

CAPITAL SECURITIES CORPORATION**Financial Statements****With Independent Auditors' Report
For The Years Ended December 31, 2024 and 2023**

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The independent auditors' report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and financial statements, the Chinese version shall prevail.

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Independent Auditors' Report

To the Board of Directors of Capital Securities Corporation:

Opinion

We have audited the financial statements of Capital Securities Corporation("the Company"), which comprise the balance sheets as of December 31, 2024 and 2023, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the report of another auditor (please refer to Other Matter paragraph), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and its financial performance and its cash flows for the years ended December 31, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Firms.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and 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 Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Key audit matters of the Company's financial statements are stated as follows:

1. Valuation of financial instruments

Please refer to Note 4(f) for the related accounting policy regarding the valuation of financial instruments, Note 6(b) financial assets, Note 6(l) financial liabilities at fair value through profit or loss and Note 6(v)(v), fair value and fair value hierarchy of financial instruments for details.

Risk and descriptions of the key audit matter:

The Company's valuation of financial instruments is one of audit processes refer to important judgements. Financial products on balance sheets mainly belong to first or secondary level in fair value hierarchy, and can be achieved by available quoted market prices in an active market and direct or indirect evaluation of observation. Fair value of some derivative financial products invested and issued depends on models and observably variable factors in the market, so management's professional judgement has highly importance when using different valuation methods and assumptions. Therefore, the valuation of financial instruments is one of our key audit matters.

Procedures performed:

Our key audit procedures included considering how management selected appropriate valuation methods and assessed the key assumptions adopted. We confirmed the presentation and disclosures of financial products were in accordance with relevant regulations. For financial assets with quoted market prices in an active market, we selected samples to test the appropriateness of quoted prices used. For financial assets without quoted market prices in an active market and measured at fair value using valuation techniques, we selected samples to test the appropriateness of valuation methods and significantly underlying parameters applied by management.

2. Goodwill impairment

Please refer to Note 4(p) for the related accounting policy regarding the impairment of non-financial assets, Note 5 for accounting assumptions and estimation uncertainty of the goodwill impairment, Note 6(h)(i). for details about measurement of goodwill impairment.

Risk and descriptions of the key audit matter:

Assessment of the Company's goodwill impairment is one of our significant audit processes, because it mainly depends on the prediction of future operation and there is a high uncertainty on assessing recoverable amounts by discounted future cash flows. Therefore, the measurement of goodwill impairment is one of our key audit matters.

Procedures performed:

Our key audit procedures included understanding tests of goodwill impairment implemented by management, certifying the assumptions of management by related available external information, making professional assessment on main parameters of predictable growth rate, discount rate, etc. adopted by management, and performing the retrospective analysis for testing the precision of previous years' forecasts including sensitivity analyses on the key assumptions related to Goodwill impairment tests.

Other Matter

We did not audit the financial statements of Capital Investment Trust Corporation, an associate of Capital Securities Corporation. Those financial statements were audited by another auditor, whose report has been furnished to us, and our conclusion, insofar as it relates to the amounts included for Capital Investment Trust Corporation, is based solely on the report of another auditor. The investment in Capital Investment Trust Corporation accounted for using the equity method constituting 0.63% and 0.71% of total assets at December 31, 2024 and 2023, respectively, and the related share of profit of associates and joint ventures accounted for using the equity method constituting 6.00% and 4.24% of total profit before tax for the years then ended, respectively.

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

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Wu, Cheng-Yen and Chen, Yi-Jen.

KPMG

Taipei, Taiwan (Republic of China)
March 7, 2025

Notes to Readers

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

The independent auditors' report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and financial statements, the Chinese version shall prevail.

(English Translation of Financial Statements Originally Issued in Chinese)

CAPITAL SECURITIES CORPORATION**Balance Sheets****December 31, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollars)**

		December 31, 2024		December 31, 2023	
		Amount	%	Amount	%
110000	Assets				
110000	Current assets:				
111100	Cash and cash equivalents (note 6(a))	\$ 3,874,686	1	1,347,649	1
112000	Financial assets at fair value through profit or loss - current (notes 6(b) and 8)	68,047,676	27	63,141,628	31
113200	Financial assets at fair value through other comprehensive income - current (note 6(b))	30,534,249	12	23,727,201	12
114030	Receivable for securities provided as collateral	22,137,746	9	16,723,040	8
114040	Refinancing margin	49,349	-	16,619	-
114050	Refinancing collateral receivable	41,089	-	13,847	-
114060	Receivable of securities business money lending	32,677,621	13	5,886,504	3
114090	Collateral for securities borrowed	140,311	-	97,374	-
114100	Security borrowing margin	14,026,729	5	12,495,271	6
114110	Notes receivable	7,458	-	6,608	-
114130	Accounts receivable (note 6(c))	13,281,849	5	15,549,517	8
114150	Prepayments	75,091	-	123,963	-
114170	Other receivables	80,568	-	65,653	-
119095	Amounts held for each customer in the account (note 6(n))	35,555,711	14	32,426,834	16
119990	Other current assets-others	1,287,075	1	856,018	-
		<u>221,817,208</u>	<u>87</u>	<u>172,477,726</u>	<u>85</u>
120000	Non-current assets:				
122000	Financial assets at fair value through profit or loss - non-current (notes 6(b) and 8)	177,730	-	179,438	-
123200	Financial assets at fair value through other comprehensive income - non-current (note 6(b))	4,444,378	2	3,406,044	2
123300	Financial assets at amortized cost - non-current (note 6(b))	6,567,032	3	5,310,086	3
124100	Investments accounted for under equity method (note 6(d))	9,050,706	4	8,347,541	4
125000	Property and equipment (notes 6(e) and 8)	2,413,859	1	2,443,875	1
125800	Right-of-use assets (notes 6(f))	508,192	-	589,672	-
126000	Investment property (notes 6(g) and 8)	3,959,267	1	3,986,299	2
127000	Intangible assets (note 6(h))	3,559,782	1	3,562,867	2
128000	Deferred income tax assets (note 6(r))	-	-	15,894	-
129000	Other non-current assets	1,281,167	1	1,153,209	1
		<u>31,962,113</u>	<u>13</u>	<u>28,994,925</u>	<u>15</u>
	Total assets	<u>\$ 253,779,321</u>	<u>100</u>	<u>201,472,651</u>	<u>100</u>

(English Translation of Financial Statements Originally Issued in Chinese)

CAPITAL SECURITIES CORPORATION

Balance Sheets

December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2024		December 31, 2023	
		Amount	%	Amount	%
210000	Liabilities and Equity				
211000	Current liabilities:				
211100	Short-term borrowings (note 6(i))	\$ 7,304,896	3	5,291,851	3
211200	Commercial paper payable (note 6(j))	41,514,617	16	13,090,169	6
212000	Financial liabilities at fair value through profit or loss - current (note 6(l))	25,584,491	10	20,863,623	10
214010	Bonds sold under repurchase agreements (note 6(m))	53,683,935	21	51,456,592	26
214040	Guarantee deposited for short sales	2,527,527	1	2,003,761	1
214050	Proceeds payable from short sales	2,874,680	1	2,294,644	1
214070	Securities lending refundable deposits	16,292,813	7	15,481,166	8
214090	Equity for each customer in the account (note 6(n))	35,555,711	14	32,426,834	16
214110	Notes payable	152	-	166	-
214130	Accounts payable (note 6(o))	10,423,517	4	9,681,013	5
214150	Advance receipts	30,465	-	20,221	-
214160	Receipts under custody	817,799	-	322,449	-
214170	Other payables	1,070,747	1	1,490,258	1
214200	Other financial liabilities - current (note 6(w))	6,420,134	3	4,223,503	2
214600	Current income tax liabilities	532,295	-	552,483	-
215100	Provisions - current (note 6(q))	51,149	-	45,412	-
216000	Current lease liabilities (note 6(p))	179,875	-	171,292	-
219000	Other current liabilities	5,163	-	4,619	-
		<u>204,869,966</u>	<u>81</u>	<u>159,420,056</u>	<u>79</u>
220000	Non-Current liabilities:				
221200	Long-term borrowings(note 6(k))	4,497,142	2	-	-
222000	Financial liabilities at fair value through profit or loss - non current (note 6(l))	112,762	-	-	-
224200	Other financial liabilities - non-current (note 6(w))	516,042	-	677,162	1
226000	Non-current lease liabilities(note 6(p))	373,492	-	468,531	-
228000	Deferred income tax liabilities(note 6(r))	807,440	-	482,903	-
229000	Other non-current liabilities (note 6(q))	331,235	-	177,116	-
		<u>6,638,113</u>	<u>2</u>	<u>1,805,712</u>	<u>1</u>
	Total liabilities	<u>211,508,079</u>	<u>83</u>	<u>161,225,768</u>	<u>80</u>
301010	Common stock (note 6(s))	21,709,081	9	21,709,081	11
302000	Capital surplus (note 6(s))	2,743,257	1	2,743,256	1
304000	Retained earnings:				
304010	Legal reserve	3,299,604	1	2,889,367	2
304020	Special reserve	6,869,685	3	6,049,211	3
304040	Unappropriated earnings (note 6(s))	4,919,483	2	4,201,815	2
305120	Exchange differences on translation of foreign operations	153,408	-	(67,856)	-
305140	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	2,576,724	1	2,722,009	1
	Total equity	<u>42,271,242</u>	<u>17</u>	<u>40,246,883</u>	<u>20</u>
	Total liabilities and equity	<u>\$ 253,779,321</u>	<u>100</u>	<u>201,472,651</u>	<u>100</u>

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

CAPITAL SECURITIES CORPORATION

Statements of Comprehensive Income

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Share)

		2024		2023	
		Amount	%	Amount	%
Income:					
401000	Brokerage commissions (note 6(u))	\$ 5,258,106	36	3,708,430	35
402000	Revenues from securities business money lending	5,037	-	1,295	-
403000	Revenue from securities lending	604,666	4	420,528	4
404000	Underwriting commissions (note 6(u))	128,998	1	90,923	1
406000	Commissions on wealth management business	103,732	1	59,001	1
410000	Net gains (losses) on sale of trading securities (note 6(u))	6,448,837	44	2,478,649	23
421100	Securities management, distribution, and management fees	170,353	1	159,028	1
421200	Interest revenue (note 6(u))	3,792,354	26	2,400,525	23
421300	Dividend revenue	1,391,937	10	2,744,746	26
421500	Net gains (losses) on measurement of trading securities at fair value through profit or loss (note 6(u))	(970,401)	(7)	1,743,848	17
421600	Net gains (losses) on covering of borrowed securities and bonds with resale agreements(note 6(w))	(1,104,322)	(8)	(185,992)	(2)
421610	Net gains (losses) on measurement of borrowed securities and bonds with resale agreements	(71,139)	-	(668,688)	(6)
421750	Realized gains (losses) from investments in debt instruments at fair value through other comprehensive income	75,396	-	6,128	-
421800	Net gains (losses) on securities for futures margin at fair value through profit or loss	(8,305)	-	-	-
422200	Net gains (losses) on stock warrants issued (note 6(u) and (w))	252,443	2	(170,425)	(2)
424100	Futures commission revenues	145,793	1	131,141	1
424400	Net gains (losses) on derivative instruments - futures (note 6(w))	(949,011)	(6)	(909,127)	(9)
424500	Net gains (losses) on derivative instruments - OTC (note 6(w))	(543,867)	(4)	(1,517,470)	(14)
425100	Net gains (losses) arising from derecognition of financial assets measured at amortized cost (note 6(b))	-	-	38	-
425300	Impairment losses and reversal gains (note 6(v))	(5,154)	-	(7,368)	-
428000	Other operating revenues	(113,685)	(1)	119,899	1
		<u>14,611,768</u>	<u>100</u>	<u>10,605,109</u>	<u>100</u>
Expenses:					
501000	Brokerage fees	483,379	3	315,301	3
502000	Brokerage and clearing fees - proprietary trading	61,972	-	36,373	-
503000	Clearing and exchange fees - refinancing	1,885	-	2,613	-
504000	Clearing and exchange fees - underwriting	2,230	-	992	-
521200	Financial costs	2,831,518	20	1,864,059	18
521640	Loss from securities borrowing transactions	839,876	6	324,025	3
524200	Total securities commission expense	23,478	-	12,761	-
528000	Other operating expenditures	80,711	-	44,489	-
531000	Employee benefits expenses (note 6(u))	2,921,236	20	2,666,228	25
532000	Depreciation and amortization expense (note 6(u))	407,756	3	396,732	4
533000	Other operating expenses (note 6(u))	3,161,941	22	2,177,779	21
		<u>10,815,982</u>	<u>74</u>	<u>7,841,352</u>	<u>74</u>
Other income (expenses):					
601100	Share of profit (loss) of subsidiaries, associates and joint ventures accounted for using equity method (note 6(d))	1,073,942	8	812,516	8
602000	Other gains and losses (note 6(u))	913,212	6	826,902	8
		<u>1,987,154</u>	<u>14</u>	<u>1,639,418</u>	<u>16</u>
902001	Net income before income tax	5,782,940	40	4,403,175	42
701000	Less: Income tax expenses (note 6(r))	899,164	6	271,665	3
	Net income	<u>4,883,776</u>	<u>34</u>	<u>4,131,510</u>	<u>39</u>
805000	Other comprehensive income:				
805500	Components that may not be reclassified to profit or loss in subsequent periods:				
805510	Gains (losses) on remeasurements of defined benefit plans(note 6(q))	(203,958)	(1)	(76,442)	(1)
805540	Unrealized gains (losses) from investments in equity instruments at fair value through other comprehensive income	283,940	2	1,100,467	11
805560	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method	81,288	-	33,421	-
805599	Less: Income tax related to components of other comprehensive income	-	-	-	-
	Subtotal of components that may not be subsequently reclassified into profit or loss	<u>161,270</u>	<u>1</u>	<u>1,057,446</u>	<u>10</u>
805600	Components that may be reclassified to profit or loss in subsequent periods:				
805610	Exchange differences on translation of foreign operations	199,602	1	(10,558)	-
805615	Unrealized gains (losses) from investments in debt instruments at fair value through other comprehensive income	(354,645)	(2)	172,066	2
805660	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method	44,025	-	(1,717)	-
805699	Less: Income tax related to components of other comprehensive income (note 6(r))	22,363	-	(282)	-
	Subtotal of items that may be subsequently reclassified into profit or loss	<u>(133,381)</u>	<u>(1)</u>	<u>160,073</u>	<u>2</u>
805000	Other comprehensive income, net	<u>27,889</u>	<u>-</u>	<u>1,217,519</u>	<u>12</u>
902006	Total comprehensive income	<u>\$ 4,911,665</u>	<u>34</u>	<u>5,349,029</u>	<u>51</u>
975000	Basic earnings per share (note 6(t))	<u>\$ 2.25</u>		<u>1.90</u>	
985000	Diluted earnings per share (note 6(t))	<u>\$ 2.25</u>		<u>1.90</u>	

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

CAPITAL SECURITIES CORPORATION

Statements of Changes in Equity

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	Stock		Retained earnings			Total other equity interest		
						Exchange differences on translation of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total Equity
	Common stocks	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings			
Balance at January 1, 2023	\$ 21,709,081	2,743,256	2,758,257	5,786,990	1,339,434	(55,863)	1,463,354	35,744,509
Net income for the year ended December 31, 2023	-	-	-	-	4,131,510	-	-	4,131,510
Other comprehensive income	-	-	-	-	(76,969)	(11,993)	1,306,481	1,217,519
Total comprehensive income	-	-	-	-	4,054,541	(11,993)	1,306,481	5,349,029
Appropriation and distribution of retained earnings: (note 6(s))								
Legal reserve	-	-	131,110	-	(131,110)	-	-	-
Special reserve	-	-	-	262,221	(262,221)	-	-	-
Cash dividends of common stocks	-	-	-	-	(846,655)	-	-	(846,655)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	47,826	-	(47,826)	-
Balance at December 31, 2023	21,709,081	2,743,256	2,889,367	6,049,211	4,201,815	(67,856)	2,722,009	40,246,883
Net income for the year ended December 31, 2024	-	-	-	-	4,883,776	-	-	4,883,776
Other comprehensive income	-	-	-	-	(203,640)	221,264	10,265	27,889
Total comprehensive income	-	-	-	-	4,680,136	221,264	10,265	4,911,665
Appropriation and distribution of retained earnings: (note 6(s))								
Legal reserve	-	-	410,237	-	(410,237)	-	-	-
Special reserve	-	-	-	820,474	(820,474)	-	-	-
Cash dividends of common stocks	-	-	-	-	(2,887,307)	-	-	(2,887,307)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	155,550	-	(155,550)	-
Changes in ownership interests in subsidiaries	-	1	-	-	-	-	-	1
Balance at December 31, 2024	\$ 21,709,081	2,743,257	3,299,604	6,869,685	4,919,483	153,408	2,576,724	42,271,242

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

CAPITAL SECURITIES CORPORATION**Statements of Cash Flows****For the years ended December 31, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollars)**

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Net income before tax	\$ 5,782,940	4,403,175
Adjustments:		
Income and expenses items:		
Depreciation expense	358,967	356,535
Amortization expense	48,789	40,197
Expected credit impairment losses	5,154	7,368
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	1,049,845	(1,075,160)
Financial cost	2,831,518	1,864,059
Net gain arising from derecognition of financial assets measured at amortized cost	-	(38)
Interest revenue (including financial revenue)	(3,860,583)	(2,519,448)
Dividend revenue	(1,467,963)	(2,819,850)
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(1,073,942)	(812,516)
Gain on disposal and retirement of property and equipment	-	(50)
Gain on disposal of investments under equity method	(406)	-
Net gain on non-operating financial instruments at fair value through profit or loss	(9,073)	(46,111)
Net gain on lease modifications	(157)	-
Subtotal of income of non-cash activities	<u>(2,117,851)</u>	<u>(5,005,014)</u>
Changes in operating assets and liabilities:		
Increase in financial assets at fair value through profit or loss	(5,873,973)	(20,475,237)
Increase in financial assets at fair value through other comprehensive income	(7,057,676)	(9,976,223)
Increase in receivable for securities provided as collateral	(5,414,706)	(4,944,414)
(Increase) decrease in refinancing margin	(32,730)	2,240
(Increase) decrease in receivable on refinancing collateral	(27,242)	1,571
Increase in receivable of securities business money lending	(26,791,117)	(1,460,171)
(Increase) decrease in collateral for securities borrowed	(42,937)	1,193,503
(Increase) decrease in security borrowing margin	(1,531,458)	365,308
(Increase) decrease in notes receivable	(850)	5,942
Decrease (increase) in accounts receivable	2,664,869	(9,637,218)
Decrease (increase) in prepayments	48,872	(89,114)
(Increase) decrease in other receivables	(11,416)	6,013
Increase in other current assets	(431,057)	(196,637)
(Increase) decrease in other non-current assets	(128,211)	8,814
Increase in financial liabilities at fair value through profit or loss	4,762,491	10,063,909
Increase in bonds sold under repurchase agreements	2,227,343	15,466,739
Increase (decrease) in guarantee deposited for short sales	523,766	(2,114,679)
Increase (decrease) in proceeds payable from short sales	580,036	(1,420,297)
Increase in securities lending refundable deposits	811,647	800,148
(Decrease) increase in notes payable	(14)	14
Increase in accounts payable	918,630	4,889,201
Increase (decrease) in advance receipts	10,244	(10,803)
Increase (decrease) in receipts under custody	495,350	(219,165)
(Decrease) increase in other payable	(425,499)	884,629
Increase in provision - current	5,737	1,392
Increase in other financial liabilities	2,035,511	1,378,073
Increase (decrease) in other current liabilities	544	(78)
Decrease in other non-current liabilities	(49,839)	(27,860)
Total changes in assets and liabilities from operating activities	<u>(32,733,685)</u>	<u>(15,504,400)</u>
Total adjustments	<u>(34,851,536)</u>	<u>(20,509,414)</u>

(English Translation of Financial Statements Originally Issued in Chinese)

CAPITAL SECURITIES CORPORATION**Statements of Cash Flows****For the years ended December 31, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollars)**

	2024	2023
Cash generated from operating activities	\$ (29,068,596)	(16,106,239)
Interest received	3,492,119	2,358,864
Dividends received	2,016,732	3,371,531
Interest paid	(3,007,097)	(1,591,928)
Income taxes paid	(601,284)	(271,949)
Net Cash flows used in operating activities	(27,168,126)	(12,239,721)
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(862,000)	(10,000)
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	12,175
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	676	571
Acquisition of financial assets at amortized cost	(1,239,300)	(2,145,097)
Proceeds from disposal of financial assets at amortized cost	-	121,662
Proceeds from capital reduction of investments accounted for under equity method	7,400	32,107
Increase in deferred debits	(205)	(571)
Acquisition of property and equipment	(124,839)	(141,047)
Proceeds from disposal of property and equipment	-	860
Acquisition of intangible assets	(42,663)	(48,602)
Net cash flows used in investing activities	(2,260,931)	(2,177,942)
Cash flows from financing activities:		
Increase in short-term borrowings	2,013,045	2,421,052
Increase in commercial papers payable	28,424,448	9,891,447
Long-term borrowings	4,500,000	-
Payment of lease liabilities	(181,899)	(175,353)
Cash dividends paid	(2,887,307)	(846,655)
Net cash flows provided by financing activities	31,868,287	11,290,491
Effect of exchange rate changes on cash and cash equivalents	87,807	(9,149)
Increase (decrease) in cash and cash equivalents	2,527,037	(3,136,321)
Cash and cash equivalents, beginning of period	1,347,649	4,483,970
Cash and cash equivalents, end of period	\$ 3,874,686	1,347,649

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

CAPITAL SECURITIES CORPORATION

Notes to the Financial Statements

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Overview:

Capital Securities Corporation (the “Company”) was registered under the Ministry of Economic Affairs, R.O.C. on June 21, 1988. The address of the Company’s registered office is 11F, No. 156, Section 3, Minsheng East Road, Songshan District, Taipei City, Taiwan, R.O.C. As of December 31, 2024, except for the Head Office, the Company has established an Offshore Securities Unit branch and 51 branches nationwide.

The Company is authorized to conduct the following businesses:

- (a) Underwriting of marketable securities;
- (b) Trading of marketable securities on a proprietary basis on stock exchange;
- (c) Brokerage of marketable securities on stock exchange;
- (d) Trading of marketable securities at the Company’s branches;
- (e) Brokerage of marketable securities at the Company’s branches;
- (f) Margin loan, short sale and refinancing;
- (g) Securities registration agency services;
- (h) Dealership of foreign marketable securities;
- (i) Short-term bills service;
- (j) Accessory services of futures trading;
- (k) Proprietary trading of securities-related futures;
- (l) Securities business money lending;
- (m) Managing the unexpended balance of clients’ securities accounts within their authorization;
- (n) Trust business;
- (o) Offshore securities business;
- (p) Other relevant services as approved by the authority in charge.

(2) Approval date and procedures of the financial statements:

The financial statements were authorized for issuance by the board of directors on March 7, 2025.

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the International Financial Reporting Standards (“IFRS Accounting Standards”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2024:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

- (b) The impact of IFRS Accounting Standards endorsed by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2025, would not have a significant impact on its financial statements:

- Amendments to IAS21 “Lack of Exchangeability”

- (c) The impact of IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Company, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.	January 1, 2027

(Continued)

CAPITAL SECURITIES CORPORATION

Notes to the Financial Statements

Standards or Interpretations	Content of amendment	Effective date per IASB
	<ul style="list-style-type: none"> ● A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined 'operating profit' subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company's main business activities. ● Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. ● Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes. 	

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	<p>The amendments set out:</p> <ol style="list-style-type: none"> 1. The company generally derecognizes its trade payable on the settlement date. However, the amendments provide an exception for the derecognition of financial liabilities. The exception allows the company to derecognize its trade payable before the settlement date, potentially, when it uses an electronic payment system that meets all of the following criteria: <ul style="list-style-type: none"> • no practical ability to withdraw, stop or cancel the payment instruction; • no practical ability to access the cash to be used for settlement as a result of the payment instruction; and • the settlement risk associated with the electronic payment system is insignificant. 2. An additional SPPI test for financial assets with contingent features that are not related directly to a change in basic lending risks or costs – e.g. where the cash flows change depending on whether the borrower meets an ESG target specified in the loan contract. The amendments also include additional disclosures for all financial assets and financial liabilities that have certain contingent features that are: <ul style="list-style-type: none"> • not related directly to a change in basic lending risks or costs; and • are not measured at fair value through profit or loss. 	January 1, 2026

The Company is evaluating the impact on its financial position and financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Company completes its evaluation.

The Company does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”

(Continued)

CAPITAL SECURITIES CORPORATION

Notes to the Financial Statements

- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Annual Improvements to IFRS Accounting Standards—Volume 11
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

(4) Summary of material accounting policies:

(a) Statement of compliance

The financial statements has been prepared in accordance with the “ Regulations Governing the Preparation of Financial Reports by Securities Firms”.

(b) Basis of preparation

(i) Basis of measurement

The financial statements have been prepared on a historical cost basis except for the following material items of balance sheet:

- 1) Financial assets and liabilities at fair value through profit or loss are measured at fair value (including derivative instruments);
- 2) Financial assets at fair value through other comprehensive income are measured at fair value;
- 3) The defined benefit liabilities (assets) are measured at fair value of plan assets less the present value of the defined benefit obligation.

(ii) Functional and presentation currency

The functional currency of each Company entity is determined based on the primary economic environment in which the entity operates. The Company’s functional currency is New Taiwan dollars. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

(c) Foreign currencies

(i) Foreign currency transaction

Transactions in foreign currencies are translated into the respective functional currencies at exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of transaction.

(Continued)

CAPITAL SECURITIES CORPORATION

Notes to the Financial Statements

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

- 1) An investment in equity securities designated as at fair value through other comprehensive income;
- 2) A financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- 3) Qualifying cash flow hedges to the extent that the hedge is effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the presentation currency at exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to the presentation currency at average rate. Foreign currency differences are recognized in other comprehensive income.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, exchange differences arising from such items are considered to form part of a net investment in the foreign operation and are recognized in other comprehensive income, and presented in the translation reserve in equity.

(d) Classification of current and non-current assets and liabilities

The Company classifies the asset as current under one of the following criteria, and all other assets are classified as non-current.

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle.
- (ii) It is held primarily for the purposes of trading.
- (iii) It is expected to be realized within twelve months after the reporting period.
- (iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Company classifies the liability as current under one of the following criteria, and all other liabilities are classified as non-current.

- (i) It is expected to be settled in the normal operating cycle.
- (ii) It is held primarily for the purposes of trading.
- (iii) It is due to be settled within twelve months after the reporting period.
- (iv) The Company does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

(Continued)

CAPITAL SECURITIES CORPORATION

Notes to the Financial Statements

(e) Cash and cash equivalents

Cash comprises cash on hand, demand deposits and check deposits.

