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

2023

Annual Report

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## Table of Contents

One.	Letter to Shareholders .....	5
Two.	Company Profile .....	8
Three.	Corporate Governance Report.....	10
I.	Organization.....	10
II.	Information about Directors, Presidents, Vice Presidents, Assistant Vice Presidents, and Managers of All Divisions and Branch Units .....	12
III.	Remuneration paid to Directors, Presidents and Vice Presidents in the most recent year .....	23
IV.	Corporate Governance Operations .....	30
V.	Information about CPA's Audit Fees.....	79
VI.	Replacement of CPA.....	79
VII.	Disclosure of any of the Company's Chairman, Supervisors, 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 .....	80
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 .....	81
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 .....	84
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 .....	85
Four.	Funding Status.....	86
I.	Capital and outstanding shares.....	86
II.	Issuance of corporate bonds (including overseas corporate bond).....	90
III.	Issuance of preferred shares .....	90
IV.	Issuance of global depository receipts.....	90
V.	Employee stock warrants and restricted stock awards (RSAs) .....	91
VI.	Mergers or acquisitions or with acquisitions of shares of other companies .....	93
VII.	Implementation of capital utilization plan.....	93
Five.	Overview of operation.....	94
I.	Operations .....	94
II.	Overview of market and production & marketing .....	96
III.	Information about the number of employees .....	99
IV.	Information about environment protection expenditure.....	99

V.	Labor-management relations.....	99
VI.	Cybersecurity management.....	101
VII.	Major contracts .....	102
II.	Own capital adequacy ratio since December 2023.....	102
IX.	Number of employees in non-management positions, annual average employee benefit expenses, and the difference compared to the preceding year. ....	102
X.	Major business items.....	102
Six.	Overview of finance .....	103
I.	Condensed Balance Sheet and Income Statement for the latest five years ..	103
II.	Financial analysis for the latest five years.....	106
III.	Audit Committee’s review report on the latest financial report .....	108
IV.	The latest annual financial statements.....	109
V.	Consolidated financial statements audited and certified by CPAs for the most recent year .....	184
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 .....	258
Seven.	Review and Analysis of Financial Status and Financial Performance, and Risk Management .....	259
I.	Financial position .....	259
II.	Financial performance .....	260
III.	Cash flow .....	260
IV.	Impact posed by material capital expenditures to business and in the most recent year .....	260
V.	The investment policy for the most recent year, major causes for profit or loss thereof, improvements, and investment plans for next year.....	261
VI.	Risk analysis and assessment .....	262
VII.	Other important notes .....	265
Eight.	Special Notes .....	266
I.	Affiliated companies .....	266
II.	Private placement of securities in the most recent year until the date of publication of the annual report.....	268
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 .....	268
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.....	268
V.	Other supplementary notes .....	268

## One. Letter to Shareholders

To the Shareholders of Good Finance Securities,

2023 has been a fruitful year. The Company's net worth in 2023 amounted to NT\$5.756 billion, an increase of NT\$1.196 billion or 26.23% from the net worth of NT\$4.560 billion in 2022. Dividends paid in October 2023 was NT\$93 million; in other words, shareholders' net worth (dividend included) increased by **NT\$1.289** billion. The net profit after tax in 2023 is NT\$106 million, increased by NT\$54 million or 102.19% from the 2022 net profit after tax of NT\$52 million. The comprehensive income in 2023 was NT\$1.270 billion, an increase of NT\$2.314 billion from the comprehensive income in 2022 of NT\$-1.045 billion. The return on shareholders' equity of the comprehensive income in 2023 is 24.61%.

These figures represent various meanings respectively. The growth in net worth plus the distributed dividends are the increase in shareholders' wealth in 2023. It is an intuitive indicator to understand the Company's overall performance in 2023. If you look deeper, the net profit after tax is usually the number most investors are concerned about. It is the operating result of the year where the operating revenue deducts costs, expenses and taxes. Our operating revenues consist of all incomes from various businesses, mainly the revenues from brokerage and financing business, dividend income, and capital gains from ETFs. It should be noted that most of Good Finance Securities' proprietary trading positions aim at long-term investment. The capital gains from the rising prices of these investments are recorded in the account of "other comprehensive income." The net profit after-tax plus other comprehensive income are the true comprehensive income one needs to pay attention to. If we only observe the net profit after tax, shareholders will greatly underestimate the true profitability. By focusing on comprehensive income, it presents a complete picture of the operation and investment performance.

The comprehensive income in the past two years has changed significantly. It increased by NT\$1.270 billion in 2023 and decreased by NT\$1.045 billion in 2022. The gap between them is NT\$2.314 billion. One may ask what we have done to cause the profit surge in 2023 and what we have done to result differently in 2022? In fact, our stock portfolios are largely the same, no great difference. In other words, we hold good companies and management teams that are worthy of long-term investment. As the stock price fluctuates, so does our comprehensive income. However, as long as the quality of the companies we hold is good, in the long run, they will rise more and fall less. And the wealth of shareholders will grow steadily over time. With our investment portfolio, we aim to achieve annualized growth of 12-15% for years.

Currently, we have invested in stock ETFs and bond ETFs with a total market value around NT\$1.8 billion. For accounting purposes, the investment in ETFs are recorded in the income statement. Therefore, the changes in our income statement may reflect more fluctuation than if we accounted for all the proprietary positions under the long term investment as before. These are how the accounting standards require. In short, monitoring the changes in net worth and comprehensive income will help shareholders to grasp the overall situation of the Company more easily.

After years of efforts, the Company's business structure is moving towards a more diversified revenue structure. The brokerage and financing business accounted for 70.18% in 2023, which is quite different from 96.32% in 2018. Business diversification helps us achieve more stable growth. When the next headwind comes, we will be able to embrace the challenges better and even to seize the opportunities brought by the headwinds.

## Regarding business development

The average daily trading value of Taiwan stock market in 2023 was NT\$361.7 billion, which includes the total turnover of the Taiwan Stock Exchange and Taipei Exchange, a growth of 17.59% from NT\$307.6 billion in 2022. While the daily value is booming, the brokerage commission and financing spread continue to decline in this market. This brings innovation and reform to the industry and opportunities for innovative companies. Our operating businesses mainly reflect the brokerage fee income of NT\$580 million in 2023, a growth of 6.90% from NT\$542 million in 2022, and the financing interest income at NT\$137 million compared with NT\$172 million in 2022, a decrease of 20.27%. The sum of revenues from brokerage and financing business in 2023 was NT\$717 million which is almost the same as that of NT\$714 million in 2022.

The best competition strategy is to have no competitors. We are trying to find a path to reach that space. At the beginning of 2023, we launched the Good Wallet app, allowing customers to purchase bond + series products online. It also better facilitates account opening, subscription, and contract renewal for customers to enjoy better financial experience with greater ease. Meanwhile, we began to renovate certain branches for the purpose of creating a different financial experience for customers. At the end of the year, we started a sub-brokerage service of the US bonds; the online account opening and segregation were launched in early 2024. At the same time, the Company's information infrastructure, as well as the information security standards, was gradually upgraded. We are building the ideal finance experience step by step. It is like a jigsaw piece. We are piecing together a new financial service experience.

## Regarding capital allocation

Our investment portfolio includes stocks and bonds. At the end of 2022, our proprietary stock position was NT\$4.002 billion, and the bond position was NT\$632 million. In 2023, our investment portfolio generated a total revenue of NT\$1.497 billion for us, of which, NT\$334 million was recorded in income statement, which is the sum of dividends, interest, realized and unrealized gains etc. The good businesses, good companies, and good teams we own are bringing us stable cash flow and helping us to invest more in innovation and the future. I believe that this portfolio has a great opportunity to create good returns for shareholders in the next few years, and the investment in innovation and future will bring continuous benefits to the Company's competitiveness and business.

(The following table shows the market value and original holding cost of proprietary trading positions held at the end of 2023)

Shares	Company	Percentage of ownership in the company	Cost*	2023.12.31 Market value*	Market Value %
1,665,000	TSMC	0.01%	798,364,500	987,345,000	16.7%
8,900,000	Foxconn	0.06%	811,152,540	930,050,000	15.7%
18,520,000	DACIN	6.84%	553,391,700	816,732,000	13.8%
650,000	MediaTek	0.04%	656,531,000	659,750,000	11.2%
86,000	Amazon	0.00%	388,063,138	401,609,327	6.8%
24	Berkshire Hathaway	0.00%	192,398,090	400,261,927	6.8%
	Others		1,664,172,803	1,709,663,538	29.0%
	<b>Total stock portfolio</b>		<b>5,064,073,771</b>	<b>5,905,411,792</b>	<b>100.0%</b>
* The difference between the cost and the market value as of December 31, 2023 is our capital gain, excluding accumulated dividends and realized gains and losses. The sum of these three is our complete investment gains.					

## Future prospect

In 2023, we have just emerged from the U.S.-China conflict, pandemic, the Russia-Ukraine War, and inflation. Being able to coexist with major threats such as war, inflation, and supply chain shift, the global economy and supply chains have been gradually becoming a more resilient economy. The US economy is driving recovery and bringing new opportunities. ChatGPT was launched on November 30, 2022, and has been used by 100 million people two months after its launch. This huge demand triggered increased investments in AI by technology and financial giants worldwide in 2023. With the rapid development related to the AI hardware and software application industry, our investment portfolio, our excellent holdings, TSMC, Foxconn, and MediaTek are in the limelight. No matter to what extent AI's success is, our portfolio will bring us many benefits. In terms of operation, the team is focusing on creating value, creating customers, improving productivity, and operating income will emerge.

**Welcome to attend the shareholders' meeting!**

Welcome all shareholders to attend the annual general meeting of Good Finance Securities. Here you will meet with other business shareholders and the management teams. It is a promise to last for several decades, therefore it will be a long journey for us in which we might go through good years and bad years, smart years and silly years. Notwithstanding, we can have more in-depth interactions at the meeting. I hereby call on all of you to spare a little time to read our letter to shareholders each year and attend the shareholders' meeting to witness the amazing and beautiful journey together.

We will wait for you at the shareholders' meeting.

Ku-Han Huang , Chairman

## 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	Reinvested in Good Finance Securities Investment Consulting Co., Ltd. (formerly known as Ta Ching Securities Investment Consulting Co., Ltd.) was established 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. (Note 1) 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 16th 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	Reinvested in Good Finance PE Co., Ltd. (formerly known as Ta Ching Private Equity Co., Ltd.); on August 17, the shareholders' meeting resolved to change the company name to "GOOD FINANCE SECURITIES CO., LTD."
2022	The Company received authorization to open its Shanghai Office on January 14.
2023	In September, Shizheng Branch started operating officially.

Note 1: Caterpillar Capital Co., Ltd. was renamed Good Financial Technology Co., Ltd. on June 15, 2023; hereinafter "Good FinTech."

(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.

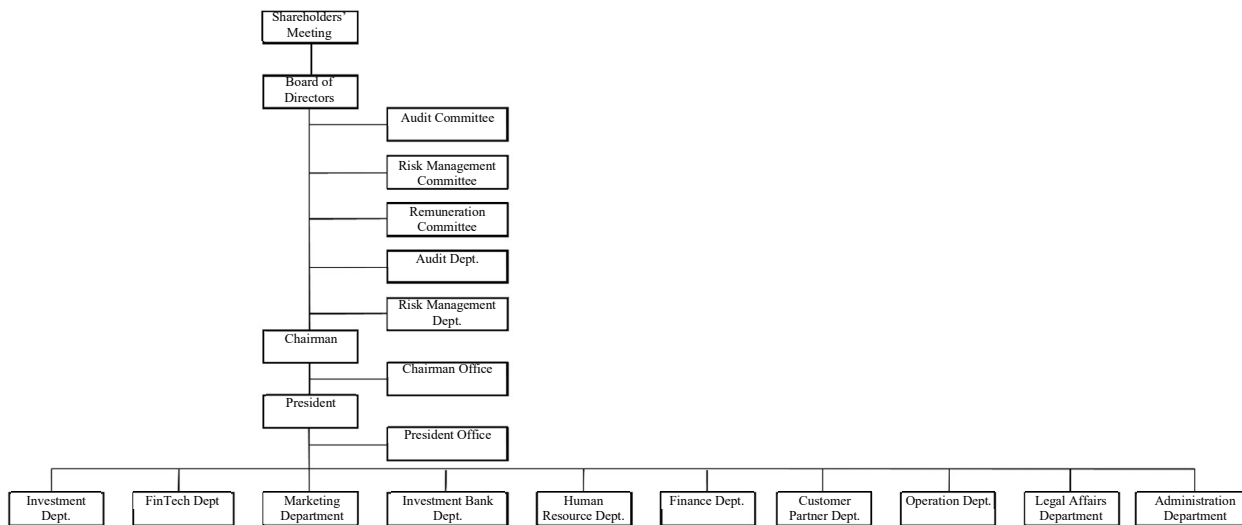
(II) The most recent fiscal year as well as the current fiscal year up to the date of publication of the annual report, major quantity of shares belonging to directors, supervisors, or shareholders holding greater than a 10 percent stake in the company is transferred or otherwise changes hands: a major shareholder, Ku-Han Huang, through Asia Value Capital and Asia Value Cornerstone Capital Co., Ltd., holds the shares of the Company; the two said companies transferred 10,283,000 shares and 15,595,000 shares of the Company to the Company's corporate director, Good Financial Technology Co., Ltd., in December 2023 in an after-hours huge transactions.

(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

### (I) The Organizational Chart is as follows:



Note 1: Customer Partner Dept. is in charge of securities and futures services and branches.

Note 2: Operation Dept. is in charge of back-office settlement business related to securities and futures.

Note 3: The Fintech Products Dept. includes financial products, technology products, and technology and experience businesses.

Note 4: Investment Bank Dept. is in charge of underwriting business.

Note 5: Currently, the Company has 13 sites of operations, namely Taipei Head Office, and Luzhou, Yangmei, Taishan, Kaohsiung, Miaoli, Zhongli, Keelung, Tainan, Taichung, Zhonghe, Fullsun, and Shizheng Branches.

### (II) Business operations of key departments

By department	Operations
Chairman Office	Responsible for the annual business plan and business performance evaluation, and through insight report on market, competition and business results, plan the mid-term/long-term development.
President Office	Responsible for the management and supervision of subsidiaries, and the planning and management of the headquarters and branches.
Audit Dept.	Review and evaluate the adequacy of internal control system, ensure the Company's operation compliant with policies and laws, as well as the mission of the Company, while supporting innovation, 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.
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 including derivatives.
FinTech Dept	Plan the Company's overall product development strategies, responsible for developing and promoting various financial products and technological products. Responsible for the digitization of financial products, computerization of work processes, and planning and implementation of information security, including the operation and maintenance of software and hardware systems, data analysis and monitoring, planning and management of technology architecture and computer rooms, and other information-related businesses.

	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.
Marketing Department	Responsible for management of the Company's brand and PR identity, marketing management, financial education, 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, AUM operations and customer services.
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, procurement administration 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 Affairs Department	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, corporate governance and sustainable development and related business.
Administration Department	Responsible for the operation of general and secretarial affairs.

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

### (I) 1. Background of Directors

February 29, 2024

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.	Good Financial Technology Co., Ltd. Representative: Ku-Han Huang	Male 41-50	May 24, 2023	3 years	November 9, 2018 November 9, 2018	114,670,000	36.84%	137,928,000	44.23%	-	-	None	None	Department of Japanese Language and Culture, Fu Jen Catholic University Deputy Manager, Yuanta Securities Director, CTBC Hong Kong	Chairman, Asia Value Cornerstone Capital Co., Ltd. Chairman, Infinite Bliss Financial Technology Co., Ltd. Chairman, Asia Value Capital Co., Ltd. Chairman, Good Financial Technology Co., Ltd. Chairman, Shanghai Kuhan Investment Management Ltd. Chairman, Asia Value Capital Co., Ltd. (Cayman Islands); Chairman, Asia Value Capital (Shanghai) Ltd. Chairman, Asia Value Capital (Hangzhou) Ltd. Chairman, Aman Co., Ltd. Chairman, Innovation Universe Co., Ltd. Chairman, Good Innovation Co., Ltd. Chairman, Software Innovation Co., Ltd.	None	None	None	
Vice chairperson	R.O.C.	Ming-Li Chuang	Female 61-70	May 24, 2023	3 years	May 29, 2018	8,992,202	2.89%	8,992,202	2.88%	0	0.00%	None	None	Master in Political Science, Chinese Culture University Chairman, Good Finance Securities Co., Ltd.	Chairman, Cheer Time Enterprise Co. Ltd. Director, Ta Ching Construction Co., Ltd. Chairman, Ta Chun Development and Construction Co., Ltd. Supervisor, Hsin Ching Construction Co., Ltd. Director, Medigen Biotechnology Corp. 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	May 24, 2023	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.	Good Financial Technology Co., Ltd. Representative: Yang-Juh Lai	Male 61-70	May 24, 2023	3 years	November 9, 2018 May 24, 2023	114,670,000 0	36.84% 0%	137,928,000 0	44.23% 0%	- 0	- 0.00%	None None	None None	Master, Institute of Electrical Engineering, National Cheng Kung University Head of Internet Technology Team, Information and Communication Institute, ITRI	Chairman & President, Hyweb Technology Co., Ltd. Chairman of Beijing Hyweb Software Co., Ltd. Director of Hyweb Global Technology Co., Ltd. Chairman, Hyweb Knowledge Co., Ltd. Chairman, Hyweb Information Co., Ltd. Director of Yotta Technology Co., Ltd. Chairman, Eculture Company Limited Chairman, FunGii Publishing Co., Ltd. Executive Director of Taiwan Digital Publishing Forum Director of Hyweb Knowledge (Hong Kong) Limited	None	None	None	
Director	R.O.C.	Good Financial Technology Co., Ltd. Representative: Wei-Chung Lee	Male 51-60	May 24, 2023	3 years	November 9, 2018 May 24, 2023	114,670,000 0	36.84% 0%	137,928,000 0	44.23% 0%	- 0	- 0.00%	None None	None None	Department of Electrical Engineering, Tahua Junior College of Technology (major in electronics and communications) M.S. in Electrical and Electronic Engineering, California State University, Long Beach (CSULB), USA Vice President of R&D Department, Trend Micro Inc.	Chairman, Weijun Investment Co., Ltd. Supervisor, Mobile Action Technology Inc. Director, Rongmao Investment Corporation	None	None	None	
Director	R.O.C.	Good Financial Technology Co., Ltd. Representative: Min-Daou Gu	Male 41-50	May 24, 2023	3 years	November 9, 2018 May 24, 2023	114,670,000 0	36.84% 0%	137,928,000 0	44.23% 0%	- 0	- 0.00%	None None	None None	M.S. in Computer Engineering, Cornell University, USA MBA, University of California, Los Angeles, USA Senior Consultant, HP Technology Solutions Senior Product Manager, ArcSoft Senior Product Manager, New Products and Strategy, Baidu Research Institute, USA Senior Product Manager, Criteo	Global Product Director, AI and Advertising Products, LinkedIn, Microsoft	None	None	None	
Director	R.O.C.	Good Financial Technology Co., Ltd. Representative: Hsun-Chin Peng	Male 31-40	May 24, 2023	3 years	November 9, 2018 November 9, 2018	114,670,000 0	36.84% 0%	137,928,000 0	44.23% 0%	- 0	- 0.00%	None None	None None	Bachelor, Department of Biology and Public Health of Duke University Business Planner and Analyst, Citibank Founder of TEDxTaipei	Director, Bar Koo Investment Corporation Chairman, Mei Hau Yu Jing Investment Co., Ltd. Chairman, Cheng Yu Sheng Investment Co., Ltd. Director of Pei Xi Enterprise Co., Ltd. Chairman, Good Land Co., Ltd. Director of Suzhou Wangjing Hotel Management Co., Ltd.	None	None	None	

<b>Director</b>	R.O.C.	Good Financial Technology Co., Ltd. Representative: Wei-Jen Lee	Male 31-40	May 24, 2023 (Note 1)	3 years	November 9, 2018 June 19, 2020 (Note 2)	114,670,000 0	36.84% 0%	137,928,000 0	44.23% 0%	- 0	- 0.00%	None None	None None	Bachelor, Department of Accounting of National Taiwan University Master in Accounting Information, University of Texas at Dallas Auditor of EY Taiwan Independent Director, Hyweb Technology Co., Ltd.	CPA of Wei Li CPA Firm Chairman, Kuan Yu Co. Ltd. Chairman, Clean Solution Lifescience Technology Ltd. Supervisor of Hua Chiang Medical Co., Ltd.	None	None	None	
<b>Independent Director</b>	R.O.C.	Keng-Chou Lin	Male 61-70	May 24, 2023	3 years	May 24, 2023	0	0.00%	0	0.00%	0	0.00%	None	None	PhD in Accounting, National Chengchi University CPA, KPMG Supervisor, ASEC International Corporation Director, Posiflex Technology, Inc.	CPA of Kuang Ho Accounting Firm Chairman, Hsing Chou Investment Co., Ltd. Independent Director, Answer Technology Co., Ltd. Independent Director, Kingland Property Co., Ltd.	None	None	None	
<b>Independent Director</b>	R.O.C.	Ching-Hsiu Chen	Male 61-70	May 24, 2023	3 years	May 24, 2023	0	0.00%	0	0.00%	0	0.00%	None	None	Doctorate Program of Law, Institute of Law, National Taiwan University Chairman, Law and Regulation Commission, Taipei City Government Partner, Chen Shyuu & Pun Law Offices Adjunct Associate Professor, Department of Accounting, Soochow University Deputy Secretary General, Taiwan Administrative Law Association Independent Director, Hua Nan Financial Holdings Co., Ltd. (2010.07.01~2019.06.30)	Professor, Department of Law, Soochow University Director, Taiwan Administrative Law Association Director, Chinese Tax Research Center Director, Weng Yuan-Chang Foundation	None	None	None	
<b>Independent Director</b>	R.O.C.	Li-Yi Cheng	Female 41-50	May 24, 2023	3 years	May 24, 2023	0	0.00%	0	0.00%	0	0.00%	None	None	B.S. in International Business, National Taiwan University MBA, University of Washington Associate Marketing Director, Johnson & Johnson China Chief Brand Officer, Royal FrieslandCampina China Chief Marketing Officer, Nutricia Early Life Nutrition Management (Shanghai) Co., Ltd.	Director of Marketing, Abbott Laboratories Services Corp. Taiwan Branch(U.S.A.)	None	None	None	

Note 1: The former representative of Good Financial Technology Co., Ltd. was Yang Dun-Hsi, and Wei-Jen Lee was reappointed as the representative on July 6, 2023.

Note 2: Wei-Jen Lee served as the independent director of the Company (with the office from June 19, 2020 to May 23, 2023), and became a director of the Company on July 6, 2023.

**2. Major shareholders of institutional shareholders**

February 29, 2024

Name of corporate shareholder	Major shareholders of institutional shareholders
Good Financial Technology Co., Ltd. (44.23%)	Good Finance 1 Industry Co., Ltd. (100.00%)

**3. If the major shareholder of a corporate shareholder is a corporate, the major shareholder:**

February 29, 2024

Name of corporate	Major shareholders of institutional shareholders
Good Finance 1 Industry Co., Ltd.	Asia Value Capital Co., Ltd. (100%)

#### 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 other public companies in which the independent director concurrently serve as an independent director.
Ku-Han Huang	<ol style="list-style-type: none"> <li>1. Possessed the work experience required for the Company's business operations such as finance, investment, and management.</li> <li>2. Not in circumstances described in Article 30 of the Company Act and subparagraphs, Article 53 of the Securities and Exchange Act.</li> </ol>	-	0
Ming-Li Chuang	<ol style="list-style-type: none"> <li>1. Possessed the work experience required for the Company's business operations such as finance, industrial experience, and management.</li> <li>2. Not in circumstances described in Article 30 of the Company Act and subparagraphs, Article 53 of the Securities and Exchange Act.</li> </ol>	-	0
Fu-Liang Wan	<ol style="list-style-type: none"> <li>1. Possessed the work experience required for the Company's business operations such as expertise in securities and management.</li> <li>2. Not in circumstances described in Article 30 of the Company Act and subparagraphs, Article 53 of the Securities and Exchange Act.</li> </ol>	-	0
Yang-Juh Lai	<ol style="list-style-type: none"> <li>1. Possessed the work experience required for the Company's business operations such as industrial experience, management and information technology.</li> <li>2. Not in circumstances described in Article 30 of the Company Act and subparagraphs, Article 53 of the Securities and Exchange Act.</li> </ol>	-	0
Wei-Chung Lee	<ol style="list-style-type: none"> <li>1. Possessed the work experience required for the Company's business operations such as management and information technology.</li> <li>2. Not in circumstances described in Article 30 of the Company Act and subparagraphs, Article 53 of the Securities and Exchange Act.</li> </ol>	-	0
Min-Daou Gu	<ol style="list-style-type: none"> <li>1. Possessed the work experience required for the Company's business operations such as management and information technology.</li> <li>2. Not in circumstances described in Article 30 of the Company Act and subparagraphs, Article 53 of the Securities and Exchange Act.</li> </ol>	-	0
Hsun-Chin Peng	<ol style="list-style-type: none"> <li>1. Possessed the work experience required for the Company's business operations such as finance, investment, industrial experience, and management.</li> <li>2. Not in circumstances described in Article 30 of the Company Act and subparagraphs, Article 53 of the Securities and Exchange Act.</li> </ol>	-	0
Wei-Jen Lee	<ol style="list-style-type: none"> <li>1. Possessed the work experience required for the Company's business operations such as finance, accounting, and management.</li> <li>2. Not in circumstances described in Article 30 of the Company Act and subparagraphs, Article 53 of the Securities and Exchange Act.</li> </ol>	-	0
Keng-Chou Lin	<ol style="list-style-type: none"> <li>1. A member of the Company's Audit Committee. He used to be a director of Posiflex Technology, Inc., and is currently a CPA of Kuang Ho Accounting Firm, the Chairman of Sin Chou Investment Co., Ltd., an Independent Director of Answer Technology Co., Ltd., Independent directors of Kingland Property Co., Ltd., possessing the work experience in finance, accounting, investment, business management required by the Company's business.</li> <li>2. Not in circumstances described in Article 30 of the Company Act and subparagraphs, Article 53 of the Securities and Exchange Act.</li> </ol>	<ol style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>3. The individual is not a director, supervisor, or employee of a company that has special relations with the Company.</li> <li>4. The individual has not provided business, legal, financial, or accounting services to the Company or its affiliates in the last two years.</li> </ol>	2



Qualifications Name	Professional qualifications and experience	Independence	Number of other public companies in which the independent director concurrently serve as an independent director.
Ching-Hsiu Chen	<ol style="list-style-type: none"> <li>1. A member of the Company's Audit Committee. He used to be a partner lawyer of Chen Shyuu &amp; Pun Law Offices, an independent director of Hua Nan Financial Holding Co., Ltd., and currently serves as a full-time professor at the Department of Law, Soochow University, possessing work experience, in law and business management required by the Company's business.</li> <li>2. Not in circumstances described in Article 30 of the Company Act and subparagraphs, Article 53 of the Securities and Exchange Act.</li> </ol>	<ol style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>3. The individual is not a director, supervisor, or employee of a company that has special relations with the Company.</li> <li>4. The individual has not provided business, legal, financial, or accounting services to the Company or its affiliates in the last two years.</li> </ol>	0
Li-Yi Cheng	<ol style="list-style-type: none"> <li>1. Member of the Audit Committee; he used to be the Brand Director of FrieslandCampina China Co., Ltd., and the Chief Marketing Officer, Nutricia Early Life Nutrition Management (Shanghai) Co., Ltd. and currently serves as the Director of Marketing, Abbott Laboratories Services Corp. Taiwan Branch(U.S.A.); possessing the work experience in marketing and business management required by the Company's business.</li> <li>2. Not in circumstances described in Article 30 of the Company Act and subparagraphs, Article 53 of the Securities and Exchange Act.</li> </ol>	<ol style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>3. The individual is not a director, supervisor, or employee of a company that has special relations with the Company.</li> <li>4. The individual has not provided business, legal, financial, or accounting services to the Company or its affiliates in the last two years.</li> </ol>	0

(2) Diversity and independence of the Directors:

- A. Diversity of the Directors: Pursuant to 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	Required Abilities of the Board of Directors													
		Gender	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	Decision making	Knowledge and ability for risk management
			Under 40	41-50	51-60	61-70									
Ku-Han Huang	Finance, investment, business management	Male		✓			✓	✓	✓	✓	✓	✓	✓	✓	✓
Ming-Li Chuang	Finance, industry experience, business management	Female				✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Fu-Liang Wan	Securities expertise, business management	Male				✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Yang-Juh Lai	Industrial experience, business	Male				✓	✓		✓	✓		✓	✓	✓	✓

	management, information technology														
Wei-Chung Lee	Business management, information technology	Male			✓		✓		✓	✓		✓	✓	✓	✓
Min-Daou Gu	Business management, information technology	Male		✓			✓		✓	✓		✓	✓	✓	✓
Hsun-Chin Peng	Finance, investment, industry experience, business management	Male	✓				✓	✓	✓	✓	✓	✓	✓	✓	✓
Wei-Jen Lee	Finance, Accounting, Business Management	Male	✓				✓	✓	✓	✓		✓	✓	✓	✓
Keng-Chou Lin	Finance, Accounting, Investment, Business Management	Male				✓	✓	✓	✓	✓		✓	✓	✓	✓
Ching-Hsiu Chen	Law and management administration.	Male				✓	✓		✓	✓		✓	✓	✓	✓
Li-Yi Cheng	Marketing and management administration.	Female		✓			✓		✓	✓		✓	✓	✓	✓

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	The Company has 3 Independent Directors, which meets the criteria in Article 14-2 of the Securities and Exchange Act with 3/11 of the Directors (not less than 1/5 of the total number of Directors).
2. Compliance with Article 26-3, Paragraph 3 of 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: I. A spousal relationship. II. A familial relationship within the second degree of kinship.	Such relationship do not exist.
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.	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.

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

February 29, 2024

Job Title	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	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	0.00%	0	0.00%	None	None	Department of Economics, National Taiwan University Assistant Vice President, Brokerage Dept. of Good Finance Securities	None	None	None	None
Chairman Office Senior Vice President	R.O.C.	Hui-Sheng Tsao	Male	January 9, 2019	345,000	0.11%	0	0.00%	None	None	Department of Computer Science and Information Engineering, Tamkang University Vice President, Citibank International Finance Dept.	None	None	None	None
Chairman Office 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 Independent Director, Cheer Time Enterprise Co. Ltd. Director, TOPLUS GLOBAL CO., LTD. Supervisor, Vision Living CO., LTD. Supervisor, Sheng Feng Capital 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
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.	None	None	None
Chairman Office Vice President	R.O.C.	Shih-Hsuan Huang	Male	April 29, 2021	0	0.00%	594,000	0.19%	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 and President, 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%	800,000	0.26%	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
FinTech Dept Vice President	R.O.C.	Yu-De Shen	Male	July 15, 2020	49,000	0.02%	70,000	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
FinTech Dept Vice President	R.O.C.	Pei-Chi Hung	Female	July 1, 2021	0	0.00%	0	0.00%	None	None	Graduate Institute of Law, National Chenchi University Executive Director, J.P. Morgan Asset Management	Product Manager, Good Finance PE Co., Ltd.	None	None	None
Finance Dept. Vice President	R.O.C.	Yi-bai Chen	Male	April 6, 2023	0	0.00%	0	0.00%	None	None	MBA, Carnegie Mellon University Strategic financial partner of Paypal CFO, Mastercard China	None	None	None	None
Legal Affairs Department Vice President	R.O.C.	Wei-Chun Lin	Male	January 1, 2024	0	0.00%	0	0.00%	None	None	Juridical Division, Department of Law, National Chung Hsing University Assistant Vice President of Legal Compliance Department, O-Bank Vice President, Legal Department, HSBC	Director, Uniforce Technology Corporation	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
Customer Partner Dept. Assistant Vice President	R.O.C.	Hsi-Jung Kuo	Male	April 1, 2023	5,000	0.00%	0	0.00%	None	None	Bachelor, Department of Money and Banking, National Chengchi University Branch Manager, Dashin Securities Branch Manager, IBF Securities Co., Ltd.	None	None	None	None
Investment Dept. Manager	R.O.C.	Ching-Yao Huang	Male	August 1, 2022	124,000	0.04%	25,000	0.01%	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.	Tzu-Ying Wu	Female	December 20, 2019	5,855	0.00%	31,174	0.01%	None	None	Bachelor, Department of Accounting of National Taiwan University Assistant Vice President, PwC Taiwan	None	None	None	None

Finance Dept. Manager	R.O.C.	Lin Kuo	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, Taipei City Life Exploration and Education Foundation Director, Good Finance PE Co., Ltd.	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
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, Department of 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
Head of Futures Brokerage Trading	R.O.C.	Chi-Hsun Yang	Male	January 1, 2024	0	0.00%	0	0.00%	None	None	Bachelor, Department of Economics, Fu Jen Catholic University Financial Consultant and Supervisor, XRIDER INDUSTRIAL CO., LTD. Managing Director, Investment Management Department, China Bridge Capital Sales Manager of Branch, Branch and Investment Group, Citigroup Relationship Manager, HSBC	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
Fullsun Branch Manager	R.O.C.	Cong-Chi Yang	Male	April 1, 2023	0	0.00%	0	0.00%	None	None	Department of Industrial Management, Lunghwa Junior College of Engineering Management Department, CHINA RYODEN COMPANY LTD. PW Securities Co., Ltd.	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	10,000	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%	18,000	0.01%	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
Shizheng Branch Manager	R.O.C.	Tun-Hsi Yang	Male	July 1, 2021	0	0.00%	300,000	0.10%	3,665,000	1.18%	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
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, Hiina International Co., Ltd.	None	None	None
Zhonghe Branch Manager	R.O.C.	Wei-Chin Huang	Male	November 6, 2023	0	0.00%	0	0.00%	None	None	Bachelor, Department of Financial Management, Mingchuan College of Management General Manager of Sales, Southern China, Asia Value Capital; General Manager for Taiwanese Companies, Shenzhen Branch, Fubon Bank (China)	None	None	None	None

Note: From January 1, 2023 to February 29, 2024, the changes of vice presidents and heads of each departments and branches are described as follows: Senior Vice President of Customer Partnership, Li, Yi-Yuan (retired on March 31, 2023); Manager, Brand Dept Bo-Xiang Kuo (reappointed on April 1, 2023); Manager, Finance Department, Jia-Lin Yu (resigned on May 31, 2023); Manager of Zhonghe Branch, Chien-An Chen (reappointed on November 6, 2023); Senior Vice President, FinTech Products Dept, Tzu-Wei Shih (resigned on December 28, 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:

#### (I) Remuneration of Directors (including Independent Directors)

Unit: NTS thousand; %

Position	Name	Remuneration to directors								Sum of A, B, C, and D and its 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, or parent company
		Reward (A)		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 included in the consolidated statements	The Company	All companies included in the consolidated statements	The Company	All companies included in the consolidated statements	The Company	All companies included in the consolidated statements	The Company	All companies included in the consolidated statements	The Company	All companies included in the consolidated statements	The Company	All companies included in the consolidated statements	The Company		All companies included in the consolidated statements		The Company	All companies included in the consolidated statements					
																Amount of Cash	Amount of Stock	Amount of Cash	Amount of Stock							
Chairman	Ku-Han Huang (1/1/2023-5/23/2023)	1,519	1,519	0	0	34	34	35	35	1,587	1.50%	1,587	1.50%	0	0	0	0	0	0	0	0	1,587	1.50%	1,587	1.50%	None
Chairman	Good Financial Technology Co., Ltd. Representative: Ku-Han Huang (5/24/2023-12/31/2023)	2,273	2,273	0	0	57	57	50	50	2,379	2.24%	2,379	2.24%	0	0	0	0	0	0	0	0	2,379	2.24%	2,379	2.24%	None
Vice chairperson	Ming-Li Chuang (1/1/2023-12/31/2023)	220	220	0	0	87	87	65	65	372	0.35%	372	0.35%	0	0	0	0	0	0	0	0	372	0.35%	372	0.35%	None
Independent Director	Jung-Yuan Ho (1/1/2023-5/23/2023)	238	238	0	0	34	34	45	45	317	0.30%	317	0.30%	0	0	0	0	0	0	0	0	317	0.30%	317	0.30%	None
Independent Director	Te-Wei Huang (1/1/2023-5/23/2023)	238	238	0	0	34	34	65	65	337	0.32%	337	0.32%	0	0	0	0	0	0	0	0	337	0.32%	337	0.32%	None
Independent director	Wei-Jen Lee (1/1/2023-5/23/2023)	238	238	0	0	34	34	70	70	342	0.32%	342	0.32%	0	0	0	0	0	0	0	0	342	0.32%	342	0.32%	None
Independent Director	Keng-Chou Lin (5/24/2023-12/31/2023)	312	312	0	0	53	53	85	85	449	0.42%	449	0.42%	0	0	0	0	0	0	0	0	449	0.42%	449	0.42%	None
Independent Director	Ching-Hsiu Chen (5/24/2023-12/31/2023)	312	312	0	0	53	53	75	75	439	0.41%	439	0.41%	0	0	0	0	0	0	0	0	439	0.41%	439	0.41%	None
Independent Director	Li-Yi Cheng (5/24/2023-12/31/2023)	312	312	0	0	53	53	70	70	434	0.41%	434	0.41%	0	0	0	0	0	0	0	0	434	0.41%	434	0.41%	None
Director	Fu-Liang Wan (1/1/2023-12/31/2023)	220	220	0	0	87	87	65	65	372	0.35%	372	0.35%	2,247	2,247	0	0	18	0	18	0	2,637	2.48%	2,637	2.48%	None
Director	Good Financial Technology Co., Ltd. Representative: Shen-Chun Lo (1/1/2023-5/23/2023)	95	95	0	0	36	36	30	30	162	0.15%	162	0.15%	911	911	43	43	18	0	18	0	1,134	1.07%	1,134	1.07%	None

Director	Good Financial Technology Co., Ltd. Representative: Cheng-Yao Gu (1/1/2023-5/23/2023)	95	95	0	0	36	36	25	25	157	0.15%	157	0.15%	0	0	0	0	0	0	0	0	157	0.15%	157	0.15%	None
Director	Good Financial Technology Co., Ltd. Representative: Yu-De Shen (1/1/2023-5/23/2023)	95	95	0	0	36	36	25	25	157	0.15%	157	0.15%	1,107	1,107	43	43	18	0	18	0	1,325	1.25%	1,325	1.25%	None
Director	Good Financial Technology Co., Ltd. Representative: Hsun-Chin Peng (1/1/2023-12/31/2023)	220	220	0	0	93	93	75	75	388	0.37%	388	0.37%	0	0	0	0	0	0	0	0	388	0.37%	388	0.37%	None
Director	Good Financial Technology Co., Ltd. Representative: Wei-Chung Lee (5/24/2023-12/31/2023)	125	125	0	0	57	57	35	35	216	0.20%	216	0.20%	0	0	0	0	0	0	0	0	216	0.20%	216	0.20%	None
Director	Good Financial Technology Co., Ltd. Representative: Tun-Hsi Yang, (5/24/2023-7/5/2023)	28	28	0	0	11	11	10	10	49	0.05%	49	0.05%	244	244	13	13	18	0	18	0	324	0.31%	324	0.31%	None
Director	Good Financial Technology Co., Ltd. Representative: Wei-Jen Lee (7/6/2023-12/31/2023)	97	97	0	0	46	46	40	40	182	0.17%	182	0.17%	0	0	0	0	0	0	0	0	186	0.17%	186	0.17%	None
Director	Good Financial Technology Co., Ltd. Representative: Yang-Juh Lai (5/24/2023-12/31/2023)	125	125	0	0	57	57	35	35	216	0.20%	216	0.20%	0	0	0	0	0	0	0	0	216	0.20%	216	0.20%	None
Director	Good Financial Technology Co., Ltd. Representative: Min-Daou Gu (5/24/2023-12/31/2023)	125	125	0	0	57	57	30	30	211	0.20%	211	0.20%	0	0	0	0	0	0	0	0	211	0.20%	211	0.20%	None

Note 1: Remuneration to directors is a proposed amount.

