recognition of brokerage handling fee revenue

For the year ended December 31, 2022, the Group's brokerage fee revenue amounted to \$542,452 thousand. The Group's brokerage fee revenue arises from the trading of domestic and foreign securities, futures contracts and short sales. Since the accuracy of brokerage handling fee revenue was significant to the Group's financial statements, we identified recognition of brokerage handling fee revenue as a key audit matter.

Our key audit procedures performed in respect of the above-mentioned key audit matter included the following:

1. Obtained an understanding of and evaluated the internal controls over the brokerage business.
2. Selected samples on and tested transaction reports and related vouchers in relation to brokerage handling fee revenue recognition.
3. Performed analytical review procedures and assessed the appropriateness of accounting policies in relation to brokerage handling fee revenue recognition.

Refer to Notes 4 and 22 for the related accounting policies and balances of the Group's brokerage handling fee revenue.

Other matter – Scope of the Audit

We have audited and expressed an unqualified opinion on the parent company only financial statements of Good Finance Securities Co., Ltd at and for the years ended December 31, 2022 and 2021.

Responsibilities of Management and Those Charged with Governance for the 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” and “Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants”, and International Financial Reporting Standards(IFRS), International Accounting Standards(IAS), IFRIC Interpretations(IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's 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 for the year ended December 31, 2022, 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.

The engagement partners on the audits resulting in this independent auditors' report are Yi-Chun Wu and Pei-De Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 7, 2023

Notice to Readers

The accompanying consolidated financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

GOOD FINANCE SECURITIES CO., LTD. AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2022		December 31, 2021			
			Amount	%	Amount	%		
	Current assets	4						
111100	Cash and cash equivalents	6 and 28	\$	937,981	8	\$	330,288	2
112000	Financial assets at fair value through profit or loss - current	7		647,059	5		279,578	2
113200	Financial assets at fair value through other comprehensive income - current	8, 27 and 28		4,001,610	33		5,163,500	31
114030	Receivables from margin loans	10		2,464,919	21		3,504,807	21
114040	Refinancing margin			25,077	-		4,357	-
114050	Refinancing deposit receivable			17,912	-		3,630	-
114066	Receivables of money lending – without specific purposes	10		116,283	1		166,923	1
114070	Customer margin accounts			238,161	2		292,829	2
114130	Accounts receivable	10		1,623,717	14		3,215,406	20
114150	Prepayments			17,721	-		13,380	-
114170	Other receivables	10		12,726	-		16,499	-
114200	Other financial assets - current	6		63,840	1		10,000	-
114600	Current income tax assets	23		76	-		76	-
119080	Restricted assets - current	28		366,910	3		488,810	3
119120	Underwriting share proceeds collected on behalf of customers			81,537	1		1,640,555	10
119990	Other current assets-others			6,860	-		3,089	-
110000	Total current assets			10,622,389	89		15,133,727	92
	Non-current assets	4						
123200	Financial assets at fair value through other comprehensive income - non-current	8	\$	90,701	1	\$	82,010	1
123300	Financial assets measured at amortized cost - non-current	9		50,648	-		50,740	-
125000	Property and equipment	12, 27 and 28		566,742	5		551,838	3
125800	Right-of-use assets	13		54,410	-		74,839	1
127000	Intangible assets	14 and 27		66,392	1		60,336	-
128000	Deferred income tax assets	23		93,242	1		767	-
129010	Operating guarantee deposits			305,000	2		305,000	2
129020	Settlement and clearing fund			59,162	-		57,265	-
129030	Refundable deposits	15		79,577	1		76,267	1
129130	Prepayment for equipment			2,156	-		30,635	-
120000	Total non-current assets			1,368,030	11		1,289,697	8
906001	Total assets		\$	11,990,419	100	\$	16,423,424	100

(Continued)

GOOD FINANCE SECURITIES CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	LIABILITIES AND EQUITY	Notes	December 31, 2022		December 31, 2021	
			Amount	%	Amount	%
	Current liabilities	4				
211100	Short-term loans	16	\$ 550,000	5	\$ 700,000	4
211200	Commercial paper payable	16	1,298,131	11	1,196,388	7
212000	Financial liabilities at fair value through profit or loss - current	7 and 27	1,762,724	15	1,833,662	11
214010	Liabilities for bonds with repurchase agreements	18	100,000	1	256,000	2
214040	Guarantee deposit received from short sales		285,864	2	130,216	1
214050	Deposits payable for short sales		246,534	2	161,820	1
214080	Futures traders' equity	27	238,161	2	292,829	2
214130	Accounts payable	19	1,580,694	13	3,196,511	20
214150	Advance collection		14,789	-	31,244	-
214160	Collections for third parties	19	87,195	1	1,649,132	10
214170	Other payables	19	128,981	1	184,654	1
214180	Other payables-related parties	27	11,130	-	-	-
214600	Current income tax liabilities	23	7,438	-	12,056	-
215220	Long-term liabilities - current portion	16	10,152	-	10,509	-
216000	Lease liabilities - current	13	30,610	-	31,432	-
219000	Other current liabilities		437	-	281	-
210000	Total current liabilities		<u>6,352,840</u>	<u>53</u>	<u>9,686,734</u>	<u>59</u>
	Non-current liabilities	4				
221100	Bonds payable	17	800,000	7	800,000	5
221200	Long-term loans	16	207,737	2	217,618	2
225100	Provisions - non-current		9,738	-	9,656	-
226000	Lease liabilities - non-current	13	16,820	-	34,574	-
228000	Deferred income tax liabilities	23	8,075	-	41,862	-
229070	Net defined benefit liabilities-non-current	20	35,259	-	42,676	-
220000	Total non-current liabilities		<u>1,077,629</u>	<u>9</u>	<u>1,146,386</u>	<u>7</u>
906003	Total liabilities		<u>7,430,469</u>	<u>62</u>	<u>10,833,120</u>	<u>66</u>
	Equity attributable to owners of the parent	4 and 21				
	Share capital					
301010	Ordinary share capital		3,112,659	26	3,098,559	19
301080	Awaiting retirement		500	-	-	-
301000	Total share capital		<u>3,113,159</u>	<u>26</u>	<u>3,098,559</u>	<u>19</u>
	Capital reserve					
302010	Additional paid-in capital		12,128	-	12,128	-
302030	Share-based payment	25	27,409	-	18,688	-
302040	Gains on disposals of assets		29	-	29	-
302000	Total capital reserve		<u>39,566</u>	<u>-</u>	<u>30,845</u>	<u>-</u>
	Retained earnings					
304010	Legal reserve		257,996	2	236,497	2
304020	Special reserve		1,285,969	11	1,221,772	7
304040	Unappropriated earnings		213,407	2	324,528	2
304000	Total retained earnings		<u>1,757,372</u>	<u>15</u>	<u>1,782,797</u>	<u>11</u>
	Other equity interest					
305140	Unrealised gains from financial assets measured at fair value through other comprehensive income		(301,126)	(3)	718,329	4
305290	Other		(49,021)	-	(40,226)	-
305000	Total other equity		<u>(350,147)</u>	<u>(3)</u>	<u>678,103</u>	<u>4</u>
906004	Total equity		<u>4,559,950</u>	<u>38</u>	<u>5,590,304</u>	<u>34</u>
906002	Total liabilities and equity		<u>\$ 11,990,419</u>	<u>100</u>	<u>\$ 16,423,424</u>	<u>100</u>

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

GOOD FINANCE SECURITIES CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except for earnings per share)

				Years ended December 31,			
				2022		2021	
Items	Notes	Amount	%	Amount	%		
Revenue		4					
401000	Brokerage fee revenue	22 and 27	\$ 542,452	62	\$ 983,430	75	
404000	Underwriting fee revenue	22	1,726	-	2,264	-	
410000	Net gains (losses) on sales of securities	22	9,981	1	(953)	-	
421200	Interest income	22	171,746	20	195,860	15	
421300	Dividend income	8 and 27	191,254	22	172,013	13	
421500	Net (losses) gains on trading securities at fair value through profit or loss	22	(21,106)	(2)	9,253	1	
424500	Net loss from derivative instruments – OTC	22	(61,386)	(7)	(58,157)	(4)	
424800	Management fee revenue		26,088	3	4,873	-	
425300	Reversal of credit impairment losses (expected credit impairment losses)	10	883	-	(2,842)	-	
428000	Other operating gains and losses	22	7,711	1	(714)	-	
400000	Total revenue		<u>869,349</u>	<u>100</u>	<u>1,305,027</u>	<u>100</u>	
Costs and expenses							
501000	Handling charges-brokerage		(39,327)	(4)	(67,441)	(5)	
502000	Handling charge-proprietary trading		(122)	-	(64)	-	
503000	Service charge - refinancing		(293)	-	(304)	-	
504000	Underwriting charge - refinancing		(45)	-	(339)	-	
521200	Financial costs	22 and 27	(24,062)	(3)	(26,675)	(2)	
524300	Service charge - clearing and settlement		(3,470)	-	(3,662)	-	
528000	Other operating expenditure		(5,562)	(1)	(5,498)	-	
531000	Employee benefit expenses	20, 22 and 27	(525,195)	(60)	(583,555)	(45)	
532000	Depreciation and amortization	22	(75,763)	(9)	(62,895)	(5)	
533000	Other operating expense	22 and 27	(206,481)	(24)	(243,437)	(19)	
500000	Total cost and expenses		<u>(880,320)</u>	<u>(101)</u>	<u>(993,870)</u>	<u>(76)</u>	
5XXXXX	Operating (losses) profits		<u>(10,971)</u>	<u>(1)</u>	<u>311,157</u>	<u>24</u>	
602000	Other gains and losses	22	44,694	5	41,124	3	
600000	Total non-operating income and expenses		<u>44,694</u>	<u>5</u>	<u>41,124</u>	<u>3</u>	

(Continued)

GOOD FINANCE SECURITIES CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except for earnings per share)

	Items	Notes	Years ended December 31,			
			2022		2021	
			Amount	%	Amount	%
902001	Income before income tax		\$ 33,723	4	\$ 352,281	27
701000	Income tax benefit (expense)	4 and 23	18,774	2	(31,294)	(3)
902005	Net income		52,497	6	320,987	24
	Other comprehensive income (loss)					
	Items that will not be reclassified to profit or loss					
	Remeasurements of defined benefit plan		(11,838)	(1)	(19,394)	(1)
805510	(Loss) gain on equity instruments classified at fair value through other comprehensive income		(1,189,284)	(137)	292,709	22
805540	Income tax related to items that will not be reclassified to profit or loss		103,745	12	9,910	1
805599						
805500	Items that will not be reclassified to profit or loss, net of tax		(1,097,377)	(126)	283,225	22
805000	Other comprehensive (loss) income for the year, net of tax		(1,097,377)	(126)	283,225	22
902006	Total comprehensive (loss) income for the year		(\$ 1,044,880)	(120)	\$ 604,212	46
	Profit, attributable to:					
913100	Owners of the parent		\$ 52,497	6	\$ 320,987	25
	Total comprehensive (loss) income attributable to:					
914100	Owners of the parent		(\$ 1,044,880)	(120)	\$ 604,212	46
	Earnings per share	24				
975000	Basic		\$ 0.17		\$ 1.05	
985000	Diluted		\$ 0.17		\$ 1.04	

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

GOOD FINANCE SECURITIES CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Share capital(Note 21)			Retained earnings (Note 21)			Other equity items (Note 21)		Total equity		
	Number of shares (Thousand shares)	Amount	Awaiting retirement	Capital reserve (Notes 21 and 25)	Legal reserve	Special reserve	Unappropriated earnings	Unrealised gains (losses) on financial assets measured at fair value through other comprehensive income		Unearned compensation cost	
A1	Balance on January 1, 2021	306,756	\$ 3,067,559	\$ -	\$ 12,157	\$ 232,697	\$ 1,200,642	\$ 134,466	\$ 329,109	\$ -	\$ 4,976,630
	Appropriations of 2020 earnings										
B1	Legal capital reserve	-	-	-	-	3,800	- (3,800)	-	-	-	-
B3	Special capital reserve	-	-	-	-	-	21,130 (21,130)	-	-	-	-
D1	Net income	-	-	-	-	-	320,987	-	-	-	320,987
D3	Other comprehensive (loss) income for the year, net of income tax	-	-	-	-	-	- (19,394)	302,619	-	-	283,225
D5	Total comprehensive income for the year	-	-	-	-	-	301,593	302,619	-	-	604,212
N1	Share-based payment	3,100	31,000	-	18,688	-	-	-	(40,226)	-	9,462
Q1	Disposal of equity instruments classified at fair value through other comprehensive income	-	-	-	-	-	- (86,601)	86,601	-	-	-
Z1	Balance on December 31, 2021	309,856	3,098,559	\$ -	30,845	236,497	1,221,772	324,528	718,329	(40,226)	5,590,304
	Appropriations of 2021 earnings										
B1	Legal capital reserve	-	-	-	-	21,499	- (21,499)	-	-	-	-
B3	Special capital reserve	-	-	-	-	-	64,197 (64,197)	-	-	-	-
D1	Net income	-	-	-	-	-	52,497	-	-	-	52,497
D3	Other comprehensive loss for the year, net of income tax	-	-	-	-	-	- (11,838)	(1,085,539)	-	(1,097,377)	
D5	Total other comprehensive income (loss) for the year	-	-	-	-	-	40,659	(1,085,539)	-	(1,044,880)	
N1	Share-based payment	1,535	15,350	-	7,971	-	-	-	(8,795)	-	14,526
T1	Restricted stock awards retirement	(75)	(1,250)	500	250	-	-	-	-	-	-
Q1	Disposal of equity instruments classified at fair value through other comprehensive income	-	-	-	-	-	- (66,084)	66,084	-	-	-
Z1	Balance on December 31, 2022	311,316	\$ 3,112,659	\$ 500	\$ 39,566	\$ 257,996	\$ 1,285,969	\$ 213,407	(\$ 301,126)	(\$ 49,021)	\$ 4,559,950

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

GOOD FINANCE SECURITIES CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

		Years ended December 31,	
		2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
A10000	Profit before tax	\$ 33,723	\$ 352,281
A20010	Adjustments		
A20100	Depreciation	69,046	54,341
A20200	Amortization	6,717	8,554
A20300	(Gain on reversal of impairment loss) expected credit impairment loss	(883)	2,842
A20400	Net losses (gains) on financial assets or liabilities at fair value through profit or loss	21,106 (	9,253)
A20900	Financial costs	24,062	26,675
A21200	Interest income and financial income	(178,600 ) (	197,442)
A21300	Dividend income	(195,001 ) (	174,766)
A21900	Share-based payment	14,526	9,462
A22500	Losses on disposal of property and equipment	-	119
A23100	Gain on disposal of investment	-	(403)
A23300	Gain of non-operating financial instrument measured at fair value	(39)	-
A29900	Gain on lease modification	( - ) (	143)
A60000	Changes in operating assets and liabilities		
A61110	(Increase) decrease in financial assets at fair value through profit or loss	(388,548)	607,896
A61150	Decrease (increase) in receivable from margin loans	1,040,732 (	1,062,139)
A61160	(Increase) decrease in refinancing margin	(20,720)	541
A61170	(Increase) decrease in refinancing deposits receivable	(14,282)	452
A61180	Decrease (increase) in receivables of money lending – without specific purposes	50,681 (	152,016)
A61190	Decrease (increase) in customer margin accounts	54,668 (	17,661)
A61250	Decrease in accounts receivable	1,593,640	462,232
A61270	(Increase) decrease in prepayments	(4,341)	1,461
A61290	Decrease (increase) in other receivables	3,887 (	972)
A61365	Increase in financial assets at fair value through other comprehensive income	(36,085 ) (	520,053)
A61366	Decrease in financial assets measured at amortized cost	92	92
A61370	Decrease (increase) in other current assets	1,555,247 (	1,419,583)
A62110	Decrease in liabilities for bonds with repurchase agreement	(156,000 ) (	16,339)
A62130	(Decrease) increase in financial liabilities at fair value through profit or loss	(70,938)	386,937
A62160	Increase (decrease) in guarantee deposit received from short sales	155,648 (	70,664)
A62170	Increase (decrease) in deposits payable for short sales	84,714 (	57,467)
A62200	(Decrease) increase in futures traders' equity	(54,668)	17,661
A62230	Decrease in accounts payable	(1,615,698 ) (	488,543)
A62250	Decrease in advance collection	(16,455 ) (	69,497)
A62260	(Decrease) increase in collections for third parties	(1,561,937)	1,422,259
A62270	(Decrease) increase in other payables	(55,673)	61,059
A62280	Increase in other payables – related parties	11,130	-
A62290	Decrease in net defined benefit liabilities	(19,255 ) (	8,421)
A62320	Increase (decrease) in other current liabilities	156	(1,835)
A33000	Cash flows generated by (used in) operations	330,652 (	852,333)
A33100	Interest received	169,793	141,769
A33200	Dividends received	192,561	171,447
A33300	Interest paid	(24,099 ) (	25,205)
A33500	Income tax (paid) refunded	(8,361)	22,754
AAAA	Net cash flows generated by (used in) operating activities	<u>660,546</u> (	<u>541,568</u>)
CASH FLOWS FROM INVESTING ACTIVITIES			
B02700	Acquisition of property and equipment	(14,436 ) (	11,699)
B02800	Proceeds from disposal of property and equipment	-	240
B03500	Increase in settlement and clearing fund	(1,897 ) (	4,076)
B03700	Increase in refundable deposits	(3,310 ) (	18,683)
B04500	Acquisition of intangible assets	(2,615 ) (	3,103)
B06500	Increase in other financial assets	(53,840)	-
B06600	Decrease in other financial assets	-	31,600
B07100	Increase in prepayment for equipment	(16,931 ) (	37,173)
B07500	Interest received	5,433	1,570
B07600	Dividend received	3,747	2,753
B09900	Decrease (increase) in other investing activities	121,900 (	213,210)
BBBB	Net cash flows generated by (used in) investing activities	<u>38,051</u> (	<u>251,781</u>)
CASH FLOWS FROM FINANCING ACTIVITIES			
C00100	Increase in short-term loans	-	700,000
C00200	Decrease in short-term loans	(150,000)	-
C00700	Increase in commercial paper payable	101,743	-
C00800	Decrease in commercial paper payable	-	(146,146)
C01200	Proceeds from issuance of bonds	-	300,000
C01700	Repayment of long-term loan	(10,238 ) (	873)
C04020	Repayment of principal portion of lease liabilities	(32,409 ) (	24,433)
CCCC	Net cash flows (used in) generated by financing activities	(90,904)	828,548
EEEE	Net increase in cash and cash equivalents	607,693	35,199
E00100	Cash and cash equivalents at beginning of year	330,288	295,089
E00200	Cash and cash equivalents at end of year	<u>\$ 937,981</u>	<u>\$ 330,288</u>