Cash equivalent comprises of time deposit with maturity within 1 year, excess future margin, commercial paper and short-term, highly liquid investments. For an investment to qualify as a cash equivalents it must readily convertible to a known amount of cash and be subjected to an insignificant risk of changes in value.

(f) Financial instruments

Account receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is an account receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. An account receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular transactions of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following criteria and is not designated as at FVTPL :

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal (SPPI) and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(Continued)

CAPITAL SECURITIES CORPORATION

Notes to the Financial Statements

2) Financial assets at fair value through other comprehensive income (FVOCI)

A debt instrument is measured at FVOCI if it meets both of the following criteria and is not designated as at FVTPL :

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

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividends derived from equity investments are recognized as revenue when the right to receive payment is established, which is normally the ex-dividend date.

3) Financial assets at fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL (e.g. financial assets held for trading and those that are managed and whose performance is evaluated on a fair value basis), including derivative financial assets. On initial recognition, the Company may irrevocably designate financial assets at amortized cost or at fair value through other comprehensive income as at fair value through profit or loss, if they can eliminate or significantly reduce a measurement or recognition inconsistency.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including accounts receivable), debt instrument investments measured at FVOCI and contract assets.

(Continued)

CAPITAL SECURITIES CORPORATION

Notes to the Financial Statements

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivables and contract assets are always measured at an amount equal to lifetime ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

Loss allowances for financial assets measured at amortized cost are deducted from the carrying amount of the assets. For debt instrument investments at FVOCI, the loss allowance is charge to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

5) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

(Continued)

CAPITAL SECURITIES CORPORATION

Notes to the Financial Statements

3) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

4) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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

5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

6) Interest rate benchmark

If the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortized cost changes as a result of interest rate benchmark reform, then the Company updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

If changes are made to a financial asset or financial liability in addition to changes made to the basis for determining the contractual cash flows required by interest rate benchmark reform, then the Company first updates the effective interest rate of the financial asset or financial liability to reflect the changes that are required by interest rate benchmark reform. Subsequently, the Company applies the policies on accounting for modifications set out above to the additional changes.

(Continued)

CAPITAL SECURITIES CORPORATION

Notes to the Financial Statements

(iii) Derivative financial instruments

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(g) Margin loan, short sale and refinancing

Margin loan represents loans extended to customers and is accounted for as receivables for securities provided as collateral. Such loans are secured by the securities purchased by customers. These securities are returned when the loans are repaid.

Short sale represents securities lent to customers and the deposits received from customers on securities lent out are accounted to guarantee deposited for securities lent. The proceeds from sales of securities lent to customers, net of securities transaction tax, commission and financing charges, is retained by the Company and are recorded under the proceeds payable from securities lent. The deposits received and the proceeds from short sale will be returned to customers while the securities are returned and paid off.

Refinancing margin loan means that the Company operates margin loan business, if capital is insufficient, the Company can refinance from securities finance companies, recorded as borrowed funds refinanced, and securities from margin loan are regarded pledged.

Refinancing short sale means the Company operates short sale business, if securities are insufficient, the Company can borrow securities from securities finance companies. For securities refinancing, the Company pays margin deposits to securities finance companies and these margin deposits are recorded as refinancing margin. The proceeds from the short sale of securities borrowed from securities finance companies is retained by the securities finance companies as collateral which are recorded as proceeds payable from securities lent and receivable on refinancing collateral, respectively.

(h) Bonds with resell and repurchase agreements

When bonds are repurchased, they are reflected under “bonds sold under repurchase agreements” at the settlement date. The difference between the selling price and repurchase price is recognized as financial cost. When bonds are resold, they are reflected under “bonds purchased under resell agreements” at the settlement date. The difference between the selling price and repurchase price is recognized as interest revenue.

(i) Securities borrowing transactions

Engage in securities lending transactions, the amount of the sale of securities borrowing recognized liability, and to distinguish hedging and non-hedging purposes, in accordance with stocks and bonds. The amount paid to redeem shares or bonds borrowed, as a deduction of the subjects, the collateral paid in cash recorded as security borrowing margin, short sales delivered for securities market financing recorded as security borrowing collateral price.

(Continued)

CAPITAL SECURITIES CORPORATION

Notes to the Financial Statements

(j) Investment in associates

Associates are those entities in which the Company has significant influence, but not control or joint control, over the financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The financial statements include the Company's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Company, from the date on which significant influence commences until the date on which significant influence ceases. When changes in an associate's equity are not recognized in profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognizes change in ownership interests in the associate in capital surplus in proportion to its ownership.

Gains and losses resulting from transactions between the Company and an associate are recognized only to the extent of unrelated the Company's interests in the associate.

When the Company's share of losses exceeds its interest in associates, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Company has an obligation or has made payments on behalf of the investee.

The Company discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date. The difference between the fair value of retained investment and proceeds from disposal of the part of interest in the investment, and the carrying amount of the investment at that date was recognized in profit or loss. When the Company disposes its investment in an associate, if it loses significant influence over this associate, the amount previously recognized in other comprehensive income in relation to that associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it still retains significant influence over this associate, then the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

If the investments in associates become the investment in joint ventures, or vice versa, the Company is accounted for using the equity method consistently and does not remeasure the retained equity.

If the Company does not subscribe the new issuance of capital based on holding percentage and result in a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the associate. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus and investments under equity method. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments under equity method is insufficient, the shortage is debited to retained earnings. If the Company's ownership interest is reduced due to the additional subscription of the new shares of associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis.

(Continued)

CAPITAL SECURITIES CORPORATION

Notes to the Financial Statements

(k) Investments in subsidiaries

When preparing the financial statement of the parent company, the Company uses the Equity Method in evaluating the control of an investee. Under Equity Method, the net income or loss for the period of separate financial statement and the other comprehensive income of separate financial statement are the same as net income or loss for the period attributed to owners of parents of consolidated statement and other comprehensive income attributed to owners of parents of consolidated statement, respectively. The equity of the separate financial statement is the same as the equity attributable to the owners of parents of the consolidated statements.

Any change in ownership interest of the subsidiaries, not resulting in loss of control, is treated as equity transaction between the owners.

(l) Property and equipment

(i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. If significant parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment. Any gain or loss on disposal of an item of property and equipment is recognized in profit or loss.

(ii) Reclassification to investment property

The property is reclassified to investment property at its carrying amount when the use of the property changes from owner-occupied to investment property.

(iii) Subsequent cost

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iv) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight line basis over the estimated useful lives of each component of an item of property and equipment.

Land is not depreciated.

The estimated useful lives of property and equipment are as follows:

- | | |
|---|------------|
| 1) Buildings | 3~55 years |
| 2) Transportation equipment | 5 years |
| 3) Office equipment and computer facilities | 3~5 years |
| 4) Miscellaneous equipment | 5~10 years |
| 5) Leasehold improvements are depreciated evenly by the shorter of the estimated useful life or the lease period. | |

(Continued)

CAPITAL SECURITIES CORPORATION

Notes to the Financial Statements

Depreciation methods, useful lives, and residual values are reviewed at each reporting date. If the expected value differs from the previous estimation, the change regards as changes in accounting estimation.

(m) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(n) Intangible assets

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Other intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

(iii) Amortization

The amortizable amount is the cost of an asset less its residual value, other than goodwill, operation franchise and the seats of foreign futures exchanges with all indefinite useful lives, from the date that they are available for use.

The estimated useful lives for the current and comparative periods are as follows:

- 1) Customer relationships: 5 years
- 2) Computer software cost and dial-up service charges: 3 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(Continued)

CAPITAL SECURITIES CORPORATION

Notes to the Financial Statements

(o) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) Lease

The Company recognizes a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right of use asset is subsequently depreciated using the straight line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise a extension or termination option; or
- there is any lease modifications

(Continued)

CAPITAL SECURITIES CORPORATION

Notes to the Financial Statements

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right of use asset, or in profit and loss if the carrying amount of the right of use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right of use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company has listed right of use assets and leasing liabilities that are not categorized as investment properties as individual items in the balance sheet.

The Company has elected not to recognize right of use assets and lease liabilities for short term leases of office equipment and transportation equipment etc. that have a lease term of 12 months or less and leases of low value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight line basis over the lease term.

(ii) Lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(p) Non-financial assets impairment

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than deferred tax assets and assets arising from employee benefits) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash-generating Units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

(Continued)

CAPITAL SECURITIES CORPORATION**Notes to the Financial Statements**

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(q) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Termination benefits

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

(Continued)

CAPITAL SECURITIES CORPORATION

Notes to the Financial Statements

(iv) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(r) Revenue recognition

The recognition of the Company's major revenue:

(i) Brokerage commissions, gains or loss on securities sold and related handling fees is recognized on the settlement date.

(ii) Underwriting commissions

Underwriting brokerage revenue is recognized when the underwriting contract is completed; revenue from underwriting securities on a firm commitment basis is recognized when the payment received after underwriting securities, and revenue from underwriting consultation is recognized according to the period specified in the underwriting consultation contract.

(iii) Interest revenue and expense arising from margin loan, short sale and bonds with repurchase agreements is recognized on an accrual basis during trading.

(iv) Futures commission revenue arising from accessory services of futures trading, collecting commission from appointed futures dealer, the revenue is recognized on an accrual basis in accordance with related agreement.

(v) Gains or losses from sale of equity investments at fair value is recognized on the trade date.

(vi) Dividend revenue is recognized as the right of receiving payment confirmed.

(vii) Gains on futures and options transactions: Futures transaction margins are recognized as cost and valued at daily fair value. The gains or losses arising from reverse trading or execution of the futures and options recognized as Net Profit or Loss for the period.

(s) Provisions

A provision is recognized if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

(t) Income tax

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

(Continued)

CAPITAL SECURITIES CORPORATION

Notes to the Financial Statements

The Company has determined that the global minimum top-up tax – which it is required to pay under Pillar Two legislation – is an income tax in the scope of IAS 12. The Company has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year measured using tax rates enacted or substantively enacted and any adjustment to the tax payable or receivable in respect of previous years.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) Temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction 1) affects neither accounting nor taxable profits (losses) and 2) does not give rise to equal taxable and deductible temporary differences.
- (ii) Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) Taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) The Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) The same taxable entity; or
 - 2) Different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

(Continued)

CAPITAL SECURITIES CORPORATION

Notes to the Financial Statements

(u) Business combinations

The Company only chose to restate the business combinations occurred after January 1, 2012, upon the transition from ROC GAAP to IFRSs endorsed by FSC are approved, with regard to acquisition before January 1, 2012, the amount should be recognized as Regulations Governing the Preparation of Financial Reports released by Securities Issuers as of January 10, 2009 and Statement of Financial Accounting Standards announced by Accounting Research and Development Foundation.

(v) Earnings per share (EPS)

The Company presents its basic and dilutive earnings per share attributable to the Company's ordinary equity holders. The basic earnings per share of the Company is calculated by dividing profit or loss attributable to the Company's ordinary equity holders by the weighted average number of ordinary shares outstanding during the period. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company, divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares. The dilutive potential ordinary shares of the Company include the estimation of employee remuneration.

(w) Segment information

The Company has disclosed the segment information on the consolidated financial report, thus, the Company does not disclose it on this financial report.

(5) Major sources of significant accounting assumptions, judgments and estimation uncertainty:

In preparing these financial statements, management has made judgments and estimates about the future, including climate-related risks and opportunities that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and are consistent with the Company's risk management and climate-related commitments where appropriate. Revisions to estimates are recognized prospectively in the period of the change and future periods.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows:

(a) The fair value of financial instrument:

The fair value of non-active market or non-quoted financial instruments is determined by evaluation method. In this case, fair value is assessed from observable data or patterns of similar financial instruments. If there are no market observables, the fair value of financial instruments is assessed using appropriate assumptions. When using the evaluation model to determine fair value, all models must be calibrated to ensure that the output reflects actual data and market prices. The model uses only observable data as much as possible; however, for the part of credit risk (risk of itself and the counterparty), the Company must estimate the fluctuation and correlation for the fair value of financial assets. For sensitivity analysis of financial instruments, please refer to note 6(v).

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

- (b) The impairment evaluation of goodwill:

The Company performed the impairment test of goodwill annually. The recoverable amount of the cash-generating unit was based on the value in use. The Company chose the appropriate discount rate and estimated the expected cash flows of the cash-generating unit.

(6) Explanation of significant accounts:

- (a) Cash and cash equivalents

	December 31, 2024	December 31, 2023
Cash	\$ <u>2,590</u>	<u>2,590</u>
Bank deposits		
Checking accounts	82,257	47,861
Demand deposits	<u>1,362,604</u>	<u>420,499</u>
Subtotal	<u>1,444,861</u>	<u>468,360</u>
Cash equivalents		
Futures margin - excess margin	<u>2,427,235</u>	<u>876,699</u>
Subtotal	<u>2,427,235</u>	<u>876,699</u>
Total	<u><u>\$ 3,874,686</u></u>	<u><u>1,347,649</u></u>

- (b) Financial assets

- (i) Financial assets at fair value through profit or loss - current:

	December 31, 2024	December 31, 2023
Open-ended funds and money-market instruments		
Open-ended funds and money-market instruments	\$ 1,211,074	641,856
Valuation adjustment	<u>46,561</u>	<u>37,488</u>
Subtotal	<u>1,257,635</u>	<u>679,344</u>

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

	December 31, 2024	December 31, 2023
Trading securities - proprietary trading		
Listed stocks	\$ 4,407,303	2,111,128
Listed funds	11,482,230	6,391,682
OTC stocks	1,048,063	599,985
OTC funds	7,207,680	7,842,384
Emerging market stocks	629,529	465,877
Convertible bonds	3,886,351	3,026,744
Government bonds	444,341	3,370,684
Corporate bonds	5,217,626	8,004,798
International bonds	4,675,185	5,195,937
Financial debentures	500,000	550,000
Foreign stocks	111,790	98,132
Foreign funds	159,550	158,539
Foreign bonds	1,192,058	741,649
Others	<u>14,056</u>	<u>8,651</u>
	40,975,762	38,566,190
Valuation adjustment	<u>(668,706)</u>	<u>(279,818)</u>
Subtotal	<u>40,307,056</u>	<u>38,286,372</u>
Trading securities - underwriting		
Listed stocks	17,355	15,642
OTC stocks	104,126	11,902
Convertible bonds	<u>309,130</u>	<u>12,620</u>
	430,611	40,164
Valuation adjustment	<u>5,558</u>	<u>2,526</u>
Subtotal	<u>436,169</u>	<u>42,690</u>
Trading securities - hedging		
Listed stocks	4,822,176	4,997,262
OTC stocks	860,552	1,583,011
Convertible bonds	17,999,139	15,837,002
Others	<u>90,789</u>	<u>172,279</u>
	23,772,656	22,589,554
Valuation adjustment	<u>(371,972)</u>	<u>255,499</u>
Subtotal	<u>23,400,684</u>	<u>22,845,053</u>

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

	December 31, 2024	December 31, 2023
Derivatives		
Buy options	\$ 5,480	305
Futures margin - security	394,650	-
Futures margin - proprietary fund	1,381,605	926,751
IRS asset swaps	48,834	43,403
Asset swap options - long position	785,194	315,076
Structured notes	2,623	2,284
Exchange rate derivatives	27,503	-
Interest rate swaps	<u>243</u>	<u>350</u>
Subtotal	<u>2,646,132</u>	<u>1,288,169</u>
Total	<u>\$ 68,047,676</u>	<u>63,141,628</u>

As of December 31, 2024 and 2023, trading securities undertaken for repurchase agreements of the Company, please refer to note 8 for details.

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

	December 31, 2024	December 31, 2023
Debt instruments at fair value through other comprehensive income		
Government bonds	\$ 3,403,185	3,499,233
Corporate bonds	10,026,546	6,490,004
International bonds	1,180,260	1,105,380
Foreign bonds	<u>14,592,931</u>	<u>12,588,989</u>
	29,202,922	23,683,606
Valuation adjustment	<u>(460,102)</u>	<u>(82,559)</u>
Subtotal	<u>28,742,820</u>	<u>23,601,047</u>
Equity instrument at fair value through other comprehensive income		
Listed stocks	1,676,406	117,987
OTC stocks	<u>124,444</u>	<u>1,406</u>
	1,800,850	119,393
Valuation adjustment	<u>(9,421)</u>	<u>6,761</u>
Subtotal	<u>1,791,429</u>	<u>126,154</u>
Total	<u>\$ 30,534,249</u>	<u>23,727,201</u>

(Continued)

CAPITAL SECURITIES CORPORATION

Notes to the Financial Statements

- 1) Debt instrument investments measured at fair value through other comprehensive income

The Company has assessed the debentures shown above are held within a business model whose objective is achieved by both collecting the contractual cash flows and selling securities; therefore, they have been classified as financial asset at fair value through other comprehensive income.

- 2) Equity instrument investments measured at fair value through other comprehensive income

For the years ended December 31, 2024 and 2023, the dividends were recognized from the Company equity instrument investments measured at fair value through other comprehensive income - current amounted to \$43,796 and \$13,013, respectively. For the years ended December 31, 2024 and 2023, there are no investments in equity instruments, the dividends were recognized from the disposing equity instrument investments amounted to \$9,338 and \$10,080, respectively.

Due to the consideration of asset allocation and managing and adjusting the investment portfolio, the Company sold equity instrument at fair value through other comprehensive income (FVOCI) - current at a fair value \$1,768,347 and \$956,134, respectively, cumulative dispose gains (losses) for the years ended December 31, 2024 and 2023, amounted to \$123,111 and \$86,419, respectively, were transferred from other equity items to retained earnings.

- 3) For credit risk (including the impairment of debt instrument investments) and market risk; please refer to note 6(v).
- 4) For the years ended December 31, 2024 and 2023, impairment test has been applied by the Company, the variation of loss allowance in the debt instrument measured at fair value through other comprehensive income of the Company please refer to note 6(v).
- 5) For the years ended December 31, 2024 and 2023, financial assets at fair value through other comprehensive income undertaken for repurchase agreements of the Company, please refer to note 8 for details.

- (iii) Financial assets at fair value through profit or loss - non-current:

	December 31, 2024	December 31, 2023
Mandatorily measured at fair value through profit or loss:		
Government bonds	\$ 179,604	180,887
Valuation adjustment	(1,874)	(1,449)
Total	\$ 177,730	179,438

As of December 31, 2024 and 2023, the Company took advantage of government bonds as guaranty deposited of bills, interest rate swaps business, structured notes business, settlement fund and compensation reserve for trust business (for details please refer to note 8).

(Continued)

CAPITAL SECURITIES CORPORATION

Notes to the Financial Statements

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

	December 31, 2024	December 31, 2023
Equity instruments at fair value through other comprehensive income		
Non-listed or non-over-the-counter stocks	\$ 1,466,929	605,605
Valuation adjustment	<u>2,977,449</u>	<u>2,800,439</u>
Total	<u>\$ 4,444,378</u>	<u>3,406,044</u>

For the years ended December 31, 2024 and 2023, the dividends were recognized from the Company equity instrument investments at fair value through other comprehensive income - non-current amounted to \$76,026 and \$75,104, respectively.

For the years ended December 31, 2024 and 2023, the Company did not sell equities recognized in FVOCI - non-current. Furthermore, for the year ended December 31, 2023, due to the determination of contractual rights related to asset cash flow, the FVOCI - non-current were derecognized as they had no fair value upon disposal amounted to \$24,180. The Company acquired the distribution of residual property from liquidation amounted to \$0 and \$12,175 and proceeds from capital reduction of the investees amounted to \$676 and \$571 for the years ended December 31, 2024 and 2023.

- (v) The Company uses Value at risk (VaR) to monitor and measure the market risk of its investment in equity stocks. VaR refers to the unexpected loss of financial instruments derived from the changes in market risk factors within certain time periods and confidence level. The table below discloses the VaR, which is the estimation of potential loss in ten days and is covered by 99% of the adverse changes in market prices. In the table below by using this assumption, 2.5 out of 250 days VaR will exceed the disclosed amounts due to the changes in market price. For the years ended December 31, 2024 and 2023 VaR (99%, per 10-day) of equity stocks are as follows:

Type of market risk	For the years ended December 31,						
	December 31, 2024	December 31, 2023	2024			2023	
			Mean	Maximum	Minimum	Mean	Maximum
Equity stocks	3,267,170	2,682,078	3,191,630	3,353,425	2,836,760	1,922,291	2,682,078
							1,403,626

(vi) Financial assets at amortized cost — non-current

	December 31, 2024	December 31, 2023
1) Debt Securities at amortized cost :		
Financial debentures	\$ 500,000	500,000
Foreign currency debentures	<u>6,069,135</u>	<u>4,811,807</u>
	6,569,135	5,311,807
Less: loss allowance	<u>(2,103)</u>	<u>(1,721)</u>
	<u>\$ 6,567,032</u>	<u>5,310,086</u>

(Continued)

CAPITAL SECURITIES CORPORATION

Notes to the Financial Statements

The Company has assessed the assets shown above are held for collecting the contractual cash flows, and these financial assets' cash flows are expected to be completely provided by repayment of principal and interest calculated on the basis of outstanding principal amount; therefore, they have been classified as debt instrument investments measured at amortized cost.

For credit risk (including the impairment of debt instrument investments) please refer to note 6(v).

- 2) Profit and Loss arisen from Sale of Financial Assets at amortized cost and the derecognized carrying amount on the date of derecognition:

	For the years ended December 31,	
	2024	2023
Carrying amount on the date of derecognition	\$ -	<u>121,624</u>
	For the years ended December 31,	
	2024	2023
Current profit and loss	\$ -	<u>38</u>

The reason for The Company selling financial assets measured at amortized cost is that the credit risk of the bond issuer has increased, and other sales are infrequent (even if the amount is significant), or the individual and collective amounts are not significant (even if frequent).

(c) Accounts Receivable

	December 31, 2024	December 31, 2023
Receivable on securities purchased by customers	\$ 57,552	79,263
Settlement	-	667,035
Interests receivable	1,046,166	701,062
Receivables on securities sold	11,835,610	13,948,931
Others	<u>342,521</u>	<u>153,226</u>
Total	<u>\$ 13,281,849</u>	<u>15,549,517</u>

For credit risk and the variation of loss allowance in receivables, please refer to note 6(v).

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

(d) Investments accounted for under equity method

Investments under equity method consisted of the following:

	December 31, 2024	December 31, 2023
Subsidiaries		
Capital Investment Management Corp.	\$ 77,165	77,899
CSC International Holdings Ltd.	1,700,728	1,587,643
Capital Futures Corp.	4,380,054	4,058,928
Capital Insurance Advisory Corp.	64,438	44,481
Capital Insurance Agency Corp.	-	7,400
CSC Venture Capital Corp.	890,853	841,425
Taiwan International Securities (B.V.I) Corp.	-	13
CSC Capital Management Co.	<u>333,550</u>	<u>308,660</u>
Subtotal	<u>7,446,788</u>	<u>6,926,449</u>
Associates		
Capital Investment Trust Corp.	<u>1,603,918</u>	<u>1,421,092</u>
Total	<u><u>\$ 9,050,706</u></u>	<u><u>8,347,541</u></u>

(i) Subsidiaries:

Please refer to the consolidated financial statements as of and for the year ended December 31, 2024 for further information.

For the years ended December 31, 2024 and 2023, the Company's share of gains or losses of the subsidiaries were as follows:

	For the years ended December 31, 2024	2023
Based on the audited financial statements	<u><u>\$ 726,840</u></u>	<u><u>625,648</u></u>

(ii) Associates

Name of associate	Nature between the Company	Primary business area and registered country	Proportion of Ownership and Voting Rights	
			December 31, 2024	December 31, 2023
Capital Investment Trust Corp.	Engaged in security investment and discretionary investment services.	Taiwan	20.00 %	20.00 %

The Company holds 20% of the voting shares of Capital Investment Trust Corp., which is the single largest shareholder. Although the remaining 80% of the outstanding in shares are not concentrated in specific shareholders, the Company still cannot obtain more than half of the board seats, and it has not obtained more than half of the voting rights of the shareholders present at the shareholders meeting, so the Company has determined that it has significant influence on it.

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

Summarized financial information of associates accounted for under equity method to the Company was shown as follows:

	December 31, 2024	December 31, 2023
Total carrying amount of the associates	<u>\$ 1,603,918</u>	<u>1,421,092</u>
	For the years ended December 31,	
	2024	2023
Based on the financial statement attributed to the company:		
Net gains from continuing operations	\$ 347,102	186,868
Other comprehensive income (losses)	<u>7,675</u>	<u>(1,137)</u>
Total comprehensive income (losses)	<u>\$ 354,777</u>	<u>185,731</u>

(iii) Collateral

As of December 31, 2024 and 2023, none of the investment accounted for under equity method of the Company was pledged for collateral.

(e) Property and equipment

	Land	Buildings	Equipment	Leasehold improvements	Total
Cost or deemed cost					
Balance at January 1, 2024	\$ 1,649,972	975,892	555,913	247,164	3,428,941
Additions	-	-	118,881	5,958	124,839
Disposals and retirements	-	-	(115,489)	(89,615)	(205,104)
Balance at December 31, 2024	<u>\$ 1,649,972</u>	<u>975,892</u>	<u>559,305</u>	<u>163,507</u>	<u>3,348,676</u>
Balance at January 1, 2023	\$ 1,409,683	841,234	530,990	239,767	3,021,674
Additions	-	-	97,243	43,804	141,047
Transferred from investment property	240,289	134,658	-	-	374,947
Disposals and retirements	-	-	(72,320)	(36,407)	(108,727)
Balance at December 31, 2023	<u>\$ 1,649,972</u>	<u>975,892</u>	<u>555,913</u>	<u>247,164</u>	<u>3,428,941</u>
Depreciation and impairment loss					
Balance at January 1, 2024	\$ -	465,350	357,675	162,041	985,066
Depreciation	-	19,589	100,412	34,854	154,855
Disposals and retirements	-	-	(115,489)	(89,615)	(205,104)
Balance at December 31, 2024	<u>\$ -</u>	<u>484,939</u>	<u>342,598</u>	<u>107,280</u>	<u>934,817</u>
Balance at January 1, 2023	\$ -	414,476	331,745	156,673	902,894
Depreciation	-	18,484	97,440	41,775	157,699
Transferred from investment property	-	32,390	-	-	32,390
Disposals and retirements	-	-	(71,510)	(36,407)	(107,917)
Balance at December 31, 2023	<u>\$ -</u>	<u>465,350</u>	<u>357,675</u>	<u>162,041</u>	<u>985,066</u>
Carrying amount:					
December 31, 2024	<u>\$ 1,649,972</u>	<u>490,953</u>	<u>216,707</u>	<u>56,227</u>	<u>2,413,859</u>
December 31, 2023	<u>\$ 1,649,972</u>	<u>510,542</u>	<u>198,238</u>	<u>85,123</u>	<u>2,443,875</u>

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

As of December 31, 2024 and 2023, the property and equipment which were provided as collateral or pledge, please refer to note 8 for details.

