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Horizon Securities Co., Ltd. and its subsidiaries

Consolidated financial statements and Auditor's Report

2023 and 2022

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Consolidated financial statements and Auditor's Report
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Statement of Declaration

The companies to be included by the Company in the consolidated financial statement of affiliated enterprises in 2023 (January 1 to December 31, 2023 pursuant to the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those to be included into the consolidated financial statement of the parent company and subsidiaries pursuant to the Statements of International Financial Reporting Standards (IFRS) No. 10. Further, the related information to be disclosed in the consolidated financial statement of affiliated enterprises has been disclosed in the said consolidated financial statement of the parent company and subsidiaries. Accordingly, it is not necessary for the Company to prepare the consolidated financial statement of affiliated enterprises separately.

Hereby declare

Company name: Horizon Securities Co., Ltd.

Chairman: Ke-Chyn Jiang

February 22, 2024

Auditor’s Report

To: Horizon Securities Co., Ltd.

Audit opinion

We have audited the accompanying consolidated balance sheet of Horizon Securities Co., Ltd. and subsidiary (hereinafter collectively referred to as the “Group”) as of December 31, 2023 and 2022, and the related consolidated statement of income, consolidated statement of changes in shareholders equity, consolidated statement of cash flows, and Notes of the consolidated financial statements (including major accounting policy) for the years then ended.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022 and for the years then ended, and its consolidated financial performance and its consolidated cash flows for the years then ended in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, as well as the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China.

The basis for opinions

We conducted our audit in accordance with the Regulations Governing Certified Public Accountants Engaged to Audit and Attest Financial Statements and the Standards on Auditing. Our responsibilities under those standards are further described in the responsibilities of auditors for the audit of the consolidated financial statements. We are independent of Horizon Securities Co., Ltd. in accordance with the Code of Ethics for certified public accountants in the part relevant to the audit of the consolidated financial statements of Horizon Securities Co., Ltd. and subsidiary, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

The “key audit matters” means that the independent auditor has used their professional judgment to audit the most important matters on the 2023 consolidated financial statements of Horizon Securities Co., Ltd. and its subsidiaries. These matters were addressed in the content of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on those matters.

<u>Evaluation of financial instruments—no active market</u>

Horizon Securities Co., Ltd. and its subsidiaries invest in financial assets without active market quotes. Because of the lack of active market quotes, their fair value is determined using the evaluation approach. For the aforementioned financial assets, Horizon Securities Co., Ltd. and its subsidiaries adopted an internal model approach or other evaluation approaches to evaluate the fair value. As changes in the assumptions used in the evaluation would affect the fair value of the financial instruments reported, we determined to list it as a key audit matter.

We implemented but were not limited to the following audit procedures for the evaluation of financial assets without active market quotes: evaluate and test the effectiveness of internal control related to the evaluation of financial instruments, including the management’s decisions and approval of evaluation models and their assumptions, evaluation models, as well as the control and management review evaluation results related to the changes in the assumptions. We used the assistance of internal evaluation experts on a sampling basis, including reviewing the evaluation methods adopted by Horizon Securities Co., Ltd. and its subsidiaries, understanding and evaluating the reasonableness of key evaluation assumptions, performing independent evaluation calculations, and comparing the evaluations made by the management to see if the differences were within the acceptable scope. We also considered the appropriateness of the financial instrument evaluation disclosures in Notes 5 and 12 of the consolidated financial statements.

Responsibilities of Management and Those in Charge of Governance of the Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, and applicable IFRS, IAS,SIC, and IFRIC as recognized by the Financial Supervisory Commission, and for such internal control as the management determines is necessary to enable the preparation of the consolidated financial statements to be free from material misstatement whether due to fraud or error.

While preparing the consolidated financial statements, the management's responsibility also includes assessing the continuing operation of Horizon Securities Co., Ltd. and its subsidiaries, the disclosure of the relevant matters, and the adoption of the accounting base for continuing operation, unless the management intends to liquidate Horizon Securities Co., Ltd. and its subsidiaries or cease the business operation, or there is lack of any alternative except for liquidation or suspension.

The governance unit of Horizon Securities Co., Ltd., and its subsidiaries (including the Audit Committee or supervisors) is responsible for supervising the financial reporting process.

Auditor's Responsibilities for the Audit of the Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue and auditor's report. Reasonable assurance is a high level of assurance, but is not a guarantee that the individual financial statements conducted in accordance with the accounting principles generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. If fraud or errors are considered materials, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the accounting principles generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also perform the following works:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design, and perform audit procedures responsive risks, and obtain evidence that is sufficient and appropriate to provide a basis of our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control effective in Horizon Securities Co., Ltd. and its subsidiaries.

3. Evaluate the appropriateness of accounting policies used and the reasonability of accounting estimates and related disclosures made by the management.

4. Conclude the appropriateness of the use of the going concern basis of accounting by the management, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Horizon Securities Co., Ltd. and its subsidiaries and its ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inappropriate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause Horizon Securities Co., Ltd. and its subsidiaries to cease to continue as a going concern.

5. Evaluate the overall presentation, structure, and content of the consolidated statements, including related notes, whether the consolidated statements represent the underlying transactions and events in a matter that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence on the financial information of business entities within the Group in order to express an opinion on the consolidated financial statements. The independent auditor is responsible for guiding, supervising, and implementing the audit of the Group; they are also responsible for forming an opinion on the audit of the Group.

We communicate with those in charge of 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 in charge of 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).

The independent auditor has, based on the communications with the governing unit, determined the key audit matters to be performed on the 2023 consolidated financial statements of Horizon Securities Co., Ltd. and its subsidiaries. We describe these matters in our auditor's 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 communications.

Others

Horizon Securities Co., Ltd. has compiled its 2023 and 2022 individual financial statements, for which we issued unqualified opinion.

Ernst & Young Global Limited
Competent authorities have approved the audit of the financial reports of public companies
Approval Document No.: Jin-Guan-Zheng-6-Zi No. 0970038990
Jin-Guan-Zheng-(Shen)-Zi No. 1060027042

James Huang

CPAs:

Chun-Ting Ma

February 22, 2024

Horizon Securities Co., Ltd. and its subsidiaries
Consolidated Balance Sheet
December 31, 2023 and 2022

Unit: NTD thousand

Assets			December 31, 2023		December 31, 2022	
Code	Accounting titles	Note	Amount	%	Amount	%
	Current assets					
111100	Cash and cash equivalents	4, 6.1 and 12	$2,128,603	14	$2,455,920	24
112000	Financial assets at fair value through profit or loss- current	4, 5, 6.2, 6.20, 7, 8 and 12	4,095,809	26	2,356,378	23
113200	The financial assets measured for the fair values through other comprehensive income- current	4, 5, 6.3 and 12	62,010	-	50,040	-
114010	Bond investment under reverse repurchase agreement	4, 6.5 and 12	2,654,930	17	351,797	3
114060	Securities borrowings receivable	4, 6.6 and 12	10,046	-	59,992	1
114066	Loan receivable – non-restricted purpose	4, 6.7 and 12	786,342	5	591,815	6
114070	Customers' margin accounts	4, 6.8, 6.33 and 12	481,698	3	577,152	6
114110	Notes receivable-net	4, 6.9 and 12	120	-	327	-
114130	Accounts receivable – net	4, 6.9, 7 and 12	3,213,108	21	1,770,304	18
114150	Prepayments		15,303	-	18,683	-
114170	Other receivables	4, 6.10, 7 and 12	15,983	-	17,572	-
114600	Current income tax asset	4	2,397	-	3,389	-
119000	Other current assets	8 and 12	347,691	2	367,098	4
110000	Total current assets		13,814,040	88	8,620,467	85
	Non-Current assets					
122000	Financial assets that are measured at fair value through profit or loss-non-current	4, 5, 6.2 and 12	472,473	3	456,136	5
123200	The financial assets measured for the fair values through other comprehensive income- non-current	4, 5, 6.3 and 12	132,082	1	103,205	1
123300	Financial assets based on cost after amortization- non-current	4, 6.4, 7 and 12	199,999	1	199,999	2
125000	Property, plant, and equipment – net	4, 6.11, 6.34 and 7	77,816	1	90,233	1
125800	Right-of-use assets- Net	4 and 6.27	287,183	2	124,481	1
127000	Intangible assets	4, 6.12 and 6.34	84,311	1	85,004	1
128000	Deferred income tax assets	4 and 6.31	9,753	-	9,337	-
129010	Business guarantee	6.13 and 12	280,000	2	280,000	3
129020	Settlement / clearance fund	6.14 and 12	89,278	1	90,300	1
129030	Refundable deposits	12	14,776	-	26,395	-
129070	Net determined benefit asset-non-current	4 and 6.21	2,926	-	5,093	-
129130	Prepayments for equipment		2,220	-	720	-
120000	Total of Non-Current Assets		1,652,817	12	1,470,903	15
906001	Total assets		$15,466,857	100	$10,091,370	100

(Refer to Note to the consolidated financial statements)

Chairman: Ke-Chyn Jiang　　Managerial officers: Jamie Lin　　Accounting Manager: Chilli Hsieh

Horizon Securities Co., Ltd. and its subsidiaries
Consolidated Balance Sheet (Continued)
December 31, 2023 and 2022

Unit: NTD thousand

Liabilities and Equity			December 31, 2023		December 31, 2022	
Code	Accounting titles	Note	Amount	%	Amount	%
	Current liabilities					
211100	Short-term borrowings	6.15 and 12	$100,000	1	$50,000	-
211200	Commercial papers payable	6.16 and 12	199,762	1	-	-
212000	Financial liabilities at fair value through profit or loss- current	4, 5, 6.17, 6.20 and 12	4,347	-	12,034	-
214010	Call loans to banks	4, 6.18 and 12	5,460,243	35	2,099,446	21
214080	Futures traders' equity	4, 6.33 and 12	481,353	3	576,285	6
214130	Accounts payable	4, 6.19, 7 and 12	3,239,812	21	1,772,362	18
214150	Advances		3,890	-	697	-
214170	Other payables	7 and 12	175,231	1	118,349	1
214600	Current Tax Liability	4	3,309	-	13,769	-
215100	Liability reserve-Current	4 and 6.22	325	-	6,101	-
215200	Long-term liabilities due within one year or one operating cycle	4, 6.20 and 12	639,950	4	-	-
216000	Lease liabilities – current	4, 6.27 and 12	78,301	1	35,703	-
219000	Other current liabilities		129,060	1	107,251	1
210000	Total current liabilities		10,515,583	68	4,791,997	47
	Non-current liabilities					
221100	Corporate bonds payable	4, 6.20 and 12	-	-	674,201	7
225100	Liabilities reserve- non-current	4 and 6.22	11,721	-	11,531	-
226000	Lease liabilities – noncurrent	4, 6.27 and 12	202,193	1	78,650	1
228000	Deferred tax liabilities	4 and 6.31	557	-	915	-
220000	Total of non-current liabilities		214,471	1	765,297	8
906003	Total liabilities		10,730,054	69	5,557,294	55
	Equity attributable to Shareholders of the Company	4 and 6.23				
301000	Share capital					
301010	Common stock capital		3,512,516	23	3,512,516	35
302000	Capital reserve		355,468	2	356,228	3
304000	Retained earnings					
304010	Statutory surplus reserves		175,446	1	175,446	2
304020	Special surplus reserves		356,113	3	356,113	4
304040	Undistributed earnings		201,504	1	25,276	-
305000	Other equity		135,756	1	108,497	1
906004	Total equity		4,736,803	31	4,534,076	45
906002	Total Liabilities and Equity		$15,466,857	100	$10,091,370	100

