

**SinoPac Securities Corporation and
Subsidiaries**

**Consolidated Financial Statements for the
Years Ended December 31, 2023 and 2022 and
Independent Auditors' Report**

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, 2023 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.

Very truly yours,

SINOPAC SECURITIES CORPORATION

March 7, 2024

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
SinoPac Securities Corporation

Opinion

We have audited the accompanying consolidated financial statements of SinoPac Securities Corporation and its subsidiaries (collectively, referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the 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, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, 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 Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public 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 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.

The key audit matter of the Group's consolidated financial statements for the year ended December 31, 2023 is stated as follows:

Recognition of Brokerage Handling Fee Revenue

The Group's brokerage handling fee revenue mainly arises from the trading of domestic and foreign securities and futures contracts. It is calculated by multiplying the trading value by a standard rate or special rate agreed upon with clients. For the year ended December 31, 2023, the Group's handling fee revenue from brokered trading was \$8,000,802 thousand, representing 54% of total revenue; therefore, the amount has a material impact on the consolidated financial statements. As a result, the accuracy of the recognition of handling fee revenue from brokered trading based on the fee rate has been identified as a key audit matter.

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

1. We obtained an understanding of and evaluated the design and implementation of the internal controls over the revenue recognition of handlings fee revenues from brokered trading and tested its operating effectiveness, which included taking samples and testing whether the customer receipts were based on actual orders from the clients, whether the fee rates, brokerage handling fee revenue discounts and other changes in the individual client contracts had been approved by management, and we recalculated the handling fee discounts to determine whether they were accurate.
2. We selected samples of the various transaction reports of the domestic and foreign securities and futures contracts and tested their completeness. We also recalculated the brokerage handling fee revenue to determine its accuracy.
3. We performed analytical review procedures.

Refer to Notes 4 and 26(a) for the related accounting policies and balances of the Group's handlings fee revenues from brokered trading.

Other Matter

We have also audited the parent company only financial statements of SinoPac Securities Corporation as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, IFRS, IAS, IFRIC, and 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 consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements 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 audit resulting in this independent auditors' report are Swei-Chin Lee and Yi-Chun Wu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 7, 2024

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated 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 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.

SINOPAC SECURITIES CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
CURRENT ASSETS (Note 4)				
Cash and cash equivalents (Notes 6 and 29)	\$ 7,198,869	3	\$ 14,519,775	9
Current financial assets at fair value through profit or loss (Notes 7, 11 and 29)	67,240,073	30	36,310,225	21
Current financial assets at fair value through other comprehensive income (Notes 8)	9,509,158	4	12,848,417	8
Bond investments under resale agreements (Notes 9 and 29)	11,114,568	5	7,609,811	4
Margin loans receivable (Notes 10)	24,829,524	11	15,170,246	9
Refinancing margin	4,028	-	37,370	-
Refinancing collateral receivable	3,355	-	30,210	-
Receivable of securities business money lending	4,256	-	1,369	-
Receivables of money lending - any use	13,803,406	6	3,050,262	2
Customer margin account (Notes 29 and 36)	30,870,290	14	33,036,135	19
Futures exchanges margins receivable	608	-	638	-
Security borrowing collateral price	23,709	-	95,051	-
Security borrowing margin	8,681,272	4	11,359,773	7
Notes and accounts receivable (Notes 10 and 29)	21,916,130	10	10,697,968	6
Prepayments (Note 29)	90,768	-	68,560	-
Other receivables (Notes 10 and 29)	1,138,041	-	579,655	-
Other current financial assets (Notes 6 and 29)	4,186,422	2	4,684,776	3
Current tax assets (Notes 27 and 29)	300,490	-	292,654	-
Restricted current assets (Notes 29 and 30)	1,645,560	1	1,480,560	1
Other current assets - others (Note 29)	8,415,302	4	8,689,530	5
Total current assets	210,975,829	94	160,562,985	94
NON-CURRENT ASSETS (Note 4)				
Non-current financial assets at fair value through profit or loss (Notes 7 and 29)	132,968	-	139,584	-
Non-current financial assets at fair value through other comprehensive income (Notes 8 and 29)	6,502,989	3	3,798,935	2
Property and equipment (Notes 12, 29 and 30)	2,176,097	1	2,164,161	2
Right-of-use assets (Notes 13 and 29)	627,377	1	631,492	1
Investment property (Notes 14 and 30)	150,161	-	151,684	-
Goodwill (Notes 15)	211,526	-	211,526	-
Other intangible assets (Notes 16 and 29)	308,669	-	335,310	-
Deferred tax assets (Notes 27)	464,272	-	436,098	-
Guarantee deposits paid (Notes 17 and 29)	2,067,965	1	1,779,943	1
Non-current net defined benefit assets (Notes 24)	3,609	-	2,364	-
Overdue receivables (Notes 18)	707	-	1,315	-
Prepayments for business facilities (Notes 12 and 16)	49,417	-	36,362	-
Other non-current assets - others	20,081	-	20,082	-
Total non-current assets	12,715,838	6	9,708,856	6
TOTAL	\$ 223,691,667	100	\$ 170,271,841	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES (Note 4)				
Current borrowings (Note 19)	\$ 1,350,872	1	\$ 308,772	-
Commercial paper payable (Notes 20 and 29)	31,054,134	14	898,717	1
Current financial liabilities at fair value through profit or loss (Notes 7 and 29)	34,149,867	15	28,896,257	17
Liabilities for bonds with attached repurchase agreements (Notes 7, 8 and 22)	42,545,115	19	31,612,337	19
Securities financing refundable deposits	2,170,918	1	4,172,275	3
Deposits payable for securities financing	2,545,584	1	3,973,588	2
Securities lending refundable deposits	8,083,988	4	10,452,320	6
Futures traders' equity (Notes 29)	30,870,290	14	33,036,135	20
Equity for each customer in the account	765,753	-	525,327	-
Notes and accounts payable (Notes 23 and 29)	24,126,938	11	15,621,550	9
Other payables (Note 29)	2,802,163	1	1,797,526	1
Current tax liabilities (Notes 27 and 29)	214,275	-	163,907	-
Long-term liabilities - current portion (Note 19)	922,574	-	-	-
Current lease liabilities (Notes 13 and 29)	250,953	-	236,997	-
Other current liabilities (Note 29)	1,569,639	1	1,872,152	1
Total current liabilities	183,423,063	82	133,567,860	79
NON-CURRENT LIABILITIES (Note 4)				
Bonds payable (Note 21)	5,000,000	3	5,000,000	3
Long-term borrowings (Note 19)	-	-	921,706	1
Non-current provision for employee benefits (Note 26)	72,889	-	66,670	-
Non-current lease liabilities (Notes 13 and 29)	394,888	-	416,756	-
Deferred tax liabilities (Notes 27)	188,179	-	287,980	-
Guarantee deposits received (Note 14)	883	-	883	-
Non-current net defined benefit liabilities (Notes 24)	374,713	-	401,862	-
Total non-current liabilities	6,031,552	3	7,095,857	4
Total liabilities	189,454,615	85	140,663,717	83
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT (Notes 4 and 25)				
Capital stock	16,212,238	7	16,212,238	9
Capital surplus	522,986	-	476,766	-
Retained earnings				
Legal reserve	3,346,524	1	3,197,252	2
Special reserve	8,950,780	4	8,440,691	5
Unappropriated retained earnings	4,155,876	2	1,492,722	1
Total retained earnings	16,453,180	7	13,130,665	8
Other equity interest				
Exchange differences on translation of foreign financial statements	(368,870)	-	(371,963)	-
Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	1,417,518	1	160,418	-
Total other equity interest	1,048,648	1	(211,545)	-
Total equity	34,237,052	15	29,608,124	17
TOTAL	\$ 223,691,667	100	\$ 170,271,841	100

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

SINOPAC SECURITIES CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
REVENUE (Note 4)				
Brokerage handling fee revenue (Notes 26 and 29)	\$ 8,027,871	54	\$ 7,253,066	64
Handling fee revenues from securities business				
money lending	4,416	-	3,889	-
Income from securities lending	581,688	4	553,561	5
Revenues from underwriting business (Notes 26 and 29)	315,450	2	205,702	2
Gains on wealth management (Note 29)	155,083	1	150,073	1
Gains (losses) on sale of securities - proprietary (Note 26)	4,763,737	32	(2,262,637)	(20)
Gains on sale of securities - underwriting (Note 26)	157,661	1	42,162	-
Gains (losses) on sale of securities - hedging (Note 26)	280,145	2	(589,538)	(5)
Revenue from providing agency service for stock affairs (Note 29)	151,070	1	143,014	1
Interest revenue (Notes 26 and 29)	2,920,197	19	1,835,398	16
Dividend revenue (Notes 8 and 29)	1,795,303	12	1,692,204	15
Valuation gains (losses) on operating securities at fair value through profit or loss (Note 26)	2,431,874	16	(2,531,153)	(22)
Gains (losses) on covering of borrowed securities and bonds with resale agreements - short sales	(573,722)	(4)	2,129,204	19
Valuation gains (losses) on borrowed securities and bonds with resale agreements - short sales at fair value through profit or loss	(1,660,728)	(11)	1,388,806	12
Realized gains (losses) on financial assets measured at fair value through other comprehensive income - debt instruments	(59,223)	-	7,596	-
Valuation gains (losses) on securities for futures margin at fair value through profit or loss	160,279	1	(21,634)	-
Losses on issuance of ETNs	-	-	(99)	-
Administrative and handling fee revenues from issuance of ETNs	-	-	(2)	-
Gains (losses) from issuance of call (put) warrants (Notes 7 and 29)	(58,879)	-	586,635	5
Futures contract loss (Note 7)	(3,369,781)	(23)	(346,271)	(3)
Option trading gains (Note 7)	19,830	-	3,082	-
Gains (losses) from derivatives - OTC (Notes 26 and 29)	(1,382,180)	(9)	198,344	2
Revenue from advisory services (Note 29)	32,687	-	29,528	-
Expected credit impairment (loss) and gain on reversal (Notes 8, 10, 18 and 26)	2,122	-	(1,394)	-

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SINOPAC SECURITIES CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
Foreign exchange gains (loss) (Note 29)	\$ (40,273)	-	\$ 658,000	6
Other operating income - other (Notes 26 and 29)	<u>263,581</u>	<u>2</u>	<u>301,046</u>	<u>2</u>
Total revenue	<u>14,918,208</u>	<u>100</u>	<u>11,428,582</u>	<u>100</u>
EXPENDITURE AND EXPENSE				
Brokerage handling fee expense (Note 29)	(729,512)	(5)	(724,820)	(6)
Proprietary handling fee expense (Note 29)	(87,218)	(1)	(62,013)	-
Refinancing processing fee expenses	(1,543)	-	(2,779)	-
Underwriting operation processing fee expenses (Note 29)	(12,025)	-	(7,291)	-
Finance costs (Notes 26 and 29)	(2,524,755)	(17)	(832,234)	(7)
Loss from securities borrowing transactions	(504,386)	(3)	(534,388)	(5)
Futures commission expense	(138,406)	(1)	(146,151)	(1)
Expense of clearing and settlement (Note 29)	(156,271)	(1)	(182,449)	(2)
Other operating expenditure	(38,092)	-	(41,855)	-
Employee benefits expense (Notes 4, 24 and 26)	(5,702,018)	(38)	(4,978,254)	(44)
Depreciation and amortization expense (Notes 4, 12, 13, 14, 16 and 26)	(560,123)	(4)	(535,269)	(5)
Other operating expense (Notes 26 and 29)	<u>(2,037,465)</u>	<u>(14)</u>	<u>(1,903,584)</u>	<u>(17)</u>
Total expenditure and expense	<u>(12,491,814)</u>	<u>(84)</u>	<u>(9,951,087)</u>	<u>(87)</u>
NET OPERATING INCOME	2,426,394	16	1,477,495	13
OTHER GAINS AND LOSSES (Notes 4, 12, 14, 15, 16, 26 and 29)	<u>1,580,516</u>	<u>11</u>	<u>631,219</u>	<u>6</u>
PROFIT BEFORE TAX	4,006,910	27	2,108,714	19
INCOME TAX EXPENSE (Notes 4 and 27)	<u>(171,325)</u>	<u>(1)</u>	<u>(526,219)</u>	<u>(5)</u>
NET PROFIT	<u>3,835,585</u>	<u>26</u>	<u>1,582,495</u>	<u>14</u>

(Continued)

SINOPAC SECURITIES CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (Notes 4, 24, 25 and 27)				
Components of other comprehensive income that will not be reclassified to profit or loss:				
Remeasurement of defined benefit plans	\$ (17,604)	-	\$ 28,034	-
Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	1,217,452	8	(925,615)	(8)
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(4,645)	-	(969)	-
	<u>1,195,203</u>	<u>8</u>	<u>(898,550)</u>	<u>(8)</u>
Components of other comprehensive income that will be reclassified to profit or loss:				
Exchange differences on translation of foreign financial statements	2,200	-	369,826	3
Unrealized gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	382,188	2	(582,331)	(5)
Income tax related to components of other comprehensive income that will be reclassified to profit or loss	893	-	(70,771)	-
	<u>385,281</u>	<u>2</u>	<u>(283,276)</u>	<u>(2)</u>
Other comprehensive income (loss) for the year, net of income tax	<u>1,580,484</u>	<u>10</u>	<u>(1,181,826)</u>	<u>(10)</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 5,416,069</u>	<u>36</u>	<u>\$ 400,669</u>	<u>4</u>
PROFIT ATTRIBUTABLE TO:				
Owners of the parent company	<u>\$ 3,835,585</u>	<u>26</u>	<u>\$ 1,582,495</u>	<u>14</u>
COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the parent company	<u>\$ 5,416,069</u>	<u>36</u>	<u>\$ 400,669</u>	<u>4</u>
EARNINGS PER SHARE (Note 28)				
Basic	<u>\$ 2.37</u>		<u>\$ 0.98</u>	

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

(Concluded)

SINOPAC SECURITIES CORPORATION AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)**

	Capital Stock (Note 25)		Capital Surplus (Note 25)	Retained Earnings (Notes 8 and 25)			Other Equity Interest (Notes 8 and 25)		Total Equity
	Shares (Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Retained Earnings	Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gains (Losses) on Financial Assets Measured at Fair Value Through Other Comprehensive Income	
BALANCE AT JANUARY 1, 2022	1,621,224	\$ 16,212,238	\$ 476,766	\$ 2,695,652	\$ 7,437,492	\$ 5,015,998	\$ (671,018)	\$ 1,551,526	\$ 32,718,654
Appropriation of 2021 earnings									
Legal reserve	-	-	-	501,600	-	(501,600)	-	-	-
Special reserve	-	-	-	-	1,003,199	(1,003,199)	-	-	-
Cash dividends	-	-	-	-	-	(3,511,199)	-	-	(3,511,199)
Profit for the year ended December 31, 2022	-	-	-	-	-	1,582,495	-	-	1,582,495
Other comprehensive income for the year ended December 31, 2022, net of income tax	-	-	-	-	-	22,427	299,055	(1,503,308)	(1,181,826)
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	-	1,604,922	299,055	(1,503,308)	400,669
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	(112,200)	-	112,200	-
BALANCE AT DECEMBER 31, 2022	1,621,224	16,212,238	476,766	3,197,252	8,440,691	1,492,722	(371,963)	160,418	29,608,124
Appropriation of 2022 earnings									
Legal reserve	-	-	-	149,272	-	(149,272)	-	-	-
Special reserve	-	-	-	-	510,089	(510,089)	-	-	-
Cash dividends	-	-	-	-	-	(833,361)	-	-	(833,361)
Share-based payments	-	-	46,220	-	-	-	-	-	46,220
Profit for the year ended December 31, 2023	-	-	-	-	-	3,835,585	-	-	3,835,585
Other comprehensive income for the year ended December 31, 2023, net of income tax	-	-	-	-	-	(14,083)	3,093	1,591,474	1,580,484
Total comprehensive income for the year ended December 31, 2023	-	-	-	-	-	3,821,502	3,093	1,591,474	5,416,069
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	334,374	-	(334,374)	-
BALANCE AT DECEMBER 31, 2023	1,621,224	\$ 16,212,238	\$ 522,986	\$ 3,346,524	\$ 8,950,780	\$ 4,155,876	\$ (368,870)	\$ 1,417,518	\$ 34,237,052

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

SINOPAC SECURITIES CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	\$ 4,006,910	\$ 2,108,714
Adjustments to reconcile profit (loss)		
Depreciation and amortization expense	561,646	536,792
Expected credit impairment loss (gain)	(1,416)	3,542
Valuation losses (gains) on operating securities at fair value through profit or loss	(2,431,874)	2,531,153
Valuation losses (gains) on borrowed securities and bonds with resale agreements - short sales at fair value through profit or loss	1,660,728	(1,388,806)
Finance costs	2,524,755	832,234
Interest revenue and financial income	(4,170,500)	(2,255,318)
Dividend revenue	(1,926,195)	(1,787,503)
Share-based payments	46,220	-
Loss on disposal of property and equipment	2,236	20
Property, plant and equipment transferred to expenses	466	-
Net losses (gains) on non-operating financial instruments at fair value	(12,695)	39,437
Unrealized gains on issuance of call or put warrants	(115,567)	(756,440)
Gains from lease modification	(286)	-
Reversal of decommissioning costs	(201)	-
Changes in operating assets and liabilities		
Decrease (increase) in financial assets at fair value through profit or loss	(28,478,663)	2,036,344
Increase in bond investments under resale agreements	(3,504,757)	(3,139,798)
Decrease (increase) in margin loans receivable	(9,655,324)	9,721,061
Decrease in refinancing margin	33,342	8,034
Decrease in refinancing collateral receivable	26,855	10,430
Decrease (increase) in receivable of securities business money lending	(2,887)	10,600
Increase in receivables of money lending - any use	(10,753,146)	(511,099)
Decrease in customer margin account	2,165,845	2,128,954
Decrease in futures exchanges margins receivable	30	15,887
Decrease (increase) in security borrowing collateral price	71,342	(90,790)
Decrease (increase) in security borrowing margin	2,678,501	(731,606)
Decrease (increase) in notes and accounts receivable	(11,060,821)	8,893,874
Decrease (increase) in prepayments	(22,208)	46,626
Increase in net defined benefit assets	(1,245)	(1,108)
Increase in other receivables	(496,892)	(353,995)
Increase in financial assets at fair value through other comprehensive income	(34,702)	(2,316,228)
Decrease in other current assets	274,228	16,783,841
Decrease (increase) in overdue receivables	608	(15,158)
Increase in liabilities for bonds with attached repurchase agreements	10,932,778	6,399,634
Increase in financial liabilities at fair value through profit or loss	3,708,449	17,089,582
Increase (decrease) in securities financing refundable deposits	(2,001,357)	1,298,494

(Continued)

SINOPAC SECURITIES CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
Increase (decrease) in deposits payable for securities financing	\$ (1,428,004)	\$ 728,999
Increase (decrease) in refundable deposits	(2,368,332)	1,102,708
Decrease in futures traders' equity	(2,165,845)	(2,128,954)
Increase (decrease) in notes and accounts payable	8,505,388	(11,325,849)
Increase (decrease) in other payables	578,470	(508,729)
Decrease in non-current net defined benefit liabilities	(44,753)	(170,096)
Increase in provisions	41,119	7,499
Decrease in other financial liabilities	-	(20,000)
Increase in equity for each customer in the account	240,426	29,841
Decrease in other current liabilities	<u>(302,513)</u>	<u>(14,225,321)</u>
Cash generated from (used in) operations	(42,919,841)	30,637,502
Interest received	3,971,931	2,216,287
Dividends received	1,901,405	1,786,162
Interest paid	(2,138,475)	(757,344)
Income tax paid	<u>(260,520)</u>	<u>(883,205)</u>
Net cash generated from (used in) operating activities	<u>(39,445,500)</u>	<u>32,999,402</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(5,995,774)	(1,750,863)
Proceeds from disposal of financial assets at fair value through other comprehensive income	8,267,672	3,422,287
Acquisition of property and equipment	(174,820)	(173,539)
Proceeds from disposal of property and equipment	32	-
Increase in refundable deposits	(288,022)	(188,665)
Acquisition of other intangible assets	(58,537)	(74,873)
Decrease (increase) in other current financial assets	498,354	(2,098,805)
Increase in restricted assets	(165,000)	-
Decrease (increase) in other non-current assets - others	1	(176)
Increase in prepayments for business facilities	<u>(66,808)</u>	<u>(24,995)</u>
Net cash generated from (used in) investing activities	<u>2,017,098</u>	<u>(889,629)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	1,042,100	34,645
Increase (decrease) in commercial paper payables	30,155,417	(22,441,468)
Proceeds from issuing bonds	-	3,000,000
Repayments of bonds payable	-	(434,909)
Proceeds from long-term debt	11,224,267	10,728,943
Repayments of long-term debt	<u>(11,224,267)</u>	<u>(10,728,943)</u>

(Continued)

SINOPAC SECURITIES CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
Payments of lease liabilities	\$ (259,101)	\$ (247,241)
Cash dividends paid	<u>(833,361)</u>	<u>(3,511,199)</u>
Net cash generated from (used in) financing activities	<u>30,105,055</u>	<u>(23,600,172)</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>2,441</u>	<u>457,002</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(7,320,906)	8,966,603
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>14,519,775</u>	<u>5,553,172</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 7,198,869</u>	<u>\$ 14,519,775</u>

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

(Concluded)

SINOPAC SECURITIES CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

SinoPac Securities Corporation (the “Corporation”) was established on October 11, 1988 and started operations on November 8 of the same year. The Corporation is an integrated securities firm licensed by the government and is engaged in the underwriting, proprietary trading and brokerage of securities, margin trading and short selling of marketable securities, trading of foreign securities, futures introducing broker services, proprietary trading of futures, short-term bills financing and other businesses as approved by the relevant authorities.

In November 2014, the Corporation started providing trust services in its wealth management business, which is a non-discretionary individually managed trust.

Its shares began trading on the Taipei Exchange (the over-the-counter securities exchange of the Republic of China, or the “TPEX”) in December 1994. Effective May 9, 2002, the Corporation’s shares ceased trading on the TPEX because of the incorporation of the Corporation into SinoPac Financial Holdings Company Limited (“SinoPac Holdings”) through a share swap. The Corporation changed its name to SinoPac Securities Corporation in July 2006, through the resolution of the board of directors acting on behalf of the shareholders in a shareholders’ meeting. And in September 2006, the Ministry of Economic Affairs completed the registration of the change, and the base date for the name change was November 13, 2006.

As of December 31, 2023, the Corporation had 43 branches and one offshore securities unit in addition to its head office.

The consolidated financial statements of the Corporation and its subsidiaries (collectively, the “Group”) are presented in the Corporation’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorized for issue 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 amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

Except for the following, the initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies.

Amendments to IAS 12 “International Tax Reform - Pillar Two Model Rules”

The amendments introduce a temporary exception to the requirements in IAS 12 by stipulating that the Group should neither recognize nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. The amendments also require the Group to disclose that it has applied the

exception and separately disclose its current tax expense (income) related to Pillar Two income taxes. In addition, for periods in which Pillar Two legislation is enacted or substantively enacted but not yet in effect, the Group should disclose qualitative and quantitative information that helps users of financial statements understand the Group's exposure to Pillar Two income taxes. The requirement that the Group apply the exception and the requirement to disclose that fact are applied immediately and retrospectively upon issuance of the amendments. The remaining disclosure requirements apply for annual reporting periods beginning on or after January 1, 2023, but not for any interim period ending on or before December 31, 2023.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

<u>New, Amended and Revised Standards and Interpretations</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 issue, the Group assessed that the application of the above standards and interpretations will not have a material impact on the Group's financial position and financial performance.

- c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by 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.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of the standards and interpretations above will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Firms, the Regulation Governing the Preparation of Financial Reports by Futures Commission Merchants and IFRS Accounting Standards as endorsed and issued into effect by the FSC.

b. 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, provisions for employee benefits arising from cash-settled share-based payment and net defined benefit assets and 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:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) 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
- 3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) 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:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities to be settled within 12 months after the reporting period; and
- 3) 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.

d. Basis of consolidation

1) Principles for preparing consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Corporation and the entities controlled by the Corporation (i.e. its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other 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 Corporation.

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 Corporation.

2) Subsidiaries included in the consolidated financial statements were as follows:

Investor	Investee	Main Business	% of Ownership	
			2023	2022
The Corporation	SinoPac Futures Corporation (“SinoPac Futures”)	Futures brokering, dealing, advisory, managed enterprise and securities investment consulting services	100.00	100.00
The Corporation	SinoPac Securities Investment Service Corporation (“SinoPac Securities Investment Service”)	Securities investment consulting and offshore fund distributor business	100.00	100.00
The Corporation	SinoPac Securities Venture Capital Corporation (“SinoPac Securities Venture Capital”)	Venture capital investment	100.00	100.00
The Corporation	SinoPac Securities (Cayman) Holdings Ltd. (“SinoPac Securities (Cayman)”)	Investment holding company	100.00	100.00
The Corporation	SinoPac Financial Consulting (Shanghai) Ltd. (“SinoPac Financial Consulting (Shanghai)”)	Management consulting, investment and information consulting	100.00	100.00
SinoPac Securities (Cayman)	SinoPac Securities (Europe) Ltd. (“SinoPac Securities (Europe)”)	Brokerage agency service	100.00	100.00
SinoPac Securities (Cayman)	SinoPac Asset Management (Asia) Ltd. (“SinoPac Asset Management (Asia)”)	Asset management and investment consulting	100.00	100.00
SinoPac Securities (Cayman)	SinoPac Securities (Asia) Ltd. (“SinoPac Securities (Asia)”)	Stock and futures contract brokerage and dealing business	100.00	100.00
SinoPac Securities (Asia)	SinoPac (Asia) Nominees Ltd.	Trust account on overseas stock	100.00	100.00
SinoPac Securities (Asia)	SinoPac Capital (Asia) Ltd. (“SinoPac Capital (Asia)”)	Proprietary trading	100.00	100.00
SinoPac Securities (Asia)	SinoPac Solutions and Services Ltd. (“SinoPac Solutions and Services”)	Fund administration services	100.00	100.00

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

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated; they are translated at the rates of exchange prevailing at the dates of the transactions.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into New Taiwan dollars using the exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income.