(f) Right-of-use assets

	<u>Buildings</u>	<u>Equipment</u>	<u>Total</u>
Cost:			
Balance at January 1, 2024	\$ 1,178,824	19,638	1,198,462
Additions	89,560	6,040	95,600
Reductions	<u>(48,273)</u>	<u>(5,111)</u>	<u>(53,384)</u>
Balance at December 31, 2024	<u><u>\$ 1,220,111</u></u>	<u><u>20,567</u></u>	<u><u>1,240,678</u></u>
Balance at January 1, 2023	\$ 1,136,149	17,053	1,153,202
Additions	63,633	4,843	68,476
Reductions	<u>(20,958)</u>	<u>(2,258)</u>	<u>(23,216)</u>
Balance at December 31, 2023	<u><u>\$ 1,178,824</u></u>	<u><u>19,638</u></u>	<u><u>1,198,462</u></u>
Accumulated depreciation and impairment losses:			
Balance at January 1, 2024	\$ 599,391	9,399	608,790
Depreciation	172,426	4,654	177,080
Reductions	<u>(48,273)</u>	<u>(5,111)</u>	<u>(53,384)</u>
Balance at December 31, 2024	<u><u>\$ 723,544</u></u>	<u><u>8,942</u></u>	<u><u>732,486</u></u>
Balance at January 1, 2023	\$ 454,763	6,543	461,306
Depreciation	165,586	5,114	170,700
Reductions	<u>(20,958)</u>	<u>(2,258)</u>	<u>(23,216)</u>
Balance at December 31, 2023	<u><u>\$ 599,391</u></u>	<u><u>9,399</u></u>	<u><u>608,790</u></u>
Carrying amount:			
December 31, 2024	<u><u>\$ 496,567</u></u>	<u><u>11,625</u></u>	<u><u>508,192</u></u>
December 31, 2023	<u><u>\$ 579,433</u></u>	<u><u>10,239</u></u>	<u><u>589,672</u></u>

(g) Investment property

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>Cost or deemed cost</u>			
Balance at January 1, 2024	\$ 3,305,735	1,338,214	4,643,949
Balance at December 31, 2024	<u><u>\$ 3,305,735</u></u>	<u><u>1,338,214</u></u>	<u><u>4,643,949</u></u>
Balance at January 1, 2023	\$ 3,546,024	1,472,872	5,018,896
Reclassified to property and equipment	<u>(240,289)</u>	<u>(134,658)</u>	<u>(374,947)</u>
Balance at December 31, 2023	<u><u>\$ 3,305,735</u></u>	<u><u>1,338,214</u></u>	<u><u>4,643,949</u></u>

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>Depreciation and impairment loss</u>			
Balance at January 1, 2024	\$ -	657,650	657,650
Depreciation	-	27,032	27,032
Balance at December 31, 2024	<u>\$ -</u>	<u>684,682</u>	<u>684,682</u>
Balance at January 1, 2023	\$ -	661,904	661,904
Depreciation	-	28,136	28,136
Reclassified to property and equipment	-	(32,390)	(32,390)
Balance at December 31, 2023	<u>\$ -</u>	<u>657,650</u>	<u>657,650</u>
<u>Carrying Amount:</u>			
December 31, 2024	<u>\$ 3,305,735</u>	<u>653,532</u>	<u>3,959,267</u>
December 31, 2023	<u>\$ 3,305,735</u>	<u>680,564</u>	<u>3,986,299</u>
<u>Fair Value:</u>			
December 31, 2024			<u>7,998,576</u>
December 31, 2023			<u>7,998,576</u>

The Company selected to apply Cost Method to evaluate investment property. The fair value of investment property was evaluated and estimated using Market Method based on the market evidence of transaction price of similar properties in the locations, and it belongs to level 3.

As of December 31, 2024 and 2023, the investment properties which are provided as collateral or pledged, please refer to note 8 for details.

The rental revenue from investment property for the years ended December 31, 2024 and 2023 amounted to \$197,582 and \$198,607, respectively.

Lessor

The Company leases investment property to other under operating lease agreements. The future lease receivables under non-cancellable leases are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Within 1 year	\$ 161,152	151,896
1-5 years	366,394	475,208
Over 5 years	-	2,409
	<u>\$ 527,546</u>	<u>629,513</u>

Investment property include office spaces and parking spaces for lease. Each lease contract contains original non-cancellable lease period of 1 to 5 years, which the subsequent lease period is negotiable with lessee, and no contingent rent payment. Related information (including rental revenue and direct operation expense), please refer to note 6(u).

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CAPITAL SECURITIES CORPORATION

Notes to the Financial Statements

(h) Intangible assets

(i) Goodwill

The Company merged with Taiwan International Securities Corp. on May 2, 2011 and recognized as goodwill. As of December 31, 2024 and 2023, the book value was both \$3,126,698.

Goodwill is allocated to the operating segments as follows:

	December 31, 2024	December 31, 2023
Brokerage segment	\$ 1,304,458	1,304,458
Underwriting segment	265,144	265,144
Proprietary trading segment	<u>1,557,096</u>	<u>1,557,096</u>
Total	<u><u>\$ 3,126,698</u></u>	<u><u>3,126,698</u></u>

Recoverable amount of the cash-generating units is assessed by the value in use, which is the present value of the future cash flows expected to be derived from the cash-generating unit. In measuring value in use, the key assumptions are as follows.

The past experience, the actual operating results and the pre-tax cash flows of the next year's financial budget approved by the board of directors are the basis to estimate the future cash flows. The growth rate was both 1.00% and the discount rate was 4.15% and 4.64% in year 2024 and 2023, respectively. But the cash flow projections for periods after five years will be estimated with no growth conservatively.

After impairment test, the recoverable amounts of both year 2024 and 2023 exceeded the carrying amount, no impairment occurred for both years.

(ii) Other intangible assets - Operation franchise

The Company acquired the operation franchise of securities corporation channel during 1994 to 2005 and expected the franchise will generate continuing cash inflows. In accordance with IAS No.38 "Intangible Assets" endorsed by the FSC, the franchise is regarded as intangible assets with an indefinite useful life. As of December 31, 2024 and 2023, the carrying amounts of the operation franchise were all \$389,999.

(iii) Other intangible assets - Computer software

Computer software was booked at cost and amortized by using the straight-line method over the estimated useful lives. As of December 31, 2024 and 2023, the amortized book value were \$43,085 and \$46,170, respectively.

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

(i) Short-term borrowings

Nature of borrowings	December 31, 2024	December 31, 2023
Collateralized loan	\$ -	767,625
Credit loan	7,304,896	4,524,226
Total	<u>\$ 7,304,896</u>	<u>5,291,851</u>
Interest rate range	<u>1.700%~5.590%</u>	<u>1.520%~6.522%</u>

As of December 31, 2024 and 2023, the Company had provided the land and buildings as collateral, for details please refer to note 8.

(j) Commercial paper payable

	December 31, 2024	December 31, 2023
Commercial paper payable	\$ 41,580,000	13,100,000
Less: Unamortized discount	(65,383)	(9,831)
Net amount	<u>\$ 41,514,617</u>	<u>13,090,169</u>
Interest rate range	<u>1.868%~2.108%</u>	<u>1.568%~1.668%</u>

All commercial papers were issued by bills of finance companies or banks.

(k) Long-term borrowings

The details of the long-term borrowings of the Group were as follows:

	December 31, 2024	December 31, 2023
Long-term commercial paper payable	\$ 4,500,000	-
Less: commercial paper payable discount	(2,858)	-
Total	<u>\$ 4,497,142</u>	<u>-</u>
Issuance commitments	<u>\$ 4,500,000</u>	<u>-</u>
Borrowing of interest rates	<u>1.97%~2.02%</u>	<u>-</u>

The Group has started to enter into non-guaranteed commercial papers loan agreements with maturity less than 21~90 days with several bills finance corporations from May 2024. Based on the agreements, all facilities shall be issued from the signing date of agreement and facilities shall be reissued continually once they are issued. If one party is unable to issue or purchase non-guaranteed commercial papers at the agreed upon amount, a penalty of 0.20%~0.30% of the par value at unissued or unpurchased commercial papers based on the unfulfilled number of days elapsed shall be paid to the counterparty by the default party as commitment charges. The term of contracts period is 2-years.

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

(l) Financial liabilities at fair value through profit or loss

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

	December 31, 2024	December 31, 2023
Liabilities on sale of borrowed securities	\$ 21,384,929	16,872,212
Redeem liabilities on sale of borrowed securities	(87,291)	(243,755)
Valuation adjustment	<u>104,454</u>	<u>33,314</u>
Subtotal	<u>21,402,092</u>	<u>16,661,771</u>
Stock warrants issued	21,043,522	19,542,173
Stock warrants repurchased	<u>(19,979,491)</u>	<u>(18,199,928)</u>
Subtotal	<u>1,064,031</u>	<u>1,342,245</u>
Sale options	1,590	-
IRS asset swaps	292,254	56,167
Asset swap options - short position	2,781,544	2,663,494
Structured notes	42,760	41,296
Exchange rate derivatives	220	98,566
Equity derivatives	<u>-</u>	<u>84</u>
Subtotal	<u>3,118,368</u>	<u>2,859,607</u>
Total	<u><u>\$ 25,584,491</u></u>	<u><u>20,863,623</u></u>

(ii) Financial liabilities at fair value through profit or loss - non-current

	December 31, 2024	December 31, 2023
Financial liabilities at designation as fair value through profit or loss:		
Structured notes	<u><u>\$ 112,762</u></u>	<u><u>-</u></u>

(m) Bonds sold under repurchase agreements

	December 31, 2024	December 31, 2023
Bonds sold under repurchase agreements	<u><u>\$ 53,683,935</u></u>	<u><u>51,456,592</u></u>
Agreed-upon repurchase amounts	<u><u>\$ 54,655,880</u></u>	<u><u>52,365,609</u></u>
Interest rates	<u><u>1.00%~5.06%</u></u>	<u><u>0.80%~5.85%</u></u>
Date of repurchase	<u><u>2025.1.2~2025.12.24</u></u>	<u><u>2024.1.2~2024.12.17</u></u>

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

(n) Equity for each customer in the account

	December 31, 2024	December 31, 2023
Equity for each customer in the account	\$ 35,555,711	32,426,834
Amount of separate account ledger in NTD		
Demand deposit amount	4,949,572	7,426,830
Time deposit amount	16,500,000	17,500,000
Time deposit amount in other banks (market values)	14,100,000	7,500,000
Total	\$ 35,549,572	32,426,830

(o) Accounts payable

	December 31, 2024	December 31, 2023
Payable of securities sold by customers	\$ 56,776	50,980
Settlement	1,695,614	-
Payable of settlements	8,273,608	9,159,539
Others	397,519	470,494
Total	\$ 10,423,517	9,681,013

(p) Lease liabilities

The Company's lease liabilities are as follow:

	December 31, 2024	December 31, 2023
Current	\$ 179,875	171,292
Non-current	\$ 373,492	468,531

The maturity analysis please refer to note 6(v) financial instruments.

The amounts recognized in profit or loss were as follows:

	For the years ended December 31, 2024	2023
Interest on lease liabilities	\$ 7,446	8,182
Expenses relating to short-term leases	\$ 5,305	4,453
Expenses relating to leases of low-value assets, excluding low-value assets of short-term leases	\$ 6,677	4,193

The amounts recognized in the statement of cash flows for the Company was as follows:

	For the years ended December 31, 2024	2023
Total cash outflow for leases	\$ 201,327	192,181

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

(q) Employee benefit

(i) Defined benefit plans

The reconciliation in the present value of the defined benefit obligations and fair value of plan assets are as follows:

	December 31, 2024	December 31, 2023
Present value of defined benefit obligations	\$ (998,285)	(775,912)
Fair value of plan assets	717,709	685,143
Recognized liabilities for defined benefit obligations	<u><u>\$ (280,576)</u></u>	<u><u>(90,769)</u></u>

The Company's employee benefits liabilities are as follows:

	December 31, 2024	December 31, 2023
Compensated absences	<u><u>\$ 51,149</u></u>	<u><u>45,412</u></u>

Under the defined benefit plan, the Company deposited the pension fund to the labor pension preparatory special account in Bank of Taiwan. For employee subject to the Labor Standards Law, the retirement benefit are determined based on the years of services and average monthly salary in the last six-months prior to the employee's retirement.

1) Composition of plan assets

The Company set aside the pension funds in accordance with Labor Standards Act, are put under the management of the Bureau of labor funds, ministry of labor. In regards to the utilization of the fund under the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund", the minimum earnings for the annual distribution shall not be less than the accrued earnings attainable from the interest rates of two year time deposit offered by the local banks.

The balance of the Company's labor pension preparatory special account in Bank of Taiwan amounted to \$716,722 and \$684,953 as of December 31, 2024 and 2023, respectively. The utilization of the labor pension fund includes the assets allocation and yield of the fund, please refers to the information published on the website under Bureau of Labor Funds, Ministry of Labor.

The balance of pension fund under employee retirement fund management committee was \$987 and \$190 as of December 31, 2024 and 2023, respectively.

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CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

2) Movements in present value of the defined benefit obligations

The movements in present value of the defined benefit obligations of the Company in 2024 and 2023 were as follows:

	For the years ended December 31,	
	2024	2023
Defined benefit obligation on January 1	\$ 775,912	726,825
Current service costs and interest	10,336	11,419
Remeasurement of net defined liabilities		
-Actuarial loss (gain) arising from changes in financial assumptions	10,036	5,596
-Experience adjustments	256,248	75,180
Benefits paid by the plan	(54,247)	(43,108)
Defined benefit obligation on December 31	\$ 998,285	775,912

3) Movements in fair value of defined benefit plan assets

The movements in fair value of defined benefit plan assets of the Company in 2024 and 2023 were as follows:

	For the years ended December 31,	
	2024	2023
Fair value of plan assets on January 1	\$ 685,143	699,684
Interest revenue	8,256	9,568
Remeasurement of net defined liabilities		
-Return on plan assets (excluding interest)	62,326	4,334
Contributions from the employer	16,231	14,665
Benefits paid from plan assets	(54,247)	(43,108)
Fair value of plan assets on December 31	\$ 717,709	685,143

4) Expense recognized in profit or loss

The expenses recognized by the Company in 2024 and 2023 were as follows:

	For the years ended December 31,	
	2024	2023
Current service cost	\$ 977	1,477
Net interest of net defined benefit liabilities (assets)	1,103	374
Current pension cost	\$ 2,080	1,851

(Continued)

CAPITAL SECURITIES CORPORATION

Notes to the Financial Statements

5) Re-measurement of net defined benefit plan recognized in other comprehensive income

For the years ended December 31, 2024 and 2023, the re-measurement of net defined benefit plan recognized accumulatively in other comprehensive income was as follows:

	For the years ended December 31,	
	2024	2023
Balance at January 1	\$ (351,623)	(275,181)
Recognized amount during the period	(203,958)	(76,442)
Balance at December 31	<u><u>\$ (555,581)</u></u>	<u><u>(351,623)</u></u>

6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	December 31, 2024	December 31, 2023
Discount rate	1.14 %	1.22 %
Future salary growth rate	2.75 %	2.50 %

The expected contribution to the defined benefit plan for the next year is \$89. The weighted average duration of the defined benefit obligation is 1 years.

7) Sensitivity Analysis

When calculating the present value of the defined benefit obligations, the Company uses judgments and estimations to determine the actuarial assumptions, including discount rate and future salary increases. Any changes in the actuarial assumptions may significantly impact the amount of the defined benefit obligations.

As of December 31, 2024 and 2023, the effects of adopting significant actuarial assumptions to defined benefit obligations were as follows:

	Effects to Defined Benefit Obligations	
	Increase 0.5%	Decrease 0.5%
December 31, 2024		
Discount rate	(22,176)	22,991
Future salary growth rate	17,665	(17,261)
December 31, 2023		
Discount rate	(17,738)	18,406
Future salary growth rate	14,282	(13,942)

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

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

The assumptions and methods adopted for current period sensitivity analysis are identical with the previous period.

(ii) Defined contribution plan

In accordance with the Labor Pension Act of R.O.C, the Company contributes 6% of the employee's monthly wages to employee's individual pension accounts under the Bureau of the Labor Insurance. Therefore, the Company has no further legal or constructive obligations to make any additional contribution once the contributions have been paid.

The Company contributed \$94,382 and \$77,428 under defined contribution plan to the Bureau of the Labor Insurance for the years ended December 31, 2024 and 2023, respectively.

(r) Income tax

(i) Income tax expense

The amount of income tax expense were as follows:

	For the years ended December 31,	
	2024	2023
Current tax expense		
Current year	\$ 581,096	525,207
Adjustment to the prior years' income tax	-	(1,008)
	<u>581,096</u>	<u>524,199</u>
Deferred tax expense		
Unrealized gains (losses) on derivative financial instruments	256,600	(255,324)
Unrealized gains (losses) on foreign investments under Equity Method	61,468	2,790
	<u>318,068</u>	<u>(252,534)</u>
Income tax expense from continuing operations	<u>\$ 899,164</u>	<u>271,665</u>

The amount of income tax expense (benefit) recognized in other comprehensive income were as follows:

	For the years ended December 31,	
	2024	2023
Foreign exchange difference from translating financial statements of foreign operations	<u>\$ 22,363</u>	<u>(282)</u>

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

Reconciliation of income tax expense (benefit) and income before tax were as follows:

	For the years ended December 31,	
	2024	2023
Net income before tax	\$ 5,782,940	4,403,175
Income tax using the Company's domestic tax rate	\$ 1,156,588	880,635
Tax exempt income	(257,424)	(611,518)
Additional surtax on undistributed retained earnings	-	3,556
Adjustments to prior year's income tax	-	(1,008)
Total	<u><u>\$ 899,164</u></u>	<u><u>271,665</u></u>

(ii) Deferred income tax assets and liabilities

1) Recognized deferred income tax assets

	December 31, 2024	December 31, 2023
Unrealized losses on foreign investments under Equity Method	<u><u>\$ -</u></u>	<u><u>15,894</u></u>

2) Recognized deferred income tax liabilities

	December 31, 2024	December 31, 2023
Unrealized gains on derivative financial instruments	\$ 322,890	66,290
Gains on intercompany transactions	1,928	1,928
Amortization of goodwill	362,697	362,697
Land value incremental tax	47,690	47,690
Foreign exchange difference from translating financial statement of foreign operations	26,661	4,298
Unrealized gains on foreign investments under equity method	45,574	-
Total	<u><u>\$ 807,440</u></u>	<u><u>482,903</u></u>

(iii) Income tax assessment status

The Company's income tax returns through 2022 were assessed by the Tax Authority.

(iv) Income tax administrative relief

Since the Company still has discrepancies with the assessed income tax in year 2021, and the Company has filed for administrative relief. The additional tax was accrued based on conservative concept.

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CAPITAL SECURITIES CORPORATION

Notes to the Financial Statements

(s) Capital and other equity

(i) Capital stock

As of December 31, 2024 and 2023, the Company had authorized capital of \$30,000,000 and issued common stock were all 2,170,908 thousand shares, with a par value of \$10 per share.

(ii) Capital surplus

In accordance with the ROC Company Act amended in January 2012, realized capital surplus can only be used to cover accumulated deficit or to issue new shares or cash to shareholders in proportion to their share ownership, provided that the company has no accumulated deficit. The aforementioned capital surplus includes share premiums and donation gains. In accordance with the “Regulations Governing the Offering and Issuance of Securities by Securities Issuers”, the amount of capital surplus to be capitalized shall not exceed 10 percent of the paid-in capital each year.

The followings are the capital surplus of the Company:

	December 31, 2024	December 31, 2023
Premium from stock issuance	\$ 1,661,604	1,661,604
Treasury stock transactions	486,556	486,556
Paid-in capital from merger	563,715	563,715
Difference between consideration transferred and carrying amount of subsidiaries acquired and disposed	1,042	1,042
Changes in ownership interests in subsidiaries	30,340	30,339
	<u><u>\$ 2,743,257</u></u>	<u><u>2,743,256</u></u>

(iii) Retained earnings

1) Legal reserve

If the company incurs no loss for the year, the distribution of the legal reserve, either by issuing new shares or by cash, shall be decided at the shareholders' meeting, and only the portion of legal reserve which exceeds 25 percent of the paid-in capital may be distributed.

2) Special reserve

In accordance with Article 41 of the “Securities and Exchange Act”, 20 percent of the current year's earnings after tax should be set aside as special reserve. Ruling No. 1100365484 issued by the Financial Supervisory Commission on January 21, 2022, an equivalent amount of special reserve should be set aside from earnings after tax of the current year and the undistributed earnings of the prior period based on the decreased amount of stockholders' equity. For the cumulative deduction in stockholders' equity of the prior period, the equal amount of special reserve set aside based on undistributed earnings should not be distributed. If there is any reversal of the deduction in stockholders' equity, the earnings may be distributed based on the reversal proportion.

(Continued)

CAPITAL SECURITIES CORPORATION

Notes to the Financial Statements

Originally in accordance with Ruling No. 10500278285 issued by the Financial Supervisory Commission on August 5, 2016, 0.5% to 1.0% of the current year's earnings after tax should be set aside as special reserve for year 2016 to 2018. From year 2017, the aforementioned special reserve can be reversed within an amount equal to the expenditures stemming from employee re-training, re-assignments, or relocations made necessary by the introduction of financial technology; However, in accordance with Ruling No. 1080321644 issued by the Financial Supervisory Commission on July 10, 2019, from year 2019, a special reserve can not to be set aside. From year 2019, the special reserve can be reversed within an amount equal to special reserve for prior year when the aforementioned fees being expended.

3) Undistributed earnings

According to the Company's Articles of Incorporation, after-tax earnings should first offset accumulated deficit, and then appropriated 10% as legal reserve, 20% as special reserve and any other as required by law.

The Company's earnings distribution was proposed by board of directors and is subject to the resolution of the shareholders' meeting. The shareholders' meeting may declare dividends after retaining a certain portion of earnings. The amount of earnings to distribute after retaining earnings must be higher than 10% of the distributable balance. According to the capital budget of the Company, the payout of stock dividend is for retaining necessary capital and the remainder can be paid as cash dividend. Cash dividend shall not fall below 10% of the total dividend.

The Company's fiscal year 2023 earnings distribution resolved by the shareholders' meeting on June 27, 2024, and fiscal year 2022 earnings distribution resolved by the shareholders' meeting on June 27, 2023. Dividends distributed to the owners were as follows:

	2023		2022	
	Amount	Dividends per share (dollar)	Amount	Dividends per share (dollar)
Cash dividends	<u>\$ 2,887,307</u>	1.33	<u>846,655</u>	0.39

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

(t) Earnings per share

The basic earnings per share and dilutive earnings per share were calculated as follows:

	For the years ended December 31,	
	2024	2023
Net income attributable to common shareholders of the Company	\$ <u>4,883,776</u>	<u>4,131,510</u>
Weighted-average number of common stock shares outstanding (thousands of shares)	<u>2,170,908</u>	<u>2,170,908</u>
Basic earnings per share (dollar)	\$ <u>2.25</u>	<u>1.90</u>
Effect of potentially dilutive common stock - Employee remuneration (thousands of shares)(Note)	<u>3,599</u>	<u>5,655</u>
Weighted-average number of outstanding shares for calculating dilutive EPS (thousands of shares)	<u>2,174,507</u>	<u>2,176,563</u>
Dilutive earnings per share (dollar)	\$ <u>2.25</u>	<u>1.90</u>

Note: The number of shares issued was calculated based on the closing price at the reporting date.

(u) Items of the statements of comprehensive income

(i) Brokerage commissions

	For the years ended December 31,	
	2024	2023
Brokerage commission from TSE market	\$ 3,843,351	2,643,222
Brokerage commission from OTC market	1,184,016	886,185
Handling fee from security financing	32,023	28,216
Others	<u>198,716</u>	<u>150,807</u>
	<u>\$ 5,258,106</u>	<u>3,708,430</u>

(ii) Underwriting commissions

	For the years ended December 31,	
	2024	2023
Revenue from underwriting securities on a firm commitment basis	\$ 72,432	55,587
Handling fee revenues from underwriting securities on consignment	1,227	405
Processing fee revenues from underwriting operations	42,308	27,551
Revenue from underwriting consultation	4,170	5,190
Others	<u>8,861</u>	<u>2,190</u>
	<u>\$ 128,998</u>	<u>90,923</u>

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

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

	For the years ended December 31,	
	2024	2023
Gains (losses) on securities sold - proprietary trading	\$ 3,996,897	938,066
Gains (losses) on securities sold - underwriting	28,120	7,993
Gains (losses) on securities sold - hedging	<u>2,423,820</u>	<u>1,532,590</u>
	<u>\$ 6,448,837</u>	<u>2,478,649</u>

(iv) Interest revenue

	For the years ended December 31,	
	2024	2023
Interest revenue - margin loans	\$ 1,053,598	753,323
Interest revenue - bonds	1,608,757	1,302,936
Interest revenue - each customer in the account	432,239	112,666
Interest revenue - securities business money lending	570,083	124,525
Others	<u>127,677</u>	<u>107,075</u>
	<u>\$ 3,792,354</u>	<u>2,400,525</u>

(v) Net gains (losses) on measurement of trading securities at fair value through profit or loss

	For the years ended December 31,	
	2024	2023
Trading securities - proprietary	\$ (345,961)	475,652
Trading securities - underwriting	3,032	9,774
Trading securities - hedging	<u>(627,472)</u>	<u>1,258,422</u>
	<u>\$ (970,401)</u>	<u>1,743,848</u>

(vi) Net gains (losses) on stock warrants issued

	For the years ended December 31,	
	2024	2023
Gains on changes in fair value of stock warrants	\$ 17,219,248	10,770,274
Gains on exercise of stock warrants before maturity	73,093,737	71,408,116
Losses on changes in fair value of stock warrants repurchased	(89,628,931)	(81,954,743)
Gains on expiration of stock warrants	113,087	34,727
Stock warrants issuance expenses	<u>(544,698)</u>	<u>(428,799)</u>
	<u>\$ 252,443</u>	<u>(170,425)</u>

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

(vii) Employee benefits, depreciation, and amortization expenses

	For the years ended December 31,	
	2024	2023
Employee benefit expenses		
Salary expense	\$ 2,546,368	2,377,543
Health and labor insurance expense	186,742	155,476
Pension expense	96,462	79,279
Others	91,664	53,930
Depreciation expense	358,967	356,535
Amortization expense	48,789	40,197
	\$ 3,328,992	3,062,960

(viii) Other operating expenses

	For the years ended December 31,	
	2024	2023
Rental expense	\$ 11,982	8,646
Taxes	926,487	631,416
Information technology expense	173,877	142,701
Postage expense	205,435	171,978
Professional service fee	106,226	77,911
Security borrowed expense	680,516	433,201
Other expenses	1,057,418	711,926
	\$ 3,161,941	2,177,779

(ix) Other gains and losses

	For the years ended December 31,	
	2024	2023
Financial revenue	\$ 68,229	118,923
Net gains (losses) on disposal of investment	119,785	(3,997)
Net gains (losses) on measurement of non-operating financial instruments at fair value through profit or loss	9,073	46,111
Revenue from bank's allocation fee	202,942	279,899
Revenue from information technology service	57,573	53,440
Dividend revenue	76,026	75,104
Gains on reversal of prior year's liabilities	140,457	18,539
Rental income	197,582	198,607
Others	41,545	40,276
	\$ 913,212	826,902

(Continued)

CAPITAL SECURITIES CORPORATION

Notes to the Financial Statements

(x) Remuneration to employees and directors

According to the Company's Articles of Incorporation, the Company shall appropriate 0.6% to 2.0% of its earnings, if applicable, as remuneration to employees. The Board of Directors shall determine if the employees' remuneration distributed, in the form of shares or in cash. The targets of remuneration shall include the employees of subsidiaries meeting certain specific requirement that shall be determined by the Company's Board of Directors. The Company shall also appropriate no more than 3% of the aforementioned amount of earnings as remuneration to the Directors. The proposal for the remuneration to employees and directors shall be reported to the shareholders' meeting. If there is accumulated deficit, specific amount shall be retained to cover, and appropriate the remainder in the aforementioned percentage as remuneration to employees and directors.