Note 2: The Company's remuneration policy for Independent Directors is processed in accordance with the Company's Regulations for Payment of Remuneration to Directors and Members of Functional Committees: (1) Independent Directors receive a salary of NT\$50,000 per month starting, and transportation allowance of NT\$5,000 for attending a board meeting; 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) Only the transportation allowance and fixed compensation were paid in 2023.

Note 3: 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): NT\$581 thousand.



## (II) Remuneration to President and Vice Presidents

Unit: NT\$ thousand; %

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, or parent company
		The Company	All companies included in the consolidated statements	The Company	All companies included in the consolidated statements	The Company	All companies included in the consolidated statements	The Company		All companies included in the consolidated statements		The Company		All companies included in the consolidated statements		
								Amount of Cash	Amount of Stock	Amount of Cash	Amount of Stock					
President	Ta-Hsiu Chuang	38,223	38,223	1,052	1,052	5,897	5,897	238	0	238	0	42.78%	42.78%	42.78%	42.78%	None
Senior Vice President	Huei-Cheng Shen															
Senior Vice President	Fu-Liang Wan															
Senior Vice President	Hsueh-Li Yu															
Senior Vice President	Hui-Sheng Tsao															
Senior Vice President	Tzu-Wei Shih (Note 2)															
Vice President	Yu-De Shen															
Vice President	Pei-Chi Hung															
Vice President	Yi-bai Chen (Note 3)															
Vice President	Hsiu-Chu Chen															
Vice President	Shih-Hsuan Huang															
Vice President	Tun-Hsi Yang															
Vice President	Yu-Ling Lung															
Vice President	Shen-Chun Lo															

Note 1: The remuneration paid to the President's driver was NT\$664 thousand in 2023.

Note 2: Dismissed on December 28, 2023.

Note 3: Took office on April 6, 2023.

Note 4: Employee remuneration is a proposed amount.

Note 5: The basis of compensation disclosed above is different according to the basis of the Income Tax Act; hence the above table has been prepared solely for information disclosure, and not for tax purpose.

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	Hsiu-Chu Chen
2,000,000 (inclusive) to 3,500,000 (exclusive)	Ta-Hsiu Chuang, Huei-Cheng Shen, Fu-Liang Wan, Hui-Sheng Tsao Tun-Hsi Yang, Yu-Ling Lung, Shen-Chun Lo	Ta-Hsiu Chuang, Huei-Cheng Shen, Fu-Liang Wan, Hui-Sheng Tsao Tun-Hsi Yang, Yu-Ling Lung, Shen-Chun Lo
3,500,000 (inclusive) to 5,000,000 (exclusive)	Yu Hsueh-Li, Shih Tzu-Wei, Yu-De Shen, Pei-Chi Hung, Yi-bai Chen, Huang Shih-Hsuan	Yu Hsueh-Li, Shih Tzu-Wei, Yu-De Shen, Pei-Chi Hung, Yi-bai Chen, Huang Shih-Hsuan
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

Note: The basis of compensation disclosed above is different according to the basis of the Income Tax Act; hence the above table has been prepared solely for information disclosure, and not for tax purpose.

**(III) Names of managers receiving employee remuneration, and state of distribution**

The Board of Directors resolved on March 7, 2024 to distribute the remuneration to employees totaling NT\$952,496. 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:

Unit: NT\$

	Position	Name	Amount of Stock	Amount of Cash	Total	The sum as percentage of net income (%)
Manager	President	Ta-Hsiu Chuang	None	NT\$622,786	NT\$622,786	0.59%
	Senior Vice President	Hui-Sheng Tsao				
	Senior Vice President	Huei-Cheng Shen				
	Senior Vice President	Fu-Liang Wan				
	Senior Vice President	Yu Hsueh-Li				
	Vice President	Wei-Chun Lin				
	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	Pei-Chi Hung				
	Vice President	Yi-bai Chen				
	Assistant Vice President	Kuo Hsi-Jung				
	Assistant Vice President	Wan-Chi Fang				
	Manager	Tzu-Ying Wu				
	Manager	Lin Kuo				
	Manager	Ching-Wen Hung				

	Manager	Chien-Jen Cheng				
	Manager	Ching-Yao Huang				
	Futures Clearing and Settlement Supervisor	Ming-Chu Fan				
	Head of Futures Brokerage Trading	Chi-Hsun Yang				
	Branch Manager	Meng-Fan Wu				
	Branch Manager	Chia-Yen Chuang				
	Branch Manager	Hsia-Ping Chen				
	Branch Manager	Yu-Feng Liu				
	Branch Manager	Wei-Chin Huang				
	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				
	Branch Manager	Cong-Chi Yang				
	Branch Manager	Tun-Hsi Yang				

**(IV) Separately compare and describe total remuneration, as a percentage of net income stated in the parent company only financial reports or individual financial reports, as paid by this company and by each other company included in the consolidated financial statements during the past 2 fiscal years to directors, supervisors, general managers, and assistant general managers, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure.**

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	2022	2023
Director	21.96%	8.26%
President and Vice Presidents	81.06%	42.78%

Note: The Company established Audit Committee in 2016 and, therefore, no supervisors were appointed.

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 resolved by the Board of Directors was NT\$952,496 and NT\$952,496, respectively, in 2023.

#### IV. Corporate Governance Operations

##### (I) Operations of the Board of Directors:

##### 1. Information about operations of the Board of Directors in 2023

The re-election of the 18th Board of Directors (including independent directors) was held at the regular shareholders' meeting on May 24, 2023. The term of office of the directors is from May 24, 2023 to May 23, 2026. A total of 10 (A) board meetings were held in 2023, including 3 meetings for the 17th Board of Directors and 7 meetings for the 18th Board of Directors. The attendance of the former and new directors are as follows:

Term	Position	Name	Actual attendance (in non-voting capacity (times) (B)	Attendance by proxy (times)	Actual attendance rate (B/A) (%)	Remarks
17th Term	Chairman	Ku-Han Huang	3	0	100%	
	Vice chairperson	Ming-Li Chuang	3	0	100%	
	Director	Fu-Liang Wan	3	0	100%	
	Director	Good Financial Technology Co., Ltd. Representative: Cheng-Yao Gu	2	1	67%	
	Director	Good Financial Technology Co., Ltd. Representative: Hsun-Chin Peng	3	0	100%	
	Director	Good Financial Technology Co., Ltd. Representative: Yu-De Shen	2	1	67%	
	Director	Good Financial Technology Co., Ltd. Representative: Shen-Chun Lo	3	0	100%	
	Independent Director	Wei-Jen Lee	2	1	67%	
	Independent Director	Jung-Yuan Ho	2	0	67%	
	Independent Director	Te-Wei Huang	3	0	100%	
18th Term	Chairman	Good Financial Technology Co., Ltd. Representative: Ku-Han Huang	7	0	100%	
	Vice chairperson	Ming-Li Chuang	7	0	100%	
	Director	Fu-Liang Wan	7	0	100%	
	Director	Good Financial Technology Co., Ltd. Representative: Hsun-Chin Peng	7	0	100%	
	Director	Good Financial Technology Co., Ltd. Representative: Yang-Juh Lai	7	0	100%	
	Director	Good Financial Technology Co., Ltd. Representative: Wei-Chung Lee	7	0	100%	

Director	Good Financial Technology Co., Ltd. Representative: Min-Daou Gu	6	0	86%	
Director	Good Financial Technology Co., Ltd. Representative: Tun-Hsi Yang	2	0	100%	Discharged on July 6, 2023
Director	Good Financial Technology Co., Ltd. Representative: Wei-Jen Lee	5	0	100%	Took office on July 6, 2023
Independent Director	Keng-Chou Lin	7	0	100%	
Independent Director	Ching-Hsiu Chen	7	0	100%	
Independent Director	Li-Yi Cheng	6	1	86%	

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) Matters listed in Article 14-3 of the Securities and Exchange Act: The Company has established an Audit Committee, so it is not applicable.
- (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) Proposal No. 14, the 19th meeting of the 17th Board of Directors on March 7, 2023: Amendment to the Company's Articles of Incorporation.  
As Article 30 of the amendment to the Articles of Incorporation excludes directors concurrently serving as managerial officers from the distribution of directors' remuneration, Directors Fu-Liang Wan, Yu-De Shen, and Shen-Chun Lo were stakeholders as they concurrent serve as the managerial officers, and recused themselves from discussion and voting. After the chair consulted with the remaining attending directors, the amendments to Article 30 of the Company's Articles of Incorporation were approved upon revision of wording as discussed.
- (II) Proposal No. 18, the 19th meeting of the 17th Board of Directors on March 7, 2023: Reappointment for the organization adjustment.  
Director Yu-De Shen, as a head of unit under this organization adjustment, was a stakeholder, and recused himself from the discussion and voting. The chair consulted remaining members in attendance and the proposal was passed.
- (III) Proposal No. 2, the 20th meeting of the 17th Board of Directors on April 11, 2023: Review the candidates' qualifications for the election of the 18th Board of Directors (independent directors included)  
Chairman Ku-Han Huang, Vice Chairman Ming-Li Chuang, Director Fu-Liang Wan, and Director Hsun-Chin Peng are candidates for the 18th Board of Directors of the Company and have interests in this motion; the director candidate, Min-Daou Gu is a blood relative within first degree of Director Cheng-Yao Gu and it is deemed to be Director Cheng-Yao Gu had an interest in the motion; Directors Shen-Chun Lo and Yu-De Shen represented the corporate director, Good Financial Technology Co., Ltd., were deemed as stakeholders. The aforementioned directors recused themselves and did not participate in the discussion and voting of this motion. Director, Cheng-Yao Gu, appointed Yu-De Shen as his proxy and abstained from voting. Directors present mutually elected Independent Director, Wei-Jen Lee, as the acting chair, and the proposal was unanimously approved as the acting chair after consulting the other present directors.
- (IV) Motion No. 3 at the 20th meeting of the 17th Board of Directors on April 11, 2023, for the removal of the non-competition restriction on the directors of the 18th term.  
Chairman Ku-Han Huang, Vice Chairman Ming-Li Chuang, and Director Hsun-Chin Peng are candidates for the 18th Board of Directors to be relieved from the non-compete restrictions, and have interests in this proposal; in addition, Directors Cheng-Yao Gu, Shen-Chun Lo, and Yu-De Shen represented the corporate director, Good Financial Technology Co., Ltd. which is a corporate represented by the directors to be relieved from the non-compete restrictions, and thus have interests in this proposal. The aforementioned directors recused themselves and did not participate in the discussion and voting of this motion. Director, Cheng-Yao Gu, appointed Yu-De Shen as his proxy and abstained from voting. Directors present mutually elected Independent Director, Wei-Jen Lee, as the acting chair, and the proposal was unanimously approved as the acting chair after consulting the other present directors.
- (V) Proposal No. 6, 1st meeting, the 18th Board of Directors on June 15, 2023: appointment of the Company's 7th Remuneration Committee members.  
Independent Directors Ching-Hsiu Chen, Keng-Chou Lin and Li-Yi Cheng are nominees for the Remuneration Committee members and recused themselves from discussion and voting as they have conflict of interest in this proposal. The chair consulted remaining members in attendance and the proposal was passed.

- (VI) Proposal No. 7, 1st meeting, the 18th Board of Directors on June 15, 2023: appointment of the Company's 3rd Risk Management Committee members.  
Chairman Ku-Han Huang, Independent Directors Keng-Chou Lin and Director Hsun-Chin Peng are nominees for the Risk Management Committee members and recused themselves from discussion and voting as they have conflict of interest in this proposal. According to Article 208, Paragraph 3 of the Company Act, Vice Chairman, Ming-Li Chuang was appointed to act as the chair. The proposal was approved as the acting chair after consulting the other present directors.
- (VII) Proposal No. 3, 2nd special meeting, the 18th Board of Directors on July 27, 2023: appointment of the Company's 3rd Risk Management Committee members.  
Director Wei-Jen Lee was the nominee of the Risk Management Committee and had conflict of interest, recused himself from the discussion and voting. The chair consulted remaining members in attendance and the proposal was passed.
- (VIII) Proposal No. 1, 3rd special meeting, the 18th Board of Directors on September 21, 2023: Proposal to increase the short-term credit facility and limit for guarantee-free commercial paper for 2023.  
Vice Chairman, Ming-Li Chuang's spouse served as the director of Ta Ching Bills Co., Ltd. and thus had a conflict of interest in this proposal. Vice Chairman, Ming-Li Chuang was deemed as a stakeholder as well and recused himself from the discussion and voting. The chair consulted remaining members in attendance and the proposal was passed.
- (IX) Proposal No. 3, the 3rd special meeting of the 18th Board of Directors on September 21, 2023: The participation of Good Finance 1 Industry Co., Ltd. in subscription of the financing commercial paper of the Company issued through a bills finance company.  
Chairman Ku-Han Huang is the person in charge of Asia Value Capital Co., Ltd., which is the parent company of Good Finance 1 Industry Co., Ltd., and thus has interest in the motion; Directors Yang-Juh Lai, Hsun-Chin Peng, Wei-Jen Lee, and Wei-Chung Lee represent Good Financial Technology Co., Ltd., which is also a reinvestee of Asia Value Capital Co., Ltd., as Good Finance 1 Industry Co., Ltd., and are deemed as stakeholder because the two companies are the controller and subordinate. The aforementioned directors all recused themselves from discussion and voting. According to Article 208, Paragraph 3 of the Company Act, Vice Chairman, Ming-Li Chuang was appointed to act as the chair. The proposal was approved as the acting chair after consulting the other present directors.
- (X) Proposal No. 13, 4th Board meeting, 18th Board of Directors on December 21, 2023: Proposal to engage in trading bonds attached with conditions with "HYWEB TECHNOLOGY CO., LTD." and "HYWEB GLOBAL TECHNOLOGY CO., LTD."  
Chairman, Ku-Han Huang, is a stakeholder to this motion because he is the person in charge of Asia Value Capital Limited (Cayman), which is the manager of Asia Value Fund, a major shareholder of Hyweb Technology Co., Ltd. Director, Yang-chu Lai, is the Chairman of Hyweb Technology Co., Ltd. and Hyweb Global Technology Co., Ltd., also a stakeholder to the motion. Both the said directors recused themselves and did not participate in the discussion and voting of this motion. According to Article 208, Paragraph 3 of the Company Act, Vice Chairman, Ming-Li Chuang was appointed to act as the chair. After the acting chair after consulting the other present directors, the proposal was approved by revising text in description 2 as discussed.
- (XI) Proposal No. 14, 4th Board meeting, 18th Board of Directors on December 21, 2023: Signing a lease contract with "Ta Ching Construction Co., Ltd."  
Vice Chairman, Ming-Li Chuang, as a director of Ta Ching Construction Co., Ltd., had conflict of interest. He recused himself from the discussion and voting. After the chair consulted other attending directors, the proposal was approved as proposed.
- (XII) Proposal No. 19, the 4th meeting of the 18th Board of Directors on December 21, 2023: Proposal of the remuneration to employees for the years 2019, 2020, 2021 and 2022.  
Director Fu-Liang Wan, as a recipient of this remuneration to employees, was a stakeholder, and recused himself from the discussion and voting. The chair consulted remaining members in attendance and the proposal was passed.
- (XIII) Proposal No. 20, 20th meeting of the 18th Board of Directors on December 21, 2023: the 2023 annual performance evaluation on managerial officers.  
Director Fu-Liang Wan, as a managerial officer, was a stakeholder, and recused himself from the discussion and voting. The chair consulted remaining members in attendance and the proposal was passed.
- (XIV) Proposal No. 21, 20th meeting of the 18th Board of Directors on December 21, 2023: the salary adjustment for the managerial officers of the Company.  
Director Fu-Liang Wan, as a managerial officer and subject to the adjustment, was a stakeholder, and recused himself from the discussion and voting. The chair consulted remaining members in attendance and the proposal was passed.
- (XV) Proposal No. 22, the 4 meeting of the 18th Board of Directors on December 21, 2023: the 2023 provision and payment of the year-end performance bonus of the Company.  
Director Fu-Liang Wan, as a recipient of this year-end performance bonus for managerial officers, was a stakeholder, and recused himself from the discussion and voting. The chair consulted remaining members in attendance and the proposal was passed.
- 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 has established the Audit Committee on June 23, 2016. Under the Board of Directors, functional committees such as the Remuneration Committee and the Risk Management Committee were established to strengthen the internal supervision mechanism of corporate governance.
- (II) The Company has designated a corporate governance officer as the highest officer in charge of corporate governance related matters by resolution of the board of directors in accordance with Article 3-1 of the "Corporate Governance Best-Practice Principles for Securities Firms."



- (III). 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.
- (IV). 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, 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.

## 2. Status of the Board of Directors Performance Evaluation

Evaluation Cycle	Evaluation Period	Scope of Evaluation	Method of Evaluation	Contents of Evaluation
Once per year	From January 1, 2023 to December 31, 2023	Board of Directors	Self-evaluation by the Board of Directors	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	Self-evaluation by the directors	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 11 directors in total, over 90% self-evaluation completion rate of 11 directors, which demonstrated that the Directors already performed their required functions in the Board of Directors' operations.

		Audit Committee	Audit Committee's self-evaluation	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	Self-evaluation by the Remuneration Committee	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	Self-evaluation by the Risk Management Committee	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.

## (II) Audit Committee's operations

1. The Company has established the Audit Committee on June 23, 2016 in the regular shareholders' meeting. The Committee members include all three independent directors.
2. The re-election of the 18th Board of Directors (including independent directors) was held at the regular shareholders' meeting on May 24, 2023. The term of office of the 5th Audit Committee members is from May 24, 2023 to May 23, 2026. The Audit Committee held 9 meetings (A) in 2023, including 3 meetings of the 4th term of the Audit Committee and 6 meetings of the 5th term. The attendance of the new and former independent directors is as follows:

Term	Position	Name	Actual presence (times) (B)	Attendance by proxy (times)	Actual attendance rate (B)/(A) %	Remarks
4th Term	Independent Director (Convener)	Wei-Jen Lee	3	0	100%	
	Independent Director	Jung-Yuan Ho	2	0	67%	
	Independent Director	Te-Wei Huang	3	0	100%	
5th Term	Independent Director (Convener)	Keng-Chou Lin	6	0	100%	

	Independent Director	Ching-Hsiu Chen	6	0	100%	
	Independent Director	Li-Yi Cheng	6	0	100%	

**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 treatment to the opinions of the Audit Committee  
(I) Items listed in Article 14-5 of the Securities and Exchange Act:

Date and session of Audit Committee meeting	Contents of Motion	Dissenting opinions, qualified opinions, or major recommendations of independent directors	Resolutions adopted by the Audit Committee	The Company's treatment to the opinions of the Audit Committee
March 7, 2023 19th meeting of the 4th term	The Company's 2022 Business Report is submitted for deliberation.	None	All members in attendance and the proposal was passed and submitted to the Board of Directors for discussions.	It was unanimously approved by all attending directors as proposed.
	The Company's 2022 parent company only and consolidated financial statements are submitted for deliberation.	None	All members in attendance and the proposal was passed and submitted to the Board of Directors for discussions.	It was unanimously approved by all attending directors as proposed.
	The Company's 2022 earnings distribution plan is submitted for deliberation.	None	All members in attendance and the proposal was passed and submitted to the Board of Directors for discussions.	It was unanimously approved by all attending directors as proposed.
	The issuance of the Company's 2022 Declaration of Internal Control System is submitted for deliberation.	None	All members in attendance and the proposal was passed and submitted to the Board of Directors for discussions.	It was unanimously approved by all attending directors as proposed.
	The Company's 2022 Declaration of AML/CFT Internal Control System is submitted for deliberation.	None	All members in attendance and the proposal was passed and submitted to the Board of Directors for discussions.	It was unanimously approved by all attending directors as proposed.
	The amendment of the Company's internal control system is submitted for ratification.	None	All members in attendance and the proposal was passed and submitted to the Board of Directors for discussions.	It was unanimously approved by all attending directors as proposed.
	The proposal for the amendments to the "Operating Procedure for Acquisition or Disposal of Assets" is submitted for deliberation.	None	All members in attendance and the proposal was passed and submitted to the Board of Directors for discussions.	It was unanimously approved by all attending directors as proposed.
	The amendments of the Company's "Organization Charter and "Tiered Responsibility Regulations" are submitted for approval.	None	All members in attendance and the proposal was passed and submitted to the Board of Directors for discussions.	It was unanimously approved by all attending directors as proposed.

April 11, 2023 20th meeting of the 4th term	The amendment of the Company's internal control system is submitted for approval.	None	All members in attendance and the proposal was passed and submitted to the Board of Directors for discussions.	It was unanimously approved by all attending directors as proposed.
	The review for qualification of candidate for the 18th term of Directors (including Independent Directors) is submitted for deliberation.	None	All members in attendance and the proposal was passed and submitted to the Board of Directors for discussions.	Except Chairman Ku-Han Huang, Vice Chairman Ming-Li Chuang, Director Fu-Liang Wan, Director Hsun-Chin Peng, Director Cheng-Yao Gu, Director Shen-Chun Lo and Director Yu-De Shen, who recused themselves, all other directors present agreed to approve the proposal as proposed.
	Proposal to removing the non-competition restriction on the directors of the 18th term, please deliberated.	None	All members in attendance and the proposal was passed and submitted to the Board of Directors for discussions.	Except Chairman Ku-Han Huang, Vice Chairman Ming-Li Chuang, Director Hsun-Chin Peng, Director Cheng-Yao Gu, Director Shen-Chun Lo and Director Yu-De Shen, who recused themselves, all other directors present agreed to approve the proposal as proposed.
April 27, 2023 21st meeting of the 4th term	The Company's Q1 2023 consolidated financial statements are submitted for deliberation.	None	All members in attendance and the proposal was passed and submitted to the Board of Directors for discussions.	It was unanimously approved by all attending directors as proposed.
	The amendment to the Employee Restricted Stock Awards Rules 2022 of the Company is submitted for ratification.	None	All members in attendance and the proposal was passed and submitted to the Board of Directors for discussions.	It was unanimously approved by all attending directors as proposed.
June 15, 2023 1st meeting of the 5th Board	The amendment of the Company's internal control system is submitted for ratification.	None	All members in attendance and the proposal was passed and submitted to the Board of Directors for discussions.	It was unanimously approved by all attending directors as proposed.
	The amendments of the Company's "Organization Charter and "Tiered Responsibility Regulations" are submitted for approval.	None	All members in attendance and the proposal was passed and submitted to the Board of Directors for discussions.	It was unanimously approved by all attending directors as proposed.
July 27, 2023 1st special meeting of the 5th term	The amendments of the Company's "Tiered Responsibility Regulations" are submitted for approval.	None	All members in attendance and the proposal was passed and submitted to the Board of Directors for discussions.	It was unanimously approved by all attending directors as proposed.
August 24, 2023 2nd meeting of the 5th Board	The Company's Business Report for the first half of 2023 is submitted for deliberation.	None	All members in attendance and the proposal was passed and submitted to the Board of Directors for discussions.	It was unanimously approved by all attending directors as proposed.

		The Company's Q2 2023 parent company only financial report audited by the CPAs are submitted for deliberation.	None	All members in attendance and the proposal was passed and submitted to the Board of Directors for discussions.	It was unanimously approved by all attending directors as proposed.
		III. The Company's earnings distribution plan for the first half of 2023, is submitted for deliberation	None	All members in attendance and the proposal was passed and submitted to the Board of Directors for discussions.	It was unanimously approved by all attending directors as proposed.
		Application for starting the service of setting up segregated accounts for securities dealers' settlement accounts, and establishment of the Company's "Principles Governing Management and Operation for the Customers' Retained Payment in Settlement Accounts." Please deliberated.	None	All members in attendance and the proposal was passed and submitted to the Board of Directors for discussions.	It was unanimously approved by all attending directors as proposed.
		The amendment of the Company's internal control system is submitted for ratification.	None	All members in attendance and the proposal was passed and submitted to the Board of Directors for discussions.	It was unanimously approved by all attending directors as proposed.
		The amendments of the Company's "Tiered Responsibility Regulations" are submitted for approval.	None	All members in attendance and the proposal was passed and submitted to the Board of Directors for discussions.	It was unanimously approved by all attending directors as proposed.
		The name list of employees entitled to the 3rd RSAs distribution in 2021 and the proposed number of shares are submitted for deliberation.	None	All members in attendance and the proposal was passed and submitted to the Board of Directors for discussions.	The motion was approved by all other directors present, except for Mr. Min-Daou Gu, who left the meeting early.
	September 21, 2023 2nd special meeting of the 5th Board	Proposal to increase the short-term credit facility and limit for guarantee-free commercial paper for 2023, please deliberate.	None	All members in attendance and the proposal was passed and submitted to the Board of Directors for discussions.	Except for Vice Chairman, Ming-Li Chuang recusing himself due to conflict of interest, all the other attending directors approved the proposal as proposed.
		The participation of Good Finance 1 Industry Co., Ltd. in subscription of the financing commercial paper of the Company issued through a bills finance company, please deliberate.	None	All members in attendance and the proposal was passed and submitted to the Board of Directors for discussions.	Except Chairman Ku-Han Huang, Directors Yang-Juh Lai, Hsun-Chin Peng, Wei-Jen Lee, and Wei-Chung Lee who recused themselves, all other attending directors approved the proposal as proposed.
	November 2, 2023 3rd meeting of the 5th Board	Report on the Company's Q3 2023 parent company only financial report audited by the CPAs, please deliberate.	None	All members in attendance and the proposal was passed and submitted to the Board of Directors for discussions.	The motion was approved by all other directors present, except for Mr. Min-Daou Gu, who left the meeting early.
		The amendment of the Company's internal control system is submitted for ratification.	None	All members in attendance and the proposal was passed and submitted to	The motion was approved by all other directors present, except for Mr.

			the Board of Directors for discussions.	Min-Daou Gu, who left the meeting early.
December 21, 2023 4th meeting of the 5th Board	The proposal for the appointment of the Company's CPAs for 2024 and the evaluation of their independence and suitability is submitted for deliberation.	None	All attending members agreed to approve the proposal upon revision of the text in description 2 as discussed, before submitting to the Board of Directors for discussions.	It was unanimously approved by all attending directors as proposed.
	The proposal for the Company's 2024 internal audit plan is submitted for deliberation.	None	All members in attendance and the proposal was passed and submitted to the Board of Directors for discussions.	It was unanimously approved by all attending directors as proposed.
	The amendment of the Company's internal control system is submitted for ratification.	None	All members in attendance and the proposal was passed and submitted to the Board of Directors for discussions.	It was unanimously approved by all attending directors as proposed.
	Proposal to engage in trading bonds attached with conditions with "HYWEB TECHNOLOGY CO., LTD." and "HYWEB GLOBAL TECHNOLOGY CO., LTD."	None	All members in attendance and the proposal was passed and submitted to the Board of Directors for discussions.	Except Chairman Ku-Han Huang and Director Yang-Juh Lai recusing themselves, the other attending directors agreed to approve the proposal upon the revision of text in Description 2.
	Signing a lease contract with "Ta Ching Construction Co., Ltd." Please deliberate.	None	All attending members agreed to approve the proposal upon revision of the text in description 3 as discussed, before submitting to the Board of Directors for discussions.	Except for Vice Chairman, Ming-Li Chuang recusing himself due to conflict of interest, all the other attending directors approved the proposal as proposed.
	The extension of the period for the issuance of RSA 2022 is submitted for deliberated.	None	All members in attendance and the proposal was passed and submitted to the Board of Directors for discussions.	It was unanimously approved by all attending directors as proposed.

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

II. 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: None

III. 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, and review of the quarterly financial report, the Company's independent auditors would explain the audit results and findings to independent directors at the Audit Committee meeting.

(II) Summary of communication between independent directors and chief internal auditor:

Date and session of Audit Committee meeting	Contents of Communication	Results
March 7, 2023 19th meeting of the 4th term	1. Routine audit reports. 2. Issuance of the Company's 2022 Declaration of Internal Control System. 3. The amendment of the Company's internal control system.	1. Acknowledged and reported to the Board of Directors. 2. Proposed to the Board of Directors upon review and approval. 3. Proposed to the Board of Directors upon review and approval.
April 11, 2023 20th meeting of the 4th term	1. Routine audit reports. 2. The amendment of the Company's internal control system.	1. Acknowledged and reported to the Board of Directors. 2. Proposed to the Board of Directors upon review and approval.
April 27, 2023 21st meeting of the 4th term	Routine audit reports.	Acknowledged and reported to the Board of Director
June 15, 2023 1st meeting of the 5th Board	1. Routine audit reports. 2. Audit project report. 3. The proposal for amendments to the internal control system.	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.
August 24, 2023 2nd meeting of the 5th Board	1. Routine audit reports. 2. Audit project report. 3. The proposal for amendments to the internal control system.	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.
September 21, 2023 2nd special meeting of the 5th Board	Audit project report.	Acknowledged and reported to the Board of Director
November 2, 2023 3rd meeting of the 5th Board	1. Routine audit reports. 2. Audit project report. 3. The proposal for amendments to the internal control system.	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 21, 2023 4th meeting of the 5th Board	1. Routine audit reports. 2. The formulation of the Company's 2024 internal audit plan. 3. Amendments to the internal control system.	1. Acknowledged and reported to the Board of Directors. 2. Proposed to the Board of Directors upon review and approval. 3. Proposed to the Board of Directors upon review and approval.

(III) Summary about communication between independent directors and the external auditors:

Date and session of Audit Committee meeting	Contents of Communication	Results
March 7, 2023 19th meeting of the 4th term	1. The Company's 2022 independent auditor's audit report. 2. The Company's 2022 parent company only and consolidated financial statements.	1. Acknowledged and reported to the Board of Directors. 2. Proposed to the Board of Directors upon review and approval.
April 27, 2023 21st meeting of the 4th term	The Company's Q1 2023 and consolidated financial statements.	Proposed to the Board of Directors upon review and approval.
August 24, 2023 2nd meeting of the 5th Board	The Company's Q2 2023 parent company only financial report audited by the CPAs	Proposed to the Board of Directors upon review and approval.
November 2, 2023 3rd meeting of the 5th Board	The Company's Q3 2023 and consolidated financial statements.	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"?	V		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?	V		(I) An "Investor Related" section has been set up on the Company's website, and a window of service for investors is clearly specified. The spokesperson and shareholders service personnel are responsible for handling shareholders' suggestions, questions, disputes and litigation matters.	(I) 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?	V		(II) The Company keeps track of the list of major shareholders and the changes in their shareholdings based on the roster of shareholders and monthly shareholding reports.	(II) No material deviation.
(III) Does the Company establish and implement the risk control and firewall mechanism with its affiliated companies?	V		(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. In addition, the "Operating Procedures for Finance and Business Dealings with Related Parties" and the "Procedures for Monitoring Subsidiaries" have been formulated to establish an appropriate risk control mechanism and firewall mechanism.	(III) No material deviation.
(IV) Has the Company established internal policies that prevent insiders from trading securities using unpublished market information?	V		(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	(IV) No material deviation.



Assessment criteria	Status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx-Listed Companies and causes thereof
	Yes	No	Summary	
			publication of the annual financial reports and 15 days prior to the publication of the quarterly financial reports.	
<p>III. Composition and responsibilities of the Board of Directors</p> <p>(I) Does the Board of Directors have member diversification policies regulated and implemented substantively according to the composition of the members?</p>	V		<p>(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, investment, accounting, law and information technology. There are two female director, i.e. 18% of all directors. The Board members' abilities are stated in Chapter Three:</p> <p>Three. Sections regarding the diversification and independence of directors in Chapter Three. Corporate Governance Report.</p>	No material deviation.
<p>(II) Does the Company, in addition to setting up the Remuneration Committee and Audit Committee lawfully, have other functional committees set up voluntarily?</p>	V		<p>(II) Other than the establishment of the Remuneration and Audit Committees pursuant to laws, 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:</p> <ol style="list-style-type: none"> <li>1. Set forth the Company's risk management policy and structure, and delegated powers to related units.</li> <li>2. Set forth the Company's risk assessment standards.</li> <li>3. Manage the Company's overall risk limit and various departments' risk.</li> </ol>	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?	V		(III) The Company established the “Regulations for the Performance Evaluation of the Board of Directors and Functional Committees” in September 2018. The Board of Directors, functional committees, and individual directors regularly conduct self-evaluations to complete the performance evaluation pursuant to the Regulations each year. The Company has completed the self-evaluations of the board members and the board of directors in December 2023. 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 5th meeting of the 18th Board of Directors on March 7, 2024. 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.	No material deviation.
(IV) Does the Company have the independence of the independent auditor evaluated regularly?	V		(IV) The Company's Audit Committee assesses the independence of the CPAs every year, and then submits the assessment results to the Board of Directors. The latest assessment was approved by the	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>Audit Committee on December 21, 2023, and then approved by the Board of Directors on December 21, 2023.</p> <p>The Company listed the related independence checking items and conducted the evaluation based on these items one by one, in accordance with Article 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”.</p> <table><tr><th>Assessment criteria</th><th>Evaluation results</th><th>Compliant with independence</th></tr><tr><td>1. There is no direct or material indirect financial interest relationship between the CPAs and the Company.</td><td>Yes</td><td>V</td></tr><tr><td>2. There is no material and close business relationship between the CPAs and the Company.</td><td>Yes</td><td>V</td></tr><tr><td>3. The CPAs were not in a potential employment relationship at the time of auditing the Company.</td><td>Yes</td><td>V</td></tr><tr><td>4. The CPAs do not have any loan relationship with the Company.</td><td>Yes</td><td>V</td></tr></table>	Assessment criteria	Evaluation results	Compliant with independence	1. There is no direct or material indirect financial interest relationship between the CPAs and the Company.	Yes	V	2. There is no material and close business relationship between the CPAs and the Company.	Yes	V	3. The CPAs were not in a potential employment relationship at the time of auditing the Company.	Yes	V	4. The CPAs do not have any loan relationship with the Company.	Yes	V	
Assessment criteria	Evaluation results	Compliant with independence																	
1. There is no direct or material indirect financial interest relationship between the CPAs and the Company.	Yes	V																	
2. There is no material and close business relationship between the CPAs and the Company.	Yes	V																	
3. The CPAs were not in a potential employment relationship at the time of auditing the Company.	Yes	V																	
4. The CPAs do not have any loan relationship with the Company.	Yes	V																	

Assessment criteria	Status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx-Listed Companies and causes thereof		
	Yes	No	Summary			
			5. The CPAs has not accepted gifts of great value (the value exceeding the standard social etiquette) from the Company, its Directors, supervisors, and managerial officers.	Yes	V	
			6. The CPAs have not provided audit services to the Company for seven consecutive years.	Yes	V	
			7. The CPAs do not hold shares of the Company.	Yes	V	
			8. The CPAs, their spouses or dependents, or their audit team have not served as directors, supervisors, managerial officers, or positions that have significant influence on the Company during the audit period or in the last two years, and it is confirmed that no said position will be taken in the future auditing periods.	Yes	V	
			9. Whether the CPAs have complied with the requirements of independence as stated in Bulletin of CPA Professional Ethics Bulletin No.10, and have they obtained the "Declaration of	Yes	V	

Assessment criteria	Status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed Companies and causes thereof
	Yes	No	Summary	
			<div>Independence" issued by the CPAs?</div> <div>The assessment result showed that Yi-Chun Wu, CPA and Pei-De Chen, CPA of Deloitte &amp; 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.</div>	
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.)?	V		The Company's Legal Department is responsible for corporate governance-related matters, and with the resolution of the Board of Directors dated August 25, 2022, Senior Manager, Ching-Wen Hung was appointed as the Corporate Governance Office. Her main responsibilities include handling matters relating to board meetings and shareholders meetings according to laws; producing minutes of board meetings and shareholders meetings; assisting in onboarding and continuous development of directors and supervisors; furnishing information required for business execution by directors and supervisors; assisting directors and supervisors with legal compliance.	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)?	V		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.

Assessment criteria	Status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx-Listed Companies and causes thereof
	Yes	No	Summary	
VI. Does the Company engage a Shareholders Service Agency to handle Shareholders' Meeting affairs?	V		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?	V		(I) The Company already set up the "Investor Service" section in the official website, 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.	(I) No material deviation.
(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.)?	V		(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.	(II) 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?	V		(III) The Company announces and reports the annual financial report within the statutory period specified in related provisions of the Securities and Exchange Act and Regulations Governing Securities Firms 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) No material deviation.
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)?	V		(I) The Company has set up an employee opinion box to provide employees with a channel of advice; employees whose interests are infringed, may also file a complaint in writing, by phone or by email. (II) The Company's website has set up the "Investor Related" section dedicated to disclosing the information about the Company's business, finance and corporate governance. (III) 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.	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) 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. (V) All directors of the Company attended at least six hours of continuing education in 2023. (VI) The Company has purchased liability insurance for directors.	
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.	V		In the 2022 corporate governance evaluation, the Company ranked in 21%- 35% among the TPEX listed companies. Currently, priority is given to the promotion of sustainable development items, and the unscored items will be reviewed to evaluate the subsequent improvement measures.	No material deviation.

#### (IV) Information on the Composition and Operation of the Remuneration Committee

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 7th Remuneration Committee (June 15, 2023 to May 23, 2026) members

Capacity	Name	Professional qualifications and experience	Independence	Number of other public companies in which he/she concurrently serves as the remuneration committee member
Convener and Independent Director	Li-Yi Cheng	<ol style="list-style-type: none"> <li>1. B.S. in International Business, National Taiwan University MBA, University of Washington</li> <li>2. Associate Marketing Director, Johnson &amp; Johnson China</li> <li>3. Chief Brand Officer, Royal Friesland Campina China</li> <li>4. Chief Marketing Officer, Nutricia Early Life Nutrition Management (Shanghai) Co., Ltd.</li> <li>5. Director of Marketing, ABBOTT LABORATORIES SERVICES LLC TAIWAN BRANCH (current position)</li> </ol>	<ol style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>3. The individual is not a director, supervisor, or employee of a company that has special relations with the Company.</li> <li>4. The individual has not provided business, legal, financial, or accounting services to the Company or its affiliates in the last two years.</li> </ol>	0
Independent Director	Keng-Chou Lin	<ol style="list-style-type: none"> <li>1. Department of Accounting, National Chengchi University</li> <li>2. CPA, KPMG</li> <li>3. Supervisor, ASEC International Corporation</li> <li>4. Director, Posiflex Technology, Inc.</li> <li>5. CPA of Kuang Ho Accounting Firm</li> </ol>	<ol style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>3. The individual is not a director, supervisor, or employee of a company that has special relations with the Company.</li> <li>4. The individual has not provided business, legal, financial, or accounting services to the Company or its affiliates in the last two years.</li> </ol>	1
Independent Director	Ching-Hsiu Chen	<ol style="list-style-type: none"> <li>1. Doctorate Program of Law, Institute of Law, National Taiwan University</li> <li>2. Chairman, Law and Regulation Commission, Taipei City Government</li> <li>3. Attorney and Partner, Chen Shyuu &amp; Pun Law Offices</li> <li>4. Adjunct Associate Professor, Department of Accounting, Soochow University</li> <li>5. Deputy Secretary General, Taiwan Administrative Law Association</li> <li>6. Chairman of the Financial Law Committee and Deputy Secretary General, the Taiwan Bar Association</li> <li>7. Chairman of the Financial Law Committee, Administrative Law Committee of Taipei Bar Association</li> <li>8. Independent Director, Hua Nan Financial Holdings Co., Ltd.</li> <li>9. Professor, Department of Law, Soochow University (current position)</li> </ol>	<ol style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>3. The individual is not a director, supervisor, or employee of a company that has special relations with the Company.</li> <li>4. The individual has not provided business, legal, financial, or accounting services to the Company or its affiliates in the last two years.</li> </ol>	0



## 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 the 6th Remuneration Committee members commences from June 19, 2020 until May 23, 2023. For the 7th Committee, it is June 15, 2023 to May 23, 2026. In the most recent year (2023), the Remuneration Committee held a total of 5 meetings (A), including 2 meetings of the 6th Remuneration Committee and 3 meetings of the 7th Remuneration Committee. The attendance of the new and former members is as follows:

Term	Position	Name	Actual presence (times) (B)	Attendance by proxy (times)	Actual presence rate (B)/ ( A ) %	Remarks
6th Term	Convener	Te-Wei Huang	2		100%	
	Member	Jung-Yuan He	1		50%	
	Member	Wei-Jen Lee	2		100%	
7th Term	Convener	Li-Yi Cheng	3		100%	
	Member	Keng-Chou Lin	3		100%	
	Member	Ching-Hsiu Chen	3		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.

