

**KGI SECURITIES CO. LTD.**

**CONSOLIDATED FINANCIAL STATEMENTS**

**For the Six-Month Periods Ended June 30, 2024 and 2023**

**With Independent Auditors' Report**

The reader is advised that these consolidated financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

English Translation of a Report Originally Issued in Chinese

**Independent Auditors' Report**

To KGI Securities Co. Ltd.

**Opinion**

We have audited the accompanying consolidated balance sheets of KGI Securities Co. Ltd. (the “Company”) and its subsidiaries as of June 30, 2024, December 31, 2023 and June 30, 2023, and the related consolidated statements of comprehensive income for the three-month and six-month periods ended June 30, 2024 and 2023, the consolidated statements of changes in equity and cash flows for the six-month periods ended June 30, 2024 and 2023, and notes to the consolidated financial statements, including the summary of material accounting policies (together “the consolidated financial statements”).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of June 30, 2024, December 31, 2023 and June 30, 2023, and their consolidated financial performance for the three-month and six-month periods ended June 30, 2024 and 2023, the consolidated statements of changes in equity and cash flows for the six-month periods ended June 30, 2024 and 2023, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, and International Accounting Standards No. 34 “Interim Financial Reporting” as endorsed and became effective by 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 Company and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the “Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. 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 consolidated financial statements for the six-month period ended June 30, 2024. 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.

### Valuation of Derivative Instruments

The Company and its subsidiaries invest in different types of derivative instrument assets and liabilities. As of June 30, 2024, the carrying amount of derivative instrument assets and liabilities measured at fair value is significant to the consolidated financial statement. Except for those classified as level 1, the fair value of other derivative instruments cannot be retrieved from active markets. Management therefore used valuation technique to determine the fair value. Level 2 derivative instruments are valued using parameters that are available or observable from an active market. The inputs of level 3 are not based on observable inputs from an active market. Since different valuation techniques and assumptions may have significant effect on the estimates of fair value, we considered the valuation of derivative instruments as a key audit matter. Our audit procedures include, but not limited to, assessing and testing the design and execution of the internal control regarding valuation, and reviewing management's verification on fair value and authorization process of valuation models. In addition, we used our firm's internal valuation expert to reevaluate derivative instruments on a sampling basis, and compared the outcomes with the one from management to assess if the difference is within acceptable range. We also assessed the adequacy of disclosures for valuation of derivative instruments in Note V and Note XII.

### **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 requirements of the Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, and International Accounting Standards No. 34 "Interim Financial Reporting" as endorsed and became effective by 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 ability to continue as a going concern of the Company and its subsidiaries, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee or supervisors, are responsible for overseeing the financial reporting process of the Company and its subsidiaries.

## **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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and its subsidiaries.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company and its subsidiaries. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, 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 Company and its subsidiaries 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 consolidated financial statements for the six-month period June 30, 2024 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.

## **Others**

We have audited and expressed an unqualified opinion on the parent company only financial statements of the Company as of and for the six-month periods ended June 30, 2024 and 2023.

Hsu, Jung-Huang  
Fuh, Wen-Fun  
Ernst & Young, Taiwan  
August 16, 2024

### Notice to Readers

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

Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or Standards on Auditing of the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

KGI SECURITIES CO. LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

June 30, 2024, December 31, 2023 and June 30, 2023

(Expressed in New Taiwan Thousand Dollars)

ASSETS	6/30/2024	12/31/2023	6/30/2023
<b>CURRENT ASSETS</b>			
Cash and cash equivalents (Note VI.1, VI.28 and VII)	\$29,690,914	\$22,481,269	\$23,531,913
Financial assets measured at fair value through profit or loss-current (Note VI.2, VI.20, VII and VIII)	131,050,635	80,576,206	95,012,071
Financial assets measured at fair value through other comprehensive income-current (Note VI.3 and VI.28)	33,534,058	33,286,087	33,847,116
Hedging financial assets-current (Note VI.5)	289,861	237,236	416,551
Investment in bonds with reverse repurchase agreements (Note VI.6 and VI.28)	19,998,406	13,142,589	11,434,942
Securities margin loans receivable (Note VI.7, VI.28 and VII)	44,557,787	35,366,006	29,725,488
Refinancing margin	52,346	26,587	5,597
Refinancing deposits receivable	57,463	29,472	6,216
Trading securities receivable (Note VI.28)	22,776,450	15,684,774	12,215,733
Customer margin accounts (Note VI.8, VI.28 and VII)	65,473,610	53,729,655	63,482,721
Futures commission merchant receivable (Note VI.9 and VI.28)	21	46	-
Stock borrowing collateral price	8,986	124,896	19,185
Security lending deposits (Note VI.28)	43,610,147	39,929,058	33,529,210
Accounts receivable (Note VI.10, VI.28 and VII)	81,844,011	55,923,415	61,976,039
Prepayments	218,685	149,257	195,295
Current tax assets	22,922	21,766	17,574
Other current assets (Note VI.28, VII and VIII)	40,996,412	38,181,131	37,464,874
<b>Total Current Assets</b>	<b>514,182,714</b>	<b>388,889,450</b>	<b>402,880,525</b>
<b>NON-CURRENT ASSETS</b>			
Financial assets measured at fair value through profit or loss-non-current (Note VI.2)	4,064,000	3,999,597	3,602,279
Financial assets measured at fair value through other comprehensive income-non-current (Note VI.3 and VI.28)	11,296,811	11,076,173	12,115,969
Financial assets measured at amortized cost-non-current (Note VI.4 and VIII)	158,081	148,736	-
Investments accounted for using the equity method (Note VI.11)	2,721,442	2,803,433	2,626,428
Property and equipment (Note VI.12, VII and VIII)	5,373,901	5,472,310	5,389,047
Right-of-use assets (Note VI.13 and VII)	1,029,668	1,108,102	1,371,730
Investment property (Note VI.14, VII and VIII)	525,275	405,986	407,651
Intangible assets (Note VI.15)	7,086,461	7,103,214	7,149,731
Deferred tax assets	530,536	471,379	397,107
Other non-current assets (Note VI.16, VI.28 and VII)	3,826,615	3,553,938	3,946,775
<b>Total Non-Current Assets</b>	<b>36,612,790</b>	<b>36,142,868</b>	<b>37,006,717</b>
<b>TOTAL ASSETS</b>	<b>\$550,795,504</b>	<b>\$425,032,318</b>	<b>\$439,887,242</b>

(Continue on next page)

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

(Continue from previous page)

English Translation of Consolidated Financial Statements Originally Issued in Chinese

KGI SECURITIES CO. LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

June 30, 2024, December 31, 2023 and June 30, 2023

(Expressed in New Taiwan Thousand Dollars)

LIABILITIES AND EQUITY	6/30/2024	12/31/2023	6/30/2023
<b>CURRENT LIABILITIES</b>			
Short-term borrowings (Note VI.17)	\$24,935,124	\$17,638,644	\$20,043,549
Commercial papers payable (Note VI.18)	60,191,720	16,100,445	24,627,785
Financial liabilities measured at fair value through profit or loss-current (Note VI.19, VI.20 and VII)	33,465,999	28,256,989	31,794,338
Hedging financial liabilities-current (Note VI.5)	-	86,799	83,449
Liabilities for bonds with repurchase agreements (Note VI.21 and VII)	103,091,460	87,713,610	86,371,623
Short sale margins	1,720,709	2,285,843	1,846,091
Payables for short sale collateral received	8,493,077	8,971,558	10,195,620
Guarantee deposit received from security lending	58,910,527	50,538,859	39,885,910
Futures customers' equity (Note VII)	64,135,717	51,454,981	63,200,947
Equity for each customer in the account (Note VI.22)	13,820,039	12,648,551	5,984,194
Accounts payable (Note VI.23 and VII)	90,139,644	66,004,055	76,242,613
Amounts received in advance	3,623	48,136	1,726
Amounts collected for other parties	2,471,474	2,411,450	2,206,606
Other payables (Note VII)	4,963,227	5,326,112	4,120,746
Other financial liabilities-current	7,190,854	1,839,716	3,392,390
Current tax liabilities (Note VII)	2,651,244	2,030,771	1,757,701
Current portion of long-term liabilities (Note VI.24)	2,600,000	2,600,000	-
Lease liabilities-current (Note VI.13, VI.28 and VII)	356,275	349,455	436,817
Other current liabilities	267,042	163,820	151,583
Total Current Liabilities	<u>479,407,755</u>	<u>356,469,794</u>	<u>372,343,688</u>
<b>NON-CURRENT LIABILITIES</b>			
Bonds payable (Note VI.24)	9,300,000	6,300,000	8,900,000
Liabilities reserve-non-current (Note VI.26)	242,949	224,970	223,470
Lease liabilities-non-current (Note VI.13, VI.28 and VII)	717,544	796,262	964,264
Deferred tax liabilities	1,049,671	1,063,169	1,084,326
Other non-current liabilities	565,354	598,339	493,695
Total Non-Current Liabilities	<u>11,875,518</u>	<u>8,982,740</u>	<u>11,665,755</u>
Total Liabilities	<u>491,283,273</u>	<u>365,452,534</u>	<u>384,009,443</u>
<b>EQUITY</b>			
Capital stock abstracted (Note VI.27)			
Common stock	18,174,785	18,174,785	18,787,366
Capital reserve (Note VI.27)	7,391,318	7,355,031	7,243,536
Retained earnings (Note VI.27)			
Legal reserve	8,986,760	8,262,019	8,262,019
Special reserve	21,236,856	21,032,655	21,032,655
Unappropriated earnings	5,517,387	7,247,406	3,694,404
Other equity			
Exchange differences resulting from translating the financial statements of a foreign operation	(132,393)	(766,775)	(688,074)
Unrealized gain or loss on financial assets measured at fair value through other comprehensive income	(1,682,793)	(1,745,973)	(2,473,113)
Equity attributable to owners of the parent company	<u>59,491,920</u>	<u>59,559,148</u>	<u>55,858,793</u>
Non-controlling interests (Note VI.27)	<u>20,311</u>	<u>20,636</u>	<u>19,006</u>
Total Equity	<u>59,512,231</u>	<u>59,579,784</u>	<u>55,877,799</u>
<b>TOTAL LIABILITIES AND EQUITY</b>	<u>\$550,795,504</u>	<u>\$425,032,318</u>	<u>\$439,887,242</u>

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese  
KGI SECURITIES CO. LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
For the Three-Month and Six-Month Periods Ended June 30, 2024 and 2023  
(Expressed in New Taiwan Thousand Dollars except for Earnings Per Share)

	For the Three-Month Periods		For the Six-Month Periods	
	Ended June 30	Ended June 30	Ended June 30	Ended June 30
	2024	2023	2024	2023
<b>REVENUES</b>				
Brokerage handling fee revenue (Note VI.28 and VII)	\$4,721,357	\$3,224,634	\$8,762,192	\$6,036,280
Revenue from borrowed securities	679,008	511,836	1,188,182	950,496
Revenue from underwriting business (Note VI.28)	190,421	158,224	428,817	311,923
Revenue from wealth management services-net (Note VII)	101,182	59,742	210,169	106,826
Gains/(losses) on disposal of trading securities-net (Note VI.28 and VII)	2,233,794	1,383,694	4,874,307	2,047,001
Revenue from providing agency service for stock affairs (Note VII)	81,002	76,429	133,794	124,021
Interest income (Note VI.28 and VII)	2,096,255	1,585,951	3,984,316	2,969,197
Dividend income (Note VI.3 and VII)	271,147	1,304,095	417,079	1,328,844
Gains/(losses) on trading securities measured at fair value through profit or loss-net (Note VI.28 and VII)	4,194,732	(274,072)	5,563,832	1,417,136
Gains/(losses) on covering of securities borrowing and short sales of bonds with reverse repurchase agreements-net (Note VI.28)	9,221	(331,100)	6,760	(889,506)
Gains/(losses) on securities borrowing and short sales of bonds with reverse repurchase agreements measured at fair value through profit or loss-net	(54,022)	298,490	(19,188)	(340,544)
Realized gains/(losses) on financial assets measured at fair value through other comprehensive income -debt instrument investments	92,092	35,626	182,239	51,917
Gains/(losses) on warrants issued-net (Note VI.20)	(521,223)	(247,654)	(1,126,978)	(109,590)
Gains/(losses) on derivative financial product-futures-net (Note VI.20)	(4,851,323)	(1,068,377)	(6,003,798)	(285,678)
Gains/(losses) on derivative financial product-GTSM-net (Note VI.20)	(247,742)	(17,316)	(686,892)	(616,644)
Expected credit impairment (losses) or gains on reversal (Note VI.28)	32,432	(5,348)	28,529	(4,647)
Other operating revenue (Note VI.28 and VII)	302,482	315,556	366,871	562,169
<b>Total Revenues</b>	<b>9,330,815</b>	<b>7,010,410</b>	<b>18,310,231</b>	<b>13,659,201</b>
<b>COSTS AND EXPENSES</b>				
Brokerage handling fee expenses	(743,548)	(492,203)	(1,331,933)	(916,709)
Dealing handling fee expenses	(18,283)	(13,378)	(33,262)	(23,371)
Refinancing handling fee expenses	(479)	(205)	(662)	(579)
Financial costs (Note VI.28 and VII)	(2,226,241)	(1,663,736)	(4,143,195)	(3,077,262)
Losses on trading of borrowed securities	(64,766)	(43,986)	(132,939)	(79,943)
Futures commission expenses	(37,097)	(36,025)	(72,587)	(75,844)
Settlement and clearing service expenditures	(135,156)	(92,899)	(239,560)	(181,439)
Other operating costs	(263,651)	(223,306)	(500,928)	(472,710)
Employee benefits expenses (Note VI.25, VI.28 and VII)	(2,366,823)	(2,129,816)	(4,883,821)	(4,164,872)
Depreciation and amortization (Note VI.28 and VII)	(247,874)	(281,075)	(493,011)	(543,370)
Other operating expenses (Note VI.28 and VII)	(1,707,329)	(1,335,881)	(3,156,229)	(2,550,963)
<b>Total Costs and Expenses</b>	<b>(7,811,247)</b>	<b>(6,312,510)</b>	<b>(14,988,127)</b>	<b>(12,087,062)</b>
<b>INCOME FROM OPERATIONS</b>	<b>1,519,568</b>	<b>697,900</b>	<b>3,322,104</b>	<b>1,572,139</b>
<b>NON-OPERATING INCOME OR COSTS</b>				
Share of the profit or loss of associates and joint ventures accounted for using the equity method	35,658	80,514	116,108	138,350
Other income and costs (Note VI.28 and VII)	1,499,893	1,272,986	2,773,109	2,447,368
<b>Total Non-Operating Income or Costs</b>	<b>1,535,551</b>	<b>1,353,500</b>	<b>2,889,217</b>	<b>2,585,718</b>
<b>INCOME BEFORE INCOME TAX</b>	<b>3,055,119</b>	<b>2,051,400</b>	<b>6,211,321</b>	<b>4,157,857</b>
<b>INCOME TAX EXPENSES (Note VI.30)</b>	<b>(434,661)</b>	<b>(248,148)</b>	<b>(692,114)</b>	<b>(462,172)</b>
<b>NET INCOME</b>	<b>2,620,458</b>	<b>1,803,252</b>	<b>5,519,207</b>	<b>3,695,685</b>
<b>OTHER COMPREHENSIVE INCOME (Note VI.29)</b>				
Not to be reclassified subsequently to profit or loss				
Unrealized valuation gains/(losses) from equity instrument investments measured at fair value through other comprehensive income	-	(18,320)	-	(18,320)
To be reclassified subsequently to profit or loss				
Exchange differences resulting from translating the financial statements of a foreign operation	188,471	198,788	634,356	121,220
Unrealized valuation gains/(losses) from debt instrument investments measured at fair value through other comprehensive income	(14,850)	46,381	71,892	512,330
Income tax relating to components that will be reclassified (Note VI.30)	(2,033)	(3,097)	(8,712)	(18,211)
<b>Total Other Comprehensive Income-Net of Tax</b>	<b>171,588</b>	<b>223,752</b>	<b>697,536</b>	<b>597,019</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>\$2,792,046</b>	<b>\$2,027,004</b>	<b>\$6,216,743</b>	<b>\$4,292,704</b>
<b>NET INCOME ATTRIBUTABLE TO:</b>				
Owners of the parent company	\$2,619,555	\$1,802,757	\$5,517,387	\$3,694,404
Non-controlling interests (Note VI.27)	\$903	\$495	\$1,820	\$1,281
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>				
Owners of the parent company	\$2,791,210	\$2,026,443	\$6,214,949	\$4,291,245
Non-controlling interests (Note VI.27)	\$836	\$561	\$1,794	\$1,459
<b>EARNINGS PER SHARE (Note VI.31)</b>				
Net income attributable to owners of the parent company	\$1.44	\$0.96	\$3.04	\$1.97

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



English Translation of Consolidated Financial Statements Originally Issued in Chinese

KGI SECURITIES CO. LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
For the Six-Month Periods Ended June 30, 2024 and 2023  
(Expressed in New Taiwan Thousand Dollars)

Items	Equity Attributed to Owners of the Parent Company										
	Retained Earnings					Other Equity			Total	Non-controlling Interests	Total Equity
	Common Stock	Capital Reserve	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences Resulting from Translating the Financial Statements of a Foreign Operation	Unrealized Gains/(Losses) on Financial Assets Measured at Fair Value through Other Comprehensive Income				
Balance, January 1, 2023	\$18,787,366	\$7,207,268	\$7,868,582	\$19,160,154	\$3,934,370	\$(809,116)	\$(2,948,912)	\$53,199,712	\$19,303	\$53,219,015	
Appropriations and distribution of 2022 retained earnings:											
Legal reserve	-	-	393,437	-	(393,437)	-	-	-	-	-	
Special reserve	-	-	-	1,872,501	(1,872,501)	-	-	-	-	-	
Cash dividends	-	-	-	-	(1,668,432)	-	-	(1,668,432)	-	(1,668,432)	
Net income for the six-month period ended June 30, 2023	-	-	-	-	3,694,404	-	-	3,694,404	1,281	3,695,685	
Other comprehensive income for the six-month period ended June 30, 2023	-	-	-	-	-	121,042	475,799	596,841	178	597,019	
Total comprehensive income	-	-	-	-	3,694,404	121,042	475,799	4,291,245	1,459	4,292,704	
Shared-based payment transaction	-	36,268	-	-	-	-	-	36,268	-	36,268	
Changes in non-controlling interests	-	-	-	-	-	-	-	-	(1,756)	(1,756)	
Balance, June 30, 2023	\$18,787,366	\$7,243,536	\$8,262,019	\$21,032,655	\$3,694,404	\$(688,074)	\$(2,473,113)	\$55,858,793	\$19,006	\$55,877,799	
Balance, January 1, 2024	\$18,174,785	\$7,355,031	\$8,262,019	\$21,032,655	\$7,247,406	\$(766,775)	\$(1,745,973)	\$59,559,148	\$20,636	\$59,579,784	
Appropriations and distribution of 2023 retained earnings:											
Legal reserve	-	-	724,741	-	(724,741)	-	-	-	-	-	
Special reserve	-	-	-	204,201	(204,201)	-	-	-	-	-	
Cash dividends	-	-	-	-	(6,318,464)	-	-	(6,318,464)	-	(6,318,464)	
Net income for the six-month period ended June 30, 2024	-	-	-	-	5,517,387	-	-	5,517,387	1,820	5,519,207	
Other comprehensive income for the six-month period ended June 30, 2024	-	-	-	-	-	634,382	63,180	697,562	(26)	697,536	
Total comprehensive income	-	-	-	-	5,517,387	634,382	63,180	6,214,949	1,794	6,216,743	
Share-based payment transaction	-	36,287	-	-	-	-	-	36,287	-	36,287	
Changes in non-controlling interests	-	-	-	-	-	-	-	-	(2,119)	(2,119)	
Balance, June 30, 2024	\$18,174,785	\$7,391,318	\$8,986,760	\$21,236,856	\$5,517,387	\$(132,393)	\$(1,682,793)	\$59,491,920	\$20,311	\$59,512,231	

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

KGI SECURITIES CO. LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
For the Six-Month Periods Ended June 30, 2024 and 2023  
(Expressed in New Taiwan Thousand Dollars)

	For the Six-Month Periods Ended June 30	
	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Income before income tax	\$6,211,321	\$4,157,857
Adjustments		
Income and expenses having no effect on cash flows		
Depreciation	366,625	409,993
Amortization	126,386	133,377
Expected credit impairment losses or (gains) on reversal	(28,529)	4,647
Interest expense	4,143,195	3,077,262
Interest income	(5,909,853)	(4,743,438)
Dividend income	(437,100)	(1,481,779)
Share-based payment transactions	36,287	36,268
Share of the profit or loss of associates and joint ventures accounted for using the equity method	(116,108)	(138,350)
(Gains)/losses on disposal of property and equipment	(130)	(30,780)
Others	(66)	576
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets measured at fair value through profit or loss-current	(50,474,429)	(22,300,962)
Financial assets measured at fair value through other comprehensive income-current	140,171	1,688,891
Investment in bonds with reverse repurchase agreements	(6,855,813)	(2,946,988)
Securities margin loans receivable	(9,158,589)	(5,424,354)
Refinancing margin	(25,759)	8,592
Refinancing deposits receivable	(27,991)	5,299
Trading securities receivable	(7,093,276)	(2,999,603)
Customer margin accounts	(11,743,957)	(4,548,359)
Futures commission merchant receivable	25	2
Stock borrowing collateral price	115,910	2,235,047
Security lending deposits	(3,681,089)	1,448,986
Accounts receivable	(25,490,068)	(30,727,077)
Prepayments	(70,755)	(41,701)
Other current assets	(2,669,205)	(964,969)
Financial assets measured at fair value through profit or loss-non-current	(64,403)	(68,700)
Financial assets measured at fair value through other comprehensive income-non-current	127,829	(3,444,675)
Changes in operating liabilities:		
Financial liabilities measured at fair value through profit or loss-current	5,209,010	(7,227,249)
Liabilities for bonds with repurchase agreements	15,377,850	13,548,712
Short sale margins	(565,134)	(1,911,471)
Payables for short sale collateral received	(478,481)	(2,885,991)
Guarantee deposit received from security lending	8,371,668	(2,127,498)
Futures customers' equity	12,680,736	4,048,871
Accounts payable	23,963,371	31,618,277
Amounts received in advance	(44,513)	964
Amounts collected for other parties	60,024	(923,737)
Other payables	(406,432)	(82,278)
Other financial liabilities-current	5,351,138	571,353
Other current liabilities	1,274,710	2,939,240
Liabilities reserve-non-current	17,979	10,966
Other non-current liabilities	(32,985)	(76,098)
Cash provided by/(used in) operating activities	(41,800,430)	(29,150,877)
Interest received	5,443,799	4,532,304
Dividend received	285,714	55,921
Interest paid	(3,927,438)	(3,006,604)
Income tax received/(paid)	(164,246)	(1,052,269)
Net cash provided by/(used in) operating activities	(40,162,601)	(28,621,525)

(Continue on next page)

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

(Continue from previous page)

English Translation of Consolidated Financial Statements Originally Issued in Chinese

KGI SECURITIES CO. LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
For the Six-Month Periods Ended June 30, 2024 and 2023  
(Expressed in New Taiwan Thousand Dollars)

	For the Six-Month Periods Ended June 30	
	2024	2023
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	\$(60,133)	\$(122,560)
Disposal of property and equipment	709	46,145
Clearing and settlement fund	(51,028)	(332)
Guarantee deposits	(241,744)	72,304
Purchase of intangible assets	(60,718)	(99,199)
Other non-current assets	(6,863)	4,153
Prepayments for purchase of equipment	(106,576)	(112,140)
Dividends received	210,581	306,430
Net cash provided by/(used in) investing activities	<u>(315,772)</u>	<u>94,801</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Short-term borrowings	7,296,480	6,814,278
Commercial papers payable	44,091,275	12,458,034
Bonds issuance	3,000,000	-
Lease principal paid	(180,311)	(257,877)
Cash dividends	(6,318,464)	(1,668,432)
Changes in non-controlling interests	(2,119)	(1,756)
Net cash provided by/(used in) financing activities	<u>47,886,861</u>	<u>17,344,247</u>
EFFECTS OF EXCHANGE RATE CHANGES	<u>(198,843)</u>	<u>(40,018)</u>
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	7,209,645	(11,222,495)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	22,481,269	34,754,408
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	<u><u>\$29,690,914</u></u>	<u><u>\$23,531,913</u></u>

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

KGI SECURITIES CO. LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Six-Month Periods Ended June 30, 2024 and 2023

(Expressed in thousands of New Taiwan dollars unless otherwise stated)

I. **Organization and Operations**

KGI Securities Co. Ltd. (“the Company”) was established under the Company Law of the Republic of China (“ROC”) on September 14, 1988 to operate as a securities underwriter, dealer, broker, future trading, future dealer, trust, wealth management, offshore securities and commenced its operations since December 10, 1988.

The Company acquired and merged Taishin Securities Co., Ltd. on December 19, 2009. Therefore, the Company assumed all assets, liabilities, rights and obligations of Taishin Securities Co., Ltd.

KGI Financial Holding Co., Ltd. (formerly known as China Development Financial Holding Corporation, hereinafter referred to as “KGIFH”) announced the commencement of a tender offer on May 3, 2012. KGIFH had acquired 81.73% shares of the Company through the public tender offer period. The Board of Directors set January 18, 2013 as the record date for stock conversion on December 17, 2012. The Company became 100% owned subsidiary of KGIFH after the stock conversion. Meanwhile, the Company’s stock trading via OTC was suspended.

The Company merged Grand Cathay Securities Corporation (“GCSC”) on June 22, 2013. Therefore, the Company assumed all assets, liabilities, rights and obligations of GCSC.

The Company set up the Offshore Securities Unit (“OSU”) on April 16, 2014 which was approved by the Board of Directors and the authorities.

The Company’s registered address is 3F, No. 698 and 3F, No. 700, Mingshui Road, Taipei City. As of June 30, 2024, the Company had 72 branches including headquarter.

II. **Date and Procedures of Authorization of Financial Statements for Issue**

The consolidated financial statements of the Company and subsidiaries were approved and authorized for issue in accordance with a resolution of the Board of Directors on August 16, 2024.

III. **Newly Issued or Revised Standards and Interpretations**

1. **Changes in accounting policies resulting from applying for the first time certain standards and amendments**

The Company and subsidiaries applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after January 1, 2024. The adoption of these new standards and amendments had no material impact on the Group.

English Translation of Consolidated Financial Statements Originally Issued in Chinese  
 KGI SECURITIES CO. LTD. AND SUBSIDIARIES  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**2. Standards or interpretations issued, revised or amended, by IASB which are endorsed by FSC, but not yet adopted by the Company and subsidiaries as of the end of the reporting period are listed below**

New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
Lack of Exchangeability – Amendments to IAS 21	January 1, 2025

(1) Lack of Exchangeability – Amendments to IAS 21

These amendments specify whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide.

The abovementioned standards and interpretations that are released by IASB and applicable for annual periods beginning on or after January 1, 2025 by FCS of ROC, have no material impact on the Company and subsidiaries.

**3. Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Company and subsidiaries as of the end of the reporting period are listed below**

New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
Disclosure Initiative – Subsidiaries without Public Accountability: Disclosures (IFRS 19)	January 1, 2027
Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7	January 1, 2026
Annual Improvements to IFRS Accounting Standards – Volume 11	January 1, 2026

The potential effects of the standards or interpretations on the Company and subsidiaries’ consolidated financial statements are summarized as below:

- (1) IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The amendments address the inconsistency between the requirements in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture.