For the years ended December 31, 2024 and 2023, the estimated amounts of remuneration to employees were \$88,718 and \$92,459, respectively, and to directors were \$29,285 and \$138,689, respectively, which were calculated based on the Company's net profit before income tax and remuneration to employees and director multiple the earnings allocation percentage as stated under the Company's Articles of Incorporation and were recognized as operating expense. If the actual amounts were subsequently decided after the approval and the issuance date of the financial statements in the following year differ from the estimated amounts, the differences are accounted for as changes in accounting estimates and recognized in profit or loss in the following year. If the Board of Directors resolved to distribute the employees' remuneration in the form of shares, the number of shares of the distribution is based on the closing price of the day before the Board of Directors' meeting date.

For the years ended December 31, 2023 and 2022, the estimated amounts of remuneration to employees were \$92,459 and \$16,731, and to directors were \$138,689 and \$20,404 by the Company. The difference between actual employee remuneration of \$73,000 and \$8,197 and actual remuneration to directors of \$17,926 and \$10,930 were \$140,222 and \$18,008 in total. The difference was accounted for as changes in accounting estimates and would be recognized as profit or loss in 2024 and 2023. The information about the appropriations of remuneration to employees and to directors approved by the Board of Directors is available at the website of the Market Observation Post System.

(v) Financial instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represents the maximum credit exposure. As of December 31, 2024 and 2023, the maximum credit exposure amounted to \$191,008,691 and \$150,795,797, respectively.

(Continued)

CAPITAL SECURITIES CORPORATION

Notes to the Financial Statements

The regional distribution of financial assets' credit risk exposure amount which owned by the Company is as the list below. The region of exposure is mostly in Taiwan (accounted for 89.83%); secondly, is in America (accounted for 5.82%); then, is in Asia (accounted for 2.36%, exclusion of Taiwan). Compare to the same period of last year, there is no significant change in proportion of region of investments.

Region	December 31, 2024	December 31, 2023
Taiwan	\$ 171,587,271	132,665,706
Asia (Taiwan is excluded)	4,508,050	4,291,444
Europe	3,802,042	4,016,564
America	11,111,328	9,822,083
Total	<u><u>\$ 191,008,691</u></u>	<u><u>150,795,797</u></u>

2) Impairment loss

The Company's aging analysis of receivables at reporting date was as follows:

	December 31, 2024		December 31, 2023	
	Gross carrying amount	Allowance	Gross carrying amount	Allowance
Not past due	\$ 68,201,211	23,427	38,252,880	28,166
Past due 0~30 days	-	-	-	-
Past due 31~120 days	213	213	-	-
Past due 121~360 days	1,653	1,653	2,223	2,223
Past due more than 360 days	243,600	243,600	236,911	236,911
	<u><u>\$ 68,446,677</u></u>	<u><u>268,893</u></u>	<u><u>38,492,014</u></u>	<u><u>267,300</u></u>

Allowance for doubtful debts under receivables and overdue receivables are recorded for the impairment loss. When a claim becomes definitely uncollectible, the allowance for doubtful debts should be written off to financial assets account. As of December 31, 2024 and 2023, the impairment losses of receivables were \$268,893 and \$267,300, respectively.

3) Credit risk of receivables and debt securities

Debt securities held by the Company including government bonds, listed and unlisted debt securities are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(f).

The Company regards a financial asset as a default when the client of brokerage business is unable to fulfill the settlement obligation, which the counterparty is unable to pay the Company. Thus, the Company will recognize the impairment losses.

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CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

The loss allowance provision for the years ended December 31, 2024 and 2023 was as follows:

	12-month ECL			Lifetime ECL-not credit impaired			Lifetime ECL-credit impaired			Total
	Accrued receivables	Debt securities at FVOCI	Debt securities at amortized cost	Accrued receivables	Debt securities at FVOCI	Debt securities at amortized cost	Accrued receivables	Debt securities at FVOCI	Debt securities at amortized cost	
Balance on January 1, 2024	\$ -	9,682	1,721	-	-	-	267,300	-	-	278,703
Provision or reversal of Impairment loss	-	2,913	375	-	-	-	1,866	-	-	5,154
Amounts written off	-	-	-	-	-	-	(273)	-	-	(273)
Effect of exchange rate	-	-	7	-	-	-	-	-	-	7
Balance on December 31, 2024	<u>\$ -</u>	<u>12,595</u>	<u>2,103</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>268,893</u>	<u>-</u>	<u>-</u>	<u>283,591</u>

	12-month ECL			Lifetime ECL-not credit impaired			Lifetime ECL-credit impaired			Total
	Accrued receivables	Debt securities at FVOCI	Debt securities at amortized cost	Accrued receivables	Debt securities at FVOCI	Debt securities at amortized cost	Accrued receivables	Debt securities at FVOCI	Debt securities at amortized cost	
Balance on January 1, 2023	\$ -	5,127	1,141	-	-	-	265,608	-	-	271,876
Provision or reversal of Impairment loss	-	4,555	590	-	-	-	2,223	-	-	7,368
Amounts written off	-	-	(35)	-	-	-	(531)	-	-	(566)
Effect of exchange rate	-	-	25	-	-	-	-	-	-	25
Balance on December 31, 2023	<u>\$ -</u>	<u>9,682</u>	<u>1,721</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>267,300</u>	<u>-</u>	<u>-</u>	<u>278,703</u>

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

(ii) Liquidity risk

The following table shows the effect of contract maturity on financial liabilities. The Company does not expect that the cash flow included in the maturity analysis could occur significantly earlier or at significantly different amounts.

	Carrying amount	Contractual cash flows	Less than 6 months	6-12 months	1-2 years	2-5 years	More than 5 years
December 31, 2024							
Financial liabilities at fair value through profit or loss							
Liabilities on sale of borrowed securities	\$ 21,402,092	21,402,092	21,402,092	-	-	-	-
Stock warrants issued	1,064,031	1,064,031	854,432	194,900	14,699	-	-
Put options	1,590	1,590	1,590	-	-	-	-
Interest rate swaps and Exchange rate derivatives (including IRS asset swaps)	292,474	292,474	2,730	7,013	100,976	181,755	-
Asset swap option - short position	2,781,544	2,781,544	160,425	340,580	1,043,668	1,236,871	-
Structured notes	155,522	155,522	16,400	2,865	9,078	14,417	112,762
Short-term borrowings	7,304,896	7,304,896	7,304,896	-	-	-	-
Commercial paper payable	41,514,617	41,580,000	41,580,000	-	-	-	-
Bonds sold under repurchase agreements	53,683,935	54,655,880	35,216,091	19,439,789	-	-	-
Guarantee deposited for short sales	2,527,527	2,527,527	2,527,527	-	-	-	-
Proceeds payable from short sales	2,874,680	2,874,680	2,874,680	-	-	-	-
Securities lending refundable deposits	16,292,813	16,292,813	16,292,813	-	-	-	-
Equity for each customer in the account	35,555,711	35,555,711	35,555,711	-	-	-	-
Notes payable and accounts payable	397,671	397,671	397,671	-	-	-	-
Receipts under custody	817,799	817,799	817,799	-	-	-	-
Other payables	1,070,747	1,070,747	1,070,747	-	-	-	-
Other financial liabilities	6,936,176	6,936,176	6,021,004	399,130	411,672	104,370	-
Lease liabilities	553,367	565,866	100,376	85,545	158,460	220,141	1,344
Long-term borrowings	4,497,142	4,500,000	-	-	4,500,000	-	-
	<u>\$ 199,724,334</u>	<u>200,777,019</u>	<u>172,196,984</u>	<u>20,469,822</u>	<u>6,238,553</u>	<u>1,757,554</u>	<u>114,106</u>

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Less than 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>More than 5 years</u>
December 31, 2023							
Financial liabilities at fair value through profit or loss							
Liabilities on sale of borrowed securities	\$ 16,661,771	16,661,771	16,661,771	-	-	-	-
Stock warrants issued	1,342,245	1,342,245	1,092,252	244,992	5,001	-	-
Equity derivatives	84	84	84	-	-	-	-
Interest rate swaps and Exchange rate derivatives (including IRS asset swaps)	154,733	154,733	99,996	8,977	15,429	30,331	-
Asset swap option - short position	2,663,494	2,663,494	211,937	346,676	991,141	1,113,740	-
Structured notes	41,296	41,296	18,425	16,344	3,664	2,863	-
Short-term borrowings	5,291,851	5,291,851	5,291,851	-	-	-	-
Commercial paper payable	13,090,169	13,100,000	13,100,000	-	-	-	-
Bonds sold under repurchase agreements	51,456,592	52,365,609	36,443,322	15,922,287	-	-	-
Guarantee deposited for short sales	2,003,761	2,003,761	2,003,761	-	-	-	-
Proceeds payable from short sales	2,294,644	2,294,644	2,294,644	-	-	-	-
Securities lending refundable deposits	15,481,166	15,481,166	15,481,166	-	-	-	-
Equity for each customer in the account	32,426,834	32,426,834	32,426,834	-	-	-	-
Notes payable and accounts payable	470,660	470,660	470,660	-	-	-	-
Receipts under custody	322,449	322,449	322,449	-	-	-	-
Other payables	1,490,258	1,490,258	1,490,258	-	-	-	-
Other financial liabilities	4,900,665	4,900,665	3,974,452	249,051	426,210	250,952	-
Lease liabilities	639,823	656,297	95,009	82,998	167,879	308,395	2,016
	<u>\$ 150,732,495</u>	<u>151,667,817</u>	<u>131,478,871</u>	<u>16,871,325</u>	<u>1,609,324</u>	<u>1,706,281</u>	<u>2,016</u>

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CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

(iii) Currency risk

1) Currency risk exposure

The Company's significant exposure to foreign currency risk of financial assets and liabilities is as follows:

December 31, 2024			
	Foreign Currency (thousands)	Exchange Rate	Amount
<u>Financial assets</u>			
<u>Monetary Item</u>			
USD	\$ 479,322	32.7850	15,714,572
AUD	1,923	20.3900	39,210
EUR	1,652	34.1400	56,399
JPY	291,961	0.2099	61,283
SGD	3	24.1300	72
CNY	4,797	4.4780	21,481
KRW	4	0.0225	-
VND	5,285,773	0.0013	6,872
SEK	1,273	2.9900	3,806
<u>Non-Monetary Item</u>			
USD	728,171	32.7850	23,873,086
AUD	124,292	20.3900	2,534,314
EUR	27,908	34.1400	952,779
HKD	15,056	4.2220	63,566
JPY	49,254	0.2099	10,338
CNY	33,676	4.4780	150,801
<u>Investments under equity method</u>			
USD	51,954	32.7350	1,700,728
<u>Financial liabilities</u>			
<u>Monetary Item</u>			
USD	\$ 1,264,192	32.7850	41,446,535
AUD	119,606	20.3900	2,438,766
EUR	28,235	34.1400	963,943
HKD	3,913	4.2220	16,521
JPY	309,639	0.2099	64,993
SGD	1	24.1300	24
CNY	8,225	4.4780	36,832
SEK	1,257	2.9900	3,758

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

December 31, 2023			
	Foreign Currency (thousands)	Exchange Rate	Amount
<u>Financial assets</u>			
<u>Monetary Item</u>			
USD	\$ 428,094	30.7050	13,144,626
AUD	2,126	20.9800	44,603
CAD	2	23.2000	46
EUR	525	33.9800	17,840
GBP	2	39.1500	78
HKD	24,823	3.9290	97,530
JPY	21,909	0.2172	4,759
SGD	561	23.2900	13,066
CNY	11,055	4.3270	47,835
ZAR	1	1.6570	2
KRW	264	0.0239	6
DKK	11	4.5600	50
VND	6,421,488	0.0012	7,706
<u>Non-Monetary Item</u>			
USD	672,475	30.7050	20,648,345
AUD	131,180	20.9800	2,752,156
EUR	23,358	33.9800	793,705
HKD	7,380	3.9290	28,996
JPY	12,992	0.2172	2,822
CNY	24,314	4.3270	105,207
<u>Investments under equity method</u>			
USD	51,791	30.6550	1,587,657
<u>Financial liabilities</u>			
<u>Monetary Item</u>			
USD	\$ 1,217,517	30.7050	37,383,859
AUD	127,093	20.9800	2,666,411
EUR	23,570	33.9800	800,909
HKD	5,335	3.9290	20,961
JPY	2,073	0.2172	450
SGD	553	23.2900	12,879
CNY	7,830	4.3270	33,880

For the years ended December 31, 2024 and 2023, the Company's currency projects that had a significant impact on exchange rate fluctuations. The impact on the realized and unrealized currency exchange gains (losses) amounted to \$(235,136) and \$18,975, respectively.

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CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

2) Sensitivity analysis

The currency risk of the Company arises mainly from cash and cash equivalents, other receivables, security borrowing margin, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, financial assets at amortized cost, short-term borrowings, and securities lending refundable deposits, which are denominated in foreign currencies. Currency exchange gains or losses occur when translating the foreign currency assets to NTD assets. For the years ended December 31, 2024 and 2023, given other factors remain constantly, if the relevant foreign currencies, when compared with the NTD, had appreciates or depreciates by 5%, the net income and other comprehensive income will change as follows:

	For the years ended December 31, 2024		For the years ended December 31, 2023	
	Appreciated 5%	Depreciated 5%	Appreciated 5%	Depreciated 5%
Net income	(674,601)	674,601	(672,487)	672,487
Other comprehensive income	683,320	(683,320)	607,596	(607,596)

(iv) Sensitivity analysis of interest rate risk

The following sensitivity analysis is based on the risk exposure to interest rates on the derivative and non-derivative financial instruments on the reporting date. For floating rate instruments, the sensitivity analysis assumes the liabilities are outstanding for the whole year at the reporting date. The variable rate is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. This is mainly attributable to the Company's exposure to floating rates on its bond position.

	December 31, 2024	December 31, 2023	For the years ended December 31,					
			2024			2023		
Market risk type			Average	Maximum	Minimum	Average	Maximum	Minimum
Interest risk	3,022,542	2,620,698	2,794,749	3,159,498	2,592,498	2,153,680	2,620,698	1,781,528

(v) Fair value information and hierarchy

1) Fair value information

a) General description

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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CAPITAL SECURITIES CORPORATION**Notes to the Financial Statements**

Initially, financial instruments should be measured at fair value, which mostly refers to transaction price. Except for those measured at amortized cost, financial instruments are subsequently measured at fair value. A quoted market in an active market provides the most reliable evidence of fair value. If the market is not active, the Company determines the fair value of financial instruments in accordance with (a) the calculation of valuation techniques, (b) valuation provided by the professional electronic information company and commonly used by market participants, or (c) quoted prices of the counter party.

b) Definition of fair value hierarchy

i) Level 1

The input of Level 1 is the public quote of the same financial instrument in an active market. An active market satisfies all the following conditions: Products traded in the market is of homogeneity; it is able to reach buyer and seller anytime in the market and the price information can be accessed by the public. The Company's investments in Taiwan central government bonds, equity instruments, debt instruments and derivative instruments with public quote in an active market belong to Level 1.

ii) Level 2

The input of Level 2 refers to observable price except public quote in an active market, including direct observable input parameters (such as price) or indirect observable input parameters (derivation from price). The bond instruments without public quotes in an active market and most of the derivative financial instruments of the Company belong to Level 2.

iii) Level 3

Level 3 means input in this level are based neither on direct market data nor from the counter party.

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CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

2) Not measured at fair value

As of December 31, 2024 and 2023, the fair value information of the financial assets and financial liabilities of the Company was as follows:

a) Fair value information

	December 31, 2024		December 31, 2023	
	Book value	Fair value	Book value	Fair value
Financial assets:				
Cash and cash equivalents	\$ 3,874,686	3,874,686	1,347,649	1,347,649
Accrued receivable	117,998,431	117,998,431	83,281,267	83,281,269
Restricted assets - current	439,035	439,035	443,034	443,034
Other non-current assets	1,252,925	1,252,925	1,113,757	1,113,757
Financial liabilities:				
Short-term borrowings	7,304,896	7,304,896	5,291,851	5,291,851
Commercial paper payable	41,514,617	41,514,617	13,090,169	13,090,169
Bonds sold under repurchase agreements	53,683,935	53,683,935	51,456,592	51,456,592
Accrued payable	70,095,241	70,095,241	64,252,774	64,252,774
Other financial liabilities - current	6,420,134	6,420,134	4,223,503	4,223,503
Long-term borrowings	4,497,142	4,497,142	-	-
Other financial liabilities - non-current	516,042	516,042	677,162	677,162
Other non-current liabilities	50,659	50,659	86,347	86,347

b) Hierarchy information of non-financial instruments not measured at fair value

	Level 1	Level 2	Level 3	Total
Debt securities at amortized cost				
December 31, 2024	\$ -	<u>6,639,189</u>	-	<u>6,639,189</u>
December 31, 2023	\$ -	<u>5,361,000</u>	-	<u>5,361,000</u>

c) Valuation techniques used in estimating the fair values of financial instruments

- i) For short term financial instruments, the fair values are determined based on their book value because of their short maturities. Their carrying amounts is a reasonable approximation of the fair value. The method is applied to cash and cash equivalents, accrued receivable, other current assets, other non-current assets, short-term borrowings, long-term borrowings, commercial paper payable, bonds sold under repurchase agreements, accrued payable, other financial liabilities - current, other financial liabilities - non-current, and other non-current liabilities.

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CAPITAL SECURITIES CORPORATION

Notes to the Financial Statements

- ii) The quoted market price is used as the fair value when the debt instrument investments measured at amortized cost have an active market, if there is no market price as reference, the fair values are determined based on evaluation approach. Estimation and assumption in which the Company applies on evaluation approach will be as same as information market participators use to estimate and assume when pricing financial instruments, and the information can be acquired by the Company.
- 3) Measured at fair value
- a) Hierarchy information of fair value

The Company's financial instruments measured at fair value are evaluated on a recurring basis. The financial assets and liabilities measured at fair value were as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
December 31, 2024				
Financial assets at fair value through profit or loss	\$ 32,813,110	32,766,164	-	65,579,274
Financial assets at fair value through other comprehensive income	5,170,968	25,363,281	4,444,378	34,978,627
Derivative financial assets	<u>1,781,735</u>	<u>864,397</u>	<u>-</u>	<u>2,646,132</u>
	<u>\$ 39,765,813</u>	<u>58,993,842</u>	<u>4,444,378</u>	<u>103,204,033</u>
Financial liabilities at fair value through profit or loss	\$ 22,466,123	-	-	22,466,123
Derivative financial liabilities	<u>28,773</u>	<u>3,202,357</u>	<u>-</u>	<u>3,231,130</u>
	<u>\$ 22,494,896</u>	<u>3,202,357</u>	<u>-</u>	<u>25,697,253</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
December 31, 2023				
Financial assets at fair value through profit or loss	\$ 29,836,855	32,196,042	-	62,032,897
Financial assets at fair value through other comprehensive income	3,620,863	20,106,338	3,406,044	27,133,245
Derivative financial assets	<u>927,056</u>	<u>361,113</u>	<u>-</u>	<u>1,288,169</u>
	<u>\$ 34,384,774</u>	<u>52,663,493</u>	<u>3,406,044</u>	<u>90,454,311</u>
Financial liabilities at fair value through profit or loss	\$ 18,004,016	-	-	18,004,016
Derivative financial liabilities	<u>32,100</u>	<u>2,827,507</u>	<u>-</u>	<u>2,859,607</u>
	<u>\$ 18,036,116</u>	<u>2,827,507</u>	<u>-</u>	<u>20,863,623</u>

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CAPITAL SECURITIES CORPORATION

Notes to the Financial Statements

b) Valuation techniques of financial instruments measured at fair value

i) Non-derivative financial instruments

The quoted market price is used as the fair value when the financial instruments have an active market. Publicly listed and over-the-counter traded equity instruments of primary stock exchanges along with central government bonds that are popular securities all regard active market quotes as the basis of fair value.

When quotes of financial instruments are obtained from the Stock Exchange, Reuters, Bloomberg, dealers or competent authorities and the prices represent arm's length transactions with sufficient frequency, the financial instruments are regarded as active market quotes. If the aforementioned requirements are not met, then the financial instruments are regarded as quotes without an active market. Large bid-ask spreads or low trade volumes are features of quotes without an active market.

Excluding the above mentioned financial instruments with active market quotes, the fair value of the remaining financial instruments are obtained by financial valuation models or referencing counterparty quotes. Fair value obtained through the calculations of financial valuation models include, but are not limited to, fair value references of substantive factors and characteristics from similar financial instruments, those obtained from the cash flow discounting method or those obtained by other financial valuation techniques. Fair values obtained through financial valuation techniques are derived from market information on the balance sheet date, and utilizes the fair values derived from the calculations of financial valuation models (for example referencing the yield curve from the Taipei Exchange, Reuters' average commercial paper interest et cetera).

ii) Derivative financial instruments

The fair value of derivative financial instruments is determined by using valuation model. Option instruments are determined by using Black-Scholes Model and non-option derivative financial instruments are determined by using discounted cash flow method. The market inputs for the valuation are derived from stock exchange market and independent financial information service institution, such as Stock Exchange, Futures Exchange, Reuters and Bloomberg. Closing price, settlement price, and the average rate of ask and bid price during certain specific time are adopted.

4) Transfer between Level 1 and Level 2

For the years ended December 31, 2024 and 2023, there is no transfer of financial instruments between Level 1 and Level 2.

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CAPITAL SECURITIES CORPORATION

Notes to the Financial Statements

5) Fair value adjustments

Financial valuation techniques do not necessarily completely reflect all relevant elements of financial or non-financial instruments held by the Company. Thus, the outputs of financial valuation models may need necessary adjustments in line with important relevant elements. The valuation models and adjustment parameters were verified to ensure valuation procedures and results are in accordance with the requirements, so the valuation adjustments are pertinent and appropriate. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market condition.

6) Movements of financial assets at fair value classified into Level 3

(In Thousands Dollars)

For the year ended December 31, 2024									
Item	Beginning Balance	Gains and losses on valuation		Addition		Reduction			Ending Balance
		Amount recognized in profit or loss	Amount recognized in comprehensive income	Purchased or issued	Transferred to Level 3	Sold, disposed or settled	Capital reduction	Transferred from Level 3	
Financial assets at fair value through other comprehensive income	\$ 3,406,044	-	177,010	862,000	-	-	676	-	4,444,378

For the year ended December 31, 2023									
Item	Beginning Balance	Gains and losses on valuation		Addition		Reduction			Ending Balance
		Amount recognized in profit or loss	Amount recognized in comprehensive income	Purchased or issued	Transferred to Level 3	Sold, disposed or settled	Capital reduction	Transferred from Level 3	
Financial assets at fair value through other comprehensive income	\$ 2,418,318	-	990,472	10,000	-	12,175	571	-	3,406,044

7) Quantified information of fair value measurement for significant unobservable inputs (Level 3)

The Company's Level 3 fair value measurements are financial assets at fair value through other comprehensive income – equity instruments investment.

The Company's equity instruments investment without active market include multiple significant unobservable inputs. Those unobservable inputs of equity instrument without active market are independent from each other, thus, they are not correlative. Since the correlation between significant unobservable inputs and fair value cannot be fully measured in practical, the quantified information is not disclosed.

Item	Valuation technique	Significant unobservable inputs	Correlation between inputs and fair value
Financial assets at fair value through other comprehensive income - equity instruments without an active market	Market approach	<ul style="list-style-type: none"> Price-to-Book Ratio Discount for lack of marketability 	<ul style="list-style-type: none"> The higher the multiple, the higher fair value. The higher the discount for lack of marketability, the lower the fair value.

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CAPITAL SECURITIES CORPORATION

Notes to the Financial Statements

Item	Valuation technique	Significant unobservable inputs	Correlation between inputs and fair value
Financial assets at fair value through other comprehensive income - equity instruments without an active market - venture capital corporation	Net Asset Value Method	Net Asset Value	Not applicable

- 8) Fair value measurement to Level 3, and the sensitivity analysis of the substitutable appropriate assumption made on fair value

The fair value measurement that the Company made for the financial instruments is deemed reasonable; however, different valuation models or inputs could result in different valuation results. Specifically, if the valuation input of financial instruments classified in the Level 3 changes by 1%, the effects on other comprehensive income are as follows:

	Change in fair value recognized in other comprehensive income	
	Favorable change	Unfavorable change
December 31, 2024		
Financial assets at fair value through other comprehensive income	\$ <u>44,444</u>	<u>(44,444)</u>
December 31, 2023		
Financial assets at fair value through other comprehensive income	\$ <u>34,060</u>	<u>(34,060)</u>

Favorable and unfavorable movements of the Company refer to the fluctuation of fair value, and the fair value is calculated through the valuation technique according to the unobservable inputs to different extent. If the fair value of a financial instrument is affected by more than one input, the above table only illustrates the effect as a result of one single input, and the correlation and variance among multiple inputs are not listed here.

- (vi) Transfer of financial assets

The transferred financial assets of the Company which are not qualified for de-recognition in the daily operation are mainly debt securities under repurchase agreements or equity securities under securities lending agreement. Since the right to receive cash flow is transferred and it reflects the associated liabilities to repurchase transferred financial assets at fixed price in future period, the Company cannot use, sell or pledge these transferred financial assets during the valid transaction period. However, since the Company still bears the interest rate risk and credit risk, so transferred financial assets are not fully derecognized. Financial assets that do not meet criteria for de-recognition and related financial liabilities are as below:

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Notes to the Financial Statements

December 31, 2024					
Types of financial assets	Book value of the transferred financial assets	Book value of relevant financial liabilities	Fair value of the transferred financial assets (Note)	Fair value of relevant financial liabilities (Note)	Fair value net position (Note)
Under repurchase agreements	\$ 55,665,831	53,683,935	-	-	-

December 31, 2023					
Types of financial assets	Book value of the transferred financial assets	Book value of relevant financial liabilities	Fair value of the transferred financial assets (Note)	Fair value of relevant financial liabilities (Note)	Fair value net position (Note)
Under repurchase agreements	\$ 53,873,995	51,456,592	-	-	-

Note: The counterparties in repurchase agreements hold the right of recourse not merely on the transferred assets against the Company; hence according to IFRS7p42D(d), disclosure of the fair values of transferred assets and their relevant liabilities and fair value net position is not mandatory.