(Refer to Note to the consolidated financial statements)

Chairman: Ke-Chyn Jiang　　Managerial officers: Jamie Lin　　Accounting Manager: Chilli Hsieh

Horizon Securities Co., Ltd. and its subsidiaries
Consolidated Income Statement
2023 and 2022

Unit: NTD thousand

Code	Items	Note	2023 Amount	2023 %	2022 Amount	2022 %
	Income					
401000	Brokerage fee revenue	4, 6.24 and 7	$777,920	64	$695,958	102
402000	Commissions income from loans	4	254	-	131	-
404000	Underwriting business revenue	4, 6.24 and 7	63,668	5	76,807	11
410000	Operating gain (loss) on sale of securities	6.24 and 7	221,683	18	(105,026)	(15)
421100	Stock affairs agency revenue	4 and 7	80,535	6	79,137	12
421200	Interest revenue	4, 6.24 and 7	69,593	6	34,717	5
421300	Dividend income	4, 7	22,975	2	16,753	2
421500	Net profit of securities trade measured at the fair value through profit or loss	6.24 and 7	128,765	10	(166,719)	(24)
424400	Net gains (losses) on the derivative financial instruments – Futures	4, 6.24 and 12	(161,906)	(13)	43,850	6
424500	Net gain (loss) from derivative financial instruments – OTC	4	7,454	1	(14,604)	(2)
425300	Expected credit impairment loss and reversal benefit	4 and 6.24	(620)	-	(43)	-
428000	Other operating revenue	6.25 and 7	10,866	1	21,005	3
400000	Total revenues		1,221,187	100	681,966	100
	Expense					
501000	Brokerage fee expenses		(60,563)	(5)	(58,625)	(9)
502000	Proprietary trade service commission expenses		(2,498)	-	(1,709)	-
521200	Financial costs	6.26	(35,258)	(3)	(4,936)	(1)
524300	Clearance and settlement service expenses		(7,837)	(1)	(9,155)	(1)
528000	Other operating expenses	7	(1,006)	-	(831)	-
531000	Employee benefits expenses	6.21, 6.28 and 7	(740,775)	(61)	(642,022)	(94)
532000	Depreciation and amortization expenses	6.27 and 6.28	(129,814)	(10)	(118,055)	(17)
533000	Other operating expenses	7	(232,606)	(19)	(214,159)	(32)
500000	Total Expense		(1,210,357)	(99)	(1,049,492)	(154)
5xxxxx	Operating profit (loss)		10,830	1	(367,526)	(54)
602000	Other profits and losses	4 and 6.29	195,754	16	180,038	26
902001	Net income before tax (loss)		206,584	17	(187,488)	(28)
701000	Income tax expenses	4 and 6.31	(26,785)	(2)	(32,696)	(5)
902005	Net income (loss) for the current period		179,799	15	(220,184)	(33)
805000	Other comprehensive income	6.30				
805500	The items that are not reclassified as profit or loss					
805510	Reevaluation of determined benefit plan		(3,571)	-	35,033	5
805540	Investment of equity instruments at fair value through other comprehensive income					
	Unrealized valuation profit (loss), net		27,259	2	(9,731)	(1)
805000	Other comprehensive income for the period (post-tax profit or loss)		23,688	2	25,302	4
902006	Total comprehensive income in current period		$203,487	17	$(194,882)	(29)
913000	Net income (loss) attributable to:					
913100	Owners of parent		$179,799		$(220,184)	
914000	Total comprehensive income attributable to:					
914100	Owners of parent		$203,487		$(194,882)	
975000	Base earnings per share (NT$):					
975010	Net income (loss) for the current period	6.32	$0.51		$(0.63)	
985000	Diluted earnings per share (NT$):					
985010	Net income (loss) for the current period	6.32	$0.42		$(0.63)	

(Refer to Note to the consolidated financial statements)

Chairman: Ke-Chyn Jiang Managerial officers: Jamie Lin Accounting Manager: Chilli Hsieh

Horizon Securities Co., Ltd. and its subsidiaries
Consolidated Statements of Changes in Shareholders' Equity
January 1 to December 31, 2023 and 2022

Unit: NTD thousand

Items	Equity attributable to Shareholders of the Company						Total equity
	Share capital		Retained earnings			Other equity	
	Common stock capital	Capital reserve	Statutory surplus reserves	Special surplus reserves	Undistributed earnings	Unrealized gain on financial assets at fair value through other comprehensive profit or loss	
Code	3100	3200	3310	3320	3350	3420	3XXX
Balance as at January 1, 2022	$3,313,694	$359,443	$52,945	$111,110	$1,373,218	$118,228	$5,328,638
Dividend allocation and distribution for 2021:							
Legal reserve appropriated	-	-	122,501	-	(122,501)	-	-
Appropriation of special reserve	-	-	-	245,003	(245,003)	-	-
Cash dividend released	-	-	-	-	(596,465)	-	(596,465)
Common stock dividends	198,822	-	-	-	(198,822)	-	-
Other changes in capital reserve:							
Arising from the issuance of convertible corporate bonds, recognized in equity component - stock options	-	(3,215)	-	-	-	-	(3,215)
2022 net income	-	-	-	-	(220,184)	-	(220,184)
Other comprehensive net income in 2022	-	-	-	-	35,033	(9,731)	25,302
Total comprehensive net income in 2022	-	-	-	-	(185,151)	(9,731)	(194,882)
Balance as at December 31, 2022	3,512,516	356,228	175,446	356,113	25,276	108,497	4,534,076
Other changes in capital reserve:							
Arising from the issuance of convertible corporate bonds, recognized in equity component - stock options	-	(760)	-	-	-	-	(760)
2023 net income	-	-	-	-	179,799	-	179,799
Other comprehensive net income in 2023	-	-	-	-	(3,571)	27,259	23,688
Total comprehensive net income in 2023	-	-	-	-	176,228	27,259	203,487
Balance as at December 31, 2023	$3,512,516	$355,468	$175,446	$356,113	$201,504	$135,756	$4,736,803

(Refer to Note to the consolidated financial statements)

Chairman: Ke-Chyn Jiang Managerial officers: Jamie Lin Accounting Manager: Chilli Hsieh

Horizon Securities Co., Ltd. and its subsidiaries
Consolidated Statements of Cash Flow
2023 and 2022

Unit: NTD thousand

Code	Items	2023	2022
	Cash flow from operating activities:		
A10000	Net income (loss) before tax for this period	$206,584	$(187,488)
A20000	Adjustments:		
A20010	Revenue, expense and loss that do not affect the cash flows		
A20100	Depreciation expenses	109,944	101,216
A20200	Amortization expenses	19,870	16,839
A20300	Expected credit impairment loss and reversal benefit	620	43
A20400	Net loss (gain) on financial assets and liabilities at fair value through profit and loss	(128,765)	166,719
A20900	Interest expenses	35,258	4,936
A21200	Interest income (including financial income)	(110,672)	(59,797)
A21300	Dividend income	(26,290)	(19,830)
A22500	Loss on disposal or scrapping of property, plant and equipment	1	-
A23100	Net gain (loss) on disposal of investments	(2,525)	441
A23300	Loss on non-operating financial products at fair value	7,073	3,607
A24200	Gain on redemption of corporate bonds payable	(3,127)	(14,172)
A29900	Other items	(1,811)	(2,139)
A60000	Changes in operating activities related assets/liabilities		
A61000	Net changes in operating activities related assets:		
A61110	(Increase) decrease in financial assets at fair value through profit and loss	(1,631,551)	1,547,709
A61130	(Increase) decrease in bond investment under reverse repurchase agreement	(2,303,133)	798,783
A61180	Increase in securities borrowings receivable	(144,581)	(171,777)
A61190	Decrease (Increase) in customers’ margin accounts	95,454	(57,535)
A61230	Decrease (increase) in notes receivable	207	(177)
A61250	Decrease (increase) in accounts receivable	(1,431,387)	2,344,979
A61270	(Increase) decrease in prepayments	2,050	(6,289)
A61280	Increase in net interest on the net defined benefit asset	(1,404)	-
A61290	Decrease (increase) in other receivables	954	(370)
A61365	Increase in financial assets at fair value through other comprehensive profit or loss	(13,588)	(136)
A61370	Decrease in other current assets	19,407	1,195,569
A62000	Net changes in operating activities related liabilities:		
A62110	Increase (decrease) in bond liabilities under repurchase agreement	3,360,797	(1,704,946)
A62130	Increase (decrease) in financial liabilities at fair value through profit and loss	(7,454)	12,817
A62200	Increase (decrease) in futures traders’ equity	(94,932)	56,852
A62230	Increase (decrease) in accounts payable	1,464,988	(2,274,939)
A62250	Increase (decrease) in advance receipts	3,193	(7,490)
A62270	Increase (decrease) in other payables	56,882	(256,198)
A62290	Decrease in net determined benefit liability	-	(1,174)
A62300	Decrease in liability reserve	(5,776)	(138)
A62320	Increase (decrease) in other current liabilities	21,808	(1,098,113)
A33000	Cash (outflow) inflow generated from operations	(501,906)	387,802
A33100	Interest received	99,218	57,824
A33200	Dividends received	26,340	19,537
A33300	Interest payment	(3,215)	(1,294)
A33500	Income tax expense, net	(37,025)	(144,975)
AAAA	Net cash inflow (outflow) from operating activities	(416,588)	318,894
	Cash flow from investing activities:		
B02700	Acquisition of property, plant, and equipment	(12,852)	(62,761)
B03300	Increase in business guarantee	-	(10,000)
B03500	Increase in settlement/clearance fund	(1,691)	(71,853)
B03600	Decrease in settlement/clearance fund	2,713	91,568
B03700	Increase in refundable deposits	(701)	(1,456)
B03800	Decrease in Refundable deposits	12,320	1,831
B04500	Acquisition of Intangible assets	(17,847)	(20,853)
B07100	Increase in prepayments for equipment	(2,220)	(240)
BBBB	Net cash outflow from investing activities	(20,278)	(73,764)
	CASH FLOWS FROM FINANCING ACTIVITIES:		
C00100	Increase of short-term loans	43,712,309	66,031,596
C00200	Decrease in short-term loans	(43,662,309)	(66,031,596)
C00700	Increase in commercial papers payable	1,747,705	29,979
C00800	Decrease in commercial papers payable	(1,550,000)	(180,000)
C01300	Corporate bonds repaid	(17,101)	(62,236)
C04020	Repayments of principal portion of the lease	(78,622)	(66,311)
C04500	Cash dividend released	-	(596,465)
C05600	Interest payment	(42,433)	(20,170)
CCCC	Net cash inflow (outflow) from financing activities	109,549	(895,203)
EEEE	Current cash and cash equivalents decrease	(327,317)	(650,073)
E00100	Balance of cash and cash equivalents, beginning of period	2,455,920	3,105,993
E00200	Balance of cash and cash equivalent, end of period	$2,128,603	$2,455,920