- (3) The focus of the communication via meetings in the most recent year until the date of publication of the annual report:

Date of Remuneration Committee Meeting	Contents of Motion	Resolution	The Company's resolution of Remuneration Committee's opinions
March 3, 2023 11th meeting of 6th term	Motion 1: Proposal to amend the Articles of Incorporation of the Company, please deliberate.	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.
	Motion 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.
	Motion 2: The salary adjustment for the managerial officers of the Company, please deliberate.	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.
	Motion 4: Proposal of remuneration to the new Vice President of the Company's Chairman Office, please deliberate.	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.
April 27, 2023 12th meeting of 6th term	Motion 1: Proposal for appointment of the acting head of Investment Dept as the official head of the same, and the remuneration, please deliberate.	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.

	Motion 2: The salary adjustment for the managerial officers 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.
	Motion 3: The proposal for payment of remuneration to directors and managerial officers from July 2022 to March 2023 is submitted for resolution.	Approved by all present members unanimously and submitted to the Board of Directors.	None.
August 22, 2023 1st meeting of the 7th Board	Motion 1: The name list of employees entitled to the 3rd RSAs distribution in 2021 and the proposed number of shares are submitted for deliberation.	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.
	Motion 2: Propose to establish the "Regulations Governing Managerial Officers and Employees' Development and Performance," please deliberate.	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.
October 30, 2023 2nd meeting of the 7th Board	Motion 1: Appointments of commissioned sales officers and futures commissioned sales managers at the head office, please deliberate.	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.
	Motion 2: The appointment of manager of Zhongho 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.
December 19, 2023 3rd meeting of the 7th Board	Motion 1: The promotion of Associate Lin, Wei-Chun to Vice President and concurrent positions of Head of Legal Department, Head of Legal Compliance, and Dedicated Head of AML/CFT officer, please deliberate.	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.
	Motion 2: Distribution of the Company's remuneration for directors for 2022, please deliberate.	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.
	Motion 3: Distribution of employee remuneration for 2019, 2020, 2021 and 2022, please deliberate.	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.
	Motion 4: The Company's 2023 performance evaluation of the managerial officers 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.
	Motion 5: The salary adjustment for the managerial officers 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.
	Motion 6: The 2023 provision and payment of the year-end performance bonus 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.
	Motion 7: The salaries and bonus to the managers and officers of the Company's headquarters and branches from April to November 2023, please deliberate.	Approved by all present members unanimously and submitted to the Board of Directors.	None.

**(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			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?	V		<p>(I) 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>(II) 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 Sustainable Development Task Force is composed of the heads of the Legal Department, Human Resources Department, Risk Management Department, Finance Department and Administration Department. The duties of the task force are as follows: (1) formulate various policies, systems or related management guidelines for the Company's sustainable development; (2) propose and execute various concrete promotion plans for sustainable development and implementation thereof; (3) tracking and review the effects of various sustainable development plans; (4) preparation of the annual sustainability reports; (5) regular report to the Board of Directors on the implementation of sustainable development; (6) other matters related to sustainable development.</p> <p>(III) The Sustainable Development Task Force reports the implementation of sustainable development of the Company to the Board of Directors quarterly. The report dates in the most recent year are June 15, 2023, August 24, 2023, December 21, 2023, and March 7, 2024, respectively. The Board of Directors determines the effectiveness of the management approach for environmental, social, and corporate governance issues based on the report of Sustainable Development 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>	No material deviation. In the future, the Company will continue to research and draft the policy in response to related laws and regulations.

<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?</p>	<p>V</p>	<p>(I) The boundaries of risk assessment by the Company are the head office and branches of Good Finance Securities Co., Ltd.</p> <p>(II) 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> <p>(1) Risk assessment item: Impact of climate change on the Company's operations</p> <p>(2) 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 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 energy saving and power saving have achieved specific results. In 2023, we reduced power consumption by 70,000kWh compared to 2022, with an electricity conservation rate of 5%. By converting the power saved into CO2 emission, the Company has reduced CO2 emissions by 35,736kg.</p> <p>2. Social Issues</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>
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			<p>(1) Risk assessment item: Customer personal data and confidentiality protection</p> <p>(2) 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, 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>(1) Risk assessment item: Ethical corporate management.</p> <p>(2) 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 Affairs Dept., which shall notify the judicial authorities in accordance with its authority and responsibility.</p>	
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<p>III. Environmental issues</p> <p>(I) Does the Company have an appropriate environmental management system established in accordance with its industrial characteristics?</p>	V		<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>	V		<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>	V		<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 13 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>	V		<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 energy saving and power saving have achieved specific results. In 2023, we reduced power consumption by 70,000kWh compared to 2022, with an electricity conservation rate of 5%. By converting the power saved into CO2 emission, the Company has reduced CO2 emissions by 35,736kg.</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</p> <p>(I) Does the Company develop management policies in accordance with relevant regulations and international human rights conventions?</p>	V		<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 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.</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) Whether the Company adopts and implements reasonable employee benefit policy (including remuneration, vacation and other benefits, etc.), and reflects the operating performance or results to the remuneration to employees adequately?</p>	V		<p>(I) 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.</p> <p>(II) The Company provides diversified benefit measures, including issuance of RSAs, festival bonuses, subsidies (e.g. maternity allowance, marriage allowance, gift money for the completion of new home, gift money for birthday, condolences for hospitalization and death, etc.); the Company provides paid leaves based on the seniority, 30 days of annual sick leave with half pay, maternity exam leave, maternity leave, paternity exam and paternity leave, as well as bereavement leave, marriage leave, and parental leave of absence system.</p> <p>(III) All full-time employees of the Company set personal goals in accordance with the "Evaluation Criteria for Managerial Officers and Employees' Development and Performance," and based on the Company's strategic direction and departmental goals. The employees' performance are conducted by department heads through annual performance evaluations. The evaluation results will be effectively linked to the personal year-end performance bonus. The "Rewards and Disciplinary Measures" are also established. Rewards and punishments to employees will be included in the performance evaluation of these recipient for the year, and the scope of impact includes annual salary adjustments, year-end bonuses, performance bonuses, project bonuses or other bonuses.</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 provide employees with a safe and healthy work environment, and provide safety and health education to employees regularly?</p>	<p>V</p>	<p>(I) 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 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>(II) The Company implements four major plans to promote workplace health, including "Maternal Health Protection Plan," "Preventive Plan for Abnormal Workload Trigger," "Ergonomic Hazard Prevention Plan," "Prevention Plan for Unlawful Damage when Conducting Business;" released a workplace overload questionnaire to understand employees' workload, needs, and physical and mental conditions, and to provide health education consultation and care to employees with medium and high-risk.</p> <p>(III) The Company appoints medical staff to conduct eight on-site health consultation services each month. Employees are provided with one-on-one interviews with nurses to provide timely care and health education for employees' health. In addition, contracted physicians to come to the Company for health sharing, as well as provides health promotion and health education consulting services every six months.</p> <p>(IV) In order to take better care of the health of employees, in addition to holding employee health examination every three years, starting from 2022, the health examination items have been superior to those stipulated in the Labor Health Protection Regulations; a half-day health examination leave is provided to facilitate employees to arrange related examinations and allow them to obtain more detailed test results to promote the health management.</p> <p>(V) The Company has established a "Stress Relief Station" and hired two visually impaired masseuses, to provide 28 massage sessions per week, so that employees can relax their body and mind, and release stress in a timely manner through the massage services.</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>
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(IV) Does the Company have an effective career capacity development training program established for employees?	V		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.	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 appealing procedures?	V		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” and distributes marketing ads based on the spirit of protecting investors and maintaining a fair securities transaction market.	No material deviation. In the future, the Company will continue to research and draft the policy in response to related laws and regulations.
(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?	V		The Company carefully implements the management of suppliers, including the following emphases: (I) Establish a comprehensive supplier audit system and rigorous internal approval procedures for supplier evaluation in accordance with the supplier evaluation-related regulations stipulated in the Company's "Procurement Procedures" and "Procurement Standard Operating Procedures," to select the best suppliers. (II) Before conducting business with a supplier, in addition to understanding the background, operating conditions, and financial status of the transaction counterparty fully, the Company must conduct a stakeholder review, to ensure compliance with relevant laws and regulations, to avoid transaction risks. (II) Suppliers are invited to sign the "Corporate Social Responsibility Commitment" and comply with the corporate social responsibility commitments related to ethical corporate management, labor and human rights, and environmental sustainability. Suppliers that have signed include world-class brands Snøhetta and Unifor.	No material deviation. In the future, the Company will continue to research and draft the policy in response to related laws and regulations.

			(III) Evaluate whether a property has energy-saving equipment or whether the equipment is outdated before renting the property. Priority is given to leasing properties with new energy-saving equipment, or the lessor is willing to replace the old equipment with the new energy-saving equipment.	
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?	V		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:				

## (VI) Climate-related information:

### 1. Implementation of Climate-Related Information

Item	Implementation Status
(1) Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities. (2) Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term). (3) Describe the financial impact of extreme weather events and transformative actions. (4) Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system. (5) If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described. (6) If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks. (7) If internal carbon pricing is used as a planning tool, the basis for setting the price should	(1) The Company's Board of Directors has authorized the senior management to set up the Sustainable Development Task Force, responsible for promoting the Company's sustainable development tasks, and the scope of task covers climate-related risk management. The Sustainable Development Task Force regularly reports of the Company's implementation of sustainable development to the Board of Directors. The Company's risk management principles have expressly stipulated that the Company shall establish climate risk assessment and management mechanisms depending on the scale of business development, to reduce climate risks. (2)-(8) Based on the current business scale and development, the Company currently focuses on strengthening market, credit, operational and liquidity risk management techniques, and will start planning for the establishment of climate risk assessment and management mechanisms.

<p>be stated.</p> <p>(8) If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.</p> <p>(9) Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan (separately fill out in points 1-1 and 1-2 below).</p>	
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## 2. Greenhouse Gas Inventory and Assurance Status for the Most Recent 2 Fiscal Years

### (1) Greenhouse Gas Inventory Information

Describe the emission volume (metric tons CO2e), intensity (metric tons CO2e/NT\$ million), and data coverage of greenhouse gases in the most recent 2 fiscal years.
<p>➤ 2022</p> <p>Emissions: 787.131 (tons CO2e)</p> <p>Intensity: 90.54%</p> <p>Data coverage: direct emissions, indirect emissions from energy sources</p> <p>➤ 2023</p> <p>Emissions: 760.469 (tons CO2e)</p> <p>Intensity: 90.54%</p> <p>Data coverage: direct emissions, indirect emissions from energy sources</p>

### (2) Greenhouse Gas Assurance Information

Describe the status of assurance for the most recent 2 fiscal years as of the printing date of the annual report, including the scope of assurance, assurance institutions, assurance standards, and assurance opinion.
Assurance will be conducted in accordance with the schedule.

## 3. Greenhouse Gas Reduction Targets, Strategy, and Concrete Action Plan

Specify the greenhouse gas reduction base year and its data, the reduction targets, strategy and concrete action plan, and the status of achievement of the reduction targets.
The Company will disclose the Company's carbon reduction goals, strategies and concrete action plans in accordance with the laws and regulations

**(VII) 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	
I. Establish ethical management policies and plans				
(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?	V		(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.	(I) No material deviation.
(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”?	V		(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.	(II) No material deviation.
(III) Whether the Company expressly states the SOP, guidelines for conduct and reward & punishment and grievance systems in the unethical conduct prevention program, implements the same precisely, and reviews amendments to said program periodically?	V		(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.	(III) No material deviation.

II. Implementation of ethical management				
(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?	V		(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.	(I) No deviation.
(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)?	V		(II) The Company's unit dedicated to promoting ethical corporate management is the Legal Affair Department, which shall also report the status to the Board of Directors each year. The 2023 ethical management policies and unethical conduct prevention programs, and status thereof, were reported to the board meeting on March 7, 2024.	(II) No deviation.
(III) Has the Company developed policies to prevent conflicts of interest, provided adequate channel for communication, and substantiated the policies?	V		(III) The Company has clearly stipulated in the "Operating Procedures for Ethical Management" that when performing the Company's business, if the personnel of the Company discover that they have a conflict of interest with themselves or the legal person they represent, or if themselves, spouses, parents, children, or any related party have received improper benefits, the relevant information shall be reported to the direct supervisor and the designated unit of the Company at the same time, and the direct supervisor shall provide appropriate guidance.	(III) No deviation.
(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?	V		(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.	(IV) No deviation.
(V) Does the Company organize internal or external training on a regular basis to maintain business integrity?	V		(V) The Company regularly organizes education and training every year. On October 19, 2023, the Company commissioned PwC Legal to organize an education and training on "AML/CFT and the Principles of Ethical Corporate Management." The lecturer was Yu-Hsun Lee, partner attorney. The course lasted for three hours and was attended by all employees of the Company, with a total of 379 persons; on November 2, 2023, the Securities and Futures Institute was commissioned to invite Li, Bing-Chi, the Prosecutor of Taiwan New Taipei District Prosecutors Office to give a lecture on "Ethical Corporate Management and Anti-Money Laundering," which lasted three hours, and total of 14 participants, including the directors and supervisors of the Company and subsidiaries.	(V) No deviation.

Assessment criteria	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>	V		<p>(I) The Company has established the Regulations for Processing Whistleblowing Cases. The 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>	V		The Company has disclosed the "Operating Procedures for Ethical Management" on the Company's website and MOPS, as well as the report on the 2023 implementation of ethical management.	No deviation.
<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> <ol style="list-style-type: none"> <li>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.</li> <li>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 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.</li> <li>The Company has completed the ethical management training for directors and all employees in November and October 2023, and reported the same to the Board of Directors on March 7, 2024.</li> <li>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.</li> </ol>				

**(VIII) Methods to inquire the Company's Corporate Governance Best Practice Principles and related regulations:**

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. The Company’s website at <https://goodfinance.com> has the “Corporate Governance” page for the information about the Company’s “Corporate Governance Best-Practice Principles” and related regulations.

**(IX) Other important information on the operation of corporate governance:**

1. Fitch International confirmed on November 23, 2023, the Company’s ratings were as follows: domestic long-term credit rating as BBB+(tw), domestic short-term credit rating as F2 (tw), 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 2024, and reported the evaluation results to the Board of Directors on March 7, 2024.
3. Continuing education of Directors/Chief Corporate Governance Officer:

Position	Name	Date of continuing education	Organizer	Name of Course	Hours	Total hours of the continuing education for the year
Chairman	Ku-Han Huang	2023/11/02	Securities and Futures Institute	Ethical corporate management and anti-money laundering	3.0	6.0
		2023/12/21	Securities and Futures Institute	Fair Customer Treatment and Financial Consumer Protection	3.0	
Vice chairperson	Ming-Li Chuang	2023/03/14	Taiwan Academy of Banking and Finance	The 28th Corporate Governance Forum	3.0	9.0
		2023/04/13	Taiwan Institute of Directors	2023 KPMG Taiwan Leadership Academy Forum - Business Opportunities and Challenges under the Net Zero Boom	3.0	
		2023/08/17	Taiwan Corporate Governance Association	Case study on family wealth inheritance practice	3.0	
Director	Yang-Juh Lai	2023/11/02	Securities and Futures Institute	Ethical corporate management and anti-money laundering	3.0	6.0
		2023/12/21	Securities and Futures Institute	Fair Customer Treatment and Financial Consumer Protection	3.0	
Director	Wei-Chung Lee	2023/09/08	Taipei Foundation of Financial Research	Corporate Governance - Information Security Governance and Corporate Resilience of Financial Sector	3.0	12.0
		2023/11/02	Securities and Futures Institute	Ethical corporate management and anti-money laundering	3.0	
		2023/11/03	Taipei Foundation of Financial Research	Information Security - Trend of Digital Banking	3.0	

		2023/12/21	Securities and Futures Institute	Fair Customer Treatment and Financial Consumer Protection	3.0	
Director	Hsun-Chin Peng	2023/11/02	Securities and Futures Institute	Ethical corporate management and anti-money laundering	3.0	6.0
		2023/12/21	Securities and Futures Institute	Fair Customer Treatment and Financial Consumer Protection	3.0	
Director	Min-Daou Gu	2023/11/02	Securities and Futures Institute	Ethical corporate management and anti-money laundering	3.0	12.0
		2023/11/03	Taipei Foundation of Financial Research	Information Security - Trend of Digital Banking	3.0	
		2023/12/13	Taiwan Project Management Association	Development status and future challenges of sustainable banking		
		2023/12/21	Securities and Futures Institute	Fair Customer Treatment and Financial Consumer Protection	3.0	
Director	Wei-Jen Lee	2023/08/10	CPA Association R.O.C. (Taiwan)	Case study on money laundering and insider trading	3.0	6.0
		2023/12/21	CPA Association R.O.C. (Taiwan)	Accountants' responsibilities in the face of shareholder disputes and the response thereto	3.0	
Director	Fu-Liang Wan	2023/11/02	Securities and Futures Institute	Ethical corporate management and anti-money laundering	3.0	6.0
		2023/12/21	Securities and Futures Institute	Fair Customer Treatment and Financial Consumer Protection	3.0	
Independent Director	Ching-Hsiu Chen	2023/09/27	Taiwan Project Management Association	ESG investment and corporate social responsibility	3.0	13.0
		2023/10/31	Chines Intangible Assets and Enterprise Evaluation Association	Valuation of "Intangible Assets" under the New Business Mergers and Acquisitions Act	4.0	
		2023/11/02	Securities and Futures Institute	Ethical corporate management and anti-money laundering	3.0	
		2023/12/21	Securities and Futures Institute	Fair Customer Treatment and Financial Consumer Protection	3.0	
Independent Director	Li-Yi Cheng	2023/11/02	Securities and Futures Institute	Ethical corporate management and anti-money laundering	3.0	12.0
		2023/11/28	Digital Governance Association	Empowered by generative AI : Advanced marketing strategies for e-commerce operators and new retailers	3.0	
		2023/12/21	Securities and Futures Institute	Fair Customer Treatment and Financial Consumer Protection	3.0	
		2023/12/28	Taiwan Project Management Association	Succession team building and talent development	3.0	
		2023/04/13	Taiwan Academy of Banking and Finance	Corporate Governance Lecture	3.0	18.0



Independent Director	Keng-Chou Lin	2023/05/09	Taiwan Corporate Governance Association	Understanding Corporate M&A Transactions	3.0	
		2023/08/11	Securities and Futures Institute	Information Disclosure, Insider Trading Prevention, and Ethical Corporate Management Best Practice Principles	3.0	
		2023/11/01	Taiwan Academy of Banking and Finance	Corporate Governance and Corporate Sustainability Workshop	3.0	
		2023/11/02	Securities and Futures Institute	Ethical corporate management and anti-money laundering	3.0	
		2023/11/13	Securities and Futures Institute	How directors and supervisors supervise enterprise risk management and crisis management	3.0	
Chief Corporate Governance Officer	Ching-Wen Hung	2023/01/10	Taiwan Securities Association	Under the Wave of ESG - Corporate Social Responsibility and Legal Compliance to be Emphazied by Enterprises	3.0	21.0
		2023/03/08	Taiwan Securities Association	Introduction of Financial Consumer Protection Act and the Response ( Fair Customer Treatment )	3.0	
		2023/08/07	Exchange	TPEX-Listed Company/Emerging Market Company Insider Equity Announcement Meeting	3.0	
		2023/10/17	Taiwan Securities Association	Development trend and application of Reg Tech	3.0	
		2023/11/02	Securities and Futures Institute	Ethical corporate management and anti-money laundering	3.0	
		2023/11/17	Taiwan Corporate Governance Association	Corporate Governance Officer - Compliance Practice	3.0	
		2023/12/21	Securities and Futures Institute	Fair Customer Treatment and Financial Consumer Protection	3.0	

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 31 to 33 of the annual report).
6. The Company’s purchase of liability insurance for directors: The Company reported to the Board of Directors on June 15, 2023 and purchased the liability insurance from Hotai Insurance Co., Ltd. The insurance period was effective from May 7, 2023 until May 7, 2024. The insured value was US\$5 million.

**(X) Amendments to the internal control system:**

**1. Declaration of Internal Control System**

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

Date: March 7, 2024

The following declaration was made based on the 2023 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, 2023, 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, 2024. None of the 11 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

President: Ta-Hsiu Chuang

Audit Manager: Yu-Ling Lung

Supreme supervisor responsible for information security: Yu-De Shen

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

Base Date: December 31, 2023

Items for improvement	Corrective action plan	Scheduled time to complete the improvement
<p>I. According to the Letters Jin-Guan-Zhen-Quan-Zi No.11103610071, Jin-Guan-Zhen-Quan-Fa-Zi No.1110361007, and Jin-Guan-Zheng-Quan-Zi No. 11103610072 dated February 24, 2023, the Financial Supervisory Commission requested a rectification and imposed a fine of NT\$720,000 for the following deficiencies, while ordering the person liable, Tsai ○○ to be suspended from the business for three months. The deficiencies are summarized as follows:</p> <ol style="list-style-type: none"> <li>1. Accepting the commissioned trading with unspecified price over the phone from non-specific natural person customers.</li> <li>2. Accepting commissioned trading by customers in the form of electronic transactions other than regulated by law, and recording false phone conversations.</li> <li>3. (1) When a director appoints another director to attend a meeting of the board of directors as a proxy, the full authorization is given for the extraordinary motions. (2) Failure to explain the conflict of interest of the proposals in board meetings and the corporation represented by the directors, and failure to record such in the meeting minutes. (3) Any matters involving the offering, issuance or private placement of securities with equity nature, or the directors' own conflict of interests, are submitted to the Board of Directors for resolution without the approval of the Audit Committee.</li> <li>4. The customer's geographical risk assessment item and customer's occupational risk assessment item on the prescribed AML/CFT Risk Assessment Form did not comply with the relevant anti-money laundering laws and regulations promulgated by the Financial Supervisory Commission.</li> </ol>	<ol style="list-style-type: none"> <li>1. The Company makes improvements through education and training, issuing guidelines and signing declarations, and strengthening and continuous supervision.</li> <li>2. The Company makes improvements through education and training, issuing guidelines and signing declarations, and strengthening and continuous supervision. Tsai ○○, the commissioned salesperson, was recorded a minor punishment and suspended from the business of salesperson for three months.</li> <li>3. (1) The corporate governance unit amended the contents of the "proxy form" of the Board of Directors; in the future, 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)(3) The amendments to the proposal form and the approval process of the Board of Directors were approved by the Company on September 26, 2022. The new version of the Board of Directors' proposal form and approval process are added with the control mechanism including self-review of the proposal unit, and review of the Compliance/Legal Department and the corporate governance unit.</li> <li>4. (1) The country risk maintenance operating procedures have been incorporated into the "AML / CFT Operating Procedures," and the updates of seven lists of channels was reported during the meeting of the AML/CFT team . The responsible unit will review and maintain the list in a timely manner. (2) Revised "AML/CFT Risk Assessment Form" is added with the check for high-risk countries and occupations</li> </ol>	<p>Improvement already completed.</p> <p>Improvement already completed.</p> <p>Improvement already completed.</p> <p>Improvement already completed.</p>
<p>II. According to the Tai-Zheng-Fu-Zi Letter No.1120501747 issued by the Taiwan Stock Exchange on June 7, 2023, the Stock Exchange requested the Company's attention to improvement and imposed a warning to the offenders for the following deficiencies: Commissioned salesperson, Chen ○○ of Miaoli Branch, failed to verify customers' information and identity when commissioning for trading, and failed to notify customers after the transaction was completed when acting for a non-specific natural person customer in an authorized commission to determine the price and timing of placing order. The manager Hsu ○○, shall be held jointly liable for failing to</p>	<ol style="list-style-type: none"> <li>1. Case study seminars were held to enhance the legal awareness of sales personnel.</li> <li>2. Updated the control approach for the tiered responsibility of daily commissioned trading.</li> <li>3. The commissioned salesperson, Chen ○○, a minor punishment was given ; Manager, Hsu ○○ , was given a warning.</li> </ol>	<p>Improvement already completed.</p>

supervise well; in addition, the tiered responsibilities was not complied with based on the amount of commissioned trading.		
<p>III. The information security deficiencies found by the competent authority during inspection: Letter Tai-Zheng-Fu-Zi No.1120502833 dated September 4, 2023:</p> <ol style="list-style-type: none"> <li>The access records of the firewall that separates the four-in-one network of the securities and futures markets have not been kept for three years.</li> <li>Passwords for some mainframe operating systems are not configured with a minimum length, complexity, and maximum expiration dates, or audit logs are not activated; for other systems, the passwords of the most privileged accounts and passwords for the data center access system are not changed at least once every three months.</li> <li>The regular review of permissions for operating system of the core system is only subject to users with high-level permissions, while users with general permissions are not checked.</li> <li>Some of the system mainframes, firewalls and personal computers are still running on the operating system versions to which the supports of maker have been discontinued, and the impact has not been assessed nor the countermeasures have not been studied.</li> <li>The operating system of some system mainframes are not patched for the security vulnerabilities regularly or in a timely manner.</li> <li>The information use contract signed with the outsourced vendors, does not include information security agreement and rights of outsourcing audit.</li> <li>No detection was made for changes of webpage and programs of online order-placing app, AP, and other outward service systems.</li> <li>Failure of implementing the regularly review of the access control of the data center</li> <li>The 2022 information security risk evaluation, did not identify all information assets and their risk owners, external material issues in information security, and acceptable information security risk levels within the risk scope.</li> <li>The network DMZ and testing environment were not properly partitioned, and the account database containing personal information was placed in an area that can be directly accessed through the Internet.</li> <li>The Company uses a cloud-based email service, but has not yet stipulated security regulations for the operation of cloud-based computing services.</li> </ol>	<ol style="list-style-type: none"> <li>Make backups and keep records as required.</li> <li>(1) Set the operating system of the mainframe according to the password security specifications. (2) The account with the highest permissions is incorporated in the privileged account management system; and Change passwords regularly. (3) Password-based access is canceled for the data center access.</li> <li>The semi-annual periodic review of operating system permissions of the core system will include users with general permissions.</li> <li>Equipment will be replaced.</li> <li>Equipment will be replaced.</li> <li>A new contract has been signed with the vendor.</li> <li>In the short term, a maintenance vendor will assist with regular inspections, and then the detection software will be developed in-house for the implementation of improvement.</li> <li>In the resignation procedure, the term "Verification of the Data Center Access Permission" has been added; the password-based access is cancelled and only the access card may be used.</li> <li>The inventory and risk evaluation will be conducted by information asset types.</li> <li>(1) Currently, access is restricted through firewall rules. In the future, new equipment will be purchased and installed in the backup data center to separate from the formal environment. (2) The account database server will be replaced and installed on a secure network segment.</li> <li>The Company will establish operational security regulations for the internal use of cloud-based computing services.</li> </ol>	<ol style="list-style-type: none"> <li>Improvement already completed.</li> <li>Improvements are expected to be completed by the end of January 2024.</li> <li>Improvements are expected to be completed by the end of January 2024.</li> <li>Improvements are expected to be completed by the end of April 2024.</li> <li>Improvements are expected to be completed by the end of April 2024.</li> <li>Improvement already completed.</li> <li>Improvements are expected to be completed by the end of April 2024.</li> <li>Improvement already completed.</li> <li>Improvements are expected to be completed by the end of January 2024.</li> <li>Improvements are expected to be completed by the end of April 2024.</li> <li>It is expected to be completed by the end of January 2024.</li> </ol>

12. IT software service project contract and system maintenance contract were signed with an IT company, but no relevant records on the selection of information service providers were kept.	12. The procurement unit will amend the procurement regulations and procedures, and the selection of information service providers will be conducted in accordance with the regulations, with the relevant documents and records retained.	12. It is expected to be completed by the end of January 2024.
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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, 2023 to December 31, 2023. 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: Wei-Chun Lin

March 7, 2024

**AML/CFT Internal Control System Items for Improvement and Corrective Action Plan**  
 (Base Date: December 31, 2023)

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

**(XI) If there has been any legal penalty against the company or its internal personnel, or any disciplinary penalty by the company against its internal personnel for violation of the internal control system, during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report, where the result of such penalty could have a material effect on shareholder equity or securities prices, the annual report shall disclose the penalty, the main shortcomings, and condition of improvement:**

No.	Doc. No.	Explanation about major deficiencies	Improvement status
1	June 7, 2023, Tai-Zheng-Fu-Zi No.1120501747	<p>1. The Company's Miaoli Branch has the following deficiencies:</p> <ul style="list-style-type: none"> <li>The commissioned salesperson, Chen OO, failed to verify customers' information and identity when commissioning for trading, and failed to notify customers after the transaction was completed when acting for a non-specific natural person customer in an authorized commission to determine the price and timing of placing order. It was deemed a violation to Article 15 of the "Regulations Governing Securities Brokers for Receiving Orders to Buy or Sell Securities," paragraph 2 of Article 18, Articles 68 and 79 of the Operating Rules of the Taiwan Stock Exchange Corporation, and the provisions related to commissioned trading and transaction conclusion in the Standard Regulations of Securities Firms Internal Control System.</li> <li>The manager of the branch, Hsu ○○, shall be held liable for failing to supervise well; in addition, Hsu ○○ failed to comply with the tiered responsibilities based on the amount of the commissioned trading when the trading was commissioned to Chen ○○, it was deemed a violation of paragraph 2 of Article 18, the Operating Rules of the Taiwan Stock Exchange Corporation, and the provisions related to commissioned trading and transaction conclusion in the Standard Regulations of Securities Firms Internal Control System.</li> </ul> <p>2. The Company was requested to pay attention to improvement; for the violations by the salesperson, the Company was requested to</p>	<p>1. Case study seminars were held to enhance the legal awareness of sales personnel.</p> <p>2. Updated the control approach for the tiered responsibility of daily commissioned trading.</p> <p>3. Added relevant checking items to the Company's "Enhancement of Spot Checks on Compliance of Salespersons' Orders Placed with Phone Calls from Customers."</p> <p>4. Pursuant to Subparagraph 5, Article 5 of the Company's Reward and Punishment Regulations, salesperson Chen OO was given an aggravated minor punishment, and branch manager, Hsu OO was given a warning.</p>



		give warning and disposition.	
2	December 22, 2023, Zheng-Guei-Si-Zi No.1120012382	Shen OO, the head of Legal Compliance/Legal Affairs Department, received the brokerage bonus shared by the salespersons, Cheng OO and Chen OO, according to the Company's "Incentive Program for Employee Referral of Customers" every month. It was deemed a violation of paragraph 4 of Article 64, the Regulations Governing Securities Trading on the Taipei Exchange. A penalty of NT\$100,000 was imposed to the Company, and an improvement was requested.	The Company has abolished the "Regulations Governing the Reward for Employee Referral," and terminated the reward for employee referral as of January 2024.
3	January 2, 2024, Tai-Zheng-Fu-Zi No.1120504503	<p>1. Head Office:</p> <ul style="list-style-type: none"> <li>Shen OO, the head of Legal Compliance/Legal Affairs Department, received the brokerage bonus shared by the commissioned salespersons, Cheng OO and Chen OO, according to the Company's "Incentive Program for Employee Referral of Customers" every month.</li> <li>Some users have not implemented the multi-factor authentication mechanism when they log in to the Company's cloud-based system through the Internet.</li> <li>Some cloud-based systems are not included in the monitoring scope of the Company's data leakage prevention system, and data control mechanism has not been fully implemented.</li> <li>The communication channels setting and control of the cloud-based communication system is not properly controlled.</li> <li>The internal network domain and some systems are equipped with accounts exclusively for external personnel of non-supplier/contractor, and there are situations where they actually logged in to use the relevant systems.</li> <li>The office area and the operating mainframe network are not physically separated by firewalls and other related network equipment.</li> </ul> <p>2. Taichung Branch:</p> <ul style="list-style-type: none"> <li>Commissioned salespersons, Lu OO and Huang OO, helped</li> </ul>	<p>1. Head Office:</p> <ul style="list-style-type: none"> <li>The Company has abolished the "Regulations Governing the Reward for Employee Referral," and terminated the reward for employee referral as of January 2024.</li> <li>The multi-factor authentication configurations of cloud-based system service have been activated.</li> <li>For other deficiencies, a concrete improvement plan has been formulated and implemented for improvement.</li> </ul> <p>2. Branch:</p> <ul style="list-style-type: none"> <li>For the customers of salespersons Lu OO and Huang OO, when the conditions of loss are met during the specified period, the "Customer Interviews with Good Intention" is implemented.</li> <li>Within the specific period, the Company discussed with the salespersons regarding the list of qualified customers one by one, to grasp the customer's trading and financial status in a timely manner, and the one-day trading limit was lower as appropriate, or the trading was suspended.</li> <li>Organized education and training on laws and regulations for salespersons, and all employees signed the "Statement on the Code of Conduct for Salespersons of Good Finance Securities".</li> </ul> <p>3. Discipline actions on personnel:</p> <ul style="list-style-type: none"> <li>A warning was given to Shen OO (then Head of Legal Compliance/Legal</li> </ul>

		<p>customers as intermediaries for loans.</p> <ul style="list-style-type: none"> <li>• The manager of the branch, Wu ○○, shall be held liable for failing to supervise well for the said incident.</li> </ul> <p>3. The Company was requested to pay attention to the improvement and full implementation of its internal control system, with a penalty of NT\$40,000 imposed. Shen OO, the head of Legal Compliance/Legal Affairs Department, commissioned salespersons, Cheng OO and Chen OO, and the manager of Taichung Branch, Wu OO were giving warnings; commissioned salespersons, Lu OO and Huang OO in Taichung Branch were suspended from conducting business for four months.</p>	<p>Department) of the Chairman's Office, and salespersons Cheng OO and Chen OO</p> <ul style="list-style-type: none"> <li>• The branch manager, Wu OO, was given a warning; the salespersons, Lu OO and Huang, were given a sever punishment and a 4-month suspension.</li> </ul>
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**(XII) 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 May 24, 2023**

Matters	Cause	Resolution	Implementation Status
Proposed Resolutions	(I) 2022 Business Report and Financial Statements	<p>Voting results on the motion: Passed as proposed by voting. Total number of voting rights present at the time of voting: 253,888,807 voting rights.</p> <ol style="list-style-type: none"> <li>1. Number of voting rights in favor: 249,832,342 voting rights (164,594,605 voting rights exercised electronically and 110,000 voting rights exercised by video conference).</li> <li>2. Number of voting rights against: 15,680 voting rights (15,680 voting rights exercised electronically and 0 voting rights exercised by video conference).</li> <li>3. Number of invalid rights: 0.</li> <li>4. Number of rights abstained/not exercised: 4,040,785 (737,987 voting rights exercised electronically and 0 voting rights exercised by video conference).</li> <li>5. The number of voting rights in favor accounted for 98.40% of the total number of voting rights present at the time of voting.</li> </ol>	The motion was passed in accordance with the resolution of the shareholders' meeting.
	(II) 2022 Earnings Distribution Table	<p>Voting results on the motion: Passed as proposed by voting. Total number of voting rights present at the time of voting: 253,888,807 voting rights.</p> <ol style="list-style-type: none"> <li>1. Number of voting rights in favor: 249,831,871 voting rights (164,594,134 voting rights exercised electronically and 0 voting rights exercised by video conference).</li> <li>2. Number of voting rights against: 16,151 voting rights (16,151 voting rights exercised electronically and 0 voting rights exercised by video conference).</li> <li>3. Number of invalid rights: 0.</li> <li>4. Number of rights abstained/not exercised: 4,040,785 (737,987 voting rights exercised electronically and 0 voting rights exercised by video conference).</li> <li>5. The number of voting rights in favor accounted for 98.40% of the total number of voting rights present at the time of voting.</li> </ol>	The motion was passed in accordance with the resolution of the shareholders' meeting.
Discussion	(I) Amendments to the Company's Articles of Incorporation.	<p>Voting results on the motion: Passed as proposed by voting. Total number of voting rights present at the time of voting: 253,888,807 voting rights.</p> <ol style="list-style-type: none"> <li>1. Number of voting rights in favor: 249,832,341 voting rights (164,594,604 voting rights exercised electronically and 0 voting rights exercised by video conference).</li> <li>2. Number of voting rights against: 15,681 voting rights (15,681 voting rights exercised electronically and 0 voting rights exercised by video conference).</li> <li>3. Number of invalid rights: 0.</li> <li>4. Number of rights abstained/not exercised: 4,040,785 (737,987 voting rights exercised electronically and 0 voting rights exercised by video conference).</li> <li>5. The number of voting rights in favor accounted for 98.40% of the total number of voting rights present at the time of voting.</li> </ol>	The registration was approved by the Ministry of Economic Affairs, and the announcement was made on the Company's website.
	(II) Amendments to the "Operating Procedure for Acquisition or	<p>Voting results on the motion: Passed as proposed by voting. Total number of voting rights present at the time of voting: 253,888,807 voting rights.</p> <ol style="list-style-type: none"> <li>1. Number of voting rights in favor: 249,831,870 voting rights (164,594,133 voting rights exercised electronically and 0 voting rights exercised by video conference).</li> </ol>	It has been announced on the Company's website and processed in accordance with the amended "Operating

	Disposal of Assets”	<p>2. Number of voting rights against: 16,152 voting rights (17,554 voting rights exercised electronically and 0 voting rights exercised by video conference).</p> <p>3. Number of invalid rights: 0.</p> <p>4. Number of rights abstained/not exercised: 4,040,785 (737,987 voting rights exercised electronically and 0 voting rights exercised by video conference).</p> <p>5. The number of voting rights in favor accounted for 98.40% of the total number of voting rights present at the time of voting.</p>	Procedures for Acquisition or Disposal of Assets.”
Election	Election of directors of the 18th Board of Directors (including independent directors)	<p>Name list of elected directors:</p> <p>1. Director: Caterpillar Capital Co., Ltd. Representative: Ku-Han Huang Elected with 365,586,427 votes</p> <p>2. Director: Ming-Li Chuang Elected with 242,513,306 votes</p> <p>3. Director: Caterpillar Capital Co., Ltd. Representative: Dun-Hsi Yang Elected with 238,312,948 votes</p> <p>4. Director: Caterpillar Capital Co., Ltd. Representative: Wei-Chung Lee Elected with 238,296,459 votes in total</p> <p>5. Director: Caterpillar Capital Co., Ltd. Representative: Yang-Juh Lai Elected with 238,296,451 votes in total</p> <p>6. Director: Caterpillar Capital Co., Ltd. Representative: Min-Daou Gu Elected with 238,296,448 votes</p> <p>7. Director: Caterpillar Capital Co., Ltd. Representative: Hsun-Chin Peng Elected with 238,296,448 votes</p> <p>8. Director: Fu-Liang Wan Elected with 235,336,597 votes</p> <p>9. Independent Director: Keng-Chou Lin Elected with 238,805,441 votes</p> <p>10. Independent Director: Li-Yi Cheng Elected with 238,301,990 votes</p> <p>11. Independent Director: Ching-Hsiu Chen Elected with 235,116,438 votes</p>	The registration was approved by the Ministry of Economic Affairs, and the announcement was made on the Company's website.
Other Matters	Removal of the non-competition restriction on directors	<p>Voting results on the motion: Passed as proposed by voting.</p> <p>Total number of voting rights present at the time of voting: 253,888,807 voting rights.</p> <p>1. Number of voting rights in favor: 249,772,398 voting rights (164,534,661 voting rights exercised electronically and 0 voting rights exercised by video conference).</p> <p>2. Number of voting rights against: 68,486 voting rights (68,486 voting rights exercised electronically and 0 voting rights exercised by video conference).</p> <p>3. Number of invalid rights: 0.</p> <p>4. Number of rights abstained/not exercised: 4,047,923 (745,125 voting rights exercised electronically and 0 voting rights exercised by video conference).</p> <p>5. The number of voting rights in favor accounted for 98.37% 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 2023 up till the date of publication of the annual report**