(vii) Offsetting financial assets and financial liabilities

The Company did not hold any financial instruments contracts which meet Section 42 of IAS 32 endorsed by the FSC therefore, the financial assets and financial liabilities of the above instruments shall be offset on the balance sheet.

The Company has transactions, such as repurchase and resell agreements, that are or are similar to net settled master netting arrangements but do not meet the offsetting criteria. The above transactions are settled on a net basis after offsetting financial assets with financial liabilities if both parties of the transaction choose to use net settlement; the above transactions are settled on a gross basis if both parties do not choose to use net settlement. However, if one party defaults, the other party can choose to use net settlement.

The offsetting of financial assets and liabilities information is as below:

December 31, 2024						
Financial assets under offsetting or general agreement of net amount settlement or similar norms						
	Gross amount of recognized financial assets	Gross amount of recognized financial liabilities offsetting in the balance sheet	Net amount of financial assets presented in the balance sheets	Related amount not offset in the balance sheet (d)		Net amount
	(a)	(b)	(c)=(a)-(b)	Financial instruments (Note)	Cash received as collaterals	(e)=(c)-(d)
Derivative financial assets	\$ 864,397	-	864,397	-	-	864,397

December 31, 2024						
Financial liabilities under offsetting or general agreement of net amount settlement or similar norms						
	Gross amount of recognized financial liabilities	Gross amount of recognized financial assets offsetting in the balance sheet	Net amount of financial liabilities presented in the balance sheets	Related amount not offset in the balance sheet (d)		Net amount
	(a)	(b)	(c)=(a)-(b)	Financial instruments (Note)	Cash received as collaterals	(e)=(c)-(d)
Derivative financial liabilities	\$ 3,116,778	-	3,116,778	-	-	3,116,778
Under repurchase agreements	53,683,935	-	53,683,935	53,683,935	-	-
Total	\$ 56,800,713	-	56,800,713	53,683,935	-	3,116,778

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

December 31, 2023						
Financial assets under offsetting or general agreement of net amount settlement or similar norms						
	Gross amount of recognized financial assets (a)	Gross amount of recognized financial liabilities offsetting in the balance sheet (b)	Net amount of financial assets presented in the balance sheets (c)=(a)-(b)	Related amount not offset in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash received as collaterals	
Derivative financial assets	\$ 361,113	-	361,113	-	-	361,113

December 31, 2023						
Financial liabilities under offsetting or general agreement of net amount settlement or similar norms						
	Gross amount of recognized financial liabilities (a)	Gross amount of recognized financial assets offsetting in the balance sheet (b)	Net amount of financial liabilities presented in the balance sheets (c)=(a)-(b)	Related amount not offset in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash received as collaterals	
Derivative financial liabilities	\$ 2,859,607	-	2,859,607	-	-	2,859,607
Under repurchase agreements	51,456,592	-	51,456,592	51,456,592	-	-
Total	\$ 54,316,199	-	54,316,199	51,456,592	-	2,859,607

Note: Including netting settlement agreement and non-cash financial collaterals.

(w) Financial risk management

(i) Brief

The Company is exposed to the following risks due to the usage of financial instruments:

- 1) credit risk
- 2) liquidity risk
- 3) market risk

The disclosure hereby presents above-mentioned risk information, evaluation, and objectives, policies, and procedures of managing information. Further information regarding quantity disclosure please refers to related disclosures.

(ii) Risk management framework

The risk management system includes the set-up of an independent risk management department and whole risk management framework which comprises segregation of duties and delegation of board of directors, president, risk management department, auditing department, finance department, settlement and clearing department and other business department. The Company also established an operating strategy, capital structure, risk management policy and executive procedure by risk and operating activities. Furthermore, the Company set up a risk management information system to assist whole risk management execute effectively.

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CAPITAL SECURITIES CORPORATION

Notes to the Financial Statements

(iii) Credit risk

- 1) Determining whether credit risk has increased significantly since initial recognition
 - a) The Company measures each financial instrument that applies under IFRS9 if the credit risk of financial asset at the reporting date has increased significantly since initial recognition. The Company considers reasonable and supportable information that is relevant and available, including forward-looking information, since initial recognition for assessment. Main factors taking into consideration include credit risk rating and information of past due condition.
 - b) Low Credit Risk: A financial instrument has low credit risk at the reporting date, assumed to have no significant increase in credit risk since initial recognition. The determination criteria are the financial instrument's external credit rating is 'investment grade' or above.
- 2) Measurement of Expected Credit Losses (ECL)
 - a) Methods adopted and assumptions

The Company applies 12-month ECLs to measure the impairment loss of financial instruments, which have not increased significantly since initial recognition. For those financial instruments have increased significantly after initial recognition or with credit loss, the Company adopts lifetime ECLs to measure.

In order to measure ECLs, the Company takes into the future 12 months and lifetime probability of default (PD) on the financial assets, issuer, and counterparty to the possibility of Loss given default (LGD), then multiplies the amount of exposure at default (EAD) with the consideration of time value on currency, to calculate the 12 month and lifetime ECLs respectively.

Probability of PD is the probability of defaults occurring of an issuer or the counterparty. Probability of LGD is the percentage of the amount of loss incurred when issuers or the counterparty default. The probability of PD and LGD used by the Company was referring to the information periodically release from international credit rating institutions such as S&P, Moody's and Fitch. The Company measures EAD by the amortized cost plus interest receivables of financial instruments.

(iv) Liquidity risk

Liquidity risk refers to the risk that the Company cannot meet obligations because of the inability to obtain adequate funding or liquidate of other financial assets to settle the financial liabilities. It includes financial funding risk and financial market liquidity risk.

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Notes to the Financial Statements

Besides decentralizing the financial institutions, the Company also to diversify the financing channels for funding. The Company plans and controls the daily funding operation in advance as the need for funding from various business situations. Also utilizes the simulation analysis mechanism of special event to keep up with the abnormal funding need from the system risks. The Company has set up the rules based on the different risk factors such as issue amount, trading volume, counterparty and etc. to address the liquidity risk of each holding position. Moreover, the Company operates a dynamic monitoring of the volatility of market to manage the liquidity risk of holding positions.

(v) Market risk

Market risk refers to the risk that change in market prices, exchange rates, interest rates and equity instrument prices, which will affect the Company's revenue or the value of its holdings of financial instruments.

The Company has set up the trading quotas and upper limit of Value at Risk ("VaR") in all operation to ensure the capital adequacy ratio meets the qualification requirements and maximum loss limit to be controlled. The different risk factors that the Company uses to measure the market risk are as follows:

- 1) Equity securities: calculate by variance-covariance method and to conduct back testing to estimate the VaR of one day at 99% of confidence interval.
- 2) Bond: use the base point (0.01%) value as the controlling base, and estimate the VaR of one day at 99% of confidence interval.
- 3) Financial derivatives: use the Delta and Gamma value as the controlling base, and estimate the VaR of one day at 99% of confidence interval.
- 4) Margin trading: use the maintenance ratio ruled by the competent authority as the standard for disposal.

Each business departments of the Company can utilize approved financial hedging instruments (such as Futures, Options, Swap and etc.) to adjust the risk level to improve the risk management system implemented.

(vi) Hedging strategies (financial hedging)

The Company's strategies use financial derivatives to hedge market price fluctuations in the attainable scope. The Company sets up each business quota, the capacity for tolerating risk and hedging strategy according to risk tolerance and establishes a monitoring system to understand variation of hedging position. In addition, the Company also formulates principal to conduct over or under limitations with hedging position.

1) Equity securities:

As equity securities price fluctuate, the Company will suffer losses when the unfavorable variation of equity securities price is incurred. To reduce the above risk, the Company not only relies on its well-designed risk management system but also uses index futures and options to hedge the market risk of equity securities.

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Notes to the Financial Statements

2) Fixed income instruments:

Risk of fixed income instruments is mainly affected by the fluctuations of market rate. The Company will suffer losses when unfavorable variation of market rate is incurred. The Company uses financial derivatives such as interest rate swap, government bond futures and bond options whose variation in fair value and cash flow are negative correlated with the hedged position to hedge the market risk.

3) Stock warrants:

The market risk of stock warrants issued arises from the fluctuations of market price of the underlying securities and the risk of investors' exercising the stock warrants. The Company will acquire stock warrants of the same underlying securities issued by others whose theoretical price was underestimated to hedge against the fluctuations. Furthermore, the Company will also adjust the hedged position such as the underlying securities, convertible corporate bonds and stock warrants based on the dynamic hedging strategies with the variation of Delta.

4) Structured notes:

Structured notes are the combination of fixed income and asset option. The market risk includes variation of interest rate, stock price and the volatility. In order to hedge the interest rate risk in the fixed income aspect, the Company uses the interest which it generates from investing to repay the principal due. In the asset option aspect, the Company establishes related hedged position to hedge the stock price and the volatility risk.

5) Asset swap:

Convertible bond asset swap is a hybrid derivative comprising of an interest rate swap and a call option on a convertible bond. The related risks are market risk and credit risk of the counterparties. The Company manages its risk through selling of the interest rate swap and options with third parties and verifies its counterparty's credit limit to lower the above risk.

(vii) Financial risk information of financial derivatives and other financial instruments as approved by the authority

As of December 31, 2024 and 2023, the related financial risk and the presentation of the Company's financial derivatives and other financial instruments as approved by the authority were as follows:

Stock warrants

(i) Notional principal (nominal amount) and credit risk

	December 31, 2024		December 31, 2023	
	Notional principal / Nominal amount	Credit Risk	Notional principal / Nominal amount	Credit Risk
Financial Instruments				
For trading purpose:				
Stock warrants issued	\$ 31,046,844	-	93,530,484	-

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CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

The Company collects premium from investors prior to issuing stock warrants, and therefore, does not assume any credit risk.

(ii) Market risk:

Market risk of stock warrants issued arises from changes in prices of the underlying securities. Market risk can be hedged by adjusting the positions of stock warrants and hedging instruments.

(iii) Liquidity risk, cash flow risk, and the amount, period, and uncertainty of future cash demand:

The Company establishes hedging positions by collecting margins or premium prior to the issue of stock warrants, which are based on the underlying securities. Therefore, there is no significant funding demand. Furthermore, since the underlying security are restricted by certain market prices and diversification requirements, the risk of being unable to sell securities at reasonable prices is rather low; likewise for liquidity risk as well. The only risk is capital demands resulting from hedged positions adjusted for changes in securities prices. However, under the assumption of good market liquidity, cash flow risk is assessed to be low.

The duration of stock warrants issued is three months to two years from the issue date. Except for cash flows from hedging transactions, there is no additional cash demand.

(iv) Type, purpose, and strategy of financial derivatives held:

The Company's strategy is to avoid most of the market risk. Non-trading marketable securities hedging positions are used to hedge against risk from investors' exercising of stock warrants. These underlying securities used as hedging instruments exhibit highly positive correlation with the fair values of stock warrants issued, and positions held are evaluated and adjusted periodically.

(v) Presentation of financial derivatives

Relevant transaction pertaining to issuance of stock warrants, its presentation and valuation, and gains or losses on sale and expiration and settlement prior to maturity date, were reflected as follows:

1) For the year ended December 31, 2024 and 2023:

a) Gains (losses) on valuation

	For the years ended December 31,		Account
	2024	2023	
Stock warrants issued	\$ 29,058,735	41,057,103	Gains (losses) on stock warrants issued
Stock warrants repurchased	(28,468,679)	(40,854,770)	Gains (losses) on stock warrants issued

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Notes to the Financial Statements

b) Gains (losses) on sale

	For the years ended December 31,		Account
	2024	2023	
Security borrowing	\$ (8,226)	(110,877)	Gains (losses) on covering of borrowed securities and bonds with resale agreements
Trading securities - hedging	695,473	641,503	Gains (losses) on sale of trading securities
Futures transaction	(359,762)	(325,737)	Gains (losses) on derivative financial instruments - futures

c) Gains (losses) on maturity

	For the years ended December 31,		Account
	2024	2023	
Stock warrants issued	\$ 61,367,337	41,156,014	Gains (losses) on stock warrants issued
Stock warrants repurchased	(61,160,252)	(41,099,973)	Gains (losses) on stock warrants issued

Futures

(i) Notional principal (nominal amount) and credit risk:

Financial Instruments	December 31, 2024		December 31, 2023	
	Notional principal / Nominal amount	Credit Risk	Notional principal / Nominal amount	Credit Risk
For trading purpose:				
TAIEX Futures	\$ 483,766	-	1,572,955	-
Electronic Sector Index Futures	133,287	-	139,031	-
Single Stock Futures	3,799,869	-	1,169,783	-
Mini Electronic Futures	45,734	-	161,244	-
US Dollar Index Futures	243,572	-	95,046	-
Gold Futures	95,861	-	74,059	-
E-mini S&P 500 Index	29,388	-	37,111	-
10 Year U.S. T-Note Futures	332,226	-	105,200	-
10 Year U.S. T-Bond Futures	82,346	-	-	-
JPY Index Futures	34,015	-	-	-
Brent Crude Oil Futures	896,135	-	644,546	-
Crude Oil Futures	116,806	-	13,248	-
FTSE China A50 Index Futures	2,785,043	-	1,987,321	-
HHI Futures	445,933	-	34,956	-
Micro E-mini S&P 500 Futures	15,918	-	8,869	-
Micro E-mini-Nasdaq Futures	64,158	-	10,504	-
Micro E-mini Dow Futures	-	-	9,347	-
E-mini-Nasdaq Futures	472,686	-	430,560	-
Silver Futures	9,642	-	19,230	-
Copper Futures	44,286	-	22,674	-
2 Year U.S. T-Note Futures	755,024	-	189,534	-
Ultra U.S. Treasury Bond	2,486,734	-	1,847,020	-
30 Year U.S. Treasury Bond	287,976	-	11,468	-
Dow Jones U.S. Real Estate Index	-	-	5,477	-

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Notes to the Financial Statements

Financial Instruments	December 31, 2024		December 31, 2023	
	Notional principal / Nominal amount	Credit Risk	Notional principal / Nominal amount	Credit Risk
E-mini Dow Futures	\$ 113,178	-	34,673	-
HSI Futures	68,005	-	-	-
Mini-HSI Futures	9,358	-	-	-
China Index Futures	4,210	-	-	-
GIN Futures	31,392	-	-	-
TOPIX Futures	109,481	-	-	-
E-mini Russell 2000 Index Futures	3,665	-	-	-
SGX Nikkei 225 Index Futures	70,275	-	-	-
Long-Term Euro-BTP Futures	81,827	-	-	-
For non-trading purpose:				
TAIEX Futures	\$ 1,000,070	-	156,094	-
Electronic Sector Index Futures	-	-	49,006	-
Single Stock Futures	1,918,710	-	1,844,741	-
Finance Sector Index Futures	10,765	-	-	-
Mini TAIEX Futures	85,319	-	-	-
TPEX 200 Index	-	-	459	-
E-mini S&P 500 Futures	-	-	58,814	-
E-Mini Nasdaq Futures	-	-	62,853	-
HSI Futures	-	-	23,508	-
Crude Oil Futures	-	-	6,801	-
FTSE China A50 Index Futures	-	-	66,160	-
JPY Index Futures	-	-	5,360	-
TOPIX Futures	-	-	20,266	-
SGX Nikkei 225 Index Futures	-	-	35,879	-
Brent Crude Oil Futures	-	-	36,587	-
Ultra U.S. Treasury Bond	-	-	115,295	-
HHI Futures	-	-	28,945	-
Micro E-Mini-Nasdaq Futures	-	-	8,344	-
Micro E-mini S&P 500 Futures	-	-	742	-
Micro Russell 2000 Index Futures	-	-	2,820	-
E-mini Russell 2000 Index Futures	-	-	9,145	-
Single Stock Options	-	-	236	-
TAIEX Options	2,472	-	-	-
TAIEX Options W1	4,449	-	-	-
TAIEX Options W2	320	-	-	-
Dow Jones U.S. Real Estate Index	-	-	8,686	-
Stock Options	259	-	-	-

Should counterparties to futures and options default, the associated loss is borne by the futures commission merchants. Hence, the Company is subject to insignificant credit risk.

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Notes to the Financial Statements

(ii) Market risk:

Market risk resulted from the purchase and sale of futures and options. Since the fair values of futures and options are available, and stop-loss points are established in order to manage risk, the Company can confine losses to a predictable range. Therefore, there is no significant market risk.

For non-trading futures or options contracts, gain or loss from the fluctuations of index tends to offset gain and loss of the hedged items. Hence, there is no significant market risk.

(iii) Liquidity risk, cash flow risk, and the amount, period and uncertainty of future cash demand:

The open positions of futures and options held by the Company can be settled on the market at reasonable prices, and as such there is no liquidity risk.

Futures trading are considered as margin transactions. Margins are collected in advance and valued daily on open futures positions established by the Company. For margin calls, the Company has sufficient operating funds to meet the liquidity requirement. As a result, there is no liquidity risk, cash flow risk, or significant cash demand.

For options trading, premiums are collected or paid in advance. If the counterparty of a short put position exercises the option, the Company has sufficient operating funds to meet the liquidity requirement. Therefore, there is no liquidity risk, no cash flow risk, and no significant cash demand.

(iv) Presentation of financial derivatives:

	December 31, 2024	December 31, 2023	Account
Futures margin - security	\$ 394,650	-	Financial assets at fair value through profit or loss - current
Futures margin - proprietary fund	1,381,605	926,751	Financial assets at fair value through profit or loss - current
Excess futures margin	2,427,235	876,699	Cash and cash equivalent
Buy options	5,480	305	Financial assets at fair value through profit or loss - current
Sale options	1,590	-	Financial liabilities at fair value through profit or loss - current
	For the years ended December 31,		
	2024	2023	Account
Gains (losses) on futures transactions	\$ (949,011)	(909,127)	Gains (losses) on derivatives - futures
Gains (losses) on futures transactions - security	(8,305)	-	Gains (losses) on securities for futures margin at fair value through profit or loss

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CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

Derivative instruments - OTC

(i) Interest rate financial derivatives

1) Notional principal (nominal amount) and credit risk:

	December 31, 2024		December 31, 2023	
	Notional principal / Nominal amount	Credit Risk	Notional principal / Nominal amount	Credit Risk
Financial Instruments				
For trading purpose:				
NT dollar interest swaps	\$ 8,000,000	-	8,000,000	-

Counterparties to interest rate swaps are banks with good credit ratings. The Company pays fixed and collects floating interest payments. Since the trend of interest rate is stabilized, no default is expected and credit risk is accordingly remote.

2) Market risk:

Non-trading NT dollar interest rate swaps are primarily held for hedging. Gain or loss from the fluctuations of interest rate tends to offset gains and losses of the hedged items, and therefore market risk is insignificant.

In order to manage risk, stop loss points are established in accordance to the changes in the contract value of trading NT dollar interest rate. Loss is kept within prediction, and therefore there is no significant market risk.

3) Liquidity risk, cash flow risk, and the amount, period, and uncertainty of future cash demand:

The Company's non-trading NT dollar interest rate swaps are used to hedge against interest rate fluctuations of claims and obligations. On the settlement date, interest receivables or payables are derived from multiplying the notional principals by interest rate differences, and the amount is insignificant. Given that there is no physical transfer of principals on maturity, there is no liquidity risk, cash flow risk, or significant cash demand.

For trading NT dollar interest rate swaps, the interest receivables or payables are derived through multiplying of its notional principals by interest rate differences on the settlement dates; and the amount is insignificant. Given that there is no physical transfer of principals on maturity, there is no liquidity risk, cash flow risk, or significant cash demand associated.

4) Type, purpose, and strategy of financial derivatives held:

The Company entered into non-trading NT dollar interest rate swaps with banks to hedge against interest rate fluctuations of claims and obligations. The Company's strategy is to avoid most of the market risk. Financial derivatives exhibiting highly negative correlation with the fair value of hedged items are used as hedging instruments and evaluated periodically.

(Continued)

CAPITAL SECURITIES CORPORATION

Notes to the Financial Statements

The Company engages in trading NT dollar interest rate swaps to gain from the differences in interest rates upon evaluation of the trending of interest rates.

(ii) Structured notes

1) Notional principal (nominal amount) and credit risk:

Financial Instruments	December 31, 2024		December 31, 2023	
	Notional principal / Nominal amount	Credit Risk	Notional principal / Nominal amount	Credit Risk
For trading purpose:				
Equity-linked notes	\$ 330,000	-	266,000	-
Principal guaranteed notes	5,634,024	-	3,470,817	-
Credit-linked notes	1,046,400	-	1,138,700	-
Principal guaranteed notes (in USD thousands)	USD 1,845	-	USD 2,487	-

The Company collects premium from investors prior to conducting structured note transactions, and therefore, does not assume any credit risk.

2) Market risk

For structured notes, the respective products are exercised at their fair value and the hedged items all have fair values. Therefore, there is no significant market risk of structured notes.

3) Liquidity risk, cash flow risk, and the amount, period, and uncertainty of future cash demand:

The Company collects premium from investors prior to transacting in structured notes, therefore there is no significant liquidity risk.

(iii) Convertible bond asset swaps

1) Notional principal (nominal amount) and credit risk:

Financial Instruments	December 31, 2024		December 31, 2023	
	Notional principal / Nominal amount	Credit Risk	Notional principal / Nominal amount	Credit Risk
For trading purpose:				
Convertible bond asset swaps	\$ 6,127,100	-	2,744,800	-
Convertible bond options	19,454,000	-	15,354,000	-

Counterparties to convertible bond asset swaps are institutions with good credit ratings. The Company swaps a predetermined interest rate with the interest payable and interest expense arising from the convertible bond with counterparties. Since the counterparties are governed by relevant regulatory authorities, and the Company maintains good credit risk control over counterparties, the credit risks is minimal.

(Continued)

CAPITAL SECURITIES CORPORATION

Notes to the Financial Statements

For convertible bond options, the Company collects premium or margins from investor prior to issuing convertible bond options, and therefore, there is no credit risk.

2) Market risk:

For convertible bond asset swaps, the Company swaps a predetermined interest rate with the interest payable and interest expense arising from the convertible bond with counterparties. Therefore, there is no market risk.

For convertible bond options, since the exercise price of the convertible bonds acquired through underwriting or proprietary trading is determined on the contract date, there is no market risk.

3) Liquidity risk, cash flow risk, and the amount, period, and uncertainty of future cash demand:

Convertible bonds acquired through underwriting or proprietary trading are the underlying assets of asset-backed swaps. The underlying assets are sold to the counterparties for commission. Within the term of the contract, the Company swaps a predetermined interest rate with the interest payable and interest expense arising from the convertible bond with counterparties. The Company also receives the right to call the convertible bond prior to the expiration of the contract. Therefore, there is no significant liquidity risk or significant cash demand.

(iv) Options

1) Notional principal (nominal amount) and credit risk:

	December 31, 2024		December 31, 2023	
	Notional principal/ Nominal amount	Credit Risk	Notional principal/ Nominal amount	Credit Risk
Financial Instruments				
For trading purpose:				
Equity options	\$ 281	-	6,300	-

The counterparties that the Company entered into derivative transactions with are all well-known financial institutions with good credit ratings. The Company does not expect the counter-party will default. Therefore, the credit risks is minimal.

2) Market risk:

Market risk of trading equity options results from the purchase and sale of options. Since the fair values of options are available, and stop-loss points are established in order to manage risk, the Company can confine losses to a predictable range. Therefore, there is no significant market risk.

3) Liquidity risk, cash flow risk, and the amount of future cash demand:

For equity options, premiums are collected or paid in advance. If the counterparty of a short put position exercises the option, the Company has sufficient operating funds to meet the liquidity requirement. As a result, there is no liquidity risk, no cash flow risk, and no significant cash demand.

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

(v) Presentation of derivative instruments in financial statement

As of December 31, 2024 and 2023, relevant transaction of interest rate financial derivatives, structured notes, equity derivatives, bond options, convertible bond asset swaps, exchange rate derivatives and interest rate swaps were presented on the balance sheets as follows:

	December 31, 2024	December 31, 2023
Financial assets at fair value through profit or loss - current		
IRS asset swaps	\$ 48,834	43,403
Asset swap options-long position	785,194	315,076
Structured notes	2,623	2,284
Exchange rate derivatives	27,503	-
Interest rate swaps	<u>243</u>	<u>350</u>
Total	<u>\$ 864,397</u>	<u>361,113</u>
Financial liabilities at fair value through profit or loss - current		
IRS asset swaps	\$ 292,254	56,167
Asset swap options-short position	2,781,544	2,663,494
Structured notes	42,760	41,296
Exchange rate derivatives	220	98,566
Equity derivatives	<u>-</u>	<u>84</u>
Total	<u>\$ 3,116,778</u>	<u>2,859,607</u>
Financial liabilities at fair value through profit or loss - non-current		
Structured notes	<u>\$ 112,762</u>	<u>-</u>
Other financial liabilities - current		
Structured notes principal value	<u>\$ 6,420,134</u>	<u>4,223,503</u>
Other financial liabilities - non-current		
Structured notes principal value	<u>\$ 516,042</u>	<u>677,162</u>

(Continued)

CAPITAL SECURITIES CORPORATION

Notes to the Financial Statements

For the years ended December 31, 2024 and 2023, relevant transaction of interest rate financial derivatives, structured notes, equity derivatives, bond options, convertible bond asset swaps, exchange rate derivatives and interest rate swaps are presented on statements of income as follows:

	For the year ended December 31, 2024		For the year ended December 31, 2023	
	Gains (losses) on derivative instruments - OTC	Unrealized Gains (losses)	Gains (losses) on derivative instruments - OTC	Unrealized Gains (losses)
Interest rate swaps	\$ 3	243	222	350
Equity derivatives	462	22	(1,716)	72
Structured notes	(94,202)	(17,323)	(106,641)	10,862
IRS asset swaps	(2,132)	(1,809)	(860)	(819)
Asset swap options	(728,697)	1,365,666	(1,516,870)	462,833
Exchange rate derivatives	280,699	27,324	108,395	(98,566)
Total	<u>\$ (543,867)</u>	<u>1,374,123</u>	<u>(1,517,470)</u>	<u>374,732</u>

(x) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The capital base includes shares capital, capital surplus and retained earnings. The Board of Directors monitors the return on capital as well as the level of dividends to make sure the Company has sufficient financial resources to cope with the future need of operating fund, capital expenditure and other operating need.

The Company maintains no change of its capital management. The Company's capital adequacy ratio is as below:

	December 31, 2024	December 31, 2023
Capital adequacy ratio	278 %	276 %

(y) Financing activities not affecting current cash flow

The Company's financing activities which did not affect the current cash flow in the years ended December 31, 2024 and 2023, were as follows:

For Right-of-use assets, please refer to note 6(f).