(Refer to Note to the consolidated financial statements)

Chairman: Ke-Chyn Jiang Managerial officers: Jamie Lin Accounting Manager: Chilli Hsieh

1. Company History

Horizon Securities Co., Ltd. (hereinafter referred to as the "Company") was established in December 1961. It was originally a brokerage firm. Later in 1990, with business expansion, it was approved to function as a comprehensive securities firm, to trade securities as an agent, trade securities on its own, and underwrite securities. It launched the securities lending and borrowing business in November 1992. Since July 25, 1996, it has been listed for trading in the Taipei Exchange. On June 8, 1998, it was approved to conduct the business within the scope of H408011 Futures Trading Assistance. Since December 2000, it has been changed to operate the securities lending and borrowing business as an agent. On September 26, 2008, it was approved to operate the business under H401011 Futures Commission Merchants; later, on April 29, 2013, it was approved to operate the futures brokerage business, and on August 6, 2015, it was approved to run the business under H405011 Futures Advisory Enterprises. The Board of Directors resolved a decision on September 30, 2021, to establish branches at Taipei 101 and the National Trade Center, and add the wealth management business, which was approved as per Jin-Guan-Quan-Zi No. 1100370421 dated November 5, 2021 As of December 31, 2023, the Company has 11 branches.

The Company adopted the resolution of the shareholders' meeting on June 10, 2009 to absorb and merge Forwin Securities Investment Consulting Co., Ltd., and the record date of the merger was February 1, 2010, with the Company as the surviving company that generally accepted all rights and obligations of the assets and liabilities of Forwin Securities Investment Consulting Co. The merger was approved with reference Jin-Guan-Zheng-Quan No. 0980056518 dated October 21, 2009.

The Company passed the proposal for takeover of the management rights and assets from Kunglon Securities through the resolution by the shareholders' meeting on June 24, 2020. The record date of the transfer was February 17, 2021. The takeover was approved with reference Jin-Guan-Zheng-Quan No. 1090365848 dated December 2, 2020.

The Company's registered place and principal place of business are located on the 3F to 5F and 7F, No. 236, Sec. 4, Xinyi Rd., Da'an Dist., Taipei City.

2. Financial reporting date and procedures

The consolidated financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for 2023 and 2022 were approved by the board of directors on February 22, 2024 before release.

3. Application of new and revised standards and interpretation

1. Changes in accounting policies resulting from the first-time application of International Financial Reporting Standards

   The Group has adopted the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC

(In thousand New Taiwan dollars, unless otherwise specified)

Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China and applied to the fiscal year beginning on or after January 1, 2023. The first-time adoption of the new standards and amendments does not have a material impact on the Group.

2. As of the date of the financial report published, the Group has not yet adopted the following new publication, revision, and amendment or interpretation of the standards announced by the International Accounting Standards Board and endorsed by the FSC.

Item No.	New releases/amendments/revisions of the Standards and Interpretations	The effective date announced by the International Accounting Standards Board
1	Liabilities are classified as current or non-current (amendments to IAS 1)	January 1, 2024
2	Lease Liability in a Sale and Leaseback (amendments to IFRS 16)	January 1, 2024
3	Non-current Liabilities with Covenants (amendments to IAS 1)	January 1, 2024
4	Supplier Finance Arrangements (Amendment to IAS 7 and IFRS 7)	January 1, 2024

(1) Liabilities are classified as current or non-current (amendments to IAS 1)

This is an amendment made to the classification of liabilities as current or noncurrent in paragraphs 69 to 76 of IAS 1 “Presentation of Financial Statements.”

(2) Lease Liability in a Sale and Leaseback (amendments to IFRS 16)

It is to be consistent with the additional accounting by the seller-lessee for sale and leaseback transactions under IFRS 16 “Leases,” to improve the consistent application of the standard.

(3) Non-current Liabilities with Covenants (amendments to IAS 1)

The amendments are to enable enterprises to provide information on long-term liability contracts. The contractual agreements that should be complied with during 12 months after the end of a reporting period do not affect the classification of such liabilities as current or non-current at the end of the reporting period.

(4) Supplier Finance Arrangements (Amendment to IAS 7 and IFRS 7)

In addition to adding a description of supplier finance arrangements, the amendments also create disclosure requirements related to supplier finance arrangements.

The above are the new publication, revision, and amendment or interpretation of the standards that have been issued by the International, have been approved by the FSC and are applicable to fiscal years beginning on or after January 1, 2024. The new publication, revision, and amendment or interpretation of the standards caused no material impact on the Group based on its assessment.

(In thousand New Taiwan dollars, unless otherwise specified)

3. As of the date of the financial report published, the Group has not adopted the following new publication, revision, and amendment or interpretation of the standards announced by the International Accounting Standards Board but not yet approved by the FSC.

Item No.	New releases/amendments/revisions of the Standards and Interpretations	The effective date announced by the International Accounting Standards Board
1	Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investment in Associates and Joint Ventures” – Assets sold or invested in by investors and their associates or joint ventures.	To be determined by the International Accounting Standards Board (IASB).
2	IFRS 17 “Insurance Contracts”	January 1, 2023
3	Lack of Exchangeability (amendments to IAS 21)	January 1, 2025

(1) Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investment in Associates and Joint Ventures” – Assets sold or invested in by investors and their associates or joint ventures.

This plan is to handle the inconsistency on the loss of control due to the investment in associates or joint ventures by subsidiaries according to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investment in Associates and Joint Ventures.” When investing in non-monetary assets to exchange for the equity of the associates or joint ventures according to IAS 28, the resulting profits or losses should be eliminated in accordance with the treatment of downstream transactions. According to IFRS 10, the profit or loss should be recognized fully when losing control over the subsidiaries. This amendment limits the foregoing provisions of IAS 28. When it is constituted as the sale or investment of business assets as stipulated in IFRS 3, the resulting profit or loss should be fully recognized.

This amendment also modifies IFRS 10 to enable investors and their associates or joint ventures to recognize the profit or loss to the extent of the portion that is not distributed to the investors when selling or investing in subsidiaries that do not meet the definition as stipulated in IFRS 3.

(2) IFRS 17 “Insurance Contracts”

This standard provides a comprehensive model of insurance contract, including all accounting related parts (recognition, measurement, expression, and disclosure principles). The core of the standard is a general model. Regarding this model, the original recognition is based on the total amount of the contractual cash flow and contractual services margin to measure the insurance contracts. The book value at the end of each reporting period is the sum of the liabilities for remaining coverage and the liabilities for incurred claims.

In addition to the general model, it provides a specific applicable method (variable fee approach) for the contracts with a direct participation characteristic and simplifies short-term contracts (premium allocation approach).

This standard was promulgated in May 2017, and an amendment was issued in 2020 and 2021. The amendment, except for the postponement of the effective date by 2 years in a transitional clause (that is, from January 1, 2021 to January 1, 2023) provides additional exemptions, and reduces the cost of adopting this standard by simplifying some of the regulations, while amending some regulations to make some situations easier to explain. This standard taking effect will replace the transitional standard (i.e. IFRS 4 "Insurance Contracts").

(3) Lack of Exchangeability (amendments to IAS 21)

The amendments specify when a currency is exchangeable into another currency and when it is not and how to determine the exchange rate to apply when a currency is not exchangeable and how to determine a spot exchange rate if it is not, and require the disclosure of additional information when a currency is not exchangeable. An entity applies the amendments for annual reporting periods beginning on or after January 1, 2025.

The above are standards or interpretations that have been issued by the IASB but have not yet been endorsed by the FSC. The date of actual application is subject to the FSC's regulations. The Group has assessed that the new or amended standards or interpretations, they did not cause a material impact on the Group.

4. Summary of significant accounting policies

1. Compliance Statement

The Group's consolidated financial statements for the years ended December 31, 2023 and 2022 were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Firms, the Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (hereinafter collectively referred to as the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC).

2. Basis of preparation

The consolidated financial statements are based on historical cost, except for financial instruments measured at fair value. Unless otherwise stated, the consolidated financial statements are prepared in the currency of New Taiwan dollars (NT$ thousand).

3. Consolidation

The basis of preparation for consolidated financial statements

Control is achieved when the Company is exposed to variable returns due to the participation in the invested company or from the right in such variable returns, and through its ability over the invested company to influence such variable returns. In particular, the Company only controls the invested company when the Company has had the following three control elements:

(1) The power over the invested company (i.e. having the vested rights to lead the relevant activities)
(2) The risk exposure or right of the variable returns from participating in the invested company, and
(3) The ability to influence the amount of returns of the invested company by exercising power over the invested company

When the Company directly or indirectly holds less than a majority of the voting rights or similar rights of the invested company, the Company considers all relevant facts and circumstances to assess whether it has power over the invested company, including:

(1) Contractual agreements with other voting rights holders of the invested company;
(2) Rights arising from other contractual agreements;
(3) Voting rights and potential voting rights

When facts and circumstances indicate that one or more of the three control elements have changed, the Company reassesses whether it still has control over the invested company.