On the disposal of a foreign operation, all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising from the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognized in other comprehensive income.

f. Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment loss.

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 method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

g. Investment properties

Investment properties are properties held to earn rentals or for capital appreciation.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

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

h. Goodwill

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

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units ("CGU") that is expected to benefit from the synergies of the combination.

A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributable goodwill, with its recoverable amount. However, if the goodwill allocated to a CGU 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 CGU 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 to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. An impairment loss recognized on goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a CGU and the entity disposes of an operation within that unit, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal.

i. Intangible assets

1) 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.

2) 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.

3) 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.

j. Impairment of property and equipment, right-of-use assets, investment property 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, investment property 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 CGU to which the asset belongs. Corporate assets are allocated to the individual CGU 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.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU 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 CGU is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount less amortization or depreciation that would have been determined had no impairment loss been recognized for the asset or CGU in prior years. A reversal of an impairment loss is recognized in profit or loss.

k. 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 financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition or issue of financial assets and financial liabilities at FVTPL are recognized immediately in profit or loss.

1) 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 investments in debt instruments and equity instruments at 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, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 34.

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; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

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

iii Investments in debt instruments at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

- i) The debt instrument is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial assets; and
- ii) The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

iv 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 (including accounts receivable), investments in debt instruments that are measured at FVTOCI.

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.

For internal credit risk management purposes, the Group determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Group):

- i. Internal or external information show that the debtor is unlikely to pay its creditors.
- ii. When a financial asset is more than allotted days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

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, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

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 collateralized borrowing 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 a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, 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 and will not be reclassified as profit or loss.

2) 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.

3) 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 either held for trading or designated as at FVTPL.

Financial liabilities held for trading are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest or dividends paid on such financial liability.

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. Except for the interest incurred which is recognized in finance costs, the remaining amount of changes in the fair value of that 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 34.

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.

4) Derivative financial instruments

Derivative financial instruments which include futures, option, warrant, interest rate swap, forward exchange, currency swap, cross currency swap, convertible bond asset swap, structured instrument and equity derivatives contract are used to diversify its range of investments, to develop various services aggressively and to use working capital more efficiently.

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.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets that is within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative; their risks and characteristics are not closely related to those of the host contracts; and the host contracts are not measured at FVTPL.

5) Modification of financial instruments

When a financial instrument is modified, the Group assesses whether the modification will result in derecognition. If modification of a financial instrument results in derecognition, it is accounted for as derecognition of financial assets or liabilities. If the modification does not result in derecognition, the Group recalculates the gross carrying amount of the financial asset or the amortized cost of the financial liability based on the modified cash flows discounted at the original effective interest rate with any modification gain or loss recognized in profit or loss. The cost incurred is adjusted to the carrying amount of the modified financial asset or financial liability and amortized over the modified remaining period.

For the changes in the basis for determining contractual cash flows of financial assets or financial liabilities resulting from the interest rate benchmark reform, the Group elects to apply the practical expedient in which the changes are accounted for by updating the effective interest rate at the time the basis is changed, provided the changes are necessary as a direct consequence of the reform and the new basis is economically equivalent to the previous basis. When multiple changes are made to a financial asset or a financial liability, the Group first applies the practical expedient to those changes required by interest rate benchmark reform, and then applies the requirements of modification of financial instruments to the other changes that cannot apply the practical expedient.

1. Repurchase and resale transactions

Transactions involving the resale and repurchase of bonds with a financing nature are accounted for as bond investments under resale agreements and liabilities for bonds with attached repurchase agreements, respectively; and the related interest income and expense are accounted for on the basis of the interest rate stated in the contract.

m. Margin loans and stock loans

“Margin loans receivable” represents the amount financed to customers to buy securities, and the securities are then used to secure these loans. The collateral is recorded under “collateral securities” using memo entries. The collateral securities are returned to the customers when the margin loans are repaid.

When the Corporation refinances the aforementioned margin loans with securities finance companies (“SFCs”), the loans are recorded under “refinancing borrowings,” which are collateralized by securities bought by customers.

The collateral securities are sold by the Corporation when their market values fall below a pre-agreed level and the customer fails to maintain this level. If the proceeds of the disposal of collateral securities cannot cover the balance of the loan and the customer cannot timely settle the deficiency, the balance of the margin loan is reclassified to “overdue receivables.” If a collateral security cannot be sold in the open market, the balance of the loan is reclassified to “other receivables” or “overdue receivables.”

Stock loans are securities lent to customers for short sales. The deposits received from customers on securities lent out are credited to “securities financing refundable deposits.” The securities sold short are recorded as “stock loans” using memo entries. The proceeds of disposal of stock loans less any dealer’s commission, financing charges and securities exchange tax are recorded under “deposits payable for securities financing.” The deposits received and the proceeds of disposal of stock loans are returned to the customers when the stock loans are repaid.

When the Corporation refinances the aforementioned stock loans, the margins deposited by the Corporation to SFCs are recorded as “refinancing margin.” The refinancing securities delivered to the Corporation are recorded as “refinancing stock collateral” using memo entries. A portion of the proceeds of the short-sale of securities borrowed from SFCs is retained by the SFCs as collateral and is recorded under “refinancing collateral receivable.”

n. Securities business money lending, money lending - any use and securities lending

The Corporation’s sources of lending securities for the securities lending business are from (1) securities owned, (2) securities borrowed from the Taiwan Stock Exchange Corporation (TWSE) through its Securities Borrowing and Lending (“SBL”) system, (3) collateral securities acquired from margin loans and stock loans, (4) securities borrowed from customers, and (5) securities borrowed from other security firms or SFCs. When using its self-owned securities for the lending business, the Corporation should reclassify the securities to “securities lending” and measured them at fair value on the valuation date. The gains or losses from the valuation are recognized in the valuation account from which the securities are reclassified. When conducting the securities lending business, the Corporation sets up a separate account for each customer and makes daily entries for details of loan balances, details of collateral received (including values), and payments for collateral shortfalls and disposals.

When conducting the money lending business, the amount is limited to payables by each customer after netting the prices of securities bought and sold by that customer on that trading day, the related fees and taxes; the amount is recorded under “receivable of securities business money lending.” When conducting the money lending - any use business, the amount is limited to the collateral received; the amount is recorded under “receivable of money lending - any use.” The interests and fees earned are recorded under “interest revenue” and “Handling fee revenues from securities business money lending.” In addition, the Corporation sets up a separate account for each customer and makes daily entries for details of money lending balances, details of collateral received and payments for collateral shortfalls and disposals.

The collateral securities obtained through securities lending are recorded through memo entries. Cash collateral is recorded as “securities lending refundable deposits.” Deposits for securities borrowed from TWSE using the SBL system are recorded as “securities borrowing margin.” Securities lending refundable deposits (or securities borrowing margin) will be repaid (or collected) on the return of borrowed securities. Revenues and service fee from securities lending are recognized as income from securities lending.

o. Customer margin accounts and futures traders’ equity

SinoPac Futures and SinoPac Securities (Asia) engage in futures brokerage and receive margin deposits from customers as required under existing regulations. The proceeds are deposited in a bank and recorded under “customer margin accounts” and “futures traders’ equity.” Gains or losses from daily marking to market of the carrying amounts of the contracts and related commission are charged to the customers’ margin accounts and futures traders’ equity. Futures traders’ equity accounts cannot offset each other, except when they are of the same kind and belong to the same investor. The debit balance of futures traders’ equity, which results from losses on futures transactions in excess of the margin deposited, is recorded under “Futures exchanges margins receivable.”

p. Leasing

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

1) 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.

Variable lease payments that do not depend on an index or a rate are recognized as income in the periods in which they are incurred.

When a lease includes both land and building elements, the Group assesses the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the lessee. The lease payments are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the contract. If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

2) 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. However, if leases transfer ownership of the underlying assets to the Group by the end of the lease terms or if the costs of right-of-use assets reflect that the Group will exercise a purchase option, the Group depreciates the right-of-use assets from the commencement dates to the end of the useful lives of the underlying assets.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. 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, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, 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.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

Pursuant to the lease agreement, the Group has an obligation, at the end of the respective lease terms, to restore the leased buildings assets to their original condition at the time of the lease. Provisions are recognized based on the present value of the best estimate of future outflows of economic benefits that will be required for fulfillment of the restoration obligation stated on the lease contract.

q. Employee benefits

1) 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.

2) Retirement 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 (including current 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.

r. Share-based payment

1) Equity-settled share-based payment transaction

The shares of the capital increased by cash of the Company in accordance with the parent company Sinopac Holdings was reserved for the subsidiary's employees. The grant date was the date that the share subscription issued to employees and the fair value determined at the grant date of the equity-settled share-based payments is recognized as an expense and capital surplus.

2) Cash-settled share-based payment transaction

For cash-settled share-based payments, a liability is recognized for the merchandise and services acquired, measured initially at the fair value of the liability incurred. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognized in profit or loss.

s. Taxation

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

1) Current tax

According to the Income Tax Act in the ROC, the additional income tax on unappropriated earnings is provided for as income tax in the year the stockholders approve to retain earnings.

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

2) 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 and unused loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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.

The Group has applied the exception from the recognition and disclosure of deferred tax assets and liabilities relating to Pillar Two income taxes. Accordingly, the Group neither recognizes nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

3) 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. If current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

- 4) In the filing of returns, the linked-tax system is used, i.e., the Corporation, its parent company (SinoPac Holdings) and the qualified subsidiaries of SinoPac Holdings (the “SinoPac Group”) “linked” their taxes in filing their returns. The accounting procedure applied by the SinoPac Group to the income tax is to adjust in SinoPac Holdings’ book the difference between the combined current/deferred taxes and the total of each SinoPac Group member’s ones. Related payables and receivables are recorded in each of the SinoPac Group members’ books when estimating the income tax.

t. 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 stock loans.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations and assumptions on 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.

When developing material accounting estimates, the Group considers the possible impact of inflation and interest rate fluctuations on the cash flow projection, growth rates, discount rates, profitabilities and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	2023	2022
Cash		
Petty cash and cash on hand	\$ 1,474	\$ 1,615
Demand deposits	2,474,484	3,527,282
Checking accounts	465,717	419,565
Cash equivalents		
Short-term notes	2,800,973	8,787,304
Time deposits with original maturities of less than three months	297,098	668,479
Excess margin of futures	<u>1,159,123</u>	<u>1,115,530</u>
	<u>\$ 7,198,869</u>	<u>\$ 14,519,775</u>

The interest rate ranges of the time deposits and short-term notes were as follows:

	<u>December 31</u>	
	2023	2022
Interest rates of the time deposits with original maturities of less than three months	1.15%-5.46%	1.50%-4.80%
Discount rate of the short-term notes	1.15%-1.42%	0.45%-1.24%
Due date of the short-term notes	January 2024	January 2023

As of December 31, 2023 and 2022, time deposits with original maturities more than three months, which were classified as other current financial assets, were \$4,186,422 thousand and \$4,684,776 thousand respectively. The interest rate ranges are 0.65%-5.80% and 0.08%-5.30%, respectively.

7. FINANCIAL INSTRUMENTS AT FVTPL

	December 31		Note
	2023	2022	
<u>Current financial assets at FVTPL</u>			
Financial assets mandatorily measured at FVTPL			
Securities leadings	\$ 1,166,414	\$ -	a.
Open-end funds and other securities	703,902	606,660	b.
Operating securities - proprietary	54,026,222	27,877,120	c.
Operating securities - underwriting	451,177	496,048	c.
Operating securities - hedging	3,233,831	1,366,322	c.
Buy options - futures	169,598	13,494	d.
Futures margin - own funds	1,202,949	716,470	d.
Futures margin - securities	1,732,412	848,754	d.
Derivative assets - OTC			
Interest rate swap contracts	3,623,472	3,929,411	h.
Currency swap contracts	108,256	1,310	i.
Asset swap IRS contracts	3,172	1,042	j.
Asset swap option contracts	<u>818,668</u>	<u>453,594</u>	j.
	<u>\$ 67,240,073</u>	<u>\$ 36,310,225</u>	
<u>Non-current financial assets at FVTPL</u>			
Financial assets mandatorily measured at FVTPL			
Operating securities - proprietary	\$ 99,908	\$ 99,595	1.
Stocks other than listed and traded over the counter	<u>33,060</u>	<u>39,989</u>	1.
	<u>\$ 132,968</u>	<u>\$ 139,584</u>	
<u>Current financial liabilities at FVTPL</u>			
Financial liabilities held for trading			
Sell options - futures	\$ 13,353	\$ 6,299	d.
Liabilities on sale of borrowed securities - hedged	23,646	100,147	e.
Liabilities on sale of borrowed securities - non-hedged	14,819,684	11,059,661	e.
Investments in bonds with resale agreements - short sales	-	1,059,287	f.
Warrant liabilities	10,700,002	6,306,804	g.
Warrant redeemed	(10,031,889)	(6,006,927)	g.
Derivative liabilities - OTC			
Interest rate swap contracts	3,137,725	3,515,678	h.
Currency swap contracts	18,924	12,821	i.
Asset swap IRS contracts	150,107	159,819	j.
Asset swap option contracts	<u>2,269,307</u>	<u>1,042,104</u>	j.
	<u>21,100,859</u>	<u>17,255,693</u>	
Financial liabilities designated as at FVTPL			
Structured instruments	<u>13,049,008</u>	<u>11,640,564</u>	k.
	<u>\$ 34,149,867</u>	<u>\$ 28,896,257</u>	

a. Securities leadings

	December 31	
	2023	2022
Listed stocks	\$ 4,162	\$ -
Exchange traded funds and bond funds	<u>1,120,460</u>	<u>-</u>
	1,124,622	-
Valuation adjustment	<u>41,792</u>	<u>-</u>
	<u>\$ 1,166,414</u>	<u>\$ -</u>

b. Open-end funds and other securities

	December 31	
	2023	2022
Open-end funds	\$ 205,000	\$ 90,000
Other securities	<u>464,456</u>	<u>493,664</u>
	669,456	583,664
Valuation adjustment	<u>34,446</u>	<u>22,996</u>
	<u>\$ 703,902</u>	<u>\$ 606,660</u>

Other securities are securities purchased by the Group who is entrusted by investors under systematic investment plans (“SIPs”) (investments made in periodic fixed amounts into SIPs trading accounts). For each individual security, a reconciliation account is used to reconcile the number of securities, and investing in securities with development potential and investment benefits based on venture capital business.

c. Securities held for operations

	December 31	
	2023	2022
<u>Operating securities - proprietary</u>		
Bonds		
Government bonds	\$ 895,402	\$ 3,417,242
Corporate bonds	9,196,143	2,149,818
Financial bonds	<u>10,294,540</u>	<u>4,005,670</u>
	20,386,085	9,572,730
Listed stocks	6,596,823	3,289,116
Stocks and convertible bonds traded over the counter	13,094,571	11,918,393
Beneficiary certificates	186,428	184,341
Exchange traded funds and bond funds	12,267,868	3,924,142
Emerging stocks	660,377	446,674
Others	<u>47</u>	<u>47</u>
	53,192,199	29,335,443
Valuation adjustment	<u>834,023</u>	<u>(1,458,323)</u>
	<u>\$ 54,026,222</u>	<u>\$ 27,877,120</u>

(Continued)

	December 31	
	2023	2022
<u>Operating securities - underwriting</u>		
Listed stocks	\$ 21,370	\$ 45,930
Stocks and convertible bonds traded over the counter	<u>405,079</u>	<u>469,576</u>
	426,449	515,506
Valuation adjustment	<u>24,728</u>	<u>(19,458)</u>
	<u>\$ 451,177</u>	<u>\$ 496,048</u>
<u>Operating securities - hedging</u>		
Warrants - hedging		
Listed stocks	\$ 2,311,597	\$ 725,387
Stocks traded over the counter	689,914	439,568
Exchange traded funds	91,776	72,259
Warrants	26,436	70,181
Structured instruments - hedging		
Listed stocks	9,990	2,707
Stocks traded over the counter	4,151	-
Open-end funds	<u>99,119</u>	<u>112,007</u>
	3,232,983	1,422,109
Valuation adjustment	<u>848</u>	<u>(55,787)</u>
	<u>\$ 3,233,831</u>	<u>\$ 1,366,322</u> (Concluded)

As of December 31, 2023 and 2022, bonds held by the Group's dealing department and underwriting department and invested under resale agreements were sold with attached repurchase agreements for the aggregate face amounts of \$35,831,779 thousand and \$20,547,874 thousand, respectively.

d. Futures and options

1) Objectives for holding futures and options and the strategies for meeting the objectives

The Group held futures and options for trading purposes, to expand the channels for investment and effectively utilize working capital. The Group also engages in futures transactions to hedge against the risk of price fluctuations in its trading positions.

2) The outstanding futures and option contracts amount and fair value were as follows:

		December 31, 2023			
Item	Instrument Type	Open Position		Contract	Fair Value
		Long/ Short	Volume	Amount/ Premium Paid (Received)	
Futures	Stock index futures contracts	Long	1,235	\$ 1,184,834	\$ 1,198,754
	Single stock futures contracts	Long	14,316	5,565,255	5,646,004

(Continued)

December 31, 2023					
Item	Instrument Type	Open Position		Contract	Fair
		Long/ Short	Volume	Amount/ Premium Paid (Received)	
	Commodity futures contracts	Long	217	\$ 468,003	\$ 481,678
	Interest rate futures contracts	Long	3,084	14,243,260	14,327,607
	Stock index futures contracts	Short	1,369	3,556,342	3,589,359
	Single stock futures contracts	Short	51,528	9,554,017	9,826,862
	Currency futures contracts	Short	77	172,920	174,333
	Commodity futures contracts	Short	251	842,899	835,993
	Interest rate futures contracts	Short	1,029	4,012,278	4,127,801
Options	Option contracts - call	Long	1,323	131,876	149,663
	Option contracts - put	Long	1,375	27,389	19,935
	Option contracts - call	Short	1,191	(7,310)	(10,538)
	Option contracts - put	Short	1,846	(7,672)	(2,815)
(Concluded)					

December 31, 2022					
Item	Instrument Type	Open Position		Contract	Fair
		Long/ Short	Volume	Amount/ Premium Paid (Received)	
Futures	Stock index futures contracts	Long	2,873	\$ 6,540,468	\$ 6,417,070
	Single stock futures contracts	Long	17,843	2,914,469	2,872,360
	Currency futures contracts	Long	30	18,382	18,338
	Commodity futures contracts	Long	30	68,298	72,511
	Interest rate futures contracts	Long	3	12,587	12,420
	Stock index futures contracts	Short	1,174	1,614,454	1,600,393
	Single stock futures contracts	Short	19,705	3,008,548	2,992,108
	Currency futures contracts	Short	52	56,337	54,978
	Commodity futures contracts	Short	178	412,970	426,368
	Interest rate futures contracts	Short	314	1,907,978	1,903,586
Options	Option contracts - call	Long	259	6,346	5,749
	Option contracts - put	Long	317	8,020	7,745
	Option contracts - call	Short	333	(5,688)	(4,278)
	Option contracts - put	Short	189	(2,490)	(2,021)

The fair value of futures and options was based on the closing price at the end of December 2023 and 2022 multiplied by the number of open contracts and calculated with each contract of futures and option, respectively.

3) Gains (losses) from futures and option transactions were as follows:

	For the Year Ended December 31			
	2023		2022	
	Losses from Futures Transactions	Gains (Losses) from Option Transactions	Gains (Losses) from Futures Transactions	Gains from Option Transactions
Non-hedging and realized	\$ (2,914,664)	\$ 9,514	\$ (207,911)	\$ 614
Non-hedging and unrealized	(218,916)	11,967	(136,018)	1,007
Hedging and realized	(231,916)	(1,646)	291	1,461
Hedging and unrealized	<u>(4,285)</u>	<u>(5)</u>	<u>(2,633)</u>	<u>-</u>
	<u>\$ (3,369,781)</u>	<u>\$ 19,830</u>	<u>\$ (346,271)</u>	<u>\$ 3,082</u>

e. Liabilities on sale of borrowed securities

	December 31	
	2023	2022
<u>Liabilities on sale of borrowed securities - hedged</u>		
Warrants - hedging		
Listed stocks	\$ 11,421	\$ 31,621
Stocks traded over the counter	12,345	43,019
Exchange traded funds	<u>-</u>	<u>20,730</u>
	23,766	95,370
Valuation adjustment	<u>(120)</u>	<u>4,777</u>
	<u>\$ 23,646</u>	<u>\$ 100,147</u>
<u>Liabilities on sale of borrowed securities - non-hedged</u>		
Listed stocks	\$ 4,819,882	\$ 9,716,399
Stocks traded over the counter	515,634	525,564
Exchange traded funds and bond funds	<u>8,668,064</u>	<u>1,640,586</u>
	14,003,580	11,882,549
Valuation adjustment	<u>816,104</u>	<u>(822,888)</u>
	<u>\$ 14,819,684</u>	<u>\$ 11,059,661</u>

f. Investments in bonds with resale agreements - short sales

	December 31	
	2023	2022
Government bonds	\$ -	\$ 1,086,297
Valuation adjustment	<u>-</u>	<u>(27,010)</u>
	<u>\$ -</u>	<u>\$ 1,059,287</u>

g. Warrants

1) Objective of the issuance of warrants and the strategies for meeting the objectives

The Group issued warrants for trading purposes and held related hedging positions to hedge against the warrant holders' exercise of the warrants and the risk of price fluctuations in the warrant positions.

2) Warrant liabilities and warrant redeemed were as follows:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Warrant liabilities	\$ 12,056,055	\$ 8,800,979
Add: Gains on changes in fair value of warrant liabilities	<u>(1,356,053)</u>	<u>(2,494,175)</u>
	<u>10,700,002</u>	<u>6,306,804</u>
Warrant redeemed	10,946,155	8,075,082
Add: Losses on changes in fair value of warrant redeemed	<u>(914,266)</u>	<u>(2,068,155)</u>
	<u>10,031,889</u>	<u>6,006,927</u>
Net of warrant liabilities	<u>\$ 668,113</u>	<u>\$ 299,877</u>

The fair value of warrants was calculated at the last closing price at the end of December 31, 2023 and 2022, respectively.

3) Gains (losses) from issuance of call (put) warrants were as follows:

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Gains (losses) on changes in fair value of call (put) warrant liabilities	\$ (2,074,197)	\$ 16,769,783
Gains (losses) on changes in fair value for redeem of call (put) warrants	2,189,764	(16,013,343)
Gains on exercise of call (put) warrants before expiry	487	-
Expenses arising from issuance of call (put) warrants	<u>(174,933)</u>	<u>(169,805)</u>
	<u>\$ (58,879)</u>	<u>\$ 586,635</u>

h. Interest rate swaps

1) Objective of engaging in interest rate swaps and the strategies for meeting the objectives

The Group's objective and strategy of engaging in interest rate swap ("IRS") transactions is to profit from short-term fluctuations of interest rates.

2) The outstanding IRS contracts nominal amount were as follows:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
For trading purposes	<u>\$ 482,369,230</u>	<u>\$ 400,140,222</u>

3) For gains (losses) resulting from IRS transactions, refer to Note 26.

i. Currency swaps contracts value

1) Objective of engaging in currency swaps and the strategies for meeting the objectives

The Group's objective and strategy of engaging in currency swap transaction is to achieve fund dispatching and hedge risk of exchange rate.

2) The outstanding currency swap contracts were as follows:

		December 31, 2023	
		Call Price	Put Price
For trading purposes	AUD	110	USD 75
	CNH	18,000	USD 2,538
	HKD	135,000	USD 17,281
	NTD	83,506	AUD 4,000
	NTD	26,231	JPY 122,000
	NTD	4,273,555	USD 136,000
	NTD	56,641	ZAR 34,000
	USD	75	AUD 110
	USD	27,038	CNH 195,677
	USD	17,281	HKD 135,000
		December 31, 2022	
		Call Price	Put Price
For trading purposes	EUR	9,000	USD 9,569
	NTD	280,829	AUD 13,500
	NTD	640,891	CNH 146,000
	NTD	3,238,304	USD 106,000
	NTD	74,434	ZAR 42,000
	USD	1,521	AUD 2,250
	USD	15,287	HKD 120,000

3) For gains (losses) resulting from currency swap transactions, refer to Note 26.

j. Convertible bond asset swaps

1) Objective of holding or issuing convertible bond asset swaps and the strategies for meeting the objectives

The Group's objective of holding or issuing convertible bond asset swaps ("CBAS") is to diversify its financial instruments and lower the financial pressure from underwriting convertible bonds; and to reduce risk and add liquidity to the secondary market for convertible bonds by means of the reinforced capabilities of underwriting convertible bonds.

- 2) CBAS transactions are categorized into three types based on the contract terms: Fixed income, call options and a combination of both types.

The nominal amounts of the outstanding CBAS contracts were as follows:

	December 31			
	2023		2022	
	Nominal Amount	Premiums Paid (Received)	Nominal Amount	Premiums Paid (Received)
Interest rate swap	\$ 4,148,500	\$ -	\$ 4,859,300	\$ -
Long call option on convertible bonds	-	707,975	-	794,386
Long call option	434,500	116,889	707,000	141,071
Short call option	12,494,400	(2,408,540)	12,980,100	(2,248,965)

- 3) For gains (losses) resulting from CBAS transactions, refer to Note 26.

k. Structured instruments

- 1) Objective of holding structured instruments and the strategies for meeting the objectives

The Group's objective of holding structured instruments is to diversify the financing sources to increase the profit sources and open up another channel for asset hedging, for the purposes of increasing profit stability and lower the risk of the positions held.