	January 1, 2024	Cash flows	Other	Non-cash changes Foreign exchange movement	Fair value changes	December 31, 2024
Lease liabilities	<u>\$ 639,823</u>	<u>(189,345)</u>	<u>102,889</u>	<u>-</u>	<u>-</u>	<u>553,367</u>
	January 1, 2023	Cash flows	Other	Non-cash changes Foreign exchange movement	Fair value changes	December 31, 2023
Lease liabilities	<u>\$ 746,700</u>	<u>(183,535)</u>	<u>76,658</u>	<u>-</u>	<u>-</u>	<u>639,823</u>

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

(7) Related-party transactions:

- (a) Relationships between parents and subsidiaries

Refer to Note 13(b) for a detailed list of the Company's subsidiaries.

- (b) Names of related parties and relationships

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements.

<u>Names of related parties</u>	<u>Relationships</u>
Capital Insurance Advisory Corp.	Subsidiary
Capital Futures Corp.	Subsidiary
Capital Investment Management Corp.	Subsidiary
CSC Venture Capital Corp.	Subsidiary
CSC Capital Management Co.	Subsidiary
CSC Securities (HK) Ltd.	Second-level subsidiary
Capital International Technology Corp.	Second-level subsidiary
Capital Private Equity Fund I Co.	Second-level subsidiary
Capital Investment Trust Corp.	Associates
Funds issued by Capital Investment Trust Corp.	Funds issued by associate
Chuan Yi Construction Corp.	Related party in substance
Bao Zuo Investment Corp.	Related party in substance
Sheng Hsiang Enterprise Corp.	Related party in substance
Fu Tai Construction Corp.	Related party in substance
Feng Yang Investment Corp.	Related party in substance
Chuan Yi Investment Corp.	Related party in substance
Bao Ching Investment Corp.	Related party in substance
Bao Sheng Investment Corp.	Related party in substance
Fu Ding Investment Corp.	Related party in substance
Kwang Hsing Industrial Corp.	Corporate directors
Other related parties	Key management personnel and others

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

(c) Key management personnel transactions

(i) Key management personnel compensation

	For the years ended December 31,	
	2024	2023
Short-term employee benefits	\$ 182,183	225,376
Post-employment benefits	1,414	1,301
Total	<u>\$ 183,597</u>	<u>226,677</u>

(ii) Bonds sold under repurchase agreements

	December 31, 2024		December 31, 2023	
	Par value	Purchase price	Par value	Purchase price
Other related parties	<u>\$ -</u>	<u>-</u>	<u>4,000</u>	<u>4,051</u>
	For the years ended December 31,		2024	
Total financial expenses	2024		2023	
Other related parties	<u>\$ 19</u>		<u>103</u>	

Transaction terms are the same as the general clients.

(iii) Structured notes transactions - remaining balance

	December 31, 2024	December 31, 2023
Other related parties	<u>\$ 67,700</u>	<u>86,800</u>

(iv) Brokerage and sub-brokerage

	For the years ended December 31,	
	2024	2023
<u>Brokerage commissions</u>		
Other related parties	<u>\$ 66,074</u>	<u>47,909</u>
	For the years ended December 31,	
	2024	2023
<u>Re-consigned handling commissions</u>		
Other related parties	<u>\$ 2,212</u>	<u>1,084</u>

(v) Property Transactions - Dispose Equipment

	For the years ended December 31,			
	2024		2023	
	Disposal proceeds	Gain or loss on disposal	Disposal proceeds	Gain or loss on disposal
Other related parties	<u>\$ -</u>	<u>-</u>	<u>860</u>	<u>50</u>

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

(d) Significant transactions with related parties

(i) Bonds sold under repurchase agreements

	December 31, 2024		December 31, 2023	
	Par value	Purchase price	Par value	Purchase price
Funds issued by associate	\$ 712,000	712,000	1,056,720	1,056,720
Subsidiaries	61,000	61,068	31,000	31,426
Total	<u>\$ 773,000</u>	<u>773,068</u>	<u>1,087,720</u>	<u>1,088,146</u>

		For the years ended December 31,	
Total financial expenses		2024	2023
Funds issued by associate	\$	13,051	12,277
Subsidiaries		403	748
Total	<u>\$</u>	<u>13,454</u>	<u>13,025</u>

Transaction terms are the same as the general clients.

(ii) Financial assets transactions

The Company held securities regarding to related parties, and ending amount and related gains and losses were as followed :

Relationship	Account	December 31, 2024		December 31, 2023	
		Ending shares (Note)	Ending amount	Ending shares (Note)	Ending amount
Funds issued by associate	Financial assets at fair value through profit or loss-current	<u>117,763</u>	<u>\$ 2,376,959</u>	<u>111,489</u>	<u>2,073,630</u>

Notes: Amounts in thousand shares.

	For the years ended December 31,			
	2024		2023	
	Gain or loss on disposal	Dividend	Gain or loss on disposal	Dividend
Funds issued by associate	<u>\$ 399,873</u>	<u>204,716</u>	<u>82,397</u>	<u>70,212</u>

	December 31, 2024	December 31, 2023
Prepayments		
Associates	<u>\$ 12,574</u>	<u>55,202</u>

Transaction terms are the same as the general clients.

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

(iii) Futures commission revenue

The Company signed contracts with subsidiary and provided futures trading assistance approved by the authority. The details were as follows:

	December 31, 2024	December 31, 2023
Commission receivable	\$ <u>10,013</u>	<u>8,956</u>
Other Payable (Default loss)	\$ <u>3,409</u>	<u>3,509</u>
	For the years ended December 31,	
	2024	2023
Futures commission revenue	\$ <u>145,793</u>	<u>131,141</u>

(iv) Futures transactions

The futures margin in subsidiary of the Company is as follow:

	December 31, 2024	December 31, 2023
Futures margin-proprietary fund	\$ <u>3,650,953</u>	<u>1,760,408</u>
	For the years ended December 31,	
	2024	2023
Interest revenue of futures margin	\$ <u>102</u>	<u>38</u>
Handling fees charge	\$ <u>70,649</u>	<u>34,161</u>

(v) Lease agreements

Lessor

	For the years ended December 31,	
Lease revenue	2024	2023
Subsidiaries	\$ 18,636	18,219
Second-level Subsidiaries	50	450
Associates	<u>17,658</u>	<u>17,263</u>
Total	\$ <u>36,344</u>	<u>35,932</u>
	December 31,	December 31,
Guarantee deposits received	2024	2023
Subsidiaries	\$ 4,620	4,620
Second-level Subsidiaries	12	13
Associates	<u>4,429</u>	<u>3,811</u>
Total	\$ <u>9,061</u>	<u>8,444</u>

Lease period and rent collection method is based on lease agreements. Transaction terms are the same as the general clients.

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CAPITAL SECURITIES CORPORATION

Notes to the Financial Statements

Lessee

- 1) The Company leases office places from related party in substance for operation, and lease period is nine years. The aggregate contractual value of the lease is \$854,046 and rent is paid monthly. As of December 31, 2024 and 2023, the refundable deposits were \$26,351 and \$25,088.

- 2) Acquisition of right-of-use assets

The new acquisition of right-of-use assets of the Company in the periods for the year ended December 31, 2024 was \$18,390.

- 3) Lease liabilities

	December 31, 2024	December 31, 2023
Related party in substance	\$ <u>369,428</u>	<u>442,572</u>

- 4) Financial expenses

	For the years ended December 31, 2024	2023
Related party in substance	\$ <u>5,497</u>	<u>6,258</u>

- (vi) Custody account business

	For the years ended December 31, 2024	2023
Custody account business revenue (Accounted for as rental income)		
Related party in substance	\$ <u>123,859</u>	<u>120,252</u>

	December 31, 2024	December 31, 2023
Other accounts receivable		
Related party in substance	\$ <u>8,379</u>	<u>8,379</u>

- (vii) Information Technology Service

	For the years ended December 31, 2024	2023
Subsidiaries	\$ <u>57,573</u>	<u>53,440</u>

- (viii) Insurance commission revenues

The Company assists subsidiaries in recruiting insurance contracts and charging commission revenues. The details were as follows:

	For the years ended December 31, 2024	2023
Commission revenues		
Subsidiaries	\$ <u>6,592</u>	<u>6,294</u>

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

<u>Accounts receivable</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Subsidiaries	\$ <u>-</u>	<u>1,453</u>

(ix) Brokerage and sub-brokerage

Due to the involvement of related parties in securities and futures transactions, for the years ended December 31, 2024 and 2023, commission revenues charged by the Company were as follows:

<u>Brokerage commissions</u>	<u>For the years ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
Subsidiaries	\$ 629	607
Second-level Subsidiaries	363	75
Funds issued by associate	23,251	50,186
Related party in substance	458	264
Corporate directors	66	-
Total	\$ <u>24,767</u>	<u>51,132</u>

<u>Re-consigned handling commissions</u>	<u>For the years ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
Funds issued by associate	\$ 241	13,366
Subsidiaries	-	118
Total	\$ <u>241</u>	<u>13,484</u>

(x) Fund services business

<u>Fund services revenue</u>	<u>For the years ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
Associates	\$ <u>183</u>	<u>1,228</u>

<u>Channel services revenue</u>	<u>For the years ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
Associates	\$ <u>183</u>	<u>1,228</u>

<u>Account receivable</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Associates	\$ <u>16</u>	<u>65</u>

(xi) Wealth management business

<u>Trust account commissions revenue</u>	<u>For the years ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
Associates	\$ <u>15,696</u>	<u>4,588</u>

<u>Trust account management fee revenue</u>	<u>For the years ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
Associates	\$ <u>1,623</u>	<u>2,007</u>

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

(xii) Underwriting business

	For the years ended December 31,	
	2024	2023
Stock service income		
Subsidiaries	\$ 662	679
Second-level subsidiaries	20	20
Associates	122	122
Total	<u>\$ 804</u>	<u>821</u>
	For the years ended December 31,	
	2024	2023
Handling fee revenues from underwriting securities on consignment		
Funds issued by associates	<u>\$ -</u>	<u>13</u>
	December 31,	December 31,
	2024	2023
Accounts receivable		
Associates	<u>\$ 10</u>	<u>10</u>

(xiii) Other revenues and expense

	For the years ended December 31,	
	2024	2023
Other revenue		
Subsidiaries	\$ 862	787
Associates	3	3
Total	<u>\$ 865</u>	<u>790</u>
Other expense		
Subsidiaries	\$ 868	90
Related party in substance	1,724	780
Total	<u>\$ 2,592</u>	<u>870</u>

(xiv) Custody account business

	For the years ended December 31,	
	2024	2023
Custody account business revenue		
Second-level subsidiaries	<u>\$ 7,352</u>	<u>6,218</u>
	December 31,	December 31,
	2024	2023
Accounts receivable		
Second-level subsidiaries	<u>\$ 677</u>	<u>607</u>

(xv) Consulting business

	For the years ended December 31,	
	2024	2023
Consulting fee expense		
Subsidiaries	<u>\$ 88,650</u>	<u>69,000</u>

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

(xvi) Stock commission expense

	December 31, 2024	December 31, 2023
Accounts payable		
Subsidiaries	\$ <u>3,452</u>	<u>1,118</u>
	For the years ended December 31,	
	2024	2023
Stock commission expense		
Subsidiaries	\$ <u>23,478</u>	<u>12,761</u>

(xvii) Accrued receivables

	December 31, 2024	December 31, 2023
Other receivable		
Subsidiaries	\$ 613	670
Second-level subsidiaries	<u>39</u>	<u>47</u>
Total	\$ <u>652</u>	<u>717</u>
Other payable		
Subsidiaries	\$ 336	251
Second-level subsidiaries	<u>24</u>	<u>23</u>
Total	\$ <u>360</u>	<u>274</u>

(xviii) Receipts in advance

	December 31, 2024	December 31, 2023
Subsidiaries	\$ <u>27</u>	<u>27</u>

(xix) Transaction of financial assets

On June 20, 2023, the Company acquired shares (800 thousand shares) from second-level subsidiary, which was recognized in financial assets at fair value through other comprehensive income - current, and total amount is \$46,400.

(xx) The Company provided the Letter of Comfort to the banks which loaned to subsidiaries CSC International Holdings Ltd. and CSC Securities (HK) Ltd.

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

(8) Pledged assets:

The following assets were pledged as collateral or restricted in use:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>	<u>The collateral use</u>
Restricted assets - current	\$ 439,035	443,034	Bank borrowings, accounts settled, repurchase agreement.
Trading securities	32,324,584	34,368,950	Repurchase agreement
Financial assets at fair value through other comprehensive income - Bonds	17,468,365	14,206,648	Repurchase agreement
Property (net amount)	1,324,129	1,334,585	Bank borrowings
Financial assets at fair value through profit or loss - non-current	177,730	179,438	Guaranty deposited for bills, interest rate swaps business, structured notes business, settlement fund and compensation reserve for trust business
Financial assets at amortized cost - non-current (par value)	6,635,873	5,397,887	Repurchase agreement
Investment property (cost)	3,815,697	3,841,913	Bank borrowings
Total	<u>\$ 62,185,413</u>	<u>59,772,455</u>	

(9) Significant contingent liability and unrecognized contract commitment:

- (a) Information of handling margin purchase and short sale lending operations in securities trading are as follows:

	<u>December 31, 2024</u>		<u>December 31, 2023</u>	
	<u>Shares (in thousands)</u>	<u>Par value</u>	<u>Shares (in thousands)</u>	<u>Par value</u>
Securities procured through margin purchase	565,843	\$ 5,658,430	496,265	4,962,650
Collateral for margin purchase	7,056	70,564	2,218	22,184
Lending securities to customers through short sales	35,765	357,650	35,482	354,820
Collateral for short sales	6,681	66,810	6,283	62,830

- (b) Information of the collateral provided or the securities borrowed of refinancing margin from securities finance companies are as follows:

	<u>December 31, 2024</u>		<u>December 31, 2023</u>	
	<u>Shares (in thousands)</u>	<u>Par value</u>	<u>Shares (in thousands)</u>	<u>Par value</u>
Securities borrowed from securities finance companies	434	\$ 4,340	111	1,110

- (c) Information of issuing promissory notes in connection with bank loans and issuance of commercial paper are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Promissory notes	<u>\$ 37,520,000</u>	<u>26,320,000</u>
Promissory notes (in USD thousands)	<u>USD 85,000</u>	<u>USD 85,000</u>

(Continued)

CAPITAL SECURITIES CORPORATION

Notes to the Financial Statements

- (d) As of December 31, 2024 and 2023, the market values of collaterals which received from customers on conducting borrowing and lending business with unrestricted purposes were \$69,834,694 and \$13,859,923, respectively.
- (e) A resigned employee of Wan-Hua branch was accused of privately soliciting investment to scam. The clients filed a lawsuit against the Company alleged for taking joint responsibility of compensation of \$2,798. The case is under the trial of Taiwan Taipei District Court. The Company assesses that it is not liable for compensation, thus the Company unrecognized this amount.
- (f) A resigned employee of Xi-Song branch scammed the clients. The clients filed a lawsuit against the Company alleged for taking joint responsibility of compensation of \$16,375. The first instance ruled that the Company should jointly and severally compensate the plaintiff \$41 and interest. The plaintiff refused to accept and filed an appeal, and the Company also filed a side appeal. The second instance claimed the case in favor of the Company, and it is not liable for compensation, thus the Company unrecognized this amount.
- (g) The Company provided the Letter of Comfort to the banks which loaned to its subsidiary CSC International Holdings Ltd. and CSC Securities (HK) Ltd.
- (h) According to the Article 17 of Enforcement Rules of the Trust Enterprise Act, the balance sheet, income statement and property list of trust accounts were declared as follows:
- (i) Balance sheet of trust accounts

Balance Sheet of Trust Accounts

December 31, 2024 and 2023

Trust Assets	December 31, 2024	December 31, 2023	Trust Liabilities	December 31, 2024	December 31, 2023
Bank deposits	\$ 970,063	1,030,926	Accounts payable	\$ 2,783	311
Short-term investment			Trust capital	15,029,805	13,890,658
Funds	8,885,379	9,395,839	Net income	660,679	1,927,340
Stocks	1,420,008	1,985,253	Accumulated earnings or deficit	160,390	(1,459,316)
Bonds	1,566,961	1,583,186			
Structured notes	2,969,620	286,314			
Accounts receivable	41,626	77,475			
Total Assets	\$ 15,853,657	14,358,993	Total Liabilities	\$ 15,853,657	14,358,993

(Continued)

CAPITAL SECURITIES CORPORATION

Notes to the Financial Statements

(ii) Income statement of trust accounts

Income Statement of Trust Accounts

For the years ended December 31, 2024 and 2023

	For the years ended December 31,	
	2024	2023
Trust revenue		
Interest revenue	\$ 141,460	102,161
Cash dividends revenue	279,317	248,018
Rental revenue	41,252	9,843
Investment gains - realized	207,102	-
Investment gains - unrealized	594,442	1,763,628
Subtotal	1,263,573	2,123,650
Trust expense		
Management fee	2,162	606
Service fee	29,727	16,238
Investment losses - realized	-	178,428
Investment losses - unrealized	569,831	-
Other fees	126	130
Subtotal	601,846	195,402
Gain (loss) before income tax	661,727	1,928,248
Less: Income tax expense	1,048	908
Net gain (loss)	\$ 660,679	1,927,340

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

(iii) Property list of trust accounts

Property list of trust accounts

December 31, 2024 and 2023

Investment items	December 31, 2024	December 31, 2023
Bank deposits	\$ 970,063	1,030,926
Short-term investment		
Funds	8,885,379	9,395,839
Stocks	1,420,008	1,985,253
Bonds	1,566,961	1,583,186
Structured Notes	2,969,620	286,314
Other assets	<u>41,626</u>	<u>77,475</u>
Total	<u><u>\$ 15,853,657</u></u>	<u><u>14,358,993</u></u>

(10) Significant Catastrophic Loss: None

(11) Significant Subsequent Events:

The Board of Directors resolved to subscribe the cash capital increase of Capital Futures Corp. on January 10, 2025, and the investment amounted to \$1,112,666.

(12) Other: None

(Continued)

CAPITAL SECURITIES CORPORATION

Notes to the Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities firms” for the Company:

(i) Loans to others:

(In Thousands Dollars)

Number	Name of the company providing Loans to Others	Party to Transactions	Account Classification	Related party	Maximum Balance of the Period	Ending balance	Capital Employed	Range of interest rate	Type of Loans (Note)	Amount of Transactions	Purposes of the Borrowers	Allowance of Doubtful Accounts	Collateral		Limit on Loans to a Single Business	Limit on the Amount of Loans
													Name	Value		
1	CSC International Holdings Ltd.	CSC Securities (HK) Ltd	Account receivables - Related party	Yes	\$ 894,378	894,378	874,737	- %	2	-	Working capital	-	-	-	1,700,728	1,700,728
2	CSC Futures (HK) Ltd.	F190402	Account receivables - Customer	No	65,113	65,113	-	9.18 %	1	1,026		-	-	-	221,231	1,106,156
3	CSC Futures (HK) Ltd.	F611702	Account receivables - Customer	No	455,794	455,794	325,567	5.43%~6.68%	1	295,400		-	-	-	455,794	1,106,156
4	CSC Futures (HK) Ltd.	F613059	Account receivables - Customer	No	97,670	97,670	-	8.18 %	1	20,308		-	-	-	221,231	1,106,156
5	CSC Futures (HK) Ltd.	F612688	Account receivables - Customer	No	16,278	326	-	7.18 %	1	-		-	-	-	221,231	1,106,156
6	CSC Futures (HK) Ltd.	F612687	Account receivables - Customer	No	-	-	-	7.18 %	1	116		-	-	-	221,231	1,106,156
7	CSC Futures (HK) Ltd.	F612851	Account receivables - Customer	No	65,113	-	-	7.18 %	1	162		-	-	-	221,231	1,106,156
8	CSC Futures (HK) Ltd.	F613091	Account receivables - Customer	No	48,835	326	-	7.18 %	1	370		-	-	-	221,231	1,106,156
9	CSC Futures (HK) Ltd.	F190416	Account receivables - Customer	No	227,897	227,897	-	5.68 %	1	15,937		-	-	-	227,897	1,106,156

Note: Type of Loans

1. Business transactions

2. Necessaries of short-term financing

(ii) Providing endorsements and guarantees for other parties: None

(iii) Acquisition of real estate exceeding NT\$300 million or 20% of paid-in capital: None

(iv) Disposal of real estate exceeding NT\$300 million or 20% of paid-in capital: None

(v) Handling fee discounts on transactions with related parties exceeding NT\$5 million: None

(vi) Accounts receivables from related parties exceeding NT\$100 million or 20% of paid-in capital: None

(Continued)

CAPITAL SECURITIES CORPORATION

Notes to the Financial Statements

(b) Related information of investee companies:

(In Thousands of New Taiwan Dollars)

Ref. No.	Name of investee company (Notes 1 and 2)	Area	Date of establishment	Approval date and number of FSC	Primary business operation	Original investment amount		Equity Ownership by company (note 3)			Operating income or loss of investee company during the period	Net income or loss of investee company during the period	Investment gain or loss recognized during the period	Cash dividend	Note
						Balance on December 31, 2024	Balance on December 31, 2023	Shares	Ratio	Book value					
0	Capital-Investment Management Corp.	Taipei ,Taiwan, R.O.C.	February 16, 1990	Note 6	Engaged in providing research, analysis and recommendations, organize seminars and publish materials on securities investments	72,515	72,515	7,000,000	100.00 %	77,165	101,577	10	10	432	Subsidiary
0	Capital Futures Corp.	Taipei ,Taiwan, R.O.C.	February 26, 1997	No. FSC-1050044467 dated November 15, 2016	Engaged in domestic and foreign futures business	1,896,520	1,896,520	119,066,014	56.58 %	4,380,054	2,413,275	1,190,927	674,037	409,587	"
0	CSC International Holdings Ltd.	British Virgin Island	March 4, 1996	No. FSC-65350 dated January 12, 1996	Long-term equity investment business	1,339,555	1,339,555	45,000,000	100.00 %	1,700,728	20,399	684	684	-	"
0	Capital Insurance Advisory Corp.	Taipei ,Taiwan, R.O.C.	November 9, 2000	Note 6	Engaged in personal insurance brokerage and property insurance brokerage and manages personal insurance agent business	3,890	3,890	500,000	100.00 %	64,438	218,134	38,852	38,852	18,895	"
0	Capital Insurance Agency Corp.	Taipei ,Taiwan, R.O.C.	November 8, 2000	Note 6	Liquidation completed	-	7,400	-	- %	-	-	-	-	-	"
0	Taiwan International Securities (B.V.I) Corp. (Note 4)	British Virgin Island	December 10, 1996	No. FSC-53981	Have been sold	-	1,394,817	-	- %	-	214	214	214	-	"
0	CSC Venture Capital Corp.	Taipei ,Taiwan, R.O.C.	January 12, 2016	No. FSC-1040034071 dated September 8, 2015	Venture Capital and consulting business	1,000,000	1,000,000	100,000,000	100.00 %	890,853	6,797	(1,638)	(1,638)	-	"
0	CSC Capital Management Co.	Taipei ,Taiwan, R.O.C.	December 3, 2020	No. FSC-1090349163 dated September 7, 2020	Investment and management consulting, venture capital and general investing	330,000	330,000	33,000,000	100.00 %	333,550	19,656	14,681	14,681	-	"
0	Capital Investment Trust Corp.	Taipei ,Taiwan, R.O.C.	October 16, 1995	Note 6	Engaged in security investment and discretionary investment services	1,272,505	1,272,505	33,067,507	20.00 %	1,603,918	4,248,267	1,735,508	347,102	171,951	Associates
1	CSC Securities(HK) Ltd.	Hong Kong	May 3, 1994	No. FSC-90931 dated January 5, 1998	Securities brokerage, underwriting, proprietary trading, financial businesses and other securities businesses permitted by local law of Hong Kong	530,000	530,000	128,000,000	100.00 %	745,448	104,535	20,399	Note 5	-	Second-level subsidiary
2	TIS Securities(HK) Limited.(Note 4)	Hong Kong	August 17, 1993	No. FSC-40912 dated November 4, 1993	Have been sold	-	1,103,411	-	- %	-	-	214	Note 5	-	"
3	Taiwan International Capital (HK)Ltd. (Note 4)	Hong Kong	July 16, 1997	No. FSC-110159	Have been sold	-	-	-	- %	-	-	120	Note 5	-	Third-level subsidiary
4	CSC Futures(HK) Ltd.	Hong Kong	December 9, 1998	No. FSC-1010027412 dated August 24, 2012	Future brokerage and other businesses permitted by local law of Hong Kong	886,284	886,284	220,000,000	100.00 %	1,106,156	349,590	(6,765)	Note 5	-	Second-level subsidiary
4	Capital International Technology Co.,Ltd.	Taipei ,Taiwan, R.O.C.	December 29, 2014	No. FSC-1030038387 dated November 18, 2014	Management and consulting business. Information technology software	50,000	50,000	5,000,000	100.00 %	12,472	-	(6,030)	Note 5	-	"
5	Capital Securities Nominee Ltd.	Hong Kong	April 7, 1995	No. FSC-90931 dated January 5, 1998	Agency services	-	-	2	100.00 %	-	-	-	Note 5	-	Third-level subsidiary
6	Capital Private Equity Fund I Co.	Taipei ,Taiwan, R.O.C.	April 20, 2021	No. FSC-1090380058 dated January 26, 2021	General investment and venture capital business	300,000	300,000	30,000,000	100.00 %	300,239	21,421	14,406	Note 5	-	Second-level subsidiary
7	Enno Cap Venture Inc.	Taipei ,Taiwan, R.O.C.	July 30, 2021	No. FSC-1040034071 dated September 08, 2015	Liquidation in progress	400	400	40,000	40.00 %	4	-	(244)	Note 5	-	Associates

Note 1: (0) Capital Securities Corp. (1) CSC International Holdings Ltd. (2) Taiwan International Securities (B.V.I) Corp. (3) TIS Securities (HK) Limited. (4) Capital Futures Corp. (5) CSC Securities (HK) Ltd. (6) CSC Capital Management Co. (7) CSC Venture Capital Corp.

Note 2: Includes the Company's investment in overseas business and its reinvestments in other businesses, etc.

Note 3: Book value is the investment balance according to equity method, including investment income (loss), cash dividends, and cumulative translation adjustment, etc.

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

Note 4: On July 29, 2024, the company passed the resolution of the board of directors to sell all the shares of its subsidiary, Taiwan International Securities (B.V.I) Corp. , and was approved by the Financial Management Commission on August 26, 2024.

Note 5: The investment gains and losses is recognized with equity method.

Note 6: According to the regulations of reinvesting domestic business issued by Financial Supervisory Commission, securities firms may invest securities finance enterprises and should file for recordation within 15 days after the investment. Therefore, this case only needs to be filed for recordation afterwards.