Subsidiaries are all compiled into the consolidated statements from the date of acquisition (i.e. the date on which the Company obtains control) until the date of losing control over the subsidiaries. The accounting period and accounting policies for the financial statements of the subsidiaries are consistent with that of the parent company. The Company’s internal account balances, transactions, unrealized internal gains and losses, and dividends arising from intra-group transactions are fully written-off.

Changes in the shareholding of a subsidiary, if the control over the subsidiary is not lost, the change in the equity is treated as an equity transaction.

The total comprehensive income of the subsidiaries is attributable to the shareholders and non-controlling equity of the Company, even if the non-controlling equity results in a loss.

If the Company loses control over the subsidiary, then

(1) The assets (including goodwill) and liabilities of the subsidiaries are derecognized.
(2) The book value of any non-controlling equity is derecognized.
(3) Recognize the fair value of the considerations obtained.
(4) Recognize the fair value of any investment retained.
(5) The amount of items recognized in other comprehensive income previously by the parent company is reclassified to profit or loss or transferred to retained earnings.
(6) The difference arising from the recognition is recognized as profit or loss for the period.

The main business entity of the consolidated financial statements is as follows:

Investor Name	Subsidiary name	Main business	Equity ratio held	
			2023.12.31	2022.12.31
The Company	Horizon SICE Co., Ltd.	Securities Investment Advisor	100%	100%
The Company	Horizon Venture Capital Co., Ltd.	Investment	100%	100%
The Company	Horizon Venture Management Co., Ltd.	Investment and Management Consulting	100%	100%

4. Foreign currency transactions

The consolidated financial statements of the Group are expressed in the Company's functional currency (New Taiwan Dollars). Each subsidiary of the Group determines its own functional currency and measures its financial statements in that functional currency.

The foreign currency transactions of each subsidiary of the Group are converted to its functional currency according to the exchange rate on the transaction date. At the end of each reporting period, foreign currency monetary items are translated at the closing exchange rate of the day. The foreign currency non-monetary items measured at fair value are translated at the exchange rate on the date of fair value applied. The foreign currency non-monetary items measured at historical cost are translated at the exchange rate on the original trading day.

Except for the following, the exchange differences arising from the clearing or translation of monetary items are recognized as profit or loss in the period in which they are incurred:

(1) For the foreign currency borrowings arising from acquiring assets that meet the requirements, the resulting exchange differences are treated as an adjustment to the interest cost and are capitalized as part of the borrowing cost.
(2) The foreign currency items as in IFRS 9 "Financial Instruments" are handled in accordance with the accounting policies of financial instruments.
(3) For the monetary items of the reporting entity that are an integral part of the net investment in the foreign operating institution, the resulting exchange differences were originally recognized in other comprehensive income and are reclassified from equity to profit or loss when the net investment is disposed.

When the profit or loss of a non-monetary item is recognized as other comprehensive income, any exchange profit or loss is recognized in other comprehensive income. When the profit or loss of a non-monetary item is recognized in profit or loss, any exchange profit or loss is recognized in profit or loss.

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

In the case of any of the following circumstances, it is classified as current assets, and the assets other than the current ones are classified as non-current assets:

(1) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle.
(2) Assets held mainly for trading purpose:

(3) The asset is expected to be realized within twelve months after the reporting period.
(4) Cash or cash equivalents, except where the asset is exchanged or used to settle liabilities at least twelve months after the reporting period.

In the case of any of the following circumstances, it is classified as current liabilities, and the liabilities other than the current ones are classified as non-current liabilities:

(1) It expects to settle the liability in its normal operating cycle.
(2) Liabilities held for trading purposes;
(3) The liabilities are expected to be settled within twelve months after the reporting period.
(4) Liabilities that are not possible to unconditionally defer the settlement date to at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

6. Cash and cash equivalents

Cash and cash equivalents are cash on hand, demand deposits, and short-term and highly liquid time deposits, futures trade margin or investments (including time deposits with a contract period within 12 months) that are readily convertible into fixed cash amount and have a very low risk of changes in value.

7. Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the financial instrument contract.

Financial assets and financial liabilities subject to the provisions of IFRS 9 “Financial Instruments,” at the time of original recognition, were measured at fair value. The acquisition or issuance transaction costs that are directly attributable to the financial assets and financial liabilities (except for financial assets and financial liabilities that are classified as measured at fair value through profit or loss) are added or subtracted from the fair value of the financial assets and financial liabilities.

(1) Recognition and measurement of financial assets

The recognition and derecognition of all the financial assets of the Group are handled with the trade date accounting.

The Group uses the following two items to have financial assets classified as subsequently measured at amortized cost, measured at fair value through other comprehensive income, or measured at fair value through profit or loss:

A. Operating model of financial assets management
B. Contractual cash flow characteristics of financial assets

<u>Financial assets based on cost after amortization</u>

Financial assets that meet the following two conditions at the same time are measured at amortized cost, and are recognized in notes receivable, accounts receivable, financial assets at amortized cost, securities borrowings receivable, loan receivable-non-restricted purposes, and other receivables on the balance sheet:

A. Operating model of financial assets management: hold financial assets to collect contractual cash flow
B. Contractual cash flow characteristics of financial assets: cash flow is entirely for the payment of principal and interest on the amount of outstanding principal.

These financial assets (excluding those involved in hedging) are subsequently measured at the amortized cost [(the amount measured at the time of original recognition, less the principal paid, plus or minus the cumulative amortization amount (with the effective interest method) between the original amount and the amount due), and adjusting the allowance for loss]. For derecognition, the benefits or losses are recognized in profit or loss through amortization procedures or recognition of impairment profit or loss.

Interest that is calculated with the effective interest method (having the effective interest rate multiplied by the total book value of financial assets) or the following conditions is recognized in profit or loss:

A. For a credit impairment financial asset purchased or originated, have the effective interest rate after credit adjustment multiplied by the amortized cost of financial assets.
B. Other than those stated in the preceding paragraph, but which subsequently become credit impaired, have the effective interest rate multiplied by the amortized cost of the financial assets.

Financial assets at fair value through other comprehensive profit or loss

Financial assets that meet the following two conditions are measured at fair value through other comprehensive income and are expressed on the balance sheet as financial assets measured at fair value through other comprehensive income:

A. Operating model of financial assets management: Collect contractual cash flows and sell financial assets.
B. Contractual cash flow characteristics of financial assets: cash flow is entirely for the payment of principal and interest on the amount of outstanding principal.

The recognition of the profit or loss related to such financial assets is as follows:

A. Before derecognition or reclassification, except for the impairment profit or loss and foreign currency exchange gains and losses recognized in profit or loss, the profit or loss is recognized in other comprehensive income.
B. At the time of derecognition, the cumulative profit or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as reclassification adjustment.
C. Interest that is calculated with the effective interest method (having the effective

interest rate multiplied by the total book value of financial assets) or the following conditions is recognized in profit or loss:

(a) For a credit impairment financial asset purchased or originated, have the effective interest rate after credit adjustment multiplied by the amortized cost of financial assets.
(b) Other than those stated in the preceding paragraph, but which subsequently become credit impaired, have the effective interest rate multiplied by the amortized cost of financial assets.

In addition, for an equity instrument that is subject to IFRS 9 and the equity instrument is neither held for trading nor is subject to the contingent considerations recognized by the acquirer as stipulated in IFRS 3 "Business Combinations," in the original recognition, the subsequent changes in fair value are booked in other comprehensive income (irrevocably). The amount included in other comprehensive income cannot be subsequently transferred to profit or loss (when the equity instruments are disposed of, the accumulated amounts included in other equity items are transferred directly to retained earnings). Also, it is booked as a financial asset measured at fair value through other comprehensive income on the balance sheet. Investment dividends are recognized in profit or loss unless such dividend clearly represents a recovery of the investment cost.

Financial assets at fair value through profit and loss

Financial assets are measured at fair value through profit or loss and are booked in the balance sheet as financial assets measured at fair value through profit or loss, except for the financial assets in the preceding paragraph that meet certain conditions and are measured at amortized cost or measured at fair value through other comprehensive income.

Such financial assets are measured at fair value, and the benefits or losses arising from the remeasurement are recognized as profit or loss. The benefits or losses recognized as profit or loss include any dividend or interest received on the financial asset.

(2) Impairment of Financial Assets

For financial assets measured at amortized cost, the Group recognizes and measures allowance losses based on expected credit losses.

The Group measures expected credit losses to reflect the following:

A. An amount that is unbiased and weighted by probability through evaluating each possible outcome
B. Time value of money
C. Reasonable and corroborative information (that can be obtained on the balance sheet date without excessive costs or inputs) relating to past events, current conditions, and future economic forecasts

The methods used for measuring allowance for loss are as follows:

A. It is measured by the 12-month expected credit loss amount: Including the credit risk that has not increased significantly since the original recognition of the financial assets, or it is determined as low credit risk on the balance sheet date. In addition, it also includes the allowance for loss measured by the expected credit loss of the duration in the previous reporting period, but which no longer meets the condition that the credit risk has increased significantly since the original recognition on the balance sheet date.
B. The expected credit loss amount for the duration: Includes the significant increase in credit risk of the financial assets since the original recognition, or the financial assets with credit impairment purchased or originated.
C. For accounts receivable or contractual assets arising from transactions within the scope of IFRS 15, the Group measured the allowance for loss with the expected credit loss amount of the duration.

On each balance sheet date, the Group assesses whether the credit risk of financial instruments after the original recognition has increased significantly by comparing the changes in the default risk of the financial instruments on the balance sheet date and the original recognition date. In addition, please refer to Note 12 for information related to credit risk.

(3) Derecognized financial assets

Financial assets held by the Group are derecognized when one of the following conditions is met:

A. The contractual right from the cash flow of financial assets is terminated.
B. The financial asset has been transferred and almost all of the risks and rewards of asset ownership have been transferred to others.
C. Almost all risks and rewards of asset ownerships have not been transferred or retained, but the control of assets has been transferred.

When a financial asset is derecognized entirely, the difference between the book value and the collected or collectible considerations plus any cumulative gain or loss recognized in other comprehensive gain or loss is recognized in profit or loss.

(4) Financial liabilities and equity instruments

Classification of liabilities or equity

The liability and equity instruments issued by the Group are classified as either financial liabilities or equity in accordance with the substance of the contractual agreements and the definition of financial liabilities and equity instruments.