Date and session of Board meeting	Motions
March 7, 2023 19th meeting of the 17th Board of Directors	<p>1. The Company's 2022 business report.</p> <p>2. The Company's 2022 parent company only and consolidated financial statements are submitted for review.</p> <p>3. The Company's 2022 earnings distribution.</p> <p>4. Proposal for the distribution of remuneration to employees and directors of the Company for 2022.</p> <p>5. Proposal to buy back the Company's shares for the first time in 2023.</p> <p>6. Determination of the time, place, convening method, and reasons of convention of the 2023 general annual meeting.</p>

	<ol style="list-style-type: none"> <li>Election of directors of the 18th term of Board of Directors (including independent directors).</li> <li>The Company's 2022 Declaration of Internal Control System.</li> <li>Issuance of the Company's 2022 Declaration of AML/CFT Internal Control System</li> <li>Report on the disclosure of the Company's 2022 "Risk Management Qualitative Information."</li> <li>Amendments to the Company's 2023 trading departments' risk limit.</li> <li>Amendment to the "Risk Management Committee Charter" of the Company.</li> <li>The amendment of the Company's internal control system.</li> <li>Amendments to the Company's Articles of Incorporation.</li> <li>Amendments to the "Operating Procedure for Acquisition or Disposal of Assets"</li> <li>Amendment to the Company's "Investment Management Principles."</li> <li>The amendments of the Company's "Organization Charter" and "Tiered Responsibility Regulations."</li> <li>Proposal of organization adjustment and staff reappointment.</li> <li>Appointment of Head of Customer Partner Department and the Manager of Fushun Branch.</li> <li>Appointment of Head of Brand Dept.</li> <li>Appointment of staff of the Chairman's Office.</li> <li>Adjustment of the salary of the Company's managerial officers.</li> <li>The extension application for the license of the Shizheng Branch.</li> </ol>
<p>April 11, 2023 20th meeting of the 17th Board of Directors</p>	<ol style="list-style-type: none"> <li>The amendment of the Company's internal control system.</li> <li>The review for qualification of candidate for the 18th term of Directors (including Independent Directors)</li> <li>Removal of the non-competition restriction on the directors of the 18th term, please deliberated.</li> <li>Establishment of the Company's "Management Principles."</li> </ol>
<p>April 27, 2023 21st meeting of the 17th Board of Directors</p>	<ol style="list-style-type: none"> <li>The Company's Q1 2023 consolidated financial statements.</li> <li>Evaluation for the implementation of fair customer treatment by the financial service industry in 2023 and submitted such to the Financial Supervisory Commission.</li> <li>Amendment to the Company's "Investment Management Principles."</li> <li>Amendment of the "Corporate Governance Best Practice Principles" of the Company.</li> <li>The establishment of the Company's "Sustainable Development Task Force Charter."</li> <li>Establishment of the Company's "Management Principles."</li> <li>Official appointment of the Acting Head of the Investment Department.</li> <li>Adjustment of the salary of the Company's managerial officers.</li> <li>The proposed amendment of the Employee Restricted Stock Awards Rules 2022 of the Company</li> </ol>
<p>May 24, 2023 1st special meeting of the 18th Term</p>	<ol style="list-style-type: none"> <li>Election of the Chairman.</li> <li>Election of the Vice Chairman.</li> </ol>
<p>June 15, 2023 1st meeting of the 18th Term</p>	<ol style="list-style-type: none"> <li>The amendment of the Company's internal control system.</li> <li>The amendments of the Company's "Organization Charter" and "Tiered Responsibility Regulations" are submitted for approval.</li> <li>Establishment of the "Principles for Implementation of Accountability System for Material Issues" of the Company.</li> <li>The proposal for canceling the recovered RSAs for capital decrease.</li> <li>Appointment of the Head of Finance.</li> <li>Appointment of the Company's 7th Remuneration Committee members.</li> <li>Appointment of the Company's 3rd Risk Management Committee members.</li> </ol>
<p>July 27, 2023 2nd special meeting of the 18th Board</p>	<ol style="list-style-type: none"> <li>The amendments of the Company's "Tiered Responsibility Regulations"</li> <li>Appointment of the Manager of Shizheng Branch.</li> <li>Appointment of the Company's 2nd Risk Management Committee members.</li> </ol>
<p>August 24, 2023 2nd meeting of the 18th Term</p>	<ol style="list-style-type: none"> <li>The Company's Business Report for the first half of 2023</li> <li>The Company's Q2 2023 parent company only financial report audited by the CPAs</li> <li>The Company's earnings distribution plan for the first half of 2023</li> <li>Determining the ex-dividend date for the cash dividends from earnings distribution for the first half of 2023.</li> <li>Preparation and filing of the Company's 2022 Sustainability Report.</li> <li>Application for starting the service of setting up segregated accounts for securities dealers'</li> </ol>

	<p>settlement accounts, and establishment of the Company's "Principles Governing Management and Operation for the Customers' Retained Payment in Settlement Accounts."</p> <p>7. The amendment of the Company's internal control system is submitted for ratification.</p> <p>8. The amendments of the Company's "Tiered Responsibility Regulations" are submitted for approval.</p> <p>9. Establishment of the Company's "Regulations for the Development and Performance Evaluations of Managerial Officers and Employees" and the confirmation of the performance evaluation for the 2020, 2021, and 2022 Employee Restricted Stock Awards Rules.</p> <p>10. The name list of employees entitled to the 3rd RSAs distribution in 2021 and the proposed number of shares</p>
September 21, 2023 3rd special meeting of the 18th Term	<p>1. Increasing the short-term credit facility and limit for guarantee-free commercial paper for 2023.</p> <p>2. Syndicated loan.</p> <p>3. The participation of Good Finance 1 Industry Co., Ltd. in subscription of the financing commercial paper of the Company issued through a bills finance company.</p> <p>4. The proposal for additional budget for the office decoration equipment expenses of the Shizheng Branch.</p>
November 2, 2023 3rd meeting of the 18th Term	<p>1. Report on the Company's Q2 2023 parent company only financial report audited by the CPAs.</p> <p>2. Formulating the Company's "Capital Management Principles," and abolishing the "Long-term and Short-Term Investment Management Regulations" and the "Regulations for Customer Margins."</p> <p>3. The amendment of the Company's internal control system.</p> <p>4. The proposal for canceling the recovered RSAs for capital decrease.</p> <p>5. Appointments of commissioned sales officers and futures commissioned sales managers at the head office.</p> <p>6. Appointments of the Manager of Zhonghe Branch.</p> <p>7. The proposal for additional budget for the office decoration equipment expenses of the Shizheng Branch.</p>
December 21, 2023 4th meeting of the 18th Term	<p>1. The Company's 2024 business plan.</p> <p>2. The Company's 2024 budget proposal.</p> <p>3. The proposal for the appointment of the Company's CPAs for 2024 and the evaluation of their independence and suitability.</p> <p>4. The Company's 2024 short-term credit facility application.</p> <p>5. Establishment of market risk limits for the Company's 2024 overall and trading departments.</p> <p>6. The proposal for the Company's 2024 internal audit plan is submitted for approval.</p> <p>7. The amendment of the Company's internal control system.</p> <p>8. Establishment of the "Intellectual Property Management Plan" of the Company.</p> <p>9. Establishment of the "Personal Information Protection Management Policy" of the Company.</p> <p>10. Amendment to the "Information Security Policy" of the Company.</p> <p>11. Apply to the competent authority for the operation of commissioned trading of foreign securities at each branch office.</p> <p>12. Proposal for increasing the total authorized limit of investment positions for the Investment Department.</p> <p>13. Proposal to engage in trading bonds attached with conditions with "HYWEB TECHNOLOGY CO., LTD." and "HYWEB GLOBAL TECHNOLOGY CO., LTD."</p> <p>14. Signing a lease contract with "Ta Ching Construction Co., Ltd."</p> <p>15. Reappointment of directors of the subsidiary, Good Finance Securities Investment Consulting Co., Ltd.</p> <p>16. The extension of the period for the issuance of RSA 2022.</p> <p>17. Appointment of the head of the Legal Department, the head of Legal Compliance, and the dedicated head of AML/CFT.</p> <p>18. Distribution of the Company's remuneration for directors for 2022.</p> <p>19. Distribution of employee remuneration for 2019, 2020, 2021 and 2022.</p> <p>20. The Company's 2023 performance evaluation of the managerial officers.</p> <p>21. The salary adjustment for the managerial officers of the Company.</p> <p>22. The provision and payment of the 2023 year-end performance bonus of the Company.</p> <p>23. Appointments of the managerial officers.</p>
March 7, 2024 5th meeting of the 18th Term	<p>1. The Company's 2023 business report.</p> <p>2. The Company's 2023 parent company only and consolidated financial statements.</p>

	3. Proposal for the distribution of remuneration to employees and directors of the Company for 2023. 4. The proposal for canceling the recovered RSAs for capital decrease. 5. The Company's earnings distribution plan for the second half of 2023 6. Determining the ex-dividend date for the cash dividends from earnings distribution for the second half of 2023. 7. The Company's 2023 earnings distribution. 8. The increase of short-term credit facility for 2024. 9. The proposed time, place and reasons of convention of the 2024 general annual meeting is submitted for review. 10. Issuance of the Company's 2023 Declaration of Internal Control System. 11. Issuance of the Company's 2023 Declaration of AML/CFT Internal Control System. 12. Amendments to the Company's Articles of Incorporation. 13. The amendment of the Company's internal control system. 14. Amendments to the Company's "Rules of Procedure for Board of Directors Meetings" and "Audit Committee Charter". 15. Amendments to the Company's "Operating Procedure for Ethical Management." 16. Amendment to the Company's "Investment Management Principles." 17. Proposal to appoint new directors of the subsidiary, "Good Finance PE Co., Ltd." 18. Reappointment of the Company's spokesperson and deputy spokesperson. 19. Appointment of the head of accounting.
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**(XIII) Where, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, a director or supervisor has expressed a dissenting opinion with respect to a material resolution passed by the board of directors, and said dissenting opinion has been recorded or prepared as a declaration, disclose the principal content thereof: none.**

**(XIV) 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
Financial Manager	Chia-Ling Yu	December 22, 2018	May 31, 2023	Resigned

## **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	2023	2,480	430	2,910	
	Pei-De Chen	2023				

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, managerial officers and major shareholders**

Position	Name	2023		Current year as of April 1	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Chairman	Good Financial Technology Co., Ltd.	25,878,000 (7,480,000)	0	0	(9,200,000)
	Representative: Ku-Han Huang	0	0	0	0
Vice chairperson	Ming-Li Chuang	0	(7,420,000)	0	0
Director	Good Financial Technology Co., Ltd.	25,878,000 (7,480,000)	0	0	(9,200,000)
	Representative: Yang-Juh Lai	0	0	0	0
Director	Good Financial Technology Co., Ltd.	25,878,000 (7,480,000)	0	0	(9,200,000)
	Representative: Wei-Chung Lee	0	0	0	0
Director	Good Financial Technology Co., Ltd.	25,878,000 (7,480,000)	0	0	(9,200,000)
	Representative: Min-Daou Gu	0	0	0	0
Director	Good Financial Technology Co., Ltd.	25,878,000 (7,480,000)	0	0	(9,200,000)
	Representative: Hsun-Chin Peng	0	0	0	0
Director	Good Financial Technology Co., Ltd.	25,878,000 (7,480,000)	0	0	(9,200,000)
	Representative: Wei-Jen Lee	0	0	0	0
Director and also Senior Vice President	Fu-Liang Wan	0	0	0	0
Independent Director	Keng-Chou Lin	0	0	0	0
Independent Director	Ching-Hsiu Chen	0	0	0	0
Independent Director	Li-Yi Cheng	0	0	0	0
President	Ta-Hsiu Chuang	0	0	0	0
Senior Vice President	Huei-Cheng Shen	0	0	0	0
Senior Vice President	Hui-Sheng Tsao	45,000	0	10,000	0
Senior Vice President	Hsueh-Li Yu	0	0	0	0
Vice President	Shen-Chun Lo	0	0	0	0
Vice President	Yu-De Shen	2,000	0	37,000	0
Vice President	Hsiu-Chu Chen	0	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	0	0	0	0
Vice President	Yu-Ling Lung (Note)	50,000 (50,000)	0	0	0

Vice President	Yi-bai Chen (Note) (Date of inauguration: April 6, 2023)	300,000 (300,000)	0	0	0
Vice President	Wei-Chun Lin (Date of inauguration: January 1, 2024)	0	0	0	0
Assistant Vice President	Wan-Chi Fang (Note)	100,000 (100,000)	0	0	0
Assistant Vice President	Hsi-Jung Kuo (Date of inauguration: April 1, 2023)	0	0	0	0
Manager	Cheng Chien-Jen (Note)	50,000 (50,000)	0	0	0
Manager	Ching-Yao Huang	95,000 (50,000)	0	15,000	0
Manager	Ching-Wen Hung (Note)	100,000 (100,000)	0	0	0
Manager	Ling Kuo	0	0	0	0
Manager	Tzu-Ying Wu (Note)	25,000 (25,000)	0	0	0
Manager	Ming-Chu Fan	0	0	0	0
Manager	Chi-Hsun Yang (Date of inauguration: January 1, 2024)	0	0	0	0
Manager	Meng-Fan Wu	0	0	0	0
Manager	Chi-Chao Chen	0	0	0	0
Manager	Wu Ya-Yu	0	0	0	0
Manager	Hsia-Ping Chen	9,000	0	0	0
Manager	Yu-Chen Hsu	0	0	0	0
Manager	Chia-Yen Chuang	0	0	0	0
Manager	Mei-Ling Liao	0	0	0	0
Manager	Yu-Feng Liu	0	0	0	0
Manager	Hui-Hao Tsai	0	0	0	0
Manager	Cong-Chi Yang (Date of inauguration: April 1, 2023)	0	0	0	0
Manager	Wei-Chin Huang (Date of inauguration: November 6, 2023)	0	0	0	0
shareholders with more than 10% shareholding	Good Financial Technology Co., Ltd.	25,878,000 (7,480,000)	0	0	(9,200,000)
shareholders with more than 10% shareholding	Lung-Ching Chuang	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:**

Name	Cause of equity transfer	Date of trading	Trading counterpart	Relationship between the trading counterpart and the Company, directors, supervisors, managerial officers, and shareholders with more than 10% shareholding	Shares	Trading price
Good Financial Technology Co., Ltd.	Disposition	January 17, 2023	Da Han Capital Co., Ltd.	The Company's manager, Yang Dun-Hsi, holds shares of the Company in the name of the counterparty	2,000,000 shares	NT\$20.00
Good Financial Technology Co., Ltd.	Disposition	September 7, 2023	Da Han Capital Co., Ltd.	The Company's manager, Yang Dun-Hsi, holds shares of the Company in the name of the counterparty	1,566,000 shares	NT\$15.25
Good Financial Technology Co., Ltd.	Acquisition	December 25, 2023	Asia Value Capital Co., Ltd.	The same chairman	10,283,000 shares	NT\$15.25
Good Financial Technology Co., Ltd.	Acquisition	December 25, 2023	Asia Value Cornerstone Capital Co., Ltd.	The same chairman	15,595,000 shares	NT\$15.25

**3. Information on a counterparty of an equity pledge who is a related party: 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

Unit: shares; April 1, 2024

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	
Good Financial Technology Co., Ltd. Representative: Ku-Han Huang	137,928,000	44.28%	0	0.00%	0	0.00%	Ku-Han Huang	Chairman himself	None
Lung-Ching Chuang	40,968,784	13.15%	0	0.00%	0	0.00%	Lung-Chang Chuang Ming-Li Chuang	Relative within the second degree of kinship	None
Asia Value Fund Investment Account, entrusted to Deutsche Bank Taipei Branch for custody	19,896,000	6.39%	0	0.00%	0	0.00%	None	None	None
Ku-Han Huang	10,745,000	3.45%	400,044	0.13%	2,200,000	0.71%	Good Financial Technology Co., Ltd.	Chairman	None
Ming-Li Chuang	8,992,202	2.89%	0	0.00%	0	0.00%	Lung-Chang Chuang Lung-Ching Chuang	Relative within the second degree of kinship	None
Lung-Chang Chuang	7,567,086	2.43%	0	0.00%	0	0.00%	Lung-Ching Chuang Ming-Li Chuang	Relative within the second degree of kinship	None
North Bay Recreation Co., Ltd. Representative: Jung-Chi Chuang	5,614,000	1.80%	0	0.00%	0	0.00%	Jung-Cheng, Chuang	Chairman himself	None
Ming-Ching Chao	4,000,000	1.28%	0	0.00%	0	0.00%	None	None	None
Jung-Chi Chuang	3,722,326	1.19%	0	0.00%	0	0.00%	North Bay Recreation Co., Ltd.	Chairman	None
Da Han Capital Co., Ltd. Representative: Tun-Hsi Yang	3,665,000	1.18%	0	0.00%	0	0.00%	None	None	None

**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 shares

#### (I) Source of Share Capital

Unit: shares or NTD; March 31, 2024

Year/ Month	Issue price	Authorized capital stock		Paid-in capital stock		Remark		
		Shares	Amount	Shares	Amount	Source of Share Capital	Paid by any property other than cash	Others
2023.6	10	2,000,000,000	20,000,000,000	3,10,965,974	3,109,659,740	Capital decrease by cancelling RSAs for NT\$3,000,000	-	Note 1
2023.8	10	2,000,000,000	20,000,000,000	312,140,974	3,121,409,740	Issued RSAs for NT\$11,750,000	-	Note 2
2023.11	10	2,000,000,000	20,000,000,000	311,815,974	3,118,159,740	Capital decrease by cancelling RSAs for NT\$3,250,000	-	Note 3
2024.3	10	2,000,000,000	20,000,000,000	311,515,974	3,115,159,740	Capital decrease by cancelling RSAs for NT\$3,000,000	-	Note 4

Note 1: Registration of change, approved by the Ministry of Economic Affairs on July 7, 2023 under Letter Jing-Shou-Shang-Zi No. 11230125810.

Note 2: The Board of Directors approved the third issuance of RSAs in 2021 totaling 1,175,000 shares. The record dates of the capital increase were September 18, 2023. Registration of change, approved by the Ministry of Economic Affairs on October 23, 2023 under Letter Jing-Shou-Shang-Zi No. 11230190740.

Note 3: Registration of change, approved by the Ministry of Economic Affairs on November 30, 2023 under Letter Jing-Shou-Shang-Zi No. 11230220350.

Note 4: Registration of change, approved by the Ministry of Economic Affairs on March 28, 2024 under Letter Jing-Shou-Shang-Zi No. 11330044330. As of April 1, 2013, the cancellation procedures for the 300,000 shares that have been canceled and reduced capital have not yet been completed. The following shareholder structure, shareholding dispersion, and shareholding ratios of major shareholders are based on the actual receipts of the change registration approved by the Ministry of Economic Affairs. The calculation basis is based on the share capital of 311,515,974 shares.

Shares General classification	Authorized capital stock			Remarks
	Outstanding shares (TPEX- listed)	Unissued shares	Total	
Common shares	311,515,974	1,688,484,026	2,000,000,000	None

#### (II) Shareholder structure

Unit: shares; April 1, 2024

Shareholder structure Quantity	Government agencies	Financial institutions	Other juristic persons	Foreign institutions and foreigners	Individuals	Treasury stock	Total
Number of persons	0	4	24	15	4,007	0	4,050
Shares held	0	4,982,488	161,687,310	20,731,476	124,114,700	0	311,515,974
Shareholding	0%	1.60%	51.90%	6.66%	39.84%	0%	100%

**(III) Distribution of equity**

Face value at NT\$10 per share

April 1, 2023

Shareholding category	Number of shareholders	Shares held	Shareholding
1 to 999	2,332	416,095	0.13%
1000 to 5000	1035	2,261,909	0.73%
5001 to 10,000	234	1,796,519	0.58%
10,001 to 15,000	107	1,312,815	0.42%
15,001 to 20,000	53	956,461	0.31%
20,001 to 30,000	81	1,975,010	0.63%
30,001 to 40,000	32	1,134,333	0.36%
40,001 to 50,000	30	1,365,922	0.44%
50,001 to 100,000	60	4,249,136	1.36%
100,001 to 200,000	25	3,183,880	1.02%
200,001 to 400,000	21	6,337,744	2.03%
400,001 to 600,000	4	2,122,690	0.68%
600,001 to 800,000	6	4,315,442	1.39%
800,001~1,000,000	1	888,740	0.29%
1,000,001 shares and above	29	279,199,278	89.63%
Total	4,050	311,515,974	100.00%

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

April 1, 2024

Shares	Shares held	Percentage of holding
Name of major shareholder		
Good Financial Technology Co., Ltd.	137,928,000	44.28%
Lung-Ching Chuang	40,968,784	13.15%
Asia Value Fund Investment Account, entrusted to Deutsche Bank Taipei Branch for custody	19,896,000	6.39%
Ku-Han Huang	10,745,000	3.45%
Ming-Li Chuang	8,992,202	2.89%
Lung-Chang Chuang	7,567,086	2.43%
North Bay Recreation Co., Ltd.	5,614,000	1.80%
Ming-Ching Chao	4,000,000	1.28%
Jung-Chi Chuang	3,722,326	1.19%
Da Han Capital Co., Ltd.	3,665,000	1.18%

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

Item		Year	2022 (Distributed in 2023)	2023 (Distributed in 2024)	Current year as of March 31, 2024 (Note 7)
Market price per share (Note 1)	Highest		21.80	20.00	17.40
	Lowest		18.15	14.20	14.50
	Average		20.10	15.84	15.37
Net asset value per share (Note 2)	Before distribution		14.65	18.46	23.02
	After distribution		14.65	18.46	23.02
Earnings per share	Weighted average shares (thousand shares)		306,756	306,756	306,756
	EPS	Before adjustment	0.17	0.35	0.74
		After adjustment	0.17	0.34	0.72
Dividend per share	Cash dividend		-	0.60 (Note 6)	-
	Stock bonus	Share dividend from retained earnings	-	-	-
		Share dividend from capital reserve	-	-	-
	Accumulated unpaid dividend		-	-	-
ROI analysis	P/E ratio (Note 3)		118.24	45.26	20.77
	P/D ratio (Note 4)		-	26.40 (Note 6)	-
	Cash dividend yield (Note 5)		-	3.79% (Note 6)	-

\*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: P/D ratio = Average closing price per share for the year/Cash dividend per share.

Note 5: Cash dividend yield = Cash dividend per share/Average closing price per share for the current year.

Note 6: Including the dividend amount for the second half of 2023 as resolved by the Board of Directors on March 7, 2024.

Note 7: 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 and implementation thereof**

### **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. 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. Pursuant to the Company's Articles of Incorporation, the Board of Directors is authorized to resolve semi-annual distribution of cash dividends. The amount and distribution date of the Company's 2023 cash dividends are as follows:

2023		Distribution Date	Cash dividends per share (NT\$)	Total cash dividends (NT\$)
The first half	2023.8.24	2023.10.6	NT\$0.3	NT\$93,289,792
Later half of the year	2024.3.7	113.4.26	NT\$0.3	NT\$93,454,792

## **(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 and directors, as set forth in the Company's Articles of Incorporation:

Article 30 of the Articles of Incorporation specifies that when the Company makes a profit in a year, it shall set aside not less than 1% of such profit as employees' compensation, which shall be distributed in the form of stock or cash as determined by the Board of Directors. The recipients of employee compensation may include the employees of parents or subsidiaries of the company meeting certain specific requirements. The Company may set aside not more than 1% of the aforesaid profits as remuneration to directors as determined by the Board of Directors in accordance with the relevant regulations established by the Board of Directors. 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 2023 remuneration to employees: NT\$952,496.

3. The Board of Directors passed the distribution of the 2022 remuneration to directors: NT\$952,496.

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.	TAIPEI FUBON COMMERCIAL 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 settlement		None	None	None
Restrictive terms		Not applicable.	Not applicable.	Not applicable.
Rating agency Name, date of rating, and rating of corporate bond		Taiwan Ratings Corp. - twAA-	Moody's - A2	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.	Not applicable.
	Issuance and conversion (exchange or subscription) terms	Not applicable.	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

### (I) Remarks on employee stock warrants: None.

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

- 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 RSAs	1st issuance of 2020	Term of RSAs	2nd issuance of 2020	Term of RSAs
Effective Date of reporting and <u>total number of shares</u>	July 13, 2020/ 3,500,000 shares			
Date of issuance	March 24, 2021		May 3, 2021	
Issued RSAs	3,000,000 shares		100,000 shares	
RSAs available for issuance	500,000 shares		400,000 shares	
Issue price	0		0	
Percentage of issued RSAs to total issued 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. Any employees who fail to attain the performance appraisal rating lower than Grade A shall be considered failing to fulfill the vesting conditions.			
Restrictive conditions for RSAs	<ol style="list-style-type: none"><li>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.</li><li>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.</li></ol>			
Custody of RSAs	Taishin Bank was contracted as the custodian.			
Resolution if the vesting conditions are not met upon the employees' receipt of allotted shares or subscription for the new shares.	<ol style="list-style-type: none"><li>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.</li><li>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.</li><li>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.</li><li>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.</li></ol>			
Number of redeemed or repurchased RSAs	750,000 shares		75,000 shares	
Number of RSAs with restrictions lifted	0 share			
Number of RSAs with restrictions not yet lifted	2,275,000 shares			
Percentage of RSAs subject to restrictions to total issued shares (%)	0.73%			
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.			

Types of RSAs	1st tranche (term) of RSAs, 2021	2nd tranche (term) of RSAs, 2021	3rd tranche (term) of RSAs, 2021
Effective Date of reporting and total number of shares	December 15, 2021 / 3,500,000 shares		
Date of issuance	August 29, 2022	October 28, 2022	September 18, 2023
Issued RSAs	1,335,000 shares	200,000 shares	1,175,000 shares
RSAs available for issuance	2,165,000 shares	1,965,000 shares	790,000 shares
Issue price	0	0	0
Percentage of issued RSAs to total issued shares	0.43%	0.06%	0.38%
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"> <li>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.</li> <li>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.</li> </ol>		
Custody of RSAs	Taishin Bank was contracted as the custodian.		
Resolution if the vesting conditions are not met upon the employees' receipt of allotted shares or subscription for the new shares.	<ol style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>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.</li> <li>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.</li> </ol>		
Number of redeemed or repurchased RSAs	175,000 shares	50,000 shares	0
Number of RSAs with restrictions lifted	0 share		
Number of RSAs with restrictions not yet lifted	2,485,000 shares		
Ratio of number of RSAs with restrictions not yet lifted to total issued shares (%)	0.8%		
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\$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 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:

Unit: thousand shares; February 29, 2023

Unit: thousand shares, February 29, 2021

	Position (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	President	Ta-Hsiu Chuang	3,060	0.98%	0	0	0	0.00%	3,060	0	0	0.98%
	Senior Vice President	Hsueh-Li Yu										
	Senior Vice President	Fu-Liang Wan										
	Senior Vice President	Huei-Cheng Shen										
	Senior Vice President	Hui-Sheng Tsao										
	Vice President	Yi-bai Chen										
	Vice President	Yu-De Shen										
	Vice President	Shih-Hsuan Huang										
	Vice President	Shen-Chun Lo										
	Vice President	Pei-Chi Hung										
	Vice President	Yu-Ling Lung										
	Vice President	Wei-Chun Lin										
	Vice President	Tun-Hsi Yang										
	Assistant Vice President	Kuo Hsi-Jung										
	Assistant Vice President	Wan-Chi Fang										
	Manager	Chi-Hsun Yang										
	Manager	Ching-Yao Huang										
Manager	Ching-Wen Hung											
Manager	Chien-Jen Cheng											
Manager	Tzu-Ying Wu											
Manager	Lin Kuo											
Employee	Senior Assistant Vice President	Tzu-Hui Lin	1,300	0.42%	0	0	0	0.00%	1,300	0	0	0.42%
	Assistant Vice President	Shih-Yun Huang										
	Manager	Yu-Ling Lin										
	Manager	Bo-Xiang Kuo										
	Manager	Chien-An Chen										
	Deputy Manager	Hou-Fu Lin										
	Deputy Manager	I-Feng Liao										
	Deputy Manager	I-Chen Li										
	Deputy Manager	Li Pin-I										
	Deputy Manager	Lin Chin-Fu										
	Deputy Manager	Ke-Hsin Yen										
	Assistant Manager	Chiung-Hui Wen										
	Clerk	Hsuan-Yi Wu										
	Clerk	Yi-Chun Lin										
	Clerk	Lin Lei-Tun										
	Clerk	Chun-Han Chuang										
	Clerk	Yin Peng										
	Clerk	Pei-Yu, Liao										
	Clerk	Yi-An Hsiao										

## 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

For the information provided by the Group to the main decision-makers for allocating resources and evaluating the performance of segments, the focus is on the operational performance of each company. The reportable segments of the Group are as follows:

- (1) Customer Partner Dept.: Mainly responsible for the mandate and brokerage of securities trading.
- (2) 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.
- (3) Investment Bank Dept.: Mainly responsible for the underwriting of securities transactions.
- (4) Futures Dept.: Mainly responsible for the mandate and brokerage of futures trading.
- (5) 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	2022		2023	
		Amount	%	Amount	%
Customer Partner Dept.		626,878	72.1	631,386	61.82
Investment Dept.		181,411	20.9	331,731	32.48
Investment Bank Dept.		149	-	3,759	0.37
Futures Dept.		35,388	4.10	22,193	2.17
Other segments		25,523	2.90	32,275	3.16
Total		869,349	100.0	1,021,344	100.0

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

- (1) Brokerage: consigned trading, futures, margin trading and short sale, and lending for any purpose
- (2) Proprietary trading: proprietary trading of marketable securities, trading of bonds with conditions, financial derivatives
- (3) Underwriting: Tutorship or assessment for issuance by public offering companies, placement of negotiable securities, assistance to raising funds via securities issuance, or financial consulting services
- (4) Other related operations approved by the competent authority.

##### 4. New products (services) under development

- (1) 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.
- (2) The Company has recently launched the sub-brokerage service for US bonds in the head office in Taipei, and will introduce this service to all branches in the future, to help customers improve their global asset allocation capabilities and improve financial returns.
- (3) In the near future, the Company will fully launch online account opening and account segregation services, to improve the convenience and satisfaction of customers in using the Company's FinTech products, while improving online customer recruiting capabilities.

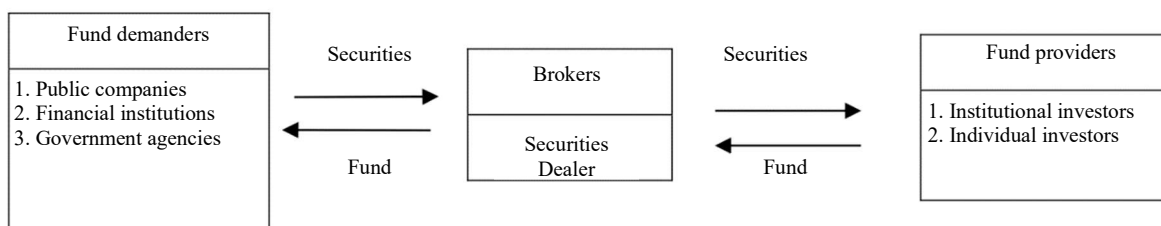
## (II) Overview of Industry

### 1. Status and development of the industry

- (1) In 2023, although the international situation presented many challenges, driven by the rapid development of the global AI industry and the electronic industry with global advantages in Taiwan, the TAIEX rose by 27% in 2023, and the average daily value of TWSE/TPEX listed stocks reached as high as NT\$357.6 billion, as one of the top performers among global stock markets.
- (2) In 2023, the overall profit of the financial industry was about NT\$703.6 billion, with a growth rate of about 40% year-on-year. Profit from self-settlement of securities and futures was NT\$99.8 billion, a 50% growth year-on-year. Due to the booming technology industry and active trading, the revenue and profit of securities firms in 2023 rebounded significantly from the year before.

### 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 business: The brokerage business of the Company is stable and very profitable; it is planning to use technology to empower the brokerage business, to improve the convenience of investors' trading and expand the online customer recruiting ability. In the future, a new data center will be built to improve the stability of trading, and provide a first-class user experience through online account opening and the trading app developed in-house. 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. 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. As of the end of 2023, the Company had served more than 3,000 customers through the financial product innovations mentioned above, and the AUM had steadily increased to over NT\$6 billion.
- (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. The Company have built a basket of such companies with high

yields in Taiwan. In terms of investment regions, the Company focuses on three regions, Taiwan, the United States, and China, by continuously seeking companies with high-quality growth. Through global diversification and strategic diversification of investment, the overall portfolio will be stable and have growth potential.

- (4) Underwriting: As the underwriting business is not the advantage of medium-and-small securities dealers, the Company will strategically participate in certain supporting business activities.

### **(III) Overview of Technology and R&D**

1. Financial product innovation: Under the license obtained by the Company, the Company will continue to launch new products centered on customers' long-term interest. The Company already launched PGN, private equity fund and US bond sub-brokerage; in the future, we will continue to establish a complete wealth management product portfolio and strive to become the first platform when customers selection wealth management products in the whole market.
2. Technology product innovation: The Company continues to invest significant resources and manpower in the research and development of the "Good Finance Wallet APP," and has completed the development of new functions, such as account segregation and online account opening; in the future, the Company will fully upgrade and expand the data center for trading and information security system, to meet the needs of business growth in the next decade.

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

1. Short-term development plan:
  - (1) Brokerage: with the services including segregated accounts and online account opening, and brand new online self-media content, the customers of the overall market are served, for better long-term investment returns and satisfaction of customers, and accelerating the development of new customers.
  - (2) Asset management: customers are provided with the most competitive wealth management product portfolio, tools and services in the market, through PGN, private equity funds, U.S. bonds and other products.
  - (3) Proprietary trading: the investment team is expanded and the research system is complete; a fixed income research team is established to improve the efficiency of global capital allocation, and the Company's overall return on assets.
  - (4) Underwriting: The Company's Underwriting Dept. has transitioned to the Investment Bank Dept. and has begun to provide the best financial planning services to financial institutions and corporations
2. Long-term development plan:  
The Company will consolidate its market position and profitability 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, to become the composite securities dealer with the highest customer satisfaction in the market.

## **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 0.42% in 2023.
3. Future demand & supply and potential growth in the market
  - (1) Market: 2020 to 2023 were the stage with the most active securities transactions in Taiwan's history and the number of new accounts reached record highs in nearly 20 years. 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. It is believed 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: The overall profitability of Taiwan's financial industry in 2023 was NT\$703.6 billion, including NT\$99.8 billion from securities, NT\$9.81 billion from insurance, and NT\$505.7 billion from banking. The Company has a tremendous space for the 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. The Company launched a brand-new financial product in 2020 and we shall use the brokerage service, 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. 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.
4. Competitive niche
- (1) The Company's profitability in brokerage businesses has led the market. We have priced service fees higher than those of our competitors and the ratio of electronic orders has remained low.
  - (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 daily average margin trading volume has increased by approximately 25% from 2020 to 2023. 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 dispersed and the customer life cycle is long. The teams and technology in the Company's branches have established a long-term partnership, absolutely focusing on natural persons; the physical transaction turnover is high and the profitability is strong.
  - (4) For nearly three years, the Company recruited several professional executives from 2020 to 2021 and established a first-rate diverse, professional, and experienced management team.
  - (5) The Company outperformed its peers in the proprietary trading business, as securities dealers engage in direct finance and thus have a natural advantage over banking and insurance in generating revenue. Among securities dealers, the Company has a unique competitive advantage because the Company's proprietary business focuses on research-driven, global positioning, and long-term investment, with the ability to create a return on investment that is superior to the market.
5. Positive and negative factors for future development, and responsive measures
- (1) Favorable factors:
    - The trend where the insurance industry is the hero in Taiwan's wealth management has been shifted. The huge quantity of low-interest U.S. bonds and the application of IFRS 17 prevent the insurers from expanding the balance sheets. This is positive for banks and securities firms to play a more proactive role as a wealth management provider.
    - The large amount of excess savings continuously appearing every year will bring a huge wealth management needs in fixed income.
    - The FSC continues to liberate the wealth management business for securities firms to join, for instance, allowing REITs to be offered in fund-based structure among other favorable policies.
    - The breakthrough of new foundations such as artificial intelligence will support the realization of a large scope of customized financial services, while significantly reducing the cost of large-scale deployment.
  - (2) Unfavorable 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. The strategic alliance, if 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.
    - The rampant fraud and frequent hacker attacks have made the competent authority demands more regarding the security of financial sector, resulting in a significant increase in security costs, and the difficulty in transferring customers' funds, which is also unfavorable for the cost structure of small and medium-sized securities firms.
    - The aging population and declining birth rates will make it more difficult to recruit quality talents, and the cost and difficulty of recruiting talents will continue to increase. The financial industry will continue to face competition from the technology industry for talents.
  - (3) Countermeasures:

- The organizational authorities and responsibilities are clear: The Company has a simple organization with clear authorities and responsibilities. Comparing to large financial institutions, the Company's business decision-making is quite clear. In addition, communication channels at all levels are smooth, and the execution of operational tactics is also easier to implement.
- 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.
- 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.
- 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.

(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 There is no physical supply of raw materials, so it is not applicable.

(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, 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 abo 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 29, 2024

Unit: Person; Age: Year; %

Year		2022	2023	Current year until February 29
Number of employees	Manager	35	36	37
	General employees	357	364	368
	Total	392	400	405
Average age		45.34	45.52	45.31
Average years of service		14.59	14.44	14.36
Academic background distribution ratio	PhD degree	0.00%	0.00%	0.00%
	Master degree	14.29%	14.25%	14.07%
	College	69.90%	73.00%	73.33%
	Senior high school	15.56%	12.50%	12.35%
	Below senior high school	0.26%	0.25%	0.25%

### IV. Information about environment protection expenditure

As a securities service business, the Company has no problem of environmental pollution.

### V. Labor 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 of 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.