- 2) The nominal amounts of the outstanding structured instrument transactions were as follows:

	December 31			
	2023		2022	
	Nominal Amount	Premiums Paid (Received)	Nominal Amount	Premiums Paid (Received)
Equity-linked note	\$ 86,600	\$ (86,562)	\$ 39,100	\$ (39,100)
Credit-linked note	698,000	(698,000)	623,000	(623,000)
Principal-guaranteed note	12,221,586	(12,305,642)	10,916,062	(10,932,203)

- 3) For gains (losses) resulting from structured instrument transactions, refer to Note 26.

l. Non-current financial assets at FVTPL

	December 31	
	2023	2022
Operating securities - proprietary	\$ 99,995	\$ 99,781
Stocks other than listed and traded over the counter	<u>56,692</u>	<u>64,866</u>
	156,687	164,647
Valuation adjustment	<u>(23,719)</u>	<u>(25,063)</u>
	<u>\$ 132,968</u>	<u>\$ 139,584</u>

The Group deposited government bonds with the Central Bank of Republic of China (“CBC”) as guarantee deposits and reserve funds for indemnity obligations for the bills finance business and trust business. The fair value of the bonds was calculated based on the reference price in hundreds on the last day of December 2023 and 2022.

8. FINANCIAL ASSETS AT FVTOCI

	<u>December 31</u>	
	2023	2022
<u>Current</u>		
Debt instrument investments	<u>\$ 9,509,158</u>	<u>\$ 12,848,417</u>
<u>Non-current</u>		
Equity instrument investments	<u>\$ 6,502,989</u>	<u>\$ 3,798,935</u>
a. Equity instrument investments		

	<u>December 31</u>	
	2023	2022
<u>Non-current</u>		
Listed stocks and stocks traded over the counter	\$ 5,220,882	\$ 2,610,981
Stocks other than listed and traded over the counter	<u>1,282,107</u>	<u>1,187,954</u>
	<u>\$ 6,502,989</u>	<u>\$ 3,798,935</u>

To meet the objective of generating steady dividend income and distribution of dividends, the Group invested in equity instruments which are high yield, and held for medium to long-term strategic purposes instead of trading purposes. 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 Corporation’s strategy to hold these investments for strategic purposes; therefore, the Corporation elected to designate these investments as at FVTOCI.

The Group regularly assesses the dividend policies and changes in 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 values on the date of disposal was \$4,520,464 thousand and \$3,423,512 thousand, respectively, and the cumulative gain (loss) transferred from other equity to retained earnings was a gain of \$322,823 thousand and a loss of \$112,200 thousand, respectively.

Dividends that the Group still held and derecognized during the year were as follows:

	<u>For the year ended December 31</u>	
	2023	2022
Dividends		
Held at the end of the reporting period	\$ 220,237	\$ 223,511
Derecognized during the reporting period	<u>203,020</u>	<u>113,799</u>
	<u>\$ 423,257</u>	<u>\$ 337,310</u>

b. Debt instrument investments

	December 31	
	2023	2022
<u>Current</u>		
Corporate bonds	\$ 4,155,416	\$ 6,510,523
Financial bonds	<u>5,353,742</u>	<u>6,337,894</u>
	<u>\$ 9,509,158</u>	<u>\$ 12,848,417</u>

The relevant impairment assessment information for the above-mentioned debt instrument investments was as follows:

	December 31	
	2023	2022
Gross carrying amount	\$ 9,875,380	\$ 13,569,687
Loss allowance	<u>(2,930)</u>	<u>(5,281)</u>
Amortized cost	9,872,450	13,564,406
Fair value adjustments	<u>(363,292)</u>	<u>(715,989)</u>
Total carrying amount	<u>\$ 9,509,158</u>	<u>\$ 12,848,417</u>

The Group's current credit risk rating mechanism, gross carrying amounts of the debt instrument investments of different credit ratings and the applicable expected credit loss (ECL) rates are as follows:

Description	Basis for Recognizing ECLs	ECL Rate	Gross Carrying Amount at December 31, 2023
The counterparty has a low risk of default and a strong capacity to meet contractual cash flows	12-months ECL	0.00000%- 0.12916%	\$ 9,875,380
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>-</u>
			<u>\$ 9,875,380</u>
Description	Basis for Recognizing ECLs	ECL Rate	Gross Carrying Amount at December 31, 2022
The counterparty has a low risk of default and a strong capacity to meet contractual cash flows	12-months ECL	0.02351%- 0.08282%	\$ 13,569,687
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>-</u>
			<u>\$ 13,569,687</u>

Changes in the Group's loss allowance assessed based on the ECLs were as follows:

For the year ended December 31, 2023

	Credit Rating		
	Normal (12-months ECLs)	Abnormal (Lifetime ECLs - Not Credit Impaired)	Default (Lifetime ECLs - Credit Impaired)
Beginning balance	\$ 5,281	\$ -	\$ -
Recognized (reversed) in the current year	(972)	-	-
Derecognized in the current year	(1,376)	-	-
Foreign exchange rates and other changes	<u>(3)</u>	<u>-</u>	<u>-</u>
Ending balance	<u>\$ 2,930</u>	<u>\$ -</u>	<u>\$ -</u>

For the year ended December 31, 2022

	Credit Rating		
	Normal (12-months ECLs)	Abnormal (Lifetime ECLs - Not Credit Impaired)	Default (Lifetime ECLs - Credit Impaired)
Beginning balance	\$ 5,059	\$ -	\$ -
Recognized in the current year	528	-	-
Derecognized in the current year	(303)	-	-
Foreign exchange rates and other changes	<u>(3)</u>	<u>-</u>	<u>-</u>
Ending balance	<u>\$ 5,281</u>	<u>\$ -</u>	<u>\$ -</u>

As of December 31, 2023 and 2022, the face value of the Group's debt instruments measured at fair value through other comprehensive income which were used for the bonds with attached repurchase agreements were \$9,327,454 thousand and \$13,244,983 thousand, respectively.

9. BOND INVESTMENTS UNDER RESALE AGREEMENTS

	December 31	
	2023	2022
Corporate bonds	\$ 5,643,658	\$ 2,180,607
Financial bonds	3,576,309	1,337,505
Government bonds	<u>1,894,601</u>	<u>4,091,699</u>
	<u>\$ 11,114,568</u>	<u>\$ 7,609,811</u>
Contracted resell price	<u>\$ 11,183,457</u>	<u>\$ 7,654,147</u>
Interest rate range	5.53%-6.60%	1.34%-6.75%

The above bond investments under resale agreements are all due within one year, and are agreed on a specific date after the transaction sold back with interest.

10. MARGIN LOANS RECEIVABLE, NOTES AND ACCOUNTS RECEIVABLE, AND OTHER RECEIVABLES

	December 31	
	2023	2022
Margin loans receivable	\$ 24,855,376	\$ 15,200,052
Less: Loss allowance	<u>(25,852)</u>	<u>(29,806)</u>
	<u>\$ 24,829,524</u>	<u>\$ 15,170,246</u>
Notes receivable	<u>\$ 2,338</u>	<u>\$ 1,129</u>
Accounts receivable		
Accounts receivable for settlement	15,592,616	7,548,441
Accounts receivable for sale of securities	4,636,242	707,892
Margin loans interest receivable	258,458	254,772
Bonds interest receivable	302,666	173,440
Others	<u>1,128,139</u>	<u>2,016,554</u>
Gross Carrying Amount	21,918,121	10,701,099
Less: Loss allowance	<u>(4,329)</u>	<u>(4,260)</u>
	<u>21,913,792</u>	<u>10,696,839</u>
	<u>\$ 21,916,130</u>	<u>\$ 10,697,968</u>
Other receivables	\$ 1,161,682	\$ 603,687
Less: Loss allowance	<u>(23,641)</u>	<u>(24,032)</u>
	<u>\$ 1,138,041</u>	<u>\$ 579,655</u>

Margin loans receivable was secured by securities bought by customers in financing transactions. As of December 31, 2023 and 2022, the annual interest rates of securities financing were 6.35%-8.125% and 6.35%-7.875%.

The Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. For accounts receivable whose credit risk have increased significantly since initial recognition, the expected credit loss is measured based on lifetime expected credit losses. For 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 and the industrial and economic trends, at the same time taking into consideration the current observable and forward-looking economic information which includes the economic growth rate of Taiwan, the Taiwan capitalization weighted stock index (TAIEX), the Taiwan central bank's discount rate and the Hang Seng Hong Kong 35 index.

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-months ECL	0.00001636%- 0.46%	\$ 24,762,878
There has been a significant increase in credit risk since initial recognition	Lifetime ECL - not credit - impaired	1.38%	74,762
The asset is credit - impaired	Lifetime ECL - credit - impaired	100.00%	<u>17,736</u>
			<u>\$ 24,855,376</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-months ECL	0.00001636%- 1.01%	\$ 15,145,953
There has been a significant increase in credit risk since initial recognition	Lifetime ECL - not credit - impaired	2.60%	37,170
The asset is credit - impaired	Lifetime ECL - credit - impaired	100.00%	<u>16,929</u>
			<u>\$ 15,200,052</u>

The aging of accounts receivable was as follows:

	December 31	
	2023	2022
Up to 180 days	\$ 21,905,434	\$ 10,682,475
More than 180 days	<u>12,687</u>	<u>18,624</u>
	<u>\$ 21,918,121</u>	<u>\$ 10,701,099</u>

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

The information on the allowance loss of the Group based on the ECL assessment was as follows:

	For the Year Ended December 31, 2023				
	Margin Loans Receivable			Accounts Receivable	Other Receivables
	12-Months ECL	Lifetime ECL - Not Credit-impaired	Lifetime ECL - Credit-impaired	Lifetime ECL - Credit-impaired	Lifetime ECL - Credit-impaired
Beginning balance	\$ 11,912	\$ 967	\$ 16,927	\$ 4,260	\$ 24,032
Recognized (reversed)	(4,873)	64	828	250	-
Recovered	-	-	-	(182)	-
Translation adjustments	<u>47</u>	<u>(1)</u>	<u>(19)</u>	<u>1</u>	<u>(391)</u>
Ending balance	<u>\$ 7,086</u>	<u>\$ 1,030</u>	<u>\$ 17,736</u>	<u>\$ 4,329</u>	<u>\$ 23,641</u>

For the Year Ended December 31, 2022					
	Margin Loans Receivable			Accounts Receivable	Other Receivables
	12-Months ECL	Lifetime ECL - Not Credit-impaired	Lifetime ECL - Credit-impaired	Lifetime ECL - Credit-impaired	Lifetime ECL - Credit-impaired
Beginning balance	\$ 8,800	\$ 2,562	\$ 15,497	\$ 3,720	\$ 25,825
Recognized (reversed)	2,074	(1,812)	(261)	485	-
Write-offs	-	-	-	-	(2,527)
Recovered	-	-	-	(353)	-
Translation adjustments	<u>1,038</u>	<u>217</u>	<u>1,691</u>	<u>408</u>	<u>734</u>
Ending balance	<u>\$ 11,912</u>	<u>\$ 967</u>	<u>\$ 16,927</u>	<u>\$ 4,260</u>	<u>\$ 24,032</u>

11. INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES

- a. The unconsolidated structured entities in which the Group had an interest at the reporting date were as follows:

Type of Structured Entity	Nature and Purpose	The Group's Ownership
Funds	Funds under management by the third party The issuance of units to investors for raising fund	a. The Group invests in those funds under management by the third party. b. The Group is entitled to receive management fee based on the assets under management.

- b. The total assets of the funds unrecognized in the consolidated balance sheets were as follows:

	December 31	
	2023	2022
Funds	<u>\$ 9,273,454</u>	<u>\$ 9,853,699</u>

- c. The carrying amounts recognized in the consolidated balance sheets of funds in respect of the Group's involvement with structured entities were as follows:

	December 31	
	2023	2022
Current financial assets at FVTPL	<u>\$ 195,036</u>	<u>\$ 184,449</u>

The maximum exposure to loss was the carrying amount of the funds.

- d. As of December 31, 2023 and 2022, the Group did not provide any financial support to those unconsolidated structured entities.

12. PROPERTY AND EQUIPMENT

	Land	Buildings	Equipment	Leasehold Improvements	Properties and Equipment - Others	Total
<u>Cost</u>						
Balance at January 1, 2023	\$ 1,388,772	\$ 775,875	\$ 528,004	\$ 171,840	\$ 67,229	\$ 2,931,720
Additions	-	-	123,935	38,202	12,683	174,820
Disposals	-	-	(94,136)	(20,134)	(3,620)	(117,890)
Translation adjustments	-	-	(3)	(18)	-	(21)
Transfer from prepayments for business facilities	-	-	3,259	7,186	-	10,445
Balance at December 31, 2023	<u>\$ 1,388,772</u>	<u>\$ 775,875</u>	<u>\$ 561,059</u>	<u>\$ 197,076</u>	<u>\$ 76,292</u>	<u>\$ 2,999,074</u>
<u>Accumulated depreciations</u>						
Balance at January 1, 2023	\$ -	\$ 360,716	\$ 287,444	\$ 81,965	\$ 37,434	\$ 767,559
Depreciation expense	-	15,178	110,164	35,225	10,585	171,152
Disposals	-	-	(93,636)	(18,380)	(3,606)	(115,622)
Translation adjustments	-	-	(8)	(104)	-	(112)
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 375,894</u>	<u>\$ 303,964</u>	<u>\$ 98,706</u>	<u>\$ 44,413</u>	<u>\$ 822,977</u>
Carrying amounts at December 31, 2023	<u>\$ 1,388,772</u>	<u>\$ 399,981</u>	<u>\$ 257,095</u>	<u>\$ 98,370</u>	<u>\$ 31,879</u>	<u>\$ 2,176,097</u>
<u>Cost</u>						
Balance at January 1, 2022	\$ 1,388,772	\$ 775,875	\$ 478,132	\$ 139,077	\$ 62,869	\$ 2,844,725
Additions	-	-	116,327	37,570	19,642	173,539
Disposals	-	-	(78,269)	(11,489)	(15,282)	(105,040)
Translation adjustments	-	-	10,109	4,633	-	14,742
Transfer from prepayments for business facilities	-	-	1,705	2,049	-	3,754
Balance at December 31, 2022	<u>\$ 1,388,772</u>	<u>\$ 775,875</u>	<u>\$ 528,004</u>	<u>\$ 171,840</u>	<u>\$ 67,229</u>	<u>\$ 2,931,720</u>
<u>Accumulated depreciations</u>						
Balance at January 1, 2022	\$ -	\$ 345,538	\$ 248,012	\$ 60,226	\$ 42,762	\$ 696,538
Depreciation expense	-	15,178	108,611	30,678	9,954	164,421
Disposals	-	-	(78,248)	(11,489)	(15,282)	(105,019)
Translation adjustments	-	-	9,069	2,550	-	11,619
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 360,716</u>	<u>\$ 287,444</u>	<u>\$ 81,965</u>	<u>\$ 37,434</u>	<u>\$ 767,559</u>
Carrying amounts at December 31, 2022	<u>\$ 1,388,772</u>	<u>\$ 415,159</u>	<u>\$ 240,560</u>	<u>\$ 89,875</u>	<u>\$ 29,795</u>	<u>\$ 2,164,161</u>

For the years ended December 31, 2023 and 2022, the Group assessed that there was no objective evidence that properties and equipments have been impaired, and thus no impairment indication need to be tested.

For the partial land and buildings pledged as collateral to financial institutions for short-term borrowings and overdraft credit facilities, refer to Note 30.

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

Buildings	29-56 years
Equipment	2-6 years
Leasehold improvements	3-5 years
Property and equipment - others	5-6 years

13. LEASE AGREEMENTS

a. Right-of-use assets

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Carrying amounts</u>		
Buildings	\$ 617,512	\$ 623,261
Office and transportation equipment	<u>9,865</u>	<u>8,231</u>
	<u>\$ 627,377</u>	<u>\$ 631,492</u>
	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Additions to right-of-use assets	<u>\$ 274,765</u>	<u>\$ 172,986</u>
Depreciation expense for right-of-use assets		
Buildings	\$ 255,500	\$ 243,410
Office and transportation equipment	<u>5,195</u>	<u>4,744</u>
	<u>\$ 260,695</u>	<u>\$ 248,154</u>

Except for the addition in assets and recognition of depreciation expense, the Group had no material sublease and impairment loss on its right-of-use assets for the years ended December 31, 2023 and 2022.

b. Lease liabilities

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Carrying amounts</u>		
Current	<u>\$ 250,953</u>	<u>\$ 236,997</u>
Non-current	<u>\$ 394,888</u>	<u>\$ 416,756</u>

Ranges of discount rates for lease liabilities were as follows:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Buildings	0.33%-8.00%	0.33%-6.10%
Office and transportation equipment	5.50%	5.50%

c. Material lease activities and terms

The Group leases certain buildings for use as operating locations and office location with lease terms of 1 year to 13 years and 11 months from the date of initial application. The lease contracts for major premises are with fixed lease payments and without bargain purchase options to acquire the premises at the end of the lease terms.

d. Other lease information

	For the Year Ended December 31	
	2023	2022
Expenses relating to short-term leases	\$ <u>34</u>	\$ <u>50</u>
Expenses relating to low-value asset leases	\$ <u>1,184</u>	\$ <u>1,194</u>
Total cash outflow for leases	\$ <u>(270,290)</u>	\$ <u>(259,742)</u>

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

Lease arrangements for the leasing out of investment properties under operating leases is set out in Note 14.

14. INVESTMENT PROPERTY

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2023 and December 31, 2023	\$ <u>109,291</u>	\$ <u>92,907</u>	\$ <u>202,198</u>
<u>Accumulated depreciations</u>			
Balance at January 1, 2023	\$ -	\$ 50,514	\$ 50,514
Depreciation expense	<u>-</u>	<u>1,523</u>	<u>1,523</u>
Balance at December 31, 2023	\$ <u>-</u>	\$ <u>52,037</u>	\$ <u>52,037</u>
Carrying amounts at December 31, 2023	\$ <u>109,291</u>	\$ <u>40,870</u>	\$ <u>150,161</u>
<u>Cost</u>			
Balance at January 1, 2022 and December 31, 2022	\$ <u>109,291</u>	\$ <u>92,907</u>	\$ <u>202,198</u>
<u>Accumulated depreciations</u>			
Balance at January 1, 2022	\$ -	\$ 48,991	\$ 48,991
Depreciation expense	<u>-</u>	<u>1,523</u>	<u>1,523</u>
Balance at December 31, 2022	\$ <u>-</u>	\$ <u>50,514</u>	\$ <u>50,514</u>
Carrying amounts at December 31, 2022	\$ <u>109,291</u>	\$ <u>42,393</u>	\$ <u>151,684</u>

The lease term for the leasing out of investment properties is 5 years. The lease contracts contain market review clauses in the event that the lessees exercise their options to extend. The lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.

For the years ended December 31, 2023 and 2022, the Group assessed that there was no objective evidence that investment properties have been impaired, and thus no impairment indication need to be tested.

As of December 31, 2023 and 2022, the maturity analysis of lease payments receivable under operating lease payments was as follows:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Year 1	\$ 5,299	\$ 5,299
Year 2	5,299	5,299
Over 3 years	<u>442</u>	<u>5,741</u>
	<u>\$ 11,040</u>	<u>\$ 16,339</u>

As of December 31, 2023 and 2022, the Group received rental deposits were both \$883 thousand (recorded as guarantee deposits received).

The investment properties are depreciated on a straight-line basis over their estimated useful lives of 61 years.

As of December 31, 2023 and 2022, the fair values of the investment property were both \$243,380 thousand, respectively. The fair values were based on the prices from 2022 and 2023 of similar properties in the vicinity. Without the valuations of independent experts, the fair value were estimated by referring to unobservable inputs (Level 3).

For the part of investment property pledged as collateral to financial institutions for short-term borrowings and overdraft credit facilities, refer to Note 30.

15. GOODWILL

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Cost</u>		
Beginning balance	\$ 400,845	\$ 384,370
Translation adjustments	<u>157</u>	<u>16,475</u>
Ending balance	<u>\$ 401,002</u>	<u>\$ 400,845</u>
<u>Accumulated impairment losses</u>		
Beginning balance	\$ 189,319	\$ 172,844
Translation adjustments	<u>157</u>	<u>16,475</u>
Ending balance	<u>\$ 189,476</u>	<u>\$ 189,319</u>
Net ending balance	<u>\$ 211,526</u>	<u>\$ 211,526</u>

Except for currency translation and adjustments, the goodwill of the Group did not have any significant additions, impairment, significant difference between actual operations and expected benefits, and significant adjustments to the goodwill after the acquisition for the years ended December 31, 2023 and 2022.

As of December 31, 2023, the Group's goodwill consisted of the following:

- a. The carrying amount of \$147,944 thousand was from the Corporation's mergers with the securities brokerage businesses of Pacific Securities Co., Ltd. and East Asia Securities.
- b. The carrying amount of \$63,582 thousand was from the Corporation's equity transactions with Sinopac Futures' non-controlling interests and from Sinopac Futures' merger with the futures brokerage business of Pacific Securities.

The Group tests goodwill for impairment annually and whenever there is an indication that it may be impaired. In assessing whether goodwill is impaired, the Group considers the Corporation and its investee (SinoPac Futures) as CGUs and estimates individually their recoverable amounts based on their value in use. When calculating the value in use of each CGU, the Group projects future cash flows based on objective evidence such as actual profitability, operation and business cycle under the going concern assumption; the Group estimates future cash inflows for the next 5 years and the salvage value of the assets and discounts them at the weighted average cost of capital. The Group's most recent impairment tests of goodwill were carried out on October 31, 2023 and 2022.

For the years ended December 31, 2023 and 2022, the Corporation's actual net profits excluding share of profit or loss from subsidiaries were \$2,928,629 thousand and \$1,117,350 thousand, respectively, and the forecast net profits used in the goodwill impairment tests were \$1,911,782 thousand and \$3,668,182 thousand, respectively. Due to the fact that the actual operating results in 2023 were better than expected, the recoverable amount was expected to be higher than the carrying amount, and thus no impairment occurred. In 2022, the unfavorable investment environment in domestic and foreign financial markets, led to lower-than-expected performance. The Corporation assessed that the recoverable amount of the goodwill was higher than its book value, and thus no impairment occurred.

For the years ended December 31, 2023 and 2022, SinoPac Futures' actual net profits were \$664,582 thousand and \$495,116 thousand, respectively, and the forecast net profits used in the goodwill impairment tests were \$391,486 thousand and \$380,837 thousand, respectively. No significant difference between actual operation and expected benefits. The recoverable amount was higher than the book value and thus no impairment occurred in 2023 and 2022.

16. OTHER INTANGIBLE ASSETS

	Computer Software	Client Relationship	Membership Fee	Carbon Credit	Total
<u>Cost</u>					
Balance at January 1, 2023	\$ 327,570	\$ 700,656	\$ 41,413	\$ -	\$ 1,069,639
Additions	58,290	-	-	247	58,537
Transfer from prepayments for business facilities	42,842	-	-	-	42,842
Disposals	(58,431)	-	-	-	(58,431)
Translation adjustments	(43)	145	-	-	102
Balance at December 31, 2023	<u>\$ 370,228</u>	<u>\$ 700,801</u>	<u>\$ 41,413</u>	<u>\$ 247</u>	<u>\$ 1,112,689</u>

(Continued)

	Computer Software	Client Relationship	Membership Fee	Carbon Credit	Total
<u>Accumulated amortizations</u>					
Balance at January 1, 2023	\$ 176,128	\$ 558,201	\$ -	\$ -	\$ 734,329
Amortization expense	62,382	65,894	-	-	128,276
Disposals	(58,431)	-	-	-	(58,431)
Translation adjustments	<u>(38)</u>	<u>(116)</u>	<u>-</u>	<u>-</u>	<u>(154)</u>
Balance at December 31, 2023	<u>\$ 180,041</u>	<u>\$ 623,979</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 804,020</u>
Carrying amounts at December 31, 2023	<u>\$ 190,187</u>	<u>\$ 76,822</u>	<u>\$ 41,413</u>	<u>\$ 247</u>	<u>\$ 308,669</u>
<u>Cost</u>					
Balance at January 1, 2022	\$ 286,525	\$ 685,432	\$ 41,413	\$ -	\$ 1,013,370
Additions	74,873	-	-	-	74,873
Transfer from prepayments for business facilities	7,049	-	-	-	7,049
Disposals	(45,302)	-	-	-	(45,302)
Translation adjustments	<u>4,425</u>	<u>15,224</u>	<u>-</u>	<u>-</u>	<u>19,649</u>
Balance at December 31, 2022	<u>\$ 327,570</u>	<u>\$ 700,656</u>	<u>\$ 41,413</u>	<u>\$ -</u>	<u>\$ 1,069,639</u>
<u>Accumulated amortizations</u>					
Balance at January 1, 2022	\$ 159,700	\$ 483,781	\$ -	\$ -	\$ 643,481
Amortization expense	57,490	65,204	-	-	122,694
Disposals	(45,302)	-	-	-	(45,302)
Translation adjustments	<u>4,240</u>	<u>9,216</u>	<u>-</u>	<u>-</u>	<u>13,456</u>
Balance at December 31, 2022	<u>\$ 176,128</u>	<u>\$ 558,201</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 734,329</u>
Carrying amounts at December 31, 2022	<u>\$ 151,442</u>	<u>\$ 142,455</u>	<u>\$ 41,413</u>	<u>\$ -</u>	<u>\$ 335,310</u>

The membership fee is considered to have an indefinite useful life and will not be amortized until its useful life is determined to be finite. Instead, it will be tested for impairment annually and whenever there is an indication that it may be impaired. There was no significant impairment for the years ended December 31, 2023 and 2022. For other intangible assets other than membership fee, the Group assessed that there was no objective evidence that other intangible assets other than membership fee have been impaired for the years ended December 31, 2023 and 2022, and thus no impairment indication need to be tested.

Other intangible assets with finite useful lives were amortized on a straight-line basis over the estimated useful lives of the assets as follows:

Computer software	3-5 years
Client relationship	8-15 years

17. GUARANTEE DEPOSITS PAID

	December 31	
	2023	2022
Operating guarantee deposits	\$ 1,096,741	\$ 965,003
Clearing and settlement funds	507,579	476,224
Guarantee deposits	390,113	265,152
Rental deposits	64,068	59,764
Deposit for unsettled lawsuit	-	4,980
Others	<u>9,464</u>	<u>8,820</u>
	<u>\$ 2,067,965</u>	<u>\$ 1,779,943</u>

The operating guarantee deposits are the statutory deposit deposited with financial institution designated by the Corporation with the regulations of the local authorities after company registration or setting up branches.