Equity instruments

An equity instrument refers to any contract that recognizes the residual equity of the Group after the asset deducts the liabilities. The equity instruments issued by the Group are recognized at the amount obtained after deducting the direct issuance costs.

Hybrid instruments

The Group recognizes the components of financial liabilities and equity for the convertible corporate bonds issued in accordance with the contractual terms. In addition, it evaluates whether the economic characteristics and risks of the embedded call and put of the convertible corporate bonds issued are closely related to the primary debts before distinguishing the equity elements.

For the liability without derivatives involved, the fair value of which is measured using market interest rates of bonds with similar nature and no conversion characteristics; before conversion or redemption, the amount is classified as financial liabilities measured at amortized cost. Other embedded derivatives that are not closely related to the risks of the economic characteristics of the master contract (such as the embedded redemption right whose strike price is confirmed to be unable to be nearly equal to the amortized cost of the bond products on each exercise date) belong to an equity component and are classified as a liability component and measured at fair value through profit or loss after the balance sheet date. The amount of the equity component is determined with the fair value of the converted corporate bond less the liability component, and its book value will not be re-measured after the balance sheet date. If the convertible corporate bonds issued do not contain an equity element, they are treated in accordance with the hybrid instrument approach under IFRS 9.

Transaction costs are apportioned between the liability and equity components as per the proportion of the initially recognized convertible corporate bonds.

When the holder of the convertible corporate bond requests to exercise the conversion right before the maturity of the convertible corporate bond, the book value of the liability components shall be adjusted to that at the time of conversion as the accounting basis for the issuance of ordinary shares.

Financial liabilities

Financial liabilities that meet the scope of application of IFRS 9 are classified as financial liabilities measured at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit and loss

Financial liabilities measured at fair value through profits or losses include held-for-trade financial liabilities and financial liabilities designated to be measured at fair value through profit or loss.

Classified as held-for-trade when one of the following conditions is met:

A. It is obtained mainly for the purpose of being sold in the short-term.
B. It became part of the identified financial instrument portfolio managed comprehensively at initial recognition and there is evidence of the short-term profit-generating operation of the portfolio recently; or

C. It is a derivative (except for a financial guarantee contract or a designated and effective hedging derivative instrument).

For a contract that includes one or more embedded derivatives, an overall hybrid (combined) contract can be designated as a financial liability measured at fair value through profit or loss. When the relevant information is provided upon complying with one of the following factors, the original recognition is designated as measured at fair value through profit or loss:

A. The designation can eliminate or significantly reduce the inconsistency of measurement or recognition; or
B. The financial assets, financial liabilities or both, according to a written risk management or investment strategy, are managed at fair value with the performance evaluated and the investment portfolio information provided to management within the consolidated company is also based on the fair value.

The benefits or losses arising from the remeasurement of such financial liabilities are recognized in profit or loss. The gain or loss recognized in profit or loss includes any interest paid on the financial liability.

Financial liabilities measured at the amortized cost

Financial liabilities measured at the amortized cost, including payables, borrowings, and corporate bonds payable are subsequently measured using the effective interest method after the original recognition. When a financial liability is derecognized and amortized through the effective interest method, its related profit or loss and amortization are recognized in profit or loss.

The calculation of the amortized cost takes into account the discount or premium and transaction costs at the time of acquisition.

Derecognition of financial liabilities

When the obligation of a financial liability is discharged, canceled, or invalidated, the financial liability is derecognized.

When the Group and the creditors exchange opinions on a debt instrument with significant differences, or make major changes to all or part of the existing financial liabilities clauses (whether due to financial difficulties or not), it is handled by having the original liabilities derecognized and new liabilities recognized. When financial liabilities are derecognized, the difference between the book value and the total amount (including the transferred non-cash assets or liabilities assumed) of the considerations paid or payable is recognized in profit or loss.

(5) Financial assets and liabilities written-off against each other

Financial assets and financial liabilities can only be offset and presented with the net amount on the balance sheet only when the recognized amounts can be offset currently by law and are intended to be cleared on a net amount or having assets sold for cash and liability liquidated simultaneously.

8. Derivatives

Derivatives held or issued by the Group are used to hedge exchange rate risk and interest rate risk, of which, the designated and effective hedging items are reported as hedging derivative assets or liabilities on the balance sheet. For those not designated but effective hedging, they are presented on the balance sheet as financial assets or financial liabilities measured at fair value through profit or loss.

The original recognition of a derivative is measured at the fair value on the derivative contract date and it is also measured at fair value subsequently. When the fair value of a derivative is positive, it is a financial asset. When the fair value of a derivative is negative, it is a financial liability. Changes in the fair value of derivatives are recognized directly in profit or loss, except for hedging and the part of effective hedging that is directly recognized in equity.

Where a master contract is a non-financial asset or financial liability, when the derivatives embedded in the master contract have economic characteristics and risks that are not closely related to the master contract, and the master contract is not measured at fair value through profit or loss, the embedded derivatives shall be treated as independent derivatives.

9. Fair value measurement

Fair value is the price that would be collected for the assets sold or the price paid for the liabilities transferred in an orderly transaction between market participants on the measurement date. Fair value measurement is with an assumption that the sale of the asset or the transfer of the liability occurs in one of the following markets:

(1) The main market for the asset or liability, or
(2) If there is no major market, the most favorable market for the asset or liability;

The primary or most favorable market must be available for the Group to conduct trades.

The fair value measurement of an asset or liability is based on the assumption that the market participants used in pricing the assets or liabilities, assuming that such market participants will use the assumption the most economically practical way.

The fair value measurement of a non-financial asset takes into account the market participant’s use of the asset for its highest and best utilization or sale of the asset to another market participant who will use the asset for its highest and best utilization in order to generate economic benefits.

The Group uses valuation techniques that are appropriate with sufficient data available in the relevant circumstances to measure fair value and maximize the use of observable inputs and minimize the use of unobservable inputs.

10. Repo bond trade

(1) Repo bond trade is recognized based on cost. If the trading nature is a financing activity, when a transaction under the reverse repurchase agreement occurs, it shall be recognized in "bond investment under reverse repurchase agreement" under current assets; when a transaction under the repurchase agreement occurs, it shall be recognized in "bond liabilities investment under repurchase agreement" under the current liabilities. The differences from the agreed reverse repurchase (repurchase) price shall be accounted for in interest income or financial cost.
(2) If an outright sale is performed for bonds traded under the reverse repurchase agreement, the credit item upon outright sale will be "bond investment under reverse repurchase agreement – short sale," and the item is under liabilities, and the total amount will be measured at fair value at the balance sheet date. The profit or loss on covering of the outright sale of bonds under the reverse repurchase agreement shall be recognized upon covering as the "covering of net profit (loss) on securities lending and bonds short sale under the reverse repurchase agreement."

11. Securities business lending and securities lending

The Group's accounts receivable from securities investors for securities business lending are recognized in securities borrowings receivable and loan receivable at the end of the period, the recovery probability of the receivables is recognized in expected credit losses and the allowance loss is measured. The collateral obtained from the securities business lending shall be recognized in a memo account.

When the Group is engaged in securities lending, the source of the securities lent can be its own securities and securities borrowed from the securities borrowing system of the Taiwan Stock Exchange. In the case of lending proprietary securities, the Company converts the original account to "securities lent," which is measured at fair value on the valuation date. In the case of lending securities borrowed from the securities borrowing system of the Taiwan Stock Exchange, it will only be recognized in a memo account, and the source of lending and transfer of bonds is presented in the business report and not listed in the financial statements.

The collateral obtained by the Group for securities lending business, if it is a securities collateral, it will only be listed in a memo account rather than formally recognized in an account, but it must be a separate memo account for each customer, and the collateral-related transactions shall be entered one by one. If it is cash collateral, it shall be recognized in "guarantee deposits received for securities lending under current liabilities." The income from securities lending and service fees collected are recognized in "income from securities lending."

12. Customers' margin accounts and futures traders' equity

Customers' margin accounts

The margin and royalties collected from futures traders in accordance with regulations, and the differences settled based on daily market prices, etc., belong to the category of current assets in the balance sheet.

Futures trader's equity

The margin and royalties collected from futures traders, and the differences settled based on daily market prices are futures trader's equity and belong to the category of current liabilities in the balance sheet. Except for the accounts of the same type of the same customer, they shall not offset each other. Where a debit balance occurs to a futures trader's equity, it shall be accounted for in futures trading margin receivable.

13. Futures trade

It is the trading margin and the positions of the futures and option contracts paid in cash or securities for the futures and option trading business. The amount of increase or decrease in the margin generated after daily valuation is accounted for in "futures trading margin – proprietary capital/securities." The royalties paid for options purchased for trading purposes are accounted for under "call option," and the royalties received for selling options is accounted for under "put option liabilities."

For futures and option trading, the differences upon settlement are recognized in current profit or loss. The differences between the settlement price and the average price of the positions unsettled at the balance sheet date are also recognized in "net gains (losses) on the derivative financial instruments – futures" under the current profit or loss.

The excess margin from futures trading margin exceeding the original margin belongs to the amount of unconditional withdrawable equity, and is recognized in "cash and cash equivalents."

14. Property and equipment

Real estate and equipment are recognized at the acquisition net cost of accumulated depreciation and accumulated impairment. The aforementioned cost includes the cost of dismantling, removing, and restoring the location of the real estate and equipment and the necessary interest expense arising from the construction in progress. Depreciation is provided separately for the significant parts of the real estate and equipment. When major parts of real estate and equipment are subject to periodic replacement, the Group treats the parts as an individual asset and recognizes it separately with specific periods of durability and depreciation method. The book value of these replaced parts is derecognized in accordance with the provision of IAS 16 "Property, Plant, and Equipment." If the major repair and maintenance costs are in compliance with the recognition conditions, they are recognized as replacement costs and are recognized as part of the equipment book value. Other repair and maintenance expenses are recognized in profit or loss.

Depreciation is computed in accordance with the straight-line method over the estimated useful lives of the following assets:

Type	Useful life
Office equipment	2–10 years
Leasehold improvement	The lease period or the useful live, whichever is shorter

After the original recognition of the real estate and equipment or any significant parts, if it is disposed or no economic effect arising from the use or disposal is expected, it will be derecognized and recognized in profit or loss.

The residual value, years of useful life, and depreciation method of the real estate and equipment are assessed at the end of each financial year. If the expected value is different from the previous estimate, the change is considered as a change in accounting estimates.