(2) IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 replaces IAS 1 Presentation of Financial Statements. The main changes are as below:

A. Improved comparability in the statement of profit or loss (income statement)

IFRS 18 requires entities to classify all income and expenses within their statement of profit or loss into one of five categories: operating; investing; financing; income taxes; and discontinued operations. The first three categories are new, to improve the structure of the income statement, and requires all entities to provide new defined subtotals, including operating profit or loss. The improved structure and new subtotals will give investors a consistent starting point for analyzing entities' performance and make it easier to compare entities.

B. Enhanced transparency of management-defined performance measures

IFRS 18 requires entities to disclose explanations of those entity-specific measures that are related to the income statement, referred to as management-defined performance measures.

C. Useful grouping of information in the financial statements

IFRS 18 sets out enhanced guidance on how to organize information and whether to provide it in the primary financial statements or in the notes. The changes are expected to provide more detailed and useful information. IFRS 18 also requires entities to provide more transparency about operating expenses, helping investors to find and understand the information they need.

(3) Disclosure Initiative – Subsidiaries without Public Accountability: Disclosures (IFRS 19)

This standard permits subsidiaries without public accountability to provide reduced disclosures when applying IFRS Accounting Standards in their financial statements. IFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

KGI SECURITIES CO. LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

- (4) Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7

The amendments include:

- A. Clarify that a financial liability is derecognised on the settlement date and describe the accounting treatment for settlement of financial liabilities using an electronic payment system before the settlement date.
- B. Clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features.
- C. Clarify the treatment of non-recourse assets and contractually linked instruments.
- D. Require additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income.

- (5) Annual Improvements to IFRS Accounting Standards – Volume 11

- A. Amendments to IFRS 1
- B. Amendments to IFRS 7
- C. Amendments to Guidance on implementing IFRS 7
- D. Amendments to IFRS 9
- E. Amendments to IFRS 10
- F. Amendments to IAS 7

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Company and subsidiaries' financial statements were approved and authorized for issue, the local effective dates are to be determined by FSC. As the Company and subsidiaries is still currently determining the potential impact of the standards and interpretations, it is not practicable to estimate their impact on the Company and subsidiaries at this point in time. The remaining new or amended standards and interpretations have no material impact on the Company and subsidiaries.

#### **IV. Summary of Significant Accounting Policies**

Apart from the items mentioned below, the same accounting policies have been applied in the Company and subsidiaries' consolidated financial statements for the year ended December 31, 2023.

##### **1. Statement of Compliance**

The consolidated financial statements of the Company and subsidiaries for the six-month periods ended June 30, 2024 and 2023 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, and IAS 34 "Interim Financial Reporting" as endorsed and became effective by FSC of the ROC.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

KGI SECURITIES CO. LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**2. General Description of Reporting Entities**

The consolidated entities are as follows:

Investor	Name of subsidiaries	Primary business	Percentage of ownership		
			6/30/24	12/31/23	6/30/23
KGI Securities Co. Ltd.	Richpoint Company Limited (Richpoint)	Investments holdings	100.00	100.00	100.00
"	KGI Securities Investment Advisory Co. Ltd.	Security investment consulting	100.00	100.00	100.00
"	KGI Insurance Brokers Co. Ltd.	Life/property insurance brokers	100.00	100.00	100.00
"	KGI Venture Capital Co. Ltd.	Venture Capital	100.00	100.00	100.00
"	KGI Securities Investment Trust Co. Ltd. (KGI Investment Trust)	Nominee services, discretionary investment services	-	-	100.00
"	KGI Futures Co. Ltd. (KGI Futures)	Futures investment services	99.61	99.61	99.61
KGI Futures	KGI Information Technology Co. Ltd.	Management consulting; information and software service; data processing service	100.00	100.00	100.00
Richpoint	KG Investments Holdings Limited	Investments holdings	100.00	100.00	100.00
KG Investments Holdings Limited	KGI International Holdings Limited	Investments holdings	100.00	100.00	100.00
KGI International Holdings Limited	KGI Limited	Investments holdings	100.00	100.00	100.00
"	KGI International Limited	Investments holdings	100.00	100.00	100.00
KGI Limited	KGI Futures (Hong Kong) Limited	Futures brokerage and settlement services	100.00	100.00	100.00
"	Global Treasure Investments Limited	Investment services	100.00	100.00	100.00
"	KGI Investments Management Limited	Insurance brokerage	100.00	100.00	100.00
"	KGI International Finance Limited	Investment and financing services	100.00	100.00	100.00
"	KGI Hong Kong Limited	Management consulting services	100.00	100.00	100.00
"	KGI Asia Limited	Securities investment services	100.00	100.00	100.00
"	KGI Capital Asia Limited	Securities investment services	100.00	100.00	100.00
"	KGI Asset Management Limited	Asset management	100.00	100.00	100.00
"	KGI Nominees (Hong Kong) Limited	Trust agent	100.00	100.00	100.00
KGI International Limited	KGI Asia (Holdings) Pte. Ltd.	Investments holdings	100.00	100.00	100.00
KGI Capital Asia Limited	KGI International (Hong Kong) Limited	Derivative product services	100.00	100.00	100.00
"	KGI Finance Limited	Investment services	100.00	100.00	100.00
"	PT KGI Sekuritas Indonesia	Securities investment services	99.00	99.00	99.00
KGI Asia (Holdings) Pte. Ltd.	KGI Securities (Singapore) Pte. Ltd.	Securities and futures investment services	100.00	100.00	100.00



English Translation of Consolidated Financial Statements Originally Issued in Chinese

KGI SECURITIES CO. LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

- (1) The detail information of the scope of subsidiaries:

To align with the strategic development plan of the parent company, KGI Financial Holding Co., Ltd. (“KGIFH”), the Company conducted a capital reduction through a resolution passed by the board of directors on behalf of the shareholders’ meeting on April 21, 2023. The Company offset the capital by transferring all of its wholly-owned shares in KGI Investment Trust, totaling 30,000 thousand common shares, to KGIFH, to reduce capital in the amount of \$612,581 thousand. Consequently, KGIFH directly acquired the ownership of KGI Investment Trust. The capital reduction was a reorganization under common control, for which the carrying amount method was adopted for accounting treatment. The Company chose not to consider KGI Investment Trust held by KGIFH from the beginning, and thus did not restate the parent-company-only and consolidated financial statements for comparative periods.

The assets, liabilities, and equity of KGI Investment Trust, which was directly held by KGIFH on July 1, 2023, as of June 30, 2023 are as follows:

	<u>6/30/23</u>
Current assets	\$491,855
Non-current assets	141,464
Current liabilities	(108,285)
Non-current liabilities	(1,651)
Attributed to controlling interests	<u>\$523,383</u>

Additionally, the profit or loss calculation for KGI Investment Trust for the six-month period ended June 30, 2023, is as follows:

	<u>For the six-month period ended June 30, 2023</u>
Operating income	<u>\$324,324</u>
Profit from continuing operations	\$52,637
Other comprehensive income	-
Total comprehensive income	<u>\$52,637</u>

- (2) The name of each subsidiary not included in the consolidated financial statements, percentage of ownership, and the reason for its exclusion from the consolidated financial statements: not applicable.

**3. Post-employment Benefit Plan**

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted and disclosed for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

**4. Income Tax**

Interim period income tax expense is accrued using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate applied to the pre-tax income of the interim period. The estimated average annual effective income tax rate only includes current income tax. The recognition and measurement of deferred tax follows annual financial reporting requirements in accordance with IAS 12. The Company and subsidiaries recognize the effect of change in tax rate for deferred taxes in full if the new tax rate is enacted by the end of the interim reporting period, by charging to profit or loss, other comprehensive income, or directly to equity.

**V. Significant Accounting Judgments, Estimates and Assumptions**

The preparation of the Company and subsidiaries' consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

**1. Judgements**

In the process of applying the Company and subsidiaries' accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the consolidated financial statements:

De facto control without a majority of the voting rights in subsidiaries

The Company and subsidiaries hold less than 50% of the invested company's shares and are the largest shareholder, who are judged to have no control and only have significant influence. Please refer to Note VI.11.

**2. Estimates and Assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(1) Fair value of financial instruments

Where the fair value of financial assets and liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including income approach (for example: the discounted cash flows model) or market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note XII.5.

(2) Goodwill

The Company and subsidiaries evaluate whether the goodwill impairs annually. Adopting appropriate discount rate to estimate the CGU's recoverable value of goodwill, and execute the impairment evaluation tests for goodwill.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

KGI SECURITIES CO. LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(3) Income taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company and subsidiaries establish provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective company's domicile.

Deferred tax assets are recognized for all carry forward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

**VI. Contents of Significant Accounts**

**1. Cash and Cash Equivalents**

	<u>6/30/24</u>	<u>12/31/23</u>	<u>6/30/23</u>
Cash on hand	\$257	\$213	\$303
Cash in banks	25,727,951	18,707,893	19,300,674
Cash equivalents			
Short-term commercial papers and bonds	2,453,521	2,411,894	2,495,353
Futures excess margin	1,509,185	1,361,269	1,735,583
Total	<u>\$29,690,914</u>	<u>\$22,481,269</u>	<u>\$23,531,913</u>

(1) Interest rates of the above short-term commercial papers and bonds are as follows:

	<u>6/30/24</u>	<u>12/31/23</u>	<u>6/30/23</u>
Interest rates	1.38%-1.55%	1.23%-1.40%	1.18%-1.40%

(2) Please refer to Note VI.28 for information related to impairment of cash and cash equivalents and Note XII for details on credit risk.

(3) No pledged was made for the cash and cash equivalents mentioned above.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

KGI SECURITIES CO. LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**2. Financial Assets Measured at Fair Value through Profit or Loss**

	<u>6/30/24</u>	<u>12/31/23</u>	<u>6/30/23</u>
<u>Current</u>			
Mandatorily measured at FVTPL			
Open-ended funds, monetary market instruments and other securities	\$746,403	\$932,686	\$912,092
Trading securities-dealing-net	74,336,790	44,130,576	50,709,977
Trading securities-underwriting-net	952,027	648,312	1,027,136
Trading securities-hedging-net	42,929,743	28,148,243	33,754,690
Long options	28,239	7,066	19,375
Futures trading margins-proprietary funds	3,163,350	657,145	1,100,319
Futures trading margins – marketable securities	263,550	36,500	-
Derivative instrument assets	7,485,920	5,633,501	6,887,051
Others	1,144,613	382,177	601,431
Total	<u>\$131,050,635</u>	<u>\$80,576,206</u>	<u>\$95,012,071</u>
<u>Non-current</u>			
Mandatorily measured at FVTPL			
Others	<u>\$4,064,000</u>	<u>\$3,999,597</u>	<u>\$3,602,279</u>

Financial assets measured at fair value through profit or loss-current are as follows:

(1) Open-ended funds, monetary market instruments and other securities

	<u>6/30/24</u>	<u>12/31/23</u>	<u>6/30/23</u>
Funds	\$290,596	\$490,596	\$505,596
Foreign securities	445,352	427,359	394,491
Subtotal	735,948	917,955	900,087
Valuation adjustments	10,455	14,731	12,005
Market value	<u>\$746,403</u>	<u>\$932,686</u>	<u>\$912,092</u>

(2) Trading securities-dealing-net

	<u>6/30/24</u>	<u>12/31/23</u>	<u>6/30/23</u>
Domestic listed stock	\$23,347,989	\$4,690,507	\$11,679,019
Index fund	7,508,618	4,711,948	3,171,045
Domestic bonds	17,981,727	21,660,286	19,125,654
Foreign securities	22,181,247	13,155,971	16,567,288
Others	30,189	6,854	10,554
Subtotal	71,049,770	44,225,566	50,553,560
Valuation adjustments	3,287,020	(94,990)	156,417
Market value	<u>\$74,336,790</u>	<u>\$44,130,576</u>	<u>\$50,709,977</u>

English Translation of Consolidated Financial Statements Originally Issued in Chinese

KGI SECURITIES CO. LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(3) Trading securities-underwriting-net

	6/30/24	12/31/23	6/30/23
Domestic listed stock	\$34,619	\$5,680	\$63,350
Domestic bonds	783,428	616,240	889,710
Subtotal	818,047	621,920	953,060
Valuation adjustments	133,980	26,392	74,076
Market value	<u>\$952,027</u>	<u>\$648,312</u>	<u>\$1,027,136</u>

(4) Trading securities-hedging-net

	6/30/24	12/31/23	6/30/23
Domestic listed stock	\$12,865,127	\$6,329,723	\$6,691,476
Domestic bonds	21,296,034	15,170,430	19,316,277
Funds	4,757,083	3,148,883	3,090,093
Foreign securities	2,429,066	3,507,691	4,743,141
Others	91,104	64,902	26,980
Subtotal	41,438,414	28,221,629	33,867,967
Valuation adjustments	1,491,329	(73,386)	(113,277)
Market value	<u>\$42,929,743</u>	<u>\$28,148,243</u>	<u>\$33,754,690</u>

(5) Long options

	6/30/24	12/31/23	6/30/23
Index options	\$12,485	\$6,991	\$11,361
Open interest	15,754	75	8,014
Market value	<u>\$28,239</u>	<u>\$7,066</u>	<u>\$19,375</u>

(6) Futures trading margins-proprietary funds

	6/30/24	12/31/23	6/30/23
Account balance	\$4,538,380	\$644,989	\$1,174,739
Open interest	(1,375,030)	12,156	(74,420)
Account value	<u>\$3,163,350</u>	<u>\$657,145</u>	<u>\$1,100,319</u>

(7) Futures trading margins – marketable securities

	6/30/24	12/31/23	6/30/23
Account balance	\$251,595	\$35,057	\$-
Open interest	11,955	1,443	-
Account value	<u>\$263,550</u>	<u>\$36,500</u>	<u>\$-</u>

(8) Please refer to Note VI.20 for details of derivative instrument assets.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

KGI SECURITIES CO. LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(9) Others

	6/30/24	12/31/23	6/30/23
Domestic listed stock	\$1,109,052	\$362,354	\$620,671
Valuation adjustments	35,561	19,823	(19,240)
Market value	<u>\$1,144,613</u>	<u>\$382,177</u>	<u>\$601,431</u>

Financial assets measured at fair value through profit or loss-non-current are as follows:

	6/30/24	12/31/23	6/30/23
Domestic listed stock	\$159,382	\$253,247	\$297,877
Domestic unlisted stock	1,217,140	1,215,791	985,262
Foreign securities	30,089	30,089	30,089
Subtotal	1,406,611	1,499,127	1,313,228
Valuation adjustments	2,657,389	2,500,470	2,289,051
Market value	<u>\$4,064,000</u>	<u>\$3,999,597</u>	<u>\$3,602,279</u>

Please refer to Note VIII for details on financial assets measured at fair value through profit or loss pledged as collaterals.

**3. Financial Assets Measured at Fair Value through Other Comprehensive Income**

	6/30/24	12/31/23	6/30/23
<u>Current</u>			
Debt instrument investments-current			
Domestic bonds	\$691,533	\$696,325	\$999,989
Foreign securities	32,842,525	32,589,762	32,847,127
Total	<u>\$33,534,058</u>	<u>\$33,286,087</u>	<u>\$33,847,116</u>
<u>Non-current</u>			
Debt instrument investments-non-current			
Foreign securities	\$11,275,885	\$11,055,096	\$12,081,639
Equity instrument investments-non-current			
Domestic unlisted stock	-	-	3,021
Foreign securities	20,926	21,077	31,309
Subtotal	20,926	21,077	34,330
Total	<u>\$11,296,811</u>	<u>\$11,076,173</u>	<u>\$12,115,969</u>

- (1) Please refer to Note VI.28 for details on accumulated impairment of debt instrument investments measured at fair value through other comprehensive income and Note XII for details on credit risk.
- (2) The Company and subsidiaries' dividend income related to equity instrument investments measured at fair value through other comprehensive income for the three-month and six-month periods ended June 30, 2024 and 2023 are all \$0.
- (3) None of the above financial assets measured at fair value through other comprehensive income is pledged as collaterals.

English Translation of Consolidated Financial Statements Originally Issued in Chinese  
**KGI SECURITIES CO. LTD. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**4. Financial assets measured at amortized cost**

	6/30/24	12/31/23	6/30/23
<u>Non-current</u>			
Government bonds	\$158,081	\$148,736	\$-

(1) Please refer to Note XII for details on credit risk of financial assets measured at amortized cost.

(2) Please refer to Note VIII for details on the above financial assets measured at amortized cost pledged as collaterals.

**5. Hedging Financial Instruments**

	6/30/24	12/31/23	6/30/23
<u>Hedging Financial Assets-Current</u>			
Interest rate swap (IRS)	\$289,861	\$237,236	\$416,551
<u>Hedging Financial Liabilities-Current</u>			
Interest rate swap (IRS)	\$-	\$86,799	\$83,449

The Company and subsidiaries adopt hedging transactions to reduce the impact of interest risks on the fair value of the hedged assets. The information of on hedged items and hedging instruments applicable to fair value hedge as of June 30, 2024, December 31, 2023 and June 30, 2023 are as follows:

June 30, 2024

			Carrying Amount	
			Assets	Liabilities
<u>Hedging Instruments</u>	<u>Nominal Amount</u>	<u>Maturity</u>		
Interest rate swap (IRS)	\$7,447,275	1/26/26-5/15/32	\$289,861	\$-

	Carrying Amount	Accumulated Amount of Fair Value Hedge Adjustment
Financial assets measured at fair value through other comprehensive income-current	\$7,461,335	\$(526,136)

	Increase (Decrease) in Fair Value Used for Calculating Hedge Ineffectiveness	
	For the three-month period ended June 30, 2024	For the six-month period ended June 30, 2024
	<u>Hedging Instruments/Hedged Items</u>	
Hedging instruments		
Interest rate swap (IRS)	\$2,449	\$119,883
Hedged items		
Financial assets measured at fair value through other comprehensive income-current	(2,449)	(119,883)
Total	\$-	\$-

English Translation of Consolidated Financial Statements Originally Issued in Chinese

KGI SECURITIES CO. LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2023

Hedging Instruments	Nominal Amount	Maturity	Carrying Amount	
			Assets	Liabilities
Interest rate swap (IRS)	\$7,053,683	1/26/26-5/15/32	\$237,236	\$86,799
Hedged Items		Carrying Amount	Accumulated Amount of Fair Value Hedge Adjustment	
Financial assets measured at fair value through other comprehensive income-current		\$7,069,606	\$(464,132)	

June 30, 2023

Hedging Instruments	Nominal Amount	Maturity	Carrying Amount	
			Assets	Liabilities
Interest rate swap (IRS)	\$16,610,523	1/26/26-5/15/32	\$416,551	\$83,449
Hedged Items		Carrying Amount	Accumulated Amount of Fair Value Hedge Adjustment	
Financial assets measured at fair value through other comprehensive income-current		\$8,911,378	\$(663,759)	
Increase (Decrease) in Fair Value Used for Calculating Hedge Ineffectiveness				
Hedging Instruments/Hedged Items		For the three-month period ended June 30, 2023	For the six-month period ended June 30, 2023	
Hedging instruments				
Interest rate swap (IRS)		\$143,553	\$(26,444)	
Hedged items				
Financial assets measured at fair value through other comprehensive income-current		(143,553)	26,444	
Total		\$-	\$-	

No pledge was made for hedging financial assets-current.

**6. Investment in Bonds with Reverse Repurchase Agreements**

	6/30/24	12/31/23	6/30/23
Government bonds	\$5,976,946	\$4,779,523	\$6,760,203
Corporate bonds	11,930,435	6,204,260	2,519,803
Bank Debentures	2,091,025	2,158,806	2,154,936
Total	\$19,998,406	\$13,142,589	\$11,434,942
Resold amount as specified in respective agreements plus accrued interest	\$20,056,550	\$13,170,322	\$11,444,483
Resold date as specified in respective agreements	7/1/24-9/26/24	1/3/24-3/29/24	7/5/23-8/17/23

Please refer to Note VI.28 for details on accumulated impairment and Note XII for details on credit risk.



English Translation of Consolidated Financial Statements Originally Issued in Chinese

KGI SECURITIES CO. LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**7. Securities Margin Loans Receivable**

	<u>6/30/24</u>	<u>12/31/23</u>	<u>6/30/23</u>
Securities margin loans receivable	\$44,570,153	\$35,377,632	\$29,729,928
Less: loss allowance	(12,366)	(11,626)	(4,440)
Net amount	<u>\$44,557,787</u>	<u>\$35,366,006</u>	<u>\$29,725,488</u>

Securities margin loans receivable are loans that secured by stocks pledged as collaterals that clients purchased by loans. Please refer to Note VI.28 for details on accumulated impairment and Note XII for details on credit risk.

**8. Customer Margin Accounts**

	<u>6/30/24</u>	<u>12/31/23</u>	<u>6/30/23</u>
Cash in banks	\$29,907,469	\$24,695,315	\$25,313,784
Marking to market from the clearing house	11,413,768	8,392,358	7,514,700
Marking to market from the other futures brokers	1,153,610	1,262,212	1,290,806
Securities	37,258	2,631	4,764
Foreign customer margin accounts	<u>22,961,505</u>	<u>19,377,139</u>	<u>29,358,667</u>
Total	<u>\$65,473,610</u>	<u>\$53,729,655</u>	<u>\$63,482,721</u>

Please refer to Note VI.28 for details on accumulated impairment and Note XII for details on credit risk.

**9. Futures Commission Merchant Receivable**

	<u>6/30/24</u>	<u>12/31/23</u>	<u>6/30/23</u>
Futures commission merchant receivable	\$114,719	\$115,172	\$133,719
Less: loss allowance	(114,698)	(115,126)	(133,719)
Net amount	<u>\$21</u>	<u>\$46</u>	<u>\$-</u>

Please refer to Note VI.28 for details on accumulated impairment and Note XII for details on credit risk.

**10. Accounts Receivable**

	<u>6/30/24</u>	<u>12/31/23</u>	<u>6/30/23</u>
Accounts receivable- related parties	\$525,185	\$1,651,559	\$634,171
Accounts receivable- non-related parties			
Exchange clearing receivable	18,976,468	12,429,501	9,867,399
Accounts receivable for settlement	56,913,703	39,473,934	47,052,756
Interest receivable	1,687,775	1,451,337	1,294,111
Others	<u>3,749,778</u>	<u>923,687</u>	<u>3,132,089</u>
Subtotal	81,852,909	55,930,018	61,980,526
Less: loss allowance	(8,898)	(6,603)	(4,487)
Total	<u>\$81,844,011</u>	<u>\$55,923,415</u>	<u>\$61,976,039</u>

English Translation of Consolidated Financial Statements Originally Issued in Chinese

KGI SECURITIES CO. LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(1) Aging analysis of accounts receivable are as follows:

	6/30/24	12/31/23	6/30/23
Non-past due	\$81,692,094	\$55,759,861	\$61,755,117
Past due			
Less than 30 days	154,452	138,939	169,532
30 to 60 days	8	24	18
61 to 120 days	4,913	1,567	54,242
More than 121 days	1,442	29,627	1,617
Total	<u>\$81,852,909</u>	<u>\$55,930,018</u>	<u>\$61,980,526</u>

(2) Please refer to Note VI.28 for details on accumulated impairment and Note XII for details on credit risk.

**11. Investments accounted for using the Equity Method**

Investee	6/30/24		12/31/23	
	Amount	Percentage	Amount	Percentage
<u>Investments in associates</u>				
KGI Securities (Thailand) Public Company Limited	\$2,721,200	34.97	\$2,803,191	34.97
CDIB Bioscience Ventures I, Inc.	242	1.20	242	1.20
Total	<u>\$2,721,442</u>		<u>\$2,803,433</u>	

Investee	6/30/23	
	Amount	Percentage
<u>Investments in associates</u>		
KGI Securities (Thailand) Public Company Limited	\$2,625,597	34.97
CDIB Bioscience Ventures I, Inc.	831	1.20
Total	<u>\$2,626,428</u>	

(1) Information on associates significant to the Company

Name of associate: KGI Securities (Thailand) Public Company Limited

Nature of activities: the associate engages in securities related businesses

Principal place of business: Thailand

Fair value from quoted market price: KGI Securities (Thailand) Public Company Limited is listed on the Stock Exchange of Thailand. Its fair value is categorized as level 1 within the fair value hierarchy. The fair values of the Company's investment accounted for using the equity method are 2,629,691 thousand dollars, 2,865,064 thousand dollars and 2,700,314 thousand dollars as of June 30, 2024, December 31, 2023 and June 30, 2023, respectively.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

KGI SECURITIES CO. LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Financial information on associate significant to the Company is as follows:

	6/30/24	12/31/23	6/30/23
Current assets	\$12,138,881	\$17,780,048	\$12,687,627
Non-current assets	2,176,863	1,593,666	1,253,138
Current liabilities	(6,763,259)	(11,572,923)	(7,143,589)
Non-current liabilities	(1,005,163)	(957,459)	(463,389)
Non-controlling interests	(2,890)	(3,271)	(3,887)
Attributed to controlling interests	<u>\$6,544,432</u>	<u>\$6,840,061</u>	<u>\$6,329,900</u>
Ownership percentage	34.97%	34.97%	34.97%
Proportion of ownership	\$2,288,588	\$2,391,969	\$2,213,566
Goodwill and others	432,612	411,222	412,031
Carrying amount	<u>\$2,721,200</u>	<u>\$2,803,191</u>	<u>\$2,625,597</u>

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2024	2023	2024	2023
Operating revenue	<u>\$615,941</u>	<u>\$845,369</u>	<u>\$1,423,222</u>	<u>\$1,676,877</u>
Profit or loss from continuing operations	\$99,068	\$237,763	\$333,971	\$402,309
Other comprehensive income	2,494	9,442	17,610	6,561
Total comprehensive income	<u>\$101,562</u>	<u>\$247,205</u>	<u>\$351,581</u>	<u>\$408,870</u>
Dividends received from associate	<u>\$191,074</u>	<u>\$226,187</u>	<u>\$191,074</u>	<u>\$226,187</u>

- (2) The Company's investments in CDIB Bioscience Ventures I, Inc. are not material. The carrying amounts of the investment are 242 thousand dollars, 242 thousand dollars and 831 thousand dollars as of June 30, 2024, December 31, 2023 and June 30, 2023, respectively, and the proportionate aggregate financial information of investments is as follows:

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2024	2023	2024	2023
Profit or loss from continuing operations	\$-	\$-	\$-	\$-
Other comprehensive income	-	-	-	-
Total comprehensive income	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>

- (3) Since the shares of KGI Securities (Thailand) Public Company Limited (KGI Thailand) held by the Company and affiliate company is at 34.97%, which is below 50%, and does not hold over half of the seats on board of directors, the Company and affiliate company do not have control over KGI Thailand. The investment does not have to be included in the main body of consolidated financial statements.
- (4) Since the shares of CDIB Bioscience Venture I, Inc held by the Company and affiliate company, CDIB Capital Group, is over 20%, the investment is measured under the equity method.
- (5) No pledge was made for investments accounted for using the equity method.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

KGI SECURITIES CO. LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**12. Property and Equipment**

(1) Changes in property and equipment are as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Equipment</u>	<u>Leasehold improvement</u>	<u>Total</u>
<u>Cost</u>					
January 1, 2024	\$3,585,382	\$1,843,645	\$2,470,111	\$385,963	\$8,285,101
Additions	-	-	45,939	14,194	60,133
Disposals	-	-	(79,763)	(11,898)	(91,661)
Transfers	(99,338)	(34,293)	114,882	18,653	(96)
Exchange differences	-	-	59,595	12,696	72,291
June 30, 2024	<u>\$3,486,044</u>	<u>\$1,809,352</u>	<u>\$2,610,764</u>	<u>\$419,608</u>	<u>\$8,325,768</u>
January 1, 2023	\$3,752,391	\$1,979,424	\$2,103,350	\$326,942	\$8,162,107
Additions	-	-	113,706	8,854	122,560
Disposals	(8,744)	(15,024)	(53,533)	(1,827)	(79,128)
Transfers	(98,209)	(79,025)	83,726	3,442	(90,066)
Exchange differences	-	-	15,581	2,937	18,518
June 30, 2023	<u>\$3,645,438</u>	<u>\$1,885,375</u>	<u>\$2,262,830</u>	<u>\$340,348</u>	<u>\$8,133,991</u>
<u>Depreciation and Impairment</u>					
January 1, 2024	\$-	\$886,711	\$1,621,675	\$304,405	\$2,812,791
Depreciation	-	16,978	142,044	18,807	177,829
Disposals	-	-	(79,184)	(11,898)	(91,082)
Transfers	-	(12,372)	-	-	(12,372)
Exchange differences	-	-	52,364	12,337	64,701
June 30, 2024	<u>\$-</u>	<u>\$891,317</u>	<u>\$1,736,899</u>	<u>\$323,651</u>	<u>\$2,951,867</u>
January 1, 2023	\$-	\$922,658	\$1,478,342	\$288,561	\$2,689,561
Depreciation	-	18,662	112,636	11,204	142,502
Disposals	-	(9,039)	(52,897)	(1,827)	(63,763)
Transfers	-	(39,192)	-	-	(39,192)
Exchange differences	-	-	12,989	2,847	15,836
June 30, 2023	<u>\$-</u>	<u>\$893,089</u>	<u>\$1,551,070</u>	<u>\$300,785</u>	<u>\$2,744,944</u>
<u>Net carrying amount as of</u>					
June 30, 2024	<u>\$3,486,044</u>	<u>\$918,035</u>	<u>\$873,865</u>	<u>\$95,957</u>	<u>\$5,373,901</u>
December 31, 2023	<u>\$3,585,382</u>	<u>\$956,934</u>	<u>\$848,436</u>	<u>\$81,558</u>	<u>\$5,472,310</u>
June 30, 2023	<u>\$3,645,438</u>	<u>\$992,286</u>	<u>\$711,760</u>	<u>\$39,563</u>	<u>\$5,389,047</u>

(2) The above items of property and equipment are depreciated on a straight-line basis over their estimated useful lives; the estimated useful lives of buildings are 55 years, while the others are 2 to 10 years.