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

GOOD FINANCE SECURITIES CO., LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE INDICATED)

1. HISTORY

- (1) Summary of Good Finance Securities Co., Ltd. (the “Company”) is as follows:
 - A. Year 1988: The Company was incorporated on July 7, and the paid-in capital was \$0.2 billion.
 - B. Year 1994: The Company merged with Tai Ching and Shei Ching Securities Co., Ltd. The paid-in capital was \$450 million after the merger.
 - C. Year 1995: The Company started to operate securities trading margin purchase and short sale business and established a dealing department.
 - D. Year 1997: The Company established an underwriting department.
 - E. Year 1998: The Company established a futures department and concurrently operated TAIFEX futures.
 - F. Year 2003: The Company stocks approved for OTC-listed trading since April 21.
 - G. Year 2011: The Company merged with Fullsun Securities Co., Ltd on December 25, 2011. The Company acquired and assumed all the assets, liabilities, rights and obligations of Fullsun Securities Co., Ltd and established Fullsun Branch and Changrong Branch.
 - H. Year 2015: The Company reinvested in a newly established company, Good Finance Securities Investment Advisors Co., Ltd.
 - I. Year 2019: The Company established a hybrid instruments department.
 - J. Year 2021: The Company reinvested in a newly established company, Good Finance PE Co., Ltd.
 - K. The Company, formerly known as Ta Ching Securities Co., Ltd., changed its name to Good Finance Securities Co., Ltd., approved by the Ministry of Economic Affairs on October 29, 2021.
- (2) Good Finance Securities Investment Advisors Co., Ltd. (the “Subsidiary”) was incorporated in Taipei City on March 13, 2015. The Subsidiary is primarily engaged in investment consulting and has acquired business license from the Financial Supervisory Commission on July 23, 2015.
- (3) Good Finance PE Co., Ltd. (the “Subsidiary”) was established and approved by the Financial Supervisory Commission on December 11, 2020, and by the Department of Commerce, Ministry of Economic Affairs (MOEA) on April 16, 2021. The Main operation activities of Good Finance PE Co., Ltd. were general investment, venture capital, investment consulting, and management consulting.
- (4) Good Finance PE Co., Ltd. reinvested in a newly established company, Good Finance PE Fund I Co., Ltd. on April 27, 2021 and approved by MOEA. Good Finance PE Co., Ltd. lost its control and significant influence over the Good Finance PE Fund I Co., Ltd. as its shareholding in Good Finance PE Fund I Co., Ltd. was reduced to 4.76% resulting from it not participating in the capital increase of Good Finance PE Fund I Co., Ltd. in August 2021 and October 2021. Good Finance PE Co., Ltd. sold all shareholdings in Good Finance PE Fund I Co. in March, 2022.
- (5) Main business:
 - A. Brokerage of marketable securities on the centralized securities exchange market.
 - B. Proprietary trading of securities on the centralized securities exchange market.
 - C. Operating securities trading margin purchase and short sales.

- D. Brokerage trading of securities at the over-the-counter.
- E. Proprietary trading of securities at the over-the-counter.
- F. Underwriting of securities.
- G. Concurrent operation of futures business.
- H. Consignment trading of foreign securities.
- I. Agent for stock affairs.
- J. Securities investment consulting business.
- K. Other securities-related businesses as approved by the competent authorities.

The consolidated financial statements of the Company and its subsidiaries (collectively, the “Group”) are presented in the Company’s functional currency, the New Taiwan dollar.

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

The consolidated financial statements were approved by the Board of Directors (the “Board”) on March 7, 2023.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- A. Initial application of International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (the “FSC”).

The application of the amended IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies.

- B. The IFRSs endorsed by the Financial Supervisory Commission (FSC) for application starting from 2023

New Standards, Interpretations and Amendments	Effective Date Announced by IASB
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023 (Note 1)
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023 (Note 2)
Amendments to IAS 12, “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

As of the date the consolidated financial statements were authorized for issuance, the Group’s assessment of the application of other standards and interpretations will not have a significant impact on the Group’s financial position and financial performance.

C. IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

New Standards, Interpretations and Amendments	Effective Date Announced by IASB (Note 1)
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 IASB
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, ‘Classification of liabilities as current or non-current’	January 1, 2024
Amendments to IAS 1, ‘Non-current liabilities with covenants’	January 1, 2024

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: Seller-lessee should apply the amendments of IFRS 16 retrospectively back to sale and leaseback transactions that were entered into after the date when the entity initially applied IFRS 16.

As of the date the consolidated financial statements were authorized for issuance, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group’s financial position and financial performance, and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of Compliance

The consolidated financial statements of the Group have been prepared 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”, International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC.

(2) Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- A. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- B. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

C. Level 3 inputs are unobservable inputs for the asset or liability.

(3) Classification of Current and Non-current Assets and Liabilities

Current assets include:

- A. Assets held primarily for the purpose of trading;
- B. Assets expected to be realized within 12 months after the reporting period; and
- C. Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- A. Liabilities held primarily for the purpose of trading;
- B. Liabilities to be settled within 12 months after the reporting period; and
- C. Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

(4) Basis of Consolidation

Principles for preparing consolidated financial statements.

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e. its subsidiaries). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and non-controlling interest, even there was a loss amount in non-controlling interests.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. 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 and attributed to the owners of the Company.

See Note 11 and table 2 for detailed information on subsidiaries (including percentages of ownership and main businesses)

(5) Business Combinations

Businesses combinations are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

(6) Foreign Currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the translation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the translation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

(7) Property and Equipment

Property and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

The depreciation of property and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

(8) Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the Group disposes of an operation within that unit, the goodwill associated with the operation which is disposed of

is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

(9) Intangible Assets

A. Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

B. Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date. Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

C. Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

(10) Impairment of property and equipment, right-of-use asset and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property and equipment, right-of-use asset and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating unit on a reasonable and consistent basis of allocation.

Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss subsequently is reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been if the impairment had not been recognized. A reversal of an impairment loss is recognized in profit or loss.

(11) Financial Instrument

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than fair value through profit or loss financial assets (financial assets at FVTPL) and fair value through profit or loss financial liabilities (financial liabilities at FVTPL)) are added to the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

A. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a. Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and equity instruments at fair value through other comprehensive income (FVTOCI).

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value and any dividends, interest earned and remeasurement gains and losses on such financial assets are recognized in profit and loss. Fair value is determined in the manner described in Note 33.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- (i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- (ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, accounts receivable at amortized cost etc., are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- (i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- (ii) Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred: i. Significant financial difficulty of the issuer or the borrower; ii. Breach of contract, such as a default; iii. It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b. Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost at each balance sheet date.

The Group always recognizes lifetime expected credit losses (i.e. ECLs) for accounts receivable. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c. Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its

retained interest in the asset and any associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a liability for the proceeds received.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

B. Equity instruments

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

C. Financial liabilities

a. Subsequent measurement

Except the following situations, all financial liabilities are measured at amortized cost using the effective interest method:

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when such financial liabilities are designated as at FVTPL.

A financial liability may be designated as at FVTPL upon initial recognition when doing so results in more relevant information and if:

- i. Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- ii. The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and has performance evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- iii. The contract contains one or more embedded derivatives so that the entire combined contract (asset or liability) can be designated as at FVTPL.

For a financial liability designated as at FVTPL, the amount of changes in fair value attributable to changes in the credit risk of the liability is presented in other comprehensive income and will not be subsequently reclassified to profit or loss. The remaining amount of changes in the fair value of that liability which does not incorporate any interest on such financial liability is presented in profit or loss. The gain or loss accumulated in other comprehensive income will be transferred to retained earnings when the financial liability is derecognized. If this accounting treatment related to credit risk would create or enlarge an accounting mismatch, all changes in the fair value of the liability are presented in profit or loss.

Fair value is determined in the manner described in Note 33.

b. Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

D. Derivative financial instruments

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument; in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

(12) Margin loans, Short sales, Refinancing and Securities refinancing

A. Margin loans and Refinancing

Margin loans are subject to securities investor financing from the Group through acquiring securities, which are recognized in "receivables from margin loans". The Group ranged interest rate to receive interest and use those securities bought by customers as collaterals. The collateral is treated using memo entries. The collateral securities are returned to the customers when the margin loans are repaid.

When the Group refinances the aforementioned margin loans, the margins deposited by the Group to securities finance company are recorded as "refinancing margin." Securities bought by refinancing are retained by the securities finance company as collaterals.

B. Short sales and Securities refinancing

Short sale is one of the Group's businesses and subject to lending securities which were bought by customers as a collateral for financing transactions and refinanced from securities finance company to customers.

The proceeds of short sale less any dealer's commission, securities transaction tax and the Group's financing charges are recorded under "deposits payable for short sales". The Group received certain percentage of disposal consideration as a guarantee and recognized under "guarantee deposit received from short sales". The aforementioned deposits payable for "deposits payable for short sales" and "guarantee deposit received from short sales" will be paid to customers on the settlement day along with interests. The short sale securities are recorded as "short sale" using memo entries.

When the Group has insufficient stocks to conduct short sale, the proceeds from short sales were kept under securities finance companies as collateral and guarantee paid to securities finance companies for the stocks borrowed from securities finance companies are recorded as "refinancing deposit receivable" and "refinancing margin". The refinancing securities delivered to securities finance company are recorded as "refinancing stock collateral" using memo entries.

(13) Securities Business Money Lending

The Group recognized "receivables of money lending" in connection with securities business money lending. The Group assesses the impairment loss based on the

possibility of receivables recovery at the end of period. The collaterals received from money lending business in connection with securities business shall be reserved in the special account for money lending opened in Taiwan Depository Clearing Corp.

(14) Customer Margin Accounts

- A. Customer margin deposit account receives margins and premiums collected from the futures customers and differences from daily market closing prices in accordance with the related regulations, which are all included in the “customer margin account”.
- B. Futures clearing house received the clearing margin from clearing member. The clearing margin in relation to the sale of stock call option can be settled by its underlying securities. In addition, future trader can pay futures trading margin arising from the sale of stock call option contracts by underlying securities.

(15) Futures Traders’ Equity

Futures traders’ equity is the margin and premium customers pay for futures trading. The differences of daily market closing prices are accounted for as “futures traders’ equity”.

Accounts cannot be offset except for the same type of accounts of the same customer; if borrower’s balance arises from futures traders’ equity, the balance shall be recognized as “futures trading margin receivable”.

(16) Repurchase and Resale Transactions

Transactions involving the resale and repurchase of bonds with a financing nature are accounted for as bonds sold under repurchase agreements; and the related interest expense are accounted for on the basis of the interest rate stated in the contract.

(17) Provisions

Provisions, including those arising from contractual obligations specified in restore infrastructure before it is handed over to the grantor are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

(18) Revenue Recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied. Service income is recognized when services are provided.

The Group’s brokerage handling fee revenue is recognized on the trade date of securities and trading securities borrowing and lending.

(19) Leasing

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

A. The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

B. The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

The Group negotiates with the lessor for rent concessions as a direct consequence of the Covid-19 to change the lease payments originally due by June 30, 2022, that results in the revised consideration for the lease less than the consideration for the lease immediately preceding the change. There is no substantive change to other terms and conditions. The Group elects to apply the practical expedient to these rent concessions and, therefore, does not assess whether the rent concessions are lease modifications. Instead, the Group recognizes the reduction in lease payment in profit or loss as other gains and losses in the period in which the events or conditions that trigger the concession occur, and makes a corresponding adjustment to the lease liability.

(20) Employee Benefits

A. Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

B. Post-employment benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost and net interest on the net defined benefit liability (asset)

are recognized as employee benefits expense in the period they occur. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Group's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

(21) Share-based payment arrangements

Restricted stock awards for employees.

The fair value at the grant date of the restricted stock awards is expensed on the straight-line basis over the vesting period, based on the Group's best estimates of the number of restricted stock awards that are expected to ultimately vest, with a corresponding adjustment to capital surplus – restricted stock awards or other equity (unearned compensation cost). It is recognized as an expense in full at the grant date if vested immediately.

When restricted stock awards for employees are issued, other equity - employees' unearned compensation are recognized on the grant date, with a corresponding increase in capital surplus - restricted stock awards for employees.

At the end of each reporting period, the Group revises its estimate of the number of restricted stock awards expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that cumulative expense reflects the revised estimate, with a corresponding adjustment to capital surplus - restricted stock awards.

(22) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

A. Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Law in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

B. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and

recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

C. Current and deferred tax for the period

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

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

In the application of the Group's accounting policies, management is required to make judgments, estimations, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Group considers the economic implications, inflation, market interest rate fluctuations and the impact on the development due to the COVID-19 when making its critical accounting estimates related to cash flow projections, growth rates, discount rates, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

The Group has no critical accounting judgments, estimates and key sources of assumption uncertainty under the Group's assessment.

6. CASH AND CASH EQUIVALENTS

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash		
Petty cash	\$ 680	\$ 660
Demand deposits	707,247	329,159
Checking deposits	669	469
Cash equivalents		
Time deposits with original maturities less than three months	229,385	-
Total	<u>\$ 937,981</u>	<u>\$ 330,288</u>

Time deposits with original maturities more than three months were classified as other financial assets.

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Other financial assets		
Current	<u>\$ 63,840</u>	<u>\$ 10,000</u>
Non-current	<u>\$ -</u>	<u>\$ -</u>

7. FINANCIAL INSTRUMENTS AT FVTPL

	<u>December 31, 2022</u>	<u>December 31, 2021</u>	Note
<u>Financial assets - current</u>			
Financial assets mandatorily measured at FVTPL			
Open-end funds	\$ -	\$ 20,016	(1)
Trading securities - proprietary	632,162	259,562	(2)
Trading securities - underwriting	14,897	-	(3)
Total	<u>\$ 647,059</u>	<u>\$ 279,578</u>	

Financial liabilities - current

Financial liabilities designated as at FVTPL

Structured instruments	<u>\$ 1,762,724</u>	<u>\$ 1,833,662</u>	(4)
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(1) Open-end funds	<u>December 31, 2022</u>	<u>December 31, 2021</u>	
Open-end funds	\$ -	\$ 20,000	
Valuation adjustment	-	16	
Total	<u>\$ -</u>	<u>\$ 20,016</u>	
(2) Trading securities – proprietary	<u>December 31, 2022</u>	<u>December 31, 2021</u>	
Index funds	\$ 648,465	\$ 255,749	
Valuation adjustment	(16,303)	3,813	
Total	<u>\$ 632,162</u>	<u>\$ 259,562</u>	
(3) Trading securities – underwriting	<u>December 31, 2022</u>	<u>December 31, 2021</u>	
Convertible bonds	\$ 15,887	\$ -	
Valuation adjustment	(990)	-	
Total	<u>\$ 14,897</u>	<u>\$ -</u>	
(4) Structured instruments			

A. Objective of holding structured instruments and the strategies for meeting the objectives

The Group's intention of holding structured instruments is to expand operation business and provide financial services in all aspects and diverse investment instruments to improve its business, further increase capital utilization and hedge efficiency.

B. The nominal amount and carrying amount of the outstanding structured instrument transactions were listed in accordance with the contract as follows:

	<u>December 31, 2022</u>		
	<u>Notional amount</u>	<u>Amount paid (received)</u>	<u>Fair value</u>
Principal-guaranteed note	<u>\$ 1,762,000</u>	<u>(\$ 1,762,000)</u>	<u>(\$ 1,762,724)</u>
	<u>December 31, 2021</u>		
	<u>Notional amount</u>	<u>Amount paid (received)</u>	<u>Fair value</u>
Principal-guaranteed note	<u>\$ 1,832,900</u>	<u>(\$ 1,832,900)</u>	<u>(\$ 1,833,662)</u>

C. For gains (losses) resulting from structured instrument transactions, refer to Note 22.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Equity instruments

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Current</u>		
Domestic investment		
Listed stocks	\$ 3,058,772	\$ 3,633,095
Foreign investment		
Listed stocks	942,838	1,530,405
Total	<u>\$ 4,001,610</u>	<u>\$ 5,163,500</u>

Non-current

Domestic investment		
Unlisted stocks	<u>\$ 90,701</u>	<u>\$ 82,010</u>

The Group invests in common shares of above-mentioned companies for medium to long-term strategic purposes and expects to generate profit through long-term investments. The management believes that recognition of the short-term changes in the fair value of these investments in profit or loss would be inconsistent with the Group's strategy to hold these investments for long-term strategic purposes; therefore, the Group elected to designate these investments as at financial assets at fair value through other comprehensive income.