15. Leases

The Group assesses whether or not the arrangement is (or includes) a lease arrangement on the agreement date If an agreement transfers control over the use of an identified asset for a period of time in exchange for consideration, the contract is (or includes) a lease arrangement. In order to assess whether the agreement transfers control over the use of the identified asset for a period of time, the Group assesses whether it meets both of the following conditions during the entire period of use:

(1) Obtaining the right to almost all economic benefits from the use of the identified asset; and
(2) The right to direct the use of the identified asset.

For the agreement that belongs to (or includes) a lease arrangement, the Group treats each lease component in the agreement as a separate lease and treats it separately from the non-lease component in the agreement. For the agreement that includes one lease component and one or more additional lease or non-lease components, the Group adopts the relative standalone price of each lease component and the aggregate standalone prices of the non-lease components as the basis to distribute the consideration in the agreement to the lease component. The relative standalone prices of lease and non-lease components are determined on the basis of the prices charged by the lessor (or similar suppliers) for the components (or similar components). If an observable standalone price is not readily available, the Group maximizes the use of observable information to estimate the standalone price.

The Group is the lessee

In addition to meeting and selecting short-term leases or leases of low-value underlying assets, when the Group is the lessee of a lease contract, all leases are recognized in right-of-use assets and lease liabilities.

The Group measures the lease liabilities on the inception date based on the present value of the lease payments not yet paid on that date. If the implied interest rate of the lease is easily determined, the lease payments will be discounted to their present value using that interest rate. If such interest rate is not easily determined, the incremental borrowing rate will be used. On the inception date, the lease payments included in the lease liabilities include the following payments related to the right to use the underlying assets during the lease period and not yet paid on that date:

(1) Fixed payment (including substantive fixed payment) less any lease incentives that can be collected;

(2) Lease payment that depends on changes in an index or rate (using the index or rate on the inception date for initial measurement);
(3) The amount expected to be paid by the lessee under the residual value guarantee;
(4) If the Group can reasonably determine the exercise price of call option, it will exercise the option; and
(5) The penalty payable for the termination of a lease, if there is sign that the lessee, in the lease period, will exercise the option of terminating the lease.

After the commencement date, the Group measures the lease liabilities at amortized cost, and increases the book value of the lease liabilities using the effective interest method to reflect the interest on the lease liabilities; the lease payments reduce the book value of the lease liabilities.

On the commencement date, the Group measures the right-of-use assets at cost. The cost of the right-of-use assets includes:

(1) the amount equal to the lease liability at its initial assessment
(2) Any lease payments made on or before the commencement date less any lease incentives received;
(3) any initial direct costs incurred by the lessee; and
(4) an estimate of costs to be incurred in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease

Subsequent measurement of the right-of-use assets is presented after the cost less the accumulated depreciation and accumulated impairment loss, i.e. the cost model is applied to measure the right-of-use assets.

If the ownership of the underlying asset is transferred to the Group when the lease period expires, or if the cost of the right-of-use assets reflects that the Group will exercise the call option, the right-of-use assets will be depreciated from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use assets from the commencement date to the end of the useful life of the right-of-use assets or to the expiration of the lease period, whichever is earlier.

The Group applies IAS 36 Impairment of Assets to determine whether a right-of-use asset is impaired and to deal with any identified impairment losses.

In addition to meeting and selecting short-term leases or leases of low-value underlying assets, the Group presents right-of-use assets and lease liabilities in the balance sheet, and presents lease-related depreciation expenses and interest expenses separately in the statement of comprehensive income.

For short-term leases and leases of low-value underlying assets, the Group chooses to adopt the straight-line basis or another systematic basis to recognize the lease payments related to said leases in expenses during the lease period.

<u>The Group is the lessor</u>

The Group classifies each of its leases as operating leases or financial leases on the contract establishment date. If a lease transfers almost all the risks and rewards attached to the ownership of the underlying asset, it is classified as a financial lease; if it does not transfer said matters, it is classified as an operating lease. On the commencement date, the Group recognizes the assets held under the finance leases in the balance sheet and presents them as financial lease receivables based on the net lease investment.

For agreements that include lease components and non-lease components, the Group applies IFRS 15 to distribute the consideration in the agreements.

The Group recognizes lease payments from operating leases as rental income on a straight-line basis or another systematic basis. For operating leases, lease payments that are not dependent on change in some index or rate are recognized as rental income when they occur.

16. Intangible assets

Intangible assets acquired separately are measured at cost upon initial recognition. The cost of intangible assets acquired through a business combination is the fair value at the acquisition date. After initial recognition of intangible assets, the book value is the amount of the cost less accumulated amortization and accumulated impairment losses. Internally generated intangible assets that do not meet the recognition conditions shall not be capitalized, but shall be recognized in profit or loss when they occur.

The useful life of intangible assets is divided into limited and indefinite useful life.

Intangible assets with a limited useful life are amortized over their useful life, and an impairment test is performed when there are signs of impairment. The amortization period and method of intangible assets with limited useful life are reviewed at least at the end of each fiscal year. If the estimated useful life of an asset is different from the previous estimate, or the expected pattern of future economic benefit consumption has changed, the amortization method or period will be adjusted and considered as a change in accounting estimates.

Intangible assets with indefinite useful life are not amortized, but impairment tests are conducted to each asset or based on the level of cash-generating units each year. Intangible assets with indefinite useful life are assessed in each period whether there are events and circumstances that continue to support that the asset’s useful life is still indefinite. If the useful life is changed from indefinite to limited, the application will be applied prospectively.

The profit or loss arising from the derecognition of an intangible asset is recognized as profit or loss.

The Group’s accounting policy for intangible assets is summarized as follows:

Type	Useful life	Amortization method
Goodwill	Indefinite	Not amortized

Business right	Indefinite	Not amortized
Computer software	2–5 years	Amortized by the straight-line method according to the limited useful life

17. Impairment of non-financial assets

The Group at the end of each reporting period assesses whether all assets subject to IAS 36 “Impairment of Assets” are showing signs of impairment. If there is any indication of impairment or an impairment test is required for an asset on a regular basis each year, the Group tests the individual asset or the cash-generating unit to which the asset belongs. If the book value of an asset or the cash-generating unit to which the asset belongs is greater than the recoverable amount in an impairment test, the impairment loss is recognized. The recoverable amount is the higher of net fair value or value in use.

At the end of each reporting period, the Group assesses assets other than goodwill to see whether there are indications that the previously recognized impairment losses may no longer exist or may be decreased. In the event of such an indication, the Group estimates the recoverable amount of the asset or cash-generating unit. If the recoverable amount is increased due to the change in the estimated service potential of the asset, the impairment amount is reversed. However, the reversed book value shall not exceed the book value before recognizing impairment loss and after deducting depreciation or amortization.

The cash-generating unit or group to which the goodwill belongs, regardless of whether there are signs of impairment, is subject to impairment tests on an annual basis. If the result of an impairment test needs to be recognized as an impairment loss, the goodwill will be deducted first, and the amount after deduction will be allocated to other assets other than goodwill based on the relative proportion of the book value. Once the impairment of goodwill is recognized, it shall not be reversed for any reason thereafter.

The impairment loss and reversal amount of the continuing business unit are recognized in profit or loss.

18. Liability reserve

The condition of recognizing the liability reserve is that the current obligation (statutory obligation or constructive obligation) arising from past events; when the obligation is settled, it is very likely that resources with economic benefits will need to flow out, and the amount of the obligation can be reliably estimated. When the Group expects that some or all of the liability reserve can be reimbursed, only when the reimbursement is almost completely certain, it will be recognized as a separate asset. If the time value of money has a material impact, the liability reserve discounted at the current pre-tax interest rate can appropriately reflect the specific risks of the liability. When liability is discounted, the increase in the amount of liability due to the passage of time is recognized as borrowing cost.

<u>Liability reserve for decommissioning, restoration, and rehabilitation costs</u>

The amount of decommissioning liability reserve incurred from the decommissioning and removal of property and equipment and restoration of its location is measured by the estimated discounted value of the expected cash flow of the obligation settlement, and the decommissioning cost is recognized as part of the asset cost. The cash flow is discounted at the current pre-tax interest rate that reflects the specific risks of the decommissioning liability. The discounted amortization of liability reserve is recognized as borrowing costs when incurred. The estimated future decommissioning costs are appropriately assessed and adjusted on the end of each reporting period. Changes in the estimated future decommissioning costs or changes in the discount rate will relatively increase or decrease the cost of relevant assets.

19. Recognition of revenue

The revenue from labor services provided by the Group is recognized when most of the labor services is completed and the revenue has been realized or can be realized. The main labor service revenue includes brokerage fee revenue, commissions income from loans, underwriting processing fee revenue, and stock affairs agency revenue.

20. Retirement benefits plan

The retirement method for employees of the Group is applicable to all full-time employees. The employee retirement fund is fully appropriated to the Labor Pension Reserves Committee and deposited in the pension fund account. The aforementioned pension is deposited in the name of the Labor Pension Reserves Committee, which is completely separated from the Group, so it is not included in the consolidated financial statements in the preceding paragraph.

For the defined contribution pension plan, the monthly pension payable rate of the Group shall not be less than 6% of the employees' monthly salary, and the amount of the provision shall be recognized in the profit or loss of the current period.

The retirement benefits plan in the defined benefit plan are recognized based on the actuarial reports at the end of the annual reporting period using the projected unit credit method. The remeasurement of the net defined benefit liabilities (assets) includes any changes in the return on plan asset and the effects of asset cap less the amount of net interest included in the net defined benefit liabilities (assets) and actuarial gains and losses. The net defined benefit liability (asset) remeasurement is included in other comprehensive income when incurred and immediately recognized in the retained earnings. The prior-period service cost is the change in the present value of the defined benefit obligation arising from the revision or reduction of the pension plan and is recognized as an expense on the earlier of the following two dates:

(1) When the plan revision or reduction occurs; and
(2) When the Group recognizes the relevant restructuring costs or resignation benefits.

The net interest of the net defined benefit liability (asset) is determined by having the net defined benefit liability (assets) multiplied by the discount rate, both of which are determined at the beginning of the annual reporting period, and then considering the changes which have occurred in the net defined benefit liabilities (assets) for the period arising from the appropriation amount and benefit payment.

21. Income tax

Income tax profit (expense) refers to the aggregated amount of current income tax and deferred income tax that is included in the current profit or loss.

Income tax expenses in the current period

The current income tax liabilities (assets) related to the current and prior periods are measured at the legislated or substantially legislated tax rates and tax laws at the end of the reporting period. The current income tax related to the items recognized in other comprehensive income or directly recognized in the equity is recognized in other comprehensive income or equity instead of being recognized in the profit or loss

The additional business income tax levied on the undistributed earnings is recognized as income tax expense on the date when the distribution of earnings is resolved in the shareholders' meeting.