(3) Please refer to Note VIII for property and equipment pledged as collaterals.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

KGI SECURITIES CO. LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**13. Lease**

The Company and subsidiaries lease various properties, including real estate such as buildings, transportation equipment, office equipments and other equipments. The lease terms range from 1 to 14 years. The Company and subsidiaries' lease effects on the financial position, financial performance and cash flows are as follows:

(1) Amounts recognized in the balance sheets

A. The carrying amount of right-of-use assets

	6/30/24	12/31/23	6/30/23
Buildings	\$1,001,389	\$1,073,371	\$1,330,218
Transportation equipment	9,338	12,302	15,309
Office equipment	18,603	21,979	20,615
Other equipment	338	450	5,588
Total	<u>\$1,029,668</u>	<u>\$1,108,102</u>	<u>\$1,371,730</u>

During the six-month periods ended June 30, 2024 and 2023, the Company and subsidiaries' additions to right-of-use assets amounting to 94,221 thousand dollars and 232,492 thousand dollars, respectively.

B. Lease liabilities

	6/30/24	12/31/23	6/30/23
Lease liabilities			
Current	\$356,275	\$349,455	\$436,817
Non-current	717,544	796,262	964,264
Total	<u>\$1,073,819</u>	<u>\$1,145,717</u>	<u>\$1,401,081</u>

Please refer to Note VI.28 for the interest on lease liabilities recognized during the three-month and six-month periods ended June 30, 2024 and 2023 and refer to Note XII.3 for the maturity analysis for lease liabilities as of June 30, 2024, December 31, 2023 and June 30, 2023.

(2) Amounts recognized in the comprehensive income statements

Depreciation charge for right-of-use assets

	For the three-month periods		For the six-month periods	
	ended June 30		ended June 30	
	2024	2023	2024	2023
Buildings	\$89,963	\$128,452	\$178,413	\$258,497
Transportation equipment	2,294	2,509	4,685	4,933
Office equipment	1,812	1,546	3,616	3,092
Other equipment	56	140	112	196
Total	<u>\$94,125</u>	<u>\$132,647</u>	<u>\$186,826</u>	<u>\$266,718</u>

English Translation of Consolidated Financial Statements Originally Issued in Chinese

KGI SECURITIES CO. LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(3) Income and costs relating to leasing activities

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2024	2023	2024	2023
The expenses relating to short-term leases	\$32,440	\$663	\$64,886	\$1,588
The expenses relating to leases of low-value assets (Not including the expenses relating to short-term leases of low-value assets)	\$175	\$379	\$390	\$848

(4) Cash outflow relating to leasing activities

During the six-month periods ended June 30, 2024 and 2023, the Company and subsidiaries' total cash outflows for leases amounting to 256,904 thousand dollars and 272,372 thousand dollars, respectively.

**14. Investment Property**

(1) Changes in investment property are as follows:

	Land	Buildings	Total
<u>Cost</u>			
January 1, 2024	\$321,157	\$161,720	\$482,877
Transfers	99,338	34,293	133,631
June 30, 2024	\$420,495	\$196,013	\$616,508
January 1, 2023	\$219,292	\$86,351	\$305,643
Transfers	101,865	75,369	177,234
June 30, 2023	\$321,157	\$161,720	\$482,877
<u>Depreciation and Impairment</u>			
January 1, 2024	\$-	\$76,891	\$76,891
Depreciation	-	1,970	1,970
Transfers	-	12,372	12,372
June 30, 2024	\$-	\$91,233	\$91,233
January 1, 2023	\$-	\$35,261	\$35,261
Depreciation	-	773	773
Transfers	-	39,192	39,192
June 30, 2023	\$-	\$75,226	\$75,226
<u>Net carrying amount as of</u>			
June 30, 2024	\$420,495	\$104,780	\$525,275
December 31, 2023	\$321,157	\$84,829	\$405,986
June 30, 2023	\$321,157	\$86,494	\$407,651

English Translation of Consolidated Financial Statements Originally Issued in Chinese

KGI SECURITIES CO. LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(2) Leases relating to investment property

The Company and subsidiaries' investment properties are owned investment properties. The Company and subsidiaries have entered into commercial property leases on its owned investment properties with lease terms of between 1 and 5 years. These leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

Leases of owned investment properties are classified as operating leases as they do not transfer substantially all the risks and rewards incidental to ownership of underlying assets.

A. Lease income for operating leases are as follows:

Rental income from the lease of investment property	For the three-month periods		For the six-month periods	
	ended June 30		ended June 30	
	2024	2023	2024	2023
Income relating to fixed lease payments and variable lease payments that depend on an index or a rate	\$10,146	\$12,153	\$20,249	\$16,717

B. The undiscounted lease payments to be received and total amounts for the remaining period as of June 30, 2024, December 31, 2023 and June 30, 2023 are as follows:

	6/30/24	12/31/23	6/30/23
Not later than one year	\$29,997	\$35,956	\$27,941
Later than one year but not later than two years	17,188	9,038	12,238
More than two years but less than three years	17,109	8,912	8,952
More than three years but less than four years	14,682	8,912	8,912
More than four years but less than five years	6,665	2,228	6,684
Total	\$85,641	\$65,046	\$64,727

(3) The investment properties are not measured at fair value but at cost. Its fair value is categorized as level 3 and it is only used for disclosure. The fair value of investment property held by the Company is 1,421,029 thousand dollars, 1,090,839 thousand dollars and 1,090,839 thousand dollars as of June 30, 2024, December 31, 2023 and June 30, 2023, respectively. The management refers independent appraisal report and adopts the market valuation model to evaluate the fair value.

(4) The investment properties are depreciated on a straight-line basis overestimated 55 years useful life.

(5) Please refer to Note VIII for investment property pledged as collaterals.

English Translation of Consolidated Financial Statements Originally Issued in Chinese  
**KGI SECURITIES CO. LTD. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**15. Intangible Assets**

(1) Changes in intangible assets are as follows:

	Goodwill	Software	Other intangible assets	Total
January 1, 2024	\$6,596,925	\$341,812	\$164,477	\$7,103,214
Additions	-	60,718	-	60,718
Amortizations	-	(44,151)	(82,235)	(126,386)
Exchange differences	48,289	626	-	48,915
June 30, 2024	<u>\$6,645,214</u>	<u>\$359,005</u>	<u>\$82,242</u>	<u>\$7,086,461</u>
January 1, 2023	\$6,615,501	\$226,093	\$328,943	\$7,170,537
Additions	-	99,199	-	99,199
Transfers	-	979	-	979
Amortizations	-	(51,141)	(82,236)	(133,377)
Exchange differences	12,229	164	-	12,393
June 30, 2023	<u>\$6,627,730</u>	<u>\$275,294</u>	<u>\$246,707</u>	<u>\$7,149,731</u>

(2) The amortized lives for software and other intangible assets of the Company and subsidiaries are between 3 and 15 years.

**16. Other Non-Current Assets**

	6/30/24	12/31/23	6/30/23
Operation guarantee deposits	\$1,073,000	\$1,073,000	\$1,126,900
Clearing and settlement fund	630,378	579,350	564,339
Guarantee deposits	1,778,796	1,537,052	1,733,980
Others	344,441	364,536	521,556
Total	<u>\$3,826,615</u>	<u>\$3,553,938</u>	<u>\$3,946,775</u>

Please refer to Note VI.28 for details on accumulated impairment and Note XII for details on credit risk.

**17. Short-Term Borrowings**

	6/30/24	12/31/23	6/30/23
Interbank loans	\$2,336,400	\$2,889,090	\$2,553,070
Credit loans	22,555,127	14,739,575	17,490,479
Secured loans	43,597	9,979	-
Total	<u>\$24,935,124</u>	<u>\$17,638,644</u>	<u>\$20,043,549</u>
Interest rate	1.83%-6.25%	1.65%-6.25%	1.75%-5.88%

Please refer to Note VIII for collaterals for the above short-term borrowings.



English Translation of Consolidated Financial Statements Originally Issued in Chinese  
**KGI SECURITIES CO. LTD. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**18. Commercial Papers Payable**

	<u>6/30/24</u>	<u>12/31/23</u>	<u>6/30/23</u>
Commercial papers payable	\$60,313,013	\$16,116,985	\$24,648,025
Less: discount	(121,293)	(16,540)	(20,240)
Net amount	<u>\$60,191,720</u>	<u>\$16,100,445</u>	<u>\$24,627,785</u>
Interest rate	1.52%-5.25%	1.53%-5.26%	1.40%-5.03%

**19. Financial Liabilities Measured at Fair Value Through Profit or Loss**

	<u>6/30/24</u>	<u>12/31/23</u>	<u>6/30/23</u>
Financial liabilities held for trading			
Investment in bonds with reverse repurchase agreements - short sale	\$2,465,249	\$647,789	\$1,381,205
Warrants liabilities	23,137,310	22,648,685	20,504,284
Warrants redeemed	(20,991,439)	(21,140,483)	(19,123,473)
Settlement coverage bonds payable of short sale	974,561	49,989	-
Short options	27,122	7,472	19,660
Liabilities for securities and bonds borrowed	7,264,477	7,522,875	7,171,523
Derivative instruments liabilities	14,014,927	10,582,404	12,564,258
Financial liabilities designated at fair value through profit or loss	<u>6,573,792</u>	<u>7,938,258</u>	<u>9,276,881</u>
Total	<u>\$33,465,999</u>	<u>\$28,256,989</u>	<u>\$31,794,338</u>

(1) Investment in bonds with reverse repurchase agreements-short sale

	<u>6/30/24</u>	<u>12/31/23</u>	<u>6/30/23</u>
Foreign securities	<u>\$2,465,249</u>	<u>\$647,789</u>	<u>\$1,381,205</u>

(2) Warrants liabilities and warrants redeemed

A. Details on liabilities for warrants issued and warrants redeemed are as follows:

	<u>6/30/24</u>	<u>12/31/23</u>	<u>6/30/23</u>
Warrants liabilities	\$19,175,763	\$25,729,545	\$22,343,913
Gains/(losses) on value change	3,961,547	(3,080,860)	(1,839,629)
Market value	<u>23,137,310</u>	<u>22,648,685</u>	<u>20,504,284</u>
Warrants redeemed	17,680,279	22,733,416	19,344,100
Gains/(losses) on value change	3,311,160	(1,592,933)	(220,627)
Market value	<u>20,991,439</u>	<u>21,140,483</u>	<u>19,123,473</u>
Net value	<u>\$2,145,871</u>	<u>\$1,508,202</u>	<u>\$1,380,811</u>

B. All warrants issued by the Company are American and European options. The Company can settle the warrants with either cash or the underlying stock.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

KGI SECURITIES CO. LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(3) Settlement coverage bonds payable of short sale

	6/30/24	12/31/23	6/30/23
Government bonds	\$-	\$49,989	\$-
Foreign securities	974,561	-	-
	<u>\$974,561</u>	<u>\$49,989</u>	<u>\$-</u>

(4) Short options

	6/30/24	12/31/23	6/30/23
Index options	\$11,339	\$7,217	\$11,935
Open interest	15,783	255	7,725
Market value	<u>\$27,122</u>	<u>\$7,472</u>	<u>\$19,660</u>

(5) Liabilities for securities and bonds borrowed

	6/30/24	12/31/23	6/30/23
Domestic listed/OTC company stock	\$196,356	\$421,709	\$652,737
Index funds	3,059,085	3,397,712	2,132,852
Foreign securities	3,907,023	3,585,961	4,366,742
Subtotal	7,162,464	7,405,382	7,152,331
Valuation adjustments	102,013	117,493	19,192
Market value	<u>\$7,264,477</u>	<u>\$7,522,875</u>	<u>\$7,171,523</u>

(6) Please refer to Note VI.20 for details on derivative instruments liabilities and financial liabilities designated as at fair value through profit or loss.

**20. Derivative Instruments**

(1) Nominal amounts

Financial Instruments	6/30/24	12/31/23	6/30/23
Options and futures contract	\$43,931,710	\$24,033,457	\$39,470,072
Foreign futures and options	15,027,254	8,245,994	6,354,827
Interest rate swap (IRS)	148,872,406	162,715,044	267,675,395
Convertible bond asset swap (CBAS)- interest	18,611,187	17,754,252	23,622,117
CBAS-long option	18,611,187	17,744,252	23,580,217
CBAS-short option	25,717,060	28,014,389	35,346,521
Structured notes	18,578,976	13,464,828	16,812,034
Equity derivative instruments	7,107	2,333	-
Credit derivative instruments	7,654,306	3,369,803	1,405,895
Exchange rate derivative instruments	27,214,293	54,080,119	39,383,164
Commodity derivative instruments	257,644	30,455	-
Total	<u>\$324,483,130</u>	<u>\$329,454,926</u>	<u>\$453,650,242</u>

English Translation of Consolidated Financial Statements Originally Issued in Chinese

KGI SECURITIES CO. LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(2) Derivative instruments assets/liabilities

Financial Instruments	6/30/24	12/31/23	6/30/23
Derivative instrument assets			
Contract value			
IRS	\$1,518,434	\$861,698	\$1,757,830
CBAS-interest	24,383	15,207	8,866
Long options			
CBAS	4,212,783	2,975,634	2,542,251
Structured notes	336,877	466,972	468,652
Equity derivative instruments	23,316	4,559	62
Credit derivatives instruments	3	5,452	1,509
Exchange rate derivative instruments	947,163	1,125,086	1,691,175
Commodity derivative instruments	-	197	-
Foreign futures and options	422,961	178,696	416,705
Other	-	-	1
Total	<u>\$7,485,920</u>	<u>\$5,633,501</u>	<u>\$6,887,051</u>
Derivative instrument liabilities			
Contract value			
IRS	\$1,451,592	\$718,568	\$1,314,337
CBAS-interest	751,267	888,731	1,258,118
Short options			
CBAS	6,003,740	4,313,434	4,547,278
Structured notes	4,892,342	3,098,050	3,591,167
Equity derivative instruments	-	-	1
Credit derivative instruments	41	10,606	3,502
Commodity derivative instruments	27,957	-	-
Exchange rate derivative instruments	465,344	1,375,764	1,431,518
Foreign futures and options	422,644	177,251	418,337
Total	<u>\$14,014,927</u>	<u>\$10,582,404</u>	<u>\$12,564,258</u>
Financial liabilities designated at fair value			
through profit or loss			
Structured notes	\$6,573,792	\$7,937,195	\$9,275,930
Others	-	1,063	951
Total	<u>\$6,573,792</u>	<u>\$7,938,258</u>	<u>\$9,276,881</u>

Please refer to Note VI.2 and Note VI.19 for details on financial assets or liabilities of option and futures contracts.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

KGI SECURITIES CO. LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(3) Presentation of derivative instruments on the financial statements

A. The details of net gains/(losses) on liabilities for warrants issued are as follows:

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2024	2023	2024	2023
Warrants liabilities:				
Gains on value change	\$16,986,338	\$20,922,803	\$42,151,814	\$39,685,861
Gains on exercising warrants before maturity	32,348	1,691	36,549	7,428
Warrants redeemed:				
Losses on resale of warrants	790,153	(1,274,631)	(97,496)	(2,990,912)
Losses on value change	(18,152,644)	(19,757,655)	(42,877,553)	(36,564,264)
Expense for warrant	(177,418)	(139,862)	(340,292)	(247,703)
Gains/(losses) on warrants issued	<u>\$ (521,223)</u>	<u>\$ (247,654)</u>	<u>\$ (1,126,978)</u>	<u>\$ (109,590)</u>

B. The details of net gains/(losses) on derivative instruments-futures are as follows:

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2024	2023	2024	2023
Futures contracts	\$ (4,845,218)	\$ (1,055,034)	\$ (5,996,878)	\$ (242,991)
Options	(6,105)	(13,343)	(6,920)	(42,687)
Total	<u>\$ (4,851,323)</u>	<u>\$ (1,068,377)</u>	<u>\$ (6,003,798)</u>	<u>\$ (285,678)</u>

C. The details of net gains/(losses) on derivative instruments-GTSM are as follows:

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2024	2023	2024	2023
IRS	\$ (5,970)	\$ 122,441	\$ 89,990	\$ 109,020
CBAS	(247,172)	(561,387)	(779,122)	(1,228,535)
Options	31,253	11,534	40,853	17,381
Structured notes	(493,625)	25,292	(1,074,852)	(275,935)
Equity derivative instruments	56	-	93	-
Credit derivative instruments	(7,452)	(2,882)	(10,855)	(2,004)
Exchange rate derivative instruments	474,579	387,686	1,046,229	763,429
Commodity derivative instruments	589	-	772	-
Total	<u>\$ (247,742)</u>	<u>\$ (17,316)</u>	<u>\$ (686,892)</u>	<u>\$ (616,644)</u>

English Translation of Consolidated Financial Statements Originally Issued in Chinese

KGI SECURITIES CO. LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

D. The details of futures and options transaction contract of the Company and subsidiaries are as follows:

6/30/24

Item	Type of trading	Open interest position		Contract amount/ Premium paid	Fair value	Note
		Long/ Short	Lots	(received)		
Futures Contracts	Elec-Sector Index Futures	Long	6	\$29,804	\$29,808	
Futures Contracts	Elec-Sector Index Futures	Short	26	127,828	129,126	
Futures Contracts	Mini-Elec-Sector Index Futures	Short	164	99,044	99,310	
Futures Contracts	Taiwan Stock Futures	Long	401	1,836,219	1,842,994	
Futures Contracts	Taiwan Stock Futures	Short	388	1,780,932	1,783,248	
Futures Contracts	Finance Sector Index Futures	Long	3	5,958	5,918	
Futures Contracts	Finance Sector Index Futures	Short	10	19,991	19,940	
Futures Contracts	Non-Fin Non-Elec Sub-Index Futures	Short	30	48,556	48,528	
Futures Contracts	Taiwan 50 Futures ETF	Long	3	5,567	5,597	
Futures Contracts	Mini-TaiEx Futures	Long	6	6,888	6,905	
Futures Contracts	Mini-TaiEx Futures	Short	303	347,545	348,145	
Futures Contracts	TaiEx Futures	Long	131	596,974	602,076	
Futures Contracts	TaiEx Futures	Short	1,711	7,749,269	7,863,746	
Futures Contracts	Stock Futures	Long	1,527	445,069	445,205	
Futures Contracts	Stock Futures	Short	51,271	25,918,210	27,175,150	
Futures Contracts	Foreign Futures	Long	317	1,538,599	1,540,344	
Futures Contracts	Foreign Futures	Short	1,054	1,978,917	1,988,652	
Futures Contracts	HK-HSI Futures Index	Long	4	14,622	14,651	
Futures Contracts	Mini-HK-HSI Futures Index	Short	20	14,621	14,651	
Futures Contracts	Mini-Nasdaq-100 Index	Short	19	246,918	245,723	
Futures Contracts	Micro E-mini Nasdaq-100 Index	Long	195	254,914	252,188	
Futures Contracts	China A50 Index Futures	Long	96	37,190	37,077	
Futures Contracts	FTSE Taiwan Index	Long	255	639,950	638,397	
Futures Contracts	MSCI Taiwan (USD) Index	Long	42	126,811	126,845	
Futures Contracts	MSCI China A50 Connect Index	Short	24	37,490	37,569	
Options Contracts	Index Options-Call	Long	2,213	8,251	26,393	
Options Contracts	Index Options-Call	Short	1,699	(7,319)	25,457	
Options Contracts	Index Options-Put	Long	1,474	4,234	1,846	
Options Contracts	Index Options-Put	Short	807	(4,020)	1,665	

English Translation of Consolidated Financial Statements Originally Issued in Chinese

KGI SECURITIES CO. LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12/31/23

Item	Type of trading	Open interest position		Contract amount/ Premium paid	Fair Value	Note
		Long/ Short	Lots	(received)		
Futures Contracts	Elec-Sector Index Futures	Long	43	\$152,159	\$153,398	
Futures Contracts	Elec-Sector Index Futures	Short	9	31,280	32,107	
Futures Contracts	Mini-Elec-Sector Index Futures	Long	60	38,379	39,403	
Futures Contracts	Mini-Elec-Sector Index Futures	Short	1,070	185,574	185,645	
Futures Contracts	Taiwan Stock Futures	Long	1,613	5,729,854	5,764,862	
Futures Contracts	Taiwan Stock Futures	Short	1,971	7,024,697	7,044,354	
Futures Contracts	Finance Sector Index Futures	Long	15	25,767	25,791	
Futures Contracts	Finance Sector Index Futures	Short	1	1,702	1,719	
Futures Contracts	Non-Fin Non-Elec Sub-Index Futures	Long	41	62,187	62,201	
Futures Contracts	Mini-TaiEx Futures	Long	1	877	893	
Futures Contracts	Mini-TaiEx Futures	Short	891	795,424	796,111	
Futures Contracts	TaiEx Futures	Long	102	361,113	364,548	
Futures Contracts	TaiEx Futures	Short	110	392,909	393,140	
Futures Contracts	Stock Futures	Long	5,345	1,357,131	1,368,324	
Futures Contracts	Stock Futures	Short	9,683	2,127,949	2,153,098	
Futures Contracts	Foreign Futures	Long	566	2,342,726	2,347,374	
Futures Contracts	Foreign Futures	Short	855	1,364,928	1,364,681	
Futures Contracts	Mini-Nasdaq-100 Index	Long	7	73,179	73,262	
Futures Contracts	Micro E-mini Nasdaq-100 Index	Short	70	73,346	73,262	
Futures Contracts	MSCI China A50 Connect Index	Long	4	5,649	5,649	
Futures Contracts	FTSE Taiwan Index	Long	724	1,379,411	1,380,302	
Futures Contracts	MSCI Taiwan (USD) Index	Long	234	490,980	491,868	
Futures Contracts	MSCI Taiwan (USD) Index	Short	1	2,028	2,029	
Options Contracts	Index Options-Call	Long	6,281	6,175	6,467	
Options Contracts	Index Options-Call	Short	6,453	(7,060)	7,362	
Options Contracts	Index Options-Put	Long	213	816	599	
Options Contracts	Index Options-Put	Short	40	(157)	110	

English Translation of Consolidated Financial Statements Originally Issued in Chinese

KGI SECURITIES CO. LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6/30/23

Item	Type of trading	Open interest position		Contract amount/ Premium paid (received)	Fair value	Note
		Long/ Short	Lots			
Futures Contracts	Elec-Sector Index Futures	Long	2	\$6,603	\$6,488	
Futures Contracts	Elec-Sector Index Futures	Short	45	147,732	145,980	
Futures Contracts	Foreign Futures	Long	518	2,499,726	2,498,738	
Futures Contracts	Foreign Futures	Short	1,032	4,948,144	4,936,017	
Futures Contracts	Mini-Elec-Sector Index Futures	Long	80	32,352	32,440	
Futures Contracts	Mini-Elec-Sector Index Futures	Short	4	3,242	3,239	
Futures Contracts	Finance Sector Index Futures	Long	1	1,622	1,620	
Futures Contracts	Finance Sector Index Futures	Short	5	8,159	8,098	
Futures Contracts	Taiwan Stock Futures	Long	2,644	8,908,313	8,876,966	
Futures Contracts	Taiwan Stock Futures	Short	2,773	9,363,578	9,310,070	
Futures Contracts	Taiwan 50 Futures ETF	Long	35	45,290	45,273	
Futures Contracts	Mini-TaiEx Futures	Long	1	851	839	
Futures Contracts	Mini-TaiEx Futures	Short	1,341	1,124,483	1,125,568	
Futures Contracts	Stock Futures	Long	2,031	371,332	379,580	
Futures Contracts	Stock Futures	Short	19,212	4,929,387	5,114,242	
Futures Contracts	TaiEx Futures	Long	58	194,969	194,729	
Futures Contracts	TaiEx Futures	Short	1,552	5,278,276	5,210,685	
Futures Contracts	HK-HSI Futures Index	Long	3	11,295	11,211	
Futures Contracts	Mini-HK-HSI Futures Index	Short	15	11,232	11,211	
Futures Contracts	FTSE Taiwan Index	Long	499	895,787	897,836	
Futures Contracts	MSCI Taiwan(USD) Index	Short	217	435,267	436,189	
Futures Contracts	Mini-Nasdaq-100 Index	Short	12	114,468	114,623	
Futures Contracts	Micro E-mini Nasdaq-100 Index	Long	120	114,668	114,622	
Options Contracts	Index Options-Call	Long	10,698	8,950	17,761	
Options Contracts	Index Options-Call	Short	10,574	(8,340)	17,200	
Options Contracts	Index Options-Put	Long	872	2,411	1,614	
Options Contracts	Index Options-Put	Short	587	(3,595)	2,460	

English Translation of Consolidated Financial Statements Originally Issued in Chinese

KGI SECURITIES CO. LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

E. Credit risk valuation adjustment

The Company and subsidiaries' credit risk valuation adjustments could be mainly divided into two parts: Credit Value Adjustments, "CVA", and Debit Value Adjustments, "DVA", which are adjustments on credit risk valuation of derivative instruments traded at OTC. The purpose for the adjustments is to reflect the possibility of an opponent (CVA) or the Company and subsidiaries' (DVA) delay in payment and failure of receiving full amount of transactions' market value.