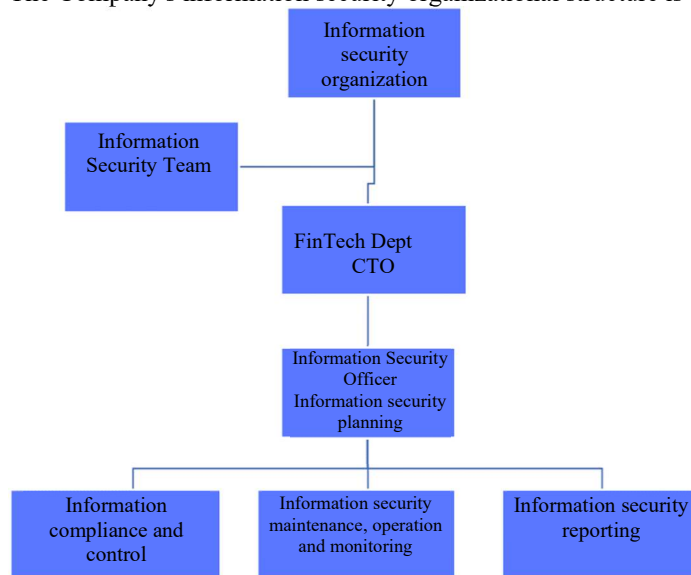
(II) List the losses suffered by labor disputes in the most recent year and until the publication date of the prospectus, and disclose the amount of losses that may occur from such disputes in the future as well as the response measures. If the amount cannot be reasonably estimated, explain the facts behind why the reasonable estimation cannot be made: None in 2023 and 2024 until the date of publication of the prospectus.

## VI. Cyber security 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" disclosed on the official website, 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. The Company's organization for the daily operations of information security or projects is the FinTech Product 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 matters related to risk handling, to prevent the cyber crimes, maintain the information system security, and provide secure and reliable trading system to customers.

The Company's information security organizational structure is as follows:



3. 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).
4. To enhance employees' information security awareness, lower the risk of penetration by hackers, the Company organized information security training and email social engineering exercises at regular intervals each year.
5. 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.
6. We schedule and execute regular vulnerability scans of critical systems to enhance information system security. We conduct information security inspections on the Company's mobile app to enhance its security.

(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 2023 and in 2024 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	As stipulated in the contract
Long-term loan contract	Cathay United Bank	November 25, 2020 to November 25, 2027	Loans to the Company in the principal amount of NT\$295 million	As stipulated in the contract
Joint credit contract	O-Bank Co., Ltd. (agency and lead bank), etc.	December 19, 2023 to December 19, 2026	Loans to the Company within the total principal amount of NT\$1.5 billion	As stipulated in the contract
Interior decoration project contract, Shizheng Branch, Taichung	Taipu Interior Design Engineering Co., Ltd.	April 20, 2023 to August 13, 2023	Interior decoration and installation of equipment	As stipulated in the contract

## VIII. Own capital adequacy ratio since December 2023

Year	December 2022 (A)	December 2023 (B)	Variance (B-A)/A
Own capital adequacy ratio	283%	289%	2.12%

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

Year	2023	2022	Deviation
Number of people / Amount			
Number of employees	357 persons	355 persons	2 persons
Average benefit expenses	NT\$994 thousand	NT\$956 thousand	NT\$38 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:

Unit: NT\$ thousand

Name of affiliate	Relationship with the Company	Shareholding in the most recent five years %					End of 2023 Carrying amount	Evaluation method
		End of 2023	End of 2022	End of 2021	End of 2020	End of 2019		
Good Finance Securities Investment Consulting Co., Ltd.	Investees valued under equity method	100.00%	100.00%	100.00%	100.00%	100.00%	54,742	Equity method
Good Finance PE Co., Ltd.	Investees valued under equity method	100.00%	100.00%	100.00%	-	-	66,400	Equity method

(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

Year		Financial information for the latest 5 years (Note 1)				
Item		2019	2020	2021	2022	2023
Current assets		6,468,595	12,432,492	15,049,565	10,519,744	13,702,259
Property and equipment		252,770	562,058	551,041	566,059	563,687
Intangible assets		66,328	63,927	60,336	66,392	68,244
Other assets		542,077	624,495	758,968	832,074	853,085
Total assets		7,329,770	13,682,972	16,419,910	11,984,269	15,187,275
Current liabilities	Before distribution	2,625,967	7,909,441	9,683,141	6,346,600	7,846,515
	After distribution	—	—	—	—	7,939,970 (Note 2)
Noncurrent liabilities		61,790	796,901	1,146,465	1,077,719	1,584,918
Total liabilities	Before distribution	2,687,757	8,706,342	10,829,606	7,424,319	9,431,433
	After distribution	—	—	—	—	9,524,888 (Note 2)
Capital stock		3,067,559	3,067,559	3,098,559	3,112,659	3,118,159
Capital surplus		12,157	12,157	30,845	40,066	46,759
Retained earnings	Before distribution	1,529,805	1,567,805	1,782,797	1,757,372	1,795,777
	After distribution	—	—	—	—	1,702,322 (Note 2)
Other equity		32,492	329,109	678,103	(350,147)	795,147
Total equity	Before distribution	4,642,013	4,976,630	5,590,304	4,559,950	5,755,842
	After distribution	—	—	—	—	5,662,387 (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 amount determined by the board of directors on March 7, 2024 .

## 2. Consolidated Condensed Balance Sheet

Unit: NT\$ thousand

Year		Financial information for the latest 5 years (Note 1)				
Item		2019	2020	2021	2022	2023
Current assets		6,509,692	12,474,692	15,133,727	10,622,389	13,760,217
Property and equipment		252,845	562,108	551,838	566,742	564,078
Intangible assets		66,328	63,927	60,336	66,392	68,244
Other assets		501,580	583,119	677,523	734,896	741,963
Total assets		7,330,445	13,683,846	16,423,424	11,990,419	15,134,502
Current liabilities	Before distribution	2,626,706	7,910,379	9,686,734	6,352,840	7,793,832
	After distribution	—	—	—	—	7,887,287 (Note 2)
Noncurrent liabilities		61,726	796,837	1,146,386	1,077,629	1,584,828
Total liabilities	Before distribution	2,688,432	8,707,216	10,833,120	7,430,469	9,378,660
	After distribution	—	—	—	—	9,472,115 (Note 2)
Capital stock		3,067,559	3,067,559	3,098,559	3,112,659	3,118,159
Capital surplus		12,157	12,157	30,845	40,066	46,759
Retained earnings	Before distribution	1,529,805	1,567,805	1,782,797	1,757,372	1,795,777
	After distribution	—	—	—	—	1,702,322 (Note 2)
Other equity		32,492	329,109	678,103	(350,147)	795,147
Total equity	Before distribution	4,642,013	4,976,630	5,590,304	4,559,950	5,755,842
	After distribution	—	—	—	—	5,662,387 (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 amount determined by the board of directors on March 7, 2024 .

## (II) Condensed Comprehensive Income Statement

### 1. Parent Company Only Condensed Comprehensive Income Statement

Unit: NT\$ thousand

Year		Financial information for the latest 5 years (Note 1)				
Item		2019	2020	2021	2022	2023
Operating revenue		511,622	730,440	1,300,154	843,827	989,069
Operating expenses and expenditure		517,235	657,802	985,318	868,067	988,720
Operating income		(5,613)	72,638	314,836	(24,240)	349
Non-operating income and expenses		49,651	53,801	38,121	55,442	92,995
Profit before tax		44,038	126,439	352,957	31,202	93,344
Current period net profit		26,087	105,648	320,987	52,497	106,144
Other comprehensive income in this period (net income after tax)		(34,589)	228,969	283,225	(1,097,377)	1,163,384
Total comprehensive income in this period		(8,502)	334,617	604,212	(1,044,880)	1,269,528
EPS (NT\$)		0.09	0.34	1.05	0.17	0.35

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)				
		2019	2020	2021	2022	2023
Operating revenue		511,627	730,439	1,305,027	869,349	1,021,344
Operating expenses and expenditure		(517,040)	(656,481)	(993,870)	( 880,320)	( 995,634)
Operating income		(5,413)	73,958	311,157	(10,971)	25,710
Non-operating income and expenses		49,451	52,676	41,124	44,694	72,852
Profit before tax		44,038	126,634	352,281	33,723	98,562
Current period net profit		26,087	105,648	320,987	52,497	106,144
Other comprehensive income in this period (net income after tax)		(34,589)	228,969	283,225	(1,097,377)	1,163,384
Total comprehensive income in this period		(8,502)	334,617	604,212	(1,044,880)	1,269,528
EPS (NT\$)		0.09	0.34	1.05	0.17	0.35

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
2019	Deloitte & Touche	Wu Yi-Chun/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
2023	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)				
			2019	2020	2021	2022	2023
Financial structure	Liability to asset ratio (%)		36.67	63.63	65.95	61.95	62.10
	Ratio of long-term fund to property, plant and equipment		1,860.90	1,027.21	1,222.55	995.95	1,302.28
Solvency	Current ratio (%)		246.33	157.19	155.42	165.75	174.63
	Quick ratio (%)		246.18	157.00	155.28	165.48	174.46
Profitability	ROA (%)		0.36	1.01	2.13	0.37	0.78
	ROE (%)		0.54	2.20	6.08	1.03	2.06
	Ratio of net income before tax to paid-in capital (%)		1.44	4.12	11.39	1.00	2.99
	Net profit margin (%)		5.10	14.46	24.69	6.22	10.73
	EPS (NT\$) (Note 3)		0.09	0.34	1.05	0.17	0.35
Cash Flow	Cash Flow Ratio (%)		(Note 2)	(Note 2)	(Note 2)	9.75	(Note 2)
	Cash Flow Adequacy Ratio (%)		324.27	(Note 2)	(Note 2)	(Note 2)	(Note 2)
	Cash Reinvestment Ratio (%)		(Note 2)	(Note 2)	(Note 2)	6.13	(Note 2)
Special purpose ratios (%)	Total liabilities to net worth ratio		57.90	174.94	193.72	162.82	163.86
	Ratio of property and equipment to total assets		3.45	4.11	4.15	5.42	4.45
	Ratio of underwritten securities to quick asset		3.96	1.43	1.52	3.05	1.88
	Total share financing balance as a percentage of net worth		48.75	49.14	62.69	54.06	50.87
	Total short sells balance as a percentage of net worth		5.38	5.18	3.26	5.48	3.39
Please explain the reasons for changes in each financial ratio during the most recent two years:							
1. The increase in various profitability ratios is mainly due to the tiredness from the Russia-Ukraine War, the changed factors of stopping interest rate hikes, and the upward trend in most global stock markets, resulting in an increase in brokerage fee revenue and profit from trading securities.							
2. The decrease in the ratio of underwritten securities to quick asset is mainly due to the decrease in underwritten securities.							
3. The decrease in the ratio of total amount to net short selling and lending was mainly due to the decrease in the balance of short selling and lending.							

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.

Note 4: The following formulas for the calculation of the financial analysis:

- Financial structure
  - Liability to asset ratio=Total liabilities/Total assets
  - Ratio of long-term fund to property, plant and equipment=(Owner equity+noncurrent liabilities)/Property and equipment, net
- Solvency
  - Current ratio=Current assets/Current liabilities
  - Quick ratio=(Current assets-Prepayment)/Current liabilities
- Profitability
  - ROA=Income after tax/Total average assets
  - Return on owners' equity=Income after tax/Average owner equity
  - Net profit margin=Income after tax/Income
  - EPS=(Net profit after tax-Preferred stock dividend)/Weighted average number of outstanding shares
- Cash Flow
  - Cash flow ratio=Net cash flow from operating activities/Current liabilities
  - 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
  - Cash reinvestment ratio=(Net cash flow from operating activities=Cash dividend)/(Gross property and equipment+Long-term investment+Other noncurrent assets+Working capital)
- Special purpose ratios
  - Liabilities to net worth ratio=Total liabilities/Owner equity
  - Ratio of property and equipment to total assets=Total property and equipment/Total assets
  - Ratio of underwritten securities to quick asset=Total underwritten securities/(Current assets-Current liabilities)
  - Total share financing balance as a percentage of net worth=Total share financing balance/Owner equity
  - 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)				
			2019	2020	2021	2022	2023
Financial structure	Liability to asset ratio (%)		36.67	63.63	65.96	61.97	61.97
	Ratio of long-term fund to property, plant and equipment		1,860.33	1,027.11	1,220.77	994.73	1301.36
Solvency	Current ratio (%)		247.83	157.70	156.23	167.21	176.55
	Quick ratio (%)		246.68	157.51	156.09	166.93	176.38
Profitability	ROA (%)		0.36	1.01	2.13	0.37	0.78
	ROE (%)		0.54	2.20	6.08	1.03	2.06
	Ratio of net income before tax to paid-in capital (%)		1.41	4.06	11.37	1.08	3.16
	Net profit margin (%)		5.10	14.46	24.60	6.04	10.39
	EPS (NT\$) (Note 3)		0.09	0.34	1.05	0.17	0.35
Cash Flow	Cash Flow Ratio (%)		(Note 2)	(Note 2)	(Note 2)	10.40	(Note 2)
	Cash Flow Adequacy Ratio (%)		321.93	(Note 2)	(Note 2)	(Note 2)	(Note 2)
	Cash Reinvestment Ratio (%)		(Note 2)	(Note 2)	(Note 2)	6.60	(Note 2)
Special purpose ratios (%)	Total liabilities to net worth ratio		57.92	174.96	193.78	162.95	162.94
	Ratio of property and equipment to total assets		3.45	4.11	4.15	5.42	4.47
	Ratio of underwritten securities to quick asset		3.92	1.42	1.50	2.98	1.84
	Total share financing balance as a percentage of net worth		48.75	49.14	62.69	54.06	50.87
	Total short sells balance as a percentage of net worth		5.38	5.18	3.26	5.48	3.39
Please explain the reasons for changes in each financial ratio during the most recent two years:							
<ol style="list-style-type: none"> <li>The increase in various profitability ratios is mainly due to the tiredness from the Russia-Ukraine War, the changed factors of stopping interest rate hikes, and the upward trend in most global stock markets, resulting in an increase in brokerage fee revenue and profit from trading securities.</li> <li>The decrease in the ratio of underwritten securities to quick asset is mainly due to the decrease in underwritten securities.</li> <li>The decrease in the ratio of total amount to net short selling and lending was mainly due to the decrease in the balance of short selling and lending.</li> </ol>							

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.

Note 4: The following formulas for the calculation of the financial analysis:

### 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 2023 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.

The Audit Committee, have reviewed these financial statements, and found the same to be compliant with laws. With the consent of all members, 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: Keng-Chou Lin

March 7, 2024

#### **IV. The latest annual financial statements**

### **INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying parent company only balance sheets of Good Finance Securities Co., Ltd. (the “Company”) as at December 31, 2023 and 2022, and the parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2023 and 2022, 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, 2023. 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, 2023, the Company's brokerage fee revenue amounted to \$579,894 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, 2023, 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, 2024

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, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

ASSETS		Notes	December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
Current assets		4				
111100	Cash and cash equivalents	6	499,076	3	\$ 865,429	7
112000	Financial assets at fair value through profit or loss - current	7	916,469	6	647,059	5
113200	Financial assets at fair value through other comprehensive income - current	8, 26 and 27	5,021,578	33	3,986,072	33
113300	Financial assets at amortized cost - current	9	9,886	-	-	-
114010	Investments in bonds under resale agreements	10	294,569	2	-	-
114030	Receivables from margin loans	11	2,927,810	19	2,464,919	21
114040	Refinancing margin		6,220	-	25,077	-
114050	Refinancing deposit receivable		5,183	-	17,912	-
114066	Receivables of money lending – without specific purposes	11	160,137	1	116,283	1
114070	Customer margin accounts		226,341	2	238,161	2
114130	Accounts receivable	11	2,564,838	17	1,621,666	14
114150	Prepayments	26	13,350	-	17,577	-
114170	Other receivables	11	25,665	-	12,726	-
114200	Other financial assets - current	6	63,598	1	51,556	1
114600	Current income tax assets	23	2,159	-	-	-
119080	Restricted assets – current	27	943,147	6	366,910	3
119095	Amounts held for each customer in the account		4,100	-	-	-
119120	Underwriting share proceeds collected on behalf of customers		11,874	-	81,537	1
119990	Other current assets		6,259	-	6,860	-
110000	Total current assets		13,702,259	90	10,519,744	88

(Continued)

GOOD FINANCE SECURITIES CO., LTD.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

ASSETS		Notes	December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
Non-current assets		4				
123200	Financial assets at fair value through other comprehensive income - non-current	8	\$ 83,645	1	\$ 90,701	1
123300	Financial assets at amortized cost – non-current	9	50,555	-	50,648	-
124100	Investments accounted for using equity method	12	121,142	1	108,224	1
125000	Property and equipment	13 and 27	563,687	4	566,059	5
125800	Right-of-use assets	14	40,737	-	54,410	-
127000	Intangible assets	15 and 26	68,244	-	66,392	1
128000	Deferred income tax assets	23	41,564	-	92,196	1
129010	Operating guarantee deposits		295,000	2	295,000	2
129020	Settlement and clearing fund		60,624	-	59,162	-
129030	Refundable deposits		79,362	1	79,577	1
129130	Prepayment for equipment		80,456	1	2,156	-
120000	Total non-current assets		1,485,016	10	1,464,525	12
906001	Total assets		<u>\$ 15,187,275</u>	<u>100</u>	<u>\$ 11,984,269</u>	<u>100</u>

(Continued)

GOOD FINANCE SECURITIES CO., LTD.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

LIABILITIES AND EQUITY		Notes	December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
Current liabilities		4				
211100	Short-term loans	16	\$ 2,094,000	14	\$ 550,000	5
211200	Commercial paper payable	16	199,770	1	1,298,131	11
212000	Financial liabilities at fair value through profit or loss – current	7 and 26	1,639,395	11	1,762,724	15
214010	Liabilities for bonds with repurchase agreements	18 and 26	448,182	3	100,000	1
214040	Guarantee deposit received from short sales		147,534	1	285,864	2
214050	Deposits payable for short sales		166,790	1	246,534	2
214080	Futures traders' equity	26	226,341	2	238,161	2
214090	Equity for each customer in the account		4,100	-	-	-
214130	Accounts payable	19	2,638,127	18	1,580,694	13
214150	Advance collection		22,184	-	14,789	-
214160	Collections for third parties		19,751	-	87,086	1
214170	Other payables	19	191,669	1	124,314	1
214180	Other payables – related parties	26	9,050	-	12,530	-
214600	Current income tax liabilities	23	-	-	4,574	-
215220	Long-term liabilities – current portion	16	10,142	-	10,152	-
216000	Lease liabilities – current	14	29,476	-	30,610	-
219000	Other current liabilities		4	-	437	-
210000	Total current liabilities		\$ 7,846,515	52	\$ 6,346,600	53
Non-current liabilities		4				
221100	Bonds payable	17	800,000	5	800,000	7
221200	Long-term loans	16	697,773	5	207,737	2
225100	Provisions – non- current		9,821	-	9,738	-
226000	Lease liabilities – non-current	14	6,089	-	16,820	-
228000	Deferred income tax liabilities	23	36,452	-	8,075	-
229030	Deposits received	26	90	-	90	-
229070	Net defined benefit liabilities-non-current	20	34,693	-	35,259	-
220000	Total non-current liabilities		1,584,918	10	1,077,719	9
906003	Total liabilities		\$ 9,431,433	62	\$ 7,424,319	62

(Continued)

GOOD FINANCE SECURITIES CO., LTD.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

LIABILITIES AND EQUITY		Notes	December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
Equity		21				
Share capital						
301010	Common stock		\$ 3,118,159	21	\$ 3,113,159	26
301080	Shares capital awaiting retirement		-	-	( 500 )	-
301000	Total share capital		<u>3,118,159</u>	<u>21</u>	<u>3,112,659</u>	<u>26</u>
Capital reserve						
302010	Additional paid-in capital		12,128	-	12,128	-
302030	Share-based payment	25	34,602	-	27,909	-
302040	Gains on disposals of assets		<u>29</u>	<u>-</u>	<u>29</u>	<u>-</u>
302000	Total capital reserve		<u>46,759</u>	<u>-</u>	<u>266</u>	<u>-</u>
Retained earnings						
304010	Legal reserve		269,907	2	257,996	2
304020	Special reserve		1,308,138	9	1,285,969	11
304040	Unappropriated earnings		<u>217,732</u>	<u>1</u>	<u>213,407</u>	<u>2</u>
304000	Total retained earnings		<u>1,795,777</u>	<u>12</u>	<u>1,757,372</u>	<u>15</u>
Other equity interest						
305140	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income		836,707	5	( 301,126 )	( 3 )
305290	Other		( <u>41,560</u> )	<u>-</u>	( <u>49,021</u> )	<u>-</u>
305000	Total other equity interest		<u>795,147</u>	<u>5</u>	( <u>350,147</u> )	<u>3</u>
906004	Total equity		<u>5,755,842</u>	<u>38</u>	<u>4,559,950</u>	<u>38</u>
906002	Total liabilities and equity		<u>\$ 15,187,275</u>	<u>100</u>	<u>\$ 11,984,269</u>	<u>100</u>

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, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars, except for earnings per share)

		Years ended December 31,					
		Notes	2023		2022		
Items			Amount	%	Amount	%	
Revenue		4					
401000	Brokerage fee revenue	22 and 26	\$ 579,894	59	\$ 542,452	64	
402000	Handling fee income from loans		1	-	-	-	
404000	Underwriting fee revenue		2,753	-	1,726	-	
410000	Net gain (losses) on sales of securities	22	31,646	3	9,981	1	
421200	Interest income	22	136,926	14	171,746	20	
421300	Dividend income	8 and 26	235,603	24	191,254	23	
421500	Net gain (losses) on trading securities at fair value through profit or loss	22	69,425	7 (	21,106 ) (	2 )	
424500	Net loss from derivative instruments – OTC	22	( 59,317 ) (	6 ) (	61,386 ) (	7 )	
425300	Reversal of credit impairment loss (expected credit impairment loss)	11	( 385 )	-	883	-	
428000	Other operating gain (loss)	22	( 7,477 ) (	1 )	8,277	1	
400000	Total revenues		989,069	100	843,827	100	
Costs and expenses							
501000	Handling charges-brokerage		( 40,932 ) (	4 ) (	39,327 ) (	5 )	
502000	Handling charge-proprietary trading		( 149 )	(	122 )	-	
503000	Service charge - refinancing		( 454 )	(	293 )	-	
504000	Underwriting charge - refinancing		( 35 )	(	45 )	-	
521200	Financial costs	22	( 46,014 ) (	5 ) (	24,062 ) (	3 )	
524300	Service charge - clearing and settlement		( 2,166 )	- (	3,470 )	-	
528000	Other operating expenditure	26	( 33,575 ) (	3 ) (	20,347 ) (	2 )	

(Continued)

GOOD FINANCE SECURITIES CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars, except for earnings per share)

			Years ended December 31,			
	Items	Notes	2023		2022	
			Amount	%	Amount	%
531000	Employee benefit expenses	22 and 26	( \$ 551,763 )	( 56 )	( \$ 505,201 )	( 60 )
532000	Depreciation and amortization	22	( 86,362 )	( 9 )	( 75,549 )	( 9 )
533000	Other operating expense	22 and 26	( 222,270 )	( 23 )	( 199,651 )	( 24 )
500000	Total cost and expenses		( 988,720 )	( 100 )	( 868,067 )	( 103 )
5XXXXX	Operating profit (losses)		349	-	( 24,240 )	( 3 )
601100	Share of profit or loss of subsidiaries accounted for using equity method	12	21,495	2	11,059	2
602000	Other gains and losses	22 and 26	71,500	8	44,383	5
600000	Total non-operating income and expenses		92,995	10	55,442	7
902001	Income before income tax		93,344	10	31,202	4
701000	Income tax benefit	4 and 23	12,800	1	21,295	2
902005	Net income		106,144	1	52,497	6
	Other comprehensive income (loss)					
	Items that will not be reclassified to profit or loss					
805510	Remeasurements of defined benefit plan		362	-	( 11,838 )	( 1 )
805540	Loss (gain) on equity instruments classified at fair value through other comprehensive income		1,252,848	127	( 1,187,842 )	( 141 )
805560	Share of other comprehensive income of associates and joint ventures accounted for under the equity method		3,561	-	( 1,442 )	-

(Continued)

GOOD FINANCE SECURITIES CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars, except for earnings per share)

		Notes	Years ended December 31,			
			2023		2022	
			Amount	%	Amount	%
805599	Income tax related to items that will not be reclassified to profit or loss		( \$ 93,387 )	( 10 )	\$ 103,745	12
805500	Items that will not be reclassified to profit or loss, net of tax		1,163,384	117	( 1,097,377 )	( 13 )
805000	Other comprehensive (loss) income for the year, net of tax		1,163,384	117	( 1,097,377 )	( 130 )
902006	Total comprehensive (loss) income for the year		\$ 1,269,528	128	( \$ 1,044,880 )	( 124 )
	Earnings per share	24				
975000	Basic		\$ 0.35		\$ 0.17	
985000	Diluted		\$ 0.34		\$ 0.17	

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, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

		Share capital (Note 21)				Retained earnings (Note 21)			Other equity items (Note 21)			
		Number of shares (Thousand shares)	Amount	Awaiting retirement	Capital reserve (Notes 21 and 25)	Legal reserve	Special reserve	Unappropriated earnings	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Unearned compensation cost	Total equity	
A1	Balance on January 1, 2022	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 (Note 21)											
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 comprehensive income 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 )	( 750 )	( 500 )	1,250	-	-	-	-	-	-	
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	\$3,113,159	( 500 )	\$ 40,066	\$ 257,996	\$ 1,285,969	\$ 213,407	( \$ 301,126 )	( \$ 49,021 )	\$ 4,559,950	
	Appropriations of 2021 earnings (Note 21)											
B3	Special capital reserve	-	-	-	-	-	213,407	( 213,407 )	-	-	-	
	Appropriations of 2022 earnings											
B1	Legal capital reserve	-	-	-	-	11,911	-	( 11,911 )	-	-	-	
B17	Special capital reserved	-	-	-	-	-	( 191,238 )	191,238	-	-	-	
B5	Cash dividends distributed by the Company	-	-	-	-	-	-	( 93,290 )	-	-	( 93,290 )	
D1	Net income	-	-	-	-	-	-	106,144	-	-	106,144	
D3	Other comprehensive loss for the year, net of income tax	-	-	-	-	-	-	362	1,163,022	-	1,163,384	
D5	Total other comprehensive income for the year	-	-	-	-	-	-	106,506	1,163,022	-	1,269,528	
N1	Share-based payment	1,175	11,750	-	443	-	-	-	-	7,461	19,654	
T1	Restricted stock awards retirement	( 675 )	( 6,750 )	500	6,250	-	-	-	-	-	-	
Q1	Disposal of equity instruments classified at fair value through other comprehensive income	-	-	-	-	-	-	25,189	( 25,189 )	-	-	
Z1	Balance on December 31, 2023	311,816	\$3,118,159	\$ -	\$ 46,759	\$ 269,907	\$ 1,308,138	\$ 217,732	\$ 836,707	( \$ 41,560 )	\$ 5,755,842	

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, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

		Years ended December 31,	
		2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
A10000	Profit before tax	\$ 93,344	\$ 31,202
A20010	Adjustments		
A20100	Depreciation	79,086	68,832
A20200	Amortization	7,276	6,717
A20300	Expected credit impairment losses (gain on reversal of credit impairment loss)	385 (	883 )
A20400	Net (gains) losses on financial assets or liabilities at fair value through profit or loss	( 69,425)	21,106
A20900	Financial costs	46,014	24,062
A21200	Interest income and financial income	( 165,585)	( 178,513 )
A21300	Dividend income	( 238,575)	( 194,296 )
A21900	Share-based payment	18,455	14,526
A22400	Share of the profit or loss of associates and joint ventures accounted for under the equity method	( 21,495)	( 11,059 )
A22500	Loss on disposal of property and equipment	31	-
A23300	Loss of non-operating financial instrument measured at fair value	( 1 )	-
A29900	Gain on lease modification	( 18 )	-
A60000	Changes in operating assets and liabilities		
A61110	Increase in financial assets at fair value through profit or loss	( 199,984 )	( 408,603 )
A61130	Increase in investments in bonds under resale agreements	( 294,569 )	-
A61150	(Increase) decrease in receivable from margin loans	( 463,266 )	1,040,732
A61160	Decrease (increase) in refinancing margin	18,857 (	20,720 )
A61170	Decrease (increase) in refinancing deposits receivable	12,729 (	14,282 )
A61180	(Increase) decrease in receivables of money lending	( 43,890 )	50,681
A61190	Decrease in customer margin accounts	11,820	54,668
A61250	(Increase) decrease in accounts receivable	( 975,903 )	1,594,417
A61270	Decrease (increase) in prepayments	4,227 (	4,246 )
A61290	(Increase) decrease in other receivables	( 2,855 )	3,887
A61365	Decrease (increase) in financial assets at fair value through other comprehensive income	224,399 (	46,086 )
A61366	(Increase) decrease in financial assets measured at amortized cost	( 9793 )	92
A61370	Decrease in other current assets	66,164	1,555,247
A62110	Increase (decrease) in liabilities for bonds with repurchase agreement	348,182 (	156,000 )
A62130	Decrease in financial liabilities at fair value through profit or loss	( 123,329 )	( 70,938 )

(Continued)

GOOD FINANCE SECURITIES CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

		Years ended December 31,	
		2023	2022
A62160	(Decrease) increase in guarantee deposit received from short sales	( 138,330)	\$ 155,648
A62170	(Decrease) increase in deposits payable for short sales	( 79,744)	84,714
A62200	Decrease in futures traders' equity	( 11,820)	( 54,668)
A62230	Increase (decrease) in accounts payable	1,055,170	( 1,615,698)
A62250	Increase (decrease) in advance collection	7,395	( 16,455)
A62260	Decrease in collections for third parties	( 67,335)	( 1,561,937)
A62270	Increase (decrease) in other payables	67,355	( 55,776)
A62280	(Decrease) increase in other payables – related parties	( 3,480)	11,450
A62290	Decrease in net defined benefit liabilities	( 204)	( 19,255)
A62320	Increase in other current liabilities	3,667	156
A33000	Cash flows (used in) generated from operations	( 845,055)	288,722
A33100	Interest received	169,683	169,793
A33200	Dividends received	233,997	192,561
A33300	Interest paid	( 43,668)	( 24,099)
A33500	Income tax paid	( 8,311)	( 8,355)
AAAA	Net cash flows (used in) generated by operating activities	( 493,354)	618,622
CASH FLOWS FROM INVESTING ACTIVITIES			
B01800	Acquisition of investments accounted for using equity method		-
B02700	Acquisition of property and equipment	( 17,487)	( 14,336)
B02800	Proceeds from disposal of property and equipment	19	-
B03500	Increase in settlement and clearing fund	( 1,462)	( 1,897)
B03700	Increase in refundable deposits	-	( 3,310)
B03800	Decrease in refundable deposits	215	-
B04500	Acquisition of intangible assets	( 5,440)	( 2,615)
B06600	Increase in other financial assets	( 12,042)	( 41,556)
B07100	Increase in prepayment for equipment	( 100,277)	( 16,931)
B07500	Interest received	20,181	5,346
B07600	Dividend received	16,318	3,042
B09900	(Decrease) increase in other investing activities	( 576,237)	121,900
BBBB	Net cash flows (used in) generated by investing activities	( 676,212)	49,643

(Continued)

GOOD FINANCE SECURITIES CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

		Years ended December 31,	
		2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES			
C00100	Increase in short-term loans	\$ 1,544,000	\$ -
C00200	Decrease in short-term loans	-	( 150,000)
C00700	Increase in commercial paper payable	-	101,743
C00800	Decrease in commercial paper payable	( 1,098,361)	-
C01600	Proceeds from long-term borrowing	490,026	-
C01700	Decrease in long-term loans	-	( 10,238)
C03000	Increase in guaranteed deposit received	-	11
C04020	Repayment of principal portion of lease liabilities	( 39,162)	( 32,409)
C04500	Dividends paid to owners of the Company	( 93,290)	-
CCCC	Net cash flows generated by (used in) financing activities	803,213	( 90,893)
EEEE	Net (decrease) increase in cash and cash equivalents	( 366,353 )	577,372
E00100	Cash and cash equivalents at beginning of year	865,429	288,057
E00200	Cash and cash equivalents at end of year	\$ 499,076	\$ 865,429

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, 2023 AND 2022  
(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. Year 2021: 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, 2024.

## 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 “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (the “FSC”).

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

B. The IFRSs Accounting Standards endorsed by the Financial Supervisory Commission (FSC) for application starting from 2024

New Standards, Interpretations and Amendments	Effective Date Announced by IASB
Amendments to IFRS 16, “Lease Liabilities in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1, “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1, “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “SUPPLIER Finance Arrangements”	January 1, 2024 (Note 3)

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

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the parent company only financial statements were authorized for issuance, the Company's assessment of the application of the above 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
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of other standards and interpretations 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 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", IFRS Accounting Standards.

##### (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 unrealized 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 32.

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 and commercial paper 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 32.

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 recognized 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 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 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 recognized “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 recognized 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 investments in bonds under resale agreements and liabilities for bonds with repurchase agreements; and the related interest income and interest expense are accounted for on the basis of the interest rate stated in the contract, respectively.

#### (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.

(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 critical accounting estimates and the impact on the development when making its critical estimates related to cash flow projections, growth rates, discount rates, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis.

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

6. CASH AND CASH EQUIVALENTS

	December 31, 2023	December 31, 2022
Cash		
Petty cash	\$ 730	\$ 680
Demand deposits	288,599	634,695
Checking deposits	47	669
Cash equivalents (investments with original maturities of 3 months or less)		
Commercial paper	99,988	-
Time deposits	109,712	229,385
Total	<u>\$ 499,076</u>	<u>\$ 865,429</u>

The market rate intervals of commercial paper and time deposits at the end of the year were as follows:

	December 31, 2023	December 31, 2022
Commercial paper	\$ 1.40%	\$ -
Time deposits	\$ 1.09%~5.56%	\$ 0.09%~5.18%

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

	December 31, 2023	December 31, 2022
Other financial assets		
Current	\$ 63,598	\$ 51,556
Non-current	<u>\$ -</u>	<u>\$ -</u>



## 7. FINANCIAL INSTRUMENTS AT FVTPL

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>Note</u>
<u>Financial assets - current</u>			
Financial assets mandatorily measured at FVTPL			
Open-end funds	\$ 5,001	\$ -	
Trading securities - proprietary	883,834	632,162	(1)
Trading securities - underwriting	27,634	14,897	(2)
Total	<u>\$ 916,469</u>	<u>\$ 647,059</u>	

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>Note</u>
<u>Financial liabilities - current</u>			
Financial liabilities designated as at FVTPL			
Structured instruments	\$ 1,639,395	\$ 1,762,724	(3)

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
(1) Open-end funds		
Open-end funds	\$ 5,000	\$ -
Valuation adjustment	1	-
Total	<u>\$ 5,001</u>	<u>\$ -</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
(2) Trading securities - proprietary		
Index funds	\$ 832,345	\$ 648,465
Valuation adjustment	51,489	(16,303)
Total	<u>\$ 883,834</u>	<u>\$ 632,162</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
(3) Trading securities - underwriting		
Convertible bonds	\$ 26,992	\$ 15,887
Valuation adjustment	642	(990)
Total	<u>\$ 27,634</u>	<u>\$ 14,897</u>

(4) 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:

December 31, 2023

	<u>Notional amount</u>	<u>Amount paid (received)</u>	<u>Fair value</u>
Principal-guaranteed note	\$ 1,638,900	( \$ 1,638,900 )	( \$ 1,639,395 )
		<u>December 31, 2022</u>	
	<u>Notional</u>		
	<u>amount</u>	<u>Amount paid (received)</u>	<u>Fair value</u>
Principal-guaranteed note	\$ 1,762,000	( \$ 1,762,000 )	( \$ 1,762,724 )

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, 2023</u>	<u>December 31, 2022</u>
<u>Current</u>		
Domestic investment		
Listed stocks	\$ 4,065,045	\$ 3,043,234
Foreign investment		
Listed stocks	956,533	942,838
Total	<u>\$ 5,021,578</u>	<u>\$ 3,986,072</u>
<u>Non-current</u>		
Domestic investment		
Unlisted stocks	<u>\$ 83,645</u>	<u>\$ 90,701</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 recognized.

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, 2023 and 2022, the fair value on the date of disposal was \$453,238 thousand and \$740,555 thousand, respectively, and the cumulative gain or loss transferred from other equity to retained earnings were a gain of \$31,486 thousand and a loss of \$76,927 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>2023</u>	<u>2022</u>
Dividends		
Held at the end	\$ 199,457	\$ 183,302
Derecognized during the reporting period	-	8,022
Total	<u>\$ 199,457</u>	<u>\$ 191,324</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 27.

## 9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31, 2023	December 31, 2022
Current		
Treasury bonds	\$ 9,886	\$ -
Less: loss allowance	-	-
	<u>\$ 9,886</u>	<u>\$ -</u>
Non-current		
Par value	\$ 10,000	-
Coupon rate	1.16%	-
Maturity date	2024.12.26	-
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Non-current		
Financial debenture	\$ 50,555	\$ 50,648
Less: loss allowance	-	-
	<u>\$ 50,555</u>	<u>\$ 50,648</u>
Non-current		
Par value	\$ 50,000	\$ 50,000
Coupon rate	0.88%	0.88%
Maturity date	2029.10.30	2029.10.30

## 10. INVESTMENTS IN BONDS UNDER RESALE AGREEMENTS

	December 31, 2023	December 31, 2022
Government bonds	\$ 290,069	\$ -
Convertible bond	4,500	-
Total	<u>\$ 294,569</u>	<u>\$ -</u>
Maturity date	2024.01.11~ 2024.02.21	-
Resale price	\$ 295,354	\$ -

The above-mentioned investments in bonds under resale agreements were maturities within a year or less. Each transaction is agreed on a specific date after the transaction, and the price is agreed to be reverse repurchased with interest.