(c) Information on overseas branches and representative offices:

(In Thousands of New Taiwan Dollars)

Name	Region	Date of establishment	Approval date and number of FSC	Primary business operation	Operating Revenues	Net Income	Assignment of working capital				Transactions with parent company	Note
							Beginning amount	Add	Less	Ending amount		
CSC International Holdings Ltd. Shanghai Representative Office	Shanghai	November 27, 1997	Ruling No. 16322 by FSC on Feb.22, 1997	Investigation of business, research of industrial technology and related information collection	-	-	-	-	-	-		

(d) Information on investments in the Mainland China:

(i) Investment in the Mainland China and related information:

(In Thousands of New Taiwan Dollars)

Name of investee in Mainland China	Major Operations	Issued capital	Method of investment	Accumulated remittance as of January 1, 2024	Remittance of recoverable investment this period		Accumulated remittance as of December 31, 2024	Net gains (losses) of the investee	Direct or indirect Share holdings (%) by the company	Investment gains (losses) recognized during this period	Ending Balance of Investment	Investment income remitted back as of December 31, 2024
					Remittance amount	Recoverable amount						
Capital True Partner Technology Co., Ltd.	Management, consulting and information service business	5,013	(Note 1) (C)	24,372	-	-	24,372	2,445	28.86%	706 (Note2) B(2)	2,500	-
Capital Futures Technology (Shanghai) Co., Ltd.	Management, consulting and information service business.	18,863	(Note 1) (C)	18,863	-	-	18,863	(708)	56.58%	(401) (Note2) B(2)	1,059	-

Note 1: Investment methods are classified into the following three categories:

A. Directly invest in a company in Mainland China.

B. Through investing in an existing company in the third area, which then invested in the investee in Mainland China (Please indicate the investee name of the third area).

C. Through a subsidiary to invest in a company in Mainland China.

Note 2: Investment gains and losses recognized during the period

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

B. Indicate the basis for investment gains and losses recognition in the number of one of the following three categories:

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

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

(3) The financial statements that are provided by the investee without audited by CPA.

Note 3: Above information is expressed in New Taiwan Dollars.

(ii) Limitation on investment in the Mainland China:

(In Thousands of New Taiwan Dollars)

Company Name	Accumulated remittance from Taiwan to Mainland China	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment in Mainland China regulated by MOEA
Capital International Technology Corp.	43,235	43,235	80,000

Note: The Company invests through subsidiaries Capital International Technology Corp. to invest in Mainland China. According to the relevant rules to small and medium enterprises, the upper limit for investment in China is \$80,000.

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

(e) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Capital Tip Customized Taiwan Select High Dividend ETF Account		159,138,000	7.33 %

Note 1: Taiwan Depository & Clearing Corporation calculates the information of the shareholders holding 5% or more of the Company's non-physical common shares and special shares which have been registered in dematerialized form (including treasury shares) based on the last business day of every quarter. The stock recorded in the Company's financial statements may differs from the shares which have been registered in dematerialized form because of different basis of preparation.

Note 2: If the shareholders deliver shareholdings to the trust, it shows the trustor's separate account opened by the trustee. As to insiders' equity declaration of shareholdings over 10% under securities trading laws, the shareholders' shareholdings include their own shareholdings and shares delivered to the trust with the right to decide how to use the trust property. The information related to insiders' equity declaration please refers to Market Observation Post System.

(f) Disclosures required for securities firm investing in countries or regions without securities authority :

According to article 1, paragraph 3, no. 5 of the letter no. 10703209011 issued by Financial Supervisory Commission on June 1, 2018, the required supplementary disclosures of the Company's information on reinvestment in overseas businesses for the year ended December 31, 2024 are as follows:

(i) Balance sheet and income statement:

1) Balance sheet

Unit: US \$ thousands

	Company
Nature	CSC International Holdings Ltd. December 31, 2024
Current assets	8,133
Long-term investments	22,905
Property and premises	1,632
Other assets	19,394
Total assets	52,064
Current liabilities	78
Other liabilities	32
Total liabilities	110
Common stock	45,000
Retained earnings (Accumulated deficit)	7,005
Cumulative translation adjustments	(51)
Total stockholders' equity	51,954
Total liabilities and stockholders' equity	52,064

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

2) Income statement

Unit: US \$ thousands

Company	
	CSC International Holdings Ltd.
Nature	For the year ended December 31, 2024
Operating revenue	643
Operating expense	(731)
Non-operating revenue	110
Non-operating expense	-
Income (loss) before tax	22
Net income (loss)	22

(ii) Securities held as of December 31, 2024

Unit: shares / US\$ thousands

Name of holding company	Securities types and name	Account classification	December 31, 2024	
			Shares	Book value
CSC International Holdings Ltd.	CSC Securities(HK) Ltd.	Long-term investments	128,000,000	\$ <u><u>22,905</u></u>

(iii) Derivatives financial instrument transactions and the source of capital: None.

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

(14) Segment information:

Please refer to the consolidated financial statements of the Company as of and for the year ended December 31, 2024.

Capital Securities Corporation
Statement of cash and cash equivalents
December 31, 2024
(Expressed in Thousands of New Taiwan Dollars)

Item	Description	Amount
Cash		\$ 2,590
Bank deposits		
Checking accounts		82,257
Demand deposits		666,881
Foreign currency deposits	HKD3,782 Thousands @ 4.222	695,723
	USD19,815Thousands @ 32.785	
	CNY1,992Thousands @ 4.478	
	EUR351Thousands @ 34.14	
	JPY3,444 Thousands @ 0.2099	
	AUD431 Thousands @ 20.39	
	SEK5 Thousands @ 2.99	
Cash equivalents		
Futures margin – excess margin (NTD)		2,181,074
Futures margin – excess margin (Foreign currency)	HKD -7,703 Thousands @4.222	246,161
	EUR788 Thousands @ 34.14	
	JPY-25,106 Thousands @ 0.2099	
	USD7,634 Thousands @ 32.785	
	VND5,285,773 Thousands @0.0013	
Total		<u><u>\$ 3,874,686</u></u>

Capital Securities Corporation

Statement of financial assets at fair value through profit or loss - current—open-ended funds and money-market instruments

December 31, 2024

(Expressed in Thousands of New Taiwan Dollars)

Name of financial instrument	Description	Shares or units	Par value (Dollars)	Total amount	Interest rate	Acquisition cost	Fair value		Fair value changes is attributable to the changes in credit risk	Note
							Unit price (Dollars)	Total amount		
Fubon Taiwan-U.S. Twinstar Multi-Asset Fund A TWD		6,666,355	-	-	-	\$ 100,000	15.23	101,530	-	
United Singapore Real Estate Income Fund(TWD)-A		18,201,135	-	-	-	170,000	9.15	166,540	-	
Taishin North American Income Trust Fund TWD I		11,103,517	-	-	-	300,000	29.00	322,002	-	
FSITC Japan Quantitative Equity Fund-TWD		7,482,621	-	-	-	75,000	9.80	73,330	-	
Jih Sun Taiwan Quality Multi-Asset Fund		10,000,000	-	-	-	100,000	10.00	100,000	-	
Others		39,280,639	-			466,074	-	494,233	Note	
Total						1,211,074		1,257,635		
Valuation adjustment						46,561				
Net amount						\$ 1,257,635				

Note: The amount of single item is under 5% of the subject.

Capital Securities Corporation
Statement of financial assets at fair value through profit or loss - current—trading securities
(Proprietary trading)
December 31, 2024
(Expressed in Thousands of New Taiwan Dollars; Foreign currencies)

Name of financial instrument	Description	Shares or units	Par value (Dollars)	Total amount	Interest rate	Fair value		Fair value changes is attributable to the changes in credit risk	Note	
						Acquisition cost	Unit price (Dollars)			Total amount
Listed stocks										
Hon Hai Precision Industry Co., Ltd.		1,206,816	\$ 10	12,068		\$ 233,534	184.00	222,054	-	
Taiwan Semiconductor Manufacturing Co., Ltd		459,000	10	4,590		468,233	1075.00	493,425	-	
Asia Vital Components Co., Ltd.		352,100	10	3,521		229,189	623.00	219,358	-	
Others		37,900,994	10	379,010		3,476,347		3,456,024	-	
Subtotal						4,407,303		4,390,861	Note	
Listed funds										
Yuanta/P-Shrs CSI 300 2X ETF		51,345,000	10	513,450		860,111	16.93	869,271	-	
Cathay Sustainability High Dividend ETF		26,758,113	10	267,581		589,473	22.18	593,495	-	
Capital Tip Customized Taiwan Select High Dividend ETF		31,359,495	10	313,595		735,982	23.38	733,185	-	
Others		514,287,864	10	5,142,879		9,296,664		9,276,429	-	
Subtotal						11,482,230		11,472,380	Note	
OTC stocks										
LandMark		234,000	10	2,340		83,722	387.00	90,558	-	
Auras Technology Co.,Ltd.		324,924	10	3,249		220,238	672.00	218,349	-	
Xintec Inc.		600,000	10	6,000		120,336	198.00	118,800	-	
Coretronic Corporation		1,078,000	10	10,780		97,449	93.60	100,901	-	
Others		4,842,627	10	48,426		526,318		514,622	-	
Subtotal						1,048,063		1,043,230	Note	
OTC funds										
Yuanta U.S. Treasury 20+ Year Bond ETF		57,139,000	10	571,390		1,667,124	28.65	1,637,032	-	
Cathay U.S. Treasury 20+ Year Bond ETF		37,459,000	10	374,590		1,123,255	29.78	1,115,529	-	
CTBC U.S. Treasury 20+ Year Bond ETF		21,677,000	10	216,770		632,863	29.10	630,801	-	
CTBC 0-1 Year US Treasury Bond ETF		7,853,000	10	78,530		366,382	47.51	373,096	-	
CAPITAL ICE ESG 20+ Year BBB Corporate ETF		35,041,000	10	350,410		555,009	15.79	553,297	-	
Others		144,710,000	10	1,447,100		2,863,047		1,844,984	-	
Subtotal						7,207,680		7,154,739	Note	
Emerging market stocks										
Texture Maker Enterprise Co., Ltd.		1,194,564	10	11,946		52,159	34.37	41,057	-	
APEX Wind Power Equipment Manufacturing Co., Ltd.		1,102,451	10	11,025		88,903	53.08	58,518	-	
Asustor.Inc		725,173	10	7,252		86,286	111.63	80,951	-	
Others		8,023,379	10	80,234		402,181		381,522	-	
Subtotal						629,529		562,048	Note	
Convertible bonds										
Weikeng Industrial Co., Ltd. 6th Domestic Unsecured Convertible Bond		1,926	100,000	192,600		250,940	129.90	250,187	-	
Center Ventures Lab. 7th Domestic Unsecured Convertible Bond		1,951	100,000	195,100		223,681	109.40	213,439	-	
Others		29,426	100,000	2,942,600		3,411,730		3,361,712	-	
Subtotal						3,886,351		3,825,338	Note	
Government bonds										
A11106	2022/06/23~2027/06/23	Repayment of principal at maturity.		\$ 150,000	1.00%	149,794	99.23	148,839	-	Interest payment every year
A12108	2023/09/15~2028/09/15	Repayment of principal at maturity.		199,700	1.13%	199,459	98.91	197,514	-	Interest payment every year
A13104	2024/02/23~2034/02/23	Repayment of principal at maturity.		100,000	1.13%	95,088	95.74	95,743	-	Interest payment every year
Subtotal						444,341		442,096		
Corporate bonds										
B63528	2021/08/26~2026/08/26	Repayment of principal at maturity.		500,000	0.62%	500,000	98.72	493,606	-	Interest payment every year
B66607	2021/07/05~2026/07/05	Repayment of principal at maturity.		300,000	0.51%	300,000	98.21	294,634	-	"
B95125	2021/06/25~2028/06/25	Repayment of principal at maturity.		400,000	0.68%	400,000	95.83	383,313	-	"
B95457	2020/09/17~2025/09/17	Repayment of principal at maturity.		300,000	0.60%	300,000	99.27	297,824	-	"
B99006	2024/06/24~2034/06/24	Repayment of principal at maturity.		310,000	3.50%	309,961	99.99	309,954	-	"
B99009	2024/08/28~2034/08/28	Repayment of principal at maturity.		610,000	3.50%	610,000	100.00	609,982	-	"

Capital Securities Corporation
Statement of financial assets at fair value through profit or loss - current—trading securities
(Proprietary trading)
December 31, 2024
(Expressed in Thousands of New Taiwan Dollars; Foreign currencies)

							Fair value		Fair value changes is attributable to the changes in credit risk	Note
Name of financial instrument	Description	Shares or units	Par value (Dollars)	Total amount	Interest rate	Acquisition cost	Unit price (Dollars)	Total amount		
Others				2,800,000		2,797,665		2,732,002	-	Note
Subtotal						5,217,626		5,121,315		

Capital Securities Corporation
Statement of financial assets at fair value through profit or loss - current—trading securities
(Proprietary trading)
December 31, 2024
(Expressed in Thousands of New Taiwan Dollars; Foreign currencies)

Name of financial instrument	Description	Shares or units	Par value (Dollars)	Total amount	Interest rate	Acquisition cost	Fair value		Fair value changes is attributable to the changes in credit risk	Note
							Unit price (Dollars)	Total amount		
International bonds										
F00225	2020/06/17~2025/06/17	Repayment of principal at maturity.		USD 30,000	6.06%	\$ 983,550	USD 100.22	985,714	-	Interest payment every season
F02642	2021/06/16~2031/06/16	Repayment of principal at maturity.		USD 15,000	2.30%	491,775	USD 86.25	424,171	-	Interest payment every year
F05435	2021/02/08~2031/02/08	Repayment of principal at maturity.		USD 15,000	1.80%	491,775	USD 84.39	415,013	-	Interest payment every year
F06804	2023/07/10~2028/07/10	Repayment of principal at maturity.		USD 7,500	5.41%	245,888	USD 101.41	249,359	-	Interest payment every season
F13749	2021/10/06~2031/10/06	Repayment of principal at maturity.		USD 10,000	5.24%	327,850	USD 78.34	256,851	-	Interest payment every year
F15304	2021/02/24~2031/02/24	Repayment of principal at maturity.		USD 15,000	1.90%	491,775	USD 83.73	411,752	-	Interest payment every year
F15309	2021/07/02~2031/01/02	Repayment of principal at maturity.		USD 5,000	2.42%	163,925	USD 88.08	144,385	-	Interest payment every half year
F15601	2019/11/19~2026/11/19	Repayment of principal at maturity.		TWD 300,000	0.92%	300,000	TWD 98.47	295,412	-	Interest payment every year
F16603	2021/09/07~2026/09/07	Repayment of principal at maturity.		USD 6,000	1.72%	196,710	USD 95.05	186,966	-	Interest payment every year
F17001	2020/10/16~2025/10/16	Repayment of principal at maturity.		USD 15,000	5.38%	491,775	USD 100.38	493,658	-	Interest payment every season
F17002	2021/03/23~2026/03/23	Repayment of principal at maturity.		USD 14,951	1.75%	490,162	USD 95.85	471,361	-	Interest payment every half year
Subtotal						4,675,185		4,334,642		
Financial debentures										
G13802	2021/01/29~2028/01/29	Repayment of principal at maturity.		200,000	0.43%	200,000	95.62	191,244	-	Interest payment every year
G14003	2021/05/10~2028/05/10	Repayment of principal at maturity.		300,000	0.52%	300,000	95.70	287,094	-	"
Subtotal						500,000		478,338		
Foreign stocks										
NZijin Mining Group Co., Ltd.		440,000				32,612	CNY 15.12	29,791	-	Shanghai Stock Exchange
Huaqin Technology Co., Ltd.		21,000				5,884	CNY 70.95	6,672	-	Shanghai Stock Exchange
Advanced Micro-Fabrication Equipment Inc. China		12,000				6,692	CNY 189.16	10,165	-	Shanghai Stock Exchange
Xuzhou Construction Machinery Group Co., Ltd.		230,000				8,008	CNY 7.93	8,167	-	Shenzhen Stock Exchange
Beijing Enlight Media Co., Ltd.		170,000				7,315	CNY 9.44	7,186	-	Shenzhen Stock Exchange
Jiangsu Nata Opto-electronic Material Co., Ltd.		60,000				7,530	CNY 38.59	10,369	-	Shenzhen Stock Exchange
ChaoZhou Three-Circle (Group) Co.,Ltd.		125,000				20,511	CNY 38.51	21,556	-	Shenzhen Stock Exchange
ThunderSoft		24,000				5,919	CNY 59.56	6,401	-	Shenzhen Stock Exchange
Others						17,319		20,229	-	Note
Subtotal						111,790		120,536		
Foreign funds										
iShares Preferred and Income Securities ETF		79,000				84,436	USD 31.44	81,430	-	American Stock Exchange
Vanguard Real Estate ETF		20,500				61,407	USD 89.08	59,870	-	American Stock Exchange
Vanguard Total Stock Market ETF		1,241				11,896	USD 289.81	11,791	-	American Stock Exchange
Others		4,000				1,811		1,704	-	Note
Subtotal						159,550		154,795		
Foreign bonds										
GNR 2023-56 FC Mtge			USD	11,807	5.43%	387,084	USD 99.79	386,283	-	
GNR 23-63 JF			USD	5,766	5.46%	189,051	USD 99.89	188,844	-	
GNR 2024-4 FH Mtge			USD	8,852	5.68%	290,228	USD 100.60	291,974	-	
GNR 2024-126 FH Mtge			USD	9,934	5.58%	325,695	USD 100.29	326,637	-	
						1,192,058		1,193,738		
Other										
Nomura US R&D Leaders Select ETF		500,000	10	5,000		7,500	15.00	7,500	-	
Jtron Technology Corp.		100,000	10	1,000		5,500	55.00	5,500	-	
Pharmally		14,025	10	140		794	-	-	-	
Others		15,104	10	151		262		-	-	Note
Subtotal						14,056		13,000		
Total						40,975,762		40,307,056		
Valuation adjustment						(668,706)				
Net amount						\$ 40,307,056				

Note: The amount of single security is under 5% of the subject.

Capital Securities Corporation

**Statement of financial assets at fair value through profit or loss - current—trading securities
(Underwriting business)**

December 31, 2024

(Expressed in Thousands of New Taiwan Dollars)

Name of financial instrument	Description	Shares or units	Par value (Dollars)	Total amount	Interest rate	Acquisition cost	Fair value		Fair value changes is attributable to the changes in credit risk	Note
							Unit price (Dollars)	Total amount		
Listed stocks										
TYC Brother Industrial Co., Ltd.		153,000	\$ 10	1,530		\$ 7,650	47.50	7,267	-	
Mercuries Life Insurance Inc.		750,000	10	7,500		4,725	6.31	4,733	-	
Shin Kong Financial Holding Co., Ltd.		600,000	10	6,000		4,980	11.80	7,080	-	
Subtotal						17,355		19,080		
OTC stocks										
Soonest Express Co., Ltd.		149,373	10	1,494		8,962	75.20	11,233	-	
Etron Technology Inc.		2,309,000	10	23,090		87,742	36.15	83,470	-	
Others		302,505	10	3,025		7,422		7,626	-	Note
Subtotal						104,126		102,329		
Convertible bonds										
Huayulien Development Co.,Ltd. 3th Domestic Unsecured Convertible Bond(14363)		545	100,000	54,500		54,500	97.05	52,892	-	
Jean Co.,Ltd.3th Domestic Unsecured Convertible Bond(24423)		186	100,000	18,600		18,693	100.20	18,637	-	
Franbo Lines Corporation 7th Domestic Unsecured Convertible Bond(26417)		713	100,000	71,300		74,779	100.10	71,371	-	
AURAS Technology Co., LTD.5th Domestic Unsecured Convertible Bond(33245)		163	100,000	16,300		16,333	126.50	20,620	-	
ACES Electronics Co., Ltd. 3th Domestic Unsecured Convertible Bond(36053)		315	100,000	31,500		31,658	110.55	34,823	-	
Others		1,094	100,000	109,400		113,167		116,417	-	Note
Subtotal						309,130		314,760		
Total						430,611		436,169		
Valuation adjustment						5,558				
Net amount						\$ 436,169				

Note: The amount of single security is under 5% of the subject.

Capital Securities Corporation

Statement of financial assets at fair value through profit or loss - current—trading securities
(Hedging business)

December 31, 2024

(Expressed in Thousands of New Taiwan Dollars)

Name of financial instrument	Description	Shares or units	Par value (Dollars)	Total amount	Interest rate	Acquisition cost	Fair value		Fair value changes is attributable to the changes in credit risk	Note
							Unit price (Dollars)	Total amount		
Listed stocks										
Yuanta/P-shares Taiwan Top 50 ETF		1,493,932	\$ 10	14,939		259,541	195.75	292,437	-	Warrants
TSMC		1,191,255	10	11,913		1,177,622	1,075.00	1,280,599	-	"
Others		112,513,312	10	1,125,133		3,385,013		3,389,097	-	Warrants 、Equity derivatives 、 Structured notes/Note
Subtotal						4,822,176		4,962,133		
OTC stocks										
International games system Co., Ltd.		71,000	10	710		70,561	974.00	69,154	-	Warrants
Others		14,485,139	10	144,851		789,991		799,710	-	Warrants 、 Structured notes/Note
Subtotal						860,552		868,864		
Convertible bonds										
Others		162,966	100,000	16,296,600		17,999,139		17,485,033	-	Asset swaps/Note
Subtotal						17,999,139		17,485,033		
Others										
Capital Global Financial Bond Fund		4,125,922	10	41,259		39,349	8.14	33,593	-	Structured notes
Allianz Global Investors All Seasons Harvest Fund of Bond Funds		7,214,992	10	72,150		51,440	7.08	51,061	-	"
Subtotal						90,789		84,654		
Total						23,772,656		23,400,684		
Valuation adjustment						(371,972)				
Net amount						\$ 23,400,684				

Note: The amount of single security is under 5% of the subject.

Capital Securities Corporation
Statement of financial assets at fair value through other comprehensive income - current
December 31, 2024
(Expressed in Thousands of New Taiwan Dollars; Foreign currencies)

Name of financial instrument	Description	Shares or units	Par value (Dollars)	Total amount	Interest rate	Acquisition cost	Accumulated impairment	Fair Value		Note		
								Unit price (Dollars)	Total amount			
Debt instruments												
<u>Government bonds</u>												
A04112R	2015/09/11~2025/09/11	Repayment of principal at maturity.	6,000	\$ 100,000	600,000	1.13%	\$ 602,125	-	100.09	600,584	Interest payment every year	
A05111	2016/09/07~2026/09/07	Repayment of principal at maturity.	4,000	100,000	400,000	0.63%	400,058	-	98.72	394,904	"	
A11106R	2022/06/23~2027/06/23	Repayment of principal at maturity.	2,000	100,000	200,000	1.00%	199,539	-	99.22	198,452	"	
A12101R	2023/01/17~2028/01/17	Repayment of principal at maturity.	3,200	100,000	320,000	1.00%	319,201	-	98.55	315,366	"	
A12104	2023/03/03~2043/03/03	Repayment of principal at maturity.	2,000	100,000	200,000	1.38%	198,600	-	93.59	187,185	"	
A12108	2023/09/15~2028/09/15	Repayment of principal at maturity.	2,000	100,000	200,000	1.13%	199,820	-	98.90	197,811	"	
A13104	2024/02/23~2034/02/23	Repayment of principal at maturity.	2,000	100,000	200,000	1.13%	190,827	-	95.74	191,486	"	
A13105	2024/04/25~2029/04/25	Repayment of principal at maturity.	2,000	100,000	200,000	1.63%	199,959	-	100.34	200,694	"	
A13110R	2024/10/18~2034/10/18	Repayment of principal at maturity.	3,000	100,000	300,000	1.50%	297,564	-	98.82	296,465	"	
Others						795,492	-		796,592	Note		
Subtotal						3,403,185			3,379,539			
<u>Corporate bonds</u>												
B644D9	2024/04/25~2029/04/25	Repayment of principal at maturity.	8,000	100,000	800,000	1.80%	800,000	-	99.59	796,742	Interest payment every year	
Others						9,226,546	-		9,184,349	Note		
Subtotal						10,026,546			9,981,091			
<u>International bonds</u>												
P18NATIX2	2018/03/08~2048/03/08	Repayment of principal at maturity.		USD	10,000	-	327,850	-	USD	75.54	247,646	Interest payment every year
P23NATIX9	2023/11/21~2028/11/21	Repayment of principal at maturity.		USD	20,000	5.77%	655,700	-	USD	101.62	666,342	Interest payment every season
P20ADCB2	2020/02/12~2025/02/12	Repayment of principal at maturity.		USD	6,000	5.41%	196,710	-	USD	100.12	196,936	Interest payment every season
Subtotal						1,180,260				1,110,924		
<u>Foreign bonds</u>												
T 2.875 05/15/3	2022/05/16~2032/05/15	Repayment of principal at maturity.		USD	35,000	2.88%	1,089,532	-	USD	89.88	1,031,293	Interest payment every half year
Others						13,503,399	-			13,239,973	Note	
Subtotal						14,592,931				14,271,266		
Total						29,202,922				28,742,820		
Valuation adjustment						(460,102)						
Net amount						28,742,820						
Equity instrument												
<u>Listed stocks</u>												
Taiwan Semiconductor Manufacturing Co., Ltd			144,000	10	1,440	146,476	Not applicable	1,075.00	154,800			
Chunghwa Telecom Co., Ltd.			722,000	10	7,220	89,741	"	123.50	89,167			
Others			19,817,416	10	198,174	1,440,189	"		1,435,285	Note		
Subtotal						1,676,406			1,679,252			
<u>OTC stocks</u>												
Brogent Technologies Inc.			300,000	10	3,000	49,982	"	146.00	43,800			
Adden Technology Co., Ltd.			254,502	10	2,545	47,655	"	184.50	46,956			
Sino-American Silicon Products Inc.			151,000	10	1,510	26,041	"	134.50	20,310			
Others			10,000	10	100	766			1,111	Note		
Subtotal						124,444			112,177			
Total						1,800,850			1,791,429			
Valuation adjustment						(9,421)						
Net amount						1,791,429			30,534,249			
Grand Total						\$ 30,534,249						

Note: The amount of single security is under 5% of the subject.