Cash dividends are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Stock dividends are recorded as an increase in the number of shares based on the type of investment on the ex-dividend date, and the cost per share and book value are recalculated based on the total number of shares received after the stock dividends are paid. The investment cost had no change and no revenue will be recognized. In addition, according to Article 42 of the Income Tax Act, dividends or earnings received by the Group from its investment in another domestic profit-seeking enterprise shall not be included in its taxable income; however, dividends received from investments in foreign companies are foreign investment income and are not subject to the provisions of Article 42 of the Income Tax Act, and should be included in the income tax of profit-making enterprise in accordance with Article 3, Paragraph 2 of the Income Tax Act.

The Group regularly assesses the dividend policies and dividend yield of the issuing companies, in order to adjust the amount of investment and decided whether to dispose of the stock. For the years ended December 31, 2022 and 2021, the fair value on the date of disposal were \$750,555 thousand and \$798,008 thousand, respectively, and the cumulative loss transferred from other equity to retained earnings were a loss of \$73,630 thousand and \$113,761 thousand, respectively.

Dividends from the equity instruments that the Group held at end period and derecognized during the year were as follows:

	<u>For the years ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Dividends		
Held at the end	\$ 184,007	\$ 163,073
Derecognized during the reporting period	8,022	-
Total	<u>\$ 192,029</u>	<u>\$ 163,073</u>

Details of the Group's investments in equity instruments at financial assets at fair value through other comprehensive income pledged to others as collateral are provided in Note 28.

9. FINANCIAL ASSETS MEASURED AT AMORTIZED COST

	For the years ended December 31	
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Non-current</u>		
Financial debenture	\$ 50,648	\$ 50,740
Less: Loss allowance	-	-
	<u>\$ 50,648</u>	<u>\$ 50,740</u>
Non-current		
Par value	\$ 50,000	\$ 50,000
Coupon rate	0.88%	0.88%
Maturity Date	2029.10.30	2029.10.30

10. RECEIVABLES FROM MARGIN LOANS, RECEIVABLES OF MONEY LENDING – WITHOUT SPECIFIC PURPOSE, ACCOUNTS RECEIVABLE, AND OTHER RECEIVABLES

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Measured at amortized cost		
Receivable from margin loans	\$ 2,466,918	\$ 3,507,650
Less: Loss allowance	(1,999)	(2,843)
Total	<u>\$ 2,464,919</u>	<u>\$ 3,504,807</u>
Receivables of money lending – without specific purpose	\$ 116,377	\$ 167,058
Less: Loss allowance	(94)	(135)
Total	<u>\$ 116,283</u>	<u>\$ 166,923</u>
Accounts receivable		
Accounts receivable - customer purchases	\$ 813,021	\$ 1,775,171
Accounts receivable - settlement	721,483	1,078,647
Interest receivable - margin loans	84,916	82,828
Settlement	-	275,793
Others	4,366	3,034
Sub-total	<u>1,623,786</u>	<u>3,215,473</u>
Less: Loss allowance	(69)	(67)
Total	<u>\$ 1,623,717</u>	<u>\$ 3,215,406</u>
Other receivables	\$ 14,528	\$ 18,301
Less: Loss allowance	(1,802)	(1,802)
Total	<u>\$ 12,726</u>	<u>\$ 16,499</u>

Receivable from margin loans was secured by securities purchased by customers under margin loans. As of December 31, 2022 and 2021, the annual interest rates of margin loans were both 6.45%.

The Group adopts policy by reference to external and internal credit ratings to rank its counterparties. The Group derives credit risk limit of individual counterparty from indicators like expected loss, default possibility and loss given default of individual counterparty. The Group also obtains sufficient guarantees under necessary circumstances to reduce settlement risk. The risk management development assesses changes in credit risk of the issuers and the counterparties and monitors individual credit risk as well as overall credit risk positions.

In addition, the Group reviews the recoverable amount of each individual receivables at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. Therefore, there has been a significant decrease in the Group's credit risk.

The Group measured loss allowance of accounts receivable at the balance sheet date. For accounts receivable, receivables of money lending – without specific purpose, other receivables and margin loans receivable whose credit risk did not increase significantly since initial recognition, the expected credit loss is measured based on 12 months expected credit losses by reference to the historical default records of margin loans receivable and the industrial and economic trends, at the same time taking into consideration the current observable.

On December 31, 2022 and 2021, the gross carrying amounts of margin loans receivable assessed based on ECLs were as follows:

Description	Basis for Recognizing ECLs	ECL Rate	Gross Carrying Amount at December 31, 2022
There has been no significant increase in credit risk since initial recognition	12-month ECL	0.0810%	\$ 2,466,918
There has been a significant increase in credit risk since initial recognition	Lifetime ECL - not credit - impaired	-	-
The asset is credit - impaired	Lifetime ECL - credit - impaired	-	-
			\$ 2,466,918

Description	Basis for Recognizing ECLs	ECL Rate	Gross Carrying Amount at December 31, 2021
There has been no significant increase in credit risk since initial recognition	12-month ECL	0.0810%	\$ 3,507,650
There has been a significant increase in credit risk since initial recognition	Lifetime ECL - not credit - impaired	-	-
The asset is credit - impaired	Lifetime ECL - credit - impaired	-	-
			\$ 3,507,650

The aging of accounts receivable was as follows:

	December 31, 2022	December 31, 2021
Not past due	\$ 1,623,786	\$ 3,215,473

The above aging schedule was based on the number of past due days from the record date. Movements in allowance loss of the Group based on the ECL assessment were as follows:

For the year ended December 31, 2022

	Receivable from Margin Loans			Accounts Receivable	Receivables of money lending	Other Receivables
	12-Months ECL	Lifetime ECL - Not Credit - impaired	Lifetime ECL - Credit - impaired	12-Months ECL	12-Months ECL	Lifetime ECL - Not Credit - impaired
Beginning balance	\$ 2,843	\$ -	\$ -	\$ 67	\$ 135	\$ 1,802
(Reversal) Provision	(844)	-	-	2	(41)	-
Ending balance	<u>\$ 1,999</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69</u>	<u>\$ 94</u>	<u>\$ 1,802</u>

For the year ended December 31, 2021

	Receivable from Margin Loans			Accounts Receivable	Receivables of money lending	Other Receivables
	12-Months ECL	Lifetime ECL - Not Credit - impaired	Lifetime ECL - Credit - impaired	12-Months ECL	12-Months ECL	Lifetime ECL - Not Credit - impaired
Beginning balance	\$ 201	\$ -	\$ -	\$ 2	\$ -	\$ 1,867
Provision (Reversal)	2,642	-	-	65	135	-
Write-off	-	-	-	-	-	(65)
Ending balance	<u>\$ 2,843</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 67</u>	<u>\$ 135</u>	<u>\$ 1,802</u>

11. SUBSIDIARY

Subsidiaries included in the consolidated financial statements:

The main body of the consolidated financial statements is as follows:

Name of investor	Name of Subsidiary	Main Business Activities	Ownership (%)	
			December 31, 2022	December 31, 2021
The Company	Good Finance Securities Investment Advisors Co., Ltd. (Good Finance Securities Investment Advisors)	Securities investment consulting services	100.00	100.00
The Company	Good Finance PE Co., Ltd. (Good Finance PE)	General Investment, Venture Capital, Investment Consulting, Management Consulting	100.00	100.00
Good Finance PE	Good Finance PE Fund I Co., Ltd. (Good Finance PE Fund I)	General Investment	-	4.76 (Note)

Note: The Group's shareholding in Good Finance PE Fund I Co., Ltd. was reduced to 4.76% resulting from the Group not participating in the capital increase of Good Finance PE Fund I Co., Ltd. in August 2021 and October 2021.

12. PROPERTY AND EQUIPMENT

	Land	Buildings	Equipment	Leasehold improvements	Total
<u>Cost</u>					
Balance on January 1, 2022	\$ 306,220	\$ 242,691	\$ 170,242	\$ 73,596	\$ 792,749
Additions	-	-	14,371	65	14,436
Disposals	-	-	(53)	-	(53)
Reclassifications	-	-	16,526	18,726	35,252
Balance on December 31, 2022	<u>\$ 306,220</u>	<u>\$ 242,691</u>	<u>\$ 201,086</u>	<u>\$ 92,387</u>	<u>\$ 842,384</u>
<u>Accumulated depreciations</u>					
Balance on January 1, 2022	\$ -	\$ 39,721	\$ 136,628	\$ 64,562	\$ 240,911
Depreciation expense	-	4,477	21,653	8,654	34,784
Disposals	-	-	(53)	-	(53)
Balance on December 31, 2022	<u>\$ -</u>	<u>\$ 44,198</u>	<u>\$ 158,228</u>	<u>\$ 73,216</u>	<u>\$ 275,642</u>
Carrying amounts on December 31, 2022	<u>\$ 306,220</u>	<u>\$ 198,493</u>	<u>\$ 42,858</u>	<u>\$ 19,171</u>	<u>\$ 566,742</u>

	<u>Land</u>	<u>Buildings</u>	<u>Equipment</u>	<u>Leasehold improvements</u>	<u>Total</u>
<u>Cost</u>					
Balance on January 1, 2021	\$ 306,220	\$ 242,691	\$ 157,392	\$ 69,164	\$ 775,467
Additions	-	-	9,726	1,973	11,699
Disposals	-	-	(1,676)	-	(1,676)
Reclassifications	-	-	4,800	2,459	7,259
Balance on December 31, 2021	<u>\$ 306,220</u>	<u>\$ 242,691</u>	<u>\$ 170,242</u>	<u>\$ 73,596</u>	<u>\$ 792,749</u>
<u>Accumulated depreciations</u>					
Balance on January 1, 2021	\$ -	\$ 35,248	\$ 116,917	\$ 61,194	\$ 213,359
Depreciation expense	-	4,473	21,028	3,368	28,869
Disposals	-	-	(1,317)	-	(1,317)
Balance on December 31, 2021	<u>\$ -</u>	<u>\$ 39,721</u>	<u>\$ 136,628</u>	<u>\$ 64,562</u>	<u>\$ 240,911</u>
Carrying amounts on December 31, 2021	<u>\$ 306,220</u>	<u>\$ 202,970</u>	<u>\$ 33,614</u>	<u>\$ 9,034</u>	<u>\$ 551,838</u>

Property and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	50-55 years
Equipment	3-15 years
Leasehold improvements	2-10 years

For the partial land and buildings pledged as collateral to financial institutions for short-term borrowings, long-term borrowings and overdraft credit facilities, refer to Note 28.

13. LEASE ARRANGEMENTS

(1) Right-of-use assets

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Carrying amounts		
Buildings	\$ 54,410	\$ 74,674
Equipment	-	165
Total	<u>\$ 54,410</u>	<u>\$ 74,839</u>
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Additions to right-of-use assets	<u>\$ 13,833</u>	<u>\$ 71,657</u>
Depreciation expense for right-of-use assets		
Buildings	\$ 34,097	\$ 25,015
Equipment	165	457
Total	<u>\$ 34,262</u>	<u>\$ 25,472</u>

(2) Lease liabilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Carrying amounts		
Current	\$ 30,610	\$ 31,432
Non-current	<u>\$ 16,820</u>	<u>\$ 34,574</u>

Ranges of discount rates for lease liabilities were as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Buildings	0.70%~1.38%	0.70%~0.85%
Equipment	-	0.85%

(3) Other lease information

	<u>For the years ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Expenses relating to short-term leases	\$ 8,989	\$ 5,965
Total cash outflow for leases	(\$ 41,826)	(\$ 30,669)

The Group has elected to apply the recognition exemption for leases which qualified as short-term leases, and thus did not recognize right-of-use assets and lease liabilities for these leases.

14. INTANGIBLE ASSETS

	<u>Goodwill</u>	<u>Computer software</u>	<u>Total</u>
<u>Cost</u>			
Balance on January 1, 2022	\$ 51,655	\$ 59,632	\$ 111,287
Additions	-	2,615	2,615
Reclassifications	-	10,158	10,158
Balance on December 31, 2022	<u>\$ 51,655</u>	<u>\$ 72,405</u>	<u>\$ 124,060</u>
<u>Accumulated amortizations</u>			
Balance on January 1, 2022	\$ -	\$ 50,951	\$ 50,951
Amortization expense	-	6,717	6,717
Balance on December 31, 2022	<u>\$ -</u>	<u>\$ 57,668</u>	<u>\$ 57,668</u>
Carrying amounts on December 31, 2022	<u>\$ 51,655</u>	<u>\$ 14,737</u>	<u>\$ 66,392</u>
<u>Cost</u>			
Balance on January 1, 2021	\$ 51,655	\$ 54,669	\$ 106,324
Additions	-	3,103	3,103
Reclassifications	-	1,860	1,860
Balance on December 31, 2021	<u>\$ 51,655</u>	<u>\$ 59,632</u>	<u>\$ 111,287</u>
<u>Accumulated amortizations</u>			
Balance on January 1, 2021	\$ -	\$ 42,397	\$ 42,397
Amortization expense	-	8,554	8,554
Balance on December 31, 2021	<u>\$ -</u>	<u>\$ 50,951</u>	<u>\$ 50,951</u>
Carrying amounts on December 31, 2021	<u>\$ 51,655</u>	<u>\$ 8,681</u>	<u>\$ 60,336</u>

Amortization expense was amortized on a straight-line basis over the estimated useful lives of the assets as follows:

Computer software 3-5 years

In assessing whether goodwill is impaired, the Group considers the locations of its two branches, Changrong branch (has been merged into Luzhou branch) and Fullsun branch, as cash-generating unit and estimates their recoverable amounts based on their value in use.

Key assumptions used in calculating the value in use of each cash-generating unit included actual profitability, operation and business cycle, macroeconomics and estimated salvage value. The calculation uses cash flow projections based on the Group's financial budgets covering a five-year period, and the discount rates were 11.10% and 13.36% for the years ended December 31, 2022 and 2021, respectively. Under the Group's assessment, there were no significant impairment on the Group's goodwill as of December 31, 2022 and 2021.

15. REFUNDABLE DEPOSITS

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Refundable deposits for bond settlement	\$ 56,236	\$ 53,023
Refundable deposits for golf club memberships	13,500	13,500
Refundable deposits for leasing buildings and parking lots	8,725	8,562
Others	1,116	1,182
Total	<u>\$ 79,577</u>	<u>\$ 76,267</u>

16. BORROWINGS

(1) Short-term loans

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Secured loans</u> (Note 28)		
Bank loans	<u>\$ 550,000</u>	<u>\$ 700,000</u>
Interest rate	1.90% ~ 1.95%	0.95% ~ 1.21%
Maturity date	2023.1.3 ~ 2023.1.12	2022.1.6 ~ 2022.2.15

(2) Short-term bills payable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Commercial paper payable	\$ 1,300,000	\$ 1,200,000
Less: Unamortized discounts on commercial paper payable	<u>(1,869)</u>	<u>(3,612)</u>
	<u>\$ 1,298,131</u>	<u>\$ 1,196,388</u>
Discount rate	0.65% ~ 1.80%	0.570% ~ 0.710%
Maturity date	2023.1.12 ~ 2023.3.7	2022.1.3 ~ 2022.12.15

The above commercial papers are issued by financial institutions.

(3) Long-term loans

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Secured loans</u>		
Bank loans	\$ 217,889	\$ 228,127
Less: current portion	<u>(10,152)</u>	<u>(10,509)</u>
Long-term loans	<u>\$ 207,737</u>	<u>\$ 217,618</u>
Interest rate	2.07%	1.50%
Maturity date	2027.11.25	2027.11.25

The bank borrowings are secured by the Group's freehold land and buildings (see Note 28).

17. BONDS PAYABLE

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Secured domestic bonds	<u>\$ 800,000</u>	<u>\$ 800,000</u>

- (1) The Board of Directors approved on June 3, 2020 to issue secured domestic bonds not exceeding \$0.2 billion to strengthen the Group's working capital and financial structure.

First series of secured domestic bonds in 2020

Issuing date	September 3, 2020
Par value	\$ 0.2 billion
Period	5 years
Maturity date	September 3, 2025
Stated interest rate	Fixed interest rate at 0.70%
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
The bonds are guaranteed by Taiwan Shin Kong Commercial Bank.	

- (2) The Board of Directors approved on October 27, 2020 to issue secured domestic bonds not exceeding \$0.3 billion to strengthen the Group's working capital and financial structure.

Second series of secured domestic bonds in 2020

Issuing date	December 21, 2020
Par value	0.3 billion
Period	5 years
Maturity date	December 21, 2025
Stated interest rate	Fixed interest rate at 0.65%
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
The bonds are guaranteed by CTBC Bank.	

- (3) The Board of Directors approved on March 23, 2021 to issue secured domestic bonds not exceeding \$0.3 billion to strengthen the Group's working capital and financial structure.

First series of secured domestic bonds in 2021

Issuing date	May 24, 2021
Par value	0.3 billion
Period	5 years
Maturity date	May 24, 2026
Stated interest rate	Fixed interest rate at 0.65%
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
The bonds are guaranteed by Taiwan Cooperative Bank.	