The Company and subsidiaries take an opponent's Probability of Default, "PD" (given the Company and subsidiaries do not default) and Loss Given Default, "LGD" into account, then calculate CVA with the opponent's Exposure at Default, "EAD". Contrarily, the Company and subsidiaries take their PD (given the opponent do not default) and LGD into account, calculate DVA with their EAD.

To take credit risk valuation adjustment into consideration for fair value of financial instruments and to reflect separately credit risk of the opponent and of the Company and subsidiaries, the Company and subsidiaries refer to Standard & Poor's, "S&P", historical probability of default for PD; base LGD on past experiences, scholars' suggestions, and foreign financial institutions' experiences; and adopt evaluated market price of derivative instruments as EAD.

**21. Liabilities for Bonds with Repurchase Agreements**

	6/30/24	12/31/23	6/30/23
Government bonds	\$12,027,075	\$14,389,770	\$14,580,168
Bank debentures	28,675,438	24,683,842	28,072,732
Corporate bonds	62,388,947	48,639,998	43,718,723
Total	<u>\$103,091,460</u>	<u>\$87,713,610</u>	<u>\$86,371,623</u>
Repurchased amount as specified in respective agreements plus accrued interest	<u>\$103,533,301</u>	<u>\$87,999,165</u>	<u>\$86,515,318</u>
Repurchased date as specified in respective agreements	7/1/24-9/27/24	1/2/24-3/26/24	7/3/23-8/30/23

**22. Equity for Each Customer in the Account**

According to Paragraph 2, Article 38 of the Securities Firm Management Regulations, securities firms may retain the settlement funds of customers in the dedicated settlement accounts of securities firms with the consent of the customers. The securities firms shall set up customer ledgers in the dedicated accounts.

	6/30/24	12/31/23	6/30/23
Equity for each customer in the account	<u>\$13,820,039</u>	<u>\$12,648,551</u>	<u>\$5,984,194</u>



English Translation of Consolidated Financial Statements Originally Issued in Chinese  
**KGI SECURITIES CO. LTD. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**23. Accounts Payable**

	<u>6/30/24</u>	<u>12/31/23</u>	<u>6/30/23</u>
Accounts payable-related parties	\$880,925	\$522,411	\$549,790
Accounts payable-non-related parties			
Exchange clearing payable	13,465,140	10,573,313	15,599,399
Accounts payable for settlement	74,074,056	53,568,452	58,440,157
Others	1,719,523	1,339,879	1,653,267
Total	<u>\$90,139,644</u>	<u>\$66,004,055</u>	<u>\$76,242,613</u>

**24. Bonds Payable**

	<u>6/30/24</u>	<u>12/31/23</u>	<u>6/30/23</u>
108-1 Unsecured Corporation Bonds Payable	\$3,900,000	\$3,900,000	\$3,900,000
110-1 Unsecured Corporation Bonds Payable	5,000,000	5,000,000	5,000,000
113-1 Unsecured Subordinated Corporate Bonds Payable	3,000,000	-	-
Subtotal	11,900,000	8,900,000	8,900,000
Less: Current portion	(2,600,000)	(2,600,000)	-
Net amount	<u>\$9,300,000</u>	<u>\$6,300,000</u>	<u>\$8,900,000</u>

(1) The Company had issued 108-1 unsecured corporate bonds (hereinafter called “the Bonds-108-1”) amounted to 4,200,000 thousand dollars on November 22, 2019. The Bonds-108-1 were issued in three types: Bonds A were issued with three year maturities, amounted to 300,000 thousand dollars; Bonds B were issued with five year maturities, amounted to 2,600,000 thousand dollars; Bonds C were issued with seven year maturities, amounted to 1,300,000 thousand dollars, all of them at par value of 10,000 thousand dollars per bond. Other terms are listed below:

- A. Term to Maturity: Bonds A were issued on November 22, 2019 and will be redeemed on November 22, 2022; Bonds B were issued on November 22, 2019 and will be redeemed on November 22, 2024; Bonds C were issued on November 22, 2019 and will be redeemed on November 22, 2026.
- B. Coupon rate: the coupon rate of Bonds A is 0.73% annually; of Bonds B is 0.78% annually; of Bonds C is 0.83% annually.
- C. Repayment of principal: The principal of the Bonds will be repaid at maturity.
- D. The Bonds-108-1 were issued without collaterals.
- E. Interest payment method: The interest is paid annually and calculated on coupon rate by using simple interest method.

(2) The Company had issued 110-1 unsecured corporate bonds (hereinafter called “the Bonds-110-1”) amounted to 5,000,000 thousand dollars on July 9, 2021. The Bonds-110-1 were issued in two types: Bonds A were issued with five year maturities, amounted to 2,300,000 thousand dollars; Bonds B were issued with seven year maturities, amounted to 2,700,000 thousand dollars, both at par value of 10,000 thousand dollars per bond. Other terms are listed below:

- A. Term to Maturity: Bonds A were issued on July 9, 2021 and will be redeemed on July 9, 2026; Bonds B were issued on July 9, 2021 and will be redeemed on July 9, 2028.
- B. Coupon rate: the coupon rate of Bonds A is 0.51% annually; of Bonds B is 0.55% annually.
- C. Repayment of principal: The principal of the Bonds will be repaid at maturity.
- D. The Bonds-110-1 were issued without collaterals.
- E. Interest payment method: The interest is paid annually and calculated on coupon rate by using simple interest method.

(3) The Company had issued 113-1 unsecured subordinated corporate bonds (hereinafter called “the Bonds-113-1”) amounted to 3,000,000 thousand dollars on May 28, 2024. The Bonds-113-1 were issued at par value of 10,000 thousand dollars per bond. Other terms are listed below:

- A. Term to Maturity: The Bonds-113-1 were issued on May 28, 2024 and will be redeemed on May 28, 2034.
- B. Coupon rate: the coupon rate of the Bonds-113-1 is 2.20% annually.
- C. Repayment of principal: The principal of the Bonds will be repaid at maturity.
- D. The Bonds-113-1 were issued without collaterals.
- E. Interest payment method: The interest is paid annually and calculated on coupon rate by using simple interest method.

## **25. Post-Employment Benefits**

(1) Description of employment pension:

### Defined contribution plan

The Company and domestic subsidiaries established the employee retirement method that is defined contribution plan in accordance with The Labor Pension Act of the R.O.C. and the percentage of contribution burden by the Company and domestic subsidiaries are not less than 6% of employee’s monthly wages and salaries. The Company and domestic subsidiaries contribute monthly an amount equal to 6% of employee’s wages and salaries to the employee’s individual pension fund accounts at the Bureau of Labor Insurance.

Foreign subsidiaries make contribution to the business related to pension management in compliance with local regulation.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

KGI SECURITIES CO. LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Defined benefit plan

The Company and domestic subsidiaries adopt a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company and domestic subsidiaries contribute an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. In addition, the Company and subsidiaries will assess the balance in pension fund at the end of the year; if the balance is not enough to pay the pension in the following year, the difference will be contributed before March in the next year.

Pension fund deposited in the Bank of Taiwan is utilized by Ministry of Labor in accordance with Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The investment strategy of the fund is to be managed by the Ministry itself or outsourcing, actively or passively in the medium or long term. Considering market, credit, liquidity risk, the Ministry of Labor set controlling plan and the limit for fund risk, allowing it to achieve its expected return without taking too much risk. Every year, the minimum return resolved to be allocated should not be lower than the return resulting from the interest of certificate deposits for two years. If it is not enough, it should be made up by National Treasury with the approval of authority.

The defined benefit plan for the company's subsidiary, PT KGI Sekuritas Indonesia, is performed in accordance with local regulation in Indonesia.

- (2) The total expense recognized in the comprehensive income statement according to proportion stipulated in the plan are as follows:

	For the three-month periods		For the six-month periods	
	ended June 30		ended June 30	
	2024	2023	2024	2023
Defined contribution plan	\$62,275	\$62,813	\$127,942	\$124,187
Defined benefit plan	2,917	3,194	5,834	6,382
Total	<u>\$65,192</u>	<u>\$66,007</u>	<u>\$133,776</u>	<u>\$130,569</u>

English Translation of Consolidated Financial Statements Originally Issued in Chinese  
**KGI SECURITIES CO. LTD. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**26. Provision**

	6/30/24	12/31/23	6/30/23
Litigation provision	\$133,824	\$133,824	\$133,824
Decommissioning liabilities	109,125	91,146	89,646
Total	<u>\$242,949</u>	<u>\$224,970</u>	<u>\$223,470</u>

**27. Equity**

(1) Common stock

	6/30/24	12/31/23	6/30/23
Authorized shares (thousand shares)	<u>4,600,000</u>	<u>4,600,000</u>	<u>4,600,000</u>
Authorized capital	<u>\$46,000,000</u>	<u>\$46,000,000</u>	<u>\$46,000,000</u>

The Company has issued 1,817,479 thousand, 1,817,479 thousand and 1,878,737 thousand common shares as of June 30, 2024, December 31, 2023 and June 30, 2023. The Company's issued capital was 18,174,785 thousand dollars, 18,174,785 thousand dollars and 18,787,366 thousand dollars, as of June 30, 2024, December 31, 2023 and June 30, 2023, respectively, each at a par value of NT\$10.

The Company held a board meeting on April 21, 2023 to act on behalf of its shareholders and resolved to implement capital reduction in the amount of 612,581 thousand dollars, in the form of 30,000 thousand common shares of KGI Securities Investment Trust held by the Company. This capital reduction was approved by the competent authority and July 1, 2023 was set as the based date of the capital reduction.

(2) Capital reserve

	6/30/24	12/31/23	6/30/23
Additional paid-in capital	\$1,786,849	\$1,786,849	\$1,786,849
Treasury share transactions	364,435	364,435	364,435
Share-based payment	225,715	189,428	146,950
Surplus from business combination	4,999,288	4,999,288	4,930,271
Employee share options	14,774	14,774	14,774
Employee share options expired	257	257	257
Total	<u>\$7,391,318</u>	<u>\$7,355,031</u>	<u>\$7,243,536</u>

Capital reserve needs to make up the company's deficiencies as priority. The company with no deficiency can issue all or portion of capital reserve in new stocks or cash and release to shareholders as their percentage by following the company law of shareholders' decision method. Capital reserve mentions in the former includes excess over par value of stocks and donations received.

(3) Distribution of earnings and dividend policy

A. The Articles of Incorporation of earnings distribution are as following:

For the operation and benefits of shareholders, the Company adopted surplus dividend policy in compliance with related regulations. The Company distributes cash dividends, and these cash dividends should not less than 10% of all dividends.

The Company should pay applicable income tax, offset accumulated losses, set aside legal reserve, and appropriate or reverse special reserve under relevant regulations before distribution of current net income. Appropriation of the remains along with the beginning balance of undistributed earnings shall be proposed by the Board of Directors and resolved by the shareholders.

B. The Company held the annual meeting of shareholders (represented by the board of directors) on June 21, 2024 and June 21, 2023 and resolved the distribution of annual net income for 2023 and 2022, respectively, as follows:

	Distribution of earnings		Dividend per share (dollar)	
	2023	2022	2023	2022
Legal reserve	\$724,741	\$393,437	-	-
Special reserve	204,201	1,872,501	-	-
Cash dividends	6,318,464	1,668,432	3.476	0.888

C. According to the Rule No. 1100365484 issued by FSC on January 21, 2022, when the Company distributes earnings, it must set aside (from current net income and the items other than current net income which would be added into current unappropriated earnings) special reserves equal in amounts to other net deductions from shareholders equity arising during that same year. Undistributed earnings from the preceding period are set aside if amount set aside from current net income and unappropriated earnings are not sufficient. Any other net deductions from shareholders equity items accumulated from the preceding year must not be distributed; instead, an equivalent amount must be set aside from undistributed earnings to special reserves. Thereafter, when other shareholders equity deductions are shifted back, the company may distribute earnings in an amount equal to the amount shifted back.

D. As required by the Company Act, 10% of the current year's earnings, after paying all taxes and offsetting prior years' operating losses, if any, shall be set aside as legal reserve until the cumulative balance equals its paid-in capital. Except for covering accumulated deficit, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the balance of the reserve exceeds 25% of the Company's paid-in capital.

English Translation of Consolidated Financial Statements Originally Issued in Chinese  
**KGI SECURITIES CO. LTD. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

(4) Non-controlling interests

	For the six-month periods ended June 30	
	2024	2023
Beginning balance	\$20,636	\$19,303
Profit attributable to non-controlling interests	1,820	1,281
Other comprehensive income, attributable to non-controlling interests, net of tax:		
Exchange differences resulting from translating the financial statements of a foreign operation	(26)	178
Cash dividend issued from subsidiaries	(2,116)	(1,756)
Others	(3)	-
Ending balance	\$20,311	\$19,006

**28. The Detail of Comprehensive Net Income**

(1) Brokerage handling fee revenue

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2024	2023	2024	2023
Brokerage handling fee revenue	\$3,434,087	\$2,251,951	\$6,241,490	\$4,048,528
Foreign brokerage fee	747,401	568,431	1,396,490	1,162,374
Foreign sub-brokerage revenue	468,534	347,070	1,001,569	722,341
Others	71,335	57,182	122,643	103,037
Total	\$4,721,357	\$3,224,634	\$8,762,192	\$6,036,280

(2) Revenue from underwriting business

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2024	2023	2024	2023
Revenue from underwriting of securities	\$86,589	\$73,606	\$168,226	\$107,644
Revenue from underwriting proceeding fee	80,404	67,388	199,194	166,737
Revenue from underwriting and counseling	8,063	5,523	15,866	10,636
Others	15,365	11,707	45,531	26,906
Total	\$190,421	\$158,224	\$428,817	\$311,923

English Translation of Consolidated Financial Statements Originally Issued in Chinese

KGI SECURITIES CO. LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(3) Gains/(losses) on disposal of trading securities-net

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2024	2023	2024	2023
Dealing	\$1,376,235	\$778,595	\$3,252,418	\$1,335,567
Underwriting	101,158	40,623	192,862	128,694
Hedging	756,401	564,476	1,429,027	582,740
Total	<u>\$2,233,794</u>	<u>\$1,383,694</u>	<u>\$4,874,307</u>	<u>\$2,047,001</u>

(4) Interest income

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2024	2023	2024	2023
Margin loans	\$587,112	\$402,870	\$1,117,230	\$771,426
Bonds	1,132,321	884,801	2,135,150	1,689,062
Others	376,822	298,280	731,936	508,709
Total	<u>\$2,096,255</u>	<u>\$1,585,951</u>	<u>\$3,984,316</u>	<u>\$2,969,197</u>

(5) Gains/(losses) on trading securities measured at fair value through profit and loss-net

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2024	2023	2024	2023
Dealing	\$2,957,067	\$(210,162)	\$3,577,296	\$1,072,330
Underwriting	14,273	75,850	107,588	41,266
Hedging	1,222,962	(139,700)	1,879,967	303,540
Settlement coverage bonds payable of short sale	430	(60)	(1,019)	-
Total	<u>\$4,194,732</u>	<u>\$(274,072)</u>	<u>\$5,563,832</u>	<u>\$1,417,136</u>

(6) Gains/(losses) on covering of securities borrowing and short sales of bonds with reverse repurchase agreements-net

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2024	2023	2024	2023
Gains	\$139,128	\$116,120	\$281,699	\$194,988
Losses	(129,907)	(447,220)	(274,939)	(1,084,494)
Total	<u>\$9,221</u>	<u>\$(331,100)</u>	<u>\$6,760</u>	<u>\$(889,506)</u>

English Translation of Consolidated Financial Statements Originally Issued in Chinese  
**KGI SECURITIES CO. LTD. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

(7) Please refer to Note VI.20 for details of gains and losses on derivative instruments.

(8) Expected credit (losses)/gains on reversal

A. Details of expected credit (losses)/gains on reversal are as follows:

	For the three-month periods		For the six-month periods	
	ended June 30		ended June 30	
	2024	2023	2024	2023
Financial assets measured at				
FVOCI	\$(140)	\$(911)	\$86	\$445
Financial assets measured at				
amortized cost				
Receivables (Note 1)	(235)	1,545	(4,354)	(299)
Others (Note 2)	32,807	(5,982)	32,797	(4,793)
<b>Total</b>	<b>\$32,432</b>	<b>\$(5,348)</b>	<b>\$28,529</b>	<b>\$(4,647)</b>

Note 1: Receivables include securities margin loans receivable, trading securities receivable, futures commission merchant receivable and accounts receivable.

Note 2: Others include cash and cash equivalents, investment in bonds with reverse repurchase agreements, customer margin accounts, security lending deposit, other current assets and other non-current assets.

B. The Company and subsidiaries' total carrying amount and accumulated impairment loss as of June 30, 2024, December 31, 2023 and June 30, 2023 are as follows:

(a) Financial assets measured at fair value through other comprehensive income

The carrying amount of financial assets measured at fair value through other comprehensive income-debt instrument investments are 46,134,147 thousand dollars, 45,542,812 thousand dollars and 47,954,039 thousand dollars, respectively. The accumulated impairment loss recognized are 21,401 thousand dollars, 21,091 thousand dollars and 20,311 thousand dollars, respectively.



English Translation of Consolidated Financial Statements Originally Issued in Chinese

KGI SECURITIES CO. LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(b) Receivables and others

As of June 30, 2024:

Item	Carrying amount	Accumulated impairment loss	Net amount
Cash and cash equivalents	\$29,691,460	\$(546)	\$29,690,914
Investment in bonds with reverse repurchase agreements	19,998,406	-	19,998,406
Securities margin loans receivable	44,570,153	(12,366)	44,557,787
Trading securities receivable	22,781,591	(5,141)	22,776,450
Customer margin accounts	65,473,643	(33)	65,473,610
Futures commission merchant receivable	114,719	(114,698)	21
Security lending deposits	43,610,149	(2)	43,610,147
Accounts receivable	81,852,909	(8,898)	81,844,011
Other current assets	41,004,224	(7,812)	40,996,412
Other non-current assets	4,850,796	(1,024,181)	3,826,615
<b>Total</b>	<b>\$353,948,050</b>	<b>\$(1,173,677)</b>	<b>\$352,774,373</b>

As of December 31, 2023:

Item	Carrying amount	Accumulated impairment loss	Total
Cash and cash equivalents	\$22,481,796	\$(527)	\$22,481,269
Investment in bonds with reverse repurchase agreements	13,142,593	(4)	13,142,589
Securities margin loans receivable	35,377,632	(11,626)	35,366,006
Trading securities receivable	15,688,314	(3,540)	15,684,774
Customer margin accounts	53,729,685	(30)	53,729,655
Futures commission merchant receivable	115,172	(115,126)	46
Security lending deposits	39,929,060	(2)	39,929,058
Accounts receivable	55,930,018	(6,603)	55,923,415
Other current assets	38,190,049	(8,946)	38,181,103
Others non-current assets	4,598,077	(1,044,139)	3,553,938
<b>Total</b>	<b>\$279,182,396</b>	<b>\$(1,190,543)</b>	<b>\$277,991,853</b>

English Translation of Consolidated Financial Statements Originally Issued in Chinese

KGI SECURITIES CO. LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

As of June 30, 2023:

Item	Carrying amount	Accumulated impairment loss	Net amount
Cash and cash equivalents	\$23,532,261	\$(348)	\$23,531,913
Investment in bonds with reverse repurchase agreements	11,434,942	-	11,434,942
Securities margin loans receivable	29,729,928	(4,440)	29,725,488
Trading securities receivable	12,217,156	(1,423)	12,215,733
Customer margin accounts	63,482,766	(45)	63,482,721
Futures commission merchant receivable	133,719	(133,719)	-
Security lending deposits	33,529,212	(2)	33,529,210
Accounts receivable	61,980,526	(4,487)	61,976,039
Other current assets	37,476,902	(12,043)	37,464,859
Other non-current assets	4,832,161	(885,386)	3,946,775
<b>Total</b>	<b>\$278,349,573</b>	<b>\$(1,041,893)</b>	<b>\$277,307,680</b>

C. The Company and subsidiaries' movements of accumulated impairment for the six-month periods ended June 30, 2024 and 2023 are as follows:

(a) Financial assets measured at fair value through other comprehensive income

Item	12-month expected credit losses	Lifetime expected credit losses (collective assessment)	Total
Balance as of January 1, 2024	\$(21,091)	\$-	\$(21,091)
(Increase)/ decrease	22	64	86
Exchange differences and others	473	(869)	(396)
<b>Balance as of June 30, 2024</b>	<b>\$(20,596)</b>	<b>\$(805)</b>	<b>\$(21,401)</b>
Balance as of January 1, 2023	\$(20,697)	\$-	\$(20,697)
(Increase)/ decrease	445	-	445
Exchange differences and others	(59)	-	(59)
<b>Balance as of June 30, 2023</b>	<b>\$(20,311)</b>	<b>\$-</b>	<b>\$(20,311)</b>

The changes in the impairment of debt instrument investments measured at fair value through other comprehensive income were mainly affected by the derecognition and the newly acquired position during the six-month periods ended June 30, 2024 and 2023.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

KGI SECURITIES CO. LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(b) Receivables and others

Item	12-month	Lifetime	Lifetime	Lifetime	Total
	expected credit losses	expected credit losses (collective assessment)	expected credit losses (credit impaired financial assets)	expected credit losses (simplified approach)	
Balance as of January 1, 2024	\$ (9,805)	\$ (141)	\$ (1,164,686)	\$ (15,911)	\$ (1,190,543)
(Increase)/decrease	280	124	34,412	(6,373)	28,443
Financial assets derecognized in the current period	-	-	793	-	793
Exchange differences and others	(453)	(6)	(11,906)	(5)	(12,370)
Balance as of June 30, 2024	<u>\$ (9,978)</u>	<u>\$ (23)</u>	<u>\$ (1,141,387)</u>	<u>\$ (22,289)</u>	<u>\$ (1,173,677)</u>
Balance as of January 1, 2023	\$ (8,802)	\$ (316)	\$ (1,028,067)	\$ (4,623)	\$ (1,041,808)
(Increase)/decrease	(1,175)	(48)	(743)	(3,126)	(5,092)
Financial assets derecognized in the current period	-	-	730	-	730
Exchange differences and others	(68)	278	4,068	(1)	4,277
Balance as of June 30, 2023	<u>\$ (10,045)</u>	<u>\$ (86)</u>	<u>\$ (1,024,012)</u>	<u>\$ (7,750)</u>	<u>\$ (1,041,893)</u>

The changes in the carrying amounts of above mentioned receivables and others were mainly due to the securities trading market situation.

D. Please refer to Note XII.2 for details on measurement of expected credit losses.

(9) Other operating income

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2024	2023	2024	2023
Commission income	\$168,189	\$157,322	\$309,378	\$268,349
Investment trust and fund management income	-	162,909	-	317,494
Exchange gain/(loss)	(162,046)	(49,151)	(355,497)	(245,111)
Gain on exercising warrant before expiration date	203,760	3,504	261,865	10,477
Net gain (loss) on disposal of marketable securities	6,063	17,452	38,333	32,674
Net gain (loss) on the evaluation of marketable securities	(23,053)	(13,951)	(57,809)	106,121
Others	109,569	37,471	170,601	72,165
Total	<u>\$302,482</u>	<u>\$315,556</u>	<u>\$366,871</u>	<u>\$562,169</u>

English Translation of Consolidated Financial Statements Originally Issued in Chinese

KGI SECURITIES CO. LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(10) Financial cost

	For the three-month periods		For the six-month periods	
	ended June 30		ended June 30	
	2024	2023	2024	2023
Bonds	\$1,166,226	\$926,747	\$2,259,882	\$1,726,544
Bank borrowing	281,354	249,381	556,974	454,191
Corporate bonds	20,481	14,373	34,815	28,588
Lease liabilities	5,701	6,323	11,347	12,073
Securities lending refundable deposits	425,835	317,447	762,595	565,988
Others	326,644	149,465	517,582	289,878
<b>Total</b>	<b>\$2,226,241</b>	<b>\$1,663,736</b>	<b>\$4,143,195</b>	<b>\$3,077,262</b>

(11) Employee benefits expenses, depreciation and amortization

Item	For the three-month periods		For the six-month periods	
	ended June 30		ended June 30	
	2024	2023	2024	2023
Employee benefit expenses				
Salary expenses	\$2,146,141	\$1,920,732	\$4,445,411	\$3,744,106
Insurance expenses	96,774	90,607	187,774	190,059
Pension expenses	65,192	66,007	133,776	130,569
Others	58,716	52,470	116,860	100,138
<b>Total</b>	<b>\$2,366,823</b>	<b>\$2,129,816</b>	<b>\$4,883,821</b>	<b>\$4,164,872</b>
Depreciations and amortizations				
Depreciations	\$184,181	\$206,510	\$366,625	\$409,993
Amortizations	63,693	74,565	126,386	133,377
<b>Total</b>	<b>\$247,874</b>	<b>\$281,075</b>	<b>\$493,011</b>	<b>\$543,370</b>

A. Due to the specialty of industry of the Company and subsidiaries, the employee benefit expenses and the depreciation and amortization expenses were classified as operating expenses.

B. The Company appropriates at least employees' bonus 0.1% and no more than directors' remuneration 1.0% of income before tax and before distributing earnings to employees and directors as employees' bonus income and directors' remuneration, respectively. The employees' bonus of 21,000 thousand dollars, 14,000 thousand dollars, 44,000 thousand dollars and 29,000 thousand dollars and the directors' remuneration of 31,000 thousand dollars, 21,000 thousand dollars, 62,000 thousand dollar and 41,000 thousand dollars were recognized under salary expenses based on the current year profit for the three-month periods ended June 30 in 2024 and 2023 and for the six-month periods ended June 30 in 2024 and 2023, respectively.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

KGI SECURITIES CO. LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

C. The Company distributed the employees' bonus of 57,000 thousand dollars and 32,000 thousand dollars and directors' remuneration 80,000 thousand dollars and 44,000 dollars on March 8, 2024 and February 17, 2023, respectively, which have no difference from the expenses recognized in 2023 and 2022.

D. The related information about employees' bonus and directors' remuneration from the earnings distribution plan adopted by the Company's board of directors' meeting can be inquired at Market Observation Post System.