Deferred tax

The deferred income tax is calculated according to the temporary difference between the taxable amount of assets and liabilities and the book value on the balance sheet at the end of the reporting period.

All taxable temporary differences are recognized as deferred income tax liabilities except for the following two items:
(1) The original recognition of goodwill, or original recognition of an asset or liability that does not arise from a business consolidated transaction and does not affect accounting profits and taxable income (loss) at the time of the transaction conducted, and no equal amounts of taxable and deductible temporary differences arose at the time of the transaction;
(2) The taxable temporary difference arising from the investment in subsidiaries, associates, and joint equity. Also, the timing of reversal is controllable, and it is not likely to be reversed in the foreseeable future.

Except for the following two items, deductible temporary difference and deferred income tax assets arising from the taxable losses and income tax credit are recognized within the range of probable future taxable income:

(1) Related to deductible temporary differences arising from the original recognition of an asset or liability that does not arise from a business consolidated transaction and does not affect accounting profits and taxable income (loss) at the time of the transaction conducted, and no equal amounts of taxable and deductible temporary differences arose at the time of the transaction.
(2) It is related to the deductible temporary differences arising from the investment in subsidiaries, associates, and the joint equity. It is recognized within the range of probable reversal in the foreseeable future and there is sufficient taxable income at the time the temporary difference occurred.

Deferred income tax assets and liabilities are measured at the tax rate of the expected asset realization or in the period in which the liability is settled. The tax rate is based on the legislated or substantially legislated tax rates and tax laws at the end of the reporting period. The measurement of deferred income tax assets and liabilities reflects the tax consequences arising from the manner in which the asset is expected to be recovered or the book value of the liability is settled at the end of the reporting period. If the deferred income tax is related to items that are not included in the profit or loss, it will not be recognized in profit or loss, but recognized in other comprehensive income according to the relevant transactions or directly recognized in equity. Deferred income tax assets are reexamined and recognized at the end of each reporting period.

Deferred income tax assets and liabilities can be offset against each other legally only in the current period, and the deferred income tax is related to the same taxation entity and is related to the income tax levied by the same taxation authority.

22. Business combination and goodwill

Business combination is accounted for by the acquisition method. The consideration of transfer, the identifiable assets acquired, and the liabilities assumed in the business combination are measured at fair value on the acquisition date. For each business combination, the acquirer measures non-controlling interests based on the fair value or the relative proportion of the acquiree’s identifiable net assets. The acquisition-related costs incurred are expensed in the current period and included in administrative expenses.

When the Group acquires business, it evaluates whether the classification and designation of assets and liabilities are appropriate based on the contractual conditions, economic conditions, and other relevant conditions existing on the acquisition date, including the consideration for separation of derivative financial instruments embedded in the master contract held by the acquiree.

If business combination is completed in stages, the acquirer’s equity of the acquiree previously held is remeasured at fair value on the acquisition date, and the resulting profits or losses are recognized in the current profit or loss.

The acquirer expects that the contingent consideration transferred will be recognized at its fair value on the acquisition date. The contingent consideration that is considered an asset or liability, and subsequent changes in fair value will be recognized as changes in current profit or loss or other comprehensive income in accordance with IFRS 9. However, if the contingent consideration is classified as equity, it will not be remeasured until it is finally settled under equity.

The original measurement of goodwill is the total amount of the transferred consideration plus non-controlling interests, which exceeds the fair value of the identifiable assets and liabilities obtained by the Group; if the consideration is lower than the fair value of the net assets obtained, the difference is recognized in current profit or loss.

After initial recognition, goodwill is measured at cost less accumulated impairment. Goodwill arising from a business combination is distributed to each cash-generating unit in the group that is expected to benefit from the combination from the date of acquisition, regardless of whether other assets or liabilities of the acquiree are attributable to these cash-generating units. Each representative unit or group to which the goodwill is distributed is the lowest level of goodwill to be monitored for internal management purposes, and not higher than the operating department before aggregation of the goodwill.

(In thousand New Taiwan dollars, unless otherwise specified)

When a part disposed of includes a cash-generating unit of goodwill, the book value of this part includes the goodwill related to the operation disposed of. The goodwill disposed of is measured based on the relative recoverable amount of the operation disposed of and the part retained.

5. Main source of significant accounting judgment, estimates and assumptions uncertainty

When the consolidated financial statements are prepared by the Group, the management must make judgments, estimates, and assumptions at the end of the reporting period, which will affect the disclosure of income, expenses, assets and liabilities, and contingent liabilities. However, the uncertainty of these significant assumptions and estimates may result in a significant adjustment to the book value of an asset or liability in the future period.

Estimation and assumption

The main source of information on the estimation and assumption with uncertainty at the end of the reporting period has significant risks that result in significant adjustments to the book value of assets and liabilities in the next financial year. The explanations are given as follows:

The fair value of financial instruments

When the fair value of financial assets and financial liabilities recognized in the balance sheet cannot be obtained from the active market, the fair value will be determined using evaluation techniques, including the income approach (such as, cash flow discount model) or market approach. The changes in the assumptions of the said approaches will affect the fair value of the financial instruments reported.

6. Summary of significant accounting titles

1. Cash and cash equivalents

	2023.12.31	2022.12.31
Petty cash	$490	$490
Check deposits	8,729	4,828
Current deposits	437,400	269,406
Time deposits	443,646	779,888
Cash equivalents – short-term notes and bills	1,079,828	1,298,040
Cash equivalents – futures excess margin	158,510	103,268
Total	$2,128,603	$2,455,920

The above-mentioned time deposits include time deposits that mature within 12 months and can be converted into a fixed amount of cash at any time, and the risk of value changes is very small. The interest rate range of the interest rate as of December 31, 2023 and 2022 was 0.550%–3.950% and 0.230%–3.750%, respectively.

(In thousand New Taiwan dollars, unless otherwise specified)

The cash and cash equivalents above are not secured.

2. Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss by the Group are listed below:

	2023.12.31	2022.12.31
Current items		
Measured at fair value through income under compulsion		
Open-end funds and money market instruments	$61,716	$41,846
Securities – proprietary	3,845,587	2,130,789
Securities – underwriting	85,654	41,889
Others	82,816	75,867
Derivatives		
Futures trading margin – proprietary capital	20,036	65,843
Call option - non-hedging	-	144
Total	$4,095,809	$2,356,378
Non-current items		
Measured at fair value through income under compulsion		
Open-end funds and money market instruments	$78,337	$82,579
Securities – proprietary	14,191	3,496
Others	379,945	370,061
Total	$472,473	$456,136

(1) Open-end funds and money market instruments

	2023.12.31	2022.12.31
Current items		
Open-type fund	$61,047	$46,196
Add (less): Valuation adjustment	669	(4,350)
Net value	$61,716	$41,846
Non-current items		
Open-type fund	$129,250	$121,400
Add (less): Valuation adjustment	(50,913)	(38,821)
Net value	$78,337	$82,579

(In thousand New Taiwan dollars, unless otherwise specified)

(2) Securities – proprietary

	2023.12.31	2022.12.31
Current items		
Government bonds	$301,863	$313,792
Corporate bonds	2,408,180	1,407,640
Convertible corporate bonds	106,727	40,000
TWSE-listing companies stock	372,422	111,238
Funds traded in TWSE	22,585	-
GTSM-listing companies stock	161,891	25,645
Companies stock in emerging stock market	370,841	247,606
Non-TWSE/GTSM-listing companies stock	5,700	5,300
Overseas stocks	67,285	39,236
Subtotal	3,817,494	2,190,457
Add (less): Valuation adjustment	28,093	(59,668)
Net value	$3,845,587	$2,130,789
Non-current items		
Government bonds	$10,580	$-
Non-TWSE/GTSM-listing companies stock	2,666	2,666
Subtotal	13,246	2,666
Add (less): Valuation adjustment	945	830
Net value	$14,191	$3,496

(3) Securities – underwriting

	2023.12.31	2022.12.31
Convertible corporate bonds	$77,142	$39,885
TWSE-listing companies stock	8,466	4,130
GTSM-listing companies stock	413	-
Subtotal	86,021	44,015
Add (less): Valuation adjustment	(367)	(2,126)
Net value	$85,654	$41,889

(4) Others

	2023.12.31	2022.12.31
Current items		
TWSE-listing companies stock	$5,653	$4,020
GTSM-listing companies stock	-	3,524
Companies stock in emerging stock market	45,453	79,283
Subtotal	51,106	86,827
Add (less): Valuation adjustment	31,710	(10,960)
Net value	$82,816	$75,867

(In thousand New Taiwan dollars, unless otherwise specified)

	2023.12.31	2022.12.31
Non-current items		
Non-TWSE/GTSM-listing companies stock	$440,950	$427,723
Add (less): Valuation adjustment	(61,005)	(57,662)
Net value	$379,945	$370,061

(5) Futures trading margin – proprietary capital

	2023.12.31	2022.12.31
Futures trading margin – proprietary capital	$20,036	$65,843

For the details of the Group's futures trading margin – proprietary capital, please refer to Note 12.17.

(6) Call option - non-hedging

	2023.12.31	2022.12.31
Index options	$-	$198
Loss on unsettled positions	-	(54)
Net value	$-	$144

For the details of financial assets measured at fair value through profit and loss used as security for bond transactions under repurchase agreement, please refer to Note 8.

For the details of the net income (loss) from the Group's financial assets measured at fair value through profit and loss, please refer to Notes 6.24, 6.29, and 12.17.

3. Financial assets at fair value through other comprehensive profit or loss

	2023.12.31	2022.12.31
Current items		
Investment of equity instruments at fair value through other comprehensive income		
TWSE-listing companies stock	$62,010	$50,040
Non-current items		
Investment of equity instruments at fair value through other comprehensive income		
Non-TWSE/GTSM-listing companies stock	$132,082	$103,205

For the details of financial assets measured at fair value through profit and loss used as security against settlement advance, please refer to Note 8.

4. Financial assets based on cost after amortization

(In thousand New Taiwan dollars, unless otherwise specified)

	2023.12.31	2022.12.31
Non-current items		
Corporate bonds	$200,000	$200,000
Less: Allowance for losses	(1)	(1)
Total	$199,999	$199,999

The Group classifies certain financial assets as financial assets measured at amortized cost. Please refer to Note 6.24 for information on allowance for losses and Note 12 for information on credit risk.