The clearing and settlement funds are cash deposited with the TWSE, the TPEX, the TAIEX, and foreign stock and futures exchanges to engage in brokerage and proprietary trading (for both its customers and its own account) by the Corporation with the regulations of the local authorities.

Guarantee deposits on issuance of structured instrument and issuance of ETNs are cash deposited with the TPEX by the Corporation.

18. OVERDUE RECEIVABLES

	December 31	
	2023	2022
Overdue receivables	\$ 88,357	\$ 84,847
Less: Loss allowance	<u>(87,650)</u>	<u>(83,532)</u>
	<u>\$ 707</u>	<u>\$ 1,315</u>

The movements of loss allowance were as follows:

	For the Year Ended December 31	
	2023	2022
Beginning balance	\$ 83,532	\$ 99,942
Recognized	4,664	2,834
Written off	(119)	(8,297)
Recovered	<u>(427)</u>	<u>(10,947)</u>
Ending balance	<u>\$ 87,650</u>	<u>\$ 83,532</u>

19. BORROWINGS

a. Current borrowings

	December 31	
	2023	2022
Secured and credit borrowings	<u>\$ 1,350,872</u>	<u>\$ 308,772</u>
Interest rate range	1.95%-9.30%	4.99%
Maturity date	2024.01.08	2023.01.16

For the collateral for current borrowings, refer to Note 30.

b. Long-term borrowings

To meet the funding requirements, SinoPac Securities (Cayman) obtained syndicated loans with financial institutions on December, 2021 in the amounts of US\$45,000 thousand. The terms of the syndicated loans were three years start from the date of first drawdowns or contract date. The loans could be taken on revolving basis. SinoPac Securities (Cayman) could not pledge its ownership interest to others during the terms of the loans. The amounts of the credit line used were as follows:

	December 31	
	2023	2022
Credit borrowings	\$ 922,574	\$ 921,706
Less: Current portions	<u>(922,574)</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 921,706</u>
Interest rate range	6.55%- 6.60%	5.18%- 5.37629%
Maturity date	2024.1.26	2023.1.16

20. COMMERCIAL PAPER PAYABLE

	December 31	
	2023	2022
Commercial paper payable	\$ 31,100,000	\$ 900,000
Less: Discount on commercial paper payable	<u>(45,866)</u>	<u>(1,283)</u>
	<u>\$ 31,054,134</u>	<u>\$ 898,717</u>
Annual discount rate	1.45%-1.55%	1.34%-1.56%
Maturity date	2024.01.02- 2024.04.01	2023.02.01- 2023.02.09

The above commercial papers were published by financial institutions.

21. BONDS PAYABLE

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
The first unsecured domestic bonds in 2020	\$ 2,000,000	\$ 2,000,000
The first unsecured subordinated domestic bonds in 2022 (A bonds)	400,000	400,000
The first unsecured subordinated domestic bonds in 2022 (B bonds)	600,000	600,000
The second unsecured subordinated domestic bonds in 2022 (A bonds)	1,450,000	1,450,000
The second unsecured subordinated domestic bonds in 2022 (B bonds)	<u>550,000</u>	<u>550,000</u>
	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>

	<u>The First Unsecured Domestic Bonds in 2022</u>		<u>The Second Unsecured Domestic Bonds in 2022</u>	
Issue denomination	A bonds: \$400,000	B bonds: \$600,000	A bonds: \$1,450,000	B bonds: \$550,000
Issue date	2022.5.27	2022.5.27	2022.8.26	2022.8.26
Issue period	7 years	10 years	7 years	10 years
Coupon rate	Fixed interest rate 2.00%	Fixed interest rate 2.20%	Fixed interest rate 2.40%	Fixed interest rate 2.50%
Repayment method	One-time repayment	One-time repayment	One-time repayment	One-time repayment

The First Unsecured Domestic Bonds in 2020

Issue denomination	\$2,000,000
Issue date	2020.1.8
Issue period	5 years
Coupon rate	Fixed interest rate 0.80%
Repayment method	One-time repayment

22. LIABILITIES FOR BONDS WITH ATTACHED REPURCHASE AGREEMENTS

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Corporate bonds	\$ 17,508,365	\$ 9,978,611
Financial bonds	16,057,214	9,929,071
Government bonds	2,486,536	5,858,921
Convertible bonds	<u>6,493,000</u>	<u>5,845,734</u>
	<u>\$ 42,545,115</u>	<u>\$ 31,612,337</u>
Contracted repurchase price	<u>\$ 43,005,131</u>	<u>\$ 31,699,839</u>
Interest rate range	0.97%-5.80%	0.80%-4.95%

Liabilities for bonds with attached repurchase agreements will all mature within one year and will be repurchased at a specified date at an agreed price and interest as specified in the agreements.

23. NOTES AND ACCOUNTS PAYABLE

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Notes payable	\$ -	\$ 1,008
Accounts payable		
Accounts payable for settlement	21,076,527	13,519,230
Accounts payable for securities purchased	1,025,928	240,349
Settlement price	669,242	639,364
Others	<u>1,355,241</u>	<u>1,221,599</u>
	<u>24,126,938</u>	<u>15,620,542</u>
	<u>\$ 24,126,938</u>	<u>\$ 15,621,550</u>

24. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The Corporation and its domestic subsidiaries adopted a pension plan under the Labor Pension Act (the “LPA”), which is a defined contribution plan. Based on the LPA, the Corporation and its domestic subsidiaries make monthly contributions to employees’ individual pension accounts at 6% of monthly salaries and wages. The pension plans of subsidiaries operating in other countries also belong to defined contribution plans and are based on the relevant regulations in their respective countries.

b. Defined benefit plan

The defined benefit plan adopted by the Corporation in accordance with the Labor Standards Act is operated by the government. The following employees of the Corporation are entitled to receive retirement benefits under this plan: (a) those who have served either 10 years and 60 years old; (b) those who have served either 25 years or have served over 15 years and are 55 years old; and (c) those hired on or before May 19, 1997 and with more than 20 service years. In addition, employees hired on or before March 15, 1996 and have served at least five years are eligible to receive severance benefits. The pension and severance benefits are based on the average of one month’s basic salary before retirement or termination. The provision of the employee’s pension is calculated at 6% of the salary (bonus excepted). The defined benefit pension fund, which is deposited in separate accounts administered by the employees’ pension plan committee and the employees’ pension plan supervisory committee.

The subsidiaries, SinoPac Futures and SinoPac Securities Investment Service, adopt a pension plan under the Labor Standards Act, which is also categorized as a defined benefit plan. The employee’s pension is scrutinized based on the years of service and the average one month fixed salary before retirement. The defined benefit pension fund, which is deposited in separate accounts, is administered by the employees’ pension plan committee and the employees’ pension plan supervisory 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:

	December 31	
	2023	2022
Present value of funded defined benefit obligation	\$ 915,141	\$ 947,343
Fair value of plan assets	<u>(544,037)</u>	<u>(547,845)</u>
Net defined benefit liabilities	<u>\$ 371,104</u>	<u>\$ 399,498</u>

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2023	\$ 947,343	\$ (547,845)	\$ 399,498
Service cost			
Current service cost	8,595	-	8,595
Net interest expenses (income)	<u>12,060</u>	<u>(7,092)</u>	<u>4,968</u>
Recognized in profit or loss	<u>20,655</u>	<u>(7,092)</u>	<u>13,563</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(4,664)	(4,664)
Actuarial loss - changes in demographic assumptions	161	-	161
Actuarial gain - experience adjustments	(3,910)	-	(3,910)
Actuarial loss - changes in financial assumptions	<u>26,017</u>	<u>-</u>	<u>26,017</u>
Recognized in other comprehensive income	<u>22,268</u>	<u>(4,664)</u>	<u>17,604</u>
Contributions from the employer	-	(58,855)	(58,855)
Benefits paid	<u>(75,125)</u>	<u>74,419</u>	<u>(706)</u>
Balance at December 31, 2023	<u>\$ 915,141</u>	<u>\$ (544,037)</u>	<u>\$ 371,104</u>
Balance at January 1, 2022	\$ 1,047,861	\$ (449,125)	\$ 598,736
Service cost			
Current service cost	10,286	-	10,286
Net interest expenses (income)	<u>6,037</u>	<u>(2,548)</u>	<u>3,489</u>
Recognized in profit or loss	<u>16,323</u>	<u>(2,548)</u>	<u>13,775</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(22,137)	(22,137)
Actuarial loss - changes in demographic assumptions	83	-	83
Actuarial loss - experience adjustments	54,129	-	54,129
Actuarial gain - changes in financial assumptions	<u>(60,109)</u>	<u>-</u>	<u>(60,109)</u>
Recognized in other comprehensive income	<u>(5,897)</u>	<u>(22,137)</u>	<u>(28,034)</u>
Contributions from the employer	-	(184,623)	(184,623)
Benefits paid	<u>(110,944)</u>	<u>110,588</u>	<u>(356)</u>
Balance at December 31, 2022	<u>\$ 947,343</u>	<u>\$ (547,845)</u>	<u>\$ 399,498</u>

Through the defined benefit plans under the Labor Standards Act, the Group is exposed to the following risks:

- 1) 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.
- 2) 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.
- 3) 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	2022
Discount rate(s)	1.20%	1.30%
Expected rate(s) of salary increase	2.00%	1.75%

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

	December 31	
	2023	2022
Discount rate(s)		
0.25% increase	<u>\$ (18,670)</u>	<u>\$ (20,209)</u>
0.25% decrease	<u>\$ 19,247</u>	<u>\$ 20,858</u>
Expected rate(s) of salary increase		
0.25% increase	<u>\$ 19,173</u>	<u>\$ 20,842</u>
0.25% decrease	<u>\$ (18,233)</u>	<u>\$ (20,297)</u>

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

	December 31	
	2023	2022
The expected contributions to the plan for the next year	<u>\$ 32,791</u>	<u>\$ 34,887</u>
The average duration of the defined benefit obligation	7-9 years	8-10 years

25. EQUITY

a. Capital stock

	December 31	
	2023	2022
Number of shares authorized (in thousands)	<u>1,900,000</u>	<u>1,900,000</u>
Shares authorized	<u>\$ 19,000,000</u>	<u>\$ 19,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>1,621,224</u>	<u>1,621,224</u>
Shares issued	<u>\$ 16,212,238</u>	<u>\$ 16,212,238</u>

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

b. Capital surplus

The capital surplus arising from issuance of common stock, treasury stock transaction and net assets from merger may be used to offset a deficit. In addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital at a limited percentage of the Corporation's capital surplus once a year.

Capital surplus were as follow:

	June 30, 2023	December 31, 2022
Additional paid-in capital	\$ 84,747	\$ 84,747
Treasury stock transactions	31,358	31,358
Net assets from merger	329,379	329,379
Employee share options	<u>77,502</u>	<u>31,282</u>
	<u>\$ 522,986</u>	<u>\$ 476,766</u>

On October 21, 2022, the parent company Sinopac Holdings approved a capital increase and retained 10% of shares for subscription by the Group's employees. Under IFRS 2 share options granted by a parent company to a subsidiary's employees should be treated as equity-settled share-based payments that match the service expenses provided by employees and are recognized as equity increase due to parent's contribution. The Group's capital surplus - share - based payments, which was determined on the basis of the grant-date fair value of the employee share options, was \$46,220 for the year ended December 31, 2023. The capital surplus from employee share options only used to offset a deficit.

The fair value of employee stock options uses the Black-Scholes pricing model. The inputs into the model were as follows:

	February 15, 2023
Grate-date stock price	\$17.2
Issue price	\$15
Volatility	23.10%
Duration	0.058 years
Risk-free interest rate	0.7023%

The volatility was based on February 15, 2023 and the previous year as the sample period, the daily natural logarithmic return rate is calculated based on the restored stock price during the sample period, and the annualized rate is annualized with the standard deviation of the daily return rate.

c. Appropriation of earnings and dividend policy

Under the appropriation of as set forth in the amended Articles, when the Corporation made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing as special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Corporation's Board as the basis for proposing a distribution plan, which should be resolved in the stockholders' meeting for distribution of dividends and bonus to stockholders. Based on the Corporation's operation development business plan, long-term financial plan and the interest of stockholders, the principle of distributing dividends is 70% cash dividends and 30% stock dividends; however, the Corporation may lower the cash dividend ratio depending on its needs for the capital. For the policies on distribution of compensation of employees and remuneration of directors, refer to Note 26(k) Compensation of employees and remuneration of directors.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Corporation's paid-in capital. Legal reserve may be used to offset deficit. If the Corporation has no deficit and the legal reserve has exceeded 25% of the Corporation's paid-in capital, the excess may be transferred to capital or distributed in cash.

Under the Regulation Governing Securities Firms, a special reserve must be set aside every year at 20% of net income until the reserve equals the Corporation's paid-in capital. Special reserve may be used to offset deficit. If the Corporation has no deficit and the special reserve has exceeded 25% of the Corporation's paid-in capital, the excess may be transferred to capital.

Under Rule No. 10500278285 issued by the FSC, the Corporation should set aside 0.5% of net income after tax as a special reserve, upon the distribution of earning from 2016 to 2018 to develop the financial technology ("Fintech") and to protect the interest of securities brokers. Starting from 2017, the same amount of special reserve can be reversed based on the amount of employee transformation training expenditures, employee transfer and settlement expenditures arising from the development of Fintech. Under Rule No. 1080321644 issued by the FSC, since 2019, the special surplus reserve method is no longer used for the aforementioned purposes. However, a certain amount should still be included in the annual budget to support employee transformation and training expenditures to protect employee rights.

Under Rule No. 1090150022 issued by the FSC, when distributing earnings, the Corporation shall recognize the net amount of other equity deductions in the current period, and the same amount is set aside to special reserve from the current after-tax net profit plus the items other than the current after-tax net profit which are included in the undistributed retained earnings of the current period. If there is a shortage, it shall be set aside from the undistributed retained earnings of the previous period. The special reserve could be distributed, and any special reserve may be reversed to the extent that the net debit balance reverses.

The appropriations of earnings for 2022 and 2021 resolved in the board of directors' meetings on behalf of the shareholders' meetings on May 25, 2023 and May 25, 2022, respectively, pursuant to Article No. 15 of the Financial Holding Company Act are as follows:

	<u>Appropriation of Earnings</u>		<u>Dividends Per Share (NT\$)</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Legal reserve	\$ 149,272	\$ 501,600		
Special reserve	510,089	1,003,199		
Cash dividends	<u>833,361</u>	<u>3,511,199</u>	\$0.5140	\$2.1657
	<u>\$ 1,492,722</u>	<u>\$ 5,015,998</u>		

The appropriation and distribution of 2023 earnings proposed by the Corporation's Board on March 7, 2024 were as follows:

	<u>Appropriation of Earnings</u>	<u>Dividends Per Share (NT\$)</u>
Legal reserve	\$ 415,587	
Special reserve	619,631	
Cash dividends	2,684,910	\$1.6561
Stock dividends	<u>435,748</u>	\$0.2688
	<u>\$ 4,155,876</u>	

The appropriation and distribution of 2023 earnings are subject to the Corporation's Board's meeting (on the behalf of the stockholder) in 2024.

d. Other equity

1) Exchange differences on translation of foreign financial statements

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Beginning balance	\$ (371,963)	\$ (671,018)
Recognized during the year		
Exchange differences on translation of foreign financial statements	2,200	369,826
Related income tax	<u>893</u>	<u>(70,771)</u>
Ending balance	<u>\$ (368,870)</u>	<u>\$ (371,963)</u>

2) Unrealized gains (losses) on financial assets at FVTOCI

	<u>For the Year Ended December 31</u>	
	2023	2022
Beginning balance	\$ 160,418	\$ 1,551,526
Recognized during the year		
Unrealized gains (losses)		
Debt instruments	325,316	(574,957)
Loss allowance for debt instruments	(2,351)	222
Equity instruments	1,217,452	(925,615)
Related income tax	(8,166)	4,638
Reclassification adjustments		
Disposal of debt instruments	<u>59,223</u>	<u>(7,596)</u>
Other comprehensive income recognized during the year	<u>1,591,474</u>	<u>(1,503,308)</u>
Cumulative unrealized gains (losses) of equity instruments transferred to retained earnings due to disposal	<u>(334,374)</u>	<u>112,200</u>
Ending balance	<u>\$ 1,417,518</u>	<u>\$ 160,418</u>

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

a. Brokerage handling fee revenue

	<u>For the Year Ended December 31</u>	
	2023	2022
Handling fee revenues from brokered trading	\$ 8,000,802	\$ 7,220,109
Handling fees from securities financing	26,826	32,657
Others	<u>243</u>	<u>300</u>
	<u>\$ 8,027,871</u>	<u>\$ 7,253,066</u>

b. Revenues from underwriting business

	<u>For the Year Ended December 31</u>	
	2023	2022
Processing fee revenues from underwriting operations	\$ 147,885	\$ 58,088
Revenues from underwriting securities on a firm commitment basis	122,147	102,903
Revenues from underwriting consultation	39,320	38,574
Handling fee revenues from underwriting securities on best-efforts basis	<u>6,098</u>	<u>6,137</u>
	<u>\$ 315,450</u>	<u>\$ 205,702</u>

c. Gains (losses) on sale of operating securities

	For the Year Ended December 31	
	2023	2022
Proprietary		
Listed securities	\$ 3,741,265	\$ (1,598,123)
Over-the-counter (OTC) securities	<u>1,022,472</u>	<u>(664,514)</u>
	<u>\$ 4,763,737</u>	<u>\$ (2,262,637)</u>
Underwriting		
Listed securities	\$ 28,205	\$ (8,935)
Over-the-counter (OTC) securities	<u>129,456</u>	<u>51,097</u>
	<u>\$ 157,661</u>	<u>\$ 42,162</u>
Hedging		
Listed securities	\$ 313,672	\$ (389,361)
Over-the-counter (OTC) securities	<u>(33,527)</u>	<u>(200,177)</u>
	<u>\$ 280,145</u>	<u>\$ (589,538)</u>

d. Interest revenue

	For the Year Ended December 31	
	2023	2022
Margin loans interest revenue	\$ 955,854	\$ 988,029
Bond interest revenue	1,003,221	592,225
Bond investments under resale agreements interest revenue	636,905	127,253
Unrestricted loan interest income	160,872	66,216
Security borrowing collateral interest revenue	158,946	53,869
Others	<u>4,399</u>	<u>7,806</u>
	<u>\$ 2,920,197</u>	<u>\$ 1,835,398</u>

e. Valuation gains (losses) on operating securities at FVTPL

	For the Year Ended December 31	
	2023	2022
Operating securities:		
Proprietary	\$ 2,331,053	\$ (2,404,446)
Underwriting	44,186	(60,945)
Hedging	<u>56,635</u>	<u>(65,762)</u>
	<u>\$ 2,431,874</u>	<u>\$ (2,531,153)</u>

f. Gains (Losses) from derivatives - OTC

	For the Year Ended December 31	
	2023	2022
Interest rate swap	\$ (71,105)	\$ 689,627
Currency swap	(50,667)	(572,589)
Equity swap	-	160
Structured instruments	(270,295)	(175,023)
Convertible bond asset swap	<u>(990,113)</u>	<u>256,169</u>
	<u>\$ (1,382,180)</u>	<u>\$ 198,344</u>

g. Expected credit impairment (loss) and gain on reversal

	For the Year Ended December 31	
	2023	2022
Receivables	\$ (229)	\$ (1,172)
Financial assets at FVTOCI	<u>2,351</u>	<u>(222)</u>
	<u>\$ 2,122</u>	<u>\$ (1,394)</u>

h. Other operating income - other

	For the Year Ended December 31	
	2023	2022
Management service revenue	\$ 182,783	\$ 217,116
Funds performance revenue	17,315	4,199
Others	<u>63,483</u>	<u>79,731</u>
	<u>\$ 263,581</u>	<u>\$ 301,046</u>

i. Finance costs

	For the Year Ended December 31	
	2023	2022
Bond with attached repurchase agreement interest expenses	\$ 1,734,285	\$ 481,263
Borrowing costs	343,424	201,729
Security borrowing collateral interest expense	164,681	38,402
Securities financing interest expenses	160,768	67,763
Lease liability interest	9,971	11,257
Others	<u>111,626</u>	<u>31,820</u>
	<u>\$ 2,524,755</u>	<u>\$ 832,234</u>

j. Employee benefits expense

	For the Year Ended December 31	
	2023	2022
Salaries expense	\$ 5,040,801	\$ 4,350,440
Insurance expense	277,760	298,188
Pension expense		
Defined contribution plan	152,484	159,912
Defined benefit plan (Note 24)	13,563	13,775
Share-based payment		
Equity-settle	46,224	-
Cash-settle	41,127	7,552
Other employee benefits expense	<u>130,059</u>	<u>148,387</u>
	<u>\$ 5,702,018</u>	<u>\$ 4,978,254</u>

In order to balance short-term and long-term rewards, the parent company SinoPac Holdings has established a long-term incentive reward plan, designed for the deferred distribution of performance bonuses for senior executives of the group, and is designed to link both future SinoPac Holdings stock value and long-term performance indicators. The Corporation's employee benefits expense and provisions for employee benefits are calculated based on the number of virtual shares and the future stock price and recognized under cash-settled share-based method.

k. Compensation of employees and remuneration of directors

The Corporation accrued compensation of employees and remuneration of directors at the rates no less than 0.5% and no higher than 1%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors.

For the years ended December 31, 2023 and 2022, the Corporation accrued the compensation of employees and remuneration of directors, based on the aforementioned rates as follows:

	For the Year Ended December 31			
	2023		2022	
	Estimated Amounts	Estimated Rates	Estimated Amounts	Estimated Rates
Compensation of employees	<u>\$ 19,600</u>	0.50%	<u>\$ 9,580</u>	0.50%
Remuneration of directors	<u>\$ 26,400</u>	0.68%	<u>\$ 12,000</u>	0.63%

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

The Corporation's resolution to distribute in cash the compensation of employees of \$19,600 thousand and the remuneration of directors of \$26,400 thousand for the year ended December 31, 2023 was passed in the board of directors' meetings held on January 31, 2024 and March 7, 2024, respectively. The amounts of the compensation of employees and the remuneration of directors passed in the board of directors' meetings mentioned above are the same as that recognized in the consolidated financial statements for the year ended December 31, 2023.

The Corporation's resolution to distribute in cash the compensation of employees of \$9,580 thousand and the remuneration of directors of \$12,000 thousand for the year ended December 31, 2022 was passed in the board of directors' meetings held on January 17, 2023 and March 8, 2023, respectively. The amounts of the compensation of employees and the remuneration of directors passed in the board of directors' meetings mentioned above are the same as that recognized in the consolidated financial statements for the year ended December 31, 2022.

Information on the compensation of employees and remuneration of directors resolved by the Corporation's Board (on the behalf of the stockholder) is available on the Market Observation Post System website of the TWSE.

l. Depreciation and amortization expense

	For the Year Ended December 31	
	2023	2022
Right-of-use assets	\$ 260,695	\$ 248,154
Property and equipment	171,152	164,421
Other intangible assets	<u>128,276</u>	<u>122,694</u>
	560,123	535,269
Investment property (included in other gains and losses)	<u>1,523</u>	<u>1,523</u>
	<u>\$ 561,646</u>	<u>\$ 536,792</u>

m. Other operating expense

	For the Year Ended December 31	
	2023	2022
Information technology expense	\$ 619,773	\$ 592,486
Taxes	226,115	206,613
Stock borrowing fees	345,071	350,554
Depository service expense	152,187	132,908
Others	<u>694,319</u>	<u>621,023</u>
	<u>\$ 2,037,465</u>	<u>\$ 1,903,584</u>

n. Other gains and losses

	For the Year Ended December 31	
	2023	2022
Financial income	\$ 1,250,303	\$ 419,920
Cross-selling income	35,913	35,928
Dividend income	130,892	95,299
Transaction bonus	23,801	30,868
Gain on disposal of fund investment	89,437	28,913
Gain (loss) on non-operating financial instruments measured	12,695	(39,437)
Others	<u>37,475</u>	<u>59,728</u>
	<u>\$ 1,580,516</u>	<u>\$ 631,219</u>

27. INCOME TAX

Under a Ministry of Finance Ruling No. 910458039 dated February 12, 2003, a financial holding company (“FHC”) and its domestic subsidiaries in which the FHC holds interest of 90% or above for 12 months within a tax year may choose to adopt the linked-tax system for income tax filings.