18. LIABILITIES FOR BONDS WITH REPURCHASE AGREEMENTS

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Index funds	\$ 100,000	\$ 256,000
Repurchase price	\$ 100,269	\$ 256,485
Interest rate	1.20%	0.60%~0.88%

The aforementioned liabilities for bonds with repurchase agreements were due within one year. Under the agreements, bonds will be repurchased at agreed-upon price plus interest on the specific dates after transactions.

Details of repurchase and resale transactions as of December 31, 2022 and 2021 are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Financial assets at fair value through profit or loss - current	\$ 97,158	\$ 257,536

19. ACCOUNTS PAYABLE, OTHER PAYABLES AND COLLECTIONS FOR THIRD PARTIES

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts payable		
Accounts payable- customers' purchase	\$ 834,300	\$ 1,817,438
Accounts payable-settlement	649,050	1,333,374
Settlement	19,152	2,355
Others	78,192	43,344
Total	<u>\$ 1,580,694</u>	<u>\$ 3,196,511</u>

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Other payables		
Salaries and bonuses payable	\$ 92,073	\$ 125,497
Discount of handling fee revenues payable	12,958	19,339
Others	23,950	39,818
Total	<u>\$ 128,981</u>	<u>\$ 184,654</u>

Collections for third parties are primarily from proceeds collected on behalf of customers received for underwriting business.

20. RETIREMENT BENEFIT PLANS

(1) Defined contribution plan

The Group adopted a pension plan under the Labor Pension Act (the "LPA"), which is a defined contribution plan. Based on the LPA, the Group makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages. The Group recognized expense of \$21,385 thousand and \$19,990 thousand in the statements of comprehensive income for the years ended December 31, 2022 and 2021, respectively.

(2) Defined benefit plan

The Group has a defined benefit plan in accordance with the Labor Standards Act. Under the defined benefit 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 equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Group has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Present value of funded defined benefit obligation	\$ 114,886	\$ 110,380
Fair value of plan assets	(79,627)	(67,704)
Net defined benefit liabilities	<u>\$ 35,259</u>	<u>\$ 42,676</u>

Movements in net defined benefit liabilities were as follows:

	Present value of the defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities
Balance on January 1, 2022	\$ 110,380	(\$ 67,704)	\$ 42,676
Service cost			
Current service cost	1,191	-	1,191
Net interest expense			
(revenue)	773	(474)	299
Recognized in profit or loss	<u>1,964</u>	<u>(474)</u>	<u>1,490</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(7,031)	(7,031)
Actuarial loss - experience adjustments	20,862	-	20,862
Actuarial gain - changes in financial assumptions	(1,993)	\$ -	(1,993)
Recognized in other comprehensive income	<u>18,869</u>	<u>(7,031)</u>	<u>11,838</u>
Contributions from the employer	-	(12,822)	(12,822)
Benefits paid	<u>(16,327)</u>	<u>8,404</u>	<u>(7,923)</u>
Balance on December 31, 2022	<u>\$ 114,886</u>	<u>(\$ 79,627)</u>	<u>\$ 35,259</u>

	Present value of the defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities
Balance on January 1, 2021	\$ 132,634	(\$ 100,931)	\$ 31,703
Service cost			
Current service cost	2,669	-	2,669
Net interest expense (revenue)	796	(605)	191
Recognized in profit or loss	3,465	(605)	2,860
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,093)	(1,093)
Actuarial loss – demographic assumptions	15	-	15
Actuarial loss - experience adjustments	20,872	-	20,872
Actuarial gain - changes in financial assumptions	(400)	\$ -	(400)
Recognized in other comprehensive income	20,487	(1,093)	19,394
Contributions from the employer	-	(3,043)	(3,043)
Benefits paid	(46,206)	37,968	(8,238)
Balance at December 31, 2021	\$ 110,380	(\$ 67,704)	\$ 42,676

Through the defined benefit plans under the Labor Standards Law, the Group is exposed to the following risks:

- A. Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- B. Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- C. Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Discount rate(s)	1.20%	0.70%
Expected rate(s) of salary increase	2.00%	2.00%

If reasonable change in each of the significant actuarial assumptions occurs, with all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Discount rate(s)		
0.5% increase	(\$ 971)	(\$ 1,041)
0.5% decrease	\$ 988	\$ 1,029
Expected rate(s) of salary increase		
0.5% increase	\$ 836	\$ 877
0.5% decrease	(\$ 826)	(\$ 896)

The above sensitivity analysis may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that changes in assumptions occur in isolation of one another as some of the assumptions may be correlated.

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
The expected contributions to the plan for the next year	\$ 1,715	\$ 1,490
The average duration of the defined benefit obligation	6.1 years	6.3 years

21. EQUITY

(1) Capital stock

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Number of shares authorized (in thousands)	2,000,000	2,000,000
Shares authorized	\$ 20,000,000	\$ 20,000,000
Number of shares issued (in thousands)	311,266	309,856
Shares issued	\$ 3,112,659	3,098,559
Shares capital awaiting retirement	\$ 500	-

The outstanding shares' par value is \$10, and each share has voting rights and right to receive dividends.

On March 23, 2021 and April 29, 2021, the Board of Directors of the Company approved to issue the restricted stock awards without consideration and the capital increase recordation date were March 24, 2021 and May 3, 2021, respectively. The issued amounts were \$31,000 thousand, and the outstanding shares amounted to 3,100 thousand shares with par value of \$10 (in dollars). Refer to Note 25 for the related illustration.

On August 25, 2022, the Board of Directors of the Company approved to issue the restricted stock awards without consideration and the capital increase recordation date was August 29, 2022. The issued amount was \$13,350 thousand, and the outstanding shares amounted to 1,335 thousand shares with par value of \$10 (in dollars). Refer to Note 25 for the related illustration.

On October 27, 2022, the Board of Directors of the Company approved to issue the restricted stock awards without consideration and the capital increase recordation date was October 28, 2022. The issued amount was \$2,000 thousand, and the outstanding shares amounted to 200 thousand shares with par value of \$10 (in dollars). Refer to Note 25 for the related illustration.

For the year ended December 31, 2022, 125 thousand shares of the Company's new shares with restricted employee rights were written-off due to the separation of employees, of which 50 thousand shares were reduced by resolution of the Board of Directors on December 23, 2022. It was temporarily recognized under capital stock to be cancelled effective the change of registration of the Ministry of Economic Affairs was completed on January 19, 2023.

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

	Ordinary shares outstanding (thousand shares)	Share capital
Balance on January 1, 2021	306,756	\$ 3,067,559
Issuance of the restricted stock awards (Note 25)	<u>3,100</u>	<u>31,000</u>
Balance on December 31, 2021	<u>309,856</u>	<u>\$ 3,098,559</u>
Balance on January 1, 2022	309,856	\$ 3,098,559
Issuance the restricted stock awards (Note 25)	1,535	15,350
Write off of restricted stock awards (Note 25)	(<u>125</u>)	(<u>1,250</u>)
Balance on December 31, 2022	<u>311,266</u>	<u>\$ 3,112,659</u>

(2) Capital surplus

The capital surplus arising from issuance of common stock may be used to offset a deficit. In addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital at a limited percentage of the Company's paid-in capital once a year.

Capital surplus generated from restricted stock awards may not be used for any purpose.

The capital surplus arising from gain on disposals of assets can only be used to offset a deficit.

(3) Appropriation of earnings

Under the dividends policy as set forth in the Articles, when the Company makes a profit in a fiscal year, the profit shall be first utilized for paying taxes and offsetting losses of previous years, then setting aside 10% of the remaining profit as legal reserve, and a special reserve in accordance with the laws and regulations. Any remaining profit together with undistributed retained earnings shall be used by the Company's Board of Directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors and supervisors after the amendment, refer to Note 22(10).

According to the "Regulations Governing Securities Firms", 20% of the current year's earnings, after paying all taxes and offsetting any accumulated deficit, shall be set aside as special reserve until the reserve 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 purposes. 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.

The appropriations of earnings for 2021 and 2020 resolved in the shareholders' meetings on June 2, 2022 and August 17, 2021, respectively, are as follows:

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Legal reserve	<u>\$ 21,499</u>	<u>\$ 3,800</u>
Special reserve	<u>\$ 64,197</u>	<u>\$ 21,130</u>

The appropriation and distribution of 2022 earnings proposed by the Company's Board on March 7, 2023 were as follows:

	<u>Appropriation of earnings</u>
Special reserve	<u>\$ 213,407</u>

The appropriation and distribution of 2022 earnings are subject to the Company's stockholders' meeting on May 24, 2023.

(4) Dividend policy

The Company's earnings and cash flows are primarily affected by business cycle volatility. Balance and stable dividend policy is adopted in order to remain a sustainable and stable operation. Future dividend distribution policy is as follows:

A. The Company's dividend policy takes into consideration the Company's capital needs in various future investments, financial structure and earnings. The dividend distribution shall be proposed and conducted by the Board of Directors according to current earnings after the resolution and authorization by shareholders.

B. Taking into consideration a balanced and stable dividend policy, the Group will distribute dividends in the form of stock or cash appropriately.

(5) Other equity

A. Unrealised gains (losses) on financial assets at fair value through other comprehensive income

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Beginning balance	\$ 718,329	\$ 329,109
Recognized during the year		
Unrealised gains (losses)		
Equity instruments	(1,189,284)	292,709
Related income tax	103,745	9,910
Other comprehensive income recognized during the year	(1,085,539)	302,619
Cumulative gains (losses) of equity instruments transferred to retained earnings due to disposal	66,084	86,601
Ending balance	(\$ 301,126)	\$ 718,329

B. Unearned compensation

The shareholders' meeting of the Company approved the restricted stock plan for employees on August 17, 2021 and June 19, 2020. Refer to Note 25.

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Beginning balance	(\$ 40,226)	\$ -
Issuance	(23,321)	(49,688)
Share-based payment expenses recognized	14,526	9,462
Ending balance	(\$ 49,0210)	(\$ 40,226)

22. BREAKDOWN ON ITEMS ON THE CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(1) Brokerage fee revenue

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Handling fee revenues from brokered trading	\$ 504,193	\$ 942,687
Commission revenue from short sales	2,871	3,604
Other fee revenues	35,388	37,139
Total	\$ 542,452	\$ 983,430

(2) Underwriting fee revenue

	For the years ended December 31,	
	2022	2021
Revenues from underwriting processing fees	\$ 1,401	\$ 1,934
Revenues from underwriting securities on a firm commitment basis	325	201
Revenues from other underwriting business	-	129
Total	<u>\$ 1,726</u>	<u>\$ 2,264</u>

(3) Net gains (losses) on sale of trading securities

	For the years ended December 31,	
	2022	2021
Proprietary		
Over-the-counter	\$ 9,423	(\$ 1,643)
Underwriting		
Stock exchange markets	261	150
Over-the-counter	297	540
Sub total	558	690
Total	<u>\$ 9,981</u>	<u>(\$ 953)</u>

(4) Interest revenue

	For the years ended December 31,	
	2022	2021
Financing interest income	\$ 167,711	\$ 193,028
Interest revenue from money lending – without specific purposes	4,017	2,816
Others	18	16
Total	<u>\$ 171,746</u>	<u>\$ 195,860</u>

(5) Net (losses) gains on trading securities at fair value through profit or loss

	For the years ended December 31,	
	2022	2021
Trading securities - proprietary	(\$ 20,116)	\$ 9,253
Trading securities - underwriting	(990)	-
Total	<u>(\$ 21,106)</u>	<u>\$ 9,253</u>

(6) Losses from derivatives – OTC

	For the years ended December 31,	
	2022	2021
Structured instruments	<u>(\$ 61,386)</u>	<u>(\$ 58,157)</u>

(7) Other operating losses

	For the years ended December 31,	
	2022	2021
Foreign exchange gains (losses)	\$ 8,065	(\$ 349)
Error account losses	(354)	(365)
Total	<u>\$ 7,711</u>	<u>(\$ 714)</u>

(8) Finance costs

	For the years ended December 31,	
	2022	2021
Borrowing costs	\$ 17,030	\$ 17,065
Interest expense on bonds payable	5,300	6,595
Interest expense on bills and bonds sold under repurchase agreement	692	2,109
Securities financing interest expenses	530	566
Lease liabilities interest expense	428	271
Others	82	69
Total	<u>\$ 24,062</u>	<u>\$ 26,675</u>

(9) Employee benefits expense

	For the years ended December 31,	
	2022	2021
Salaries expense	\$ 439,868	\$ 494,423
Labor and health insurance fees	38,097	36,319
Pension expense		
Defined contribution plan (Note 20)	21,385	19,990
Defined benefit plan	1,490	2,860
Directors' remuneration	11,214	19,801
Other employee benefits expense	13,141	10,162
Total	<u>\$ 525,195</u>	<u>\$ 583,555</u>

(10) Employees' compensation and directors' remuneration

The Company accrued employees' compensation at the rates of higher than 1% and directors' remuneration at the rates no higher than 1% of profit before income tax, net of employees' compensation and directors' remuneration.

For the years ended December 31, 2022 and 2021, the Company accrued the compensation of employees and remuneration of directors, based on the aforementioned rates as follows:

	For the years ended December 31,			
	2022		2021	
	Estimated amounts	Estimated rates	Estimated amounts	Estimated rates
Employees' compensation	<u>\$ 318</u>	1%	<u>\$ 3,602</u>	1%
Directors' remuneration	<u>\$ 318</u>	1%	<u>\$ 3,602</u>	1%

If there is a change in the proposed amounts after the annual financial statements are authorized for issuance, the differences are recorded as a change in accounting estimate and will be adjusted in the next year.

Employees' compensation and directors' remuneration of 2021 resolved at the meeting of the Board of Directors on March 24, 2022 were both \$3,602 thousand. Employees' compensation and directors' remuneration of 2020 resolved at the meeting of the Board of Directors on March 23, 2021 were both \$1,290 thousand.

The actual amounts of compensation of employees and remuneration of directors paid are the same as that recognized in the consolidated financial statements for the years ended December 31, 2021 and 2020.

Information on the employees' compensation and directors' remuneration resolved by the Company's Board is available on the Market Observation Post System website of the TWSE.

(11) Depreciation and amortization expenses

	For the years ended December 31,	
	2022	2021
Property and equipment	\$ 34,784	\$ 28,869
Right-of-use assets	34,262	25,472
Intangible assets	6,717	8,554
Total	<u>\$ 75,763</u>	<u>\$ 62,895</u>

(12) Other operating expense

	For the years ended December 31,	
	2022	2021
Information technology expense	\$ 43,699	\$ 41,152
Advertisement expense	28,081	10,140
Professional service fees	27,859	56,179
Postage expenses	21,811	21,673
Taxes	17,713	25,659
Repairs and maintenance expense	11,976	10,247
Depository service expense	10,593	18,812
Miscellaneous expense	9,705	17,873
Others	35,044	41,702
Total	<u>\$ 206,481</u>	<u>\$ 243,437</u>

(13) Other gains and losses

	For the years ended December 31,	
	2022	2021
Rent revenue	\$ 39,931	\$ 40,227
Dividend income	3,747	2,753
Financial income	6,854	1,582
Gains on disposal of investments	-	403
Gains on lease modification	-	143
Gains on financial assets at FVTPL - open-end funds and money market instruments	39	-
Losses on disposal of property and equipment	-	(119)
Other non-operating revenue	3,698	4,150
Other non-operating expense	(9,575)	(8,015)
Total	<u>\$ 44,694</u>	<u>\$ 41,124</u>

23. INCOME TAX

(1) Income tax recognized in profit or loss

Major components of income tax benefit (expense) were as follows:

	For the years ended December 31,	
	2022	2021
Current tax		
In respect of the current period	(\$ 10,417)	(\$ 41,769)
Tax of undistributed profit	(4,900)	(21)
Adjustments for prior year income tax expense	4,027	14,543
	<u>(11,290)</u>	<u>(27,247)</u>
Deferred tax		
In respect of the current period	29,673	(4,047)
Adjustments for prior year income tax expense	391	-
	<u>30,064</u>	<u>(4,047)</u>
Income tax benefit (expense) recognized in profit or loss	<u>\$ 18,774</u>	<u>(\$ 31,294)</u>

The Group uses undistributed earnings to construct or purchase buildings, software, hardware and equipment, or technology up to a certain amount for use in production or operation as needed for operation of its business or ancillary business within three years from the year after such earnings are derived, such investment amount may be deducted from the calculation of undistributed earnings for that year in accordance with Article 23-3 of the Statute for Industrial Innovation and exempted from the 5% business income tax.