(12) Other operating expenses

	For the three-month periods		For the six-month periods	
	ended June 30		ended June 30	
	2024	2023	2024	2023
Postage and telephone expenses	\$88,593	\$81,603	\$169,423	\$157,252
Tax	318,978	250,379	597,493	453,073
Computer information expenses	207,767	151,931	400,556	311,298
Professional fee	73,927	87,064	148,523	158,468
Securities borrowed expenses	266,468	233,749	482,800	479,571
Handling fee	257,025	131,495	463,064	240,256
Maintenance and repairs	79,502	79,058	159,426	158,042
Operation expense	9,789	31,898	18,296	63,734
TDCC service fee	122,845	79,938	220,370	136,636
Other expenses	282,435	208,766	496,278	392,633
<b>Total</b>	<b>\$1,707,329</b>	<b>\$1,335,881</b>	<b>\$3,156,229</b>	<b>\$2,550,963</b>

(13) Other income and costs

	For the three-month periods		For the six-month periods	
	ended June 30		ended June 30	
	2024	2023	2024	2023
Interest income	\$1,023,752	\$922,088	\$1,925,537	\$1,774,241
Gains/(losses) from disposal of investment	152,237	44,114	248,957	76,123
Non-operating financial assets measured at FVTPL	132,285	(7,093)	240,117	103,785
Dividend income	15,568	146,905	20,021	152,935
Management service income	124,287	116,123	242,209	234,339
Others	51,764	50,849	96,268	105,945
<b>Total</b>	<b>\$1,499,893</b>	<b>\$1,272,986</b>	<b>\$2,773,109</b>	<b>\$2,447,368</b>

English Translation of Consolidated Financial Statements Originally Issued in Chinese  
**KGI SECURITIES CO. LTD. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**29. Components of Other Comprehensive Income**

For the three-month period ended June 30, 2024

	Arising	Reclassification	Other comprehensive income, before tax	Income tax (expense) income	Other comprehensive income, net of tax
To be reclassified subsequently to profit or loss:					
Exchange differences resulting from translating the financial statements of a foreign operation	\$188,471	\$-	\$188,471	\$-	\$188,471
Unrealized valuation gains/(losses) from debt instrument investments measured at FVOCI	77,242	(92,092)	(14,850)	(2,033)	(16,883)
<b>Total</b>	<b>\$265,713</b>	<b>\$(92,092)</b>	<b>\$173,621</b>	<b>\$(2,033)</b>	<b>\$171,588</b>

For the three-month period ended June 30, 2023

	Arising	Reclassification	Other comprehensive income, before tax	Income tax (expense) income	Other comprehensive income, net of tax
Not to be reclassified subsequently to profit or loss:					
Unrealized valuation gains/(losses) from equity instrument investments measured at FVOCI	\$(18,320)	\$-	\$(18,320)	\$-	\$(18,320)
To be reclassified subsequently to profit or loss:					
Exchange differences resulting from translating the financial statements of a foreign operation	198,788	-	198,788	-	198,788
Unrealized valuation gains/(losses) from debt instrument investments measured at FVOCI	82,007	(35,626)	46,381	(3,097)	43,284
<b>Total</b>	<b>\$262,475</b>	<b>\$(35,626)</b>	<b>\$226,849</b>	<b>\$(3,097)</b>	<b>\$223,752</b>

For the six-month period ended June 30, 2024

	Arising	Reclassification	Other comprehensive income, before tax	Income tax (expense) income	Other comprehensive income, net of tax
To be reclassified subsequently to profit or loss:					
Exchange differences resulting from translating the financial statements of a foreign operation	\$634,356	\$-	\$634,356	\$-	\$634,356
Unrealized valuation gains/(losses) from debt instrument investments measured at FVOCI	254,131	(182,239)	71,892	(8,712)	63,180
<b>Total</b>	<b>\$888,487</b>	<b>\$(182,239)</b>	<b>\$706,248</b>	<b>\$(8,712)</b>	<b>\$697,536</b>

English Translation of Consolidated Financial Statements Originally Issued in Chinese  
**KGI SECURITIES CO. LTD. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

For the six-month period ended June 30, 2023

	Arising	Reclassification	Other comprehensive income, before tax	Income tax (expense) income	Other comprehensive income, net of tax
Not to be reclassified subsequently to profit or loss:					
Unrealized valuation gains/(losses) from equity instrument investments measured at FVOCI	\$(18,320)	\$-	\$(18,320)	\$-	\$(18,320)
To be reclassified subsequently to profit or loss:					
Exchange differences resulting from translating the financial statements of a foreign operation	121,220	-	121,220	-	121,220
Unrealized valuation gains/(losses) from debt instrument investments measured at FVOCI	564,247	(51,917)	512,330	(18,211)	494,119
<b>Total</b>	<b>\$667,147</b>	<b>\$(51,917)</b>	<b>\$615,230</b>	<b>\$(18,211)</b>	<b>\$597,019</b>

### **30. Income Tax**

(1) The major components of income tax expense (benefit) are as follows:

#### Income tax expense (benefit) recognized in profit or loss

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2024	2023	2024	2023
Current income tax expense (benefit)				
Current period	\$534,297	\$344,634	\$854,340	\$533,006
Adjustments of prior periods	(1,345)	(2,511)	(80,859)	(2,527)
Deferred income tax expense (benefit)				
Current period	(98,291)	(93,975)	(81,367)	(68,307)
<b>Income tax expense (benefit)</b>	<b>\$434,661</b>	<b>\$248,148</b>	<b>\$692,114</b>	<b>\$462,172</b>

#### Income tax relating to components of other comprehensive income

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2024	2023	2024	2023
Deferred income tax expense (benefit)				
Financial assets measured at FVOCI	\$2,033	\$3,097	\$8,712	\$18,211

English Translation of Consolidated Financial Statements Originally Issued in Chinese  
**KGI SECURITIES CO. LTD. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

(2) The income tax returns assessed of the Company and subsidiaries are as follows:

	<u>Assessment information</u>
The Company	Assessed through 2018
KGI Securities Investment Advisory Co. Ltd.	Assessed through 2022
KGI Insurance Brokers Co. Ltd.	Assessed through 2022
KGI Venture Capital Co. Ltd.	Assessed through 2022
KGI Futures	Assessed through 2021
KGI Information Technology Co. Ltd.	Assessed through 2022

(3) Administrative remedy

The income tax return of the Company for the year ended December 31, from 2015 to 2018 was assessed for additional income tax of 383,495 thousand dollars. The Company has appealed for administrative remedy. Additional income tax has been recognized into the financial statements.

### **31. Earnings Per Share**

Basic earnings per share (“EPS”) amounts are calculated by dividing net income for the year attributable to common stockholders of the Company by the weighted average number of shares outstanding during the year.

	For the three-month periods		For the six-month periods	
	ended June 30		ended June 30	
	2024	2023	2024	2023
Basic EPS				
Attributable to the Company	\$2,619,555	\$1,802,757	\$5,517,387	\$3,694,404
Weighted average number of				
shares outstanding	1,817,478,544 shares	1,878,736,629 shares	1,817,478,544 shares	1,878,736,629 shares
Basic EPS (NT\$)	\$1.44	\$0.96	\$3.04	\$1.97

### **VII. Significant Related Parties Transaction**

The following is summary of transactions between the Company and subsidiaries and related parties during the financial reporting periods:



English Translation of Consolidated Financial Statements Originally Issued in Chinese  
**KGI SECURITIES CO. LTD. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

1. Name and nature of relationship of the related parties

Name of the related parties	Nature of relationship of the related parties
KGI Financial Holding Co., Ltd. (KGIFH)	The parent company
KGI Securities (Thailand) Public Company Limited (KGI TH)	The associate
KGI Securities Investment Trust Co. Ltd. (KGI Investment Trust)	Other related party (Note)
KGI Bank Co., Ltd. (KGI Bank)	Other related party
KGI Life Insurance Co., Ltd. (KGI Life)	Other related party
China Development Asset Management Corp.	Other related party
CDIB Capital Group (CDIB Capital)	Other related party
CDIB Capital Healthcare Ventures Limited	Other related party
CDIB Venture Capital Corp.	Other related party
CDIB Capital Management Corp.	Other related party
JING-HUI Investment Corp. (JING-HUI Investment)	Other related party
CDIB CME Fund Ltd.	Other related party
CDIB Capital Growth Partners L.P.	Other related party
CDIB Partners Investment Holding Corp.	Other related party
CDC Finance & Leasing Corp.	Other related party
KGI Charity Foundation (KGI Charity)	Other related party
Funds managed by KGI Securities Investment Trust Co. Ltd. (KGI Investment Trust Funds)	Other related party
CDIB Capital Investment I Ltd.	Other related party
CDIB Capital Investment II Ltd.	Other related party
CDIB Private Equity (Fujian) Enterprise (Limited Partnership)	Other related party
CDIB Innolux Fund L.P.	Other related party
CDIB & Partners Investment Holding (Cayman) Ltd.	Other related party
CDIB Real Estate Credit Ltd. (CREC)	Other related party
Others	Other related parties

Note: To align with the strategic development plan of the parent company, KGIFH, the Company adopted a capital reduction to return all of its wholly-owned shares in KGI Investment Trust to KGIFH. Consequently, KGIFH directly acquired the ownership of KGI Investment Trust on July 1, 2023, KGI Investment Trust has become the other related party of the Company.

English Translation of Consolidated Financial Statements Originally Issued in Chinese  
**KGI SECURITIES CO. LTD. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

2. Significant transactions with related-parties

(1) Operating revenue and cost:

	<u>For the three-month periods</u> <u>ended June 30</u>		<u>For the six-month periods</u> <u>ended June 30</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
<b>A. <u>Brokerage handling fee revenue</u></b>				
Associates	\$51	\$-	\$112	\$-
Other related parties				
KGI Life	36,705	17,298	69,628	26,316
KGI Bank	4,478	4,322	9,605	7,820
Others	5,140	4,286	11,820	7,090
Total	<u>\$46,374</u>	<u>\$25,906</u>	<u>\$91,165</u>	<u>\$41,226</u>
<b>B. <u>Gains/(losses) on disposal of trading securities-net</u></b>				
Other related parties				
KGI Life	\$(584)	\$(203)	\$(1,245)	\$(206)
Others	(1)	-	(15)	-
Total	<u>\$(585)</u>	<u>\$(203)</u>	<u>\$(1,260)</u>	<u>\$(206)</u>
<b>C. <u>Gains on wealth management</u></b>				
Other related parties				
KGI Investment Trust	\$4,447	\$-	\$9,046	\$-
<b>D. <u>Revenue from providing agency service for stock affairs</u></b>				
Parent company				
KGIFH	\$8,535	\$8,888	\$13,433	\$13,641
Other related parties				
KGI Life	39	39	78	78
Others	62	61	122	123
Total	<u>\$8,636</u>	<u>\$8,988</u>	<u>\$13,633</u>	<u>\$13,842</u>
<b>E. <u>Interest income</u></b>				
Other related parties				
KGI Life	\$32,558	\$32,648	\$65,117	\$64,937
Others	976	13	1,762	291
Total	<u>\$33,534</u>	<u>\$32,661</u>	<u>\$66,879</u>	<u>\$65,228</u>

English Translation of Consolidated Financial Statements Originally Issued in Chinese

KGI SECURITIES CO. LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2024	2023	2024	2023
<b>F. <u>Dividend income</u></b>				
Other related parties				
KGI Investment Trust Funds	<u>\$1,301</u>	<u>\$1,034</u>	<u>\$5,042</u>	<u>\$1,596</u>
<b>G. <u>Gains/(losses) on trading securities measured at fair value through profit and loss-net</u></b>				
Other related parties				
KGI Life	<u>\$1,069</u>	<u>\$(9,337)</u>	<u>\$(9,813)</u>	<u>\$(19,619)</u>
<b>H. <u>Other operating revenue</u></b>				
Other related parties				
KGI Life	\$67,155	\$66,928	\$113,909	\$123,313
Others	3,789	1,413	2,427	2,937
Total	<u>\$70,944</u>	<u>\$68,341</u>	<u>\$116,336</u>	<u>\$126,250</u>
<b>I. <u>Financial costs</u></b>				
Other related parties				
KGI Bank	\$16,597	\$1,347	\$39,285	\$1,362
KGI Life	317	359	619	729
Others	150	1	233	70
Total	<u>\$17,064</u>	<u>\$1,707</u>	<u>\$40,137</u>	<u>\$2,161</u>

The above transactions were under general trading condition.

- (2) Due from banks (recognized as cash and cash equivalents and other current assets):

	<u>6/30/24</u>	<u>12/31/23</u>	<u>6/30/23</u>
Other related parties			
KGI Bank	<u>\$14,319,561</u>	<u>\$13,061,808</u>	<u>\$6,497,747</u>

- (3) Financial assets/liabilities measured at fair value through profit or loss-current:

	<u>6/30/24</u>	<u>12/31/23</u>	<u>6/30/23</u>
<b>A. <u>Open-ended funds, monetary market instruments and other securities</u></b>			
Other related parties			
KGI Investment Trust Funds	<u>\$301,051</u>	<u>\$505,327</u>	<u>\$517,601</u>

English Translation of Consolidated Financial Statements Originally Issued in Chinese

KGI SECURITIES CO. LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

	<u>6/30/24</u>	<u>12/31/23</u>	<u>6/30/23</u>
	Notional	Notional	Notional
	Amount	Amount	Amount
<b>B. <u>Outstanding derivative instruments</u></b>			
a. Structure notes liabilities			
Other related parties			
Others	<u>\$51,174</u>	<u>\$19,993</u>	<u>\$18,000</u>
	<u>6/30/24</u>	<u>12/31/23</u>	<u>6/30/23</u>
<b>C. <u>Trading Securities</u></b>			
Other related parties			
KGI Life	\$4,832,453	\$4,831,706	\$4,830,091
KGI Investment Trust Funds	374,422	338,432	415,250
Others	-	49,176	-
Total	<u>\$5,206,875</u>	<u>\$5,219,314</u>	<u>\$5,245,341</u>
 (4) Securities margin loans receivable:			
	<u>6/30/24</u>	<u>12/31/23</u>	<u>6/30/23</u>
Other related parties			
Others	<u>\$64,132</u>	<u>\$36,261</u>	<u>\$19,990</u>
 (5) Customer margin accounts:			
	<u>6/30/24</u>	<u>12/31/23</u>	<u>6/30/23</u>
Associates	\$12,281	\$14,909	\$14,909
Other related parties			
KGI Bank	261,438	1,455,257	2,069,444
Total	<u>\$273,719</u>	<u>\$1,470,166</u>	<u>\$2,084,353</u>
 (6) Account receivables:			
	<u>6/30/24</u>	<u>12/31/23</u>	<u>6/30/23</u>
Parent company	\$3,935	\$-	\$4,253
Associates			
KGI TH	334,260	452,051	375,140
Other related parties			
KGI Life	85,557	37,673	193,885
KGI Bank	5	200,533	5
KGI Investment Trust Funds	83,957	952,830	52,656
Others	17,471	8,472	8,232
Total	<u>\$525,185</u>	<u>\$1,651,559</u>	<u>\$634,171</u>

English Translation of Consolidated Financial Statements Originally Issued in Chinese

KGI SECURITIES CO. LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(7) Other receivables (recognized as other current assets):

	<u>6/30/24</u>	<u>12/31/23</u>	<u>6/30/23</u>
Other related parties			
KGI Life	\$335	\$376	\$359
KGI Bank	17,141	15,926	15,743
KGI Investment Trust	-	1,910	-
Others	4,039	36	59
Total	<u>\$21,515</u>	<u>\$18,248</u>	<u>\$16,161</u>

(8) Temporary payments (recognized as other current assets):

	<u>6/30/24</u>	<u>12/31/23</u>	<u>6/30/23</u>
Parent company			
KGIFH	\$3,751	\$-	\$3,928
Other related parties			
Others	1	-	1
Total	<u>\$3,752</u>	<u>\$-</u>	<u>\$3,929</u>

(9) Other restricted assets (recognized as other current assets):

	<u>6/30/24</u>	<u>12/31/23</u>	<u>6/30/23</u>
Other related parties			
KGI Bank	<u>\$1,919,845</u>	<u>\$2,112,957</u>	<u>\$2,322,440</u>

(10) Futures customers' equity:

	<u>6/30/24</u>	<u>12/31/23</u>	<u>6/30/23</u>
Other related parties			
KGI Investment Trust Funds	\$36,018	\$21,435	\$22,897
KGI Bank	299,053	367,749	701,874
Others	698	991	1,097
Total	<u>\$335,769</u>	<u>\$390,175</u>	<u>\$725,868</u>

(11) Accounts payable:

	<u>6/30/24</u>	<u>12/31/23</u>	<u>6/30/23</u>
Associates			
KGI TH	\$347,855	\$435,384	\$374,553
Other related parties			
KGI Life	42,655	48,456	-
KGI Bank	364,991	-	111,758
Others	125,424	38,571	63,479
Total	<u>\$880,925</u>	<u>\$522,411</u>	<u>\$549,790</u>

English Translation of Consolidated Financial Statements Originally Issued in Chinese  
**KGI SECURITIES CO. LTD. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

(12) Other accounts payable:

	<u>6/30/24</u>	<u>12/31/23</u>	<u>6/30/23</u>
Associates	\$60	\$47	\$48
Other related parties			
KGI Life	3,557	3,540	1,829
KGI Bank	-	-	465
Total	<u>\$3,617</u>	<u>\$3,587</u>	<u>\$2,342</u>

(13) Current income tax liabilities:

Detail of income tax refundable/payable resulting from the consolidated income tax return:

	<u>6/30/24</u>	<u>12/31/23</u>	<u>6/30/23</u>
Due to KGIFH (the parent company)	<u>\$2,398,941</u>	<u>\$1,852,683</u>	<u>\$1,509,243</u>

(14) Bonds transactions with related parties are as follows:

A. Purchase and sale of bonds

	<u>For the six-month period ended June 30, 2024</u>	
	<u>Purchase of bonds</u>	<u>Sale of bonds</u>
Other related parties		
KGI Bank	\$-	\$1,682,525
Others	-	197,939
Total	<u>\$-</u>	<u>\$1,880,464</u>

For the six-month period ended June 30, 2023: None.

B. Collateralized transactions - liabilities for bonds with repurchase agreements

	<u>For the six-month period ended June 30, 2024</u>	
	<u>Committed amount</u>	<u>Agreed amount upon maturity</u>
Other related parties		
Others	<u>\$48,015</u>	<u>\$48,173</u>

For the six-month period ended June 30, 2023: None.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

KGI SECURITIES CO. LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(15) Significant leases with related parties are as follows:

Right-of-use asset

	<u>6/30/24</u>	<u>12/31/23</u>	<u>6/30/23</u>
Other related parties			
KGI Life	<u>\$73,260</u>	<u>\$79,856</u>	<u>\$86,330</u>

Lease liabilities

	<u>6/30/24</u>	<u>12/31/23</u>	<u>6/30/23</u>
Current			
Other related parties			
KGI Life	\$13,554	\$13,618	\$13,652
Non-Current			
Other related parties			
KGI Life	<u>62,363</u>	<u>68,559</u>	<u>74,617</u>
Total	<u>\$75,917</u>	<u>\$82,177</u>	<u>\$88,269</u>

Refundable deposits (recognized as other non-current assets)

	<u>6/30/24</u>	<u>12/31/23</u>	<u>6/30/23</u>
Other related parties			
KGI Life	<u>\$3,303</u>	<u>\$3,310</u>	<u>\$3,310</u>

Depreciation and amortization

	<u>For the three-month periods</u>		<u>For the six-month periods</u>	
	<u>ended June 30</u>	<u>ended June 30</u>	<u>ended June 30</u>	<u>ended June 30</u>
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Other related parties				
KGI Life	<u>\$3,216</u>	<u>\$3,231</u>	<u>\$6,269</u>	<u>\$6,450</u>

Rental income (recognized as other income and costs)

	<u>For the three-month periods</u>		<u>For the six-month periods</u>	
	<u>ended June 30</u>	<u>ended June 30</u>	<u>ended June 30</u>	<u>ended June 30</u>
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Other related parties				
KGI Bank	\$17	\$17	\$35	\$33
CDIB Capital	1,280	1,352	2,582	2,724
JING-HUI Investment	3,394	3,295	6,839	6,638
KGI Charity	<u>92</u>	<u>88</u>	<u>184</u>	<u>178</u>
Total	<u>\$4,783</u>	<u>\$4,752</u>	<u>\$9,640</u>	<u>\$9,573</u>

The above lease prices were determined by market and received monthly.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

KGI SECURITIES CO. LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(16) Employee benefit expenses

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2024	2023	2024	2023
Other related parties				
KGI Life	\$6,959	\$7,132	\$13,915	\$14,383

(17) Other operating expenses

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2024	2023	2024	2023
Associates	\$5	\$3	\$12	\$11
Other related parties				
KGI Life	48	3,273	(663)	6,875
KGI Charity	29,000	23,000	29,000	23,000
KGI Bank	9,199	5,856	13,503	11,703
Total	\$38,252	\$32,132	\$41,852	\$41,589

(18) Other income and costs (excluding rental income)

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2024	2023	2024	2023
Parent company	\$-	\$64	\$-	\$64
Associates	27	18	42	30
Other related parties				
KGI Life	13	12	26	25
KGI Bank	87,731	56,946	164,077	92,453
Others	4,087	669	7,943	1,338
Total	\$91,858	\$57,709	\$172,088	\$93,910

(19) Information about key management personnel compensation

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2024	2023	2024	2023
Short-term employee benefit	\$101,313	\$68,224	\$205,266	\$135,348
Post-employment benefits	489	497	14,460	994
Share-based payment transaction	4,471	8,149	12,567	17,132
Total	\$106,273	\$76,870	\$232,293	\$153,474



English Translation of Consolidated Financial Statements Originally Issued in Chinese

KGI SECURITIES CO. LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(20) The following assets serve as guarantee for short-term loan to KGI Bank (other related parties):

	6/30/24	12/31/23	6/30/23
Property and equipment and investment property	\$527,084	\$528,784	\$530,484

**VIII. Assets Pledged**

The following assets have been pledged to financial institutions to serve as guarantees for loans or financial instruments:

Description of the Assets	6/30/24	12/31/23	6/30/23
Financial assets measured at FVTPL-current			
Trading securities-dealing	\$820,616	\$562,314	\$1,738,473
Open-ended funds, monetary market instruments and other securities	249,021	247,414	245,898
Other current assets-restricted	2,125,421	2,107,342	2,369,024
Financial assets measured at amortized cost	158,081	148,736	-
Property and equipment	4,197,957	4,335,098	4,429,411
Investment property	525,275	405,986	407,651
Total	\$8,076,371	\$7,806,890	\$9,190,457

**IX. Significant Contingent Liabilities and Unrecognized Commitments**

1. One of the executive vice presidents of the merged entities, Jen-Hsin Securities Co., Ltd., claimed the ownership of stocks of Jen-Hsin Securities Co., Ltd. while certain clients of Jen-Hsin Securities Co., Ltd. also claimed ownership of the same lot of securities. The executive vice president declined to surrender the shares; hence, Jen-Hsin Securities Co., Ltd. petitioned a motion with the Taipei District Court on November 6, 2002 in order to repossess such shares. Because Jen-Hsin Securities Co., Ltd. has been merged into the Company, such case is taken over by the Company as a result. Also, in July 2004, the abovementioned clients requested the Court for the repossession of such shares from the Company, and the Company shall pay cash of 90,379 thousand dollars and assumed interest in lieu. During the process of litigation, said clients changed the claim to require the Company as first class debtor to pay 90,379 thousand dollars and assumed interest and executive vice president as secondary debtor to pay 2,000 thousand stocks of Jen-Hsin Securities Co., Ltd. and 73,946 thousand dollars and assumed interest because the original judgment has been rendered and the Company was unable to retrieve the stocks. The case was dismissed by the High Court on November 23, 2022. The abovementioned client died during the litigation procedure, therefore, the heir assumed the action. The heir filed an appeal against the judgment made by the High Court. This case is currently being processed by the Supreme Court. On November 30, 2023, the Supreme Court overruled the abovementioned seventh instance retrial decision and returned it to the High Court for the eighth retrial. This case is currently pending by the High Court.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

KGI SECURITIES CO. LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Securities and Futures Investors Protection Center sued the Company and claimed that due to the fact that the Company was the lead underwriter of Taiwan Kolin Co., Ltd. 2nd convertible bonds, and the Company failed to perform sufficient audits on the contents disclosed in the prospectus of Taiwan Kolin Co., Ltd. 2nd convertible corporate bonds, the Company constituted violation Articles 20 and 32 of Securities and Exchange Act and Article 184 and 185 of Civil Code. The plaintiffs sued the Company and Taiwan Kolin Co., Ltd. with jointly liability amounting to 133,308 thousand dollars plus 5% interest. The Taipei District Court ruled in the Company's favor in first instance on January 29, 2021. This case is currently pending at the High Court as Securities and Futures Investors Protection Center brought an appeal.
3. For the need of securities borrowing margin, the Company requested the bank guarantees for 5,960,000 thousand dollars.
4. The case of loan recovery between Global Treasure Investments Limited and Minda Consultancy Limited:

According to the loan contract signed on May 9, 2000, Global Treasure Investments Limited (GT) lent Minda Consultancy Limited (Minda) HKD 10,000 thousand dollars. However, Minda reneged on the contract and GT appealed to the Court against Minda for returning HKD 9,192 thousand dollars and additional interests. This case is currently in the process of Hong Kong court.

5. The contention about pledged stocks between Digital Imaging Solution Global Ltd., Minda Consultancy Limited, KGI Limited, and Global Treasure Investments Limited:

The plaintiffs, Digital Imaging Solution Global Ltd. (Digital) and Minda Consultancy Limited ("Minda") claimed that Global Treasure Investments Limited (GT) broke the pledged contract since GT and its fund manager including KGI Limited disposed 2,000 thousand shares of eCyberChina without the agreement of Digital and Minda based on the pledged stock derived from the loan, HKD 10,000 thousand dollars, between Minda and indirectly obtained the pledged stock 35,000 thousand shares of eCyberChina. Digital and Minda appealed to the Court and claimed HKD 119,130 thousand dollars and relevant expenses and interests against GT in November 2007. In February 2008, the plaintiffs also sued KGI Limited but the Hong Kong Court rejected the case on July 21, 2008. The plaintiffs appealed to the Court of Appeal and the Court of Appeal rejected Digital's appeal in December 2008. This case of Minda's part is currently proceeded by Court of Appeal.

**X. Significant Disaster Losses**

None.

**XI. Significant Subsequent Events**

The Company held a board meeting on June 21, 2024 to allocate an additional operating capital of NT\$1,000,000 thousand to concurrently operation of futures proprietary merchant business. This amendment was approved by the competent authority on July 22, 2024.

English Translation of Consolidated Financial Statements Originally Issued in Chinese  
KGI SECURITIES CO. LTD. AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**XII. Others**

1. Financial risk management objectives and policies

(1) Financial risk management objectives

In order to manage the operation risk effectively and strengthen competitiveness, the Company formulates its risk management policies according to the regulatory requirements, KGIFH “Risk Management Policy” and the Company’s business development strategy, as its risk management guidelines.

(2) Risk management organization

The organization structure of risk management includes the Board of Directors, risk management department, business departments and other related departments in charge, which is built to monitor, plan and execute risk management. The Company’s business departments and back offices should comply with risk management regulations and report all anomalies and effects to Risk Management Committee (“RMC”) and Investment Review Committee (“IRC”) in time. The function and responsibility of risk management organizations are as follows:

The Board of Directors is the principal decision making unit for risk management. It undertakes ultimate responsibility for risk management and monitors the overall execution of the risk management system.

The primary function and responsibility of committees are as follows: RMC carries out decisions made by the Board of Directors; examines the Company and each department’s risk budgets, risk-based limits, and related management mechanism; considers risk management policies; and reviews risk reports submitted by each department to determine or adjust strategies accordingly. IRC examines securities underwriting, underwriting counseling cases, and general long-term investment cases. Merchandise Review Committee (“MRC”) establishes merchandise evaluation mechanism and reviews financial instruments before the Company makes transactions.