Capital Securities Corporation
Statement of receivable for securities provided as
collateral
December 31, 2024
(Expressed in Thousands of New Taiwan Dollars)

<u>Name of security</u>	<u>Shares or units</u>	<u>Amount</u>	<u>Note</u>
Others	565,843,000	\$ 22,137,746	The amount of single security is under 5% of the subject.
Less: allowance for doubtful accounts		-	
Total		<u><u>\$ 22,137,746</u></u>	

Capital Securities Corporation
Statement of derivative instruments and others
approved by the authority
December 31, 2024
(Expressed in Thousands of New Taiwan Dollars)

<u>Name of derivative instrument</u>	<u>Description</u>	<u>Fair Value</u>	<u>Note</u>
Derivative financial asset	Buy options	\$ 5,480	
	Futures margin - Security	394,650	
	Futures margin - proprietary fund	1,381,605	
	IRS asset swaps	48,834	
	Asset swap options - long position	785,194	
	Structured notes	2,623	
	Exchange rate derivatives	27,503	
	Interest rate swaps	243	
	Total	<u><u>\$ 2,646,132</u></u>	
Derivative financial liability	Stock warrant issued	\$ 21,043,522	
	Stock warrant repurchase	(19,979,491)	
	Sale options	1,590	
	IRS asset swaps	292,254	
	Asset swap options - short position	2,781,544	
	Structured notes	155,522	
	Exchange rate derivatives	220	
	Total	<u><u>\$ 4,295,161</u></u>	

Capital Securities Corporation
Statement of accounts receivable
December 31, 2024
(Expressed in Thousands of New Taiwan Dollars)

Client name	Description	Amount	Note
TWSE&TPEX, etc.	Receivables on securities sold	\$ 11,835,610	
Subsidiaries and Associates	Commission receivable	10,029	
Customers of the Brokerage	Receivable on securities purchased by customers	57,552	The amount of single client is under 5% of the subject.
"	Interests receivable - financing	361,233	"
Others	Interests receivable - others	684,933	"
"	Others	<u>332,492</u>	"
	Subtotal	13,281,849	
	Less: allowance for doubtful accounts	<u>-</u>	
	Total	<u><u>\$ 13,281,849</u></u>	

Statement of prepayments

Item	Description	Amount	Note
TWSE&TPEX, etc.	Warrant listing fees	\$ 4,373	
Yuanta Securities Investment Trust Co., Ltd.	Prepaid ETF subscription fees	13,486	
Capital Securities Investment Trust Co., Ltd.	"	12,574	
Others	Prepaid repairs and maintenance fees	4,160	The amount of single item is under 5% of the subject.
"	Others	<u>40,498</u>	"
Total		<u><u>\$ 75,091</u></u>	

Capital Securities Corporation
Statement of other receivables
December 31, 2024
(Expressed in Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Other receivable	Default receivable	\$ 34,182	
	Rental receivable	8,706	
	Interests receivable- Time deposit	21,529	
	Receivable from bank's allocation fee	5,458	
	Others	60,815	The amount of single item is under 5% of the subject.
	Subtotal	130,690	
Less: allowance for doubtful accounts		(50,122)	
	Total	<u><u>\$ 80,568</u></u>	

Statement of other current assets

Item	Description	Amount	Note
Restricted assets - current		\$ 439,035	
Settlement payment		162,704	
Receipts under custody from customer's security subscription		685,323	
Others		13	The amount of single item is under 5% of the subject.
Total		<u><u>\$ 1,287,075</u></u>	

Capital Securities Corporation

**Statement of changes in financial assets at fair value through profit or loss –
non-current**

For the year ended December 31, 2024

(Expressed in Thousands of New Taiwan Dollars)

Name of financial instrument	Beginning Balance		Addition		Decrease		Ending Balance		Collateral	Note
	Par value	Fair value	Par value	Amount	Par value	Amount	Par value	Fair value		
A08107	\$ 1,300	129,671	-	-	1,300	129,671	-	-	Yes	Interest payment every year
A12101R	-	-	1,300	128,117	-	-	1,300	128,117		
A11106R	500	49,767	-	-	-	154	500	49,613	"	"
Total		<u>179,438</u>		<u>128,117</u>		<u>129,825</u>		<u>177,730</u>		

Capital Securities Corporation
Statement of financial assets measured at fair value through other
comprehensive income – non-current

For the year ended December 31, 2024

(Expressed in Thousands of New Taiwan Dollars)

Name	Beginning Balance		Addition		Decrease		Ending Balance		Accumulated impairment	Collateral	Note
	Shares or units	Fair value	Shares or units	Amount	Shares or units	Amount	Shares or units	Fair value			
Taiwan Depository & Clearing Corporation	8,452,441	\$ 1,185,624	1,605,963	529,736	-	-	10,058,404	1,715,360	Not applicable	No	
Taiwan Futures Exchange Corporation	15,553,902	1,020,492	2,177,557	50,311	-	-	17,731,459	1,070,803	"	"	
Taiwan Stock Exchange Corporation	6,663,128	1,017,660	10,999,505	850,000	-	366,336	17,662,633	1,501,324	"	"	
Others	8,834,486	182,268	-	12,344	67,598	37,721	8,766,888	156,891	"	"	Note
Total		<u>\$ 3,406,044</u>		<u>1,442,391</u>		<u>404,057</u>		<u>4,444,378</u>			

Note: The amount of single item is under 5% of the subject.

Capital Securities Corporation
Statement of financial assets at amortized cost - non - current
December 31, 2024
(Expressed in Thousands of New Taiwan Dollars)

Name	Beginning Balance		Addition		Decrease		Ending Balance		Accumulated impairment	Collateral	Note
	Shares or units	Fair value	Shares or units	Amount	Shares or units	Amount	Shares or units	Fair value			
HSBC 7.39 11/03	11,000	\$ 350,886	-	20,410	-	-	11,000	371,296	106	Note 2	
HSBC 7.336 11/0	16,000	506,169	-	25,803	-	-	16,000	531,972	152	"	
C 3.668 07/24/2	13,000	376,193	-	31,896	-	-	13,000	408,089	210	"	
JPM 3.54 05/01/	13,000	377,488	-	32,092	-	-	13,000	409,580	117	"	
HSBC Float 09/1	-	-	10,000	329,759	-	-	10,000	329,759	94	"	
G189AX	500,000	500,000	-	-	-	-	500,000	500,000	143	"	
Others	129,000	3,201,071	22,000	849,280	-	31,912	151,000	4,018,439	1,281	"	Note 1
Total		<u>\$ 5,311,807</u>		<u>1,289,240</u>		<u>31,912</u>		<u>6,569,135</u>	<u>2,103</u>		

Note 1: The amount of single item is under 5% of the subject.

Note 2: Its financial assets are subject to repurchase conditions.

Capital Securities Corporation

Statement of changes in investments accounted for using the equity method

For the year ended December 31, 2024

(Expressed in Thousands of New Taiwan Dollars)

Name of investee	Beginning Balance		Addition		Decrease		Ending Balance			Market Value or Net Assets Value		Collateral	Note
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Percentage of ownership	Amount	Unit price	Total amount		
Capital Investment Management Corp.	7,000,000	\$ 77,899	-	10	-	744	7,000,000	100.00 %	77,165	11.02	77,165	No	Note1
CSC International Holdings Ltd.	45,000,000	1,587,643	-	113,085	-	-	45,000,000	100.00 %	1,700,728	37.79	1,700,728	"	Note2
Capital Futures Corp.	119,066,014	4,058,928	-	730,713	-	409,587	119,066,014	56.58 %	4,380,054	57.90	6,893,922	"	Note3
Capital Insurance Advisory Corp.	500,000	44,481	-	38,852	-	18,895	500,000	100.00 %	64,438	128.88	64,438	"	Note4
Capital Insurance Agency Corp.	740,000	7,400	-	-	740,000	7,400	-	- %	-	-	-	"	Note5
CSC Venture Capital Corp.	100,000,000	841,425	-	51,066	-	1,638	100,000,000	100.00 %	890,853	8.91	890,853	"	Note6
Taiwan International Securities (B.V.I) Corp.	300	13	-	224	300	237	-	- %	-	-	-	"	Note7
CSC Capital Management Co.	33,000,000	308,660	-	28,430	-	3,540	33,000,000	100.00 %	333,550	10.11	333,550	"	Note8
Capital Investment Trust Corp.	33,067,507	1,421,092	-	354,777	-	171,951	33,067,507	20.00 %	1,603,918	32.86	1,086,664	"	Note9
Total		\$ 8,347,541		1,317,157		613,992			9,050,706		11,047,320		

- Note 1: The addition of Capital Investment Management Corp. is due to gains on investment amounted to \$10; the decrease is due to the declaration for cash dividends distributed by the investee amounted to \$432 and actuarial loss from define benefit plans amounted to \$312.
- Note 2: The addition of CSC International Holdings Ltd. is due to the investment profits amounted to \$684 and allocation of exchange differences on translation of foreign operations amounted to \$112,401.
- Note 3: The addition of Capital Futures Corp. is due to investment profits amounted to \$674,037, allocation of exchange differences on translation of foreign operations amounted to \$44,025, unrealized gains from investments in equity instruments measured at fair value through other comprehensive income amounted to \$12,346, actuarial gain from define benefit plans amounted to \$304, and the actuarial gains on capital surplus changes in ownership interests in subsidiaries amounted to \$1; the decrease is due to the declaration for cash dividends distributed by the investee amounted to \$409,587.
- Note 4: The addition of Capital Insurance Advisory Corp. is due to investment profits amounted to \$38,852; the decrease is due to the declaration for cash dividends distributed by the investee amounted to \$18,895.
- Note 5: The decrease of Capital Insurance Agency Corp. is due to the distribution of residual property from liquidation amounted to \$7,400.
- Note 6: The addition of CSC Venture Capital Corp. is due to unrealized gains from investments in equity instruments measured at fair value through other comprehensive income amounted to \$15,087 and disposal gain from investments in equity instruments measured at fair value through other comprehensive income amounted to \$35,979; the decrease is due to investment losses amounted to \$1,638.
- Note 7: The addition of Taiwan International Securities (B.V.I) Corp. is due to investment profits amounted to \$214 and disposal of B.V.I equity amounted to \$10; the decrease is due to allocation of exchange differences on translation of foreign operations amounted to \$237.
- Note 8: The addition of CSC Capital Management Co. is due to investment profits amounted to \$14,681 and unrealized profits from investments in equity instruments measured at fair value through other comprehensive income amounted to \$13,749; the decrease is due to disposal losses from investments in equity instruments measured at fair value through other comprehensive income amounted to \$3,540.
- Note 9: The addition of Capital Investment Trust Corp. is due to investment profits amounted to \$347,102, unrealized profits from investments in equity instruments measured at fair value through other comprehensive income amounted to \$7,349, and actuarial gain from define benefit plans amounted to \$326; the decrease is due to the declaration for cash dividends distributed by the investee amounted to \$171,951.

Capital Securities Corporation
Statement of changes in property and equipment
For the year ended December 31, 2024
(Expressed in Thousands of New Taiwan Dollars)

Item	Beginning Balance	Addition	Decrease	Ending Balance	Collateral	Note
Land	\$ 1,649,972	-	-	1,649,972	Note 2	
Buildings	975,892	-	-	975,892	"	
Equipment						
Office	42,391	1,900	1,520	42,771	Note 1	
Computer facilities	352,558	112,270	95,236	369,592	"	
Miscellaneous	160,964	4,711	18,733	146,942	"	
Leasehold improvements	247,164	5,958	89,615	163,507	"	
Total	<u>\$ 3,428,941</u>	<u>124,839</u>	<u>205,104</u>	<u>3,348,676</u>		

Note 1: The addition includes purchases, and the decrease includes disposals and retirements.

Note 2: Please refer to Note(8) for collateral of property and equipment.

Capital Securities Corporation

**Statement of changes in accumulated depreciation of
property and equipment**

For the year ended December 31, 2024

(Expressed in Thousands of New Taiwan Dollars)

Item	Beginning Balance	Addition	Decrease	Ending Balance	Note
Buildings	\$ 465,350	19,589	-	484,939	Note 1, Note 2
Equipment					
Office	23,157	6,625	1,520	28,262	"
Computer facilities	246,417	72,214	95,236	223,395	"
Miscellaneous	88,101	21,573	18,733	90,941	"
Leasehold improvements	162,041	34,854	89,615	107,280	"
Total	<u>\$ 985,066</u>	<u>154,855</u>	<u>205,104</u>	<u>934,817</u>	

Note 1: The addition includes depreciation, and the decrease includes disposals and retirements .

Note 2: The estimated useful lives for the current and comparative years of significant items of property and equipment are as follows:

(1) Buildings : 3~55 years

(2) Office equipment and computer facilities : 3~5 years

(3) Miscellaneous equipment : 5~10 years

(4) Leasehold improvements are depreciated evenly by the shorter of the estimated useful life or the lease term.

Capital Securities Corporation
Statement of changes in right-of-use assets
For the year ended December 31, 2024
(Expressed in Thousands of New Taiwan Dollars)

Item	Beginning Balance	Addition	Decrease	Ending Balance	Note
Buildings	\$ 1,178,824	89,294	48,007	1,220,111	
Equipment	19,638	6,040	5,111	20,567	
Total	<u>\$ 1,198,462</u>	<u>95,334</u>	<u>53,118</u>	<u>1,240,678</u>	

**Statement of changes in accumulated depreciation of
right-of-use assets**

Item	Beginning Balance	Addition	Decrease	Ending Balance	Note
Buildings	\$ 599,391	172,426	48,273	723,544	
Equipment	9,399	4,654	5,111	8,942	
Total	<u>\$ 608,790</u>	<u>177,080</u>	<u>53,384</u>	<u>732,486</u>	

Capital Securities Corporation
Statement of changes in investment property
For the year ended December 31, 2024
(Expressed in Thousands of New Taiwan Dollars)

Item	Beginning Balance	Addition	Decrease	Ending Balance	Note
Land	\$ 3,305,735	-	-	3,305,735	Note1, Note2
Buildings	1,338,214	-	-	1,338,214	Note1, Note2, Note3
Total	<u>\$ 4,643,949</u>	<u>-</u>	<u>-</u>	<u>4,643,949</u>	

Note 1: The property is subsequently measured at cost method.

Note 2: Please refer to Note(8) for collateral of investment property.

Note 3: The depreciation is recognized on a straight-line basis, and the useful life is estimated 3~55 years.

**Statement of changes in accumulated depreciation of
investment property**

Item	Beginning Balance	Addition	Decrease	Ending Balance	Note
Buildings	<u>\$ 657,650</u>	<u>27,032</u>	<u>-</u>	<u>684,682</u>	Note

Note: The addition includes depreciation.

Capital Securities Corporation
Statement of other non-current assets
For the year ended December 31, 2024
(Expressed in Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Guarantee deposited for business operations	Time deposits within one year and government bonds	\$ 940,000	
Settlement fund	Deposited at Taiwan Stock Exchange, Taipei Exchange and Taiwan Futures Exchange	228,731	
Refundable deposits		84,194	
Deferred fee		10,157	
Overdue receivables		218,771	
Prepayments for business facilities		18,085	
Subtotal		1,499,938	
Less: allowance for doubtful accounts		(218,771)	
Total		<u><u>\$ 1,281,167</u></u>	

Capital Securities Corporation
Statement of short-term borrowings
December 31, 2024
(Expressed in Thousands of New Taiwan Dollars)

<u>Type</u>	<u>Description</u>	<u>Ending balance</u>	<u>Contract term</u>	<u>Range of interest rate</u>	<u>Loan Commitment</u>	<u>Collateral</u>	<u>Note</u>
Credit loan	loans from financial institutions	\$ <u><u>7,304,896</u></u>	due within one year	1.70%~5.59%	41,397,563	None	

Capital Securities Corporation
Statement of financial liabilities at fair value through profit or loss(excluding derivatives) - current
(Liabilities on sale of borrowed securities)
December 31, 2024
(Expressed in Thousands of New Taiwan Dollars)

Name of financial instrument	Description	Shares or units	Par value (Dollars)	Total amount	Interest rate	Fair Value		Fair value changes is attributable to the changes in credit risk	Note
						Unit price (Dollars)	Total amount		
Hedged									
Asia Vital Components		24,000	\$ 10	\$ 12,260		623.00	14,952	-	Warrants-hedged
New Era Electronics		234,000	10	27,383		113.00	26,442	-	"
Richwave Technology Corp.		64,000	10	10,886		213.00	13,632	-	"
Yuanta/P-shares Taiwan Top 50 ETF		1,000,000	10	116,916		195.75	195,750	-	"
Others		1,152,000	10	92,745			83,800	-	"/Note
Subtotal				260,190			334,576		
Non-hedged									
Yuanta/P-Shrs CSI 300 2X ETF		93,210,000	10	1,312,979		16.93	1,578,045	-	
Yuanta U.S. Treasury 20+ Year Bond ETF		58,056,000	10	1,764,218		28.65	1,663,304	-	
Cathay U.S. Treasury 20+ Year Bond ETF		42,050,000	10	1,288,747		29.78	1,252,249	-	
Others		647,317,754	10	16,671,504			16,573,918	-	Note
Subtotal				21,037,448			21,067,516		
Total				21,297,638			21,402,092		
Valuation adjustment				104,454					
Net amount				\$ 21,402,092					

Note : The amount of single security is under 5% of the subject.

Capital Securities Corporation
Statement of bonds sold under repurchase
agreements
December 31, 2024
(Expressed in Thousands of New Taiwan Dollars)

Name of security	Contract terms			Amount		Turnover	Note
	Start Date	Maturity date	Range of interest rate	Type	Par value (Dollars)		
Others	2024.01.30	2025.01.02	1.00%~5.06%		\$ <u>56,428,822</u>	<u>53,683,935</u>	Note
	~2024.12.31	~2025.12.24					

Note: The amount of single security is under 5% of the subject.

Statement of guarantee deposited for short sales

Name of security	Shares	Amount	Note
FOCI Fiber Optic Communications, Inc.	720,000	\$ 138,881	
Others	35,045,000	2,388,646	The amount of single security is under 5% of the subject.
	<u>35,765,000</u>	<u>\$ 2,527,527</u>	

Capital Securities Corporation
Statement of proceeds payable from short sales
December 31, 2024
(Expressed in Thousands of New Taiwan Dollars)

<u>Name of security</u>	<u>Shares</u>	<u>Amount</u>	<u>Note</u>
Others	35,765,000	\$ 2,874,680	The amount of single security is under 5% of the subject.
	<u>35,765,000</u>	<u>\$ 2,874,680</u>	

Statement of accounts payable

<u>Client name</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Taipei Exchange	Payable on securities purchased	\$ 3,079	
Taiwan Stock Exchange	"	6,738	
Customers of the brokerage	"	7,734,511	
"	Payable of securities sold by customers	56,776	
"	Settlement	1,695,614	
Subsidiaries	Commission payable	3,452	The amount of single client is under 5% of the subject.
Others	Payable on securities purchased	529,280	
"	Others	<u>394,067</u>	"
	Total	<u>\$ 10,423,517</u>	

Capital Securities Corporation
Statement of other payables
December 31, 2024
(Expressed in Thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Salary and bonus payable		\$ 518,389	
Service charge discounts payable		136,347	
Employees and directors' remuneration payable		118,003	
Stock affair payable		37,664	
Others		260,344	The amount of single item is under 5% of the subject.
Total		<u>\$ 1,070,747</u>	

Statement of lease liabilities

<u>Item</u>	<u>Description</u>	<u>Lease Term</u>	<u>Discount Rate</u>	<u>Ending Balance</u>	<u>Note</u>
Buildings		2019.01.01~2031.12.31	0.51%~1.87%	\$ 542,063	Note
Equipment		2021.11.13~2028.11.30	0.75%~1.87%	11,304	"
				<u>\$ 553,367</u>	

Note: Lease liabilities due within one year have been accounted for under current liabilities.

Statement of provisions - current

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Employee benefits	Compensated absences	<u>\$ 51,149</u>	

Capital Securities Corporation
Statement of long-term borrowings
December 31, 2024
(Expressed in Thousands of New Taiwan Dollars)

<u>Creditor</u>	<u>Description</u>	<u>Amount</u>	<u>Term of contract</u>	<u>Interest rate</u>	<u>Loan Commitment</u>	<u>Collateral</u>	<u>Note</u>
Long-term commercial paper payable	China Bills	\$ 500,000	2024.05.20~2026.11.19	1.970%	500,000	None	
"	China Bills	500,000	2024.07.17~2026.07.16	1.974%	500,000	"	
"	Ta Ching Bills	500,000	2024.06.21~2026.06.20	1.970%	500,000	"	
"	International Bills	500,000	2024.06.24~2026.06.23	1.970%	500,000	"	
"	Taishin Bank	500,000	2024.10.16~2026.10.15	1.970%	500,000	"	
"	Taishin Bank	500,000	2024.10.24~2026.10.23	1.970%	500,000	"	
"	Mega Bills	500,000	2024.09.10~2026.09.09	2.020%	500,000	"	
"	Union Bills	1,000,000	2024.09.06~2026.09.05	1.970%	1,000,000	"	
Less: commercial paper payable discount		(2,858)					
Total		<u>\$ 4,497,142</u>					

Capital Securities Corporation
Statement of deferred income tax liabilities
December 31, 2024
(Expressed in Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Unrealized gains on derivative financial instruments		\$ 322,890	
Gains on intercompany transactions		1,928	
Amortization of goodwill		362,697	
Land value incremental tax		47,690	
Foreign exchange difference from translating financial statements of foreign operations		26,661	
Unrealized gains on foreign investments under equity method		45,574	
		<u>\$ 807,440</u>	

Statement of other non-current liabilities

Item	Description	Amount	Note
Guarantee deposits received		\$ 50,659	
Pension liability payable		<u>280,576</u>	
Total		<u>\$ 331,235</u>	

Capital Securities Corporation
Statement of brokerage commissions
For the year ended December 31, 2024
(Expressed in Thousands of New Taiwan Dollars)

Month	Brokerage commission		Securities	Other brokerage commission	Total	Note
	TSE market	OTC market	Lending Fees Income			
January	\$ 258,125	78,372	2,551	12,685	351,733	
February	193,994	71,499	1,436	6,921	273,850	
March	389,580	119,853	2,531	18,628	530,592	
April	334,640	95,516	2,968	17,747	450,871	
May	398,184	107,331	2,914	16,642	525,071	
June	362,673	104,189	2,159	19,907	488,928	
July	433,726	121,331	2,936	17,250	575,243	
August	327,296	107,805	3,329	15,058	453,488	
September	267,916	102,698	2,827	13,774	387,215	
October	260,413	90,101	2,528	15,123	368,165	
November	296,304	81,767	2,993	19,950	401,014	
December	320,500	103,554	2,851	25,031	451,936	
Total	<u>\$ 3,843,351</u>	<u>1,184,016</u>	<u>32,023</u>	<u>198,716</u>	<u>5,258,106</u>	

Capital Securities Corporation
Statement of underwriting commissions
For the year ended December 31, 2024
(Expressed in Thousands of New Taiwan Dollars)

Month	Remuneration	Revenues from underwriting securities on a best efforts basis	Revenues from underwriting processing fee	Revenue from underwriting advisory fees	Other	Total	Note
January	\$ 4,954	96	1,728	270	-	7,048	
February	1,413	77	708	270	-	2,468	
March	5,349	94	2,342	270	3,405	11,460	
April	5,299	83	332	690	1,005	7,409	
May	10,081	80	1,081	890	170	12,302	
June	1,807	90	1,025	240	650	3,812	
July	10,162	113	6,763	340	400	17,778	
August	6,332	122	2,814	240	1,175	10,683	
September	12,400	117	2,461	240	954	16,172	
October	4,639	114	15,133	240	50	20,176	
November	3,339	123	5,511	240	700	9,913	
December	6,657	118	2,410	240	352	9,777	
Total	\$ 72,432	1,227	42,308	4,170	8,861	128,998	

Capital Securities Corporation
Statement of gains (losses) on sale of trading
securities
For the year ended December 31, 2024
(Expressed in Thousands of New Taiwan Dollars)

Item	Revenue from sale of securities	Cost from sale of securities	Net gains (losses) from sale of securities	Note
<u>Dealing</u>				
TSE market:				
Stocks	\$ 413,843,866	411,272,959	2,570,907	
OTC market:				
Stocks	319,730,205	318,961,392	768,813	
Bonds	51,878,517	51,907,105	(28,588)	
Convertible bonds	9,704,869	9,026,248	678,621	
foreign market:				
Stocks	2,082,958	2,076,258	6,700	
Bonds	<u>355,300</u>	<u>354,856</u>	<u>444</u>	
Total	<u><u>\$ 797,595,715</u></u>	<u><u>793,598,818</u></u>	<u><u>3,996,897</u></u>	
<u>Underwriting</u>				
TSE market:				
Stocks	\$ 32,917	27,685	5,232	
OTC market:				
Stocks	13,688	12,055	1,633	
Convertible bonds	<u>171,642</u>	<u>150,387</u>	<u>21,255</u>	
Total	<u><u>\$ 218,247</u></u>	<u><u>190,127</u></u>	<u><u>28,120</u></u>	
<u>Hedging</u>				
TSE market:				
Stocks	\$ 45,890,196	45,378,944	511,252	
OTC market:				
Stocks	11,749,615	11,565,215	184,400	
Convertible bonds	103,997	123,490	(19,493)	
Fund	<u>28,877,427</u>	<u>27,129,766</u>	<u>1,747,661</u>	
Total	<u><u>\$ 86,621,235</u></u>	<u><u>84,197,415</u></u>	<u><u>2,423,820</u></u>	

Capital Securities Corporation
Statement of interest revenue
For the year ended December 31, 2024
(Expressed in Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Interest revenue - margin loans		\$ 1,053,598	
Interest revenue - bonds		1,608,757	
Interest revenue - each customer in the account		432,239	
Interest revenue - securities business money lending		570,083	
Others		<u>127,677</u>	
Total		<u><u>\$ 3,792,354</u></u>	

Statement of financial costs

Item	Description	Amount	Note
Interest expense - bonds with repurchase agreements		\$ 1,682,211	
Interest expense - bank borrowings		266,422	
Interest expense - issuing commercial paper		646,441	
Interest expense -borrowed securities		152,267	
Others		84,177	The amount of single item is under 5% of the subject.
Total		<u><u>\$ 2,831,518</u></u>	

Capital Securities Corporation
Statement of employee benefits, depreciation,
amortization, and other operating expenses
For the year ended December 31, 2024
(Expressed in Thousands of New Taiwan Dollars)

Item	2024	2023	Note
Employee benefit expenses			
Salary expense	\$ 2,497,052	2,225,805	
Labor and national health insurance expense	186,742	155,476	
Pension expense	96,462	79,279	
Remuneration of directors	49,316	151,738	
Others	91,664	53,930	
Depreciation expense	358,967	356,535	
Amortization expense	48,789	40,197	
Others	3,161,941	2,177,779	
	<u>\$ 6,490,933</u>	<u>5,240,739</u>	

The number of employees hired by the company as of the years ended December 31, 2024 and 2023 are as follows:

	2024	2023
Employee Count	<u>1,921</u>	<u>1,871</u>
Unemployed trustee count	<u>9</u>	<u>10</u>
Average employee benefit expense	\$ <u>1,502</u>	<u>1,351</u>
Average employee salary expense	\$ <u>1,306</u>	<u>1,196</u>
Average employee salary adjustments	<u>9.19 %</u>	

The Company's remuneration policies including directors, supervisors, managers and employees:

The remuneration to directors of the Company is based on degree of operation, contribution and industry average, and is determined by the board of directors. The remuneration to managers and employees of the Company is based on personal performance, participation, contribution to the Company, job, and reasonable relationship between performance of the Company and risks of future. The remuneration of directors and managers above must reviewed by the Remuneration and Compensation Committee and authorized by the board of directors.