Reconciliations of accounting profit and income tax benefit (expense) are as follows:

	For the years ended December 31,	
	2022	2021
Profit before tax of continuing operations	\$ 33,723	\$ 352,281
Income tax expense calculated based on profit before tax and statutory tax rate	(\$ 8,956)	(\$ 69,828)
Gains or losses from securities trading and tax exempt income	28,570	24,258
Effect from items disallowed by tax regulation	(358)	(200)
Tax of undistributed profit	(4,900)	(21)
Unrecognized loss carry forwards	-	(46)
Adjustments for prior year income tax expense	4,418	14,543
Income tax benefit (expense) recognized in profit or loss	\$ 18,774	(\$ 31,294)

(2) Income tax recognized directly in equity

	For the years ended December 31,	
	2022	2021
Current tax		
– Disposal of investments in equity instruments designated as at fair value through other comprehensive income	\$ 7,547	\$ 27,160
Deferred tax		
– Disposal of investments in equity instruments designated at fair value through other comprehensive income	(7,547)	(27,160)
Total	\$ -	\$ -

(3) Income tax recognized in other comprehensive income

	For the years ended December 31,	
	2022	2021
<u>Deferred tax</u>		
Arising from the current year		
– Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	\$ 103,745	\$ 9,910
Total	\$ 103,745	\$ 9,910

(4) Current tax assets and liabilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current tax assets		
Tax refund receivable	<u>\$ 76</u>	<u>\$ 76</u>
Current tax liabilities		
Income tax payable	<u>\$ 7,438</u>	<u>\$ 12,056</u>

(5) Deferred tax assets and liabilities

Movements in deferred tax assets and liabilities are as follows:

For the year ended December 31, 2022

	<u>Beginning balance</u>	<u>Recognized in profit or loss</u>	<u>Recognized in other comprehensive income</u>	<u>Recognized directly in equity</u>	<u>Ending balance</u>
<u>Deferred tax assets</u>					
Temporary differences					
Unrealised exchange loss	\$ 70	\$ 43	\$ -	\$ -	\$ 113
Unrealised loss from financial assets measured at fair value through other comprehensive income	-	-	57,026	-	57,026
Unrealised loss on derivative financial instrument	-	145	-	-	145
Loss carryforward	697	35,261	-	-	35,958
	<u>\$ 767</u>	<u>\$ 35,449</u>	<u>\$ 57,026</u>	<u>\$ -</u>	<u>\$ 93,242</u>

	<u>Beginning balance</u>	<u>Recognized in profit or loss</u>	<u>Recognized in other comprehensive income</u>	<u>Recognized directly in equity</u>	<u>Ending balance</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Unrealised exchange gain	\$ -	\$ 1,727	\$ -	\$ -	\$ 1,727
Unrealised gain from financial assets measured at fair value through other comprehensive income	39,172	-	(46,719)	7,547	-
Defined benefit pension plans	2,497	3,851	-	-	6,348
Unrealised loss on derivative financial instruments	193	(193)	-	-	-
	<u>\$ 41,862</u>	<u>\$ 5,385</u>	<u>(\$ 46,719)</u>	<u>\$ 7,547</u>	<u>\$ 8,075</u>

For the year ended December 31, 2021

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Recognized directly in equity	Ending balance
<u>Deferred tax assets</u>					
Temporary differences					
Unrealised exchange loss	\$ 2,937	(\$ 2,867)	\$ -	\$ -	\$ 70
Loss carryforward	-	697	-	-	697
	<u>\$ 2,937</u>	<u>(\$ 2,170)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 767</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Financial assets at fair value through other comprehensive income	\$ 21,922	\$ -	(\$ 9,910)	\$ 27,160	\$ 39,172
Defined benefit pension plans	813	1,684	-	-	2,497
Unrealised gains on derivative financial instruments	-	193	-	-	193
	<u>\$ 22,735</u>	<u>\$ 1,877</u>	<u>(\$ 9,910)</u>	<u>\$ 27,160</u>	<u>\$ 41,862</u>

(6) Income tax assessments

The income tax returns of the Company through 2020 have been assessed and approved by the Tax Authority.

The income tax returns of Good Finance Securities Investment Advisors through 2020 have been assessed and approved by the Tax Authority.

24. EARNINGS PER SHARE

	Expressed in dollars	
	For the years ended December 31,	
	2022	2021
Basic earnings per share	\$ 0.17	\$ 1.05
Diluted earnings per share	\$ 0.17	\$ 1.04

The net profit and weighted average number of ordinary shares outstanding used in the computation of earnings per share are as follows:

Profit for the year

	For the years ended December 31,	
	2022	2021
Net profit used in the computation of basic earnings per share	\$ 52,497	\$ 320,987
Net profit used in the computation of diluted earnings per share	\$ 52,497	\$ 320,987

Number of shares

	Expressed in thousands of shares	
	For the years ended December 31,	
	2022	2021
Weighted average number of ordinary shares used in the computation of basic earnings per share	306,756	306,756
Effect of potentially dilutive ordinary shares		
Employees' compensation	55	183
Restricted Stock Awards	1,576	685
Weighted average number of ordinary shares used in the computation of diluted earnings per share	308,387	307,624

The Group may settle the compensation of employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

25. SHARE-BASED PAYMENT AGREEMENT

Information on issuance of restricted stock awards is as follows:

Shareholders' Meeting Approval Date	Number of shares expected to be issued	Number of shares approved by the Board of Director	Grant date	Expressed in thousands of shares		
				Record date of capital increase	Number of shares actually issued	Fair value on grant date
2020.06.19	3,500	3,000	2021.03.24	2021.03.24	3,000	\$ 18.65
2020.06.19	3,500	100	2021.05.03	2021.05.03	100	\$ 21.50
2021.08.17	3,500	1,335	2022.08.29	2022.08.29	1,335	\$ 18.35
2021.08.17	3,500	200	2022.10.28	2022.10.28	200	\$ 17.90

Employees are entitled to receive a pro-rata allocation of restricted stock awards upon meeting the following service and performance requirements.

- (1) 30% of the number of shares allotted upon completion of three years of service after allotment.
- (2) 30% of the number of shares allotted upon completion of four years of service after allotment.
- (3) 40% of the number of shares allotted upon completion of five years of service after allotment.

The restrictions on the rights of the employees who acquire the restricted awards but have not met the vesting conditions are as follows:

- (1) Except for inheritance, employees cannot sell, pledge, transfer, make gift of, create other rights or, in any other way, dispose of these shares.
- (2) The restricted stock awards shall be held in trust and executed in accordance with the trust custody agreement.
- (3) Except for the foregoing two provisions, the other rights of the restricted stock awards pursuant to this restriction, including but not limited to: the right to receive dividends, dividends, legal reserve and capital surplus, the right to subscribe for additional cash capital and the right to vote at shareholders' meetings, are the same as those of the Company's issued common shares. The rest of the relevant regulations are governed by the "Regulations Governing the Issuance of restricted stock awards " of the Company.

If an employee fails to meet the vesting conditions, the Company will recall without consideration and cancel the restricted stock award.

Information on restricted stock awards was as follows:

	Shares (thousand)	
	For the year ended December 31, 2022	For the year ended December 31, 2021
Beginning balance	3,100	-
Issuance	1,535	3,100
Expired (Note)	(75)	-
Ending balance	<u>4,560</u>	<u>3,100</u>

Note: The number of expired shares for the year ended December 31, 2022 are the number of shares recovered and cancelled without meeting the vesting conditions.

26. DISPOSAL OF SUBSIDIARY

On August 2021, the Group lost its control and significant influence over the Good Finance PE Fund I Co., Ltd. as its shareholding in Good Finance PE Fund I Co., Ltd. was reduced to 10% and was therefore reclassified to financial assets at fair value through other comprehensive income.

- (1) Analysis of assets and liabilities on the date control was lost

	Good Finance PE Fund I Co., Ltd.
Current assets	
Cash and cash equivalents	\$ 129,599
Financial assets at fair value through profit or loss - current	560,046
Current liabilities	
Accounts payable	(806)
Advance collection	(90,500)
Collections for third parties	(136)
bonds payable – current portion	(314,500)
Non-current liabilities	
Bonds payable	(<u>277,000</u>)
Net assets disposed	<u>\$ 6,703</u>

(2) Gain on disposal of subsidiary

	Good Finance PE Fund I
Net assets disposed	(\$ 6,703)
Fair value of residual assets (on the date that control is lost)	6,703
Gain on disposal of subsidiary	<u>\$ -</u>

27. RELATED PARTY TRANSACTIONS

Inter-company transactions, balances and gains or losses on transactions between the Company and its subsidiaries (the related parties of the Company) have been eliminated when preparing the consolidated financial statements, and thus are not disclosed in this note.

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Group</u>
Ku-Han, Huang	Chairman of the Company
Ming-Li, Chuang	Vice-chairman of the Company
Ta-Hsiu, Chuang	General manager of the Company
Ta Ching Construction Co., Ltd. (Ta Ching Construction)	Other related party
Infinite Bliss Financial Technology Co., Ltd. (Infinite Bliss Financial Technology)	Other related party
HYWEB Technology Co., Ltd. (HYWEB)	Other related party
JL Design Lab Inc. (JL Design)	Other related party
The Group's directors, managers and their relatives, heads of departments.	Other related party

(2) Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
1. Futures traders' equity		
Other related parties	\$ 5,200	\$ 4,920
2. Financial liabilities at fair value through profit or loss – current		
Other related parties	\$ 7,003	\$ 12,004
3. Other payables – related parties		
Other related parties	\$ 11,130	\$ -
	<u>Proceeds on acquisition</u>	
	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
4. Equipment acquired		
Other related parties		
Infinite Bliss Financial Technology	\$ -	\$ 1,016
5. Intangible assets acquired		
Other related parties		
HYWEB	\$ 2,140	\$ -

	For the years ended December 31,	
	2022	2021
6. Brokerage fee revenue		
Other related parties	\$ 4,350	\$ 7,823
7. Dividend income		
Other related parties	\$ 7,898	\$ 9,003
8. Professional service fees (recognised as other operating expenses)		
Other related parties		
Infinite Bliss Financial		
Technology	\$ -	\$ 20,160
Others	-	245
	\$ -	\$ 20,405
	For the years ended December 31,	
	2022	2021
9. Advertising expenses (recognised as other operating expenses)		
Other related parties	\$ 27,825	\$ 9,947
10. Financial cost		
Other related parties	\$ -	\$ 12

The terms and conditions of transactions with related parties were equivalent to those of transactions with third parties.

(3) Status of acquiring stocks from related parties

The information on stocks of other related parties held by the Group is as follows:

Financial asset measured at fair value through other comprehensive income-current

	December 31, 2022		
	Number of shares (In thousands)	Cost	Carrying amount
<u>Listed stocks</u>			
HYWEB	3,159	\$ 168,604	\$ 116,567
	December 31, 2021		
	Number of shares (In thousands)	Cost	Carrying amount
<u>Listed stocks</u>			
HYWEB	3,159	\$ 168,604	\$ 146,578

(4) Key management compensation

The total compensation for directors and other key management is as follows:

	For the years ended December 31,	
	2022	2021
Short-term employee benefits	\$ 50,536	\$ 58,226
Post-employment benefits	2,334	540
Total	<u>\$ 52,870</u>	<u>\$ 58,766</u>

28. PLEDGED ASSETS

The following assets were pledged to financial institutions as the collateral as at the balance sheet dates for short-term borrowings, long-term borrowings and a bank overdraft line:

	December 31, 2022	December 31, 2021
Demand and time deposits (shown as restricted assets-current)	\$ 366,910	\$ 488,810
Financial assets at fair value through other comprehensive income-current	1,301,244	1,263,050
Property and equipment, net	500,849	505,281
Total	<u>\$ 2,169,003</u>	<u>\$ 2,257,141</u>

29. SIGNIFICANT COMMITMENTS AND CONTINGENT LIABILITIES: None.

30. SIGNIFICANT LOSS FROM NATURAL DISASTER: None.

31. SIGNIFICANT SUBSEQUENT EVENTS: None.

32. CAPITAL MANAGEMENT

Capital adequacy ratio calculation

To effectively monitor and control the capital adequacy ratio to maintain an appropriate level of risk appetite, the Company's Risk Management prescribed the Company's "Risk Management Guidelines" with reference to the "Risk Management Best-Practice Principles for Securities Firms". The capital adequacy ratio is calculated using the progressive method in accordance with the competent authorities and the Company periodically calculates and reports the Company's capital adequacy ratio in accordance with the "Regulations Governing Securities Firms".

As of December 31, 2022 and 2021, the Company's capital adequacy ratios are as follows:

	December 31, 2022	December 31, 2021
Net amount of eligible regulatory capital		
Tier 1 Capital	\$ 4,613,448	\$ 4,912,201
Tier 2 Capital	-	323,081
Tier 3 Capital	-	-
Deduction assets	(718,128)	(600,875)
Net amount of eligible regulatory capital	<u>\$ 3,895,320</u>	<u>\$ 4,634,407</u>

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Overall risk equivalent		
The equivalent amount of market risk	\$ 1,071,485	\$ 1,356,436
The equivalent amount of credit risk	167,012	336,829
The equivalent amount of operating risk	<u>139,019</u>	<u>100,856</u>
Overall risk equivalent	<u>\$ 1,377,516</u>	<u>\$ 1,794,121</u>

Capital adequacy ratio 283% 258%

$$* \text{ Capital adequacy ratio} = \frac{\text{Net amount of eligible regulatory capital}}{\text{Overall risk equivalent}}$$

* Net amount of eligible regulatory capital = Tier 1 capital + Tier 2 capital + Tier 3 capital - Deduction assets

* Overall risk equivalent = The equivalent amount of market risk + The equivalent amount of credit risk + The equivalent amount of operating risk

33. FINANCIAL INSTRUMENTS

(1) Fair value of financial instruments that are measured at fair value on a recurring basis.

A. Financial instruments not measured at fair value

	<u>Carrying amount</u>	<u>Fair value</u>			
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
December 31, 2022					
<u>Financial assets</u>					
Financial assets measured at amortized cost					
Financial debenture	<u>\$ 50,648</u>	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,000</u>

	<u>Carrying amount</u>	<u>Fair value</u>			
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
December 31, 2021					
<u>Financial assets</u>					
Financial assets measured at amortized cost					
Financial debenture	<u>\$ 50,740</u>	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,000</u>

C. Valuation techniques and inputs of Level 2 fair value measurement

<u>Types of financial instruments</u>	<u>Valuation techniques and inputs</u>
Emerging stocks	Fair value is estimated using the average price on the valuation date or the date before
Structured instruments	Fair value is discounted by reference to the corporate bond benchmark interest rate announced by Taipei Exchange using the discounted cash flow method and option pricing method

D. Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2022

<u>Financial assets</u>	<u>Financial assets at fair value through other comprehensive income</u>
	<u>Equity instruments</u>
Beginning balance	\$ 82,010
Decrease	(6,465)
Recognised in other comprehensive income	15,156
Ending balance	<u>\$ 90,701</u>

The gains and losses on assets of the year related to above unrealised gains and losses on financial assets recognised in other comprehensive income in the period	<u>\$ 15,156</u>
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Year ended December 31, 2021

<u>Financial assets</u>	<u>Financial assets at fair value through other comprehensive income</u>
	<u>Equity instruments</u>
Beginning balance	\$ 71,181
Additions	6,703
Recognised in other comprehensive income	4,126
Ending balance	<u>\$ 82,010</u>

The gains and losses on assets of the year related to above unrealised gains and losses on financial assets recognised in other comprehensive income in the period	<u>\$ 4,126</u>
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E. Valuation techniques and assumptions applied for measuring fair value

The fair value of non- derivative instruments' financial assets and liabilities with active market transactions and standard terms and conditions is determined by reference to quoted market prices. When market prices are not available, the fair value is estimated using valuation method. The estimates and assumptions used in the valuation methods by the Group are consistent with those used by the market participants when pricing the financial instruments.

The fair value of derivatives is based on market price if active quoted market price is available. When market price is not available, fair value is determined by valuation model, models should try to use only observable information as much as possible and minimizing reliance on enterprise-specific estimates.

F. Quantitative information of the significant unobservable inputs (Level 3) used in the fair value measurement

Financial instruments measured at fair value	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	The relationship between inputs and fair value
<u>Non-derivative financial assets</u>					
Financial assets at fair value through other comprehensive income – non-current					
Unlisted shares	\$ 90,701	Market approach	Discount for lack of liquidity	30%	The higher discount for lack of liquidity, the lower fair value

Financial instruments measured at fair value	Fair value at December 31, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	The relationship between inputs and fair value
<u>Non-derivative financial assets</u>					
Financial assets at fair value through other comprehensive income – non-current					
Unlisted shares	\$ 82,010	Market approach	Discount for lack of liquidity	30%	The higher discount for lack of liquidity, the lower fair value

G. Valuation processes for fair value measurements categorized within Level 3

For financial instruments for which fair market value is not readily available or for which there is no active market, the Group follows the “Regulations Governing the Use of Financial Instrument Evaluation Models”, and the business unit submits an application for verification of the independence of the valuation model (including the parameters used in the model) by the Risk Management Department, and the Finance Department accounts for the evaluation results based on the aforementioned approved valuation model.

(2) Financial instruments by category

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets</u>		
Financial assets measured at amortized cost (Note 1)	\$ 6,361,913	\$ 8,522,821
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	647,059	279,578
Financial assets at fair value through other comprehensive income		
Equity instruments	4,092,311	5,245,510

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial liabilities</u>		
Financial liabilities measured at amortized cost (Note 2)	5,457,384	7,146,545
Financial assets at fair value through profit or loss		
Financial liabilities designated as at fair value through profit or loss	1,762,724	1,833,662

Note 1: Financial assets measured at amortized cost include cash and cash equivalents, receivables from margin loans, refinancing margin, refinancing deposits receivable, receivables of money lending – without specific purposes, customer margin accounts, accounts receivable, other receivables, other financial assets-current, restricted assets- current, financial assets measured at amortized cost-non-current, operation guarantee deposits, settlement and clearing fund and refundable deposits.

Note 2: Financial liabilities measured at amortized cost include short-term loans, commercial paper payable, liabilities for bonds with repurchase agreements, guarantee deposit received from short sales, deposits payable for short sales, futures traders' equity, accounts payable, other payables, long-term liabilities-current portion, bonds payable and long-term loans.