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

	December 31, 2023	December 31, 2022
Measured at amortized cost		
Receivables from margin loans	\$ 2,930,184	\$ 2,466,918
Less: Loss allowance	( 2,374 )	( 1,999 )
Total	<u>\$ 2,927,810</u>	<u>\$ 2,464,919</u>
Receivables of money lending – without specific purposes	\$ 160,267	\$ 116,377
Less: Loss allowance	( 130 )	( 94 )
Total	<u>\$ 160,137</u>	<u>\$ 116,283</u>

	December 31, 2023	December 31, 2022
Accounts receivable		
Accounts receivable - customer purchases	\$ 1,242,780	\$ 813,021
Accounts receivable - settlement	1,133,193	721,483
Settlement	135,128	-
Interest receivable - margin loans	52,383	84,916
Others	1,397	2,315
Sub-total	2,564,881	1,621,735
Less: Loss allowance	( 43 )	( 69 )
Total	\$ 2,564,838	\$ 1,621,666
Other receivables	\$ 27,467	\$ 14,528
Less: Loss allowance	( 1,802 )	( 1,802 )
Total	\$ 25,665	\$ 12,726

Receivables from margin loans were secured by securities purchased by customers under margin loans. As of December 31, 2023 and 2022, 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, 2023 and 2022, 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, 2023
There has been no significant increase in credit risk since initial recognition	12-month ECL	0.0810%	\$ 2,930,184
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>\$ 2,930,184</u>

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>

The aging of accounts receivable was as follows:

	December 31, 2023	December 31, 2022
Not past due	<u>\$ 2,564,881</u>	<u>\$ 1,621,735</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, 2023						
	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	\$ 1,999	\$ -	\$ -	\$ 69	\$ 94	\$ 1,802
Provision (reversal)	375	-	- ( 26 )		36	-
Ending balance	<u>\$ 2,374</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43</u>	<u>\$ 130</u>	<u>\$ 1,802</u>

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>

## 12. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Investee	December 31, 2023		December 31, 2022	
	Balance	% of Ownership	Balance	% of Ownership
Subsidiaries				
Good Finance Securities Investment Advisors Co., Ltd. (Good Finance Securities Investment Advisors)	\$ 54,742	100%	\$ 43,394	100%
Good Finance PE Co., Ltd. (Good Finance PE)	66,400	100%	64,830	100%
	<u>\$ 121,142</u>		<u>\$ 108,224</u>	

The details of the share of profit or loss of subsidiaries accounted for using equity method for the years ended December 31, 2023 and 2022 are as follows:

Investee	For the year ended December 31, 2023	For the year ended December 31, 2022
Good Finance Securities Investment Advisors	\$ 6,977	( \$ 3,247 )
Good Finance PE	14,518	14,306
Total	<u>\$ 21,495</u>	<u>\$ 11,059</u>

For the years ended December 31, 2023 and 2022, detail of other comprehensive loss of subsidiaries for using the equity method are as follows:

Investee	For the year ended December 31, 2023	For the year ended December 31, 2022
Good Finance Securities Investment Advisors	\$ 3,561	( \$ 4,977 )
Good Finance PE	-	( 3,535 )
Total	<u>\$ 3,561</u>	<u>( \$ 1,442 )</u>

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

### 13. PROPERTY AND EQUIPMENT

	Land	Buildings	Equipment	Leasehold Improvements	Total
<u>Cost</u>					
Balance on January 1, 2023	\$ 306,220	\$ 242,691	\$ 200,097	\$ 92,387	\$ 841,395
Additions	-	-	17,337	150	17,487
Disposals	-	-( 778 )	-	-( 778 )	-
Reclassifications	-	-	15,918	2,238	18,156
Balance on December 31, 2023	<u>\$ 306,220</u>	<u>\$ 242,691</u>	<u>\$ 232,574</u>	<u>\$ 94,775</u>	<u>\$ 876,260</u>
<u>Accumulated depreciations</u>					
Balance on January 1, 2023	\$ -	\$ 44,198	\$ 157,922	\$ 73,216	\$ 275,336
Depreciation expense	-	4,477	25,356	8,265	38,098
Disposals	\$ -	-( 728 )	-( 728 )	-( 728 )	-( 728 )
Reclassifications	-	-( 133 )	-( 133 )	-( 133 )	-( 133 )
Balance on December 31, 2023	<u>\$ -</u>	<u>\$ 48,675</u>	<u>\$ 182,417</u>	<u>\$ 81,481</u>	<u>\$ 312,573</u>
Carrying amounts on December 31, 2023	<u>\$ 306,220</u>	<u>\$ 194,016</u>	<u>\$ 50,157</u>	<u>\$ 13,294</u>	<u>\$ 563,687</u>
	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 )	-( 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

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 27.

#### 14. LEASE ARRANGEMENTS

##### (1) Right-of-use assets

	December 31, 2023	December 31, 2022
Carrying amounts		
Buildings	\$ 40,737	\$ 54,410
	For the years ended December 31,	
	2023	2022
Additions to right-of-use assets	\$ 35,553	\$ 13,833
Depreciation expense of right-of-use assets		
Buildings	\$ 40,988	\$ 34,097
Equipment	\$ -	\$ 165
Total	\$ 40,988	\$ 34,262

##### (2) Lease liabilities

	December 31, 2023	December 31, 2022
Carrying amounts		
Current	\$ 29,476	\$ 30,610
Non-current	\$ 6,089	\$ 16,820

Ranges of discount rates for lease liabilities were as follows:

	December 31, 2023	December 31, 2022
Buildings	0.70%~1.76%	0.70%~1.38%

##### (3) Other lease information

	For the years ended December 31,	
	2023	2022
Expenses relating to short-term leases	\$ 1,885	\$ 8,989

	For the years ended December 31,	
	2023	2022
Total cash outflow for leases	(\$ 41,658 )	(\$ 41,826 )

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.

#### 15. INTANGIBLE ASSETS

	Goodwill	Computer software	Total
<u>Cost</u>			
Balance on January 1, 2023	\$ 51,655	\$ 72,405	\$ 124,060
Additions	-	5,440	5,440
Reclassifications	-	3,688	3,688
Balance on December 31, 2023	<u>\$ 51,655</u>	<u>\$ 81,533</u>	<u>\$ 133,188</u>
<u>Accumulated amortizations</u>			
Balance on January 1, 2023	\$ -	\$ 57,668	\$ 57,668
Amortization expense	-	7,276	7,276
Balance on December 31, 2023	<u>\$ -</u>	<u>\$ 64,944</u>	<u>\$ 64,944</u>
Carrying amounts on December 31, 2023	<u>\$ 51,655</u>	<u>\$ 16,589</u>	<u>\$ 68,244</u>

	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	<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>

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 11.47% and 11.10% for the years ended December 31, 2023 and 2022, respectively. Under the Company's assessment, there were no significant impairment on the Company's goodwill as of December 31, 2023 and 2022.



## 16. BORROWINGS

### (1) Short-term loans

	December 31, 2023	December 31, 2022
<u>Secured loans (Note 27)</u>		
Bank loans	\$ 2,094,000	\$ 550,000
Interest rate	1.66% ~ 2.12%	1.90% ~ 1.95%
Maturity date	2024.01.05 ~ 2024.03.02	2023.01.03 ~ 2023.01.12

### (2) Short-term bills payable

	December 31, 2023	December 31, 2022
Commercial paper payable	\$ 200,000	\$ 1,300,000
Less: Unamortized discounts on commercial paper payable	( 230 )	( 1,869 )
	\$ 199,770	\$ 1,298,131
Discount rate	1.71% ~ 1.72%	0.65% ~ 1.80%
Maturity date	2024.01.23 ~ 2024.02.02	2023.01.12 ~ 2023.03.07

The above commercial papers are issued by financial institutions.

### (3) Long-term loans

	December 31, 2023	December 31, 2022
<u>Secured loans (Note 27)</u>		
Bank loans (1)	\$ 207,915	\$ 217,889
Syndicated loans (2)	500,000	-
Less: current portion	( 10,142 )	( 10,152 )
Long-term loans	\$ 697,773	\$ 207,737
Interest rate	2.31% ~ 2.32%	2.07%
Maturity date	2026.12.27 ~ 2027.11.25	2027.11.25

(1) The bank borrowings are secured by the Company's freehold land and buildings (see Note 27).

(2) In order to augment the mid-term operational working capital, the Group signed a joint credit agreement with six banks led by O-Bank Co., Ltd. on December 19, 2023, with a total amount of \$1,500,000 thousand of loan limit. The loan period is three years from the initial utilization date, December, 2023. As of December 31, 2023, amount of drawdown was \$500,000 thousand.

The Company undertakes to review and maintain the following financial ratios and agreements every six months during the term of the credit facility: the current ratio shall not be less than 150%, the debt ratio shall not exceed 250%, the capital adequacy ratio shall not be less than 200%, and the amount of net tangible assets shall not be less than \$4,000,000 thousand. The above financial ratios are based on the annual and second quarter consolidated financial statements of the Company.

The syndicated loans is secured by the Company's own time deposits and financial assets at fair value through other comprehensive income - current, (see Note 27).

## 17. BONDS PAYABLE

	December 31, 2023	December 31, 2022
Secured domestic bonds	\$ 800,000	\$ 800,000

- (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, 2022 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 2022

Issuing date	May 24, 2022
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

	December 31, 2023	December 31, 2022
Government bonds	\$ 264,026	\$ -
Index funds	184,156	100,000
Total	<u>\$ 448,182</u>	<u>\$ 100,000</u>
Repurchase price	\$ 449,227	\$ 100,269
Interest rate	1.30%	1.20%

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, 2023 and 2022 are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Financial assets at fair value through profit or loss - current	\$ 188,326	\$ 97,158

19. ACCOUNTS PAYABLE AND OTHER PAYABLES

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts payable		
Accounts payable- customers' purchase	\$ 1,362,413	\$ 834,300
Accounts payable-settlement	1,120,018	649,050
Settlement	4,169	19,152
Others	151,527	78,192
Total	<u>\$ 2,638,127</u>	<u>\$ 1,580,694</u>
Other payables		
Salaries and bonuses payable	\$ 115,751	\$ 89,430
Discount of handling fee revenues payable	14,930	12,958
Others	60,988	21,926
Total	<u>\$ 191,669</u>	<u>\$ 124,314</u>

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 \$20,288 thousand and \$20,570 thousand in the statements of comprehensive income for the years ended December 31, 2023 and 2022, 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:

	December 31, 2023	December 31, 2022
Present value of funded defined benefit obligation	\$ 111,137	\$ 114,886
Fair value of plan assets	( 76,444)	( 79,627)
Net defined benefit liabilities	<u>34,693</u>	<u>\$ 35,259</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, 2023	\$ 114,886	(\$ 79,627)	\$ 35,259
Service cost			
Current service cost	1,291	-	1,291
Net interest expense			
(revenue)	1,379	( 955)	424
Recognized in profit or loss	<u>2,670</u>	<u>( 955)</u>	<u>1,715</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	( 725 )	( 725)
Actuarial loss - experience adjustments	<u>363</u>	<u>-</u>	<u>363</u>
Recognized in other comprehensive income	<u>363</u>	<u>( 725)</u>	<u>( 362)</u>
Contributions from the employer	<u>-</u>	<u>( 1,919)</u>	<u>( 1,919)</u>
Benefits paid	<u>( 6,782)</u>	<u>6,782</u>	<u>-</u>
Balance on December 31, 2023	<u>\$ 111,137</u>	<u>( \$ 76,444)</u>	<u>\$ 34,693</u>

	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	<u>20,862</u>	<u>-</u>	<u>20,862</u>

	Present value of the defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities
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	\$ 114,886	(\$ 79,627)	\$ 35,259

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:

	December 31, 2023	December 31, 2022
Discount rate(s)	1.20%	1.20%
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:

	December 31, 2023	December 31, 2022
Discount rate(s)		
0.25% increase	(\$ 887)	(\$ 971)
0.25% decrease	\$ 902	\$ 988
Expected rate(s) of salary increase		
0.25% increase	\$ 755	\$ 836
0.25% decrease	\$ 747	(\$ 826)

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.

	December 31, 2023	December 31, 2022
The expected contributions to the plan for the next year	\$ 1,646	\$ 1,715
The average duration of the defined benefit obligation	6.1 years	6.1 years

## 21. EQUITY

### (1) Capital stock

	December 31, 2023	December 31, 2022
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)	311,816	311,316
Shares issued	\$ 3,118,159	\$ 3,113,159
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 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, 2023. 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.

On August 24, 2023, the Board of Directors of the Company approved to issue the restricted stock awards without consideration and the capital increase recordation date was September 18, 2023. The issued amount was \$11,750 thousand, and the outstanding shares amounted to 1,175 thousand shares with par value of \$10 (in dollars). Refer to Note 25 for the related illustration.

For the year ended December 31, 2023, 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, 2023. 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, 2022	309,856	\$ 3,098,559
Issuance of the restricted stock awards ( Note 25 )	1,535	15,350
Retirement of the restricted stock awards ( Note 25 )	( 75 )	( 750 )
Balance on December 31, 2022	311,316	3,113,159
Balance on January 1, 2023	311,316	\$ 3,113,159
Issuance of the restricted stock awards ( Note 25 )	1,175	11,750
Retirement of the restricted stock awards ( Note 25 )	( 675 )	( 6750 )
Balance on December 31, 2023	311,816	3,118,159

## (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 first half fiscal year and 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' rate , then provision or reverse a special reserve in accordance with the laws and regulations. Any remaining profit together with undistributed retained earnings distribute to shareholders shall be performed as follows: (1) when issuing new shares, 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 to shareholders. (2) When dividends distribute in cash, the Board of Directors is authorized to carry out the resolution with the presence of at least two-thirds of the directors and the affirmative vote of the majority of the attending directors, and report to the shareholders' meeting. For the policies on the distribution of compensation of employees and remuneration of directors and supervisors after the amendment, refer to Note 22(9).

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 the half-yearly earnings for 2023 and cash dividends per share, which were resolved by the Company's board of directors, are as follows:

	2023	
	For the half-year ended December 31	For the half-year ended June 30
	March 7, 2024	August 24, 2023
Date of Board Resolution		
Legal reserve	\$ 1,258	\$ 11,911
Special reserve	\$ 4,170	(\$ 191,238)
Cash dividends	\$ 93,455	\$ 93,290
Cash dividends per share (NT\$)	\$ 0.3	\$ 0.3

The above appropriation for cash dividends has been resolved by the Company's board of directors; the other proposed appropriations will be resolved by the shareholders in their meeting to be held on May 30, 2024.

The appropriation and distribution of 2022 and 2021 earnings proposed by the shareholders' meeting on May 24, 2023 and June 2, 2022, respectively were as follows:

	For the years ended December 31	
	2022	2021
Legal reserve	\$ -	\$ 21,499
Special reserve	\$ 213,407	\$ 64,197

#### (4) Dividend policy

The Company's earnings and cash flows are primarily affected by business cycle volatility. Balance dividend policy is adopted in order to remain a sustainable and stable operation. Cash dividends shall be at least one-tenth of all.

In case that there are no earnings to distribute, or although there are earnings but the amount is significantly lower than the earnings previously distributed by the Company, or considering factors such as the Company's financial, business, and operational aspects, after obtaining approval from the competent authority, the reserve may be distributed in whole or in part in accordance with laws or regulations of the competent authority. When dividends distributed in cash, the Board of Directors is authorized to carry out the resolution with the presence of at least two-thirds of the directors and the affirmative vote of the majority of the attending directors, and report to the shareholders' meeting.



(5) Other equity

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

	For the years ended December 31,	
	2023	2022
Beginning balance	(\$ 301,126)	\$ 718,329
Recognized during the year		
Unrealized gains (losses)	1,252,848 (	1,187,842)
Equity instruments	3,561 (	1,442)
Related income tax	( 93,387 )	103,745
Other comprehensive income recognized during the year	1,163,022 (	1,085,539)
Cumulative gains (losses) of equity instruments transferred to retained earnings due to disposal	( 25,189 )	66,084
Ending balance	\$ 836,707	(\$ 301,126)

B. Unearned compensation

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

	For the years ended December 31,	
	2023	2022
Beginning balance	( \$ 49,021 )	( \$ 40,226 )
Issuance	( 12,193 )	( 23,321 )
Share of the profit or loss of associates accounted for under the equity method	1,209	-
Share-based payment expenses recognized	18,445	14,526
Ending balance	( \$ 41,560 )	( \$ 49,021 )

22. BREAKDOWN ON ITEMS ON THE STATEMENTS OF COMPREHENSIVE INCOME

(1) Brokerage fee revenue

	For the years ended December 31,	
	2023	2022
Handling fee revenues from brokered trading	\$ 555,652	\$ 504,193
Commission revenue from short sales	2,049	2,871
Other fee revenues	22,193	35,388
Total	\$ 579,894	\$ 542,452

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

	For the years ended December 31,	
	2023	2022
Proprietary		
Stock exchange markets	\$ 18,705	\$ -
Over-the-counter	11,794	9,423
Sub total	<u>30,499</u>	<u>9,423</u>
Underwriting		
Stock exchange markets	184	261
Over-the-counter	963	297
Sub total	<u>1,147</u>	<u>558</u>
Total	<u>\$ 31,646</u>	<u>\$ 9,981</u>

(3) Interest revenue

	For the years ended December 31,	
	2023	2022
Financing interest income	\$ 132,581	\$ 167,711
Interest revenue from money lending – without specific purposes	3,406	4,017
Others	939	18
Total	<u>\$ 136,926</u>	<u>\$ 171,746</u>

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

	For the years ended December 31,	
	2023	2022
Trading securities - proprietary	\$ 67,792	(\$ 20,116)
Trading securities - underwriting	1,633	( 990)
Total	<u>\$ 69,425</u>	<u>(\$ 21,106)</u>

(5) Losses from derivatives – OTC

	For the years ended December 31,	
	2023	2022
Structured instruments	<u>(\$ 59,317)</u>	<u>(\$ 61,386)</u>

(6) Other operating gains and losses

	For the years ended December 31,	
	2023	2022
Foreign exchange gains (losses)	(\$ 7,260)	\$ 8,631
Error account losses	( 217)	( 354)
Total	<u>(\$ 7,477)</u>	<u>\$ 8,277</u>

(7) Finance costs

	For the years ended December 31,	
	2023	2022
Borrowing costs	\$ 33,363	\$ 17,030
Interest expense on liabilities for bonds with repurchase agreements	6,058	692
Interest expense on bonds payable	5,295	5,300
Lease liabilities interest expense	611	428
Securities financing interest expenses	604	530
Others	83	82
Total	<u>\$ 46,014</u>	<u>\$ 24,062</u>

(8) Employee benefits expense

	For the years ended December 31,	
	2023	2022
Salaries expense	\$ 469,963	\$ 422,775
Labor and health insurance fees	37,263	36,521
Pension expense		
Defined contribution plan (Note 20)	20,288	20,570
Defined benefit plan (Note 20)	1,715	1,490
Directors' remuneration	7,839	11,214
Other employee benefits expense	14,695	12,631
Total	<u>\$ 551,763</u>	<u>\$ 505,201</u>

(9) 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, 2023 and 2022, the Company accrued the compensation of employees and remuneration of directors, based on the aforementioned rates as follows:

	For the years ended December 31,			
	2023		2022	
	Estimated amounts	Estimated rates	Estimated amounts	Estimated rates
Employees' compensation	<u>\$ 952</u>	1%	<u>\$ 318</u>	1%
Directors' remuneration	<u>\$ 952</u>	1%	<u>\$ 318</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 2022 resolved at the meeting of the Board of Directors on March 24, 2023 were both \$3,602 thousand. And 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.

The amounts of compensation of employees and remuneration resolved at the meeting of the Board of Directors are the same as that recognized in the financial statements for the years ended December 31, 2022 and 2021.

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.

(10) Depreciation and amortization expenses

	For the years ended December 31,	
	2023	2022
Property and equipment	\$ 38,098	\$ 34,570
Right-of-use assets	40,988	34,262
Intangible assets	7,276	6,717
Total	<u>\$ 86,362</u>	<u>\$ 75,549</u>

(11) Other operating expense

	For the years ended December 31,	
	2023	2022
Information technology expense	\$ 62,351	\$ 43,004
Professional service fees	28,193	22,967
Repairs and maintenance expense	24,431	11,975
Postage expenses	21,449	21,769
Taxes	18,508	17,411
Miscellaneous expense	15,174	9,659
Depository service expense	11,710	10,593
Advertisement expense	7,016	28,081
Others	38,438	34,192
Total	<u>\$ 227,270</u>	<u>\$ 199,651</u>

(12) Other gains and losses

	For the years ended December 31,	
	2023	2022
Rent revenue	\$ 48,880	\$ 39,931
Dividend income	2,972	3,042
Financial income	28,659	6,767
Gains on lease modification	18	-
Losses on financial assets at FVTPL - open-end funds and money market instruments	1	-
Losses on disposal of property and equipment	( 31)	-
Other non-operating revenue	2,963	4,218
Other non-operating expense	( 11,962)	( 9,575)
Total	<u>\$ 71,500</u>	<u>\$ 44,383</u>

23. INCOME TAX

(1) Income tax recognized in profit or loss

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

	For the years ended December 31,	
	2023	2022
Current tax		
In respect of the current period	(\$ 6,297)	\$ 7,547
Tax of undistributed profit	-	4,900
Adjustments for prior year income tax expense	<u>1,578</u>	<u>( 4,027)</u>
	<u>( 4,719)</u>	<u>8,420</u>
Deferred tax		
In respect of the current period	( 3,093)	( 29,370)
Adjustments for prior year income tax expense	<u>( 4,988)</u>	<u>( 345)</u>
	<u>( 8,081)</u>	<u>( 29,715)</u>
Income tax benefit recognized in profit or loss	<u>(\$ 12,800)</u>	<u>(\$ 21,295)</u>

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 expense (benefit) are as follows:

	For the years ended December 31,	
	2023	2022
Profit before tax of continuing operations	\$ 93,344	\$ 31,202
Income tax expense calculated based on profit before tax and statutory tax rate	\$ 18,668	\$ 6,240
Gains or losses from securities trading and tax exempt income	( 60,176)	( 28,421)
Effect from items disallowed by tax regulation	761	358
Tax of undistributed profit	-	4,900
Unrecognized loss carry forwards	31,357	-
Adjustments for prior year income tax expense	( 3,410)	( 4,372)
Income tax benefit recognized in profit or loss	(\$ 12,800)	(\$ 21,295)

(2) Income tax recognized directly in equity

	For the years ended December 31,	
	2023	2022
Current tax		
— Disposal of investments in equity instruments designated as at fair value through other comprehensive income	(\$ 6,297)	\$ 7,547
Deferred tax		
— Disposal of investments in equity instruments designated at fair value through other comprehensive income	6,297	( 7,547)
Total	\$ -	\$ -

(3) Income tax recognized in other comprehensive income

	For the years ended December 31,	
	2023	2022
<u>Deferred tax</u>		
Arising from the current year		
— Unrealized gains from financial assets measured at fair value through other comprehensive income	(\$ 93,387)	\$ 103,745
Total	(\$ 93,387)	\$ 103,745

(4) Current tax assets and liabilities

	December 31, 2023	December 31, 2022
Current tax assets		
Tax refund receivable	\$ <u>2,159</u>	\$ <u>-</u>
Current tax liabilities		
Income tax payable	\$ <u>-</u>	\$ <u>4,574</u>

(5) Deferred tax assets and liabilities

Movements in deferred tax assets and liabilities are as follows:

For the year ended December 31, 2023

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Recognized directly in equity	Ending balance
Deferred tax assets					
Temporary differences					
Unrealized exchange loss	\$ -	\$ 1,452	\$ -	\$ -	\$ 1,452
Financial assets at fair value through other comprehensive income	57,026	-	( 57,026)	-	-
Unrealized loss on derivative financial instrument	145	( 46 )	-	-	99
Loss carry forwards	35,025	4,988	-	-	40,013
	<u>\$ 92,196</u>	<u>6,394</u>	<u>( 57,026)</u>	<u>\$ -</u>	<u>\$ 41,564</u>
Deferred tax liabilities					
Temporary differences					
Unrealized exchange gain	\$ 1,727	( \$ 1,727 )	\$ -	\$ -	\$ -
Financial assets at fair value through other comprehensive income	-	-	36,361	( 6,297 )	30,064
Defined benefit pension plans	6,348	40	-	-	6,388
	<u>\$ 8,075</u>	<u>( \$ 1,687 )</u>	<u>\$ 36,361</u>	<u>( 6,297 )</u>	<u>\$ 36,452</u>

For the year ended December 31, 2022

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Recognized directly in equity	Ending balance
Deferred tax assets					
Temporary differences					
Unrealized exchange loss	\$ 70	( \$ 70 )	\$ -	\$ -	\$ -
Financial assets at fair value through other comprehensive income	-	-	57,026	-	57,026
Unrealized loss on derivative financial instrument	-	145	-	-	145
Loss carry forwards	-	35,025	-	-	35,025
	<u>\$ 70</u>	<u>\$ 35,100</u>	<u>\$ 57,026</u>	<u>\$ -</u>	<u>\$ 92,196</u>

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Recognized directly in equity	Ending balance
Deferred tax liabilities					
Temporary differences					
Unrealized exchange gain	\$ -	\$ 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
Unrealized gain 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>

#### (6) Income tax assessments

The income tax returns of the Company through 2021 have been assessed and approved by the Tax Authority.

#### 24. EARNINGS PER SHARE

Expressed in dollars

	For the years ended December 31,	
	2023	2022
Basic earnings per share	<u>\$ 0.35</u>	<u>\$ 0.17</u>
Diluted earnings per share	<u>\$ 0.34</u>	<u>\$ 0.17</u>

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,	
	2023	2022
Net profit used in the computation of basic earnings per share	<u>\$ 106,144</u>	<u>\$ 52,497</u>
Net profit used in the computation of diluted earnings per share	<u>\$ 106,144</u>	<u>\$ 52,497</u>

#### Number of shares

Expressed in thousands of shares

	For the years ended December 31,	
	2023	2022
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	66	55
Restricted Stock Awards	<u>2,413</u>	<u>1,576</u>



	For the years ended December 31,	
	2023	2022
Weighted average number of ordinary shares used in the computation of diluted earnings per share	309,235	308,387

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
2021.08.17	3,500	1,175	2023.09.18	2023.09.18	1,175	\$14.45

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, 2023	For the year ended December 31, 2022
Beginning balance	4,560	3,100
Issuance	1,175	1,535
Expired (Note)	( 675 )	( 75 )
Ending balance	5,060	4,560

Note: The number of expired shares for the year ended December 31, 2023 and 2022 are the number of shares recovered and cancelled without meeting the vesting conditions.

## 26. 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
HYWEB Technology Co., Ltd. (HYWEB)	Other related party
JL Design Lab Inc. (JL Design)	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, 2023</u>	<u>December 31, 2022</u>
1. Prepayments		
Other related parties		
JL Design	\$ 1,438	\$ -
2. Financial liabilities at fair value through profit or loss – current		
Other related parties	\$ 17,255	\$ 7,003

	December 31, 2023	December 31, 2022
3. Liabilities for bonds with repurchase agreements		
Subsidiaries		
Good Finance PE	\$ 59,000	\$ -
4. Futures traders' equity		
Other related parties	\$ 5,052	\$ 5,200
5. Other payables – related parties		
Subsidiaries		
Good Finance Securities Investment		
Advisors	\$ 1,285	\$ 1,400
Other related parties		
JL Design	7,765	\$ 11,130
	<u>\$ 9,050</u>	<u>\$ 12,530</u>
6. Advance receipts		
Subsidiaries	\$ 110	\$ -
7. Guarantee deposits received		
Subsidiaries		-
Good Finance Securities Investment		
Advisors	\$ 64	\$ 64
Good Finance PE	26	26
	<u>\$ 90</u>	<u>\$ 90</u>
	Proceeds on acquisition	
	For the years ended December 31,	
	2023	2022
8. Intangible assets acquired		
Other related parties		
HYWEB	\$ -	\$ 2,140
9. Brokerage fee revenue		
Other related parties	\$ 2,861	\$ 4,350
10. Dividend income		
Other related parties	\$ 8,213	\$ 7,898
11. Other operating expenditure		
Subsidiaries		
Good Finance Securities Investment		
Advisors	\$ 19,490	\$ 14,880
12. Advertising expenses (recognized as other operating expenses)		
Other related parties	\$ 4,795	\$ 27,825
13. Other gains and losses		
Rent revenue		
Subsidiaries	\$ 542	519
Service revenue from information operation		
Subsidiaries	130	120
	<u>\$ 672</u>	<u>\$ 639</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, 2023			
	Number of shares (In thousands)	Cost	Carrying amount
<u>Listed stocks</u>			
HYWEB	3,159	\$ 168,604	\$ 164,900

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

(4) Key management compensation

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

	For the years ended December 31,	
	2023	2022
Short-term employee benefits	\$ 47,600	\$ 47,870
Post-employment benefits	831	2,334
Share-based payment	11,572	10,058
Total	\$ 60,003	\$ 60,262

27. 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, 2023	December 31, 2022
Demand and time deposits (shown as restricted assets-current)	\$ 943,147	\$ 366,910
Financial assets at fair value through other comprehensive income	3,503,999	1,301,244
Property and equipment, net	496,417	500,849
Total	\$ 4,943,563	\$ 2,169,003

28. SIGNIFICANT COMMITMENTS AND CONTINGENT LIABILITIES : None.

29. SIGNIFICANT LOSS FROM NATURAL DISASTER : None.

30. SIGNIFICANT SUBSEQUENT EVENTS : None.

### 31. 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, 2023 and 2022, the Company's capital adequacy ratios are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Net amount of eligible regulatory capital		
Tier 1 Capital	\$ 4,960,333	\$ 4,613,448
Tier 2 Capital	414,269	-
Tier 3 Capital	-	-
Deduction assets	( 679,286)	( 718,128)
Net amount of eligible regulatory capital	<u>\$ 4,695,316</u>	<u>\$ 3,895,320</u>
Overall risk equivalent		
The equivalent amount of market risk	\$ 1,244,503	\$ 1,071,485
The equivalent amount of credit risk	225,139	167,012
The equivalent amount of operating risk	<u>156,367</u>	<u>139,019</u>
Overall risk equivalent	<u>\$ 1,626,009</u>	<u>\$ 1,377,516</u>
Capital adequacy ratio	289%	283%

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

\* 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

### 32. 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

		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
<u>December 31, 2023</u>					
<u>Financial assets</u>					
Financial assets at amortized cost					
Treasury bonds	\$ 9,886	\$ 10,000	\$ -	\$ -	\$ 10,000
Financial debenture	50,555	50,000	-	-	50,000
Financial debenture	<u>\$ 60,441</u>	<u>\$ 60,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,000</u>

<u>December 31, 2022</u>					
<u>Financial assets</u>					
Financial assets at amortized cost					
Financial debenture	<u>\$ 50,648</u>	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,000</u>

B. Fair value hierarchy

	December 31, 2023			
	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	\$ 888,835	-\$	-\$	888,835
Convertible bonds	27,634	-	-	27,634
Financial asset at fair value through other comprehensive income - current				
Stocks investment	5,021,578	-	-	5,021,578
Financial assets at fair value through other comprehensive income – non- current				
Stocks investment	-	-	83,645	83,645
	<u>\$ 5,938,047</u>	<u>-\$</u>	<u>83,645</u>	<u>\$ 6,021,692</u>
Financial liabilities at fair value through profit or loss				
Financial liabilities designated as at fair value through profit or loss				
	<u>\$ -</u>	<u>1,639,395</u>	<u>-\$</u>	<u>1,639,395</u>

Financial instruments measured at fair value	December 31, 2022			
	Level 1	Level 2	Level 3	Total
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

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

Financial assets	Financial assets at fair value through other comprehensive income Equity instruments
Beginning balance	\$ 90,701
Recognized in other comprehensive income	( 7,056)
Ending balance	<u>\$ 83,645</u>

The gains and losses on assets of the year related to above unrealized gains and losses on financial assets recognized in other comprehensive income in the period

( \$ 7,056)

For the year ended December 31, 2022

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

The gains and losses on assets of the year related to above unrealized gains and losses on financial assets recognized in other comprehensive income in the period	\$ 15,156
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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, 2023	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	\$ 83,645	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, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	The relationship between inputs and fair value
Non-derivative financial assets					
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

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

	December 31, 2023	December 31, 2022
<u>Financial assets</u>		
Financial assets measured at amortized cost (Note 1)	\$ 8,216,111	\$ 6,265,026
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	916,469	647,059
Financial assets at fair value through other comprehensive income		
Equity instruments	5,105,223	4,076,773
<u>Financial liabilities</u>		
Financial liabilities measured at amortized cost (Note 2)	7,633,568	5,454,207
Financial assets at fair value through profit or loss		
Financial liabilities designated as at fair value through profit or loss	1,639,395	1,762,724

Note 1: Financial assets measured at amortized cost include cash and cash equivalents, financial assets at amortized cost, investments in bonds under resale agreements, 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, amounts held for each customer in the account, restricted assets- current, financial assets 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, equity for each customer in the account, 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. Legal department: The Legal Department of the Company 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,	
	2023	2022
VaR	\$ 163,841	\$ 200,948

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 33.

For the years ended December 31, 2023 and 2022, 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, 2023			
	Effect of USD		Effect of HKD
Profit and loss	\$	5,994	\$ -
Equity		8,019	1,547
Year ended December 31, 2022			
	Effect of USD		Effect of HKD
Profit and loss	\$	2,828	\$ 18
Equity		7,662	1,766

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 that were outstanding as at December 31, 2023 and 2022 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,	
	2023	2022
Overall country risk exposure	\$ 956,533	\$ 942,838
Cost of foreign securities	806,217	1,227,970
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,	
	2023	2022
United States	\$ 801,871	\$ 766,209
China	154,662	176,629

Note: Country risk categorization is 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, 2023**

	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	0.0017%	0.0810%	0%	0%	0.0811%	6.5606%	
Gross amount	\$ 2,564,881	\$ 2,930,184	\$ 6,220	\$ 5,183	\$ 160,267	\$ 27,467	\$ 5,694,202
Loss allowance (lifetime expected credit losses)	( 43)	( 2,374)	-	-	( 130)	( 1,802)	( 4,349)
	<u>\$ 2,564,838</u>	<u>\$ 2,927,810</u>	<u>\$ 6,220</u>	<u>\$ 5,183</u>	<u>\$ 160,137</u>	<u>\$ 25,665</u>	<u>\$ 5,689,853</u>

Movements in loss allowance for the year ended December 31, 2023 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	\$ 69	\$ 1,999	\$ -	\$ -	\$ 94	\$ 1,802	\$ 3,964
Add: Provision for impairment	-	375	-	-	36	-	411
Less: Reversal of impairment	( 26)	-	-	-	-	-	( 26)
Balance at the end of the year	<u>\$ 43</u>	<u>\$ 2,374</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 130</u>	<u>\$ 1,802</u>	<u>\$ 4,349</u>

**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	\$ 2,466,918	\$ 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>

**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, 2023 and 2022:

December 31, 2023

	Contractual cash flows	Less than 6 months	6-12 months	1-5 year(s)	More than 5 years
<u>Liabilities</u>					
Short-term loans	\$ 2,097,503	\$ 2,097,503	\$ -	\$ -	\$ -
Commercial paper payable	200,000	200,000	-	-	-
Financial liabilities at fair value through profit or loss	1,639,395	740,349	631,569	267,477	-
Liabilities for bonds with repurchase agreements	449,227	449,227	-	-	-
Guarantee deposit received from short sales	147,534	-	147,534	-	-
Deposits payable for short sales	166,790	-	166,790	-	-
Futures traders’ equity	4,100	4,100	-	-	-
Accounts payable	2,638,127	2,638,127	-	-	-
Other payables	191,669	191,669	-	-	-
Other payables – other related parties	9,050	9,050	-	-	-
Bonds payables	812,550	1,950	3,350	807,250	-
Long-term borrowings	759,682	13,225	13,225	733,232	-
Lease liabilities	35,936	19,497	10,272	6,167	-
	<u>\$ 9,377,904</u>	<u>\$ 6,591,038</u>	<u>\$ 972,740</u>	<u>\$ 1,814,126</u>	<u>\$ -</u>



December 31, 2022

	Contractual cash flows	Less than 6 months	6-12 months	1-5 year(s)	More than 5 years
<b>Liabilities</b>					
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>

(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 derecognize it. Analysis of financial assets and related liabilities not completely meet derecognising condition is shown in following table:

Category of financial asset	December 31, 2023				
	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	\$ 188,326	\$ 184,156	\$ 188,326	\$ 184,156	\$ 4,170

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)

(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, 2023

Financial assets that are offset, or can be settled under enforceable master netting arrangement or similar agreement						
Financial assets	Gross amount of recognized financial assets	Gross amount of recognized financial liabilities offset in the balance sheet	Net amount of financial assets recognized in the balance sheet	Relevant amount that has not been offset in the balance sheet		Net amount
				Financial instruments	Cash collateral received	
Investments in bonds under resale agreements	\$ 294,569\$		-\$ 294,569\$	294,569	-	-

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	\$ 184,156\$		-\$ 184,156\$	188,326	-( \$	4,170)

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

### 33. 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, 2023		
	Foreign currency	Exchange rate	NTD
<u>Monetary items</u>			
USD	\$ 19,503	30.735	\$ 599,438
HKD	5	3.934	20
<u>Non-monetary items</u>			
USD	\$ 26,090	30.735	801,871
HKD	39,312	3.934	154,662

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
<u>Non-monetary items</u>			
USD	24,951	30.708	766,209
HKD	44,850	3.938	176,629

The foreign exchange gain and loss were a loss of \$7,260 thousand and a gain of \$8,631 thousand for the years ended December 31, 2023 and 2022, 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.

### 34. 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.

35. SEGMENT INFORMATION

The Company has disclosed relevant operating segment information in the financial report in accordance with the regulations.

GOOD FINANCE SECURITIES CO., LTD.  
Information on investees

For the year ended December 31, 2023

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) recognized by the Company	Note
						Balance as at December 31, 2023	Balance as at December 31, 2022	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	5,000,000	100.00	\$ 54,742	\$ 25,259	\$ 6,979	\$ 6,977	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	5,000,000	100.00	66,400	26,604	14,520	14,518	Subsidiary

GOOD FINANCE SECURITIES CO., LTD.  
Information related to overseas branch unit and representative offices of securities firms  
For year ended December 31, 2023

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, 2022	Increase working capital	Decrease working capital	Balance as at December 31, 2023		
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	\$ -	( \$ 134 )	\$ -	\$ -	\$ -	\$ -	-	

Note: Financial Supervisory Commission’s letter No. 1120330068, on January 11, 2023, the withdrawal was granted. An application for withdrawal to the regulatory authority in the Mainland China region was previewed on March 1.

GOOD FINANCE SECURITIES CO., LTD.  
Information of major shareholders

December 31, 2023

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

Table 3

Shares		Percentage of ownership
Name of major shareholders	Number of shares held	(%)
Good Finance Technology Co., Ltd.	137,928,000 shares	44.23%
Lung-Ching, Chuang	40,968,784 shares	13.13%
Asia Value Fund custodial account of Deutsche Bank Taiwan Branch	19,896,000 shares	6.38%

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, 2024



## 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, 2023 and 2022, 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, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by 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, 2023. 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, 2023, the Group's brokerage fee revenue amounted to \$579,894 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, 2023 and 2022.