The Company’s business departments engage in formulating risk management mechanism, perform daily risk management and submit reports, and conduct internal control procedures in compliance with legal and risk management regulations.

Risk management department ensures risk management policies approved by the Board of Directors are executed; develops various risk management standards and guidelines, and measures and monitors daily risks in compliance with them; produces and submits risk management reports periodically (by day, week, or month) to key management; and constructs or assists in constructing risk management information system.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Legal affair department is responsible for providing legal consultations, drafting contracts, reviewing and preserving major contracts and monitoring litigation cases.

Legal compliance department is responsible for conveying laws, providing legal consultation, negotiating and facilitating communications. It is also responsible for making sure that all operations and management guidelines are up-to-date as related regulations are amended. It also supervises as all units conduct an overview of the feasibility of legal compliance.

Fund dispatching department handles all the requests and needs for funds from all departments and maintains loan commitments with financial institutions to lower capital cost and to manage capital liquidity risk.

Internal audit department inspects periodically how risk management guidelines are implemented in the Company and how business departments are operating and provide suggestions when necessary. It reports deficiencies or anomalies to the Board of Directors and follow up improvements.

Financial department, settlement department, information department, and other related departments should comply with risk management regulations, understand the risks originated from their activities, and take necessary risk management mechanism into account when establishing operation guidelines, and manage their delegated field, evaluation, price affirmation, profit or loss statement preparation, transaction process and confirmation, settlement activity, account affirmation, asset management, information security, and information maintenance.

(3) Risk management system

The content of the Company's structure of risk management system covers major risks faced by the Company which includes market risk, credit risk, liquidity risk, operating risk and legal risk.

The risk management policies, various risk management standards and operation of merchandise guidelines are established by competent unit. The competent unit makes a draft and asks the related department for the advice, constructs policies according to the parent company's regulations, then submits the proposal to RMC for approval.

(4) Risk management mechanism

The process of various risk managements includes risk identification, risk measurement, risk monitoring and control and risk reports. And the evaluation and the measurement of important risk are as follows:

A. Market risk

The Company restricts the risk level to which it is exposed to an acceptable level through structuring risk management system, enacting market risk management policies, and formulating merchandise operation guidelines. It also restrains risk through allocating venture capital, subject to management strategies and risk appetite, setting various risk-based limits, and conducting risk monitoring on a daily basis.

The Company implemented the MSCI Risk Manager, a market risk management system, as a quantitative management instrument. The system integrates all holding positions and provides in a daily basis various analyzing metrics and comprehensive computation results, including equity risk, interest rate risk, commodity risk, and exchange rate risk, etc., as well as adjustment and application of diverse derivatives models. Also, the risk management department controls risk-based limits by business units on the daily basis to enforce control of market risk and venture capital allocation.

To establish estimation effectiveness of value at risk (VaR) model, risk management department conducts back testing periodically. Additionally, it builds various scenarios for stress testing and scenario analysis, to understand the risk tolerance level of the Company.

B. Credit risk

The Company sets proper credit limits by considering the Company's net value, risk measurement and concentration of risk, and by taking into account the credit rating of issuers or counterparties, the traits of transactions, and the characters of instruments, etc. The Company would periodically inspect the credit records of counterparties, holding positions, and collaterals, then report the use of various credit risk limits to key management as well as related departments.

While considering the credit risk of counterparties, the Company adapts the third parties' credit evaluations, such as TCRI of Taiwan Economic Journal, Taiwan Ratings, S&P, Moody's and Fitch. The Company compares its own evaluation to the third parties' results to categories of levels 1 to 9. The Company updates the information about counterparties and credit evaluations of transactions timely and the Company is able to adjust the limit of credit risk while evaluation changes.

To properly manage the Company's credit risk, the risk management department applies for credit risk capital toward Board of Directors annually. Establish proper credit risk expected loss limitation amount relating to the whole company, single level, or single firm, etc. Also, set Pre-settlement Risk (PSR) limits and different risk limitation amount including countries, industries, groups, high-risk industries/groups, etc. Routinely examine the Company's credit risk exposure and the use of various credit risk limitation amount.

C. Liquidity risk

The liquidity risk could be divided into two categories: market liquidity risk and fund liquidity risk. The measurement of market liquidity risk is the trading volume of holding position of the Company and serves as the basis of information disclosure. The fund liquidity risk management has established independent fund transfer unit, considering the timing and net cash flow of need by various departments, to effectively control the fund liquidity risk.

D. Operating risk and other risks

All units conduct operation risk management respectively by their own business. This management contains authorization related to operation risk, process, operation content, plan following the division of front and back desk operation and principle of segregation of duties. Operation risk controls include information security and maintenance, clearing, trade confirmation, statements preparation, segregation of duties, relating party trade control as well as the internal control, etc.

Each unit is responsible to examine and control its own business operating risk. In addition to the compliance of law and regulation, the internal audit department would implement control by the regulation and procedure of internal control system to ensure the effectiveness of risk management.

In the event of abnormal occurrences in any unit, the Company shall follow the “Operation Guidelines Governing the Reporting and Handling Procedures of Abnormal Events”. The audit unit will report the incident to the Chairman and the auditor of the Parent company depending on the importance of the abnormal event in order to manage the loss efficiently. When there is a significant risk event, the Company follows the “Key Points of Reporting Significant Risk” of the parent company and the Company’s “Operation Guidelines Governing the Reporting and Handling Procedures of Abnormal Events”. The risk management unit will review and see if this significant event is reported in time.

The Company is qualified for adopting Delta-Plus sensitivity analysis method for options under advanced calculation of Bank of International Settlement ratio for securities companies. In order to calculate BIS ratio and other financial commodity valuation models required for other statutory ratios, the Company has implemented model management.

The Company detects operation risk regularly. The detection items include financial institution capital adequacy, asset qualities, management abilities, profitability, liquidity, sources of profit, foreign exposure, investment positions, off balance sheet items and client complaints or arguments. Each detection and warning indicator is evaluated by the specific unit according to the review frequency. The responsible unit will send the result and the variation information to the risk management sector for monitoring and filing purposes.

(5) Risk hedge and mitigation strategy

The Company has set up policies such as the “Handling Procedure of Selling and Buying Securities and Trading Derivatives Financial Instruments” and the “Operation Guidelines of Operating Derivatives Financial Instruments”, in order to hedge and reduce the risk, the policies are as follows:

- A. Before conducting a transaction of derivatives, each segment shall first make sure whether the nature of the transaction is trading or hedging. After the transaction is conducted, the nature of the transaction cannot be changed at will.
- B. The nature of the transaction shall refer to selling and buying derivatives at the expected prices bearing risks in order to make gains by the price difference. Hedging shall refer to trading derivatives to reduce the market risk of assets or liabilities or expected transactions.
- C. The positions held for hedging shall include both the hedging position and hedged position as a portfolio and be aware of the profit/loss changes between the hedging and hedged positions.

2. Analyses of credit risk

(1) Source of credit risk

The credit risks that the Company and subsidiaries are exposed to during financial transactions include issuer’s credit risk and counterparties’ credit risk, etc.

- A. Issuer’s credit risk refers to the risk of financial loss that the Company and subsidiaries face while possessing financial debt instruments or deposits in banks when an issuer (or guarantor) or a bank defaults, files for bankruptcy or liquidates assets and in turn cannot honor the stipulations and fulfill the obligation of paying back (or fulfilling a guarantee).
- B. Counterparties’ credit risk refers to the risk of financial loss that the Company and subsidiaries face when counterparty in derivative financial instrument transaction does not complete a transaction or fulfill a payment obligation on the appointed date.

(2) Credit risk management

The credit risk management of the Company and subsidiaries’ investments, fixed-income securities and other financial assets and counterparties are managed by each business unit subject to the internal control procedures and relevant specifications. As most of the investments and counterparties reach a good external credit rating, credit risk is extremely low.

English Translation of Consolidated Financial Statements Originally Issued in Chinese  
KGI SECURITIES CO. LTD. AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(3) Definition of default and credit impairment of financial assets

A. The Company and subsidiaries define default of financial assets, the same as impairment of financial assets. If there are any evidence indicating issuers or counterparties are not able to fulfill contractual obligations or they have financial difficulty, such as:

- I. Issuers and counterparties have bankrupted or it is becoming probable that they will enter bankruptcy or other financial reorganization;
- II. A breach of contract of the issuers and counterparties' other financial instruments has occurred;
- III. The disappearance of an active market for that financial asset because of financial difficulties; or
- IV. The purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

B. The above mentioned definition of default and credit impairment apply to all the financial assets held by the Company and subsidiaries, which is consistent with the definition used for internal credit risk management purposes for the relevant financial instrument.

C. When financial assets don't meet definition of default and impairment after assessment, they will not be recognized in credit-impaired financial assets any longer.

D. The Company and subsidiaries shall directly reduce the gross carrying amount of a financial asset when they have no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event.

(4) Description of credit risk on each financial asset

A. Cash and cash equivalents

The Company and subsidiaries mainly put bank deposit and cash in the banks with good credit and deposits specific amount of cash as collateral in the customers' margin account designated by the future corporations. The Company and subsidiaries regularly assess finance, operating activities and credit risk situation of each financial institution and future corporation, which serves as the management of credit risk. Considering the result of assessment, the credit risk is under control.



B. Financial assets measured at fair value through profit or loss-current

The above mentioned financial assets include debentures, convertible bonds and CB Asset Swap. The debentures held by the Company were issued by large-scale listed corporations or financial institutions; the convertible bonds held by the Company were issued by domestic listed corporations and parts of them are backed by bank guarantees. As the Company transfers the credit risk through issuing CB Asset Swap and Credit Linked Note in order to reduce issuers' exposure to credit risk, the issuers' credit risk is under control.

C. Financial assets measured at fair value through other comprehensive income (excluding equity instrument investments and financial assets measured at amortized cost)

The abovementioned financial assets are mainly long-term bonds. The Company keeps a close eye on credit grade of each investment and issuer' (or credit rating agency) financial situation in order to minimize the credit risk.

D. Investment in bonds with reverse repurchase agreements

The counterparties with whom the Company and subsidiaries do bond investments with reserve repurchase agreement are mainly the financial institutions and corporations with good credit. The factor that counterparties' securities are held by the Company and subsidiaries as collateral effectively reduces counterparties' exposure to credit risk.

E. Receivables

Receivables include securities margin loans receivable, trading securities receivable, futures commission merchant receivable and accounts receivable. The main credit risk is Securities margin loans receivable and trading securities receivable. The Company and subsidiaries closely monitor market fluctuations and customers' credibility and take measures to minimize the credit risk according to the regulations.

F. Customer margin accounts

As the specific accounts of customer margin are opened in the banks with good credit and financial institutions and corporations with investment grade, there is no significant credit risk.

G. Stock borrowing collateral price and security lending deposits

When the Company borrow securities, the Company should deposit margin in the specific financial institutions. The factor that securities are held by us reduces counterparties' amount of exposure to credit risk.

H. Other non-current assets

Other non-current assets include operation guarantee deposits, clearing and settlement fund and guarantee deposits. The Company and subsidiaries assess counterparty based on the materiality of the amounts deposited. As there are many counterparties and the amount of that is not significant, the credit risk is effectively decentralized. Therefore, the credit risk is extremely low.

(5) Measurement of expected credit losses

A. Consideration of the forward-looking information

The Company and subsidiaries consider the forward-looking information to decide if there is a significant increase in credit risk and to measure expected credit losses.

The probability of default used for measuring impairment on debt instrument investments, excluding ones measured at fair value through profit or loss, is based on probability of default information including forward-looking macroeconomic information published regularly by international credit rating institutions.

Apart from debt instrument investments, analyses on financial instruments are performed using historical data. Economic factors relevant to expected credit loss of each portfolio have been identified with reference to optimal estimations published by authorities or academic institutions. Optimal estimations are reevaluated and corrected on every financial statement date.

B. Receivables and others

The Company and domestic subsidiaries

The Company and domestic subsidiaries measure the loss allowance by lifetime expected credit loss under IFRS 9. The lifetime expected credit loss is based on the historical experience, current information and forward-looking information and calculated by regression model. Considering the Company and subsidiaries' historical experience, since no significant difference exists among different client groups, grouping analysis is not conducted.

The foreign subsidiaries

As the credit loss of financial assets recognized initially is not significantly increased, they are measured by 12-month expected credit loss. Otherwise, they are measured by lifetime expected credit loss. The measurement is based on customers' past record of default, credibility, current information and prospective information. Since no significant difference exists among different client groups, grouping analysis is not conducted.

C. Debt instrument investments (excluding ones measured at fair value through profit or loss)

The above mentioned instruments were at low credit risk upon acquisition, and an assessment is made at each reporting date as to whether the credit risk has substantially increased and whether the credit has been impaired. The assessment is categorized into " Low credit risk ( Stage 1 ) ", " Credit risk significantly increased ( Stage 2 ) " and, " Credit-impaired ( Stage 3 ) ". The Company and subsidiaries mainly determines whether credit risk significantly increases since initial recognition based on external credit rating and the rating change (being downgraded from investment grade to non-investment grade or the rating since initial recognition is lowered to a certain grade ), and that other market information related to the issuer indicating significant increases in credit risk. The Company and subsidiaries also consider credit impairment based on default financial difficulties, bankruptcy, financial restructuring or a combination of impacts from certain events that may cause credit impairment on the financial assets. If the credit risk on financial assets is considered low on the balance sheet date, the Company and subsidiaries shall measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses as the credit risk is assumed to not significantly increase since initial recognition; and the Company and subsidiaries shall measure the loss allowance for financial assets at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly or been impaired since initial recognition.

In order to measure expected credit loss, The Company and subsidiaries calculated both 12-month and lifetime expected credit losses by considering the 12-month and lifetime probability of default, loss given default multiplied by exposure at default which is measured using amortized cost of financial assets, and taking into account the effect of time value of money.

The probability of default is the probability of breaching a contract by issuer or counterparty; the loss given default is the loss ratio when they breach a contract. Both of them are based on the information on probability of default and loss given default published regularly by international credit rating institutions.

- (6) The assessment technique or significant assumption used to evaluate the expected credit loss by the Company and subsidiaries have no change for the six-month periods ended June 30, 2024 and 2023.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

KGI SECURITIES CO. LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. Analyses of capital liquidity risk

(1) Cash flow analysis

Statement of cash flow analysis for financial assets

6/30/24

Financial Assets	Collection period					Total
	Spot	In 3 months	3-12 months	1-5 years	Over 5 years	
Cash and cash equivalents	\$12,342,280	\$13,883,448	\$3,465,186	\$-	\$-	\$29,690,914
Financial assets measured at FVTPL-current	126,463,847	945,115	2,030,340	1,479,606	230,939	131,149,847
Financial assets measured at FVOCI-current	22,993,333	8,816,813	762,044	961,868	-	33,534,058
Hedging financial assets-current	-	31,616	54,307	70,473	129,679	286,075
Investment in bonds with reverse repurchase agreements	-	20,056,550	-	-	-	20,056,550
Receivables	75,819,877	17,434,365	55,988,673	45,163	-	149,288,078
Customer margin accounts	44,588,062	20,885,548	-	-	-	65,473,610
Stock borrowing collateral price and security lending deposits	167,747	8,963,041	34,488,345	-	-	43,619,133
Other current assets	38,187,695	1,721,946	1,077,400	9,371	-	40,996,412
Financial assets measured at FVTPL-non-current	-	-	-	576,065	3,487,935	4,064,000
Financial assets measured at FVOCI-non-current	-	-	-	9,115,289	2,181,522	11,296,811
Financial assets measured at amortized cost-non-current	-	-	-	162,250	-	162,250
Others non-current assets	100	-	1,000	46,912	3,715,029	3,763,041
<b>Total</b>	<b>\$320,562,941</b>	<b>\$92,738,442</b>	<b>\$97,867,295</b>	<b>\$12,466,997</b>	<b>\$9,745,104</b>	<b>\$533,380,779</b>
<b>Percentage</b>	<b>60.10%</b>	<b>17.39%</b>	<b>18.35%</b>	<b>2.33%</b>	<b>1.83%</b>	<b>100.00%</b>

Statement of cash flow analysis for financial liabilities

6/30/24

Financial Liabilities	Payment period					Total
	Spot	In 3 months	3-12 months	1-5 years	Over 5 years	
Short-term borrowings	\$-	\$24,335,124	\$600,000	\$-	\$-	\$24,935,124
Commercial papers payable	-	58,789,787	1,401,933	-	-	60,191,720
Financial liabilities measured at FVTPL-current	10,025,546	5,338,178	5,529,390	8,569,609	5,195,599	34,658,322
Liabilities for bonds with repurchase agreements	-	103,533,301	-	-	-	103,533,301
Payables	85,683,669	11,182,443	3,487,318	-	-	100,353,430
Guarantee deposit received from security lending	-	11,305,885	47,604,642	-	-	58,910,527
Futures customers' equity	44,190,317	19,945,400	-	-	-	64,135,717
Equity for each customer in the account	13,820,039	-	-	-	-	13,820,039
Amounts collected for others/ Other payable/ Other current liabilities	1,850,059	19,945,400	4,758,356	1,881	790	7,701,743
Other financial liabilities-current	-	7,140,973	59,421	1,426	3,215	7,205,035
Lease liabilities-current	-	97,290	271,930	-	-	369,220
Long-term liabilities-current portion	-	-	2,600,000	-	-	2,600,000
Bonds payable	-	-	-	6,300,000	3,000,000	9,300,000
Lease liabilities-non-current	-	-	-	716,869	37,557	754,426
Other non-current liabilities	-	34	-	485,470	79,850	565,354
<b>Total</b>	<b>\$155,569,630</b>	<b>\$242,759,072</b>	<b>\$66,312,990</b>	<b>\$16,075,255</b>	<b>\$8,317,011</b>	<b>\$489,033,958</b>
<b>Percentage</b>	<b>31.81%</b>	<b>49.64%</b>	<b>13.56%</b>	<b>3.29%</b>	<b>1.70%</b>	<b>100.00%</b>

English Translation of Consolidated Financial Statements Originally Issued in Chinese

KGI SECURITIES CO. LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Statement of capital liquidation gap

6/30/24

	Collection (payment) period					Total
	Spot	In 3 months	3-12 months	1-5 years	Over 5 years	
Cash inflow	\$320,562,941	\$92,738,442	\$97,867,295	\$12,466,997	\$9,745,104	\$533,380,779
Cash outflow	155,569,630	242,759,072	66,312,990	16,075,255	8,317,011	489,033,958
Amount of cash flow gap	\$164,993,311	\$(150,020,630)	\$31,554,305	\$(3,608,258)	\$1,428,093	\$44,346,821

Statement of cash flow analysis for financial assets

12/31/23

Financial Assets	Collection period					Total
	Spot	In 3 months	3-12 months	1-5 years	Over 5 years	
Cash and cash equivalents	\$10,037,260	\$9,520,318	\$2,923,691	\$-	\$-	\$22,481,269
Financial assets measured at FVTPL-current	76,963,679	1,129,294	1,004,377	936,684	578,656	80,612,690
Financial assets measured at FVOCI-current	27,599,150	3,722,283	1,964,654	-	-	33,286,087
Hedging Financial assets-current	-	5,844	24,409	89,245	120,396	239,894
Investment in bonds with reverse repurchase agreements	-	13,170,322	-	-	-	13,170,322
Receivables	47,576,229	20,235,947	39,192,357	25,767	-	107,030,300
Customer margin accounts	36,415,662	17,313,993	-	-	-	53,729,655
Stock borrowing collateral price and security lending deposits	830,337	6,787,630	32,435,987	-	-	40,053,954
Other current assets	35,637,707	1,623,995	908,831	10,598	-	38,181,131
Financial assets measured at FVTPL-non-current	-	-	-	729,806	3,269,791	3,999,597
Financial assets measured at FVOCI-non-current	-	-	-	9,613,790	1,462,383	11,076,173
Financial assets measured at amortized cost-non-current	-	-	-	153,675	-	153,675
Others non-current assets	1,000	7	-	45,837	3,416,562	3,463,406
Total	\$235,061,024	\$73,509,633	\$78,454,306	\$11,605,402	\$8,847,788	\$407,478,153
Percentage	57.69%	18.04%	19.25%	2.85%	2.17%	100.00%

Statement of cash flow analysis for financial liabilities

12/31/23

Financial Liabilities	Payment period					Total
	Spot	In 3 months	3-12 months	1-5 years	Over 5 years	
Short-term borrowings	\$-	\$17,638,644	\$-	\$-	\$-	\$17,638,644
Commercial papers payable	-	16,090,485	9,960	-	-	16,100,445
Financial liabilities measured at FVTPL-current	7,846,978	5,767,223	5,733,971	6,542,240	2,920,190	28,810,602
Hedging financial liabilities-current	-	(23,560)	(18,902)	120,117	27,536	105,191
Liabilities for bonds with repurchase agreements	-	87,999,165	-	-	-	87,999,165
Payables	58,544,804	14,513,175	4,203,477	-	-	77,261,456
Guarantee deposit received from security lending	-	13,081,865	37,456,994	-	-	50,538,859
Futures customers' equity	36,010,210	15,444,771	-	-	-	51,454,981
Equity for each customer in the account	12,648,551	-	-	-	-	12,648,551
Amounts collected for others/ Other payable/ Other current liabilities	1,637,643	1,231,265	5,029,805	1,873	796	7,901,382
Other financial liabilities-current	-	1,056,144	785,763	1,086	1,992	1,844,985
Lease liabilities-current	-	93,196	270,171	-	-	363,367
Long-term liabilities-current portion	-	-	2,600,000	-	-	2,600,000
Bonds payable	-	-	-	6,300,000	-	6,300,000
Lease liabilities-non-current	-	-	-	784,968	47,709	832,677
Other non-current liabilities	-	-	-	523,765	74,574	598,339
Total	\$116,688,186	\$172,892,373	\$56,071,239	\$14,274,049	\$3,072,797	\$362,998,644
Percentage	32.15%	47.62%	15.45%	3.93%	0.85%	100.00%

English Translation of Consolidated Financial Statements Originally Issued in Chinese

KGI SECURITIES CO. LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Statement of capital liquidation gap

12/31/23

	Collection (payment) period					Total
	Spot	In 3 months	3-12 months	1-5 years	Over 5 years	
Cash inflow	\$235,061,024	\$73,509,633	\$78,454,306	\$11,605,402	\$8,847,788	\$407,478,153
Cash outflow	116,688,186	172,892,373	56,071,239	14,274,049	3,072,797	362,998,644
Amount of cash flow gap	\$118,372,838	\$(99,382,740)	\$22,383,067	\$(2,668,647)	\$5,774,991	\$44,479,509

Statement of cash flow analysis for financial assets

6/30/23

Financial Assets	Collection period					Total
	Spot	In 3 months	3-12 months	1-5 years	Over 5 years	
Cash and cash equivalents	\$10,167,514	\$11,337,814	\$2,026,585	\$-	\$-	\$23,531,913
Financial assets measured at FVTPL-current	89,746,924	1,273,785	2,007,645	1,473,577	559,425	95,061,356
Financial assets measured at FVOCI-current	28,990,450	1,532,930	3,323,736	-	-	33,847,116
Hedging financial assets-current	-	42,863	46,256	328,173	2,072	419,364
Investment in bonds with reverse repurchase agreements	-	11,444,483	-	-	-	11,444,483
Receivables	54,801,621	18,693,890	30,405,273	28,289	-	103,929,073
Customer margin accounts	36,348,180	27,134,541	-	-	-	63,482,721
Stock borrowing collateral price and security lending deposits	701,524	20,820,294	12,026,577	-	-	33,548,395
Other current assets	35,041,941	1,219,082	1,195,934	7,917	-	37,464,874
Financial assets measured at FVTPL-non-current	-	-	-	491,266	3,111,013	3,602,279
Financial assets measured at FVOCI-non-current	-	-	-	10,845,194	1,270,775	12,115,969
Others non-current assets	-	-	1,007	45,441	3,677,524	3,723,972
Total	\$255,798,154	\$93,499,682	\$51,033,013	\$13,219,857	\$8,620,809	\$422,171,515
Percentage	60.59%	22.15%	12.09%	3.13%	2.04%	100.00%

Statement of cash flow analysis for financial liabilities

6/30/23

Financial Liabilities	Payment period					Total
	Spot	In 3 months	3-12 months	1-5 years	Over 5 years	
Short-term borrowings	\$-	\$19,887,874	\$155,675	\$-	\$-	\$20,043,549
Commercial papers payable	-	24,627,785	-	-	-	24,627,785
Financial liabilities measured at FVTPL-current	6,988,169	6,597,996	5,930,831	9,374,215	3,542,439	32,433,650
Hedging financial liabilities-current	-	31,358	14,566	31,474	11,337	88,735
Liabilities for bonds with repurchase agreements	-	86,515,318	-	-	-	86,515,318
Payables	71,900,113	12,465,649	3,918,562	-	-	88,284,324
Guarantee deposit received from security lending	-	5,872,137	34,013,773	-	-	39,885,910
Futures customers' equity	35,904,258	27,296,689	-	-	-	63,200,947
Equity for each customer in the account	5,984,194	-	-	-	-	5,984,194
Amounts collected for others/ Other payable/ Other current liabilities	1,049,398	975,017	4,451,693	1,960	867	6,478,935
Other financial liabilities-current	-	2,038,452	1,358,757	1,364	2,110	3,400,683
Lease liabilities-current	-	135,585	317,240	-	-	452,825
Bonds payable	-	-	-	6,200,000	2,700,000	8,900,000
Lease liabilities-non-current	-	-	-	941,058	69,442	1,010,500
Other non-current liabilities	-	-	35	426,815	66,845	493,695
Total	\$121,826,132	\$186,443,860	\$50,161,132	\$16,976,886	\$6,393,040	\$381,801,050
Percentage	31.91%	48.83%	13.14%	4.45%	1.67%	100.00%

English Translation of Consolidated Financial Statements Originally Issued in Chinese  
**KGI SECURITIES CO. LTD. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

Statement of capital liquidation gap

6/30/23

	Collection (payment) period					Total
	Spot	In 3 months	3-12 months	1-5 years	Over 5 years	
Cash inflow	\$255,798,154	\$93,499,682	\$51,033,013	\$13,219,857	\$8,620,809	\$422,171,515
Cash outflow	121,826,132	186,443,860	50,161,132	16,976,886	6,393,040	381,801,050
Amount of cash flow gap	\$133,972,022	\$(92,944,178)	\$871,881	\$(3,757,029)	\$2,227,769	\$40,370,465

The Company has established statement of capital liquidation gap to estimate the financial assets and liabilities in future cash flows which can affect the Company and subsidiaries when it comes to fund dispatching. The cash flow gap statements as of June 30, 2024, December 31, 2023 and June 30, 2023 show that the sums from deducting cash outflow from cash inflow are 44,346,821 thousand dollars, 44,479,509 thousand dollars and 40,370,465 thousand dollars, respectively, all indicating sufficient fund liquidity.

Although an analysis of funds gap shows that part of periods of the cash outflow exceeded cash inflow. Net cash inflow calculated from net spot financial assets are sufficient to cover the other periods of net cash outflows, an indicator of sufficient fund liquidity.

(2) Control mechanism of capital liquidity risk

The independent fund-dispatching department established by the Company takes into consideration the needs of net cash flow and their timings from various departments and predicts future cash flows based on the requests submitted by departments with a need for funds. The department has also established a simulation analysis mechanism for capital flows after considering short-term capital dispatching in Taiwan as well as international or cross-market transactions in order to better predict future needs of funds and set up contingency measures.