(3) Financial risk management objectives and policies

A. Risk managing system

a. Risk managing principle

- i. A sound risk management system is in place to analyze risks prudently and objectively in order to achieve reasonable returns.
- ii. Each unit performs daily operation management and has a dedicated risk management unit that reports regularly to the Risk Management Committee and the Board of Directors for immediate and effective risk control with an efficient risk management structure. If a significant risk is identified that threatens the financial or business status or compliance with laws and regulations, appropriate measures should be taken immediately and reported to the Board of Directors.
- iii. To establish an overall risk management mechanism to monitor the adequacy of the Group's capital at an appropriate risk appetite level based on the Group's business scale, market risk, credit risk and operational risk, and future operating trends, and to establish various monitoring mechanisms for overall risk exposure and own capital.

b. Organization structure and responsibilities for risk management

- i. Board of Directors: The Board of Directors shall be aware of the risks faced by the Company's operations, ensure the effectiveness of risk management, be the highest decision-making body for risk management, and be ultimately responsible for risk management.
- ii. Risk Management Committee: To formulate risk management policies and establish qualitative and quantitative management standards, and at the same time, to provide timely feedback to the Board of Directors

on the implementation of risk management and make necessary recommendations for improvement.

- iii. Risk Management Department: The Risk Management Department of the Group is under the Board of Directors and shall perform the following duties and responsibilities and the appointment and removal of the Head of Risk Management shall be approved by the Board of Directors.
 - (i) Assist in development of risk management policies.
 - (ii) Assist with risk limits and distribution for each department.
 - (iii) To ensure the implementation of the risk management policies approved by the Board.
 - (iv) Timely and complete reporting on risk management.
 - (v) Understanding the content of the relevant transactions before a business unit conducts various transactions and continuously monitor the holdings of completed transactions.
 - (vi) Risk management measurement techniques should be enhanced as much as possible for financial instruments with quantifiable risks
 - (vii) Accurately understand the risk limits and utilization of each business unit.
 - (viii) Assessing the Company's risk exposure and risk concentration.
 - (ix) Development and implementation of stress test and back testing methods
 - (x) Review of pricing models and evaluation systems for financial instruments used by business units
 - (xi) Other risk management matters.
- iv. Business unit: Each business unit of the Group is responsible for first-line risk management, analyzing and monitoring the risks associated with its respective unit, formulating risk management practices for each business unit, and ensuring that the execution of each business is in compliance with risk management regulations and various laws and regulations.
- v. Auditing department : The Audit Department of the Group is an independent department under the Board of Directors and conducts regular audits of business operations in accordance with the provisions of the internal control system.
- vi. Compliance and legal department: The Compliance and Legal Department is responsible for legal risk management and compliance with all laws and regulations.
- vii. Finance department: The Finance Department of the Group is responsible for capital deployment and maintaining the liquidity of the Company.
- viii. Clearing unit: The clearing unit of the Group is responsible for settlement and middle office risk control, and the compliance with the competent authorities' transaction and operational risk reporting.

c. Risk Management Process

- i. Daily risk management is carried out by each unit in accordance with internal rules and regulations and hierarchical authorization. When a major risk event occurs, business unit exceeds limits, assets deteriorate, exceeds alert indicator limits, or a major loss event occurs, discuss action plan and report to the Risk Management Department.
- ii. Based on the nature of risks and the handling mechanism of each risk category, the Risk Management Department reviews the risk event reports of each unit and submits them to the appropriate level of supervisors, and if necessary, convenes the Risk Management Committee to discuss response measures and submits them to the latest Board of Directors meeting.
- iii. The risk management regulations and risk management indicators of the Group shall be reviewed by the Risk Management Department on a regular basis (at least annually) and may be revised and submitted to the Risk Management Committee for review as necessary, with the formulation/revision of the overall risk limits to be submitted to the Board of Directors for approval.
- iv. The Risk Management Department regularly reviews the risk measurement indicators and provides alerts when the risk indicator reaches amber or higher, and follows up in accordance with the Group's "Risk Management Regulations".

B. Market risk management:

Market risk is the risk of loss on on-balance sheet and off-balance sheet items due to uncertain changes in the value of financial assets during a certain period, such as changes in interest rates, exchange rates, equity securities and commodity prices. Therefore, the Group establishes a sound market risk management system, sets management indicators and sets indicator limits to effectively assess the exposure to market risk.

(a) Indicators of market risk management

i. Value at Risk (VaR) :

Monte Carlo Simulation is used to measure the change of market price (including changes in interest rates, exchange rates, equity securities and commodity prices) for 10 business days of the current trading session at a 99% confidence level.

	Expressed in thousands of New Taiwan dollars For the years ended December 31,	
	2022	2021
VaR	\$ 200,948	\$ 185,662

ii. Stress testing :

To simulate and test the impact of past major domestic and international events or customary extreme situations on the existing site to understand the Group's market risk tolerance. For sensitivity analysis, the Group

simulates and evaluates the impact of changes in exchange rates, interest rates and equity prices on the value of trading positions.

(b) Sensitivity analysis

The Group's exchange rate risk arises mainly from the transactions denominated in foreign currencies, which expose the Group to the exchange rate risk. The information on the carrying amount of monetary assets and liabilities denominated in non-functional currency on the balance date is provided in Note 36.

For the years ended December 31, 2022 and 2021, the Group's assets or liabilities denominated in foreign currencies were mainly affected by the fluctuations of USD and HKD exchange rates.

The following table show the sensitivity analysis of the Group when the exchange rate of the New Taiwan dollar (functional currency) increases and decreases by 1% against each relevant foreign currency. The sensitivity analysis includes only monetary items in foreign currencies in circulation and adjusts the period-end translation by a 1% change in the exchange rate. A positive number in the table below represents the amount by which a 1% appreciation of the New Taiwan dollar against each of the relevant currencies would decrease net income or equity before income taxes, while a 1% depreciation of the New Taiwan dollar against each of the relevant currencies would have a negative impact on net income or equity before income taxes.

	Year ended December 31, 2022	
	Effect of USD	Effect of HKD
Profit and loss	\$ 2,828	\$ 18
Equity	7,662	1,766

	Year ended December 31, 2021	
	Effect of USD	Effect of HKD
Profit and loss	\$ 13	\$ 98
Equity	11,046	4,258

The above effect arises mainly from bank deposits and financial assets at fair value through other comprehensive income denominated in USD and HKD that were outstanding as of December 31, 2022 and 2021 and were not hedged by cash flow hedge.

C. Operation risk management :

Operational risks may be caused by improper or faulty internal operations, personnel and systems, or losses caused by external events, and legal risks are also included. In order to reduce the significant losses arising from operational risks and to affect the achievement of operational and management objectives, the Group follows the operational risk management mechanism and achieves risk identification, assessment, monitoring and control through operational risk loss reporting risk management activities to reduce operational risks.

The management of operational risk focuses on the implementation of the internal control system and the internal audit system. Transactions and related operations personnel should keep transaction records and traces according to the internal control operations for audit purposes. In addition to regular audits by each unit, auditors shall conduct audits based on the operating procedures and control points of the internal control system, and each business unit shall make improvements for audit deficiencies or irregularities.

D. Credit risk management:

Credit risk is the possibility that customers or counterparties (including securities issuers and contractual counterparties) may fail to meet their obligations and that such failure may cause losses to the Group's financial position. Therefore, the Group should pay attention to the credit status of customers or counterparties and establish credit management indicators to reduce default and concentration risks.

(a) Overall country risk exposure

The scope of country risk concentration control is the calculation of the contract value of general securities investments, transaction with reverse repurchase agreement, and derivative transactions (excluding sell options), which is the positive value of the replacement cost of derivative transactions and the market value or balance of other transactions.

	Expressed in thousands of New Taiwan dollars For the years ended December 31,	
	2022	2021
Overall country risk exposure	\$ 942,838	\$ 1,530,405
Cost of foreign securities	1,227,970	1,334,544
Country risk exposure of sovereign rating of BB+ or below and "unequal"	-	-

(b) Single country risk exposure

	Expressed in thousands of New Taiwan dollars For the years ended December 31,	
	2022	2021
United States	\$ 766,209	\$ 1,104,572
China	176,629	425,833

Note: Since October 2021, country risk categorization has replaced the underlying listing country with the country of the issuer's vesting.

(c) Analysis on asset quality and impaired assets

The expected credit losses on accounts receivable are estimated using the lifetime expected losses. The lifetime expected losses are based on the assessment of past default experience of the customer, an analysis of the customer's current financial position, and assessment of general economic conditions and the future conditions of the industry in which the customers operate. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the

provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The information on measurement of loss allowance on receivable from margin loans and accounts receivable are as follows:

December 31, 2022

	Accounts receivable	Receivable from margin loans	Refinancing margin	Refinancing deposit receivable	Receivable of money lending – without specific purpose	Other receivables	Total
Expected credit loss rate	0.0042%	0.0810%	0%	0%	0.0808%	12.4036%	
Gross amount	\$ 1,623,786	\$ 2,466,918	\$ 25,077	\$ 17,912	\$ 116,377	\$ 14,528	\$ 4,264,598
Loss allowance (lifetime expected credit losses)	(69)	(1,999)	-	-	(94)	(1,802)	(3,964)
	<u>\$ 1,623,717</u>	<u>\$ 2,464,919</u>	<u>\$ 25,077</u>	<u>\$ 17,912</u>	<u>\$ 116,283</u>	<u>\$ 12,726</u>	<u>\$ 4,260,634</u>

Movements in loss allowance for the year ended December 31, 2022 are as follows:

	Accounts receivable	Receivable from margin loans	Refinancing margin	Refinancing deposit receivable	Receivable of money lending – without specific purpose	Other receivables	Total
Balance at the beginning of the year	\$ 67	\$ 2,843	\$ -	\$ -	\$ 135	\$ 1,802	\$ 4,847
Add: Provision for impairment	2	-	-	-	-	-	2
Minus: Reversal of impairment	-	(844)	-	-	(41)	(-)	(885)
Balance at the end of the year	<u>\$ 69</u>	<u>\$ 1,999</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 94</u>	<u>\$ 1,802</u>	<u>\$ 3,964</u>

December 31, 2021

	Accounts receivable	Receivable from margin loans	Refinancing margin	Refinancing deposit receivable	Receivable of money lending – without specific purpose	Other receivables	Total
Expected credit loss rate	0.0021%	0.0810%	0%	0%	0.0808%	9.8465%	
Gross amount	\$ 3,215,473	\$ 3,507,650	\$ 4,357	\$ 3,630	\$ 167,058	\$ 18,301	\$ 6,916,469
Loss allowance (lifetime expected credit losses)	(67)	(2,843)	-	-	(135)	(1,802)	(4,847)
	<u>\$ 3,215,406</u>	<u>\$ 3,504,807</u>	<u>\$ 4,357</u>	<u>\$ 3,630</u>	<u>\$ 166,923</u>	<u>\$ 16,499</u>	<u>\$ 6,911,622</u>

Movements in loss allowance for the year ended December 31, 2021 are as follows:

	Accounts receivable	Receivable from margin loans	Refinancing margin	Refinancing deposit receivable	Receivable of money lending – without specific purpose	Other receivables	Total
Balance at the beginning of the year	\$ 2	\$ 201	\$ -	\$ -	\$ -	\$ 1,867	\$ 2,070
Add: Provision for impairment	65	2,642	-	-	135	-	2,842
Minus: Reversal of impairment	-	-	-	-	(-)	(65)	(65)
Balance at the end of the year	<u>\$ 67</u>	<u>\$ 2,843</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 135</u>	<u>\$ 1,802</u>	<u>\$ 4,847</u>

E. Liquidity risk management:

Liquidity risk refers to the risk arising when the fund supply cannot be sufficiently obtained in an expected period of time leading to a failure of fulfilling the capital need as maturity comes due (which is called ‘funding liquidity risk’). It also refers to the risk arising due to the insufficiency in market depth or the disorder which lead to the disposed or written off position held cannot be traded in a reasonable period of time and reasonable price resulting in a significant bid price or significantly discounted put price (which is called ‘market liquidity risk’). The Group establishes concentration control indicators based on different businesses and financial instruments to reduce market liquidity risk. It also establishes liquidity gap analysis and sets indicator limits to formulate response strategies to prevent the occurrence of poor liquidity.

The analysis of the remaining contractual maturities for financial liabilities

The table below shows the analysis of the remaining contractual maturities for financial liabilities as of December 31, 2022 and 2021:

December 31, 2022

Liabilities	Contractual cash flows	Less than 6 months	6-12 months	1-5 year(s)	More than 5 years
Short-term loans	\$ 550,168	\$ 550,168	\$ -	\$ -	\$ -
Commercial paper payable	1,300,000	1,300,000	-	-	-
Financial liabilities at fair value through profit or loss	1,762,724	340,912	509,069	912,743	-
Liabilities for bonds with repurchase agreements	100,269	100,269	-	-	-
Guarantee deposit received from short sales	285,864	-	285,864	-	-
Deposits payable for short sales	246,534	-	246,534	-	-
Futures traders’ equity	238,161	238,161	-	-	-
Accounts payable	1,580,694	1,580,694	-	-	-
Other payables	128,981	128,981	-	-	-
Other payables -related parties	11,130	11,130	-	-	-
Bonds payables	817,850	1,950	3,350	812,550	-
Long-term borrowings	237,505	7,283	7,283	222,939	-
Lease liabilities	47,801	16,918	14,005	16,878	-
	\$ 7,307,681	\$ 4,276,466	\$ 1,066,105	\$ 1,965,110	\$ -

December 31, 2021

	Contractual cash flows	Less than 6 months	6-12 months	1-5 year(s)	More than 5 years
<u>Liabilities</u>					
Short-term loans	\$ 700,217	\$ 700,217	\$ -	\$ -	\$ -
Commercial paper payable	1,200,000	600,000	600,000	-	-
Financial liabilities at fair value through profit or loss	1,833,662	239,085	344,415	1,250,162	-
Liabilities for bonds with repurchase agreements	256,485	256,485	-	-	-
Guarantee deposit received from short sales	130,216	-	130,216	-	-
Deposits payable for short sales	161,820	-	161,820	-	-
Futures traders' equity	292,829	292,829	-	-	-
Accounts payable	3,196,511	3,196,511	-	-	-
Other payables	184,654	184,654	-	-	-
Bonds payables	823,150	1,950	3,350	817,850	-
Long-term borrowings	245,604	6,930	6,930	55,436	176,308
Lease liabilities	66,642	16,137	15,700	34,805	-
	<u>\$ 9,091,790</u>	<u>\$ 5,494,798</u>	<u>\$ 1,262,431</u>	<u>\$ 2,158,253</u>	<u>\$ 176,308</u>

(4) Transfer of financial assets

Transferred financial assets partially derecognized

The transferred financial assets of the Group that do not qualify for derecognition in the daily operation are mainly securities sold under agreement to repurchase. The transaction transfers the contractual rights to receive the cash flows of the financial assets but the Group retains the liabilities to repurchase the transferred financial assets at fixed price in the future period. The Group cannot use, sell, or pledge these transferred financial assets within the validity period of the transaction. However, the Group still bears the interest rate risk and credit risk; thus, it does not derecognize it. Analysis of financial assets and related liabilities not completely meet derecognizing condition is shown in following table:

Category of financial asset	December 31, 2022				
	Book value of transferred financial assets	Book value of related financial liabilities	Fair value of transferred financial assets	Fair value of related financial liabilities	Fair value of net position
<u>Transactions under repurchase agreements</u>					
Financial assets at fair value through profit or loss	\$ 97,158	\$ 100,000	\$ 97,158	\$ 100,000	(\$ 2,842)

Category of financial asset	December 31, 2021				
	Book value of transferred financial assets	Book value of related financial liabilities	Fair value of transferred financial assets	Fair value of related financial liabilities	Fair value of net position
<u>Transactions under repurchase agreements</u>					
Financial assets at fair value through profit or loss	\$ 257,536	\$ 256,000	\$ 257,536	\$ 256,000	\$ 1,536

(5) Offsetting financial assets and financial liabilities

The Group has some receivables from securities sale and payables from securities purchase which meet the offsetting criteria. Thus, the Group offsets them on the balance sheets.

The Group enters into the enforceable master netting arrangement or similar agreements, such as global master repurchase agreement, global securities lending agreement or similar agreement, with the counterparties to engage in repurchasing or reverse-repurchasing transactions. When the above-mentioned enforceable master netting arrangements or similar agreements are elected by both parties to be settled by net amount, settlements may be made by using the net amount after the offsetting of financial assets and financial liabilities. Conversely, if no such arrangements are made, settlements are made using the gross amount. However, upon the event of a default of a party, the counterparty may choose to settle by net amount.