The Corporation uses the linked-tax system for income tax filings with its parent company SinoPac Holdings and the subsidiaries of SinoPac Holdings. Thus, these companies jointly file the tax returns and the returns on undistributed retained earnings, with SinoPac Holdings as the taxpayer. The Corporation, SinoPac Holdings and the subsidiaries of SinoPac Holdings adopted the linked-tax system to reduce the income tax liabilities and maximize the synergy.

a. Income tax recognized in profit or loss

Major components of income tax expense were as follows:

	For the Year Ended December 31	
	2023	2022
Current tax		
In respect of the current period	\$ 312,616	\$ 167,997
In respect of prior periods	<u>1,987</u>	<u>36,418</u>
	<u>314,603</u>	<u>204,415</u>
Deferred tax		
In respect of the current period	(142,468)	307,378
In respect of prior periods	<u>(810)</u>	<u>14,426</u>
	<u>(143,278)</u>	<u>321,804</u>
Income tax expense recognized in profit or loss	<u>\$ 171,325</u>	<u>\$ 526,219</u>

Reconciliations of accounting profit and income tax expense were as follows:

	For the Year Ended December 31	
	2023	2022
Profit before tax of continuing operations	<u>\$ 4,006,910</u>	<u>\$ 2,108,714</u>
Income tax expense calculated at the statutory rate	\$ 801,382	\$ 421,743
Nondeductible expenses in determining taxable income	97,294	69,732
Tax-exempt income	(740,297)	(37,418)
Additional income tax under the Alternative Minimum Tax Act	8,403	6,379
Unrecognized deductible temporary differences	11,104	11,701
Utilisation of loss carryforwards	(45,970)	(2,006)
Adjustments for prior years’ current and deferred tax	1,177	50,844
Effect of different tax rate of group entities operating in other jurisdictions	(991)	3,454
Nondeductible loss carryforwards	2,523	1,790
Overseas investment income temporary differences	<u>36,700</u>	<u>-</u>
Income tax expense recognized in profit or loss	<u>\$ 171,325</u>	<u>\$ 526,219</u>

The applicable tax rate used by subsidiaries located in Hong Kong is 16.5%. Tax rates used by other group entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

b. Income tax recognized in equity

For the Year Ended December 31
2023 **2022**

Current tax		
Disposal of investments in equity instruments designated at fair value through other comprehensive income	<u>\$ 11,551</u>	<u>\$ -</u>
Deferred tax		
Disposal of investments in equity instruments designated at fair value through other comprehensive income	<u>\$ (11,551)</u>	<u>\$ -</u>

c. Income tax recognized in other comprehensive income

For the Year Ended December 31
2023 **2022**

<u>Deferred tax</u>		
In respect of the current period		
Exchange differences on translation of foreign operations	\$ 893	\$ (70,771)
Remeasurement of defined benefit plans	3,521	(5,607)
Unrealized gains (losses) on financial assets at FVTOCI	<u>(8,166)</u>	<u>4,638</u>
	<u>\$ (3,752)</u>	<u>\$ (71,740)</u>

d. Current tax assets and liabilities

December 31
2023 **2022**

Current tax assets		
Receivable from the linked-tax system	\$ 300,406	\$ 292,326
Tax refund receivable	<u>84</u>	<u>328</u>
	<u>\$ 300,490</u>	<u>\$ 292,654</u>
Current tax liabilities		
Payable to the linked-tax system	\$ 166,033	\$ 97,457
Income tax payable	<u>48,242</u>	<u>66,450</u>
	<u>\$ 214,275</u>	<u>\$ 163,907</u>

e. Deferred tax assets and liabilities:

The variations of deferred tax assets and liabilities were as follow:

For the year ended December 31, 2023

	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Recognized Directly in Equity	Reclassification	Ending Balance
<u>Deferred tax assets</u>						
Temporary differences						
Share of loss of foreign subsidiaries	\$ 100,614	\$ 3,246	\$ -	\$ -	\$ -	\$ 103,860
Exchange differences on translation of foreign financial statement	90,081	-	893	-	-	90,974
Unrealized losses on foreign exchange	72,074	32,408	-	-	-	104,482
Pension expense	68,506	(9,058)	3,661	-	-	63,109
Client relationship	54,932	10,050	-	-	-	64,982
Loss carryforwards	1,739	990	-	-	-	2,729
Unrealized impairment losses	1,400	-	-	-	-	1,400
Unrealized decommission obligations	3,337	(15)	-	-	-	3,322
Loss allowance	3,439	-	-	-	-	3,439
Cash-settled share-based payment	13,014	277	-	-	-	13,291
Fund of employees' welfare committee	2,680	(670)	-	-	-	2,010
Unrealized valuation losses from financial instruments	<u>24,282</u>	<u>5,779</u>	<u>-</u>	<u>-</u>	<u>(19,387)</u>	<u>10,674</u>
	<u>\$ 436,098</u>	<u>\$ 43,007</u>	<u>\$ 4,554</u>	<u>\$ -</u>	<u>\$ (19,387)</u>	<u>\$ 464,272</u>
<u>Deferred tax liabilities</u>						
Temporary differences						
Unrealized gains on financial assets at FVTOCI	\$ (10,438)	\$ -	\$ (5,210)	\$ -	\$ -	\$ (15,648)
Amortizations of goodwill	(3,050)	-	-	-	-	(3,050)
Pension expense	(367)	(108)	(140)	-	-	(615)
Unrealized gains on foreign exchange	(188)	42	-	-	-	(146)
Share of gain of foreign subsidiaries	-	-	(2,956)	(11,551)	-	(14,507)
Unrealized valuation gain from financial instruments	<u>(273,937)</u>	<u>100,337</u>	<u>-</u>	<u>-</u>	<u>19,387</u>	<u>(154,213)</u>
	<u>\$ (287,980)</u>	<u>\$ 100,271</u>	<u>\$ (8,306)</u>	<u>\$ (11,551)</u>	<u>\$ 19,387</u>	<u>\$ (188,179)</u>

For the year ended December 31, 2022

	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Recognized Directly in Equity	Reclassification	Ending Balance
<u>Deferred tax assets</u>						
Temporary differences						
Share of loss of foreign subsidiaries	\$ 96,520	\$ 4,094	\$ -	\$ -	\$ -	\$ 100,614
Exchange differences on translation of foreign financial statement	160,852	-	(70,771)	-	-	90,081
Unrealized losses on foreign exchange	146,217	(73,895)	-	-	(248)	72,074
Pension expense	108,056	(34,169)	(5,420)	-	39	68,506
Client relationship	59,318	(4,386)	-	-	-	54,932
Loss carryforwards	8,509	(968)	-	-	(5,802)	1,739
Unrealized contingent loss	982	(982)	-	-	-	-
Unrealized impairment losses	5,766	(4,366)	-	-	-	1,400
Unrealized decommission obligations	3,140	197	-	-	-	3,337
Loss allowance	3,439	-	-	-	-	3,439
Cash-settled share-based payment	11,179	1,835	-	-	-	13,014
Fund of employees' welfare committee	-	2,680	-	-	-	2,680
Unrealized valuation losses from financial instruments	<u>35,134</u>	<u>222</u>	<u>-</u>	<u>-</u>	<u>(11,074)</u>	<u>24,282</u>
	<u>\$ 639,112</u>	<u>\$(109,738)</u>	<u>\$ (76,191)</u>	<u>\$ -</u>	<u>\$ (17,085)</u>	<u>\$ 436,098</u>
<u>Deferred tax liabilities</u>						
Temporary differences						
Unrealized gains on financial assets at FVTOCI	\$ (15,076)	\$ -	\$ 4,638	\$ -	\$ -	\$ (10,438)
Amortizations of goodwill	(5,945)	2,895	-	-	-	(3,050)
Pension expense	(141)	-	(187)	-	(39)	(367)
Unrealized gains on foreign exchange	-	(436)	-	-	248	(188)
Unrealized valuation gains from financial instruments	<u>(70,486)</u>	<u>(214,525)</u>	<u>-</u>	<u>-</u>	<u>11,074</u>	<u>(273,937)</u>
	<u>\$(91,648)</u>	<u>\$(212,066)</u>	<u>\$ 4,451</u>	<u>\$ -</u>	<u>\$ 11,283</u>	<u>\$(287,980)</u>

f. Related information on unused loss carryforwards

As of December 31, 2023, the Corporation had \$2,735 thousand of unused loss carryforwards. The amount can be used through 2028. SinoPac Securities Investment Service had \$10,912 thousand of unused loss carryforwards. The amount can be used through 2033.

g. Deductible temporary differences and unused loss carryforwards for which no deferred tax assets was recognized in the consolidated balance sheets were as follows:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Unused loss carryforwards	<u>\$ 2,255,994</u>	<u>\$ 2,509,716</u>

h. Income tax assessments

The income tax returns of the Corporation through 2017 had been examined by the tax authorities, of which the 2012 to 2017 tax returns were disallowed items, such as the amortization and issuance of call (put) warrants; therefore, the Corporation filed appeals for the authorities' reconsideration of the assessments. Even if this matter was still unresolved, the Corporation accrued and paid \$64,361 thousand assessed by the tax authorities as additional income tax expenses.

The income tax returns of SinoPac Futures through 2021 had been examined by the tax authorities.

The income tax returns of SinoPac Securities Investment Service through 2021 had been examined by the tax authorities.

The income tax returns of SinoPac Securities Venture Capital through 2021 had been examined by the tax authorities.

i. Pillar Two income taxes Act

One of the subsidiaries of the Group in the UK has legislated the Pillar Two Income Tax Act, which took effect on January 1, 2024. As the law had not yet come into effect by the end of the reporting period, there was no impact on the Group's current income tax for the relevant period.

The Group will continue to monitor the impact of the Pillar Two Income Tax Act on its future financial performance.

28. EARNINGS PER SHARE

Unit: NT\$ Per Share

	<u>For the Year Ended December 31</u>	
	2023	2022
Basic earnings per share	<u>\$ 2.37</u>	<u>\$ 0.98</u>

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share from continuing operations were as follows:

Net Profit for the Period

	<u>For the Year Ended December 31</u>	
	2023	2022
Earnings used in the computation of basic earnings per share	<u>\$ 3,835,585</u>	<u>\$ 1,582,495</u>

Shares

Unit: Thousand Share

	<u>For the Year Ended December 31</u>	
	2023	2022
Weighted average number of ordinary shares used in the computation of basic earnings per share	1,621,224	1,621,224

29. RELATED-PARTY TRANSACTIONS

The parent company, ultimate parent entity and ultimate controlling party is SinoPac Holdings who wholly owned the Corporation as of December 31, 2023 and 2022.

Balances and transactions between the Corporation and its subsidiaries, which are related parties of the Corporation, have been eliminated on consolidation and are not disclosed in this note.

a. Name of related parties and their relationships with the Group

<u>Name of Related Party</u>	<u>Relationship with the Group</u>
SinoPac Financial Holdings Company Limited (“SinoPac Holdings”)	Parent company
Bank SinoPac Co., Ltd. (“Bank SinoPac”)	Fellow subsidiaries
SinoPac Securities Investment Trust Co., Ltd.	Fellow subsidiaries
SinoPac Leasing Corp. (“SinoPac Leasing”)	Fellow subsidiaries
SinoPac Venture Capital Corp.	Fellow subsidiaries
Hua Vi Venture Capital Corp. (“Hua Vi Venture Capital”)	Others
Grand Bills Finance Corp. (“Grand Bills Finance”)	Others
Taiwan Stock Exchange Corp. (“TWSE”)	Others (Note 1)
Netronix Inc. (“Netronix Inc.”)	Others
Elite Material Co., Ltd. (“Elite Material”)	Others
Sinbon Electronics company Ltd. (“Sinbon Electronics”)	Others
Global Unichip Corp. (“Global Unichip”)	Others
Yuen Foong Paper Co., Ltd. (“Yuen Foong Paper”)	Others
Chunghwa Telecom Co., Ltd. (“Chunghwa Telecom”)	Others
Foundation of SinoPac	Others
Chih Yuan Venture Capital Corp. (“Chih Yuan Venture Capital”)	Others
Taiwan Futures Exchange Corp. (“TAIFEX”)	Others (Note 1)
Pegatron Technology (“Pegatron Technology”)	Others
System Corp. (“System”)	Others
E Ink Holdings Inc. (“E Ink”)	Others
Asia Cement Corporation (“Asia Cement”)	Others
President Chain Store Corporation (“President Chain Store”)	Others (Note 2)
Integrated Solutions Technology, Inc (“Integrated Solutions Technology”)	Others (Note 3)
SinoPac Multi Strategy Quant Fund Limited	Others
SinoPac Multi-Series Fund II Limited	Others
SinoPac Multi-Series Fund SPC	Others
Others	SinoPac Holdings, subsidiaries managers’ fund, related party, management personnel and their relatives and related enterprise.

Note 1: Non-related parties since June 2022.

Note 2: Related parties since January 2022.

Note 3: Related parties since January 2023.

- b. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties were as follows:

	December 31	
	2023	2022
1) Cash and cash equivalents		
<u>Cash in banks</u>		
Fellow subsidiaries		
Bank SinoPac	\$ 1,594,704	\$ 2,272,441
Others	<u>2,920</u>	<u>2,438</u>
	<u>\$ 1,597,624</u>	<u>\$ 2,274,879</u>
<u>Short-term notes</u>		
Others		
Grand Bills Finance	\$ 917,576	\$ 864,418
Others	<u>-</u>	<u>869,273</u>
	<u>\$ 917,576</u>	<u>\$ 1,733,691</u>
<u>Excess margin of futures</u>		
Others	<u>\$ 349,066</u>	<u>\$ 362,323</u>
As of December 31, 2023 and 2022, the amounts of other current financial assets, other current assets - amounts held for settlement, cash and cash equivalents - receipts under custody from customers' security subscription and amounts held for each customer in the account, which were recorded as bank deposits, are as below.		
	December 31	
	2023	2022
Fellow subsidiaries		
Bank SinoPac	<u>\$ 2,503,050</u>	<u>\$ 2,825,901</u>
2) Customer margin account		
Fellow subsidiaries	\$ 31,058	\$ 66,336
Others		
TAIFEX	<u>8,397,486</u>	<u>7,801,246</u>
	<u>\$ 8,428,544</u>	<u>\$ 7,867,582</u>
3) Derivative assets - OTC		
Fellow subsidiaries	\$ 2,671	\$ 7,086
Others	<u>53,915</u>	<u>38,752</u>
	<u>\$ 56,586</u>	<u>\$ 45,838</u>

	<u>December 31</u>	
	2023	2022
Derivative liabilities - OTC		
Fellow subsidiaries	\$ 1	\$ 4
Others	<u>7,016</u>	<u>14,110</u>
	<u>\$ 7,017</u>	<u>\$ 14,114</u>
	For the Year Ended December 31	
	2023	2022
Gains (losses) from derivatives		
Fellow subsidiaries	\$ 775	\$ 14,310
Others		
Grand Bills Finance	<u>(6,245)</u>	<u>(66,616)</u>
	<u>\$ (5,470)</u>	<u>\$ (52,306)</u>
	December 31	
	2023	2022
4) Current financial assets at FVTPL		
<u>Securities held for operations (non-equity investment)</u>		
Others	<u>\$ 281,856</u>	<u>\$ 352,694</u>
<u>Futures margin - own funds</u>		
Others	<u>\$ 556,117</u>	<u>\$ 394,306</u>
<u>Futures margin - securities</u>		
Others	<u>\$ 1,691,777</u>	<u>\$ 848,754</u>
5) Bond investments under resale agreements		
Others	<u>\$ 932,342</u>	<u>\$ 436,713</u>
6) Notes and accounts receivable		
Fellow subsidiaries	\$ 938	\$ 702
Others	<u>65,314</u>	<u>53,111</u>
	<u>\$ 66,252</u>	<u>\$ 53,813</u>

	December 31	
	2023	2022
7) Other receivables		
Fellow subsidiaries	\$ 10,754	\$ 14,137
Others	<u>9,352</u>	<u>1,515</u>
	<u>\$ 20,106</u>	<u>\$ 15,652</u>
8) Current tax assets		
Parent company		
SinoPac Holdings	<u>\$ 300,406</u>	<u>\$ 292,326</u>
9) Restricted current assets		
Fellow subsidiaries		
Bank SinoPac	<u>\$ 1,205,560</u>	<u>\$ 1,030,560</u>
10) Prepayments (does not include leases)		
Others	<u>\$ 1,375</u>	<u>\$ 566</u>
11) Other current asset		
Others	<u>\$ -</u>	<u>\$ 240</u>
12) Property and equipment		
<p>The Group purchased equipment in the amount of \$3,710 thousand and \$453 thousand from other related parties for the years ended December 31, 2023 and 2022, respectively which was recorded as property and equipment.</p>		
13) Other intangible assets		
<p>The Group purchased computer software in the amount of \$4,045 thousand and \$3,819 thousand from other related parties for the years ended December 31, 2023 and 2022, respectively, which was recorded as other intangible assets.</p>		
	December 31	
	2023	2022
14) Guarantee deposits paid (does not include leases)		
Fellow subsidiaries		
Bank SinoPac	\$ 680,014	\$ 710,014
Others		
TAIFEX	235,128	224,818
Others	<u>2,168</u>	<u>2,179</u>
	<u>\$ 917,310</u>	<u>\$ 937,011</u>

	December 31	
	2023	2022
15) Commercial paper payable		
Others	\$ <u>2,498,149</u>	\$ <u>-</u>
16) Futures traders' equity		
Fellow subsidiaries	\$ 71,290	\$ 69,688
Others	<u>24,614</u>	<u>50,156</u>
	<u>\$ 95,904</u>	<u>\$ 119,844</u>
17) Notes and accounts payable		
Fellow subsidiaries	\$ 59	\$ 60
Others	<u>28,704</u>	<u>31,555</u>
	<u>\$ 28,763</u>	<u>\$ 31,615</u>
18) Other payables (does not include leases)		
Fellow subsidiaries	\$ 1,623	\$ 1,166
Others	<u>2,175</u>	<u>3,319</u>
	<u>\$ 3,798</u>	<u>\$ 4,485</u>
19) Current tax liabilities		
Parent company		
SinoPac Holdings	<u>\$ 166,033</u>	<u>\$ 97,457</u>
20) Other current liabilities		
Others	<u>\$ 5</u>	<u>\$ 10</u>
	For the Year Ended December 31	
	2023	2022
21) Brokerage handling fee revenue		
Fellow subsidiaries	\$ 12,340	\$ 13,501
Others	<u>45,866</u>	<u>33,833</u>
	<u>\$ 58,206</u>	<u>\$ 47,334</u>
22) Revenues from underwriting business		
Parent company	\$ 653	\$ -
Fellow subsidiaries	3,728	3,735
Others	<u>2,743</u>	<u>1,260</u>
	<u>\$ 7,124</u>	<u>\$ 4,995</u>

	For the Year Ended December 31	
	2023	2022
23) Gains on wealth management		
Fellow subsidiaries	\$ <u>6,574</u>	\$ <u>4,755</u>
24) Revenues from providing agency service for stock affairs		
Parent company	\$ 14,372	\$ 12,213
Fellow subsidiaries	120	120
Others	<u>17,495</u>	<u>16,272</u>
	<u>\$ 31,987</u>	<u>\$ 28,605</u>
25) Interest revenue		
Others	\$ <u>40,668</u>	\$ <u>22,046</u>
26) Revenue from advisory		
Fellow subsidiaries		
Bank SinoPac	\$ 14,600	\$ 14,000
Others	<u>4</u>	<u>4</u>
	<u>\$ 14,604</u>	<u>\$ 14,004</u>
27) Dividend revenue		
Others	\$ <u>36,009</u>	\$ <u>33,939</u>
28) Foreign exchange loss		
Fellow subsidiaries	\$ <u>-</u>	\$ <u>(29,895)</u>
29) Other operating income - other		
Fellow subsidiaries	\$ 519	\$ 10,752
Others	<u>114,610</u>	<u>113,051</u>
	<u>\$ 115,129</u>	<u>\$ 123,803</u>
30) Brokerage handling fee expense		
Fellow subsidiaries	\$ 1,099	\$ 1,812
Others		
TWSE	-	135,187
TAIFEX	224,942	262,715
Others	<u>1,068</u>	<u>4,634</u>
	<u>\$ 227,109</u>	<u>\$ 404,348</u>

	For the Year Ended December 31	
	2023	2022
31) Proprietary handling fee expense		
Fellow subsidiaries	\$ 454	\$ 831
Others		
TWSE	-	7,418
TAIFEX	6,129	6,355
Others	<u>549</u>	<u>1,071</u>
	<u>\$ 7,132</u>	<u>\$ 15,675</u>
32) Underwriting operation processing fee expenses		
Others		
Yuen Foong Paper	\$ 1,390	\$ 1,005
Systemex	1,219	1,218
Others	<u>-</u>	<u>611</u>
	<u>\$ 2,609</u>	<u>\$ 2,834</u>
33) Finance costs		
Fellow subsidiaries	\$ 296	\$ 64
Others	<u>15,231</u>	<u>11,614</u>
	<u>\$ 15,527</u>	<u>\$ 11,678</u>
34) Expenses arising from issuance of call (put) warrants (included in gains (losses) from issuance of call (put) warrants)		
Others		
TWSE	<u>\$ -</u>	<u>\$ 59,943</u>
35) Expense of clearing and settlement		
Others		
TAIFEX	<u>\$ 156,271</u>	<u>\$ 182,449</u>
36) Other operating expenses		
<u>Information technology expense</u>		
Fellow subsidiaries	\$ 1,620	\$ 1,273
Others	<u>102,013</u>	<u>122,138</u>
	<u>\$ 103,633</u>	<u>\$ 123,411</u>

For the Year Ended December 31
2023 **2022**

<u>Donation expenses</u>		
Others		
Foundation of SinoPac	\$ 6,000	\$ 8,000
 <u>Others</u>		
Fellow subsidiaries	\$ 19,371	\$ 17,204
Others	<u> 50,944</u>	<u> 56,266</u>
	<u>\$ 70,315</u>	<u>\$ 73,470</u>
 37) Other gains and losses		
<u>Other gains</u>		
Dividend income		
Others	\$ 24,925	\$ 15,190
Financial income (does not include leases)		
Fellow subsidiaries	\$ 56,513	\$ 30,072
Others	<u> 27,777</u>	<u> 4,528</u>
	<u>\$ 84,290</u>	<u>\$ 34,600</u>
Transaction bonus		
Fellow subsidiaries	\$ 2,125	\$ 2,244
Others	<u> 1,910</u>	<u> 4,422</u>
	<u>\$ 4,035</u>	<u>\$ 6,666</u>
Cross-selling income		
Fellow subsidiaries	\$ 35,647	\$ 35,842
Others		
Parent company	\$ 207	\$ 498
Others	<u> 306</u>	<u> 213</u>
	<u>\$ 513</u>	<u>\$ 711</u>
 <u>Other losses</u>		
Others		
Others	\$ 195	\$ 168

38) Notes and bonds transaction

	For the Year Ended December 31			
	2023		2022	
	Purchase of Notes and Bonds	Sell of Notes and Bonds	Purchase of Notes and Bonds	Sell of Notes and Bonds
Fellow subsidiaries	\$ 1,600,000	-	\$ 7,000,000	-
Others	170,422,190	171,605,371	39,886,339	37,650,949

All transactions with related parties were carried at arm's length.

c. Lease

1) Right-of-use assets

The Group added right-of-use assets in the amount of \$6,829 thousand and \$6,781 thousand from fellow subsidiaries for the years ended December 31, 2023 and 2022, respectively, which was recorded as right-of-use assets.

The Group added right-of-use assets in the amount of \$4,971 thousand from other related parties for the years ended December 31, 2022 which was recorded as right-of-use assets.

	December 31	
	2023	2022
2) Prepayments		
Fellow subsidiaries	\$ 162	\$ 112
Others	<u>6</u>	<u>7</u>
	<u>\$ 168</u>	<u>\$ 119</u>
3) Guarantee deposits paid		
Fellow subsidiaries	\$ 6,065	\$ 7,995
Others	<u>152</u>	<u>151</u>
	<u>\$ 6,217</u>	<u>\$ 8,146</u>
4) Current lease liabilities		
Fellow subsidiaries		
Bank SinoPac	\$ 15,305	\$ 33,648
Others	5,132	4,683
Others	<u>993</u>	<u>988</u>
	<u>\$ 21,430</u>	<u>\$ 39,319</u>
5) Non-current lease liabilities		
Fellow subsidiaries	\$ 6,500	\$ 31,027
Others	<u>2,419</u>	<u>3,411</u>
	<u>\$ 8,919</u>	<u>\$ 34,438</u>

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
6) Finance costs		
Fellow subsidiaries	\$ 759	\$ 1,098
Others	<u>19</u>	<u>16</u>
	<u>\$ 778</u>	<u>\$ 1,114</u>
7) Rent expenses (included in other operating expense)		
Fellow subsidiaries	\$ 69	\$ 72
Others	<u>2</u>	<u>2</u>
	<u>\$ 71</u>	<u>\$ 74</u>
8) Other gains and losses		
Other gains		
Finance revenue		
Fellow subsidiaries	\$ 70	\$ 72
Others	<u>2</u>	<u>2</u>
	<u>\$ 72</u>	<u>\$ 74</u>
Others		
Fellow subsidiaries	<u>\$ 475</u>	<u>\$ 32</u>

The operating lease contracts signed by the Corporation with the related parties were as follows:

<u>Lessor</u>	<u>Lease Term</u>	<u>Lease Target</u>	<u>Payment Terms</u>
<u>Fellow subsidiaries</u>			
SinoPac Leasing	Till December 2026	Transportation equipment	Monthly
Bank SinoPac	Till November 2025	Offices and branch locations	Monthly
<u>Others</u>			
Chunghwa Telecom	Till May 2027	Offices and branch locations	Monthly

Rental prices are determined based on negotiations between the counterparties with reference to the market rental prices of office buildings in the vicinity.

d. Status of acquiring stocks from related-parties:

Besides information disclosed in Tables 4 and 6, the Group held stocks of other related-parties as follows:

1) Financial assets at FVTPL

	December 31, 2023		
	Number of Shares (In Thousands)	Costs	Carrying Amount
<u>Listed stocks and stocks traded over the counter</u>			
Chunghwa Telecom	553	\$ 65,765	\$ 66,396
Pegatron Technology	426	35,202	37,156
Global Unichip	17	30,352	30,408
Integrated Solutions Technology	172	25,177	27,397
Elite Material	72	27,882	27,356
E Ink	136	25,868	26,843
Sinbon Electronics	88	27,303	26,189
Asia Cement	463	19,141	19,198
President Chain Store	59	15,693	15,800
Other related parties (individual payments do not reach more than \$10,000 thousands)	1,003	34,996	35,015
<u>Stocks other than listed and traded over the counter</u>			
Chih Yuan Venture Capital	2,317	23,170	17,655
Other related parties (individual payments do not reach more than \$10,000 thousands)	662	<u>6,623</u>	<u>15,398</u>
		<u>\$ 337,172</u>	<u>\$ 344,811</u>
	December 31, 2022		
	Number of Shares (In Thousands)	Costs	Carrying Amount
<u>Listed stocks and stocks traded over the counter</u>			
Chunghwa Telecom	326	\$ 36,664	\$ 36,847
Netronix Inc.	400	27,938	25,400
Sinbon Electronics	41	11,019	11,378
Other related parties (individual payments do not reach more than \$10,000 thousands)	637	30,622	30,149 (Continued)

	December 31, 2022		
	Number of Shares (In Thousands)	Costs	Carrying Amount
<u>Stocks other than listed and traded over the counter</u>			
Chih Yuan Venture Capital	2,317	\$ 23,170	\$ 14,898
Hua Vi Venture Capital	261	2,609	12,454
Other related parties (individual payments do not reach more than \$10,000 thousands)	1,219	<u>12,188</u>	<u>12,630</u>
		<u>\$ 144,210</u>	<u>\$ 143,756</u> (Concluded)

2) Financial assets at FVTOCI

	December 31, 2023		
	Number of Shares (In Thousands)	Costs	Carrying Amount
<u>Listed stocks and stocks traded over the counter</u>			
Chunghwa Telecom	4,316	\$ 499,885	\$ 517,920
<u>Stocks other than listed and traded over the counter</u>			
TAIFEX	5,511	<u>52,740</u>	<u>327,369</u>
		<u>\$ 552,625</u>	<u>\$ 845,289</u>

	December 31, 2022		
	Number of Shares (In Thousands)	Costs	Carrying Amount
<u>Listed stocks and stocks traded over the counter</u>			
Chunghwa Telecom	2,245	\$ 252,957	\$ 253,685
<u>Stocks other than listed and traded over the counter</u>			
TAIFEX	4,834	<u>52,740</u>	<u>313,852</u>
		<u>\$ 305,697</u>	<u>\$ 567,537</u>

- e. The Group acquired management shares of SinoPac Multi Strategy Quant Fund Limited and two other companies established in the Cayman Islands in the amount of \$6 thousand. The management shares were issued to the investment manager in compliance with specific legal procedures, and the holders did not have the rights to participate in profit, assets, and surplus distributions of funds.
- f. Compensation of key management personnel

The compensation of key management personnel were as follows:

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	\$ 188,824	\$ 130,391
Retirement benefits	3,537	8,716
Share-based payment	<u>33,874</u>	<u>7,853</u>
	<u>\$ 226,235</u>	<u>\$ 146,960</u>

30. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	December 31	
	2023	2022
Time deposits - current (included in restricted current assets)	\$ 1,645,560	\$ 1,480,560
Property and equipment, net	1,746,584	1,761,370
Investment property, net	<u>150,161</u>	<u>151,684</u>
	<u>\$ 3,542,305</u>	<u>\$ 3,393,614</u>

The above assets pledged to Bank SinoPac were as follows:

	December 31	
	2023	2022
Time deposits - current (included in restricted current assets)	\$ 1,205,560	\$ 1,030,560
Property and equipment, net	<u>1,153,704</u>	<u>1,165,358</u>
	<u>\$ 2,359,264</u>	<u>\$ 2,195,918</u>

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

- a. Bank SinoPac and the Corporation had applied for tax concessions to the Ministry of Finance regarding their technical support service expenditure relating to their financial transaction system. They jointly signed a letter of indemnity to the system manufacturer for which the total compensation was not more than US\$1,300 thousands, to obtain a proxy of the manufacturer thereof to apply for the aforesaid tax concession. The compensation distributable to the Corporation was US\$433 thousands.