### **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, 2023, 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, 2024

#### 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, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
Current assets		4				
111100	Cash and cash equivalents	6				
			\$		\$	
112000	Financial assets at fair value through profit or loss - current	7	531,178	4	937,981	8
113200	Financial assets at fair value through other comprehensive income - current	8, 26 and 27	916,469	6	647,059	5
113300	Financial assets at amortized cost - current	9	5,040,677	33	4,001,610	33
114010	Investments in bonds under resale agreements	10	9,886	-	-	-
114030	Receivables from margin loans	11	294,569	2	-	-
114040	Refinancing margin		2,927,810	19	2,464,919	21
114050	Refinancing deposit receivable		6,220	-	25,077	-
114066	Receivables of money lending – without specific purposes	11	5,183	-	17,912	-
114070	Customer margin accounts		160,137	1	116,283	1
114130	Accounts receivable	11 and 26	226,341	2	238,161	2
			2,567,543	17	1,623,717	14
114150	Prepayments	26	13,495	-	17,721	-
114170	Other receivables	11	25,729	-	12,726	-
114200	Other financial assets - current	6	67,441	1	63,840	1
114600	Current income tax assets	23	2,159	-	76	-
119080	Restricted assets - current	27	943,147	6	366,910	3
119095	Amounts held for each customer in the account		4,100	-	-	-
119120	Underwriting share proceeds collected on behalf of customers		11,874	-	81,537	1
119990	Other current assets		6,259	-	6,860	-
110000	Total current assets		<u>13,760,217</u>	<u>91</u>	<u>10,622,389</u>	<u>89</u>
Non-current assets		4				
123200	Financial assets at fair value through other comprehensive income - non-current	8				
			\$		\$	
123300	Financial assets at amortized cost - non-current	9	83,645	1	90,701	1
125000	Property and equipment	13 and 27	50,555	-	50,648	-
125800	Right-of-use assets	14	564,078	4	566,742	5
127000	Intangible assets	15 and 26	40,737	-	54,410	-
			68,244	-	66,392	1
128000	Deferred income tax assets	23	41,584	-	93,242	1
129010	Operating guarantee deposits		305,000	2	305,000	2
129020	Settlement and clearing fund		60,624	-	59,162	-
129030	Refundable deposits		79,362	1	79,577	1
129130	Prepayment for equipment		80,456	1	2,156	-
120000	Total non-current assets		<u>1,374,285</u>	<u>9</u>	<u>1,368,030</u>	<u>11</u>
906001	Total assets		<u>\$ 15,134,502</u>	<u>100</u>	<u>\$ 11,990,419</u>	<u>100</u>

(Continued)

GOOD FINANCE SECURITIES CO., LTD. AND ITS SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

LIABILITIES AND EQUITY		Notes	December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
Current liabilities		4				
211100 Short-term loans		16	\$ 2,094,000	14	\$ 550,000	5
211200 Commercial paper payable		16	199,770	1	1,298,131	11
212000 Financial liabilities at fair value through profit or loss - current		7 and 26	1,639,395	11	1,762,724	15
214010 Liabilities for bonds with repurchase agreements		18	389,182	3	100,000	1
214040 Guarantee deposit received from short sales			147,534	1	285,864	2
214050 Deposits payable for short sales			166,790	1	246,534	2
214080 Futures traders' equity		26	226,341	2	238,161	2
214090 Equity for each customer in the account			4,100	-	-	-
214130 Accounts payable		19	2,638,123	18	1,580,694	13
214150 Advance collection			22,074	-	14,789	-
214160 Collections for third parties			19,828	-	87,195	1
214170 Other payables		19	196,682	1	128,981	1
214180 Other payables-related parties		26	7,765	-	11,130	-
214600 Current income tax liabilities		23	2,626	-	7,438	-
215220 Long-term liabilities - current portion		16	10,142	-	10,152	-
216000 Lease liabilities - current		14	29,476	-	30,610	-
219000 Other current liabilities			4	-	437	-
210000 Total current liabilities			7,793,832	52	6,352,840	53
Non-current liabilities		4				
221100 Bonds payable		17	800,000	5	800,000	7
221200 Long-term loans		16	697,773	5	207,737	2
225100 Provisions - non- current			9,821	-	9,738	-
226000 Lease liabilities - non-current		14	6,089	-	16,820	-
228000 Deferred income tax liabilities		23	36,452	-	8,075	-
229070 Net defined benefit liabilities-non-current		20	34,693	-	35,259	-
220000 Total non-current liabilities			1,584,828	10	1,077,629	9
906003 Total liabilities			9,378,660		7,430,469	62
Equity attributable to owners of the parent		4 and 21				
Share capital						
301010 Ordinary share capital			3,118,159	21	3,113,159	26
301080 Awaiting retirement			-	-	( 500 )	-
301000 Total share capital			3,118,159	21	3,112,659	26
Capital reserve						
302010 Additional paid-in capital			12,128	-	12,128	-
302030 Share-based payment		25	34,602	-	27,909	-
302040 Gains on disposals of assets			29	-	29	-
302000 Total capital reserve			46,759	-	40,066	-
Retained earnings						
304010 Legal reserve			269,907	2	257,996	2
304020 Special reserve			1,308,138	9	1,285,969	11
304040 Unappropriated earnings			217,732	1	213,407	2
304000 Total retained earnings			1,795,777	12	1,757,372	15
Other equity interest						
Unrealized gains from financial assets measured at fair value through other comprehensive income			836,707	5	301,126 )	( 3 )
305140 Other			( 41,560 )	-	( 49,021 )	-
305000 Total other equity			795,147	5	( 350,147 )	( 3 )
906004 Total equity			5,755,842	38	4,559,950	38

906002 Total liabilities and equity

<u>\$</u>	<u>15,134,502</u>	<u>100</u>	<u>\$</u>	<u>11,990,419</u>	<u>100</u>
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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, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars, except for earnings per share)

		Years ended December 31,			
		2023		2022	
Items	Notes	Amount	%	Amount	%
Revenue	4				
401000 Brokerage fee revenue	22 and 26	\$ 579,894	57	\$ 542,452	62
402000 Handling fee income from loans		1	-	-	-
404000 Underwriting fee revenue	22	2,753	-	1,726	-
410000 Net gains (losses) on sales of securities	22	31,646	3	9,981	1
421200 Interest income	22	136,926	13	171,746	20
421300 Dividend income	8 and 26	235,603	23	191,254	22
421500 Net gains (losses) on trading securities at fair value through profit or loss	22	69,425	7	( 21,106 )	( 2 )
424500 Net loss from derivative instruments – OTC	22	( 59,317 )	( 6 )	( 61,386 )	( 7 )
424800 Management fee revenue	26	26,623	3	26,088	3
425300 Reversal of credit impairment losses (expected credit impairment losses)	11	( 385 )	-	883	-
428000 Other operating gains and losses	22 and 26	( 1,825 )	-	7,711	1
400000 Total revenue		<u>1,021,344</u>	<u>100</u>	<u>869,349</u>	<u>100</u>
Costs and expenses					
501000 Handling charges-brokerage		( 40,932 )	( 4 )	( 39,327 )	( 4 )
502000 Handling charge-proprietary trading		( 149 )	-	( 122 )	-
503000 Service charge - refinancing		( 454 )	-	( 293 )	-
504000 Underwriting charge - refinancing		( 35 )	-	( 45 )	-
521200 Financial costs	22	( 46,010 )	( 5 )	( 24,062 )	( 3 )
524300 Service charge - clearing and settlement		( 2,166 )	-	( 3,470 )	-
528000 Other operating expenditure		( 14,172 )	( 1 )	( 5,562 )	( 1 )
531000 Employee benefit expenses	20, 22 and 26	( 573,636 )	( 56 )	( 525,195 )	( 60 )
532000 Depreciation and amortization	22	( 86,594 )	( 9 )	( 75,763 )	( 9 )
533000 Other operating expense	22 and 26	( 231,486 )	( 23 )	( 206,481 )	( 24 )
500000 Total cost and expenses		<u>( 995,634 )</u>	<u>( 98 )</u>	<u>( 880,320 )</u>	<u>( 101 )</u>
5XXXXX Operating profits (losses)		<u>25,710</u>	<u>2</u>	<u>( 10,971 )</u>	<u>( 1 )</u>
602000 Other gains	22	<u>72,852</u>	<u>7</u>	<u>44,694</u>	<u>5</u>
600000 Total non-operating income and expenses		<u>72,852</u>	<u>7</u>	<u>44,694</u>	<u>5</u>

(Continued)



GOOD FINANCE SECURITIES CO., LTD. AND ITS SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars, except for earnings per share)

			Years ended December 31,			
			2023		2022	
	Items	Notes	Amount	%	Amount	%
902001	Income before income tax		\$ 98,562	9	\$ 33,723	4
701000	Income tax benefit (expense)	4 and 23	7,582	1	18,774	2
902005	Net income		106,144	10	52,497	6
	Other comprehensive income (loss)					
	Items that will not be reclassified to profit or loss					
805510	Remeasurements of defined benefit plan		362	-	( 11,838 )	( 1 )
805540	(Loss) gain on equity instruments classified at fair value through other comprehensive income		1,256,409	123	( 1,189,284 )	( 137 )
805599	Income tax related to items that will not be reclassified to profit or loss		( 93,387 )	( 9 )	103,745	12
805500	Items that will not be reclassified to profit or loss, net of tax		1,163,384	114	( 1,097,377 )	( 126 )
805000	Other comprehensive (loss) income for the year, net of tax		1,163,384	114	( 1,097,377 )	( 126 )
902006	Total comprehensive income (loss) for the year		\$ 1,269,528	124	( \$ 1,044,880 )	( 120 )
913100	Profit, attributable to: Owners of the parent		\$ 106,144	10	\$ 52,497	6
914100	Total comprehensive income (loss) attributable to: Owners of the parent		\$ 1,269,528	124	( \$ 1,044,880 )	( 120 )
	Earnings per share	24				
975000	Basic		\$ 0.35		\$ 0.17	
985000	Diluted		\$ 0.34		\$ 0.17	

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, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars)

(Expressed in thousands of New Taiwan dollars)											
		Share capital(Note 21 and 25)				Retained earnings (Note 21)			Other equity items (Note 21 and 25)		
		Number of shares (Thousand shares)	Amount	Awaiting retirement	Capital reserve (Notes 21 and 25)	Legal reserve	Special reserve	Unappropriated earnings	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Unearned compensation cost	Total equity
A1	Balance on January 1, 2022	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 (Note 21)										
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 comprehensive income 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 )	( 750 )	( 500 )	1,250						
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	3,113,159	( 500 )	40,066	257,996	1,285,969	213,407	( 301,126 )	( 49,021 )	4,559,950
	Appropriations of 2021 earnings (Note 21)										
B3	Special capital reserve	-	-	-	-	-	213,407	( 213,407 )	-	-	-
	Appropriations of 2022 earnings (Note 21)										
B1	Legal capital reserve	-	-	-	-	11,911	-	( 11,911 )	-	-	-
B17	Special reserve reversed						( 191,238 )	191,238	-	-	-
B5	Cash dividends distributed by the Company							( 93,290 )		( 93,290 )	
D1	Net income	-	-	-	-	-	-	106,144	-	-	106,144
D3	Other comprehensive loss for the year, net of income tax	-	-	-	-	-	-	362	1,163,022	-	1,163,384
D5	Total other comprehensive income for the year	-	-	-	-	-	-	106,506	1,163,022	-	1,269,528
N1	Share-based payment	1,175	11,750	-	443	-	-	-	-	7,461	19,654
T1	Restricted stock awards retirement	( 675 )	( 6,750 )	500	6,250	-	-	-	-	-	-
Q1	Disposal of equity instruments classified at fair value through other comprehensive income	-	-	-	-	-	-	25,189	( 25,189 )	-	-
Z1	Balance on December 31, 2023	\$311,816	\$3,118,159	\$ -	\$ 46,759	\$ 269,907	\$ 1,308,138	\$ 217,732	\$ 836,707	( \$ 41,560 )	\$ 5,755,842

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, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

		Years ended December 31,	
		2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
A10000	Profit before tax	\$ 98,562	\$ 33,723
A20010	Adjustments		
A20100	Depreciation	79,318	69,046
A20200	Amortization	7,276	6,717
A20300	Expected credit impairment loss (gain on reversal of impairment loss)	385	( 883)
A20400	Net (gains) losses on financial assets or liabilities at fair value through profit or loss	( 69,425 )	21,106
A20900	Financial costs	46,010	24,062
A21200	Interest income and financial income	( 166,974 )	( 178,600)
A21300	Dividend income	( 239,210 )	( 195,001)
A21900	Share-based payment	19,654	14,526
A22500	Losses on disposal of property and equipment	31	-
A23300	Gain of non-operating financial instrument measured at fair value	( 1 )	( 39)
A29900	Gain on lease modification	( 18 )	-
A60000	Changes in operating assets and liabilities		
A61110	Increase in financial assets at fair value through profit or loss	( 199,984 )	( 388,548)
A61130	Increase in investments in bonds under resale agreements	( 294,569 )	-
A61150	(Increase) decrease in receivable from margin loans	( 463,266 )	1,040,732
A61160	Decrease (increase) in refinancing margin	18,857	( 20,720)
A61170	Decrease (increase) in refinancing deposits receivable	12,729	( 14,282)
A61180	(Increase) decrease in receivables of money lending – without specific purposes	( 43,890 )	50,681
A61190	Decrease in customer margin accounts	11,820	54,668
A61250	(Increase) decrease in accounts receivable	( 976,557 )	1,593,640
A61270	Decrease (increase) in prepayments	4,226	( 4,341)
A61290	(Increase) decrease in other receivables	( 2,919 )	3,887
A61365	Decrease (increase) in financial assets at fair value through other comprehensive income	224,398	( 36,085)
A61366	Decrease (increase) in financial assets at amortized cost	( 9,793 )	92
A61370	Decrease in other current assets	66,164	1,555,247
A62110	Increase (decrease) in liabilities for bonds with repurchase agreement	289,182	( 156,000)
A62130	Decrease in financial liabilities at fair value through profit or loss	( 123,329 )	( 70,938)
A62160	(Decrease) increase in guarantee deposit received from short sales	( 138,330 )	155,648
A62170	(Decrease) increase in deposits payable for short sales	( 79,744 )	84,714
A62200	Decrease in futures traders' equity	( 11,820 )	( 54,668)
A62230	Increase (decrease) in accounts payable	1,055,166	( 1,615,698)
A62250	Increase (decrease) in advance collection	7,285	( 16,455)
A62260	Decrease in collections for third parties	( 67,367 )	( 1,561,937)
A62270	Increase (decrease) in other payables	67,701	( 55,673)
A62280	(Decrease) increase in other payables – related parties	( 3,365 )	11,130
A62290	Decrease in net defined benefit liabilities	( 204 )	( 19,255)
A62320	Increase in other current liabilities	3,667	156
A33000	Cash flows (used in) generated by operations	( 878,334 )	330,652
A33100	Interest received	169,683	169,793
A33200	Dividends received	233,997	192,561
A33300	Interest paid	( 43,664 )	( 24,099)
A33500	Income tax paid	( 12,665 )	( 8,361)
AAAA	Net cash flows (used in) generated by operating activities	( 530,983 )	660,546
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
B02700	Acquisition of property and equipment	( 17,487 )	( 14,436)
B02800	Proceeds from disposal of property and equipment	79	-
B03500	Increase in settlement and clearing fund	( 1,462 )	( 1,897)
B03700	Increase in refundable deposits	-	( 3,310)
B03800	Decrease in refundable deposits	215	-
B04500	Acquisition of intangible assets	( 5,440 )	( 2,615)
B06500	Increase in other financial assets	( 3,601 )	( 53,840)
B07100	Increase in prepayment for equipment	( 100,277 )	( 16,931)
B07500	Interest received	21,570	5,433
B07600	Dividend received	3,607	3,747
B09900	(Decrease) increase in other investing activities	( 576,237 )	121,900
BBBB	Net cash flows (used in) generated by investing activities	( 679,033 )	38,051
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
C00100	Increase in short-term loans	1,544,000	-
C00200	Decrease in short-term loans	-	( 150,000)
C00700	Increase in commercial paper payable	-	101,743
C00800	Decrease in commercial paper payable	( 1,098,361 )	-
C01600	Proceeds from long-term borrowings	490,026	-
C01700	Repayment of long-term loan	-	( 10,238)
C04020	Repayment of principal portion of lease liabilities	( 39,162 )	( 32,409)
C04500	Dividends paid to owners of the Company	( 93,290 )	-
CCCC	Net cash flows (used in) generated by financing activities	803,213	( 90,904)
EEEE	Net (decrease) increase in cash and cash equivalents	( 406,803 )	607,693
E00100	Cash and cash equivalents at beginning of year	937,981	330,288
E00200	Cash and cash equivalents at end of year	\$ 531,178	\$ 937,981

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. Year 2021: 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, 2024.

## 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 “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (the “FSC”).

The application of the amended IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies.

- B. The IFRS Accounting Standards endorsed by the Financial Supervisory Commission (FSC) for application starting from 2024

<u>New Standards, Interpretations and Amendments</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

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

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the consolidated financial statements were authorized for issuance, the Group's assessment of the application of the above 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
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of other standards and interpretations 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”, IFRS Accounting Standards.

##### (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 12 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 32.

##### 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 and commercial paper 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 32.

##### 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 investments in bonds under resale agreements and liabilities for bonds with repurchase agreements; and the related interest income and interest expense are accounted for on the basis of the interest rate stated in the contract, respectively.

(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.

## (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 critical accounting estimates and the impact on the development when making its critical estimates related to cash flow projections, growth rates, discount rates, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis.

6. CASH AND CASH EQUIVALENTS

	December 31, 2023	December 31, 2022
Cash		
Petty cash	\$ 730	\$ 680
Demand deposits	309,229	707,247
Checking deposits	47	669
Cash equivalents (investments with original maturities of 3 months or less)		
Commercial paper	99,988	-
Time deposits	121,184	229,385
Total	<u>\$ 531,178</u>	<u>\$ 937,981</u>

The market rate intervals of commercial paper and time deposits at the end of the year were as follows:

	December 31, 2023	December 31, 2022
Commercial paper	\$ 1.40%	\$ -
Time deposits	\$ 1.09%~5.57%	\$ 0.90%~5.18%

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

	December 31, 2023	December 31, 2022
Other financial assets		
Current	\$ 67,441	\$ 63,840
Non-current	\$ -	\$ -

7. FINANCIAL INSTRUMENTS AT FVTPL

	December 31, 2023	December 31, 2022	Note
<u>Financial assets - current</u>			
Financial assets mandatorily measured at FVTPL			
Open-end funds	\$ 5,001	\$ -	(1)

	December 31, 2023	December 31, 2022	Note
Trading securities - proprietary	883,834	632,162	(2)
Trading securities - underwriting	27,634	14,897	(3)
Total	<u>\$ 916,469</u>	<u>\$ 647,059</u>	

Financial liabilities - current

Financial liabilities designated as at FVTPL

Structured instruments	<u>\$ 1,639,395</u>	<u>\$ 1,762,724</u>	(4)
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(1) Open-end funds	December 31, 2023	December 31, 2022	
Open-end funds	\$ 5,000	\$ -	
Valuation adjustment	1	-	
Total	<u>\$ 5,001</u>	<u>\$ -</u>	
(2) Trading securities – proprietary	December 31, 2023	December 31, 2022	
Index funds	\$ 832,345	\$ 648,465	
Valuation adjustment	51,489	( 16,303 )	
))Total	<u>\$ 883,834</u>	<u>\$ 632,162</u>	
(3) Trading securities – underwriting	December 31, 2023	December 31, 2022	
Convertible bonds	\$ 26,992	\$ 15,887	
Valuation adjustment	642	( 990 )	
Total	<u>\$ 27,634</u>	<u>\$ 14,897</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:

	December 31, 2023		
	Notional amount	Amount paid (received)	Fair value
Principal-guaranteed note	<u>\$ 1,638,900</u>	<u>( \$ 1,638,900 )</u>	<u>( \$ 1,639,395 )</u>
	December 31, 2022		
	Notional amount	Amount paid (received)	Fair value
Principal-guaranteed note	<u>\$ 1,762,000</u>	<u>( \$ 1,762,000 )</u>	<u>( \$ 1,762,724 )</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

	December 31, 2023	December 31, 2022
<u>Current</u>		
Domestic investment		
Listed stocks	\$ 4,084,144	\$ 3,058,772

	December 31, 2023	December 31, 2022
Foreign investment		
Listed stocks	956,533	942,838
Total	<u>\$ 5,040,677</u>	<u>\$ 4,001,610</u>

Non-current

Domestic investment

Unlisted stocks	<u>\$ 83,645</u>	<u>\$ 90,701</u>
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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, 2023 and 2022, the fair value on the date of disposal were \$453,238 thousand and \$750,555 thousand, respectively, and the cumulative gain or loss transferred from other equity to retained earnings were a gain of \$31,486 thousand and a loss of \$73,630 thousand, respectively.

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

	For the years ended December 31	
	2023	2022
Dividends		
Held at the end	\$ 200,092	\$ 184,007
Derecognized during the reporting period	-	8,022
Total	<u>\$ 200,092</u>	<u>\$ 192,029</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 27.

## 9. FINANCIAL ASSETS AT AMORTIZED COST

	For the years ended December 31	
	December 31, 2023	December 31, 2022
<u>Current</u>		
Treasury bonds	\$ 9,886	\$ -
Less: Loss allowance	-	-
	<u>\$ 9,886</u>	<u>\$ -</u>
Par value	\$ 10,000	\$ -
Coupon rate	1.16%	-
Maturity Date	2024.12.26	-

	For the years ended December 31	
	December 31, 2023	December 31, 2022
<u>Non-current</u>		
Financial debenture	\$ 50,555	\$ 50,648
Less: Loss allowance	-	-
	<u>\$ 50,555</u>	<u>\$ 50,648</u>
Par value	\$ 50,000	\$ 50,000
Coupon rate	0.88%	0.88%
Maturity Date	2029.10.30	2029.10.30

## 10. INVESTMENTS IN BONDS UNDER RESALE AGREEMENTS

	December 31, 2023	December 31, 2022
Government bonds	\$ 290,069	\$ -
Convertible bonds	4,500	-
Total	<u>\$ 294,569</u>	<u>\$ -</u>
Maturity date	2024.01.11~ 2024.02.21	-
Resale price	\$ 295,354	-

The above-mentioned investments in bonds under resale agreements were maturities within a year or less. Each transaction is agreed on a specific date after the transaction, and the price is agreed to be reverse repurchased with interest.

## 11. RECEIVABLES FROM MARGIN LOANS, RECEIVABLES OF MONEY LENDING – WITHOUT SPECIFIC PURPOSE, ACCOUNTS RECEIVABLE, AND OTHER RECEIVABLES

	December 31, 2023	December 31, 2022
Measured at amortized cost		
Receivable from margin loans	\$ 2,930,184	\$ 2,466,918
Less: Loss allowance	( 2,374 )	( 1,999 )
Total	<u>\$ 2,927,810</u>	<u>\$ 2,464,919</u>
Receivables of money lending – without specific purpose	\$ 160,267	\$ 116,377
Less: Loss allowance	( 130 )	( 94 )
Total	<u>\$ 160,137</u>	<u>\$ 116,283</u>

	December 31, 2023	December 31, 2022
Accounts receivable		
Accounts receivable - customer purchases	\$ 1,242,780	\$ 813,021
Accounts receivable - settlement	1,133,193	721,483
Settlement	135,128	-
Interest receivable - margin loans	52,383	84,916
Others	4,102	4,366
Sub-total	2,567,586	1,623,786
Less: Loss allowance	( 43 )	( 69 )
Total	<u>\$ 2,567,543</u>	<u>\$ 1,623,717</u>
Other receivables	\$ 27,531	\$ 14,528
Less: Loss allowance	( 1,802 )	( 1,802 )
Total	<u>\$ 25,729</u>	<u>\$ 12,726</u>

Receivable from margin loans was secured by securities purchased by customers under margin loans. As of December 31, 2023 and 2022, 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, 2023 and 2022, 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, 2023
There has been no significant increase in credit risk since initial recognition	12-month ECL	0.0810%	\$2,930,184
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>\$2,930,184</u>

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>

The aging of accounts receivable was as follows:

	December 31, 2023	December 31, 2022
Not past due	<u>\$ 2,567,586</u>	<u>\$ 1,623,786</u>

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, 2023

	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	\$ 1,999	\$ -	\$ -	\$ 69	\$ 94	\$ 1,802
Provision (Reversal)	375	-	(26)	36	-	-
Ending balance	<u>\$ 2,374</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43</u>	<u>\$ 130</u>	<u>\$ 1,802</u>

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>

## 12. 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, 2023	December 31, 2022
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

### 13. PROPERTY AND EQUIPMENT

	Land	Buildings	Equipment	Leasehold improvements	Total
<u>Cost</u>					
Balance on January 1, 2023	\$ 306,220	\$ 242,691	\$ 201,086	\$ 92,387	\$ 842,384
Additions	-	-	17,337	150	17,487
Disposals	-	-	( 882 )	-	( 882 )
Reclassifications	-	-	15,918	2,238	18,156
Balance on December 31, 2023	<u>\$ 306,220</u>	<u>\$ 242,691</u>	<u>\$ 233,459</u>	<u>\$ 94,775</u>	<u>\$ 877,145</u>
<u>Accumulated depreciations</u>					
Balance on January 1, 2023	\$ -	\$ 44,198	\$ 158,228	\$ 73,216	\$ 275,642
Depreciation expense	-	4,477	25,588	8,265	38,330
Disposals	-	-	( 772 )	-	( 772 )
Reclassifications	-	-	( 133 )	-	( 133 )
Balance on December 31, 2023	<u>\$ -</u>	<u>\$ 48,675</u>	<u>\$ 182,911</u>	<u>\$ 81,481</u>	<u>\$ 313,067</u>
Carrying amounts on December 31, 2023	<u>\$ 306,220</u>	<u>\$ 194,016</u>	<u>\$ 50,548</u>	<u>\$ 13,294</u>	<u>\$ 564,078</u>
	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>

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 27.

### 14. LEASE ARRANGEMENTS

#### (1) Right-of-use assets

	December 31, 2023	December 31, 2022
Carrying amounts		
Buildings	<u>\$ 40,737</u>	<u>\$ 54,410</u>

	For the years ended December 31	
	2023	2022
Additions to right-of-use assets	\$ 35,553	\$ 13,833
Depreciation expense for right-of-use assets		
Buildings	\$ 40,988	\$ 34,097
Equipment	-	165
Total	\$ 40,988	\$ 34,262
(2) Lease liabilities		
	December 31, 2023	December 31, 2022
Carrying amounts		
Current	\$ 29,476	\$ 30,610
Non-current	\$ 6,089	\$ 16,820
Ranges of discount rates for lease liabilities were as follows:		
	December 31, 2023	December 31, 2022
Buildings	0.70%~1.76%	0.70%~1.38%

(3) Other lease information

	For the years ended December 31	
	2023	2022
Expenses relating to short-term leases	\$ 1,885	\$ 8,989
Total cash outflow for leases	( \$ 41,658 )	( \$ 41,826 )

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.

## 15. INTANGIBLE ASSETS

	Goodwill	Computer software	Total
<u>Cost</u>			
Balance on January 1, 2023	\$ 51,655	\$ 72,405	\$ 124,060
Additions	-	5,440	5,440
Reclassifications	-	3,688	3,688
Balance on December 31, 2023	\$ 51,655	\$ 81,533	\$ 133,188
<u>Accumulated amortizations</u>			
Balance on January 1, 2023	\$ -	\$ 57,668	\$ 57,668
Amortization expense	-	7,276	7,276
Balance on December 31, 2023	\$ -	\$ 64,944	\$ 64,944
Carrying amounts on December 31, 2023	\$ 51,655	\$ 16,589	\$ 68,244
<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



	Goodwill	Computer software	Total
<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>

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 11.47% and 11.10% for the years ended December 31, 2023 and 2022, respectively. Under the Group's assessment, there were no significant impairment on the Group's goodwill as of December 31, 2023 and 2022.

## 16. BORROWINGS

### (1) Short-term loans

	December 31, 2023	December 31, 2022
<u>Secured loans</u> (Note 27)		
Bank loans	<u>\$ 2,094,000</u>	<u>\$ 550,000</u>
Interest rate	1.66%~2.12%	1.90% ~ 1.95%
Maturity date	2024.01.05~ 2024.03.02	2023.1.3~ 2023.1.12

### (2) Short-term bills payable

	December 31, 2023	December 31, 2022
Commercial paper payable	<u>\$ 200,000</u>	<u>\$ 1,300,000</u>
Less: Unamortized discounts on commercial paper payable	<u>( 230 )</u>	<u>( 1,869 )</u>
	<u>\$ 199,770</u>	<u>\$ 1,298,131</u>
Discount rate	1.71%~1.72%	0.65% ~ 1.80%
Maturity date	2024.01.23~ 2024.02.02	2023.01.12~ 2023.03.07

The above commercial papers are issued by financial institutions.

(3) Long-term loans

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Secured loans</u> (Note 27)		
Bank loans (1)	\$ 207,915	\$ 217,889
Syndicated loans (2)	500,000	-
Less: current portion	( 10,142)	( 10,152)
Long-term loans	<u>\$ 697,773</u>	<u>\$ 207,737</u>
Interest rate	2.31%~2.32%	2.07%
Maturity date	2026.12.27~ 2027.11.25	2027.11.25

(1) The bank borrowings are secured by the Group's freehold land and buildings (see Note 27).

(2) In order to augment the mid-term operational working capital, the Group signed a joint credit agreement with six banks led by O-Bank Co., Ltd. on December 19, 2023, with a total amount of \$1,500,000 thousand of loan limit. The loan period is three years from the initial utilization date, December, 2023. As of December 31, 2023, amount of drawdown was \$500,000 thousand.

The Group undertakes to review and maintain the following financial ratios and agreements every six months during the term of the credit facility: the current ratio shall not be less than 150%, the debt ratio shall not exceed 250%, the capital adequacy ratio shall not be less than 200%, and the amount of net tangible assets shall not be less than \$4,000,000 thousand. The above financial ratios are based on the annual and second quarter consolidated financial statements of the Group.

The syndicated loans is secured by the Group's own time deposits and financial assets at fair value through other comprehensive income - current, (see Note 27).

17. BONDS PAYABLE

	<u>December 31, 2023</u>	<u>December 31, 2022</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

Second series of secured domestic bonds in 2020

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

	December 31, 2023	December 31, 2022
Government bonds	\$ 264,026	\$ -
Index funds	125,156	100,000
Total	<u>\$ 389,182</u>	<u>\$ 100,000</u>

Repurchase price	\$ 390,191	\$ 100,269
Interest rate	1.30%	1.20%

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, 2023 and 2022 are as follows:

	December 31, 2023	December 31, 2022
Financial assets at fair value through profit or loss - current	<u>\$129,272</u>	<u>\$ 97,158</u>

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

	December 31, 2023	December 31, 2022
Accounts payable		
Accounts payable- customers' purchase	\$ 1,362,413	\$ 834,300
Accounts payable-settlement	1,120,018	649,050
Settlement	4,169	19,152
Others	151,523	78,192
Total	<u>\$ 2,638,123</u>	<u>\$ 1,580,694</u>

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other payables		
Salaries and bonuses payable	\$ 119,682	\$ 93,036
Discount of handling fee revenues payable	14,930	12,958
Others	62,070	22,987
Total	<u>\$ 196,682</u>	<u>\$ 128,981</u>

## 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 \$21,048 thousand and \$21,385 thousand in the statements of comprehensive income for the years ended December 31, 2023 and 2022, 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, 2023</u>	<u>December 31, 2022</u>
Present value of funded defined benefit obligation	\$ 111,137	\$ 114,886
Fair value of plan assets	( 76,444)	( 79,627)
Net defined benefit liabilities	<u>\$ 34,693</u>	<u>\$ 35,259</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, 2023	\$ 114,886	(\$ 79,627)	\$ 35,259
Service cost			
Current service cost	1,291	-	1,291
Net interest expense (revenue)	1,379	( 955)	424

	Present value of the defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities
Recognized in profit or loss	<u>2,670</u>	<u>( 955)</u>	<u>1,715</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	( 725)	( 725 )
Actuarial loss - experience adjustments	<u>363</u>	<u>-</u>	<u>363</u>
Recognized in other comprehensive income	<u>363</u>	<u>( 725)</u>	<u>( 362 )</u>
Contributions from the employer	<u>-</u>	<u>( 1,919)</u>	<u>( 1,919 )</u>
Benefits paid	<u>( 6,782)</u>	<u>6,782</u>	<u>-</u>
Balance on December 31, 2023	<u>\$ 111,137</u>	<u>(\$ 76,444)</u>	<u>\$ 34,693</u>
	Present value of the defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities
Balance on January 1, 2022	<u>\$ 110,380</u>	<u>(\$ 67,704 )</u>	<u>\$ 42,676</u>
Service cost			
Current service cost	1,191	-	1,191
Net interest expense (revenue)	<u>773</u>	<u>( 474 )</u>	<u>299</u>
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	<u>( 1,993 )</u>	<u>\$ -</u>	<u>( 1,993 )</u>
Recognized in other comprehensive income	<u>18,869</u>	<u>( 7,031 )</u>	<u>11,838</u>
Contributions from the employer	<u>-</u>	<u>( 12,822 )</u>	<u>( 12,822 )</u>
Benefits paid	<u>( 16,327 )</u>	<u>8,404</u>	<u>( 7,923 )</u>
Balance at December 31, 2022	<u>\$ 114,886</u>	<u>(\$ 79,627 )</u>	<u>\$ 35,259</u>

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, 2023</u>	<u>December 31, 2022</u>
Discount rate(s)	1.20%	1.20%
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, 2023</u>	<u>December 31, 2022</u>
Discount rate(s)		
0.5% increase	(\$ 887)	(\$ 971)
0.5% decrease	\$ 902	\$ 988
Expected rate(s) of salary increase		
0.5% increase	\$ 755	\$ 836
0.5% decrease	(\$ 747)	(\$ 826)

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, 2023</u>	<u>December 31, 2022</u>
The expected contributions to the plan for the next year	\$ 1,646	\$ 1,715
The average duration of the defined benefit obligation	6.1 years	6.1 years

## 21. EQUITY

### (1) Capital stock

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Number of shares authorized (in thousands)	2,000,000	2,000,000
Shares authorized	<u>\$ 20,000,000</u>	<u>\$ 20,000,000</u>
Number of shares issued (in thousands)	311,816	311,316
Shares issued	<u>\$ 3,118,159</u>	<u>\$ 3,113,159</u>
Shares capital awaiting retirement	<u>\$ -</u>	<u>(\$ 500 )</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 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.

On August 24, 2023, the Board of Directors of the Company approved to issue the restricted stock awards without consideration and the capital increase recordation date was September 18, 2023. The issued amount was \$11,750 thousand, and the outstanding shares amounted to 1,175 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, 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) (	<u>75</u>	<u>750</u> )
Balance on December 31, 2022	<u>311,316</u>	<u>\$ 3,113,159</u>
Balance on January 1, 2023	311,316	\$ 3,113,159
Issuance the restricted stock awards (Note 25)	1,175	11,750
Write off of restricted stock awards (Note 25) (	<u>675</u>	<u>6,750</u> )
Balance on December 31, 2023	<u>311,816</u>	<u>\$ 3,118,159</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 first half fiscal year and 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' rate, then provision or reverse a special reserve in accordance with the laws and regulations. Any remaining profit together with undistributed retained earnings distribute to shareholders shall be performed as follows: (1) when issuing new shares, 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 to shareholders. (2) When dividends distribute in cash, the Board of Directors is authorized to carry out the resolution with the presence of at least two-thirds of the directors and the affirmative vote of the majority of the attending directors, and report to the shareholders' meeting. For the policies on the distribution of compensation of employees and remuneration of directors and supervisors after the amendment, refer to Note 22(9).

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 the half-yearly earnings for 2023 and cash dividends per share, which were resolved by the Company's board of directors, are as follows:



	2023	
	For the half-year ended December 31	For the half-year ended June 30
Date of Board Resolution	March 7, 2024	August 24, 2023
Legal reserve	\$ 1,258	\$ 11,911
Special reserve	\$ 4,170	(\$ 191,238)
Cash dividends	\$ 93,455	\$ 93,290
Cash dividends per share (NT\$)	\$ 0.3	\$ 0.3

The above appropriation for cash dividends has been resolved by the Company's board of directors; the other proposed appropriations will be resolved by the shareholders in their meeting to be held on May 30, 2024.

The appropriation and distribution of 2022 and 2021 earnings proposed by the shareholders' meeting on May 24, 2023 and June 2, 2022, respectively were as follows:

	For the years ended December 31	
	2022	2021
Legal reserve	\$ -	\$ 21,499
Special reserve	\$ 213,407	\$ 64,197

#### (4) Dividend policy

The Company's earnings and cash flows are primarily affected by business cycle volatility. Balance dividend policy is adopted in order to remain a sustainable and stable operation. Cash dividends shall be at least one-tenth of all dividends.

In case that there are no earnings to distribute, or although there are earnings but the amount is significantly lower than the earnings previously distributed by the Company, or considering factors such as the Company's financial, business, and operational aspects, after obtaining approval from the competent authority, the reserve may be distributed in whole or in part in accordance with laws or regulations of the competent authority. When dividends distributed in cash, the Board of Directors is authorized to carry out the resolution with the presence of at least two-thirds of the directors and the affirmative vote of the majority of the attending directors, and report to the shareholders' meeting.

#### (5) Other equity

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

	For the years ended December 31,	
	2023	2022
Beginning balance	( \$ 301,126)	\$ 718,329
Recognized during the year		
Unrealized gains (losses)		
Equity instruments	1,256,409	( 1,189,284)

	For the years ended December 31,	
	2023	2022
Related income tax	( 93,387 )	103,745
Other comprehensive income recognized during the year	1,163,022	( 1,085,539 )
Cumulative gains (losses) of equity instruments transferred to retained earnings due to disposal	( 25,189 )	66,084
Ending balance	<u>\$ 836,707</u>	<u>(\$ 301,126)</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, respectively. Refer to Note 25.

	For the years ended December 31,	
	2023	2022
Beginning balance	( \$ 49,021 )	( 40,226 )
Issuance	( 12,193 )	( 23,321 )
Share-based payment expenses recognized	19,654	14,526
Ending balance	<u>( \$ 41,560 )</u>	<u>( \$ 49,021 )</u>

22. BREAKDOWN ON ITEMS ON THE CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(1) Brokerage fee revenue

	For the years ended December 31,	
	2023	2022
Handling fee revenues from brokered trading \$	555,652	\$ 504,193
Commission revenue from short sales	2,049	2,871
Other fee revenues	22,193	35,388
Total	<u>\$ 579,894</u>	<u>\$ 542,452</u>

(2) Net gains (losses) on sale of trading securities

	For the years ended December 31,	
	2023	2022
Proprietary		
Stock exchange markets	\$ 18,705	\$ -
Over-the-counter	11,794	9,423
Sub total	30,499	9,423
Underwriting		
Stock exchange markets	184	261
Over-the-counter	963	297
Sub total	1,147	558
Total	\$ 31,646	\$ 9,981

(3) Interest revenue

	For the years ended December 31,	
	2023	2022
Financing interest income	\$ 132,581	\$ 167,711
Interest revenue from money lending – without specific purposes	3,406	4,017
Others	939	18
Total	\$ 136,926	\$ 171,746

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

	For the years ended December 31,	
	2023	2022
Trading securities - proprietary	\$ 67,792	(\$ 20,116)
Trading securities - underwriting	1,633	( 990)
Total	\$ 69,425	(\$ 21,106)

(5) Losses from derivatives – OTC

	For the years ended December 31,	
	2023	2022
Structured instruments	(\$ 59,317)	(\$ 61,386)

(6) Other operating losses

	For the years ended December 31,	
	2023	2022
Foreign exchange gains (losses)	(\$ 7,358)	\$ 8,065
Consulting income	5,750	-
Error account losses	( 217)	( 354)
Total	(\$ 1,825)	\$ 7,711

(7) Finance costs

	For the years ended December 31,	
	2023	2022
Borrowing costs	\$ 33,363	\$ 17,030
Interest expense on liabilities for bonds with repurchase agreements	6,054	692
Interest expense on bonds payable	5,295	5,300
Lease liabilities interest expense	611	428
Securities financing interest expenses	604	530
Others	83	82
Total	\$ 46,010	\$ 24,062

(8) Employee benefits expense

	For the years ended December 31,	
	2023	2022
Salaries expense	\$ 488,986	\$ 439,868
Labor and health insurance fees	38,793	38,097
Pension expense		
Defined contribution plan (Note 20)	21,048	21,385
Defined benefit plan (Note 20)	1,715	1,490
Directors' remuneration	7,839	11,214
Other employee benefits expense	15,255	13,141
Total	\$ 573,636	\$ 525,195

(9) 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, 2023 and 2022, the Company accrued the compensation of employees and remuneration of directors, based on the aforementioned rates as follows:

	For the years ended December 31,			
	2023		2022	
	Estimated amounts	Estimated rates	Estimated amounts	Estimated rates
Employees' compensation	\$ 952	1%	\$ 318	1%
Directors' remuneration	\$ 952	1%	\$ 318	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 2022 resolved at the meeting of the Board of Directors on March 7, 2023 were both \$3,602 thousand. And 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.

The amounts of compensation of employees and remuneration resolved at the meeting of the Board of Directors are the same as that recognized in the consolidated financial statements for the years ended December 31, 2022 and 2021.

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.