The offsetting information of financial assets and financial liabilities are shown as follows:

December 31, 2022

Financial liabilities that are offset, or can be settled under enforceable master netting arrangement or similar agreement						
Financial liabilities	Gross amount of recognized financial liabilities	Gross amount of recognized financial assets offset in the balance sheet	Net amount of financial liabilities recognized in the balance sheet	Relevant amount that has not been offset in the balance sheet		Net amount
				Financial instruments	Cash collateral received	
Liabilities for bonds with repurchase agreements	\$ 100,000	\$ -	\$ 100,000	\$ 97,158	\$ -	\$ 2,842

December 31, 2021

Financial liabilities that are offset, or can be settled under enforceable master netting arrangement or similar agreement						
Financial liabilities	Gross amount of recognized financial liabilities	Gross amount of recognized financial assets offset in the balance sheet	Net amount of financial liabilities recognized in the balance sheet	Relevant amount that has not been offset in the balance sheet		Net amount
				Financial instruments	Cash collateral received	
Liabilities for bonds with repurchase agreements	\$ 256,000	\$ -	\$ 256,000	\$ 257,536	\$ -	(\$ 1,536)

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

The financial ratios of the Company's futures segment which are all in compliance with the restrictions of the Futures Trading Act are summarized as follows:

The Company's futures segment

		December 31, 2022			Status of compliance
Calculation formula		Calculation	Ratio	Standard	
(1)	$\frac{\text{Stockholders' equity}}{\text{Total liabilities less futures traders' equity}}$	$\frac{332,829}{6,115}$	= 54.43	≥ 1	Satisfied
(2)	$\frac{\text{Current assets}}{\text{Current liabilities}}$	$\frac{329,604}{240,087}$	= 1.37	≥ 1	Satisfied
(3)	$\frac{\text{Stockholders' equity}}{\text{Minimum paid-in capital}}$	$\frac{332,829}{280,000}$	= 118.87%	$\geq 60\%$ $\geq 40\%$	Satisfied
(4)	$\frac{\text{Adjusted net capital}}{\text{Total amount of customers' margin accounts for open position of futures customers}}$	$\frac{278,895}{42,779}$	= 651.94%	$\geq 20\%$ $\geq 15\%$	Satisfied

		December 31, 2021			Status of compliance
Calculation formula		Calculation	Ratio	Standard	
(1)	$\frac{\text{Stockholders' equity}}{\text{Total liabilities less futures traders' equity}}$	$\frac{315,353}{5,325}$	= 59.22	≥ 1	Satisfied
(2)	$\frac{\text{Current assets}}{\text{Current liabilities}}$	$\frac{380,552}{294,517}$	= 1.29	≥ 1	Satisfied
(3)	$\frac{\text{Stockholders' equity}}{\text{Minimum paid-in capital}}$	$\frac{315,353}{280,000}$	= 112.63%	$\geq 60\%$ $\geq 40\%$	Satisfied
(4)	$\frac{\text{Adjusted net capital}}{\text{Total amount of customers' margin accounts for open position of futures customers}}$	$\frac{263,415}{52,425}$	= 502.46%	$\geq 20\%$ $\geq 15\%$	Satisfied

35. SPECIFIC RISK FROM FUTURES BROKERAGE BUSINESS

Futures trading with low margins provides greater financial leverage. Although there is potential to produce large profits, it is equally possible to generate huge losses. When the future market trend is unfavourable, futures broker can ask customers for additional trading margin to maintain certain margin level. If customers fail to pay margin deposits in a period prescribed, futures broker have the right to settle the futures contracts on behalf of the

customers. If there are losses after settlement, customers must pay for the losses after netting the margin. In the case that the futures market prices fluctuate drastically resulting in a total loss of initial margin, the customers must pay for the loss position exceeding the initial margin. The risk of default may occur when there is a debit balance in futures traders' equity and a margin call issued for insufficient margin.

36. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Group and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

Expressed in foreign currencies/in thousands of New Taiwan dollars

<u>Financial assets</u>	<u>Foreign currency</u>	<u>December 31, 2022</u>	
		<u>Exchange rate</u>	<u>NTD</u>
<u>Monetary items</u>			
USD	\$ 9,208	30.708	\$ 282,762
HKD	467	3.938	1,840
<u>Non-monetary items</u>			
USD	\$ 24,951	30.708	\$ 766,209
HKD	44,850	3.938	176,629

<u>Financial assets</u>	<u>Foreign currency</u>	<u>December 31, 2021</u>	
		<u>Exchange rate</u>	<u>NTD</u>
<u>Monetary items</u>			
USD	\$ 48	27.690	\$ 1,319
HKD	2,764	3.551	9,814
<u>Non-monetary items</u>			
USD	\$ 39,891	27.690	\$ 1,104,572
HKD	119,933	3.551	425,833

The foreign exchange gain and loss were gains of \$8,065 thousands and loss of \$349 thousands for the years ended December 31, 2022 and 2021, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions.

37. ADDITIONAL DISCLOSURES REQUIRED BY THE SECURITIES AND FUTURES BUREAU

(1) Related information of significant transactions

A. Lending to others: None.

B. Endorsements and guarantees for others: None.

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

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

E. Purchases or sales transactions discount on Broker's charges with related parties in excess of NT\$5 million: None.

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

G. Significant transactions between parent company and its subsidiaries: Table 1.

(2) Disclosure information of investee company: Table 2.

(3) Overseas Branch Units and Representative Offices: Table 3.

(4) Information on investments in Mainland China: None.

(5) Major shareholders information: Table 4.

38. SEGMENT INFORMATION

Information provided to the Chief Operating Decision Maker to allocate resource and assess segment performance focuses on the operating performance between companies. The reportable segments of the Group are as follows:

(1) Client partner segment : Mainly responsible for securities commission agency and brokerage.

(2) Investment segment: Mainly responsible for securities dealing, bonds dealing, trading of financial instruments relating to interest rate and bills and bonds under repurchase or resale agreements.

(3) Investment bank segment: Mainly responsible for securities underwriting.

(4) Futures segment: Mainly responsible for futures trading agency and brokerage.

(5) All other segments: Mainly responsible for providing research and analysis for securities investment.

The analysis of the Group's revenue and operational results from continuing operations by reportable segment is as follows:

Items	Year ended December 31, 2022						
	Client partner segment	Investment segment	Investment bank segment	Futures segment	All other segments	Adjustments and write-offs	Total
Revenue from customers other than the parent company and subsidiaries of the Group	\$ 626,878	\$ 181,141	\$ 149	\$ 35,388	\$ 25,523	\$ -	\$ 869,349
Revenue from the parent company and subsidiaries of the Group	-	-	-	-	14,880	(14,880)	-
Total revenue	\$ 626,878	\$ 181,411	\$ 149	\$ 35,388	\$ 40,403	\$ (14,880)	\$ 869,349
Segment income (loss)	(\$ 66,487)	\$ 52,141	(\$ 21,025)	\$ 11,131	\$ 12,747	\$ 522	(\$ 10,971)

Items	Year ended December 31, 2021						
	Client partner segment	Investment segment	Investment bank segment	Futures segment	All other segments	Adjustments and write-offs	Total
Revenue from customers other than the parent company and subsidiaries of the Group	\$ 1,082,599	\$ 179,313	\$ 1,115	\$ 37,128	\$ 4,872	\$ -	\$ 1,305,027
Revenue from the parent company and subsidiaries of the Group	-	-	-	-	11,340	(11,340)	-
Total revenue	\$ 1,082,599	\$ 179,313	\$ 1,115	\$ 37,128	\$ 16,212	\$ (11,340)	\$ 1,305,027
Segment income (loss)	\$ 294,385	\$ 33,892	(\$ 24,077)	\$ 10,636	(\$ 781)	(\$ 2,898)	\$ 311,157

The segment profit refers to the profits earned by each segment. These amounts are provided to Chief Operating Decision Maker in order to allocate resource and assess the performance.

The Group did not provide total asset amounts of each segment to the Chief Operating Decision Makers, so such amounts are not disclosed.

The Group mainly engages in dealing, underwriting and brokering business, and operates in Taiwan area. No other single customers contributed 10% or more to the Group's revenue. Thus, the disclosure of information about major customers is not required.

GOOD FINANCE SECURITIES CO., LTD AND ITS SUBSIDIARIES
Transactions between parent company and its subsidiaries
For the year ended December 31, 2022

Table 1

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

Number	Company name	Counterparty	Relationship	Transaction			Percentage of consolidated total operating revenues or total assets (%)		
				Account	Amount	Transaction terms			
0	The Company	Good Finance Investment Consulting	The parent company to subsidiary	Guarantee deposits received	\$ 64	Based on the terms specified in the agreement	-		
		Good Finance Investment Consulting	Same as above	Other payables - related parties	1,400	Based on the terms specified in the agreement	0.01%		
		Good Finance Investment Consulting	Same as above	Other non-operating income	384	Based on the terms specified in the agreement	0.04%		
		Good Finance Investment Consulting	Same as above	Other operating expenses	14,880	Based on the terms specified in the agreement	1.71%		
		Good Finance PE	Same as above	Guarantee deposits received	26	Based on the terms specified in the agreement	-		
		Good Finance PE	Same as above	Other non-operating income	135	Based on the terms specified in the agreement	0.02%		
1	Good Finance Securities Investment Advisors	The Company	Subsidiary to the parent company	Guarantee deposits received	63	Based on the terms specified in the agreement	-		
		The Company	Same as above	Prepayment	1	Based on the terms specified in the agreement	-		
		The Company	Same as above	Accounts receivable	1,400	Based on the terms specified in the agreement	0.01%		
		The Company	Same as above	Right-of-use assets	478	Based on the terms specified in the agreement	-		
		The Company	Same as above	Lease liabilities-current	382	Based on the terms specified in the agreement	-		
		The Company	Same as above	Lease liabilities-non-current	96	Based on the terms specified in the agreement	-		
		The Company	Same as above	Consultancy fee income	14,880	Based on the terms specified in the agreement	1.71%		
		The Company	Same as above	Finance costs	4	Based on the terms specified in the agreement	-		
		The Company	Same as above	Depreciation expense	380	Based on the terms specified in the agreement	0.04%		
		2	Good Finance PE	The Company	Same as above	Guarantee deposits received	25	Based on the terms specified in the agreement	-
				The Company	Same as above	Prepayment	1	Based on the terms specified in the agreement	-
The Company	Same as above			Right-of-use assets	363	Based on the terms specified in the agreement	-		
The Company	Same as above			Lease liabilities-current	155	Based on the terms specified in the agreement	-		
The Company	Same as above			Lease liabilities-non-current	208	Based on the terms specified in the agreement	-		
The Company	Same as above			Finance costs	3	Based on the terms specified in the agreement	-		
The Company	Same as above			Depreciation expense	133	Based on the terms specified in the agreement	0.02%		
The Company	Same as above			Other non-operation income	1	Based on the terms specified in the agreement	-		

Note: The transactions were eliminated when preparing the consolidated financial statements

GOOD FINANCE SECURITIES CO., LTD. AND ITS SUBSIDIARIES
Information on investees
For the year ended December 31, 2022

Table 2

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

Name of investor	Name of investee	Location	Date of registration	Reference number and the date of approval letter issued by FSC	Main operation activities	Original investment		Period-end holding balance			Revenue of investee company	Net income (loss) of the investee company	Investment income (loss) recognised by the Company	Note
						Balance as at December 31, 2022	Balance as at December 31, 2021	Shares	Percentage (%)	Book value				
The Company	Good Finance Securities Investment Advisors	Taiwan	2015.03.13	Financial-Supervisory-SITC No. 1040003335, dated February 5, 2015	Securities investment consulting services	\$ 50,000	\$ 50,000	5,000,000	100.00	\$ 43,394	\$ 14,901	(\$ 3,247)	(\$ 3,247)	Subsidiary
The Company	Good Finance PE	Taiwan	2021.04.16	Financial-Supervisory-Securities-Firms No. 1090371530, dated December 11, 2020	General Investment, Venture Capital, Investment Consulting, Management Consulting	50,000	50,000	5,000,000	100.00	64,830	26,066	14,306	14,306	Subsidiary

Note 1: Intercompany balances and transactions were eliminated upon consolidation.

GOOD FINANCE SECURITIES CO., LTD. AND ITS SUBSIDIARIES
Information related to overseas branch units and representative offices of securities firms
For the year ended December 31, 2022

Table 3

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

Name of overseas branches or representative offices	Country and Region	Date of registration	Reference number and the date of approval letter issued by FSC	Main operation activities	Revenue	Net loss	Appropriated working capital				Significant transactions with parent company	Note
							Balance as at December 31, 2021	Increase working capital	Decrease working capital	Balance as at December 31, 2022		
Good Finance Securities Shanghai office	Shanghai, Mainland China	October 12, 2021	Financial-Supervisory-Securities-Firms No. 1090300612, dated February 13, 2020	Business Research, Industry Technology Research and Data Collection	\$ -	(\$ 1,249)	\$ -	\$ -	\$ -	\$ -	-	

GOOD FINANCE SECURITIES CO., LTD. AND ITS SUBSIDIARIES

Information of major shareholders

December 31, 2022

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

Table 4

Name of major shareholders	Shares	Number of shares held	Percentage of ownership (%)
Caterpillar Capital Co., Ltd.		119,530,000 shares	38.39%
Lung-Ching, Chuang		40,968,784 shares	13.15%
Asia Value Fund custodial account of Deutsche Bank Taiwan Branch		19,896,000 shares	6.39%

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.

VI. If the Company or its affiliates have experienced financial difficulties in the most recent fiscal year up to the date of publication of the annual report, the annual report shall explain how said difficulties will affect the Company's financial situation

None.

Seven. Review and Analysis of Financial Status and Financial Performance, and Risk Management

I. Financial position

Item	Year		Increase (decrease)	Variance (%)
	December 31, 2022	December 31, 2021		
Current assets	10,519,744	15,049,565	(4,529,821)	-30.10%
Noncurrent assets	1,464,525	1,370,345	94,180	6.87%
Total assets	11,984,269	16,419,910	(4,435,641)	-27.01%
Current liabilities	6,346,600	9,683,141	(3,336,541)	-34.46%
Noncurrent liabilities	1,077,719	1,146,465	(68,746)	-6.00%
Total liabilities	7,424,319	10,829,606	(3,405,287)	-31.44%
Capital stock	3,113,159	3,098,559	14,600	0.47%
Capital surplus	39,566	30,845	8,721	28.27%
Retained earnings	1,757,372	1,782,797	(25,425)	-1.43%
Other equity items	(350,147)	678,103	(1,028,250)	-151.64%
Total equity	4,559,950	5,590,304	(1,030,354)	-18.43%
Notes to increase/decrease:				
1. The decrease in current assets and total assets is mainly due to the decrease in financial assets measured at fair value through other comprehensive, accounts receivable, and collection of deposited funds for underwriting.				
2. The decrease in current liabilities and total liabilities is mainly due to the decrease in short borrowings, liabilities from repurchase of bonds, accounts payable, and funds collected on behalf of clients.				
3. The increase in capital surplus is mainly due to the issuance of new shares for RSAs in the current year.				
4. The increase in other equity items is primarily a result of the decrease in net unrealized gain from financial assets at fair value through other comprehensive income.				

II. Financial performance

Unit: NT\$ thousand

	2022	2021	Increase (decrease)	Variance (%) (%)
Income	\$843,827	\$1,300,154	(\$456,327)	-35.10%
Operating expenses and expenditure	<u>868,067</u>	<u>985,318</u>	<u>(117,251)</u>	-11.90%
Other gains or losses	(24,240)	314,836	(339,076)	-107.70%
Other gains or losses	<u>55,442</u>	<u>38,121</u>	<u>17,321</u>	45.44%
Profit before tax	31,202	352,957	(321,755)	-91.16%

Income tax expense gains (expenses)	<u>21,295</u>	<u>(31,970)</u>	<u>53,265</u>	-166.61%
Net profit after tax	<u>\$52,497</u>	<u>\$320,987</u>	<u>(268,490)</u>	-83.65%
Notes to increase/decrease:				
1. The decrease in income and operating profit is primarily a result of the decrease in the market trading volume and daily share financing balance this year from last year causing the decrease in profit.				
2. The increase in other gains or losses is mainly due to the increase in the gains or losses of subsidiaries recognized through the equity method.				
3. The decrease in income tax expenses is mainly due to the offsetting of losses derived from the losses in taxation in the current period.				

2. Sales volume forecast and the basis thereof, and the effect upon the Company's business and finance, as well as the measures to be taken in response:

According to FSC forecasts, the average daily transaction volume in the centralized ordered market in 2023 will decrease to NT\$220 billion mainly due to the global economic cycle and high interest rate. The Company expects that market share should be equivalent to that in 2022. Therefore, no significant impact may be imposed to the Company's future business and finance.

III. Cash flow

1. Analysis on the changes in cash flow in the most recent year (2022):

Item \ Year	2022	2021	Increase (decrease)
Cash Flow Ratio (%)	9.75%	0.00%	9.75%
Cash Flow Adequacy Ratio	0.00%	0.00%	0.00%
Cash Reinvestment Ratio	6.13%	0.00%	6.13%
Notes to increase/decrease:			
Please refer to the financial analysis.			

2. Corrective measures against insufficient liquidity: No insufficient liquidity has occurred to the Company's capital utilization.

3. Liquidity for the coming year:

Unit: NT\$ thousand

Balance of cash, beginning (1)	Projected net cash flow from operating activities for the year (2)	Projected cash inflow (outflow) for the year (3)	Projected cash balance (deficit) (1) + (2) + (3)	Projected corrective measures against insufficient cash position	
				Investment plan	Financing plan
\$ 865,429	\$ 29,247	\$225,000	\$1,119,676	-	-

IV. Impact posed by material capital expenditures to business and in the most recent year
None.

V. The investment policy for the most recent year, major causes for profit or loss thereof, improvements, and investment plans for next year

(I) Investees

Unit: NT\$ thousand; Number of shares: Thousand shares

Name of Investee	Main business and product	Acquisition cost	Held at ending	
			Shares	Ratio
Good Finance Securities Investment Consulting Co., Ltd. (Note 1)	Securities investment advisor	50,000	5,000	100%
Good Finance PE Co., Ltd. (Note 1)	Investment, venture investment, investment consulting, management consulting	50,000	5,000	100%

Note 1: Consolidated subsidiaries

(II) Investment policy and causes of profit and loss

The Company's investment policy primarily aims at development toward a diversified securities finance and increase in revenue from the investment by vertical and horizontal business integration in response to the securities market's development trend.