The Company also offers suggestions over a secure amount of reserve fund and reports it to the President. The department reviews the standard amount of reserve capital and will take the following action if available capitals (including cash, short-term investment and available financing credit) are below 120% of the safe reserve amount:

- A. Except all due payments and those whose use of capital cannot be restricted due to the nature of their business, all the requests for capitals from all business departments need to be approved by the fund-dispatching department in order to maintain a safe amount of reserve capital.
- B. Fund-dispatching department will hold a meeting with relevant departments to formulating emergency measures, which includes disposal of low yield or unnecessary assets, expanding repurchase agreements with the Central Bank of Taiwan, financing from securities finance corporations or exploring other fund-raising methods that will increase available funds to the Company.

4. Market risk analysis

Market risk is the risk of potential economic value reduction for securities or financial contracts that the Company and subsidiaries hold due to the fluctuations of the market risk factors. Such factors include interest rates (including credit spread) and risk of equity securities, exchange rates and commodity risk.

The Company utilizes risk factor sensitivity and value at risk to measure and contain market risks. The Company also holds regular stress test to help the management understand the estimated influence on the income of investment portfolio under potential extreme events or circumstances.

(1) Risk factor sensitivity

Using product identification and analysis procedure held by the Company, the corresponding market risk factor can be determined. Individual risk factor's entire exposure can be measured by observing how the value of a financial instrument changes as each risk factor changes. The Company and subsidiaries monitor the following risk factor sensitivities:

- A. Interest rate risk sensitivity: measured by the change of present value of future cash flows of the measured holding with each yield curve or credit spread moved 0.01% horizontally.
- B. Equity securities risk sensitivity: measured by the change of the value of investment portfolio with the price of the underlying assets linked to the equity securities, which could be divided into two types by distribution of financial instrument:
  - (a) Equity delta: measured by the change of present value of stock with the price of the underlying assets linked to the equity securities. (As the potential loss amount given that the TAIEX and stock of respective companies drop 1%).
  - (b) Debt delta: measured by the change of present value of bond with the price of the underlying assets linked to the debt securities. (As the potential loss amount given that the beneficiary certificates and funds, included preferred stocks and bond ETF drop 1%).
- C. Exchange rate risk sensitivity: measured by the change of present values of corresponding holdings of currencies with exchange rate for each currency (As the potential loss amount given that the foreign currencies depreciate 1% against NTD).
- D. Commodity risk sensitivity: measured by the change of the fair value of related commodities with the fair value of other kinds of commodities (As the potential loss amount given that the fair value decreases 1%).



English Translation of Consolidated Financial Statements Originally Issued in Chinese

KGI SECURITIES CO. LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The risk sensitivities in the investment portfolio held by the Company and subsidiaries are as follows:

Comparisons of risk sensitive factors

Risk sensitivity	6/30/24	12/31/23	6/30/23
Interest rate risk	\$3,265	\$6,641	\$3,109
Equity securities risk			
Equity delta	5,811,695	5,479,505	5,029,382
Debt delta	12,280	(832,977)	139,527
Exchange rate risk	1,219,420	1,073,704	1,386,785
Commodity risk sensitivity	(19,936)	(3,091)	(33,680)

(2) Risk value

Risk value (“VAR”) is a statistical measurement used to measure the maximum potential loss of a portfolio in a certain future time horizon and confidence level. The Company and subsidiaries use parametric in estimating a value at risk at 99% of confidence interval at duration of 1 day. This means that among 100 trading days, 1 trading days might see the loss of the positions exceeding the value at risk estimated the day before. The Company and subsidiaries continue to conduct back testing daily to ensure the reliability of the estimations made by the risk value model.

The comparison of risk value in the investment portfolio held by the Company and subsidiaries are as follows:

Risk type	For the six-month period ended June 30, 2024			6/30/24
	Average VAR	Minimum VAR	Maximum VAR	Ending VAR
Equity securities	\$161,392	\$92,283	\$243,518	\$168,290
Interest rate	188,090	105,019	280,342	184,406
Exchange rate	55,454	40,831	86,424	48,767
Commodity	6,601	423	19,123	10,629

Risk type	For the six-month period ended June 30, 2023			6/30/23
	Average VAR	Minimum VAR	Maximum VAR	Ending VAR
Equity securities	\$138,438	\$78,783	\$217,812	\$87,860
Interest rate	146,131	37,588	194,068	136,426
Exchange rate	43,664	25,481	72,826	32,270
Commodity	11,526	608	33,632	18,366

(3) Stress test

Stress test is one of the risk management tools. It mainly measures the effects on profit/loss of extreme changes in market risk factors in an investment portfolio, helping a company’s Board of Directors and management understand how potential extreme incidents can affect the market risk sensitivity and the profit/loss of an investment portfolio.

The main methods of stress test are historic and hypothetical scenario analysis. The test results are reported to Risk Management Committee and Board of Directors periodically.

English Translation of Consolidated Financial Statements Originally Issued in Chinese  
**KGI SECURITIES CO. LTD. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

5. Fair value of financial instruments

(1) Types of financial instruments

Financial Instruments	6/30/24	12/31/23	6/30/23
<u>Financial assets</u>			
Financial assets measured at fair value through profit or loss:			
Mandatorily Measured at fair value through profit or loss	\$135,114,635	\$84,575,803	\$98,614,350
Hedging Financial assets	289,861	237,236	416,551
Financial assets measured at fair value through other comprehensive income	44,830,869	44,362,260	45,963,085
Financial assets measured at amortized cost (Note 1)	352,987,418	278,230,826	277,115,586
Total	<u>\$533,222,783</u>	<u>\$407,406,125</u>	<u>\$422,109,572</u>
<u>Financial liabilities</u>			
Financial liabilities measured at fair value through profit or loss:			
Held for trading	\$26,892,207	\$20,318,731	\$22,517,457
Designated initially at fair value through profit or loss	6,573,792	7,938,258	9,276,881
Hedging Financial liabilities	-	86,799	83,449
Financial liabilities measured at amortized cost (Note 2)	453,351,737	333,189,687	348,601,827
Total	<u>\$486,817,736</u>	<u>\$361,533,475</u>	<u>\$380,479,614</u>

Note 1: Financial assets measured at amortized cost include cash and cash equivalents excluding cash on hand, investment in bonds with reverse repurchase agreements, accounts receivable, securities margin loans receivable, refinancing margin, refinancing deposits receivable, trading securities receivable, customer margin accounts, futures commission merchant receivable, stock borrowing collateral price, security lending deposits, other current assets, financial assets measured at amortized cost-non-current and other non-current assets.

Note 2: Financial liabilities measured at amortized cost include short-term borrowings, commercial papers payable, liabilities for bonds with repurchase agreements, short sale margins, payables for short sale collateral received, guarantee deposit received from security lending, futures customers' equity, equity for each customer in the account, accounts payable, amount collected for other parties, other payable, other financial liabilities-current, other current liabilities, lease liabilities including current and non-current, bonds payable including one due within one year and guarantee deposits received.

(2) Valuation techniques and assumptions in estimating fair value

The Company and subsidiaries adopt the following methods and assumptions in estimating the fair value of financial instruments:

- A. Financial assets and financial liabilities measured at amortized cost of a short-term financial instrument is measured by its book value on the balance sheet. Short-term financial instruments usually expire soon and therefore it is reasonable to use their book value to estimate their fair value.
- B. For financial assets and liabilities measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income, their market prices should be their fair values when there are standard conditions and open quotes available in an active market; if there is no open quote available in active market, then the fair value can be determined through self-evaluation, using evaluation methods, model assumption and metrics similar to the ones used by market participants towards the financial assets. Discounted cash flow method is used to evaluate financial liability products when there is no quote available from an active market. The discount rate equals the return rate of the financial liability products with identical terms and characteristics in the market, including the debtor's credit record, interest frequency and the contract's remaining duration, etc.
- C. Transactions of derivatives are evaluated using evaluation models while non-option derivatives are evaluated using discounted cash flow method. Options are evaluated using Black-Scholes Model. The market metrics used in such evaluations come from market price information in the centralized market and independent and trustworthy financial information institutions such as stock exchange, futures exchange, GreTai Securities Market, Reuters and Bloomberg. Prices are based on the market average price calculated from closing price, final settlement price and the quoted prices in active markets that is collected regularly.
- D. Due to the uncertain duration, fair values of the guaranteed deposits of other non-current assets and liabilities are measured by its book value.
- E. Fair value of bonds payable is measured by the discounted predicted cash flows. The discounted rate is based on the similar terms (similar due date).

(3) Financial assets measured at amortized cost

Excluding the following items, the book value of the Company and subsidiaries' financial instruments measured at amortized cost is the reasonable approximation of their fair value. The fair value of the other financial assets and liabilities measured at amortized cost is as follows:

English Translation of Consolidated Financial Statements Originally Issued in Chinese

KGI SECURITIES CO. LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

	6/30/24		12/31/23		6/30/23	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
<u>Financial assets</u>						
Financial assets						
measured at						
amortized cost	\$158,081	\$157,090	\$148,736	\$151,160	\$-	\$-
<u>Financial liabilities</u>						
Long-term liabilities-						
current portion	2,600,000	2,592,021	2,600,000	2,586,054	-	-
Bonds payable	9,300,000	9,114,219	6,300,000	6,089,167	8,900,000	8,645,047

(4) Hierarchy of financial instruments at fair value

A. Definitions of fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities accessible at the measurement date.

Level 2: inputs other than quoted prices included within level 1 that are observable, either directly or indirectly, from an active market.

Level 3: inputs that are not based on observable inputs from an active market.

For assets and liabilities measured at fair value on a recurring basis, the Company re-evaluates their classification at every end of the reporting period to determine the amount of any transfer between different levels of the fair value hierarchy.

B. Hierarchy of financial instruments measured at fair value

The Company and subsidiaries do not have any financial assets measured at fair value on a non-recurring basis. Assets and liabilities measured at fair value on a recurring basis, presented by fair value hierarchy are as follows:

English Translation of Consolidated Financial Statements Originally Issued in Chinese

KGI SECURITIES CO. LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6/30/24

Financial instruments measured at fair value	Level 1	Level 2	Level 3	Total
<u>Non-derivative instruments</u>				
Assets				
Financial assets measured at FVTPL				
Stocks	\$42,369,310	\$30,061	\$3,799,758	\$46,199,129
Bonds	19,118,783	45,534,550	-	64,653,333
Others	12,634,812	686,302	-	13,321,114
Financial assets measured at FVOCI				
Stocks	-	-	20,926	20,926
Bonds	32,184,836	12,625,107	-	44,809,943
Liabilities				
Financial liabilities measured at FVTPL				
Stocks	839,971	-	-	839,971
Bonds	1,813,336	4,898,721	-	6,712,057
Others	3,152,259	-	-	3,152,259
<u>Derivative instruments</u>				
Assets				
Financial assets measured at FVTPL				
Hedging Financial assets	-	289,861	-	289,861
Liabilities				
Financial liabilities measured at FVTPL				
	2,172,993	15,735,467	4,853,252	22,761,712

12/31/23

Financial instruments measured at fair value	Level 1	Level 2	Level 3	Total
<u>Non-derivative instruments</u>				
Assets				
Financial assets measured at FVTPL				
Stocks	\$11,830,804	\$36,699	\$3,613,204	\$15,480,707
Bonds	16,178,769	37,569,309	-	53,748,078
Others	8,201,348	811,458	-	9,012,806
Financial assets measured at FVOCI				
Stocks	-	-	21,077	21,077
Bonds	31,592,057	12,749,126	-	44,341,183
Liabilities				
Financial liabilities measured at FVTPL				
Stocks	445,570	-	-	445,570
Bonds	-	4,283,740	-	4,283,740
Others	3,491,343	-	-	3,491,343
<u>Derivative instruments</u>				
Assets				
Financial assets measured at FVTPL				
Hedging Financial assets	-	237,236	-	237,236
Liabilities				
Financial liabilities measured at FVTPL				
Hedging Financial liabilities	-	86,799	-	86,799

English Translation of Consolidated Financial Statements Originally Issued in Chinese

KGI SECURITIES CO. LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6/30/23

Financial instruments measured at fair value	Level 1	Level 2	Level 3	Total
<u>Non-derivative instruments</u>				
Assets				
Financial assets measured at FVTPL				
Stocks	\$19,938,470	\$38,397	\$3,174,621	\$23,151,488
Bonds	19,155,456	40,646,516	33,809	59,835,781
Others	6,608,345	1,011,991	-	7,620,336
Financial assets measured at FVOCI				
Stocks	-	-	34,330	34,330
Bonds	31,793,640	14,135,115	-	45,928,755
Liabilities				
Financial liabilities measured at FVTPL				
Stocks	748,518	-	-	748,518
Bonds	-	5,678,439	-	5,678,439
Others	2,125,771	-	-	2,125,771
<u>Derivative instruments</u>				
Assets				
Financial assets measured at FVTPL				
Hedging Financial assets	1,119,694	6,885,159	1,892	8,006,745
Liabilities				
Financial liabilities measured at FVTPL				
Hedging Financial liabilities	1,401,422	18,275,025	3,565,163	23,241,610
	-	83,449	-	83,449

Note 1: The classification of the chart above is consistent with the one of the balanced sheets.

Note 2: While using valuation model to measure the fair value, if the inputs include observable market data and unobservable parameters, the Company and subsidiaries should determine if the inputs will have material effect on the measurement of fair value. If the unobservable inputs have material effect on the measurement, the fair value should be classified as level 3.

A. Transfers between Level 1 and Level 2 during the period at recurring basis

There are no transfers between Level 1 and Level 2 for the six-month periods ended of June 30, 2024 and 2023.

B. Reconciliation for level 3 fair value measured at recurring basis

The beginning balances and ending balances of financial assets and liabilities measured on a recurring basis at level 3 of fair value hierarchy are reconciled as follows:

English Translation of Consolidated Financial Statements Originally Issued in Chinese  
**KGI SECURITIES CO. LTD. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

a. Reconciliation for fair value assets measurements in Level 3 of the fair value hierarchy changes

For the six-month period ended June 30, 2024

Financial instruments measured at fair value	Beginning balances (A)	Amounts recognized (B)		Increase (C)		Decrease (D)		Ending balances (E)=(A)+(B)+(C)+(D)
		in profit or loss	in OCI	Acquisition	Transfer to Level 3	Disposal	Transfer out of Level 3	
<b>Financial Assets</b>								
<u>Derivative instruments</u>								
Financial assets measured at FVTPL	\$310	\$2,871	\$-	\$1,033	\$-	\$(2,412)	\$-	\$1,802
<u>Non-derivative instruments</u>								
Financial assets measured at FVTPL	3,613,204	185,205	-	1,349	-	-	-	3,799,758
Financial assets measured at FVOCI	21,077	-	(151)	-	-	-	-	20,926

For the six-month period ended June 30, 2023

Financial instruments measured at fair value	Beginning balances (A)	Amounts recognized (B)		Increase (C)		Decrease (D)		Ending balances (E)=(A)+(B)+(C)+(D)
		in profit or loss	in OCI	Acquisition	Transfer to Level 3	Disposal	Transfer out of Level 3	
<b>Financial Assets</b>								
<u>Derivative instruments</u>								
Financial assets measured at FVTPL	\$1,422	\$4,204	\$-	\$11,518	\$-	\$(15,252)	\$-	\$1,892
<u>Non-derivative instruments</u>								
Financial assets measured at FVTPL	3,019,692	106,804	-	81,934	-	-	-	3,208,430
Financial assets measured at FVOCI	52,097	-	553	-	-	(18,320)	-	34,330

English Translation of Consolidated Financial Statements Originally Issued in Chinese  
**KGI SECURITIES CO. LTD. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

- b. Reconciliation for fair value liabilities measurements in Level 3 of the fair value hierarchy changes.

For the six-month period ended June 30, 2024

Financial instruments measured at fair value	Beginning balances (A)	Amounts recognized (B)		Increase (C)		Decrease (D)		Ending balances (E)=(A)+(B)+(C)+(D)
		in profit or loss	in OCI	Acquisition	Transfer to Level 3	Disposal	Transfer out of Level 3	
Financial Liabilities								
<u>Derivative instruments</u>								
Financial liabilities measured at FVTPL	\$3,086,977	\$76,424	\$-	\$2,249,307	\$-	\$(559,456)	\$-	\$4,853,252

For the six-month period ended June 30, 2023

Financial instruments measured at fair value	Beginning balances (A)	Amounts recognized (B)		Increase (C)		Decrease (D)		Ending balances (E)=(A)+(B)+(C)+(D)
		in profit or loss	in OCI	Acquisition	Transfer to Level 3	Disposal	Transfer out of Level 3	
Financial Liabilities								
<u>Derivative instruments</u>								
Financial liabilities measured at FVTPL	\$2,939,313	\$595	\$-	\$810,711	\$-	\$(185,456)	\$-	\$3,565,163

- c. Total gains or losses from financial assets and liabilities still held by the Company and subsidiaries for the three-month and six-month periods ended June 30, 2024 and 2023 are as follows:

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2024	2023	2024	2023
Total gains or losses				
Recognized in profit or loss	\$44,731	\$(33,228)	\$49,030	\$57,272
Recognized in other comprehensive income	\$(379)	\$718	\$(151)	\$553

- d. There are no significant changes in the Company and subsidiaries' valuation models or in levels of the fair value hierarchy between current and prior periods ended June 30, 2024 and 2023.



English Translation of Consolidated Financial Statements Originally Issued in Chinese

KGI SECURITIES CO. LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

C. Significant unobservable input information of level 3 fair value measured on recurring basis

The following table presents the Company and subsidiaries' primary level 3 financial instruments measured on a recurring basis, the quantitative information of significant unobservable inputs, used to measure fair value, and the sensitivity analysis for variation of those inputs.

6/30/24	Fair Value	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value
<u>Financial assets:</u>					
Non-derivatives					
Financial assets measured at FVTPL-equity instruments	\$3,799,758	Purchasing price	Not applicable	Not applicable	Not applicable
		Market approach	Discount for lack of liquidity	26%-29%	The higher the discount for lack of liquidity is, probably the lower the fair value of assets is.
		Discounted cash flow	Discount for lack of liquidity	29%	The higher the discount for lack of liquidity is, probably the lower the fair value of assets is.
			WACC	7.29%	The higher the WACC is, probably the lower the fair value of asset is.
			Growth rate	5.50%	The higher the growth rate is, probably the higher the fair value of asset is.
Asset method	Discount for lack of control	11%	The higher the discount for lack of control is, probably the lower the fair value of assets is.		
Derivatives					
Financial assets measured at FVTPL	1,802	Martingale Pricing Technique	History Volatility	38.90%-112.31%	Depending on contract terms.
Structured notes-options					
<u>Financial liabilities:</u>					
Derivatives					
Financial liabilities measured at FVTPL	4,853,252	Martingale Pricing Technique	History Volatility	0.00%-60.58%	Depending on contract terms.
Structured notes-options					

English Translation of Consolidated Financial Statements Originally Issued in Chinese

KGI SECURITIES CO. LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12/31/23	Fair Value	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value
<u>Financial assets:</u>					
Non-derivatives					
Financial assets measured at FVTPL-equity instrument	\$3,613,204	Purchasing price	Not applicable	Not applicable	Not applicable
		Market approach	Discount for lack of liquidity	26%-29%	The higher the discount for lack of liquidity is, probably the lower the fair value of assets is.
		Discounted cash flow	Discount for lack of liquidity	29%	The higher the discount for lack of liquidity is, probably the lower the fair value of assets is.
		WACC	7.18%	The higher the WACC is, probably the lower the fair value of asset is.	
		Growth Rate	5.50%	The higher the growth rate is, probably the higher the fair value of asset is.	
Asset method	Discount for lack of control	11%	The higher the discount for lack of control is, probably the lower the fair value of assets is.		
Derivatives					
Financial assets measured at FVTPL	310	Martingale Pricing Technique	History Volatility	47.77%-47.77%	Depending on contract terms.
Structured notes-options					
<u>Financial liabilities:</u>					
Derivatives					
Financial liabilities measured at FVTPL	3,086,977	Martingale Pricing Technique	History Volatility	0.00%-16.92%	Depending on contract terms.
Structured notes-options					

English Translation of Consolidated Financial Statements Originally Issued in Chinese

KGI SECURITIES CO. LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6/30/23	Fair Value	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value
<u>Financial assets:</u>					
Non-derivatives					
Financial assets measured at FVTPL-equity and debt instruments	\$3,208,430	Purchasing price	Not applicable	Not applicable	Not applicable
		Market approach	Discount for lack of liquidity	26%-29%	The higher the discount for lack of liquidity is, probably the lower the fair value of assets is.
		Discounted cash flow	Discount for lack of liquidity	29%	The higher the discount for lack of liquidity is, probably the lower the fair value of assets is.
			WACC	7.53%	The higher the WACC is, probably the lower the fair value of asset is.
			Growth rate	3.60%	The higher the growth rate is, probably the higher the fair value of asset is.
Asset method	Discount for lack of control	11%	The higher the discount for lack of control is, probably the lower the fair value of assets is.		
Financial assets measured at FVOCI-equity instrument	34,330	Option Pricing Model	Discount for lack of liquidity	26%	The higher the discount for lack of liquidity is, probably the lower the fair value of assets is.
			History Volatility	44.51%	Depending on market terms.
		Asset method	Discount for lack of liquidity	15%	The higher the discount for lack of liquidity is, probably the lower the fair value of assets is.
Derivatives					
Financial assets measured at FVTPL	1,892	Martingale Pricing Technique	History Volatility	30.94%-63.40%	Depending on contract terms.
Structured notes-options					
<u>Financial liabilities:</u>					
Derivatives					
Financial liabilities measured at FVTPL	3,565,163	Martingale Pricing Technique	History Volatility	0.00%-38.52%	Depending on contract terms.
Structured notes-options					

English Translation of Consolidated Financial Statements Originally Issued in Chinese

KGI SECURITIES CO. LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The Company adopts equally weighted moving average historical volatility when applying Martingale Pricing Technique. Original contract is taken into account while determining reasonable days to sample: with expiration period less than 6 months, the sampled days will be 20~180 days; with expiration period between 6 months to 12 months, the sampled days will be 20~360 days; with expiration period longer than 12 months, the sampled days will be 20 days unto original expiration days.

The Company and subsidiaries adopt in discreet the valuation models and inputs, the fair value measurements should be reasonable. The effect of possible changes of valuation inputs on the current profit or loss is shown below:

6/30/24	Sensitivity of the input to fair value		Recognized in profit/loss		Recognized in OCI	
	Inputs	Changes	Gain	Loss	Gain	Loss
<u>Financial assets:</u>						
Non-derivatives						
Financial assets measured at FVTPL						
Equity instruments (purchasing price)	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Equity instruments (market method)	Discount for lack of liquidity	- 1% / +1%	\$1,764	\$1,763	\$-	\$-
Equity instruments (discounted cash flow)	Discount for lack of liquidity	- 1% / +1%	110	110	-	-
	WACC	- 1% / +1%	1,907	1,758	-	-
	Growth Rate	+1% / - 1%	1,390	1,307	-	-
Equity instruments (asset method)	Discount for lack of control	- 1% / +1%	3,952	4,314	-	-
Derivatives						
Financial assets measured at FVTPL						
Structured notes-options	Historical Volatility	+25% / -25%	997	947	-	-
<u>Financial liabilities:</u>						
Derivatives						
Financial liabilities measured at FVTPL						
Structured notes-options	Historical Volatility	-25% / +25%	274	167	-	-

12/31/23	Sensitivity of the input to fair value		Recognized in profit/loss		Recognized in OCI	
	Inputs	Changes	Gain	Loss	Gain	Loss
<u>Financial assets:</u>						
Non-derivative instruments						
Financial assets measured at FVTPL						
Equity instruments (purchasing price)	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Equity instruments (market method)	Discount for lack of liquidity	-1% / +1%	\$175	\$175	\$-	\$-
Equity instruments (discounted cash flow)	Discount for lack of liquidity	-1% / +1%	190	190	-	-
	WACC	-1% / +1%	3,448	3,164	-	-
	Growth Rate	+1% / -1%	2,536	2,375	-	-
Equity instruments (asset method)	Discount for lack of control	-1% / +1%	3,688	3,688	-	-

English Translation of Consolidated Financial Statements Originally Issued in Chinese

KGI SECURITIES CO. LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12/31/23	Sensitivity of the input to fair value		Recognized in profit/loss		Recognized in OCI	
	Inputs	Changes	Gain	Loss	Gain	Loss
Derivatives						
Financial assets measured at FVTPL						
Structured notes-options	History Volatility	+25% / -25%	118	115	-	-
<u>Financial liabilities:</u>						
Derivatives						
Financial liabilities measured at FVTPL						
Structured notes-options	History Volatility	-25% / +25%	-	-	-	-

6/30/23	Sensitivity of the input to fair value		Recognized in profit/loss		Recognized in OCI	
	Inputs	Changes	Gain	Loss	Gain	Loss
<u>Financial assets:</u>						
Non-derivatives						
Financial assets measured at FVTPL						
Equity instruments and debt instruments(purchasing price)	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Equity instruments (market method)	Discount for lack of liquidity	- 1% / +1%	\$579	\$579	\$-	\$-
Equity instruments (discounted cash flow)	Discount for lack of liquidity	- 1% / +1%	109	109	-	-
	WACC	- 1% / +1%	835	804	-	-
	Growth Rate	+1% / - 1%	375	368	-	-
Equity instruments (asset method)	Discount for lack of control	- 1% / +1%	3,760	3,666	-	-
Financial assets measured at FVOCI						
Equity instruments (option pricing method)	Discount for lack of liquidity	- 1% / +1%	-	-	133	133
	Historical Volatility	-1% / +1%	-	-	63	64
Equity instruments (asset method)	Discount for lack of liquidity	- 1% / +1%	-	-	5	5
Derivatives						
Financial assets measured at FVTPL						
Structured notes-options	Historical Volatility	+25% / -25%	420	350	-	-
<u>Financial liabilities:</u>						
Derivatives						
Financial liabilities measured at FVTPL						
Structured notes-options	Historical Volatility	-25% / +25%	-	-	-	-

Evaluation process for level 3 fair value measurements

When fair value for a financial instrument is not accessible or does not have any active market, the Company follows its “Asset valuation operation procedures”. The risk management department evaluates whether the fair value is reasonable, and the accounting department recognizes the instrument according to their conclusion.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

KGI SECURITIES CO. LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(5) The fair value hierarchy of assets not measured in, but required to disclose fair value

6/30/24

	Level 1	Level 2	Level 3	Total
<u>Financial assets</u>				
Financial assets measured at amortized cost-non-current	\$157,090	\$-	\$-	\$157,090
<u>Non-Financial assets:</u>				
Investments accounted for using the equity method	2,629,691	-	-	2,629,691
Investment properties	-	-	1,421,029	1,421,029
<u>Financial liabilities:</u>				
Long-term liabilities-current portion	2,592,021	-	-	2,592,021
Bonds payable	9,114,219	-	-	9,114,219

12/31/23

	Level 1	Level 2	Level 3	Total
<u>Financial assets</u>				
Financial assets measured at amortized cost-non-current	\$151,160	\$-	\$-	\$151,160
<u>Non-financial assets:</u>				
Investments accounted for using the equity method	2,865,064	-	-	2,865,064
Investment properties	-	-	1,090,839	1,090,839
<u>Financial liabilities</u>				
Long-term liabilities-current portion	2,586,054	-	-	2,586,054
Bonds payable	6,089,167	-	-	6,089,167

6/30/23

	Level 1	Level 2	Level 3	Total
<u>Non-Financial assets:</u>				
Investments accounted for using the equity method	\$2,700,314	\$-	\$-	\$2,700,314
Investment properties	-	-	1,090,839	1,090,839
<u>Financial liabilities:</u>				
Bonds payable	8,645,047	-	-	8,645,047

English Translation of Consolidated Financial Statements Originally Issued in Chinese

KGI SECURITIES CO. LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

A. Investments accounted for using the equity method is significant investment in associates. Please refer to Note VI.11 and VI.14 for the valuation information of fair value of investments accounted for using the equity method and investment properties mentioned above.