(10) Depreciation and amortization expenses

	For the years ended December 31,	
	2023	2022
Property and equipment	\$ 38,330	\$ 34,784
Right-of-use assets	40,988	34,262
Intangible assets	7,276	6,717
Total	<u>\$ 86,594</u>	<u>\$ 75,763</u>

(11) Other operating expense

	For the years ended December 31,	
	2023	2022
Information technology expense	\$ 62,949	\$ 43,699
Professional service fees	28,885	27,859
Repairs and maintenance expense	24,457	11,976
Postage expenses	21,470	21,811
Taxes	19,016	17,713
Miscellaneous expense	15,383	9,705
Depository service expense	11,710	10,593
Advertisement expense	7,811	28,081
Others	39,805	35,044
Total	<u>\$ 231,486</u>	<u>\$ 206,481</u>

(12) Other gains and losses

	For the years ended December 31,	
	2023	2022
Rent revenue	\$ 48,880	\$ 39,931
Dividend income	3,607	3,747
Financial income	30,048	6,854
Gains on lease modification	18	-

	For the years ended December 31,	
	2023	2022
Gains on financial assets at FVTPL - open-end funds and money market instruments	1	39
Losses on disposal of property and equipment	( 31 )	-
Other non-operating revenue	2,291	3,698
Other non-operating expense	( 11,962 )	( 9,575 )
Total	<u>\$ 72,852</u>	<u>\$ 44,694</u>

### 23. INCOME TAX

#### (1) Income tax recognized in profit or loss

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

	For the years ended December 31,	
	2023	2022
Current tax		
In respect of the current period	( \$ 2,105 )	\$ 10,417
Tax of undistributed profit	-	4,900
Adjustments for prior year income tax expense	1,578	( 4,027 )
	( <u>527</u> )	<u>11,290</u>
Deferred tax		
In respect of the current period	( 2,067 )	( 29,673 )
Adjustments for prior year income tax expense	( 4,988 )	( 391 )
	( <u>7,055</u> )	( <u>30,064</u> )
Income tax benefit recognized in profit or loss	( <u>\$ 7,582</u> )	( <u>\$ 18,774</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 expense (benefit) are as follows:

	For the years ended December 31,	
	2023	2022
Profit before tax of continuing operations	<u>\$ 98,562</u>	<u>\$ 33,723</u>
Income tax expense calculated based on profit before tax and statutory tax rate	\$ 24,012	\$ 8,956

	For the years ended December 31,	
	2023	2022
Gains or losses from securities trading and tax exempt income	( 60,302)	( 28,570)
Effect from items disallowed by tax regulation	761	358
Tax of undistributed profit	-	4,900
Unrecognized loss carry forwards	31,357	-
Adjustments for prior year income tax expense	( 3,410)	( 4,418)
Income tax benefit recognized in profit or loss	(\$ 7,582)	(\$ 18,774)
(2) Income tax recognized directly in equity		

	For the years ended December 31,	
	2023	2022
Current tax		
— Disposal of investments in equity instruments designated as at fair value through other comprehensive income	(\$ 6,297)	\$ 7,547
Deferred tax		
— Disposal of investments in equity instruments designated at fair value through other comprehensive income	6,297	( 7,547)
Total	\$ -	\$ -

(3) Income tax recognized in other comprehensive income

	For the years ended December 31,	
	2023	2022
<u>Deferred tax</u>		
Arising from the current year		
— Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	(\$ 93,387)	\$ 103,745
Total	(\$ 93,387)	\$ 103,745

(4) Current tax assets and liabilities

	December 31, 2023	December 31, 2022
Current tax assets		
Tax refund receivable	\$ 2,159	\$ 76
Current tax liabilities		
Income tax payable	\$ 2,626	\$ 7,438

(5) Deferred tax assets and liabilities

Movements in deferred tax assets and liabilities are as follows:

For the year ended December 31, 2023

	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					
Unrealized exchange loss	\$ 113	\$ 1,359	\$ -	\$ -	\$ 1,472
Unrealized loss from financial assets measured at fair value through other comprehensive income	57,026	-	( 57,026 )	-	-
Unrealized loss on derivative financial instrument	145	( 46 )	-	-	99
Loss carry forward	35,958	4,055	-	-	40,013
	<u>\$ 93,242</u>	<u>\$ 5,368</u>	<u>( \$ 57,026 )</u>	<u>\$ -</u>	<u>\$ 41,584</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Unrealized exchange gain	\$ 1,727	( \$ 1,727 )	\$ -	\$ -	\$ -
Unrealized gain from financial assets measured at fair value through other comprehensive income	-	-	36,361	( 6,297 )	30,064
Defined benefit pension plans	6,348	40	-	-	6,388
	<u>\$ 8,075</u>	<u>( \$ 1,687 )</u>	<u>\$ 36,361</u>	<u>( \$ 6,297 )</u>	<u>\$ 36,452</u>

For the year ended December 31, 2022

	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					
Unrealized exchange loss	\$ 70	\$ 43	\$ -	\$ -	\$ 113
Unrealized loss from financial assets measured at fair value through other comprehensive income			57,026	-	57,026
Unrealized loss on derivative financial instrument		145	-	-	145
Loss carry forward	697	35,261	-	-	35,958
	<u>\$ 767</u>	<u>\$ 35,449</u>	<u>\$ 57,026</u>	<u>\$ -</u>	<u>\$ 93,242</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Unrealized exchange gain	\$ -	\$ 1,727	\$ -	\$ -	\$ 1,727
Unrealized gain from financial assets measured at fair value through other comprehensive income	39,172	-	( 46,719 )		
Defined benefit pension plans	2,497	3,851	-	-	6,348
Unrealized loss on derivative financial instruments	193	( 193 )	-	-	



Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Recognized directly in equity	Ending balance
<u>\$ 41,862</u>	<u>\$ 5,385</u>	<u>( \$ 46,719 )</u>	<u>\$ 7,547</u>	<u>\$ 8,075</u>

(5) Income tax assessments

The income tax returns of the Company through 2021 have been assessed and approved by the Tax Authority.

The income tax returns of Good Finance Securities Investment Advisors through 2021 have been assessed and approved by the Tax Authority.

The income tax returns of Good Finance PE through 2021 have been assessed and approved by the Tax Authority.

24. EARNINGS PER SHARE

	Expressed in dollars	
	For the years ended December 31,	
	2023	2022
Basic earnings per share	<u>\$ 0.35</u>	<u>\$ 0.17</u>
Diluted earnings per share	<u>\$ 0.34</u>	<u>\$ 0.17</u>

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,	
	2023	2022
Net profit used in the computation of basic earnings per share	<u>\$ 106,144</u>	<u>\$ 52,497</u>
Net profit used in the computation of diluted earnings per share	<u>\$ 106,144</u>	<u>\$ 52,497</u>

Number of shares

	Expressed in thousands of shares	
	For the years ended December 31,	
	2023	2022
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	66	55
Restricted Stock Awards	<u>2,413</u>	<u>1,576</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>309,235</u>	<u>308,387</u>

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:

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
2021.08.17	3,500	1,175	2023.09.18	2023.09.18	1,175	\$ 14.45

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, 2023	For the year ended December 31, 2022
Beginning balance	4,560	3,100
Issuance	1,175	1,535
Expired (Note)	( 675 )	( 75 )
Ending balance	<u>5,060</u>	<u>4,560</u>

Note: The number of expired shares for the year ended December 31, 2023 and 2022 are the number of shares recovered and cancelled without meeting the vesting conditions.

## 26. 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
HYWEB Technology Co., Ltd. (HYWEB)	Other related party
JL Design Lab Inc. (JL Design)	Other related party
Good Finance PE Fund I Co., Ltd. (Good Finance PE Fund I)	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, 2023</u>	<u>December 31, 2022</u>
1. Accounts payable		
Other related parties	\$ <u>2,705</u>	\$ <u>-</u>
2. Prepayments	—	
Other related parties		
JL Design	\$ <u>1,438</u>	\$ <u>-</u>
3. Financial liabilities at fair value through profit or loss – current		
Other related parties	\$ <u>17,255</u>	\$ <u>7,003</u>
4. Futures traders' equity		
Other related parties	\$ <u>5,052</u>	\$ <u>5,200</u>
5. Other payables – related parties		
Other related parties	\$ <u>7,765</u>	\$ <u>11,130</u>

		Proceeds on acquisition	
		For the years ended December 31,	
		2023	2022
6. Intangible assets acquired			
Other related parties			
HYWEB	\$	-	\$ 2,140
		For the years ended December 31,	
		2023	2022
7. Brokerage fee revenue			
Other related parties	\$	2,861	\$ 4,350
8. Dividend income			
Other related parties	\$	8,213	\$ 7,898
9. Management fee revenue			
Good Finance PE Fund I	\$	26,604	\$ 26,066
10. Consulting fee revenue (recognized as other operating gains and losses)			
Good Finance PE Fund I	\$	5,750	\$ -
11. Advertising expenses (recognized as other operating expenses)			
Other related parties	\$	5,590	\$ 27,825

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 relates parties held by the Group is as follows:

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

		December 31, 2023	
Listed stocks	Number of shares		
	(In thousands)	Cost	Carrying amount
HYWEB	3,159	\$ 168,604	\$ 164,900
		December 31, 2022	
Listed stocks	Number of shares		
	(In thousands)	Cost	Carrying amount
HYWEB	3,159	\$ 168,604	\$ 116,567

(4) Key management compensation

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

	For the years ended December 31,	
	2023	2022
Short-term employee benefits	\$ 49,679	\$ 50,536
Post-employment benefits	831	2,334
Share-based payments	12,384	10,058
Total	<u>\$ 62,894</u>	<u>\$ 62,928</u>

27. 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, 2023	December 31, 2022
Demand and time deposits (shown as restricted assets-current)	\$ 943,147	\$ 366,910
Financial assets at fair value through other comprehensive income-current	3,503,999	1,301,244
Property and equipment, net	496,417	500,849
Total	<u>\$ 4,943,563</u>	<u>\$ 2,169,003</u>

28. SIGNIFICANT COMMITMENTS AND CONTINGENT LIABILITIES: None.

29. SIGNIFICANT LOSS FROM NATURAL DISASTER: None.

30. SIGNIFICANT SUBSEQUENT EVENTS: None.

31. 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, 2023 and 2022, the Company's capital adequacy ratios are as follows:

	December 31, 2023	December 31, 2022
Net amount of eligible regulatory capital		
Tier 1 Capital	\$ 4,960,333	\$ 4,613,448
Tier 2 Capital	414,269	-
Tier 3 Capital	-	-
Deduction assets	( 679,286)	( 718,128)
Net amount of eligible regulatory capital	<u>\$ 4,695,316</u>	<u>\$ 3,895,320</u>

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Overall risk equivalent		
The equivalent amount of market risk	\$ 1,244,503	\$ 1,071,485
The equivalent amount of credit risk	225,139	167,012
The equivalent amount of operating risk	156,367	139,019
Overall risk equivalent	<u>\$ 1,626,009</u>	<u>\$ 1,377,516</u>
Capital adequacy ratio	289%	283%

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

\* 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

### 32. 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, 2023					
<u>Financial assets</u>					
Financial assets at amortized cost					
Treasury bonds	<u>\$ 9,886</u>	<u>\$ 10,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,000</u>
Financial debenture	<u>50,555</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>50,000</u>
	<u>\$ 60,441</u>	<u>\$ 60,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,000</u>
		<u>Fair value</u>			
	<u>Carrying amount</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 at amortized cost					
Financial debenture	<u>\$ 50,648</u>	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,000</u>

## B. Fair value hierarchy

December 31, 2023				
Financial instruments measured at fair value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Stocks and beneficiary certificates investment	\$ 888,835	\$ -	\$ -	\$ 888,835
Convertible bonds	27,634	-	-	27,634
Financial asset at fair value through other comprehensive income - current				
Stocks investment	5,040,677	-	-	5,040,677
Financial assets at fair value through other comprehensive income – non-current				
Stocks investment	-	-	83,645	83,645
	<u>\$ 5,957,146</u>	<u>\$ -</u>	<u>\$ 83,645</u>	<u>\$ 6,040,791</u>
Financial liabilities at fair value through profit or loss				
Financial liabilities designated as at fair value through profit or loss	\$ -	\$ -	\$ -	\$ -
December 31, 2022				
Financial instruments measured at fair value	Level 1	Level 2	Level 3	Total
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	4,001,610	-	-	4,001,610
Financial assets at fair value through other comprehensive income – non-current				
Stocks investment	-	-	90,701	90,701
	<u>\$ 4,648,669</u>	<u>\$ -</u>	<u>\$ 90,701</u>	<u>\$ 4,739,370</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

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

Financial assets	Financial assets at fair value through other comprehensive income Equity instruments
Beginning balance	\$ 90,701
Recognized in other comprehensive income	( 7,056 )
Ending balance	<u>\$ 83,645</u>

The gains and losses on assets of the year related to above unrealized gains and losses on financial assets recognized in other comprehensive income in the period (\$ 7,056 )

For the year ended December 31, 2022

Financial assets	Financial assets at fair value through other comprehensive income Equity instruments
Beginning balance	\$ 82,010
Decrease	( 6,465 )
Recognized in other comprehensive income	15,156
Ending balance	<u>\$ 90,701</u>

The gains and losses on assets of the year related to above unrealized gains and losses on financial assets recognized in other comprehensive income in the period \$ 15,156

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, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	The relationship between inputs and fair value
Non-derivative financial assets					
Financial assets at fair value through other comprehensive income – non-current		Market approach	Discount for lack of liquidity	30%	The higher discount for lack of liquidity, the lower fair value
Unlisted shares	\$ 83,645				

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
Non-derivative financial assets					
Financial assets at fair value through other comprehensive income – non-current		Market approach	Discount for lack of liquidity	30%	The higher discount for lack of liquidity, the lower fair value
Unlisted shares	\$ 90,701				

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, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets measured at amortized cost (Note 1)	\$ 8,264,825	\$ 6,361,913
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	916,469	647,059
Financial assets at fair value through other comprehensive income		
Equity instruments	5,124,322	4,092,311
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial liabilities</u>		
Financial liabilities measured at amortized cost (Note 2)	7,578,202	5,457,384
Financial assets at fair value through profit or loss		
Financial liabilities designated as at fair value through profit or loss	1,639,395	1,762,724

Note 1: Financial assets measured at amortized cost include cash and cash equivalents, financial assets at amortized cost, investments in bonds under resale agreements, 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, amounts held for each customer in the account, financial assets 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, equity for each customer in the account, 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 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. 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 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. Legal department: The Legal Department of the Company 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 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,	
	2023	2022
VaR	\$ 163,841	\$ 200,948

**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 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 35.

For the years ended December 31, 2023 and 2022, 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, 2023		
	Effect of USD	Effect of HKD	Effect of CNY
Profit and loss	\$ 6,066	\$ 24	\$ 57
Equity	8,019	1,547	-

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

The above effect arises mainly from bank deposits, financial assets at fair value through other comprehensive income and other financial assets denominated in USD, HKD and CNY that were outstanding as of December 31, 2023 and 2022 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,	
	2023	2022
Overall country risk exposure	\$ 956,533	\$ 942,838
Cost of foreign securities	806,217	1,227,970
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,	
	2023	2022
United States	\$ 801,871	\$ 766,209
China	154,662	176,629

Note: Country risk categorization is 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, 2023

	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	0.0017%	0.0810%	0%	0%	0.0811%	6.5453%	
Gross amount	\$ 2,567,586	\$ 2,930,184	\$ 6,220	\$ 5,183	\$ 160,267	\$ 27,531	\$ 5,696,971
Loss allowance (lifetime expected credit losses)	( 43 )	( 2,374 )	-	-	( 130 )	( 1,802 )	( 4,349 )
	<u>\$ 2,567,543</u>	<u>\$ 2,927,810</u>	<u>\$ 6,220</u>	<u>\$ 5,183</u>	<u>\$ 160,137</u>	<u>\$ 25,729</u>	<u>\$ 5,692,622</u>

Movements in loss allowance for the year ended December 31, 2023 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	\$ 69	\$ 1,999	\$ -	\$ -	\$ 94	\$ 1,802	\$ 3,964
Add: Provision for impairment		375	-	-	36	-	411
Minus: Reversal of impairment	( 26 )	( )	-	-		-	( 26 )
Balance at the end of the year	<u>\$ 43</u>	<u>\$ 2,374</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 130</u>	<u>\$ 1,802</u>	<u>\$ 4,349</u>

## 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>

### 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, 2023 and 2022:

December 31, 2023

Liabilities	Contractual cash flows	Less than 6 months	6-12 months	1-5 year(s)	More than 5 years
Short-term loans	\$ 2,097,503	2,097,503	\$ -	\$ -	\$ -
Commercial paper payable	200,000	\$ 200,000	-	-	-
Financial liabilities at fair value through profit or loss	1,639,395	740,349	631,569	267,477	-
Liabilities for bonds with repurchase agreements	390,191	390,191	-	-	-
Guarantee deposit received from short sales	147,534	-	147,534	-	-
Deposits payable for short sales	166,790	-	166,790	-	-
Futures traders' equity	226,341	226,341	-	-	-
Equity for each customer in the account	4,100	4,100	-	-	-
Accounts payable	2,638,123	2,638,123	-	-	-
Other payables	196,682	196,682	-	-	-
Other payables -related parties	7,765	7,765	-	-	-
Bonds payables	812,550	1,950	3,350	807,250	-
Long-term borrowings	759,682	13,225	13,225	733,232	-
Lease liabilities	35,937	19,497	10,272	6,168	-
	<u>\$ 9,322,593</u>	<u>\$ 6,535,726</u>	<u>\$ 972,740</u>	<u>\$ 1,814,127</u>	<u>\$ -</u>

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	-	-	-



	Contractual cash flows	Less than 6 months	6-12 months	1-5 year(s)	More than 5 years
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>\$ 7,307,681</u>	<u>\$ 4,276,466</u>	<u>\$ 1,066,105</u>	<u>\$ 1,965,110</u>	<u>\$ -</u>

#### (4) Transfer of financial assets

##### Transferred financial assets partially derecognized

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 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, 2023				
	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	\$ 129,272	\$ 125,156	\$ 129,272	\$ 125,156	\$ 4,116

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)

#### (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 Group 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, 2023

Financial assets that are offset, or can be settled under enforceable master netting arrangement or similar agreement						
Financial assets	Gross amount of recognized financial assets	Gross amount of recognized financial liabilities offset in the balance sheet	Net amount of financial assets recognized in the balance sheet	Relevant amount that has not been offset in the balance sheet		Net amount
				Financial instruments	Cash collateral received	
Investments in bonds under resale agreements	\$ 294,569	\$ -	\$ 294,569	\$ 294,569	\$ -	\$ -

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	\$ 125,156	\$ -	\$ 125,156	\$ 129,272	\$ -	(\$ 4,116)

### 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

### 33. 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, 2023					Status of compliance
Calculation formula	Calculation	Ratio	Standard		
(1) $\frac{\text{Stockholders' equity}}{\text{Total liabilities less futures traders' equity}}$	$\frac{322,397}{3,631}$	= 88.79	$\geq 1$		Satisfied
(2) $\frac{\text{Current assets}}{\text{Current liabilities}}$	$\frac{311,808}{227,404}$	= 1.37	$\geq 1$		Satisfied
(3) $\frac{\text{Stockholders' equity}}{\text{Minimum paid-in capital}}$	$\frac{322,397}{280,000}$	= 115.14%	$\geq 60\%$ $\geq 40\%$		Satisfied

		December 31, 2023			Status of compliance
		Calculation	Ratio	Standard	
(4)	Adjusted net capital Total amount of customers' margin accounts for open position of futures customers	$\frac{267,638}{42,333}$	$= 632.22\%$	$\geq 20\%$ $\geq 15\%$	Satisfied
		December 31, 2022			Status of compliance
		Calculation	Ratio	Standard	
(1)	Calculation formula Stockholders' equity Total liabilities less futures traders' equity	$\frac{332,829}{6,115}$	$= 54.43$	$\geq 1$	Satisfied
(2)	Current assets Current liabilities	$\frac{329,604}{240,087}$	$= 1.37$	$\geq 1$	Satisfied
(3)	Stockholders' equity Minimum paid-in capital	$\frac{332,829}{280,000}$	$= 118.87\%$	$\geq 60\%$ $\geq 40\%$	Satisfied
(4)	Adjusted net capital Total amount of customers' margin accounts for open position of futures customers	$\frac{278,895}{42,779}$	$= 651.94\%$	$\geq 20\%$ $\geq 15\%$	Satisfied

#### 34. 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.

#### 35. 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

		December 31, 2023	
<u>Financial assets</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>
<u>Monetary items</u>			
USD	\$	19,738	30.735
HKD		615	3.934
CNY		1,322	4.331
<u>Non-monetary items</u>			
USD	\$	26,090	30.735
HKD		39,312	3.934

	December 31, 2022		
<u>Financial assets</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>
<u>Monetary items</u>			
USD	\$	9,208	30.708
HKD		467	3.938
<u>Non-monetary items</u>			
USD	\$	24,951	30.708
HKD		44,850	3.938

The foreign exchange gain and loss were losses of \$7,358 thousands and gains of \$8,065 thousands for the years ended December 31, 2023 and 2022, 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.

### 36. 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.

### 37. 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, 2023						Total
	Client partner segment	Investment segment	Investment bank segment	Futures segment	All other segments	Adjustments and write-offs	
Revenue from customers other than the parent company and subsidiaries of the Group	\$ 631,386	\$ 331,731	\$ 3,759	\$ 22,193	\$ 32,275	\$ -	\$ 1,021,344
Revenue from the parent company and subsidiaries of the Group	-	-	-	-	19,490	( 19,490 )	-
Total revenue	<u>\$ 631,386</u>	<u>\$ 331,731</u>	<u>\$ 3,759</u>	<u>\$ 22,193</u>	<u>\$ 51,765</u>	<u>( \$ 19,490 )</u>	<u>\$ 1,021,344</u>
Segment income (loss)	<u>( \$ 164,077 )</u>	<u>\$ 180,221</u>	<u>( \$ 21,398 )</u>	<u>\$ 5,604</u>	<u>\$ 24,685</u>	<u>\$ 675</u>	<u>\$ 25,710</u>

Items	Year ended December 31, 2022						Total
	Client partner segment	Investment segment	Investment bank segment	Futures segment	All other segments	Adjustments and write-offs	
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	<u>\$ 626,878</u>	<u>\$ 181,141</u>	<u>\$ 149</u>	<u>\$ 35,388</u>	<u>\$ 40,403</u>	<u>( \$ 14,880 )</u>	<u>\$ 869,349</u>
Segment income (loss)	<u>( \$ 66,487 )</u>	<u>\$ 52,141</u>	<u>( \$ 21,025 )</u>	<u>\$ 11,131</u>	<u>\$ 12,747</u>	<u>\$ 522</u>	<u>( \$ 10,971 )</u>

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, 2023

Table 1

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

Number	Company name	Counterparty	Relationship	Transaction			
				Account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (%)
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	1,285	Based on the terms specified in the agreement	0.01%
		Good Finance Investment Consulting	Same as above	Prepayments	30	Based on the terms specified in the agreement	-
		Good Finance Investment Consulting	Same as above	Other non-operating income	474	Based on the terms specified in the agreement	0.05%
		Good Finance Investment Consulting	Same as above	Other operating expenses	19,490	Based on the terms specified in the agreement	1.91%
		Good Finance PE	Same as above	Liabilities for bonds with repurchase agreements	59,000	Based on the terms specified in the agreement	0.39%
		Good Finance PE	Same as above	Guarantee deposits received	26	Based on the terms specified in the agreement	-
		Good Finance PE	Same as above	Finance costs	4	Based on the terms specified in the agreement	-
		Good Finance PE	Same as above	Prepayments	80	Based on the terms specified in the agreement	-
		Good Finance PE	Same as above	Accounts payable	4	Based on the terms specified in the agreement	-
1	Good Finance Securities Investment Advisors	Good Finance PE	Same as above	Other non-operating income	198	Based on the terms specified in the agreement	0.02%
		The Company	Subsidiary to the parent company	Guarantee deposits received	64	Based on the terms specified in the agreement	-
		The Company	Same as above	Accounts receivable	1,285	Based on the terms specified in the agreement	0.01%
		The Company	Same as above	Prepayment	30	Based on the terms specified in the agreement	-
		The Company	Same as above	Right-of-use assets	96	Based on the terms specified in the agreement	-
		The Company	Same as above	Lease liabilities-current	96	Based on the terms specified in the agreement	-
		The Company	Same as above	Consultancy fee income	19,490	Based on the terms specified in the agreement	1.91%
		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%
		The Company	Same as above	Other operating expenses	90	Based on the terms specified in the agreement	0.01%
2	Good Finance PE	The Company	Same as above	Guarantee deposits received	26	Based on the terms specified in the agreement	-
		The Company	Same as above	Prepayment	80	Based on the terms specified in the agreement	-
		The Company	Same as above	Right-of-use assets	208	Based on the terms specified in the agreement	-
		The Company	Same as above	Lease liabilities-current	156	Based on the terms specified in the agreement	-
		The Company	Same as above	Lease liabilities-non-current	52	Based on the terms specified in the agreement	-
		The Company	Same as above	Cash equivalents	59,000	Based on the terms specified in the agreement	0.39%
		The Company	Same as above	Other receivables	6	Based on the terms specified in the agreement	-
		The Company	Same as above	Interest revenue	6	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	155	Based on the terms specified in the agreement	0.02%
		The Company	Same as above	Other operation expense	40	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, 2023

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) recognized by the Company	Cash dividends	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	\$ 54,742	\$ 25,259	\$ 6,979	\$ 6,977	\$ -	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	66,400	26,604	14,520	14,518	13,347	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, 2023

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, 2023		
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	\$ -	( \$ 134 )	\$ -	\$ -	\$ -	\$ -	-	

Note: Financial Supervisory Commission’s letter No. 1120330068, on January 11, 2023, the withdrawal was granted. An application for withdrawal to the regulatory authority in the Mainland China region was previewed on March 1.



GOOD FINANCE SECURITIES CO., LTD. AND ITS SUBSIDIARIES

Information of major shareholders

December 31, 2023

(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 (%)
Good Finance Technology Co., Ltd.		137,928,000 shares	44.23%
Lung-Ching, Chuang		40,968,784 shares	13.13%
Asia Value Fund custodial account of Deutsche Bank Taiwan Branch		19,896,000 shares	6.38%

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 December 31, 2023	December 31, 2022	Increase (decrease)	Variance (%)
Current assets	13,760,217	10,622,389	3,137,828	29.54%
Noncurrent assets	1,374,285	1,368,030	6,255	0.46%
Total assets	15,134,502	11,990,419	3,144,083	26.22%
Current liabilities	7,793,832	6,352,840	1,440,992	22.68%
Noncurrent liabilities	1,584,828	1,077,629	507,199	47.07%
Total liabilities	9,378,660	7,430,469	1,948,191	26.22%
Capital stock	3,118,159	3,112,659	5, 500	0.18%
Capital surplus	46,759	40,066	6,693	16.70%
Retained earnings	1,795,777	1,757,372	38,405	2.19%
Other equity items	795,147	(350,147)	1,145,294	-327.09%
Total equity	5,755,842	4,559,950	1,195,892	26.23%
<p>Notes to increase/decrease:</p> <ol style="list-style-type: none"> <li>1. The increase in current assets and total assets is primarily a result of the increase in financial assets at fair value through other comprehensive income, accounts receivable, and restricted assets.</li> <li>2. The increase in current liabilities, non-current liabilities, and total liabilities is mainly due to the increase in long-term and short-term borrowings, commercial papers payable, and accounts payable.</li> <li>3. The increase in other equity items is primarily a result of the increase in net unrealized gain from financial assets at fair value through other comprehensive income.</li> </ol>				

## II. Financial performance

Unit: NT\$ thousand

	2023	2022	Increase (decrease)	Variance(%)
Income	1,021,344	869,349	151,995	17.49%
Operating expenses and expenditure	995,634	880,320	115,314	13.10%
Other gains or losses	25,710	(10,971)	36,681	-334.35%
Other gains or losses	72,852	44,694	28,158	63.00%
Profit before tax	98,562	33,723	64,839	192.27%
Income tax expense gains (expenses)	7,582	18,774	(11,192)	-59.61%
Net profit after tax	106,144	52,497	53,647	102.19%
Notes to increase/decrease: 1. The increase in income and operating gain is primarily a result of the increase in the market trading volume and daily share financing balance this year from last year causing the increase in profit. 2. The decrease in income tax expenses is mainly due to the offsetting of losses derived from the losses in taxation in the current year.				

### 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:

Looking to 2024, as the US inflation continues to decline, the economy will recover from the bottom in 2024. The profit growth rate of Taiwanese companies is expected to be 20%, and the overall environment is favorable for the performance of Taiwanese stocks. The Company expects that market share should be equivalent to that in 2023. Therefore, no significant impact may be imposed to the Company's future business and finance.

## III. Cash flow

(I) Analysis on the changes in cash flow in the most recent year (2023):

Item	Year	2023	2022	Increase (decrease)
Cash Flow Ratio (%)		n/a	9.75%	9.75%
Cash Flow Adequacy Ratio		n/a	0.00%	0.00%
Cash Reinvestment Ratio		n/a	6.13%	6.13%
Notes to increase/decrease: Please refer to the financial analysis.				

(II) Corrective measures against insufficient liquidity: No insufficient liquidity has occurred to the Company's capital utilization.

(III) 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 inflows (outflows) from investing and financing activities for the year (3)	Projected cash balance (deficit) (1) + (2) + (3)	Projected corrective measures against insufficient cash position	
				Investment plan	Financing plan
499,076	(6,101)	(1,111)	491,864	-	-

## 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: 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 gain of NT\$6,977 thousand from the investment in Good Finance Securities Investment Consulting Co., Ltd. in 2023 mainly due to the increase in consulting fee and decrease in labor service expenses. Good Finance PE Co., Ltd. was established in 2021. The Company recognized a profit of NT\$14,518 from the investment in Good Finance PE Co., Ltd. in 2023 mainly due to the increase in operating revenue and decrease in employee benefit expenses.

(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 stock and bond portfolio may be affected by potential interest rate market changes, fluctuations in the exchange rate market, and inflation. In response to these changes in the external environment, the Company has responded by diversifying asset types, markets, and investee industries. The Company will respond to movement in the interest rate market by diversifying its investments in stocks and bonds, as well as long and short durations. Diversify the fluctuations of the exchange rate market through investments in Taiwan, the United States and China. By investing in different industries and companies with pricing power to respond to possible inflation. By nature, the capital market may fluctuate due to various factors. However, if the capital market is viewed over a long period of time, combined with appropriate asset allocation, the possibility of long-term profits is extremely high. In order to embrace the volatile nature of the capital market, the Company adopts ex-ante risk control, such as controlling the weights of investee countries, in-depth research on the fundamentals of individual stocks invested, control of purchase prices, and continuous follow-up after the investment.

(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 investment 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 expects to invest NT\$30 million in R&D in 2024:

1. Introduce the sub-brokerage system to significantly improve the convenience and user experience of sub-brokerage services for customers.
2. Build up the big data of customer financial data analysis, helpful to the accurate business promotion and customer service suggestions.
3. Develop a new generation of trading commission software to provide a more modern and convenient new mobile trading experience.

(IV) Impact on the Company's business and finance due to changes in domestic or foreign policies and laws, and responsive measures:

1. On March 17, 2023, some clauses of the "Regulations Governing Permission and Administration of Securities and Futures Business Dealings and Investment Between the Taiwan Area and the Mainland Area" were amended. (Jin-Guan-Zhen-Chuan-Zi No. 1120134018)
  - (1) Relevant units of the Company for business planning reference.
  - (2) No material impact on the Company's finance and business.
2. On May 10, 2023, the amendments to Article 43-1, Article 178-1, and Article 183 of the Securities and Exchange Act announced, to lower the reporting and announcement threshold of substantial shareholding to 5% (Hua-Zong-Yi-Jing-Zi No.11200038321).
  - (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. On June 28, 2023, the addition to Article 174-3 and Article 174-4 of the Securities and Exchange Act were announced, to punish those who compromise the functions and operation of the core ICT systems and equipment in TWSE, TPEx or centralized custodian of securities, with more severe penalties as the sanctions (Hua-Zong-Yi-Jing-Zi No.11200054041).
  - (1) Relevant units of the Company have been notified.
  - (2) No material impact on the Company's finance and business.
4. On June 28, 2023, the amendments to Article 14-4, Article 14-5, Article 178, and Article 181-2 of the Securities and Exchange Act were announced, that the right to file litigation against directors, the right to convene shareholders' meetings, and the right of self-trading representative for directors shall be resolved by the Audit Committee's collegial decision. If the Audit Committee cannot convene a meeting for a valid reason,

a special resolution of all directors of the Board of Directors shall be adopted (Hua-Zong-Yi-Jing-Zi No.11200054051).

- (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.
5. On June 28, 2023, the additions of Article 112-1 and Article 112-2 of the Futures Trading Act were announced to impose penalties on those who illegally compromise the normal operation of the core ICT system and equipment of a futures exchange or futures clearing houses, with more severe penalties as the sanctions (Hua-Zong-Yi-Jing-Zi No.11200053961).
  - (1) Relevant units of the Company have been notified.
  - (2) No material impact on the Company's finance and business.
6. On August 16, 2023, Article 8 of the "Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets" was amended, to strengthen the confidentiality of customer information and specify that service enterprises should establish an internal control system for the management of outsourcing of operations; in addition, to increase the flexibility of supervision over the internal control system of service enterprises, it is added that the internal control systems of a service enterprise shall include "other matters designated by the competent authority." (Jin-Guan-Zheng-Shen-Zi No.1120383620).
  - (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. On August 31, 2023, "Directions for Operations Outsourcing by Securities Firms" and "Directions for Operations Outsourcing by Futures Commission Merchants" were established (Jin-Guan-Zhen-Zi No. 1120345336; Jin-Guan-Zheng-Qi-Zi No.1120344987).
  - (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. On September 14, 2023, the countries or territories permitted to establish foreign branch offices by securities firms were announced, including the United States, Singapore, United Kingdom, France, Hong Kong, Australia, Japan, Brazil, Germany, South Africa, Italy, Canada, Argentina, Malaysia, Thailand, Vietnam, South Korea, and Indonesia (Jin-Guan-Zhen-Zi No.11203835501).
  - (1) Relevant units of the Company for business planning reference.
  - (2) No material impact on the Company's finance and business.
9. On November 2, 2023, the "Compliance Directions for Securities Firms Reporting Material Contingencies" were established (Jin-Guan-Zheng-Zhen-Zi No.1120351844).
  - (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.

The development of financial technology will become a necessary and important competitiveness of the Company. In response to the arrival of the zero-service charge era, the Company focuses on accelerating the establishment of technological capabilities, actively transforming into an asset management securities dealer, and continues to hire additional IT personnel to develop and optimize digitalized service software, for building a platform that meets customer needs, attract young customers who are accustomed to digital services, and enhance the convenience of 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 2023 to review the adequacy of the Company's computer system and control measures. Meanwhile, the information security assessments are conducted when planning new business, to lower the risk when new system is onboard, and provide more secure and reliable financial trading services to customers.

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.

For the risks mentioned above, 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:

Ku-Han Huang, through Asia Value Capital and Asia Value Cornerstone Capital Co., Ltd., holds the shares of the Company; the two said companies transferred 10,283,000 shares and 15,595,000 shares of the Company to the Company's corporate director, Good Financial Technology Co., Ltd., in December 2023 in an after-hours huge transactions. Provided that Good Financial Technology Co., Ltd. is also a co-acquirer specified in Article 43-1 of the Securities and Exchange Act; therefore, the said equity transfer does not affect the total shares held by the co-acquirer in the Company, and no related risk incur.

(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 February 29, 2024, the Company's capital adequacy ratio was 288%, 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



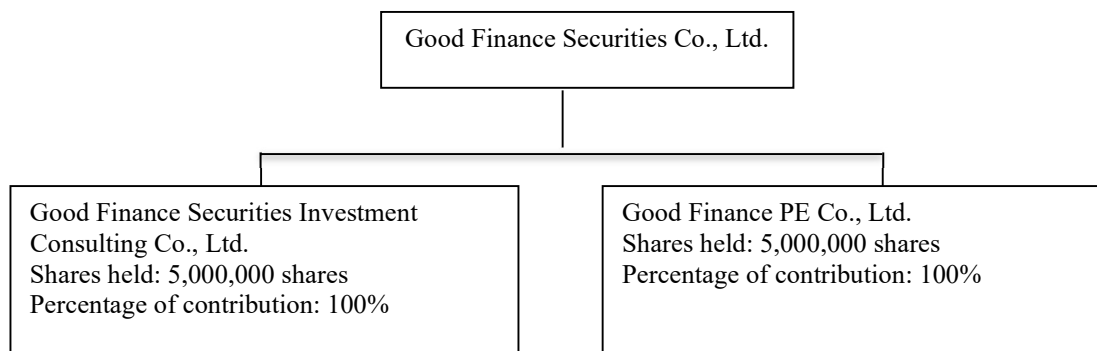
responsive arrangements and support. Any emergency state shall be dealt with in accordance with the Company's emergency response handbook and operating procedures against various risks. The Company's basic operations still need to be maintained, in order to protect customers' interest and right, and reduce the Company's losses.

**VIII. Other important notes :** None.

**I. Affiliated companies**

## (I) Consolidated business reports of affiliates

## 1. Organizational charts of affiliates (March 31, 2024)



## 2. Affiliates' profile

March 31, 2024

Name of enterprise	Date of establishment	Paid-in capital (NT\$ thousand)	Main business and product
Good Finance Securities Co., Ltd.	July 7, 1988	3,115,159	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	1. Provide research and analysis opinion or suggestions on matters related to securities investment under contract. 2. Organize conferences related to securities investment. 3. Engage in discretionary investment on behalf of customers. 4. Other securities investment consulting services approved by the competent authority.
Good Finance PE Co., Ltd.	April 16, 2021	50,000	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

March 31, 2024

Name of enterprise	Position	Name	Shareholding	
			Number of shares (share)	Shareholding (%)
Good Finance Securities Co., Ltd.	Chairman	Good Financial Technology Co., Ltd.	137,928,000	44.28
		Representative: Ku-Han Huang		
	Vice chairperson	Ming-Li Chuang	8,992,202	2.89
	Director	Fu-Liang Wan	0	0.00
	Director	Good Financial Technology Co., Ltd.	137,928,000	44.28
		Representative: Yang-Juh Lai		
	Director	Good Financial Technology Co., Ltd.		
		Representative: Min-Daou Gu		
	Director	Good Financial Technology Co., Ltd.		
		Representative: Hsun-Chin Peng		
	Director	Good Financial Technology Co., Ltd.		
		Representative: Wei-Chung Lee		
	Director	Good Financial Technology Co., Ltd.		
		Representative: Wei-Jen Lee		
	Independent Director	Keng-Chou Lin	0	0.00
	Independent Director	Ching-Hsiu Chen	0	0.00
	Independent Director	Li-Yi Cheng	0	0.00
	President	Ta-Hsiu Chuang	9,152	0.00
Good Finance Securities Investment Consulting Co., Ltd.	Chairman Director Director Supervisor President	Su-Hua Gu Chih-Hsu Luo Chi-Yao Huang Ting-Fan Tsai Chih-Hsu Luo	5,000,000	100.00
Good Finance PE Co., Ltd.	Chairman Director Director President	Shih-Hsuan Huang Hsueh-Li Yu Lin Kuo Shih-Hsuan Huang	5,000,000	100.00

## 6. Overview of operations of affiliates

Unit: US\$ thousand; March 31, 2024

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.	3,115,159	20,229,788	13,057,466	7,172,342	453,349	227,460	219,494	0.72
Good Finance Securities Investment Consulting Co., Ltd.	50,000	62,271	2,303	59,968	5,010	1,958	1,858	0.37
Good Finance PE Co., Ltd.	50,000	77,301	5,183	72,118	9,319	7,231	5,784	1.16

(II) Consolidated financial statements of affiliates: Please refer to Page 184 of the annual report.

(III) Affiliation report: None.

(IV) 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 3, 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.**

**Chairman: Ku-Han Huang**

**April 8, 2024**