- b. From 1999 to 2006, the former salesman, Mr. Zhu who worked at Pacific Securities which was merged by SinoPac Securities in 2012, appeared to have debt disputes with Mr. Chen and other three clients due to the repurchase agreement of government bonds. These clients filed civil complaint at the Taiwan Taipei District Court against SinoPac Securities, demanding compensation for damage of \$13,000 thousand. This case happened a long time ago, and Mr. Zhu resigned in 2016. At present, it is only known that Mr. Zhu appeared to fabricate the fact of repurchase agreement of government bonds to fraud his clients. Regarding this case, Mr. Chen also sued the plaintiff Mr. Zhu for criminal lawsuit.

The complaint was dismissed by the Taiwan Taipei District Court, and the Corporation won the case. While the plaintiff filed an appeal, the Taiwan High Court ruled the judgment that the Corporation has to make the payment of \$3,000 thousand with 5% interest rate from September 17, 2018 to the settlement date. Since the plaintiff has not submitted the original copy as evidence, the existence of the content rights of the plaintiff is still controversial. The Corporation filed an appeal with the Supreme Court on November 14, 2022. The Supreme Court rendered a judgment on December 26, 2023, overturning the award of \$3,000 thousand in principal and interest to Mr. Chen and remanding the case to the High Court. Subsequent litigation has been entrusted to an external lawyer to handle the case.

- c. Plaintiff Mr. Tang filed a civil complaint against the Corporation's subsidiary SinoPac Securities (Asia) in January 2018. The plaintiff claimed that the company committed breach of obligation and was liable for HK\$59,670 thousand loss in stock transfer. However, SinoPac Securities (Asia) transferred the stocks based on the stock purchase and sale agreement and Mr. Tang's order; therefore, no breach of fiduciary duties was found. SinoPac Securities (Asia) would take all necessary actions to defend the company against the claim. The case was re-heard on October 12, 2023, and the court ruled to dismiss all claims brought by the plaintiff, Mr. Tang's, against SinoPac Securities (Asia) and the case was confirmed as closed.

32. CAPITAL RISK MANAGEMENT

The Corporation's capital adequacy assessment needs to consider the business scale, key operational plans, risk status, capital structure and future capital projects and other company consideration, the Corporation complies with the Regulations Governing Securities Firms on the calculation of a capital adequacy ratio and formulate management procedures. Thus, for maintaining stable operations, the Corporation's capital adequacy ratio, in principle, is at least 250% for its capital adequacy management objectives.

The Corporation's capital adequacy management procedures are as follows:

- a. The risk management division should calculate, monitor and analyze its regulatory capital adequacy ratio on a regular monthly basis and obtain approval from the chairman of the Board.
- b. The risk management division simulates the capital adequacy ratio based on the Corporation's business plan, policy direction, investment strategy and important event and provides the result to the relevant units.
- c. If the Corporation's capital adequacy ratio seems to fell below the target, the risk management division should report to the management, discuss responsive actions as listed below to be taken and executed after the Board's approval.
 - 1) Issuance debt instruments that qualify as eligible capital.
 - 2) Capital increase.
 - 3) Adjustment of business strategies.

As of December 31, 2023 and 2022, the Corporation's capital adequacy ratios were as follows:

Items	December 31	
	2023	2022
Net eligible capital		
Tier 1 Capital	\$ 32,819,534	\$ 29,447,705
Tier 2 Capital	3,637,883	3,072,188
Tier 3 Capital	-	-
Deductible assets	<u>(11,410,934)</u>	<u>(10,424,107)</u>
	<u>\$ 25,046,483</u>	<u>\$ 22,095,786</u>
Equivalent operating risk		
Market risk equivalent	\$ 4,872,450	\$ 3,454,287
Credit risk equivalent	883,102	661,245
Operating risk equivalent	<u>1,648,381</u>	<u>1,578,981</u>
	<u>\$ 7,403,933</u>	<u>\$ 5,694,513</u>
Capital adequacy ratio	338%	388%

Note 1: Capital adequacy ratio = Net eligible capital/Equivalent operating risk.

Note 2: Net eligible capital = Tier 1 capital + Tier 2 capital + Tier 3 capital - Deductible assets.

Note 3: Equivalent operating risk = Market risk equivalent + Credit risk equivalent + Operating risk equivalent.

33. TRUST BUSINESS UNDER THE TRUST ENTERPRISE ACT

The Corporation offers wealth management, asset allocation or financial planning under Rule No. 1030023199 approved by FSC on July 30, 2014.

Under Enforcement Rules of the Trust Enterprise Act No. 17 indicated that the Corporation should disclose the balance sheet, income statement and trust properties of trust accounts as follows:

a. Balance sheets of trust accounts

Trust Assets	December 31		Trust Liabilities	December 31	
	2023	2022		2023	2022
Bank deposits	\$ 2,418,794	\$ 3,179,203	Trust capital	\$ 36,229,249	\$ 35,267,392
Funds	25,465,905	23,543,118	Net profit (loss)	(2,012,301)	(4,845,177)
Stocks	500,826	452,684	Cumulative loss	<u>(3,096,409)</u>	<u>(1,876,668)</u>
Structured instruments	2,734,799	1,370,389			
Accounts receivable	<u>215</u>	<u>153</u>			
Total trust assets	<u>\$ 31,120,539</u>	<u>\$ 28,545,547</u>	Total trust liabilities	<u>\$ 31,120,539</u>	<u>\$ 28,545,547</u>

b. Income statement of trust accounts

	For the Year Ended December 31	
	2023	2022
Trust income		
Interest revenue	\$ 1,076,205	\$ 1,016,365
Dividends revenue	25,199	12
Rent revenue from securities lending	5	-
Trust expenses		
Commission and fees	(11,206)	(10,194)
Administrative expenses	(53)	-
Other expenses	(30)	-
Realized investment losses	(374,684)	(1,109,056)
Unrealized investment losses	<u>(2,727,002)</u>	<u>(4,742,130)</u>
Loss before tax	(2,011,566)	(4,845,003)
Income tax expense	<u>(735)</u>	<u>(174)</u>
Loss	<u>\$ (2,012,301)</u>	<u>\$ (4,845,177)</u>

c. Properties of trust accounts

	December 31	
	2023	2022
Bank deposits	\$ 2,418,794	\$ 3,179,203
Funds	25,465,905	23,543,118
Stocks	500,826	452,684
Structured instruments	2,734,799	1,370,389
Others	<u>215</u>	<u>153</u>
Total trust assets (Note)	<u>\$ 31,120,539</u>	<u>\$ 28,545,547</u>

Note: As of December 31, 2023 and 2022, the above properties of trust accounts included the amount of \$41,368 thousand and \$38,251 thousand, respectively, under the Offshore Securities Unit (“OSU”) “Wealth Management Business Involving Non-discretionary Money Trust”.

34. FINANCIAL INSTRUMENTS

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

1) Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Financial assets mandatorily measured at FVTPL				
Bonds	\$ 26,172,648	\$ 6,010,484	\$ 1,406,305	\$ 33,589,437
Listed stocks, stocks traded over the counter and emerging stocks	11,816,812	139,923	655,770	12,612,505
Stocks other than listed and traded over the counter	-	-	365,626	365,626
Mutual funds	12,647,299	499,647	-	13,146,946
Derivative assets	<u>3,104,959</u>	<u>4,553,568</u>	<u>-</u>	<u>7,658,527</u>
	<u>\$ 53,741,718</u>	<u>\$ 11,203,622</u>	<u>\$ 2,427,701</u>	<u>\$ 67,373,041</u>
Financial assets at FVTOCI				
Equity instruments				
Listed stocks and stocks traded over the counter	\$ 5,220,882	\$ -	\$ -	\$ 5,220,882
Stocks other than listed and traded over the counter	-	-	1,282,107	1,282,107
Debt instruments	<u>8,097,509</u>	<u>543,887</u>	<u>867,762</u>	<u>9,509,158</u>
	<u>\$ 13,318,391</u>	<u>\$ 543,887</u>	<u>\$ 2,149,869</u>	<u>\$ 16,012,147</u>
Financial liabilities at FVTPL				
Financial liabilities held for trading				
Derivative liabilities	\$ 14,843,330	\$ -	\$ -	\$ 14,843,330
Financial liabilities designated at FVTPL	681,466	5,576,063	-	6,257,529
	<u>-</u>	<u>12,982,220</u>	<u>66,788</u>	<u>13,049,008</u>
	<u>\$ 15,524,796</u>	<u>\$ 18,558,283</u>	<u>\$ 66,788</u>	<u>\$ 34,149,867</u>

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Financial assets mandatorily measured at FVTPL				
Bonds	\$ 16,105,263	\$ 2,342,641	\$ 1,855,295	\$ 20,303,199
Listed stocks, stocks traded over the counter and emerging stocks	4,871,362	25,792	503,556	5,400,710
Stocks other than listed and traded over the counter	-	-	379,789	379,789
Mutual funds	4,041,648	360,388	-	4,402,036
Derivative assets	<u>1,578,718</u>	<u>4,385,357</u>	<u>-</u>	<u>5,964,075</u>
	<u>\$ 26,596,991</u>	<u>\$ 7,114,178</u>	<u>\$ 2,738,640</u>	<u>\$ 36,449,809</u>

(Continued)

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Equity instruments				
Listed stocks and stocks traded over the counter	\$ 2,610,981	\$ -	\$ -	\$ 2,610,981
Stocks other than listed and traded over the counter	-	-	1,187,954	1,187,954
Debt instruments	<u>10,373,829</u>	<u>1,595,029</u>	<u>879,559</u>	<u>12,848,417</u>
	<u>\$ 12,984,810</u>	<u>\$ 1,595,029</u>	<u>\$ 2,067,513</u>	<u>\$ 16,647,352</u>
Financial liabilities at FVTPL				
Financial liabilities held for trading				
Derivative liabilities	\$ 12,219,095	\$ -	\$ -	\$ 12,219,095
Financial liabilities designated at FVTPL	306,176	4,730,422	-	5,036,598
	<u>-</u>	<u>11,622,529</u>	<u>18,035</u>	<u>11,640,564</u>
	<u>\$ 12,525,271</u>	<u>\$ 16,352,951</u>	<u>\$ 18,035</u>	<u>\$ 28,896,257</u> (Concluded)

For the years ended December 31, 2023 and 2022, the Group transferred part of the debt instruments from Level 1 to 2 because the Group determined these investments were not in an active market based on market quotation and liquidity.

2) Reconciliation of Level 3 fair value measurements of financial instruments

Financial Assets	For the Year Ended December 31, 2023				Total
	Financial Assets at FVTPL		Financial Assets at FVTOCI		
	Equity Instruments	Debt Instruments	Equity Instruments	Debt Instruments	
Beginning balance	\$ 883,345	\$ 1,855,295	\$ 1,187,954	\$ 879,559	\$ 4,806,153
Recognized in profit or loss	100,197	24,090	-	-	124,287
Recognized in other comprehensive income	-	-	94,306	(15,666)	78,640
Purchases	390,509	499,227	-	6,567	896,303
Sales/settlements/amortization of discount and premium	(287,966)	(938,759)	(153)	(51)	(1,226,929)
Transfers into Level 3	183,600	-	-	-	183,600
Transfers out of Level 3	(248,289)	(25,281)	-	-	(273,570)
Additional amounts recognized from currency rate	<u>-</u>	<u>(8,267)</u>	<u>-</u>	<u>(2,647)</u>	<u>(10,914)</u>
Ending balance	<u>\$ 1,021,396</u>	<u>\$ 1,406,305</u>	<u>\$ 1,282,107</u>	<u>\$ 867,762</u>	<u>\$ 4,577,570</u>
Recognized in gains (losses) - unrealized	<u>\$ 74,142</u>	<u>\$ 18,153</u>	<u>\$ 94,306</u>	<u>\$ (15,666)</u>	<u>\$ 170,935</u>

Financial Liabilities	Financial Liabilities at FVTPL
Beginning balance	\$ 18,035
Recognized in profit or loss	1,292
Purchases	327,738
Sales/settlements	<u>(280,277)</u>
Ending balance	<u>\$ 66,788</u>
Recognized in losses - unrealized	<u>\$ (1,292)</u>

	For the Year Ended December 31, 2022				Total
	Financial Assets at FVTPL		Financial Assets at FVTOCI		
	Equity Instruments	Debt Instruments	Equity Instruments	Debt Instruments	
Financial Assets					
Beginning balance	\$ 840,388	\$ 1,300,317	\$ 1,563,735	\$ 673,079	\$ 4,377,519
Recognized in profit or loss	(131,573)	6,143	-	-	(125,430)
Recognized in other comprehensive income	-	-	(375,781)	12,661	(363,120)
Purchases	606,715	733,694	-	205,868	1,546,277
Sales/settlements/amortization of discount and premium	(396,197)	(260,476)	-	(28,763)	(685,436)
Transfers into Level 3	137,108	-	-	-	137,108
Transfers out of Level 3	(173,096)	-	-	-	(173,096)
Additional amounts recognized from currency rate	<u>-</u>	<u>75,617</u>	<u>-</u>	<u>16,714</u>	<u>92,331</u>
Ending balance	<u>\$ 883,345</u>	<u>\$ 1,855,295</u>	<u>\$ 1,187,954</u>	<u>\$ 879,559</u>	<u>\$ 4,806,153</u>
Recognized in gains (losses) - unrealized	<u>\$ (129,356)</u>	<u>\$ (4,468)</u>	<u>\$ (375,781)</u>	<u>\$ 12,661</u>	<u>\$ (496,944)</u>

Financial Liabilities	Financial Liabilities at FVTPL
Beginning balance	\$ 89,753
Recognized in profit or loss	(4,401)
Purchases	53,617
Sales/settlements	<u>(120,934)</u>
Ending balance	<u>\$ 18,035</u>
Recognized in gains - unrealized	<u>\$ 4,401</u>

3) Valuation techniques and assumptions applied for the purpose of measuring fair value

The fair value of financial assets and financial liabilities were determined as follows:

- a) With standard terms and conditions on active market trading of financial assets and financial liabilities at fair value, respectively, of the quoted market price decision. If quoted market prices are not available, then using a valuation technique. The Group adopts valuation techniques and assumptions used in the estimates and assumptions, as well as the market participants to price financial instruments when used as estimates and assumptions consistent.
- b) If derivatives have quoted market price, then the quoted market price as fair value. If quoted market prices are not available, non-option derivative using derivatives during the existence applicable the yield curve to calculate the discounted cash flow analysis of the fair value, and option derivatives using option pricing model to calculate fair value. The Group adopts valuation techniques used in the estimates and assumptions, as well as the market participants to price financial instruments when used as estimates and assumptions consistent.
- c) Other financial assets and financial liabilities (except to the above) in accordance with the fair value of the discounted cash flow analysis based on the generally accepted pricing models decisions.

4) Credit risk valuation adjustment is set out below:

Credit risk valuation consists of credit valuation adjustment and debit valuation adjustment.

Credit valuation adjustment adopts for derivative contracts trading in other than exchange market, over the counter, and reflects the non-performance risk of counter party on fair value.

Debit valuation adjustment adopts for derivative contracts trading in other than exchange market, over the counter, and reflects the non-performance risk of the Group on fair value.

The Group calculated credit valuation adjustment based on models with inputs of Probability of Default (PD) and Loss Given Default (LGD) multiplying Exposure at Default (EAD).

The Group calculates counterparties' EAD based on mark-to-market fair value of OTC derivative instruments.

The Group takes 60% as the PD of counterparties, and subject to change under the risk nature and data feasibility.

The Group takes credit risk valuation adjustment into valuation of the fair value of financial instruments, thus reflect the credit quality of counterparties.

5) Quantitative information about the significant unobservable inputs (Level 3) used in the fair value measurement

December 31, 2023

Financial Instruments Measured at Fair Value	Fair Value at December 31, 2023	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted-average)	The Relationship Between Inputs and Fair Value
Non-derivative financial assets					
Current financial assets at FVTPL					
Operating securities - Emerging stocks	\$ 655,770	Market value with liquidity valuation discount	Discount for lack of liquidity	0%-20%	The higher discount for lack of liquidity, the lower fair value
Operating securities - foreign currency denominated bonds	1,406,305	OTC quotes/quotes from Bloomberg's model or providing reference quotes	Discount for lack of liquidity	Could not be estimated	No disclosures have been made because zero coupon callable bonds and foreign currency denominated bonds lack liquidity in the OTC market, resulting in the inability to obtain observable market liquidity reduction factors.
Stocks other than listed and traded over the counter	332,566	Market approach or asset approach	Other shareholder and Discount for lack of liquidity	20%-35%	The higher other shareholder and discount for lack of liquidity the lower fair value
Non-current financial assets at FVTPL					
Stocks other than listed and traded over the counter	33,060	Market approach or asset approach	Other shareholder and Discount for lack of liquidity	20%-35%	The higher other shareholder and discount for lack of liquidity the lower fair value
Non-current financial assets at FVTOCI					
Stocks other than listed and traded over the counter	1,282,107	Market approach	Discount for lack of liquidity	10%-30%	The higher discount for lack of liquidity, the lower fair value
Operating securities - foreign currency denominated bonds	867,762	OTC quotes/quotes from Bloomberg's model or providing reference quotes	Discount for lack of liquidity	Could not be estimated	No disclosures have been made because zero coupon callable bonds and foreign currency denominated bonds lack liquidity in the OTC market, resulting in the inability to obtain observable market liquidity reduction factors.
Derivative financial liabilities					
Financial liabilities designated as at FVTPL					
Structured instruments	66,788	Self-built option pricing model	Volatility	3%-34% (Note)	The higher the volatility, the higher fair value

Note: The volatility of structured instruments ranged from 3% to 34%.

December 31, 2022

Financial Instruments Measured at Fair Value	Fair Value at December 31, 2022	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted-average)	The Relationship Between Inputs and Fair Value
Non-derivative financial assets					
Current financial assets at FVTPL					
Operating securities - Emerging stocks	\$ 503,556	Market value with liquidity valuation discount	Discount for lack of liquidity	0%-20%	The higher discount for lack of liquidity, the lower fair value
Operating securities - foreign currency denominated bonds	1,855,295	OTC quotes/quotes from Bloomberg's model or providing reference quotes	Discount for lack of liquidity	Could not be estimated	No disclosures have been made because zero coupon callable bonds and foreign currency denominated bonds lack liquidity in the OTC market, resulting in the inability to obtain observable market liquidity reduction factors.
Stocks other than listed and traded over the counter	339,800	Market approach or asset approach	Other shareholder and Discount for lack of liquidity	20%-35%	The higher other shareholder and discount for lack of liquidity the lower fair value
Non-current financial assets at FVTPL					
Stocks other than listed and traded over the counter	39,989	Market approach or asset approach	Other shareholder and Discount for lack of liquidity	20%-35%	The higher other shareholder and discount for lack of liquidity the lower fair value
Non-current financial assets at FVTOCI					
Stocks other than listed and traded over the counter	1,187,954	Market approach	Discount for lack of liquidity	10%-30%	The higher discount for lack of liquidity, the lower fair value
Operating securities - foreign currency denominated bonds	879,559	OTC quotes/quotes from Bloomberg's model or providing reference quotes	Discount for lack of liquidity	Could not be estimated	No disclosures have been made because zero coupon callable bonds and foreign currency denominated bonds lack liquidity in the OTC market, resulting in the inability to obtain observable market liquidity reduction factors.
Derivative financial liabilities					
Financial liabilities designated as at FVTPL					
Structured instruments	18,035	Self-built option pricing model	Volatility	3%-33% (Note)	The higher the volatility, the higher fair value

Note: The volatility of structured instruments ranged from 3% to 33%.

6) Valuation processes for fair value measurements categorized within Level 3

The Group's Risk Management Division (the "Division") is responsible for independently verifying fair value, confirming that the information needed is correct and consistent before valuing the financial instruments with the use of models, calibrating measurement models in relation to market prices, and updating the inputs required for models so that the model results will closely approximate market status. In addition to maintaining the accuracy of measurement models, the Division also examines periodically the reasonableness of prices.

7) The sensitivity analysis of reasonable and possible alternative hypotheses for Level 3 fair value measurement

The Group's measurement of the fair value of financial instruments is considered reasonable; however, the valuation results may be different if different valuation models or inputs were used. For debt instruments classified as Level 3 and whose fair value sources lack observable market liquidity reduction factors, if changes in the estimated liquidity cost (based on the historical data of the market price spread in the past two years, estimated at a 99% confidence interval) is included in the estimation, the impact on profit and loss would be as follows:

Project	December 31, 2023		December 31, 2022	
	Unfavorable Change	Favorable Change	Unfavorable Change	Favorable Change
<u>Assets</u>				
Financial assets at FVTPL				
Operating securities - foreign currency denominated bonds	\$ (87,474)	\$ 87,474	\$ (94,250)	\$ 94,250

b. Categories of financial instruments

	<u>December 31</u>	
	2023	2022
<u>Financial assets</u>		
Financial assets at amortized cost (Note 1)	\$ 127,488,710	\$ 104,134,857
Financial assets at FVTPL		
Financial assets mandatorily measured at FVTPL	67,373,041	36,449,809
Financial assets at FVTOCI		
Equity instrument investments	6,502,989	3,798,935
Debt instrument investments	9,509,158	12,848,417
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (Note 2)	152,239,212	108,321,136
Financial liabilities at FVTPL		
Financial liabilities held for trading	21,100,859	17,255,693
Financial liabilities designated as at FVTPL	13,049,008	11,640,564

Note 1: Financial assets at amortized cost include cash and cash equivalents, bond investments under resale agreements, margin loans receivable, refinancing margin, refinancing collateral receivable, receivable of securities business money lending, receivables of money lending - any use, customer margin account, futures exchanges margins receivable, security borrowing collateral price, security borrowing margin, notes and accounts receivable, other receivables, other current financial assets, restricted current assets, guarantee deposits paid and overdue receivables.

Note 2: Financial liabilities measured at amortized cost include current borrowings, commercial paper payable, liabilities for bonds sold with attached agreements, securities financing refundable deposits, deposits payable for securities financing, securities lending refundable deposits, futures trader's equity, equity for each customer in the account, notes and accounts payable, other payables, long-term liabilities-current portion, bonds payable, long-term borrowings and guarantee deposits received.

Financial liabilities designated at FVTPL, were as follows:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>The difference between carrying amount and contract expiry amount</u>		
Structured instruments at fair value	\$ 13,049,008	\$ 11,640,564
Amount payable at maturity	<u>(12,988,812)</u>	<u>(11,559,188)</u>
	<u>\$ 60,196</u>	<u>\$ 81,376</u>

There is no impact from credit risk on the changes in fair values of the Group's financial liabilities designated as at FVTPL.

c. Financial risk management objective and policy

1) Risk management organization

The Corporation has a risk management committee under the chairman who is the committee convener. The committee is in charge of deliberating risk management policies, regulations and overall risk limitation. It helps the Board fully supervise the risk management and related operations. Further, it set up a risk management division that is guided by the manager and is responsible for planning, managing, assessing and executing daily risk management procedures. The committee deliberates each policy, principle and regulation, which are presented to the Board for final approval and executed by the risk management division. The risk management division reviews the results and performance of the risk management committee.

2) Goal and policy of risk management

The Group's objectives and policies of risk management are based on the concept of capital allocation to define the overall total exposure limit. Under this concept and risk management principles, the Group pursues steady growth within a certain level of risk.

a) Market risk

Market risk refers to the possible loss due to the change in market interest rates, equity instruments, foreign exchange rates and market value change in derivatives which resulted from trading commodity, such as forwards, options, futures, swaps and other composition transactions.