Investee: Good Finance Securities Investment Consulting Co., Ltd. was established in 2015. The Company recognized a loss of NT\$3,247 thousand from the investment in Good Finance Securities Investment Consulting Co., Ltd. in 2022 mainly due to the increase in labor expenses and employees' benefits. Good Finance PE Co., Ltd. was established in 2021. The Company recognized a profit of NT\$14,306 from the investment in Good Finance PE Co., Ltd. in 2022 mainly due to the increase in operating revenue.

(III) Investment plan for the coming year

The Company will focus on discovery and creation of value and invest capital in great enterprises with long-term value to become the supporter of these enterprises' long-term capital and provide excellent entrepreneurs with comprehensive solutions in different industrial cycles (finance, human resource and strategic cooperation, etc.)

VI. Risk analysis and assessment

(I) Impacts of interest rate/foreign exchange rate fluctuation and inflation to the Company's income, and future responsive measures:

The Company's existing market risk management mechanisms include the impact of interest rate and exchange rate fluctuations and inflation on the Company's profit and loss. According to the Risk Management Regulations approved by the Risk Management Committee of the Company, market risk are risks that the value of financial instruments may fluctuate over a period of time due to uncertainties in market prices, which may result in losses in the on- and off-balance sheet items. They include price risks, interest rate risks, and exchange rate risks. Price risks refer to risks of the decrease in the prices of assets due to changes in the prices of the financial instruments or fluctuations in the underlying. Interest rate risks refer to losses in earnings or capital that may be caused by changes in interest rates. Exchange rate risks refer to the risks of losses in assets denominated in foreign currencies due to changes in exchange rates. The variation of normal interest rate in the market is derived from changes in inflation and actual interest rate. Therefore, the interest rate risks already includes the variation of inflation.

According to the Risk Management Regulations approved by the Company's Risk Management Committee, the Risk Management Dept. must calculate the value at risk (VaR) and stress test value each day, and monitor the market risk indicators for the entire Company, business units, and products. When the risks increases, it must issue warnings and provide analysis. When necessary, it must convene a meeting of the Risk Management Committee to discuss response measures and report to the Board of Directors. According to the calculation results of the value at risk (VaR) and stress test value in the past year, the Company's main market risks are derived from the price risks of equity securities. Interest rate risks and exchange rate risks do not account for a high proportion of risks.

(II) Policies on high-risk and highly leveraged investments, loans to third parties, endorsements/guarantees, and derivatives trading, main causes of profit or loss incurred and future responsive measures:

1. The risk limits and types of trading underlyings of the Company's trading departments require the approval of the Board of Directors. The Risk Management Dept. of the Board of Directors is responsible for implementing risk management procedures to ensure that the risks borne by the investment positions do not exceed the limit approved by the Board of Directors.
2. The Company didn't loan funds to any others or make endorsements/guarantees for any others in the most recent year.
3. The Company's transactions in derivatives in the most recent year only included the new PGN business implemented to satisfy customers' investment and wealth management needs. The risk indicators have not exceeded the limits approved by the Board of Directors.

(III) Future R&D plans and planned R&D expenses:

The Company shall develop related products and services based on customer requirements. It shall also apply for the approval for new business based on the competent authority's policies for opening businesses to ensure the stable development of the Company.

(IV) Impact on the Company's business and finance due to changes in domestic or foreign policies and laws, and responsive measures:

- (1) January 18, 2022. According to Article 177-1, Paragraph 1 of the Company Act, when companies listed on TWSE (TPEX) and emerging stock companies convene a shareholders' meeting, they shall include electronic transmission as one of the ways for exercising voting rights (Financial Supervisory Commission Jin-Guan-Zheng-Jiao-Zi No. 1110380064 Order)
 1. Forwarded to related units of the Company and requested them to comply with regulations.

2. No material impact on the Company's finance and business.
- (2) January 20, 2022. Establishment of the scope and procedures for securities and futures companies to file applications for data sharing between financial institutions (Financial Supervisory Commission Jin-Guan-Zheng-Quan-Zi No. 1100365499 Order)
 1. Forwarded to related units of the Company and requested them to comply with regulations. Reviewed the Company's related regulations and included them into the compliance operations to ensure compliance.
 2. No material impact on the Company's finance and business.
- (3) June 29, 2022. When a financial institution determines the extent of applying CDD and ongoing due diligence measures in accordance with Article 6 of the Regulations Governing Anti-Money Laundering of Financial Institutions, to prevent the AML measures from interfering with customers and affecting the convenience of normal transactions, financial institutions must review the risk assessment items, risk factors and typologies, and internal procedures (Financial Supervisory Commission Jin-Guan-Zheng-Quan-Zi No. 1110382840 Order)
 1. Forwarded to related units of the Company and requested them to comply with regulations. Reviewed the Company's related regulations and included them into the compliance operations to ensure compliance.
 2. No material impact on the Company's finance and business.
- (4) August 17, 2022. Establishment of the "Information to be Published in the Futures Trading Risk Disclosure Statement", "Futures Risk Disclosure Statement", "Options Risk Disclosure Statement", and "Futures and Options Risk Disclosure Statement" (Financial Supervisory Commission Jin-Guan-Zheng-Qi-Zi No. 1110383354 Order)
 1. Forwarded to related units of the Company and requested them to comply with regulations. Reviewed the Company's related contracts and included them into the compliance operations to ensure compliance.
 2. No material impact on the Company's finance and business.
- (5) October 28, 2022. Amendment of the Regulations Governing Responsible Persons and Associated Persons of Securities Firms (Financial Supervisory Commission Jin-Guan-Zheng-Quan-Zi No. 1110384597 Order)
 1. Forwarded to related units of the Company and requested them to comply with regulations. Reviewed the Company's related regulations and included them into the compliance operations to ensure compliance.
 2. No material impact on the Company's finance and business.
- (6) October 28, 2022. Amendment of the Regulations Governing Responsible Persons and Associated Persons of Futures Commission Merchants (Financial Supervisory Commission Jin-Guan-Zheng-Quan-Zi No. 1110384597 Order)
 1. Forwarded to related units of the Company and requested them to comply with regulations. Reviewed the Company's related regulations and included them into the compliance operations to ensure compliance.
 2. No material impact on the Company's finance and business.
- (7) November 28, 2022. TWSE and TPEX-listed companies must disclose climate-related information starting from 2024 (Financial Supervisory Commission Jin-Guan-Zheng-Fa-Zi No. 11103849344 Order)
 1. Forwarded to related units of the Company and requested them to comply with regulations. Reviewed the Company's related regulations and included them into the compliance operations to ensure compliance.
 2. No material impact on the Company's finance and business.
- (8) December 15, 2022. Amendment of the format of the Declaration of Internal Control System and related tables (Financial Supervisory Commission Jin-Guan-Zheng-Shen-Zi No. 11103854404 Order)
 1. Forwarded to related units of the Company and requested them to comply with

regulations. Reviewed the Company's related regulations and included them into the compliance operations to ensure compliance.

2. No material impact on the Company's finance and business.

(V) Impact on the Company's business and finance due to technological (including cyber security risks) or industrial changes, and responsive measures.

We believe that the future of finance lies in technology. Good Finance Securities' core competitiveness must rely on technology. The development of FinTech will be a necessary critical source of competitiveness and the era of zero service fees will arrive soon. The Company shall focus on the establishment of technological capabilities and actively transform into an asset management securities dealer. We shall hire IT personnel and continue to develop and optimize digital services and software. We shall construct a platform that meets the needs of customers to attract young customers who are accustomed to digital applications and increase the convenience for customers' transactions.

In a future of digital finance, the threats to financial security have increased each day. Without reliable information security in FinTech, we may expose the Company and customers to risks of immense losses. To effectively reduce the risks of new types of hacker attacks and intrusion and prevent the theft of user information, the Company complies with the requirement for "Establishing Information Security Inspection Mechanisms for Securities Firms" of Taiwan Stock Exchange in information security inspections. We completed multiple information security exercise activities in 2022 to review the adequacy of the Company's computer system and control measures. We implement information security assessments when planning new businesses to reduce the risks in the launch of new systems and provide customers with safer and more reliable financial transaction services.

The Company is looking forward to creating more user-friendly, faster and more desired service experience for customers through the seamless integration of technology and finance, and controlling trends and making good use of the Fintech, such as cloud and big data, to optimize the relations with customers and process management ability and improve the overall digital intelligence throughout the Company, as the target which the Company uses the best effort to achieve in response to the sustainability.

(VI) Impact on crisis management for changes in corporate image and response measures:

The Company was renamed Good Finance Securities in 2022 and focuses on "Finance for Dreamers" to redefine the relationship between finance and people and support the creation of a better life and society. The Company has comprehensive management systems and stable finances. We have established crisis management mechanisms and communicate them to executives from time to time in business meetings. When a crisis occurs, the Company shall activate emergency response measures and reduce the impact in all respects. The spokesperson shall quickly and clearly communicate with external entities.

(VII) Expected benefits and possible risks of merger and acquisition, and responsive measures:

The Company has no MA plans for the time being.

If a merger is carried out, the expected benefits include the expansion of the customer base and additional business opportunities. We will also use mergers to quickly accumulate the scale of assets and attain economies of scale to increase profit margins and competitiveness in the market. Potential risks may include:

1. Information asymmetry risks: Where this is information asymmetry between the two parties of a merger, the acquirer must assume all risks in the assets and liabilities of a financial institution in poor health. For the acquisition of financial institutions in good health, the offered price may be too

high and may thus result in the failure of the merger.

2. Integration risks: The integration of the corporate cultures, human resources, work environment, systems, institutions, and management will be the biggest challenges after the merger.

Good Finance Securities shall use its professional knowledge and experience in mergers and acquisitions to address the aforementioned risks. In addition, we shall implement careful planning before mergers to reduce information asymmetry risks. After the merger, the Company shall implement a rigorous integration plan to reduce the possibilities of failed integration and thereby increase synergy with the merger.

(VIII) Expected benefits and possible risks of business venue expansion, and responsive measures: None.

(IX) Risks associated with over-concentration of businesses and response measures:

The Company operates brokerage, proprietary trading, and underwriting businesses and does not have over-concentration of businesses or customers.

(X) Impact and risk on the Company due to major transfer or conversion of equity by directors, supervisors, or shareholders with more than 10% ownership interest, and responsive measures:

There has been no transfer or replacement of shares this year.

(XI) Impact and risks on the Company due to a change of the right of management, and responsive measures: None.

(XII) For litigious and non-litigious matters, please list major litigious, non-litigious or administrative disputes that have been resolved or are still proceeding involving the Company and/or any director, supervisor, and any major shareholder holding a more than 10% of the shares, and the affiliated companies. Moreover, where such a dispute could materially affect shareholders' equity or the prices of the securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report: None.

(XIII) Other material risks and responsive measures:

The capital adequacy ratio of a securities dealer can be used to assess its capacity for bearing overall business risks. As of December 30, 2022, the Company's capital adequacy ratio was 276%, which met the requirements of the competent authority. The Company shall evaluate overall business risks to increase the return on equity for shareholders and flexibility in business operations and maintain a suitable capital adequacy ratio.

VII. Response mechanisms for crisis management:

If the Company suffers any crisis involving a state of emergency, the Company's President shall serve as the convener to establish an emergency response team responsible for overall planning, supervision and coordination of various responsive arrangements and support. Any state of emergency shall be dealt with in accordance with the Company's emergency response handbook and operating procedures against various risks. The Company's basic operations must be maintained to protect customers' interest and right and reduce the Company's losses.

VIII. Other important notes

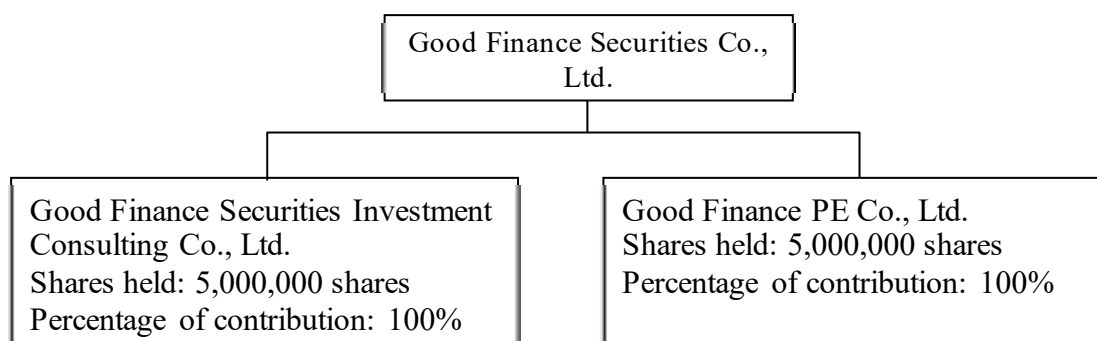
None.

Eight. Special note

I. Affiliated companies

(1) Consolidated business reports of affiliates

1. Organizational charts of affiliates (December 31, 2022)



2. Affiliates' profile

Name of enterprise	Date of establishment	Paid-in capital (NT\$ thousand) December 31, 2022	Main business and product
Good Finance Securities Co., Ltd.	July 7, 1988	3,113,159	<ol style="list-style-type: none"> 1. Securities dealers 2. Futures dealers 3. Other services approved by the relevant industry competent authority.
Good Finance Securities Investment Consulting Co., Ltd.	March 13, 2015	50,000	<ol style="list-style-type: none"> 1. Provide research and analysis opinion or suggestions on matters related to securities investment under contract. 2. Issue publications related to securities investment. 3. Organize conferences related to securities investment. 4. Engage in discretionary investment on behalf of customers. 5. Other securities investment consulting services approved by the competent authority.
Good Finance PE Co., Ltd.	April 16, 2021	50,000	<ol style="list-style-type: none"> 1. Investment 2. Venture investment 3. Investment Consulting 4. Management consulting 5. All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

3. Information about the same shareholder presumed to have control and affiliation:

No more than a majority of any affiliate's shareholders practicing business and directors are identical. Meanwhile, there is no such circumstance that more than 50% of the total issued shares with voting right or capital are held or contributed by the same shareholder. Therefore, the circumstance referred to in the Company Act that the same shareholder presumed to have control

and affiliation does not exist in the Company.

4. Explanation about business operated by all affiliates:

The transactions between the Company and affiliates are primarily related to the investment research analysis or suggestion services provided by Ta Ching Securities Investment Consulting Co., Ltd. to the Company.

5. Information about directors, supervisors and presidents of affiliates

December 31, 2022

Name of enterprise	Position	Name	Shares held	
			Number of shares (share)	Shareholding (%)
Good Finance Securities Co., Ltd.	Chairman	Ku-Han Huang	10,745,000	3.45
	Vice chairperson	Ming-Li Chuang	8,992,202	2.89
	Director	Fu-Liang Wan	0	0.00
	Director	Caterpillar Capital Co., Ltd.	119,530,000	38.40
	Director's representative	Cheng-Yao Ku		
	Director	Caterpillar Capital Co., Ltd.		
	Director's representative	Yu-De Shen		
	Director	Caterpillar Capital Co., Ltd.		
	Director's representative	Hsuan-Ching Peng		
	Director	Caterpillar Capital Co., Ltd.		
	Director's representative	Shen-Chun Lo		
	Independent Director	Jung-Yuan Ho	0	0.00
	Independent Director	Wei-Jen Li	0	0.00
	Independent Director	Te-Wei Huang	0	0.00
President	Ta-Hsiu Chuang	9,152	0.00	
Good Finance Securities Investment Consulting Co., Ltd.	Chairman Director Director Supervisor President	Representative of Good Finance Securities Co., Ltd. Su-Hua Ku Chung-Fa Lin Chi-Yao Huang Ting-Fan Tsai Su-Hua Ku	5,000,000	100.00
Good Finance PE Co., Ltd.	Chairman Director Director	Representative of Good Finance Securities Co., Ltd. Shih-Hsuan Huang Hsueh-Li Yu Kuo Lin	5,000,000	100.00

6. Overview of operations of affiliates

December 31, 2022; Unit: US\$ thousand

Name of enterprise	Capital	Total assets	Total liabilities	Net worth	Income	Income (loss) before tax	Current net profit (loss)	EPS (NT\$)
Good Finance Securities Co., Ltd.	3,113,159	11,984,269	7,424,319	4,559,950	843,827	31,202	52,497	0.17
Good Finance Securities Investment Consulting	50,000	46,876	3,485	43,391	14,901	(4,293)	(3,247)	(0.65)
Good Finance PE	50,000	69,824	4,995	64,829	26,067	17,872	14,306	2.86

(2) Consolidated financial statements of affiliates: Please refer to Page 199 of the annual report.

(3) Affiliation report: None.

(4) Information about affiliates' making of endorsements/guarantees, loaning of funds to others and engagement in derivatives trading:

The Company and affiliates have never engaged in making endorsements/guarantees, loaning of funds to others or derivatives trading in the most recent year until the date of publication of the annual report.

II. Private placement of securities in the most recent year until the date of publication of the annual report

None.

III. Holding or disposal of the Company's shares by subsidiaries in the most recent year until the date of publication of the annual report

None.

IV. Any occurrences of events defined under Subparagraph 2, Paragraph 2, Article 36 of the Securities and Exchange Act in the most recent year up till the date of publication of the annual report that significantly impacted shareholders' equity or security price

None.

V. Other supplementary notes

None.

Good Finance Securities Co., Ltd.

Responsible Person: Ku-Han Huang

May 4, 2023