B. The methods of valuation of financial assets and liabilities refer to Note XII.5(2).

6. Transfer of financial assets

(1) Transferred financial assets that are not derecognized in their entirety

In the Company and subsidiaries' daily operational transactions, most transferred financial assets that are not derecognized in their entirety are either liabilities for bonds with attached repurchase agreements to serve as pledge for opposing party, or lent securities based on securities lending agreements. Such transactions are pledged margin loans in their nature, securities are transferred to opponents when transactions occur. Therefore, cash flows from the securities are also transferred, the Company and subsidiaries recognize only the liabilities arising from the responsibilities of repurchasing those bonds at fixed or market price in the future. In the effective period of mentioned transactions, the Company and subsidiaries are not allowed to use, sell, or pledge those transferred financial assets, but still retain their interest rate risk, credit risk, and market risk, so they are not derecognized in their entirety.

Information on financial assets and related financial liabilities that are not derecognized in their entirety:

6/30/24					
Financial assets	Carrying amount of transferred financial assets	Carrying amount of related financial liabilities	Fair value of transferred financial assets	Fair value of related financial liabilities	Fair value of net position
Financial assets measured at FVTPL					
Collateralized transactions	\$32,966,572	\$31,995,358	\$32,966,572	\$31,995,358	\$971,214
Financial assets measured at FVOCI					
Collateralized transactions	29,455,277	27,503,653	29,455,277	27,503,653	1,951,624
Financial assets measured at amortized cost					
Collateralized transactions	4,876,801	4,877,364	4,876,801	4,877,364	(563)

English Translation of Consolidated Financial Statements Originally Issued in Chinese

KGI SECURITIES CO. LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12/31/23					
Financial assets	Carrying amount of transferred financial assets	Carrying amount of related financial liabilities	Fair value of transferred financial assets	Fair value of related financial liabilities	Fair value of net position
Financial assets measured at FVTPL					
Collateralized transactions	\$28,152,330	\$27,529,289	\$28,152,330	\$27,529,289	\$623,041
Financial assets measured at FVOCI					
Collateralized transactions	29,901,195	27,651,012	29,901,195	27,651,012	2,250,183
Financial assets measured at amortized cost					
Collateralized transactions	4,772,444	4,457,915	4,772,444	4,457,915	314,529

6/30/23					
Financial assets	Carrying amount of transferred financial assets	Carrying amount of related financial liabilities	Fair value of transferred financial assets	Fair value of related financial liabilities	Fair value of net position
Financial assets measured at FVTPL					
Collateralized transactions	\$26,480,104	\$25,495,731	\$26,480,104	\$25,495,731	\$984,373
Financial assets measured at FVOCI					
Collateralized transactions	28,543,886	27,151,310	28,543,886	27,151,310	1,392,576
Financial assets measured at amortized cost					
Collateralized transactions	4,656,043	4,674,589	4,656,043	4,674,589	(18,546)

(2) Transferred financial assets that are derecognized in their entirety

The Company engages in asset swap transactions through trading convertible bonds, acquired through underwriting or dealing, sells them to opponent, and receives consideration. Within contract period, the Company swaps with opponent agreed interest return for interest and interest premium derived from the convertible bond. Also, the Company has the right to repurchase the convertible bond at any time before maturity date. The Company does not retain control on transferred asset because the transaction opponent can sell the financial asset to a third party, and there is no need to impose any restriction on the third party when such transfer occurs. The Company only retains the option to buy the trade object. The maximum exposure to loss is the book value of the asset.



English Translation of Consolidated Financial Statements Originally Issued in Chinese  
**KGI SECURITIES CO. LTD. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

The following table analyzes information of transferred financial assets that are derecognized in their entirety and related financial liabilities:

Period	Type of continuing involvement	Cash outflow of repurchasing transferred (derecognized) financial assets	Carrying amount of continuing involvement in statement of financial position	Fair value of continuing involvement		Maximum exposure to loss
			Financial asset measured at fair value through profit or loss	Asset	Liability	
6/30/24	Long call option	\$12,881,000	\$3,150,945	\$3,150,945	\$-	\$3,150,945
12/31/23	Long call option	\$12,434,300	\$2,504,819	\$2,504,819	\$-	\$2,504,819
6/30/23	Long call option	\$11,110,800	\$2,044,676	\$2,044,676	\$-	\$2,044,676

The following table discloses a maturity analysis of the undiscounted cash outflows of repurchasing transferred (derecognized) financial assets. Information on cash flow is based on circumstances of each financial reporting date.

Period	Type of continuing involvement	Spot	In 3 months	3-12 months	1-5 years	Over 5 years	Total
6/30/24	Long call option	\$-	\$387,600	\$3,427,900	\$9,065,500	\$-	\$12,881,000
12/31/23	Long call option	\$-	\$934,500	\$3,133,500	\$8,366,300	\$-	\$12,434,300
6/30/23	Long call option	\$-	\$493,400	\$2,173,900	\$8,443,500	\$-	\$11,110,800

For the type of continuing involvement “long call option”, the following table discloses the gain or loss recognized at the date of transfer of the assets, and income and expenses recognized, both in the reporting period and cumulatively, from the Company’s continuing involvement in the derecognized financial assets.

Period	Type of continuing involvement	Gain or loss recognized at the date of transfer	Income and expenses recognized in the reporting period	Income and expenses recognized cumulatively
6/30/24	Long call option	\$84,550	\$666,355	\$750,905
12/31/23	Long call option	\$159,316	\$(98,652)	\$60,664
6/30/23	Long call option	\$(33,628)	\$41,118	\$7,490

English Translation of Consolidated Financial Statements Originally Issued in Chinese

KGI SECURITIES CO. LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Offsetting financial assets and financial liabilities

The disclosure requirements in IFRS 7 for offsetting financial assets and financial liabilities do not apply to the Company and subsidiaries' transactions on derivative instrument assets and derivative instrument liabilities. The Company and subsidiaries are allowed to offset the mentioned instruments only in the event of default and insolvency or bankruptcy.

The Company and subsidiaries enter with opponent into collateralized liabilities for bonds with repurchase agreements, in which the Company and subsidiaries provide securities as collaterals. The Company and subsidiaries also enter with opponent into collateralized bond investments under resell agreements, in which the Company and subsidiaries receive securities as collaterals (that are not recognized in statement of financial position). Only in the event of default and insolvency or bankruptcy are these transactions allowed to set off, they do not meet the offsetting criterion in international accounting standards. Hence, the related liabilities for bonds with repurchase agreements and investments in bonds with reverse repurchase agreements are reported separately in the statement of financial position.

The following tables disclose information on offsetting of financial assets and financial liabilities mentioned above:

6/30/24						
Financial assets subject to offsetting, enforceable master netting arrangement or similar agreements						
Description	Gross amount of recognized financial assets (a)	Gross amount of recognized financial liabilities set off in the statement of financial position (b)	Net amounts of financial assets presented in the statement of financial position (c)=(a)-(b)	Related amounts not set off in the statement of financial position (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note1)	Cash collateral received	
Derivative (Note 2)	\$7,775,781	\$-	\$7,775,781	\$-	\$1,320,665	\$6,455,116
Resell agreement	19,998,406	-	19,998,406	19,998,406	-	-
Total	\$27,774,187	\$-	\$27,774,187	\$19,998,406	\$1,320,665	\$6,455,116

6/30/24						
Financial liabilities subject to offsetting, enforceable master netting arrangement or similar agreements						
Description	Gross amount of recognized financial liabilities (a)	Gross amount of recognized financial assets set off in the statement of financial position (b)	Net amounts of financial liabilities presented in the statement of financial position (c)=(a)-(b)	Related amounts not set off in the statement of financial position (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note1)	Cash collateral in pledge	
Derivative (Note2)	\$14,014,927	\$-	\$14,014,927	\$-	\$1,868,937	\$12,145,990
Repurchase agreement	103,091,460	-	103,091,460	103,091,460	-	-
Total	\$117,106,387	\$-	\$117,106,387	\$103,091,460	\$1,868,937	\$12,145,990

English Translation of Consolidated Financial Statements Originally Issued in Chinese  
**KGI SECURITIES CO. LTD. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

12/31/23						
Financial assets subject to offsetting, enforceable master netting arrangement or similar agreements						
Description	Gross amount of recognized financial assets (a)	Gross amount of recognized financial liabilities set off in the statement of financial position (b)	Net amounts of financial assets presented in the statement of financial position (c)=(a)-(b)	Related amounts not set off in the statement of financial position (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note1)	Cash collateral received	
Derivative (Note 2)	\$5,870,737	\$-	\$5,870,737	\$-	\$1,014,109	\$4,856,628
Resell agreement	13,142,589	-	13,142,589	13,142,589	-	-
<b>Total</b>	<b>\$19,013,326</b>	<b>\$-</b>	<b>\$19,013,326</b>	<b>\$13,142,589</b>	<b>\$1,014,109</b>	<b>\$4,856,628</b>

12/31/23						
Financial liabilities subject to offsetting, enforceable master netting arrangement or similar agreements						
Description	Gross amount of recognized financial liabilities (a)	Gross amount of recognized financial assets set off in the statement of financial position (b)	Net amounts of financial liabilities presented in the statement of financial position (c)=(a)-(b)	Related amounts not set off in the statement of financial position (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note1)	Cash collateral in pledge	
Derivative (Note 2)	\$10,669,203	\$-	\$10,669,203	\$-	\$1,532,523	\$9,136,680
Repurchase agreement	87,713,610	-	87,713,610	87,713,610	-	-
<b>Total</b>	<b>\$98,382,813</b>	<b>\$-</b>	<b>\$98,382,813</b>	<b>\$87,713,610</b>	<b>\$1,532,523</b>	<b>\$9,136,680</b>

6/30/23						
Financial assets subject to offsetting, enforceable master netting arrangement or similar agreements						
Description	Gross amount of recognized financial assets (a)	Gross amount of recognized financial liabilities set off in the statement of financial position (b)	Net amounts of financial assets presented in the statement of financial position (c)=(a)-(b)	Related amounts not set off in the statement of financial position (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note1)	Cash collateral received	
Derivative (Note 2)	\$7,303,602	\$-	\$7,303,602	\$-	\$1,856,244	\$5,447,358
Resell agreement	11,434,942	-	11,434,942	11,434,942	-	-
<b>Total</b>	<b>\$18,738,544</b>	<b>\$-</b>	<b>\$18,738,544</b>	<b>\$11,434,942</b>	<b>\$1,856,244</b>	<b>\$5,447,358</b>

6/30/23						
Financial liabilities subject to offsetting, enforceable master netting arrangement or similar agreements						
Description	Gross amount of recognized financial liabilities (a)	Gross amount of recognized financial assets set off in the statement of financial position (b)	Net amounts of financial liabilities presented in the statement of financial position (c)=(a)-(b)	Related amounts not set off in the statement of financial position (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note1)	Cash collateral in pledge	
Derivative (Note2)	\$12,647,707	\$-	\$12,647,707	\$-	\$1,514,269	\$11,133,438
Repurchase agreement	86,371,623	-	86,371,623	86,371,623	-	-
<b>Total</b>	<b>\$99,019,330</b>	<b>\$-</b>	<b>\$99,019,330</b>	<b>\$86,371,623</b>	<b>\$1,514,269</b>	<b>\$11,133,438</b>

Note1: Including amounts subject to a master netting arrangement and amounts related to non-cash financial collateral.

Note2: Including hedging derivative instruments.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

KGI SECURITIES CO. LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Capital management

The main objective of the Company and subsidiaries in capital management is to maintain a healthy credit rating and capital ratio to support the corporation's operation and maximize shareholders' interests. The Company and subsidiaries will manage and adjust the capital structure based on the economic situation, possibly by adjusting dividends, returning capital or issuing new shares.

The company's Capital adequacy ratios as of June 30, 2024 December 31, 2023 and June 30, 2023 are disclosed as follows:

(1) Capital adequacy ratio

Item	6/30/24	12/31/23	6/30/23
Qualified net equity Capital	\$31,491,668	\$29,749,765	\$26,249,023
Equivalent amount of operating risk	11,951,442	10,224,878	9,854,412
Capital adequacy ratio	263%	291%	266%

Item	For the six-month period ended June 30	
	2024	2023
Average	283%	269%
Maximum	299%	282%
Minimum	263%	253%

(2) Equivalent amounts and percentages of operating risks

Item	6/30/24		12/31/23	
	Amount	Percentage	Amount	Percentage
Market risk	\$4,124,293	34.51%	\$3,562,820	34.84%
Credit risk	5,021,515	42.02%	3,970,107	38.83%
Operational risk	2,805,634	23.47%	2,691,951	26.33%
Total	<u>\$11,951,442</u>	<u>100.00%</u>	<u>\$10,224,878</u>	<u>100.00%</u>

Item	6/30/23	
	Amount	Percentage
Market risk	\$3,435,747	34.86%
Credit risk	3,726,714	37.82%
Operational risk	2,691,951	27.32%
Total	<u>\$9,854,412</u>	<u>100.00%</u>

English Translation of Consolidated Financial Statements Originally Issued in Chinese  
**KGI SECURITIES CO. LTD. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

9. Others

(1) The specific risk for futures dealer business

The futures dealer needs to maintain adequate liquidity in case its clients fail to fulfill the contracts in the futures transactions with the features of low financial leverage nature and unpredictable market fluctuation. If the dealing business fails to maintain the amount of margin, the open contracts may be closed. Thus, the margin may be lost entirely and may require further payment on deficiency.

(2) Restrictions and enforcement of the Company and subsidiaries' various financial ratios under ROC Futures Commission Merchant Laws.

Futures department of the Company

Article #	Calculation Formula	6/30/24		12/31/23		Standard	Execution
		Calculation	Ratio	Calculation	Ratio		
17	<u>Stock holders' equity</u> (Total liabilities – Futures customers' equity)	<u>2,259,973</u> 25,045	90.24	<u>2,229,746</u> 114,785	19.43	≥ 1	Satisfied
17	<u>Current assets</u> Current liabilities	<u>5,359,820</u> 24,730	216.74	<u>2,783,912</u> 114,785	24.25	≥ 1	"
22	<u>Stockholders' equity</u> Minimum paid-in capital	<u>2,259,973</u> 400,000	564.99%	<u>2,229,746</u> 400,000	557.44%	≥ 60% ≥ 40%	"
22	<u>Net capital amount after adjustment</u> The total amount of customer's margin required by the non-offset position for the futures dealer	<u>1,035,767</u> 2,376,166	43.59%	<u>1,950,528</u> 204,319	954.65%	≥ 20% ≥ 15%	"

Article #	Calculation Formula	6/30/23		Standard	Execution
		Calculation	Ratio		
17	<u>Stock holders' equity</u> (Total liabilities – Futures customers' equity)	<u>2,216,166</u> 33,272	66.61	≥ 1	Satisfied
17	<u>Current assets</u> Current liabilities	<u>3,176,314</u> 32,548	97.59	≥ 1	"
22	<u>Stockholders' equity</u> Minimum paid-in capital	<u>2,216,166</u> 400,000	554.04%	≥ 60% ≥ 40%	"
22	<u>Net capital amount after adjustment</u> The total amount of customer's margin required by the non-offset position for the futures dealer	<u>1,808,659</u> 699,460	258.58%	≥ 20% ≥ 15%	"

English Translation of Consolidated Financial Statements Originally Issued in Chinese  
**KGI SECURITIES CO. LTD. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

KGI Futures

Article #	Calculation Formula	6/30/24		12/31/23		Standard	Execution
		Calculation	Ratio	Calculation	Ratio		
17	<u>Stockholders' equity</u> (Total liabilities – Futures customers' equity)	<u>4,259,630</u> 884,625	4.82	<u>4,316,835</u> 662,463	6.52	≥ 1	Satisfied
17	<u>Current assets</u> Current liabilities	<u>48,264,282</u> 45,680,022	1.06	<u>39,651,351</u> 36,941,969	1.07	≥ 1	"
22	<u>Stockholders' equity</u> Minimum paid-in capital	<u>4,259,630</u> 760,000	560.48%	<u>4,316,835</u> 760,000	568.00%	≥ 60% ≥ 40%	"
22	<u>Net capital amount after adjustment</u> The total amount of customer's margin required by the non-offset position for the futures dealer	<u>3,504,467</u> 11,112,486	31.54%	<u>3,768,955</u> 8,699,781	43.32%	≥ 20% ≥ 15%	"

Article #	Calculation Formula	6/30/23		Standard	Execution
		Calculation	Ratio		
17	<u>Stockholders' equity</u> (Total liabilities – Futures customers' equity)	<u>3,892,775</u> 748,137	5.20	≥ 1	Satisfied
17	<u>Current assets</u> Current liabilities	<u>39,349,955</u> 36,987,201	1.06	≥ 1	"
22	<u>Stockholders' equity</u> Minimum paid-in capital	<u>3,892,775</u> 760,000	512.21%	≥ 60% ≥ 40%	"
22	<u>Net capital amount after adjustment</u> The total amount of customer's margin required by the non-offset position for the futures dealer	<u>3,275,562</u> 7,826,595	41.85%	≥ 20% ≥ 15%	"

- (3) According to Article 17 of Enforcement Rules of the Trust Enterprise Act, the balance sheet and the statement of income of trust business and trust property catalog of the Company are disclosed as follows:

As approved by the Jin-Guan-Zheng-Quan Letter No.0990066178, the Company engages in new business of wealth management by trust, which is to conduct trust business concerning specific and separate money management. In addition, with the approval of Jin-Guan-Zeng-Quan Letter No. 1000039836, the Company was permitted to engage in trust business concerning specific and separate securities management and separately managed securities trust (securities lending business) specified in the operating range or methods as designated by the clients.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

KGI SECURITIES CO. LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

A. Balance sheet of trust business

	6/30/24	12/31/23	6/30/23
Cash in bank	\$2,732,471	\$2,912,774	\$2,290,525
Financial assets			
Bonds	14,290,516	11,356,875	6,802,133
Stocks	22,156,548	15,374,518	16,260,039
Funds	22,046,847	19,679,943	18,475,682
Short-term securities	-	-	610,246
Structured notes	7,282,585	4,976,816	3,949,238
Receivables	580,716	452,460	309,982
Total trusted assets	<u>\$69,089,683</u>	<u>\$54,753,386</u>	<u>\$48,697,845</u>
	6/30/24	12/31/23	6/30/23
Payables	\$251,756	\$200,636	\$172,070
Taxes payables	74	77	227
Trust capital	54,611,362	50,099,575	45,273,523
Net income for current period	12,587,912	3,529,082	2,056,761
Accumulated profit or loss	2,086,996	1,453,947	1,451,057
Deferred carried forward	1,746	651	14
Others	(450,163)	(530,582)	(255,807)
Total trusted liabilities	<u>\$69,089,683</u>	<u>\$54,753,386</u>	<u>\$48,697,845</u>

B. Income statement of trust business

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2024	2023	2024	2023
Revenues				
Interest income	\$190,954	\$90,183	\$356,421	\$156,644
Rent income	3,212	10,750	8,396	19,215
Dividend income	249,138	219,888	477,957	368,655
Realized investment gain	366,937	186,804	709,357	314,915
Unrealized investment gain	3,966,372	1,333,334	13,112,551	4,502,101
Other income	390,177	348,689	2,227,723	1,308,392
Total revenue	<u>5,166,790</u>	<u>2,189,648</u>	<u>16,892,405</u>	<u>6,669,922</u>
Expenses				
Management expense	609	1,453	1,327	2,700
Taxes expense	1,953	1,600	4,463	3,039
Handling fee	76,748	7,266	92,506	12,182
Realized investment loss	180,639	194,601	397,961	422,317
Unrealized investment loss	129,926	(281,796)	3,205,371	3,531,592
Other expense	15,100	(6,177)	602,865	641,331
Total expense	<u>404,975</u>	<u>(83,053)</u>	<u>4,304,493</u>	<u>4,613,161</u>
Income before tax	4,761,815	2,272,701	12,587,912	2,056,761
Income tax	-	-	-	-
Net income	<u>\$4,761,815</u>	<u>\$2,272,701</u>	<u>\$12,587,912</u>	<u>\$2,056,761</u>

English Translation of Consolidated Financial Statements Originally Issued in Chinese

KGI SECURITIES CO. LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

C. Trust property catalog

	6/30/24	12/31/23	6/30/23
Cash in bank	\$2,732,471	\$2,912,774	\$2,290,525
<u>Financial assets</u>			
Bonds	14,290,516	11,356,875	6,802,133
Stocks	22,156,548	15,374,518	16,260,039
Funds	22,046,847	19,679,943	18,475,682
Short-term securities	-	-	610,246
Structured notes	7,282,585	4,976,816	3,949,238
Total	<u>\$68,508,967</u>	<u>\$54,300,926</u>	<u>\$48,387,863</u>

D. The trust capital consigned to the Company is set up as an independent account and prepared its own financial statements. The consigned assets and gains or losses of consigned assets are not included in the Company's financial statements.

(4) According to Zheng-Gre-Fu Letter NO.1030026386, disclose the information as following:

Offshore Securities Unit of the Company engaged in custody and investment of funds affairs on behalf of customers. Related bank deposits under such affairs on June 30, 2024, December 31, 2023 and June 30, 2023 are USD 7,906 thousand, USD 5,801 thousand and USD 5,941 thousand, respectively.

(5) Foreign currencies having significant effect on the Company and subsidiaries' financial assets and liabilities are as follows:

	6/30/24			12/31/23		
	Foreign currency (thousand dollars)	Exchange rate	NTD	Foreign currency (thousand dollars)	Exchange rate	NTD
<u>Financial instruments</u>						
<u>Financial assets</u>						
<u>Monetary Items</u>						
USD	\$3,630,822	32.45	\$117,820,576	\$3,377,834	30.74	\$103,805,241
HKD	469,083	4.16	1,949,097	337,680	3.93	1,326,923
JPY	13,562,149	0.20	2,735,486	5,271,627	0.22	1,145,084
EUR	525,845	34.71	18,252,078	502,731	34.03	17,107,841
CNY	32,700	4.45	145,372	46,258	4.33	200,354
ZAR	164,143	1.78	292,338	63,668	1.66	105,626
KRW	3,775,325	0.02	89,548	676,041	0.02	16,214
AUD	9,711	21.53	209,073	7,813	21.01	164,154



English Translation of Consolidated Financial Statements Originally Issued in Chinese

KGI SECURITIES CO. LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Non-monetary Items

USD	1,996,725	32.45	64,791,724	1,944,146	30.74	59,751,690
EUR	109	34.71	3,773	3,630	34.03	123,528
CNY	1,293,404	4.45	5,749,957	948,079	4.33	4,106,510
AUD	110,080	21.53	2,370,026	-	21.01	-

Investments accounted  
for using the equity  
method

USD	83,858	32.45	2,721,200	91,205	30.74	2,803,191
-----	--------	-------	-----------	--------	-------	-----------

Financial liabilities

Monetary Items

USD	6,010,702	32.45	195,047,592	5,601,009	30.74	172,134,529
HKD	430,275	4.16	1,787,813	308,668	3.93	1,212,789
JPY	13,286,232	0.20	2,679,833	5,056,938	0.22	1,098,412
EUR	524,587	34.71	18,208,407	504,768	34.03	17,177,139
CNY	5,687	4.45	25,282	12,489	4.33	54,089
ZAR	139,383	1.78	248,241	47,032	1.66	78,026
KRW	600,784	0.02	14,419	648,788	0.02	15,735
AUD	108,904	21.53	2,344,704	5,641	21.01	118,524

Non-monetary Items

USD	399,942	32.45	12,978,105	354,417	30.74	10,893,010
EUR	310	34.71	10,754	408	34.03	13,890

6/30/23

	Foreign currency (thousand dollars)		Exchange rate	NTD
<u>Financial instruments</u>				

Financial assets

Monetary Items

USD	\$3,823,434	31.14	\$119,045,516
HKD	310,268	3.97	1,233,004
JPY	3,587,827	0.22	771,383
EUR	506,643	33.80	17,124,554
CNY	43,028	4.28	184,271
ZAR	21,230	1.65	35,030
KRW	375,487	0.02	8,976
AUD	9,506	20.62	196,014

Non-monetary Items

USD	2,013,677	31.14	62,694,425
EUR	-	33.80	-
CNY	1,366,493	4.28	5,852,144
AUD	-	20.62	-

English Translation of Consolidated Financial Statements Originally Issued in Chinese  
**KGI SECURITIES CO. LTD. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

Investments

accounted for using  
the equity method

USD	84,329	31.14	2,625,597
-----	--------	-------	-----------

Financial liabilities

Monetary Items

USD	5,950,468	31.14	185,270,732
HKD	248,012	3.97	985,600
JPY	3,457,601	0.22	743,384
EUR	504,941	33.80	17,067,028
CNY	76,641	4.28	328,220
ZAR	5,277	1.65	8,707
KRW	269,358	0.02	6,436
AUD	16,353	20.62	337,205

Non-monetary Items

USD	474,594	31.14	14,776,484
EUR	1,522	33.80	51,448

Due to various types of functional currencies, it is inefficient for the Company and subsidiaries to disclose information on exchange differences by foreign currencies having significant effect on the Company and subsidiaries. Exchange differences (including realized and unrealized) are losses 162,046 thousand dollars, losses 49,151 thousand dollars, losses 355,497 thousand dollars and losses 245,111 thousand dollars for the three-month and six-month periods ended June 30, 2024 and 2023, respectively.

(6) The reconciliation of liabilities from financing activities

For the six-month periods ended June 30, 2024

	Short-term borrowings	Commercial paper payable	Lease liabilities
January 1, 2024	\$17,638,644	\$16,100,445	\$1,145,717
Cash flows	7,296,480	44,196,028	(191,658)
Non-cash movement			
Lease movement	-	-	79,357
Foreign exchange differences and other movement	-	(104,753)	40,403
June 30, 2024	<u>\$24,935,124</u>	<u>\$60,191,720</u>	<u>\$1,073,819</u>

English Translation of Consolidated Financial Statements Originally Issued in Chinese  
**KGI SECURITIES CO. LTD. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

For the six-month periods ended June 30, 2023

	<u>Short-term</u> <u>borrowings</u>	<u>Commercial</u> <u>paper payable</u>	<u>Lease liabilities</u>
January 1, 2023	\$13,229,271	\$12,169,751	\$1,467,630
Cash flows	6,814,278	12,470,462	(269,950)
Non-cash movement			
Lease movement	-	-	188,962
Foreign exchange differences and other movement	-	(12,428)	14,439
June 30, 2023	<u>\$20,043,549</u>	<u>\$24,627,785</u>	<u>\$1,401,081</u>