The Group applies the concept of risk capital allocation in use to set the overall operating limit and market risk limit through the monitoring of limits, loss advisories and statistical measures to keep an eye on and control market risk in time. Moreover, for the efficient management of market risk, a regular assessment should be presented to the managerial level and the Board.

The Group uses value-at-risk (VaR), a statistical measure to estimate and manage market risk. Through a regular stress test, sensitivity test and feedback test, the Group will be able to verify the validity of the risk management system. The Group uses a risk managing tool, risk manager, designed by an internationally renowned institution, MSCI. The system provides more solid, precise quantitative indices and other tools for a more effective risk evaluation.

i. Value-at-risk (VaR)

VaR is a statistical measure that estimates potential losses and is defined as the predicted worst-scenario case due to changes in risk factors under normal circumstances over a specified period and at a specific level of statistical confidence. The VaR is calculated at a 99% confidence level for a one-day holding period, using changes in historical rates and prices.

The Group's VaR values were as follows:

	December 31	
	2023	2022
Equities	<u>\$ 65,609</u>	<u>\$ 52,195</u>
Interest rate	<u>\$ 57,492</u>	<u>\$ 92,445</u>
Overall market risk value	<u>\$ 63,595</u>	<u>\$ 127,893</u>
Percentage of net value	<u>0.19%</u>	<u>0.43%</u>

	For the Year Ended December 31					
	2023			2022		
	Average	Minimum	Maximum	Average	Minimum	Maximum
Equities	\$ 45,417	\$ 18,736	\$ 105,317	\$ 99,845	\$ 25,132	\$ 265,238
Interest rate	72,844	42,596	111,599	168,185	73,656	285,736

Foreign exchange rate risk is mainly due to the purchase of foreign currency-denominated assets. The Group uses certain agreed-upon proximal and distal exchanging points on currency swap contracts to manage foreign exchange risk, so the risk is rather low. For information on our foreign currency denominated monetary assets and monetary liabilities at the balance sheet date, refer to Note 40.

The table below shows the VaR for derivatives owned by the Group:

	December 31	
	2023	2022
Futures and options	\$ 109,111	\$ 150,851
Warrants	26,444	40,489
Interest rate swaps	9,913	53,593
Currency swaps	669	1,431
Asset swap options	81,945	63,635
Equity-linked notes	686	742
Credit-linked notes	16,342	11,800
Principal-guaranteed notes	707	1,362

ii. Sensitivity analysis

Aside from using VaR, the Group also uses several different sensitivity interest index (ex. DVP and DV01) and Greeks (ex. Delta, Gamma, and Vega) for risk assessment.

iii. Impact of interest rate benchmark reform

The financial instrument of the Group affected by interest rate benchmark reform include derivative and non-derivative financial assets and liabilities. The type of interest rate benchmark linked to it is mainly the London Inter Bank Offered Rate (LIBOR). LIBOR is a forward-looking interest rate benchmark that implies market expectations for future interest rate trend, and includes inter-bank credit discounts. The alternative reference rate of LIBOR is a retrospective interest rate benchmark with actual transaction data and does not include credit discounts. Therefore, additional adjustments must be made when existed contracts are modified from linking LIBOR to alternative interest rate indicator to ensure that the interest rate is economically equivalent between before and after modification.

The Group has formulated a LIBOR conversion plan to deal with product commodity business strategy adjustments, internal process adjustments, information system updates, financial instrument evaluation model adjustments, and responses to related accounting or tax issues required to meet the reform of interest rate benchmark. As of December 31, 2023, the Group has identified all information systems and internal processes that need to be updated, and these updates have been completed. And the Group has started discussions with financial instrument counterparties on how to amend the affected contracts, and the revisions have been completed.

Interest rate benchmark reform mainly expose the basic interest rate risk to the Group. If the Group is unable to complete the contracts modification with the counterparty before the decommission of LIBOR, the financial instrument will cause significant uncertainty to the interest rate basis and then that will trigger unexpected interest rate risk exposure.

As of December 31, 2023, the financial instruments of the Group that has been affected by interest rate benchmark reform and have not yet been converted to alternative interest rate benchmark are summarized as follows:

	Book Value	
	Financial Assets	Financial Liabilities
Non-derivatives		
USD LIBOR	<u>\$ 1,845,079</u>	<u>\$ _____ -</u>

b) Credit risk

Credit risk is the risk of financial loss resulting from an issuer, a contract recipient or a borrower's change in credit ratings or failure to meet obligations.

The Group uses risk-based asset allocation to set its caps for total credit risk exposure. Through risk diversification, it monitors and manages the credit limits by single client, single entity, and single corporation. Through the internal rating system, the Group gives out an exposure limit corresponding to its trading object and reviews regularly. It also sets trading and exposure limits by type of product and department. At the same time, the credit rating of the trading object and counterparty should be above the acceptable level set by the Group. Besides managing by product, the Group should also consider the risk involved when of different departments handle the same financial instruments as well as the types of commodities being transacted.

The Group has set a credit risk limit monitoring panel to keep track of trading opponents and prepare credit risk limit usage statistical table daily and regularly prepare credit risk reports for the managerial level and Board's review.

The maximum credit risk exposures to financial loss arises principally from the financial assets recognized in the consolidated balance sheets. Except those listed below, the credit risk amounts of financial assets held by the Group approximated their carrying amount.

	December 31			
	2023		2022	
	Carrying Amount	Max. Credit Exposure Amount	Carrying Amount	Max. Credit Exposure Amount
Interest rate swaps	\$ 3,623,472	\$ 3,217,749	\$ 3,929,411	\$ 3,018,312
Asset swap options	<u>818,668</u>	<u>1,043,675</u>	<u>453,594</u>	<u>645,950</u>
	<u>\$ 4,442,140</u>	<u>\$ 4,261,424</u>	<u>\$ 4,383,005</u>	<u>\$ 3,664,262</u>

The Group's credit risk of major financial assets are as follows:

i. Cash and cash equivalents

Cash and cash equivalents are mainly bank deposits and short-term notes whose counterparties are financial institutions with good credit. The Group not only complies with the Regulations Governing Securities Firms when uses its funds but also set transaction limits for short-term notes based on counterparties credit ratings.

ii. Accounts receivable

Receivables are accounts receivable, payments on behalf of others, temporary payments, and default-settlement receivables, arising from various types of business operations and transactions. The Group's receivables are covered by a large number of customers, scattered in different industries and geographical areas. The Group has a provisional policy for impaired assets, and for receivable overdue for more than 6 months, except for those that have been paid in accordance with the agreement, that debt recovery should be conducted one by one, and be recognized as appropriate expected credit losses.

iii. Debt instruments and derivatives instruments trading

Of the overall transactions of the Group as of December 31, 2023, were 54% in the financial service sector and 20% in the electronic industry. In addition, the transaction amounts for trading objects with credit ratings of TWA+ and above has a market share of 85%.

The investment targets of the Group's debt instruments at fair value through other comprehensive income are limited to the domestic and foreign currency bonds approved by the authorities, and should have a rating of at least BBB+ from the latest external credit rating agency or a minimum of H3 from the internal financial holding department. The risk management department includes the investment positions in the control and management of the credit risk limits on a daily basis to ensure the debt security of the investment positions in the debt instruments measured at FVTOCI.

iv. Brokerage business, financing business and the related credit business

The Group uses the financing concentration system and the Merton's probability default (PD) model to monitor individual stock that has a higher default risk, and analyze any abnormal conditions to control the default risk. The controls of the financing business and the brokerage related credit business (including securities business money lending, securities lending, money lending - any use, etc.) are as follows:

- i) Concentration control: In addition to risk grading individual stock and setting the number of individual stock financing (accommodation) and credit limit of individual stock in the whole company, credit limits for the counterparties and related accounts are also set.
- ii) High-risk stock control: Regularly review the list of high-risk stock and dynamically adjust the number of high-risk stock financing, financing purchase quota and individual credit limits.

v. Security borrowing collateral price and security borrowing margin

Security borrowing margin deposits refer to the transaction margin deposits placed with the TWSE and creditworthy domestic and foreign financial institutions; hence, the loss from credit risk is very low. Security borrowing collateral price refers to the transaction deposits placed by creditworthy securities firms for hedging transactions involving warrants and margin trading.

vi. Guarantee deposits paid

Guarantee deposits paid mainly serves as the operating guarantee deposits and clearing and settlement fund. The operating guarantee deposits are the statutory deposit deposited with financial institution designated by the local authorities. The clearing and settlement funds are the statutory deposit with domestic and foreign stock and futures exchange. The risk for both operating guarantee deposits and clearing and settlement fund are rather low.

vii. Restricted assets

Restricted assets are mainly the bank deposits used as collateral for loans obtained by the Group. The financial institutions holding these restricted assets all have good credit rating.

c) Liquidity risk

Liquidity risk refers to the risk that assets cannot be realized or sufficient capital cannot be obtained, so that the due obligations cannot be fulfilled (called "capital liquidity risk"), and due to insufficient market depth or disorder, the risk of significant changes of the market price when dealing with or offsetting the position held (called "market liquidity risk").

The Group has multiple sources of funding besides its own equity fund. It can also get the funding through borrowing from banks or, issuing commercial papers and corporate bonds. For any emergencies financial responsibility department should report to the general manager and the chairman immediately and general manager hold a immediately meeting to discuss the emergency plan for cash flow gap. If there will be material extensions, general manager should submit a project report to the risk management committee.

For ensuring capital needs for business development of the subsidiary of the Corporation, mid-term and long-term capital was fulfilled with credit lines from financial institutions and will be approved by authorized person on demand.

Each trading authority of the Group shall set market liquidity risk control indicators in various business management rules, and the risk management unit shall perform control in accordance with each business management rule. The risk management unit should regularly review the overall position of the Group and review their liquidity. When there is an abnormal liquidity or an early warning, the general manager and related business units will be notified, and the business unit will propose an explanation or a response plan, and the risk management unit will continue to track the follow-up improvement.

As of December 31, 2023 and 2022, the credit lines unused were \$15,619,593 thousand and \$18,051,809 thousand, respectively.

The table below shows the analysis of the remaining contractual maturities for financial liabilities as of December 31, 2023 and 2022:

December 31, 2023	Payment Period				Total
	Current Period	First 3 to 12 Months	1 Year to 5 Years	Over 5 Years	
Current borrowings	\$ 1,351,515	\$ -	\$ -	\$ -	\$ 1,351,515
Commercial paper payable	30,900,000	200,000	-	-	31,100,000
Current financial liabilities at FVTPL	26,596,478	1,259,000	6,234,193	-	34,089,671
Liabilities for bonds with attached repurchase agreements	42,907,695	97,436	-	-	43,005,131
Securities financing refundable deposits	2,170,918	-	-	-	2,170,918
Deposits payable for securities financing	2,545,584	-	-	-	2,545,584
Securities lending refundable deposits	8,083,988	-	-	-	8,083,988
Futures traders' equity	30,870,290	-	-	-	30,870,290
Equity for each customer in the account	765,753	-	-	-	765,753
Notes and accounts payable	24,126,938	-	-	-	24,126,938
Other payables	2,802,163	-	-	-	2,802,163
Long-term liabilities-current portion	926,952	-	-	-	926,952
Bonds payable	66,679	64,511	2,279,306	3,120,854	5,531,350
Lease liabilities	67,032	189,765	369,365	30,919	657,081
	<u>\$ 174,181,985</u>	<u>\$ 1,810,712</u>	<u>\$ 8,882,864</u>	<u>\$ 3,151,773</u>	<u>\$ 188,027,334</u>

December 31, 2022	Payment Period				Total
	Current Period	First 3 to 12 Months	1 Year to 5 Years	Over 5 Years	
Current borrowings	\$ 309,456	\$ -	\$ -	\$ -	\$ 309,456
Commercial paper payable	900,000	-	-	-	900,000
Current financial liabilities at FVTPL	22,568,176	889,816	5,356,889	-	28,814,881
Liabilities for bonds with attached repurchase agreements	31,330,766	369,073	-	-	31,699,839
Securities financing refundable deposits	4,172,275	-	-	-	4,172,275
Deposits payable for securities financing	3,973,588	-	-	-	3,973,588
Securities lending refundable deposits	10,452,320	-	-	-	10,452,320
Futures traders' equity	33,036,135	-	-	-	33,036,135
Equity for each customer in the account	525,327	-	-	-	525,327
Notes and accounts payable	15,621,550	-	-	-	15,621,550
Other payables	1,797,525	-	-	-	1,797,525
Bonds payable	66,583	64,525	2,295,306	3,190,686	5,617,100
Long-term borrowings	923,878	-	-	-	923,878
Lease liabilities	61,985	178,386	398,808	26,879	666,058
	<u>\$ 125,739,564</u>	<u>\$ 1,501,800</u>	<u>\$ 8,051,003</u>	<u>\$ 3,217,565</u>	<u>\$ 138,509,932</u>

As of December 31, 2023 and 2022, none of the Group's lease contracts had remaining lease terms exceeding 10 years.

The analysis of the remaining contractual maturities of financial liabilities is based on the earliest due date and prepared on the basis of undiscounted cash flows.

d. Transfers of financial assets

The transferred financial assets of the Group that do not qualify for derecognition in the daily operation are mainly bonds with attached repurchase agreement.

The transaction transfers the contractual rights to receive the cash flows of the financial assets but the Group retains the liabilities to repurchase the transferred financial assets at fixed price in the future period. The Group cannot use, sell, or pledge these transferred financial assets within the validity period of the transaction. However, the Group still bears the interest rate risk and credit risk; thus, it does not derecognize it. Analysis of financial assets and related liabilities not completely meet derecognizing condition is shown in following table:

Category of Financial Asset	December 31, 2023				
	Transferred Financial Assets - Book Value	Related Financial Liabilities - Book Value	Transferred Financial Assets - Fair Value	Related Financial Liabilities - Fair Value	Net Position - Fair Value
<u>Transactions with repurchase agreements</u>					
Financial assets at FVTPL	\$ 23,608,002	\$ 22,169,636	\$ 23,608,002	\$ 22,169,636	\$ 1,438,366
Financial assets at FVTOCI	9,160,649	8,847,364	9,160,649	8,847,364	313,285
Bond investments under resale agreements	10,976,521	11,528,115	10,976,521	11,528,115	(551,594)

Category of Financial Asset	December 31, 2022				
	Transferred Financial Assets - Book Value	Related Financial Liabilities - Book Value	Transferred Financial Assets - Fair Value	Related Financial Liabilities - Fair Value	Net Position - Fair Value
<u>Transactions with repurchase agreements</u>					
Financial assets at FVTPL	\$ 12,432,080	\$ 11,823,997	\$ 12,432,080	\$ 11,823,997	\$ 608,083
Financial assets at FVTOCI	12,346,136	12,231,559	12,346,136	12,231,559	114,577
Bond investments under resale agreements	7,138,654	7,556,781	7,138,654	7,556,781	(418,127)

e. Offsetting of financial assets and financial liabilities

The Group has partial of receivables from securities sale and payables from securities purchase which meeting offsetting condition, and then offset them on the balance sheets.

The Group engages in transactions with net settlement contracts or similar agreements with counterparties, when net settlement of financial assets and financial liabilities by the choice of both parties. If not, the settlement will be based on the total amount. And if one party defaulted, the other one may choose to net settlement.

The offsetting information of financial assets and financial liabilities were as follows:

December 31, 2023

Financial Assets Under Offsetting and Executable Net Settlement Contracts or Similar Agreements						
Financial Assets	Recognized Financial Assets - Gross Amount	Netted Financial Liabilities	Recognized Financial Assets - Net Amount	Related Amount Not Netted on the Balance Sheet		Net Amount
		Recognized on the Balance Sheet - Gross Amount		Financial Instruments	Cash Received as Collateral	
Derivative assets - OTC	\$ 4,553,568	\$ -	\$ 4,553,568	\$ 2,985,547	\$ -	\$ 1,568,021
Bond investments under resale agreements	11,114,568	-	11,114,568	11,114,568	-	-
Accounts receivable for sale of securities	<u>7,646,058</u>	<u>3,009,816</u>	<u>4,636,242</u>	<u>-</u>	<u>-</u>	<u>4,636,242</u>
	<u>\$ 23,314,194</u>	<u>\$ 3,009,816</u>	<u>\$ 20,304,378</u>	<u>\$ 14,100,115</u>	<u>\$ -</u>	<u>\$ 6,204,263</u>

Financial Liabilities Under Offsetting and Executable Net Settlement Contracts or Similar Agreements						
Financial Liabilities	Recognized Financial Liabilities - Gross Amount	Netted Financial Assets	Recognized Financial Liabilities - Net Amount	Related Amount Not Netted on the Balance Sheet		Net Amount
		Recognized on the Balance Sheet - Gross Amount		Financial Instruments	Cash Collateral Pledged	
Derivative liabilities - OTC	\$ 5,576,063	\$ -	\$ 5,576,063	\$ 2,985,547	\$ -	\$ 2,590,516
Liabilities for bonds with attached repurchase agreements	42,545,115	-	42,545,115	39,075,225	-	3,469,890
Accounts payable for securities purchased	<u>4,035,744</u>	<u>3,009,816</u>	<u>1,025,928</u>	<u>-</u>	<u>-</u>	<u>1,025,928</u>
	<u>\$ 52,156,922</u>	<u>\$ 3,009,816</u>	<u>\$ 49,147,106</u>	<u>\$ 42,060,772</u>	<u>\$ -</u>	<u>\$ 7,086,334</u>

December 31, 2022

Financial Assets Under Offsetting and Executable Net Settlement Contracts or Similar Agreements						
Financial Assets	Recognized Financial Assets - Gross Amount	Netted Financial Liabilities	Recognized Financial Assets - Net Amount	Related Amount Not Netted on the Balance Sheet		Net Amount
		Recognized on the Balance Sheet - Gross Amount		Financial Instruments	Cash Received as Collateral	
Derivative assets - OTC	\$ 4,385,357	\$ -	\$ 4,385,357	\$ 3,473,117	\$ -	\$ 912,240
Bond investments under resale agreements	7,609,811	-	7,609,811	7,609,811	-	-
Accounts receivable for sale of securities	<u>3,166,854</u>	<u>2,458,962</u>	<u>707,892</u>	<u>-</u>	<u>-</u>	<u>707,892</u>
	<u>\$ 15,162,022</u>	<u>\$ 2,458,962</u>	<u>\$ 12,703,060</u>	<u>\$ 11,082,928</u>	<u>\$ -</u>	<u>\$ 1,620,132</u>

Financial Liabilities Under Offsetting and Executable Net Settlement Contracts or Similar Agreements

Financial Liabilities	Recognized Financial Liabilities - Gross Amount	Netted Financial Assets	Recognized Financial Liabilities - Net Amount	Related Amount Not Netted on the Balance Sheet		Net Amount
		Recognized on the Balance Sheet - Gross Amount		Financial Instruments	Cash Collateral Pledged	
Derivative liabilities - OTC	\$ 4,730,422	\$ -	\$ 4,730,422	\$ 3,473,117	\$ -	\$ 1,257,305
Liabilities for bonds with attached repurchase agreements	31,612,337	-	31,612,337	29,203,511	-	2,408,826
Accounts payable for securities purchased	<u>2,699,311</u>	<u>2,458,962</u>	<u>240,349</u>	<u>-</u>	<u>-</u>	<u>240,349</u>
	<u>\$ 39,042,070</u>	<u>\$ 2,458,962</u>	<u>\$ 36,583,108</u>	<u>\$ 32,676,628</u>	<u>\$ -</u>	<u>\$ 3,906,480</u>

35. FINANCIAL RATIO RESTRICTIONS BASED ON THE FUTURES TRADING ACT

a. The financial ratios of the Corporation's futures department and SinoPac Futures which are all in compliance with the restrictions of the Futures Trading Act are summarized as follows:

1) The Corporation's futures department

Calculation Formula	December 31, 2023			Status of Compliance
	Equation	Ratio	Benchmark	
a) $\frac{\text{Stockholder's equity}}{\text{Total liabilities less futures trader's equity (Note)}}$	$\frac{\$1,983,652}{\$14,778}$	=134.23	≥ 1	In compliance
b) $\frac{\text{Current assets}}{\text{Current liabilities}}$	$\frac{\$4,342,622}{\$14,778}$	=293.86	≥ 1	In compliance
c) $\frac{\text{Stockholder's equity}}{\text{Minimum paid-in capital}}$	$\frac{\$1,983,652}{\$2,000,000}$	=99%	$\geq 60\%$ $\geq 40\%$	In compliance
d) $\frac{\text{Adjusted net capital}}{\text{Amount of customers' margin accounts for open position of futures customers}}$	$\frac{\$890,096}{\$1,111,204}$	=80%	$\geq 20\%$ $\geq 15\%$	In compliance

					December 31, 2022		
Calculation Formula	Equation	Ratio	Benchmark	Status of Compliance			
a) $\frac{\text{Stockholder's equity}}{\text{Total liabilities less futures trader's equity (Note)}}$	$\frac{\$1,959,347}{\$6,418}$	=305.29	≥ 1	In compliance			
b) $\frac{\text{Current assets}}{\text{Current liabilities}}$	$\frac{\$3,442,947}{\$6,418}$	=536.45	≥ 1	In compliance			
c) $\frac{\text{Stockholder's equity}}{\text{Minimum paid-in capital}}$	$\frac{\$1,959,347}{\$2,000,000}$	=98%	$\geq 60\%$ $\geq 40\%$	In compliance			
d) $\frac{\text{Adjusted net capital}}{\text{Amount of customers' margin accounts for open position of futures customers}}$	$\frac{\$1,358,480}{\$770,161}$	=176%	$\geq 20\%$ $\geq 15\%$	In compliance			

Note: According to the Rule No. 1070309857 issued by the FSC on April 20, 2018, the accounting items of internal transactions can be deducted from the total liabilities.

2) SinoPac Futures

					December 31, 2023		
Calculation Formula	Equation	Ratios	Benchmark	Status of Compliance			
a) $\frac{\text{Stockholder's equity}}{\text{Total liabilities less futures trader's equity}}$	$\frac{\$4,293,511}{\$233,869}$	=18.36	≥ 1	In compliance			
b) $\frac{\text{Current assets}}{\text{Current liabilities}}$	$\frac{\$32,748,808}{\$29,631,301}$	=1.11	≥ 1	In compliance			
c) $\frac{\text{Stockholder's equity}}{\text{Minimum paid-in capital}}$	$\frac{\$4,293,511}{\$715,000}$	=600%	$\geq 60\%$ $\geq 40\%$	In compliance			
d) $\frac{\text{Adjusted net capital}}{\text{Amount of customers' margin accounts for open position of futures customers}}$	$\frac{\$4,001,164}{\$9,131,876}$	=44%	$\geq 20\%$ $\geq 15\%$	In compliance			

		December 31, 2022			
Calculation Formula	Equation	Ratios	Benchmark	Status of Compliance	
a) $\frac{\text{Stockholder's equity}}{\text{Total liabilities less futures trader's equity}}$	$\frac{\$3,807,517}{\$220,948}$	=17.23	≥ 1	In compliance	
b) $\frac{\text{Current assets}}{\text{Current liabilities}}$	$\frac{\$34,422,314}{\$31,414,472}$	=1.10	≥ 1	In compliance	
c) $\frac{\text{Stockholder's equity}}{\text{Minimum paid-in capital}}$	$\frac{\$3,807,517}{\$715,000}$	=533%	$\geq 60\%$ $\geq 40\%$	In compliance	
d) $\frac{\text{Adjusted net capital}}{\text{Amount of customers' margin accounts for open position of futures customers}}$	$\frac{\$3,379,566}{\$7,955,729}$	=42%	$\geq 20\%$ $\geq 15\%$	In compliance	

- b. The management department of SinoPac Futures renders discretionary investment services. As shown below, the ratios of discretionary investment account to stockholders' equity as of December 31, 2023 and 2022 were in conformity with the benchmark stipulated in the Regulations Governing Managed Futures Enterprises.

Calculation Formula	December 31				Benchmark
	2023		2022		
	Equation	Ratios	Equation	Ratios	
$\frac{\text{Amount of discretionary investment account}}{\text{Stockholder's equity}}$	$\frac{\$273,710}{\$101,351}$	=2.70	$\frac{\$307,210}{\$103,001}$	=2.98	≤ 10.00

36. SPECIFIC RISK FROM FUTURES DEALING

- a. Futures dealing

The Group pays margin deposits when the margin account of the Group is reevaluated on the basis of the market prices of the outstanding futures and option contracts. If the margin is less than the maintenance level, the Group should either deposit additional margin or write off the contracts.

For the outstanding futures and options contracts as of December 31, 2023 and 2022, refer to Note 7.

- b. Futures brokering

Customers pay margin deposits when entering into futures and option transactions. Customers gain or lose a lot on the leverage resulting from the margin deposits. For the protection harm arising from customers' huge losses, the margin accounts of customers are reevaluated daily on the basis of the market prices of the outstanding futures and option contracts. Customers immediately to put in additional margin deposits when their margin accounts fall below an agreed level (the "maintenance margin"). If the customers fail to do so, their position will be settled by writing off the contracts.

As of December 31, 2023 and 2022, the outstanding futures and options held by customers were as follows:

	December 31	
	2023	2022
Futures - carrying value	\$ 74,298,065	\$ 59,808,605
- unrealized losses from outstanding contracts	(436,493)	(988,231)
Options - market value of long options	327,508	294,464
- market value of short options	(572,788)	(433,162)
Customers' margin accounts	30,870,290	33,036,135

c. Futures management

The term “discretionary futures trading” refers to the management department of Sinopac Futures accepting commissions from specified persons and performing analyses and making judgments on futures trading in order to execute futures trading operations on behalf of, and with trading funds consigned by, the principal. Before engaging in consignments with the Management Department of SinoPac Futures for discretionary futures trading, principals should note these characteristics of futures transactions: Low margin and high finance-leverage. Because of these characteristics, principals could earn high profits or suffer serious losses. Thus, principals should be closely considered in evaluating the various factors affecting futures trading before actually making the trade. Discretionary futures trading are not risk-free transactions, and the management department of SinoPac Futures will not be responsible for any gain (loss) and will not guarantee minimum profitability.

37. SEGMENT FINANCIAL INFORMATION

Information reported to the chief operating decision marker for the purposes of resource allocation and assessment of segment performance which is focus on operational performance across companies. The Group's business scope of each segment, refer to Tables 4 and 6. The following was an analysis of the Group's revenue and results from continuing operations by reportable segment.

Item	For the Year Ended December 31, 2023						
	The Corporation	SinoPac Future	SinoPac Securities (Asia)	Other Operating Segment	Operating Segment Total	Inter-Segment Revenue	Total
Revenue	\$ 12,697,978	\$ 1,256,121	\$ 915,965	\$ 265,355	\$ 15,135,419	\$ (217,211)	\$ 14,918,208
Expenditure and expense	(10,069,453)	(1,100,300)	(1,191,181)	(399,150)	(12,760,084)	268,270	(12,491,814)
Other gains and losses	1,219,899	660,077	511,159	353,766	2,744,901	(1,164,385)	1,580,516
Profit before tax	3,848,424	815,898	235,943	219,971	5,120,236	(1,113,326)	4,006,910
Income tax expense	(12,839)	(151,316)	-	(7,170)	(171,325)	-	(171,325)
Profit	<u>\$ 3,835,585</u>	<u>\$ 664,582</u>	<u>\$ 235,943</u>	<u>\$ 212,801</u>	<u>\$ 4,948,911</u>	<u>\$ (1,113,326)</u>	<u>\$ 3,835,585</u>

Item	For the Year Ended December 31, 2022						
	The Corporation	SinoPac Future	SinoPac Securities (Asia)	Other Operating Segment	Operating Segment Total	Inter-Segment Revenue	Total
Revenue	\$ 9,258,624	\$ 1,522,037	\$ 635,878	\$ 269,601	\$ 11,686,140	\$ (257,558)	\$ 11,428,582
Expenditure and expense	(7,956,172)	(1,136,949)	(798,118)	(338,911)	(10,230,150)	279,063	(9,951,087)
Other gains and losses	678,062	230,636	193,009	19,051	1,120,758	(489,539)	631,219
Profit (loss) before tax	1,980,514	615,724	30,769	(50,259)	2,576,748	(468,034)	2,108,714
Income tax expense	(398,019)	(120,608)	-	(7,592)	(526,219)	-	(526,219)
Profit (loss)	<u>\$ 1,582,495</u>	<u>\$ 495,116</u>	<u>\$ 30,769</u>	<u>\$ (57,851)</u>	<u>\$ 2,050,529</u>	<u>\$ (468,034)</u>	<u>\$ 1,582,495</u>

The segment profit is the performance of each segment. The amounts provided to chief operating decision maker who can distribute resource and evaluate the achievement.

The Group did not provide assets and liabilities amounts of segment to operating decision makers, according to regulations, assets and liabilities of the comping transportation department may not be disclosed.

The Group mainly engages in dealing, underwriting and brokering of marketable securities, financing the acquisition, short-sales by customers and futures dealing in Taiwan and Hong Kong. For geographical information, refer to the result of the segments revenue and operating analysis. No single customers contributed 10% or more to the Group's revenue, thus no major customers information needed to be disclosed.

38. ADDITIONAL DISCLOSURES

- a. The significant transactions:
 - 1) Financing provided to others: Table 1.
 - 2) Endorsements/guarantees provided: None.
 - 3) Acquisition of individual real estates at costs of at least NT\$300 million or 20% of the paid-in capital: None.
 - 4) Disposal of individual real estates at prices of at least NT\$300 million or 20% of the paid-in capital: None.
 - 5) Total discount of commissions and fees to related parties amounting to at least NT\$5 million: None.
 - 6) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 2.
 - 7) Intercompany relationship and significant intercompany transactions: Table 3.
- b. The related information on investees: Table 4.
- c. Information on established branch units and representative offices overseas: Table 5.
- d. Information on investment in Mainland China: Table 6.
- e. Information of major shareholder: The Corporation is not listed or traded over the counter, so it is not applicable.

39. DISCLOSURES REQUIRED UNDER MINISTRY OF FINANCE RULING NO. 10703209011 DATED JUNE 1, 2018

The Corporation invested non-registered in the member of IOSCO MMoU or did not acquire the licenses of securities and futures which approved by IOSCO MMoU included SinoPac Securities (Cayman) and SinoPac Financial Consulting (Shanghai), information on these investees' operating activities was as follows:

- a. Balance sheets: Tables 7 to 8.
- b. Statements of comprehensive income: Tables 9 to 10.
- c. Securities held: Table 11.

- d. Derivative financial transactions and the source of capital: None.
- e. Revenues from assets management business, service contents and litigation: None.

The Corporation invested and acquired a 10.9375% ownership interest in a Cayman Islands-based company, SMS Consumer Fund L.P. Since the Corporation had no control over the investee and the related investment was not material to the Corporation, the investee's operating results was not disclosed. After the company obtained its liquidation certificate in July 2022, it submitted a letter to TWSE to transfer it to the Financial Supervisory Commission to declare the dissolution and liquidation.

40. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Group and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

Unit: Foreign Currencies/New Taiwan Dollars in Thousands

	December 31, 2023		
	Foreign Currency	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
Monetary items			
USD	\$ 1,910,879	30.746	\$ 58,753,314
NTD	742,074	1.000	742,074
HKD	235,963	3.929	927,283
CNY	1,407,064	4.331	6,093,797
EUR	109,145	34.017	3,713,086
AUD	29,273	21.008	614,972
JPY	34,309,560	0.217	7,452,031
ZAR	95,990	1.660	159,318
GBP	5,452	39.217	213,816
<u>Financial liabilities</u>			
Monetary items			
USD	1,723,436	30.746	52,989,298
NTD	236,494	1.000	236,494
HKD	222,335	3.929	873,614
CNY	650,752	4.331	2,818,313
EUR	97,130	34.017	3,304,042
AUD	16,449	21.008	345,556
JPY	33,940,298	0.217	7,371,832
GBP	4,530	39.217	177,672

	December 31, 2022		
	Foreign Currency	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
Monetary items			
USD	\$ 1,653,019	30.721	\$ 50,784,103
NTD	752,789	1.000	752,789
HKD	638,238	3.938	2,513,423
CNY	1,555,618	4.406	6,859,568
EUR	103,576	32.725	3,389,547
AUD	40,489	20.839	844,019
JPY	25,361,842	0.232	5,893,589
ZAR	81,112	1.880	152,520
GBP	2,954	37.059	109,469
<u>Financial liabilities</u>			
Monetary items			
USD	1,513,334	30.721	46,490,891
NTD	247,258	1.000	247,258
HKD	625,338	3.938	2,462,580
CNY	826,644	4.406	3,642,302
EUR	100,977	32.725	3,304,487
AUD	19,629	20.839	409,048
JPY	24,950,513	0.232	5,798,036

Except for the information summarized above, the Group still had undue currency swap contracts as of December 31, 2023 and 2022. For information on outstanding currency swap contracts, refer to Note 7.

The foreign currency exchange gains and losses for the years ended December 31, 2023 and 2022 recognized were a loss of \$38,979 thousand and a gain of \$658,850 thousand, respectively.

SINOPAC SECURITIES CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Year	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Loss Allowance	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits
													Item	Value		
1	SinoPac Securities (Cayman)	SinoPac Securities (Asia)	Other receivable	Yes	\$ 2,768,175 (Note)	\$ 922,574 (Note)	\$ 922,574 (Note)	7.24464%	Short-term financing	\$ -	Operating turnover	\$ -	-	\$ -	\$ 3,718,823 (Note)	\$ 3,718,823 (Note)

Note: In August and September 2022, June 2019, the Board of SinoPac Securities (Cayman) approved the credit lines of US\$30,000 thousand, US\$30,000 thousand and US\$30,000 thousand, respectively, to SinoPac Securities (Asia). The highest balance and the ending balance were determined based on the credit line of US\$90,000 thousand and US\$30,000 thousand (approximately NT\$2,768,175 thousand and NT\$922,574 thousand, respectively). The financing limit for each borrower and the aggregate financing limit were calculated based on the net worth of SinoPac Securities (Cayman) as of December 31, 2023, which was US\$120,928 thousand (approximately NT\$3,718,823 thousand). As of December 31, 2023, the SinoPac Securities (Cayman) of the credit lines of US\$30,000 thousand to SinoPac Securities (Asia), the actual borrowing amount was US\$30,000 thousand (approximately NT\$922,574 thousand), which was eliminated in the consolidated report.

SINOPAC SECURITIES CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NTS100 MILLION OR 20% OF THE PAID-IN CAPITAL

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Loss Allowance
					Amount	Action Taken		
The Corporation	SinoPac Holdings	Parent company of the Corporation	\$ 300,406 (Note 1)	-	\$ -	-	\$ -	\$ -
SinoPac Securities (Cayman)	SinoPac Securities (Asia)	Subsidiary of SinoPac Securities (Cayman)	922,574 (Note 2)	-	-	-	-	-

Note 1: The balance was mainly the receivable from adopting the linked-tax system (included in “current tax assets”).

Note 2: The balance was mainly the receivable from financing, and it was eliminated in the consolidated report.

SINOPAC SECURITIES CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Transaction Company	Counterparty	Relationship with Transaction Company	Description of Transactions			
				Financial Statement Account	Transaction Amount	Transaction Terms	Percentage to Consolidated Revenue/Assets (%)
0	The Corporation	SinoPac Futures	Subsidiaries	Notes and accounts receivable	\$ 20,779	Based on contract	0.01
		SinoPac Futures	"	Customer margin accounts	486,790	Based on contract	0.22
		SinoPac Futures	"	Investments accounted for using the equity method	128	Based on contract	0.00
		SinoPac Futures	"	Future commission revenue	98,010	Based on contract	0.66
		SinoPac Futures	"	Proprietary handling fee expense	6,864	Based on contract	0.05
		SinoPac Futures	"	Other gains and losses - rent revenue	6,960	Based on contract	0.05
		SinoPac Securities Investment Service	"	Other operating expense - professional service fees	85,000	Based on contract	0.57
		SinoPac Securities (Asia)	"	Customer margin accounts	12,700	Based on contract	0.01
		SinoPac Securities (Europe)	"	Brokerage handling fee expense	6,017	Based on contract	0.04
		1	SinoPac Futures	The Corporation	Parent company	Right-of-use assets	12,570
The Corporation	"			Current lease liabilities	6,905	Based on contract	0.00
The Corporation	"			Non-current lease liabilities	5,787	Based on contract	0.00
The Corporation	"			Notes and accounts payable	20,779	Based on contract	0.01
The Corporation	"			Futures traders' equity	486,790	Based on contract	0.22
The Corporation	"			Future commission expense	98,010	Based on contract	0.66
The Corporation	"			Brokerage handling fee revenue	6,864	Based on contract	0.05
The Corporation	"			Finance cost - interest of lease liabilities	97	Based on contract	0.00
The Corporation	"			Depreciation and amortization expense	6,857	Based on contract	0.05
SinoPac Securities (Asia)	Subsidiaries to subsidiaries			Customer margin accounts	1,544,834	Based on contract	0.69
SinoPac Securities (Asia)	"			Futures traders' equity	128,490	Based on contract	0.06
SinoPac Securities (Asia)	"			Future commission expense	7,081	Based on contract	0.05
2	SinoPac Securities Investment Service			The Corporation	Parent company	Revenue from advisory services	85,000
3	SinoPac Securities (Cayman)	SinoPac Securities (Asia)	Subsidiaries to subsidiaries	Other receivables	922,574	Based on contract	0.41
		SinoPac Securities (Asia)	"	Other gains and losses - financial income	55,350	Based on contract	0.37
4	SinoPac Securities (Europe)	The Corporation	Parent company	Brokerage handling fee revenue	6,017	Based on contract	0.04

(Continued)

No.	Transaction Company	Counterparty	Relationship with Transaction Company	Description of Transactions			
				Financial Statement Account	Transaction Amount	Transaction Terms	Percentage to Consolidated Revenue/Assets (%)
5	SinoPac Securities (Asia)	The Corporation	Parent company	Futures traders' equity	\$ 12,700	Based on contract	0.01
		SinoPac Futures	Subsidiaries to subsidiaries	Futures traders' equity	1,544,834	Based on contract	0.69
		SinoPac Futures	"	Customer margin accounts	128,490	Based on contract	0.06
		SinoPac Futures	"	Brokerage handling fee revenue	7,081	Based on contract	0.05
		SinoPac Securities (Cayman)	"	Long-term liabilities - current portion	922,574	Based on contract	0.41
		SinoPac Securities (Cayman)	"	Finance costs	55,350	Based on contract	0.37
		SinoPac Capital (Asia)	"	Notes and accounts receivable	19,473	Based on contract	0.01
		SinoPac Capital (Asia)	"	Futures traders' equity	20,006	Based on contract	0.01
		SinoPac Capital (Asia)	"	Notes and accounts payable	10,531	Based on contract	0.00
		SinoPac Capital (Asia)	"	Other operating income - administrative fee revenue	38,150	Based on contract	0.26
		SinoPac Asset Management (Asia)	"	Other gains and losses	19,503	Based on contract	0.13
		SinoPac Asset Management (Asia)	"	Brokerage handling fee revenue	6,601	Based on contract	0.04
		SinoPac Solutions and Services	"	Other gains and losses - rent revenue	9,664	Based on contract	0.06
		6	SinoPac Solutions and Services	SinoPac Securities (Asia)	Subsidiaries to subsidiaries	Other operating expenditure - rent expense	9,664
7	SinoPac Capital (Asia)	SinoPac Securities (Asia)	Subsidiaries to subsidiaries	Notes and accounts payable	19,473	Based on contract	0.01
		SinoPac Securities (Asia)	"	Customer margin account	20,006	Based on contract	0.01
		SinoPac Securities (Asia)	"	Notes and accounts receivable	10,531	Based on contract	0.00
		SinoPac Securities (Asia)	"	Other operating expenditure - administrative fee expense	38,150	Based on contract	0.26
8	SinoPac Asset Management (Asia)	SinoPac Securities (Asia)	Subsidiaries to subsidiaries	Other gains and losses	19,503	Based on contract	0.13
		SinoPac Securities (Asia)	"	Brokerage handling fee expense	6,601	Based on contract	0.04

Note: The above amounts were eliminated in the consolidated report.

(Concluded)

SINOPAC SECURITIES CORPORATION AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Date of Incorporation	Financial Supervisory Commission Approved Date and Ref. No	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Operating Revenues (Loss) of the Investee	Net Income (Loss) of the Investee	Share of Profit (Loss)	Cash Dividends	Note
						December 31, 2023	December 31, 2022	Shares	%	Carrying Amount					
The Corporation	SinoPac Futures	Taiwan	January 31, 1994	November 16, 1993 Ref. No.: (82) Tai-Cai-Zheng (fa) Letter No. 30579	Futures brokering, dealing, advisory, managed enterprise and securities investment consulting services	\$ 1,327,096	\$ 1,327,096	167,525,053	100	\$ 4,294,404	\$ 1,254,540	\$ 664,582	\$ 664,576	\$ 328,475	Subsidiary (Note)
	SinoPac Securities (Cayman)	Cayman Islands	April 30, 1998	April 30, 1998 Ref. No.: (87) Tai-Cai-Zheng (II) Letter No. 01097	Investment holding company	4,664,305	4,664,305	137,752,581	100	3,718,823	190,718	174,017	174,017	-	Subsidiary
	SinoPac Securities Investment Service	Taiwan	June 14, 1995	April 18, 2001 Ref. No.: (90) Tai-Cai-Zheng (IV) Letter No. 112817	Securities investment consulting and offshore fund distributor business	86,028	86,028	15,000,000	100	163,959	105,536	(3,855)	(3,855)	4,326	Subsidiary
	SinoPac Securities Venture Capital	Taiwan	March 13, 2020	January 31, 2020 Ref. No.: Jin-Guan-Zheng-Chuan Letter No. 1080340332	Venture capital investment	600,000	600,000	70,154,042	100	778,763	106,866	78,965	78,965	-	Subsidiary
SinoPac Securities (Cayman)	SinoPac Securities (Europe)	United Kingdom	May 7, 1999	January 10, 1999 Ref. No.: (88) Tai-Cai-Zheng (II) Letter No. 104674	Brokerage agency service	108,242	108,242	2,000,000	100	26,463	11,727	(9,482)	(9,482)	-	Indirect subsidiary
	SinoPac Securities (Asia)	Hong Kong	April 12, 1994	February 29, 1996 Ref. No.: (85) Tai-Cai-Zheng (II) Letter No. 13792	Stock and futures contract brokerage and dealing business	4,169,663	4,169,663	82,106	100	3,788,537	1,233,535	235,943	220,298	-	Indirect subsidiary
	SinoPac Asset Management (Asia)	Hong Kong	October 25, 1994	February 29, 1996 Ref. No.: (85) Tai-Cai-Zheng (II) Letter No. 13792	Asset management and investment consulting	497,100	497,100	95,550,000	100	227,800	148,925	(20,098)	(20,098)	-	Indirect subsidiary
SinoPac Securities (Asia)	SinoPac Capital (Asia)	Hong Kong	October 3, 1995	February 29, 1996 Ref. No.: (85) Tai-Cai-Zheng (II) Letter No. 13792	Proprietary trading	1,003,288	1,003,288	218,000,000	100	802,210	170,717	(36,594)	(36,594)	-	Indirect subsidiary
	SinoPac Solutions and Services	Hong Kong	September 9, 2013	August 9, 2013 Ref. No.: Jin-Guan-Zheng-Chuan Letter No. 1020029368	Fund administration services	79,292	79,292	46,800,000	100	177,404	63,190	7,105	7,105	-	Indirect subsidiary
	SinoPac (Asia) Nominees Ltd.	Hong Kong	October 3, 1995	February 29, 1996 Ref. No.: (85) Tai-Cai-Zheng (II) Letter No. 13792	Trust account on overseas stock	-	-	2	100	-	-	-	-	-	Indirect subsidiary

Note: The investment gains and losses recognized in the current period and the carrying amount at the end of the period are included in the amount that is adjusted for the difference between the individual and the consolidated basis for accounting treatment as a result of applying IFRS 16.

SINOPAC SECURITIES CORPORATION AND SUBSIDIARIES

**INFORMATION ON ESTABLISHED BRANCHES AND REPRESENTATIVE OFFICES OVERSEAS
FOR THE YEAR ENDED DECEMBER 31, 2023**

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Name of Overseas Branches or Representative Offices	Location	Date of Incorporation	Financial Supervisory Commission Approved Date and Ref. No	Main Businesses and Products	Operating Revenue	Profit (Loss) for the Period	Operating Capital				Significant Transactions with the Head Office	Note
							Beginning Balance	Increase in Operating Capital	Decrease in Operating Capital	Ending Balance		
SinoPac Securities (Asia) Ltd. Shanghai Representative Office	Shanghai, China	December 3, 1999	February 5, 1997 Ref. No.: (86) Tai-Cai-Zheng (II) Letter No. 12154	Business research and survey research industry technology	\$ -	\$ (30,591)	\$ -	\$ -	\$ -	\$ -	-	

SINOPAC SECURITIES CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	Ownership of Direct or Indirect Investment	Share of Profits (Losses) (Note 1)	Carrying Amount as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023
					Outflow	Inflow						
SinoPac Financial Consulting (Shanghai)	Management consulting, investment and information consulting	\$ 61,505 (US\$ 2,000 thousand)	Investment in Mainland China directly	\$ 61,505 (US\$ 2,000 thousand)	\$ -	\$ -	\$ 61,505 (US\$ 2,000 thousand)	\$ (6,747)	100%	\$ (6,747)	\$ 27,634	\$ -

Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$61,505 (US\$2,000 thousand)	\$61,505 (US\$2,000 thousand)	\$13,694,821

Note 1: The recognition of share of profit or loss of SinoPac Financial Consulting (Shanghai) as of December 31, 2023 was based on the audited financial statement conducted by international accounting firm which cooperate with ROC accounting firm.

Note 2: Share of profit or loss of foreign currency are translated into New Taiwan dollar at the average exchange rates for the period, others are translated at the exchange rate of the end of December 2023.

TABLE 7**SINOPAC SECURITIES (CAYMAN) HOLDINGS LTD.****BALANCE SHEET
DECEMBER 31, 2023
(In U.S. Dollars)**

ASSETS	Amount	%
CURRENT ASSETS		
Cash and cash equivalents	\$ 135,240	-
Other receivables	30,000,034	19
Prepayments	<u>12,507</u>	<u>-</u>
Total current assets	<u>30,147,781</u>	<u>19</u>
NON-CURRENT ASSETS		
Investments accounted for using the equity method	<u>131,462,528</u>	<u>81</u>
TOTAL	<u>\$ 161,610,309</u>	<u>100</u>
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Current borrowings	\$ 10,600,000	7
Other payables	82,723	-
Current portion of long-term borrowings	<u>30,000,000</u>	<u>19</u>
Total current liabilities	<u>40,682,723</u>	<u>26</u>
Total liabilities	<u>40,682,723</u>	<u>26</u>
EQUITY		
Capital stock	137,752,581	85
Capital surplus	4,225,183	3
Accumulated deficit	(15,565,748)	(10)
Exchange differences on translation of foreign financial statements	(1,343,118)	(1)
Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	<u>(4,141,312)</u>	<u>(3)</u>
Total equity	<u>120,927,586</u>	<u>74</u>
TOTAL	<u>\$ 161,610,309</u>	<u>100</u>

TABLE 8**SINOPAC FINANCIAL CONSULTING (SHANGHAI) LTD.****BALANCE SHEET
DECEMBER 31, 2023
(In CNY)**

ASSETS	Amount	%
CURRENT ASSETS		
Cash and cash equivalents	¥ 6,544,987	82
Prepayments	<u>44,981</u>	<u>1</u>
Total current assets	<u>6,589,968</u>	<u>83</u>
NON-CURRENT ASSETS		
Right-of-use assets	1,180,171	15
Guarantee deposits paid	<u>128,503</u>	<u>2</u>
Total non-current assets	<u>1,308,674</u>	<u>17</u>
TOTAL	<u>¥ 7,898,642</u>	<u>100</u>
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Other payables	¥ 332,644	4
Current lease liabilities	404,583	5
Other current liabilities	<u>1,766</u>	<u>-</u>
Total current liabilities	<u>738,993</u>	<u>9</u>
NON-CURRENT LIABILITIES		
Non-current lease liabilities	<u>778,924</u>	<u>10</u>
Total liabilities	<u>1,517,917</u>	<u>19</u>
EQUITY		
Capital stock	12,220,600	155
Legal reserve	82,688	1
Accumulated deficit	<u>(5,922,563)</u>	<u>(75)</u>
Total equity	<u>6,380,725</u>	<u>81</u>
TOTAL	<u>¥ 7,898,642</u>	<u>100</u>

TABLE 9**SINOPAC SECURITIES (CAYMAN) HOLDINGS LTD.****STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2023
(In U.S. Dollars)**

	Amount	%
EXPENDITURE AND EXPENSE		
Finance costs	\$ (2,291,434)	(41)
Operating expense	<u>(20,935)</u>	<u>-</u>
Total expenditure and expense	<u>(2,312,369)</u>	<u>(41)</u>
NET OPERATING LOSS	<u>(2,312,369)</u>	<u>(41)</u>
NON-OPERATING INCOME AND EXPENSES		
Share of profit (loss) of subsidiaries accounted for using equity method	6,116,977	110
Other gains and losses	<u>1,776,715</u>	<u>31</u>
Total non-operating income and expenses	<u>7,893,692</u>	<u>141</u>
PROFIT FOR THE YEAR	<u>5,581,323</u>	<u>100</u>
OTHER COMPREHENSIVE INCOME		
Components of other comprehensive income that will not be reclassified to profit or loss:		
Share of other comprehensive income (loss) of subsidiaries accounted for using equity method	<u>474,148</u>	<u>8</u>
Components of other comprehensive income that will not be reclassified to profit or loss	<u>474,148</u>	<u>8</u>
Components of other comprehensive income that will be reclassified to profit or loss:		
Exchange differences on translation of foreign financial statements	(104,437)	(2)
Share of other comprehensive income (loss) of subsidiaries accounted for using equity method	<u>3,258,090</u>	<u>59</u>
Components of other comprehensive income that will be reclassified to profit or loss	<u>3,153,653</u>	<u>57</u>
Other comprehensive income for the year	<u>3,627,801</u>	<u>65</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 9,209,124</u>	<u>165</u>

TABLE 10**SINOPAC FINANCIAL CONSULTING (SHANGHAI) LTD.****STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2023
(In CNY)**

	Amount	%
REVENUE		
Revenue from advisory services	¥ 200,000	13
EXPENDITURE AND EXPENSE		
Employee benefits expense	(671,660)	(43)
Depreciation and amortization expense	(453,462)	(30)
Other operating expense	(738,403)	(48)
Total expenditure and expense	(1,863,525)	(121)
NET OPERATING LOSS	(1,663,525)	(108)
NON-OPERATING INCOME AND EXPENSES		
Other gains and losses	129,172	8
LOSS AND TOTAL COMPREHENSIVE LOSS	¥ (1,534,353)	(100)

SINOPAC SECURITIES (CAYMAN) HOLDINGS LTD.

MARKETABLE SECURITIES HELD

DECEMBER 31, 2023

(In U.S. Dollars, Unless Stated Otherwise)

Name and Type of Marketable Securities	Security Issuer's Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
			Number of Shares	Carrying Amount	Percentage of Ownership (%)	Net Worth	
<u>Stock</u>							
SinoPac Securities (Europe)	Subsidiary	Investments accounted for using equity method	2,000,000	\$ 860,504	100.00	\$ 860,504	
SinoPac Securities (Asia)	Subsidiary	Investments accounted for using equity method	82,106	123,194,505	100.00	122,065,523	
SinoPac Asset Management (Asia)	Subsidiary	Investments accounted for using equity method	95,550,000	7,407,519	100.00	7,407,519	

Note: Net worth was calculated based on the investee's audited financial statements of the same period.