The Group's financial assets based on cost after amortization are not provided as security.

5. Bond investment under reverse repurchase agreement

	2023.12.31	2022.12.31
Government bonds	$2,454,526	$301,700
Corporate bonds	200,404	50,097
Total	$2,654,930	$351,797

The bond investments under reverse repurchase agreement conducted by the Group as of December 31, 2023 and 2022 all mature within one year, and they are all agreed to be sold back at the agreed price, including interest accrued, on a specific date after the transactions, and the total amount of the reverse repurchase was NT$2,657,167 thousand and NT$352,033 thousand, respectively, with the annual interest rates of 1.1475%–1.2510% and 1.0755%–1.1295%, respectively.

6. Securities borrowings receivable

	2023.12.31	2022.12.31
Securities borrowings receivable - securities or other products bought by clients as collateral	$10,046	$59,993
Less: Allowance for losses	-	(1)
Total	$10,046	$59,992

The Group assesses impairment in accordance with IFRS 9. For information on allowance for losses, please refer to Note 6.24, and for information related to credit risk, please refer to Note 12.

7. Loan receivable – non-restricted purpose

	2023.12.31	2022.12.31
Loan receivable – non-restricted purpose	$786,345	$591,818
Less: Allowance for losses	(3)	(3)
Total	$786,342	$591,815

The aforementioned loans receivable are handled in accordance with the "Operating Rules for Securities Firms Handling Non-Restricted Purpose Loan" with a period of six months, and are secured by securities or other commodities provided by customers.

(In thousand New Taiwan dollars, unless otherwise specified)

The Group assesses impairment in accordance with IFRS 9. For information on allowance for losses, please refer to Note 6.24, and for information related to credit risk, please refer to Note 12.

8. Customers' margin accounts

	2023.12.31	2022.12.31
Bank deposits	$291,274	$436,953
Settlement institution settlement balance	190,424	140,199
Total	$481,698	$577,152

9. Note receivable and account receivable – net

	2023.12.31	2022.12.31
Notes receivable		
Stock affairs agency fee receivable	$70	$277
Consultation fees receivable	50	50
Less: Allowance for losses	-	-
Subtotal	120	327
Accounts receivable		
Accounts receivable – related parties	939	606
Accounts receivable – non-related parties		
Settlement receivable – brokerage	2,699,451	1,628,782
Settlement receivable – non-brokerage	12,234	2,242
Settlement price	445,321	106,520
Interests receivable	31,700	20,329
Others	23,482	11,941
Less: Allowance for losses	(19)	(116)
Subtotal	3,213,108	1,770,304
Total	$3,213,228	$1,770,631

The Group did not provide any security for notes receivable and accounts receivable.

The Group assesses impairment in accordance with IFRS 9. For information on allowance for losses, please refer to Note 6.24, and for information related to credit risk, please refer to Note 12.

(In thousand New Taiwan dollars, unless otherwise specified)

10. Other receivables

	2023.12.31	2022.12.31
Other receivables – related parties	$2,761	$2,386
Less: Allowance for losses	-	-
Subtotal	2,761	2,386
Other receivables – non-related parties		
Stock affairs agency fee receivable	10,224	9,061
Interests receivable	999	911
Others	2,147	5,422
Less: Allowance for losses	(148)	(208)
Subtotal	13,222	15,186
Total	$15,983	$17,572

The Group assesses impairment in accordance with IFRS 9. For information on allowance for losses, please refer to Note 6.24, and for information related to credit risk, please refer to Note 12.

11. Property and equipment

	Office equipment	Leasehold improvement	Total
Cost:			
2023.1.1	$187,722	$89,790	$277,512
Additions	9,517	3,335	12,852
Disposition	(21,617)	(248)	(21,865)
Other changes	-	(1,811)	(1,811)
Reclassification	-	720	720
2023.12.31	$175,622	$91,786	$267,408
2022.1.1	$161,430	$60,546	$221,976
Additions	29,330	33,431	62,761
Disposition	(3,038)	(3,462)	(6,500)
Other changes	-	(725)	(725)
2022.12.31	$187,722	$89,790	$277,512
Accumulated depreciation and impairment:			
2023.1.1	$129,028	$58,251	$187,279
Depreciation	18,253	7,735	25,988
Disposition	(21,616)	(248)	(21,864)
Other changes	-	(1,811)	(1,811)
2023.12.31	$125,665	$63,927	$189,592

(In thousand New Taiwan dollars, unless otherwise specified)

	Office equipment	Leasehold improvement	Total
2022.1.1	$116,905	$55,194	$172,099
Depreciation	15,161	7,244	22,405
Disposition	(3,038)	(3,462)	(6,500)
Other changes	-	(725)	(725)
2022.12.31	$129,028	$58,251	$187,279
Net book value:			
2023.12.31	$49,957	$27,859	$77,816
2022.12.31	$58,694	$31,539	$90,233

The Group did not provide real estate and equipment as collateral.

12. Intangible assets

	Goodwill	Business right	Computer software	Total
Cost:				
2023.1.1	$52	$64,321	$165,421	$229,794
Additions – separate acquisition	-	-	17,847	17,847
Disposition	-	-	(23,498)	(23,498)
Transfer (Note)	-	-	1,330	1,330
2023.12.31	$52	$64,321	$161,100	$225,473
2022.1.1	$52	$64,321	$138,046	$202,419
Additions – separate acquisition	-	-	20,853	20,853
Disposition	-	-	(158)	(158)
Transfer (Note)	-	-	6,808	6,808
Other changes	-	-	(128)	(128)
2022.12.31	$52	$64,321	$165,421	$229,794
Cumulative amortization and impairment:				
2023.1.1	$52	$32,488	$112,250	$144,790
Amortization	-	-	19,870	19,870
Disposition	-	-	(23,498)	(23,498)
2023.12.31	$52	$32,488	$108,622	$141,162
2022.1.1	$52	$32,488	$95,656	$128,196
Amortization	-	-	16,839	16,839
Disposition	-	-	(158)	(158)
Other changes	-	-	(87)	(87)
2022.12.31	$52	$32,488	$112,250	$144,790

(In thousand New Taiwan dollars, unless otherwise specified)

	Goodwill	Business right	Computer software	Total
Net book value:				
2023.12.31	$-	$31,833	$52,478	$84,311
2022.12.31	$-	$31,833	$53,171	$85,004

Note: It is reclassified from other prepayments.

13. Business guarantee

The business guarantee is deposited in the designated banks after the establishment of the Company in accordance with the Securities and Exchange Act, the Regulations Governing Securities Firms, the Regulations Governing Futures Commission Merchants, the Regulations Governing Futures Advisory Enterprises, and the Regulations Governing Securities Investment Consulting Enterprises. The Group deposits guarantees in financial institutions designated by the Securities and Futures Bureau, FSC, with certificates of deposit. The details are as follows:

	2023.12.31	2022.12.31
Brokerage business guarantee	$105,000	$105,000
Underwriting business guarantee	40,000	40,000
Proprietary trading business guarantee	10,000	10,000
Proprietary futures trading guarantee	10,000	10,000
Futures brokerage guarantee	70,000	70,000
Futures advisory guarantee	10,000	10,000
Securities investment advice guarantee	35,000	35,000
Total	$280,000	$280,000

14. Settlement / clearance fund

The settlement/clearance fund is the amount deposited in the Taiwan Stock Exchange, the Taipei Exchange, and the Taiwan Futures Exchange in accordance with the Securities and Exchange Act, the Regulations Governing Securities Firms, and the Taiwan Futures Exchange Corporation Criteria for Clearing Membership. Statement:

	2023.12.31	2022.12.31
Clearance fund in Taiwan Stock Exchange	$31,590	$30,682
Clearance fund in Taipei Exchange	35,643	37,545
Clearance fund in Taiwan Futures Exchange	22,045	22,073
Total	$89,278	$90,300

(In thousand New Taiwan dollars, unless otherwise specified)

15. Short-term borrowings

	2023.12.31	2022.12.31
Bank credit facilities	$50,000	$-
Bank guaranteed loans	50,000	50,000
Total	$100,000	$50,000
Interest rate collars	1.642%~2.125%	1.990%

As of December 31, 2023 and 2022, the unused loan facilities where the Group has signed agreements with financial institutions were NT$2,675,000 thousand and NT$2,805,000 thousand, respectively.

Regarding the provision of security, please refer to Note 8 for details.

16. Commercial papers payable

	2023.12.31	2022.12.31
Commercial papers payable	$200,000	$-
Less: Discounted commercial paper payable	(238)	-
Net value	$199,762	$-
Interest rate collars	1.50%~1.75%	-

As of December 31, 2023 and 2022, the unused commercial paper facilities where the Group has signed agreements with financial institutions were NT$2,030,000 thousand and NT$1,600,000 thousand, respectively.

Regarding the provision of security, please refer to Note 8 for details.

17. Financial liabilities at fair value through profit and loss

Financial liabilities at fair value through profit and loss by the Group are listed below:

	2023.12.31	2022.12.31
Derivatives		
Put option - others	$4,347	$12,034

The Group's put options are embedded derivatives identified from the issuance of convertible corporate bonds. Please refer to Note 6.20 for relevant information.

18. Call loans to banks

	2023.12.31	2022.12.31
Government bonds	$2,779,230	$622,818
Corporate bonds	2,605,927	1,456,493
Convertible corporate bonds	75,086	20,135
Total	$5,460,243	$2,099,446

(In thousand New Taiwan dollars, unless otherwise specified)

The bond liabilities investments under repurchase agreement conducted by the Group as of December 31, 2023 and 2022 all mature within one year, and they are all agreed to be bought back at the agreed price, including interest accrued, on a specific date after the transactions, and the total amount of the repurchase was NT$5,465,144 thousand and NT$2,100,819 thousand, respectively, with the annual interest rates of 0.8550%–1.2600% and 0.6750%–1.1520%, respectively.

Regarding the provision of security, please refer to Note 8 for details.

19. Accounts payable

	2023.12.31	2022.12.31
Accounts payable – related parties	$118	$106
Accounts payable – non-related parties		
Settlement price	166,762	161,606
Settlement payable – brokerage	2,973,821	1,556,916
Settlement payable – non-brokerage	22,885	1,637
Processing fee payable discounts	50,582	38,007
Interest payable	3,144	683
Others	22,500	13,407
Total	$3,239,812	$1,772,362

20. Corporate bonds payable

	2023.12.31	2022.12.31
Domestic convertible corporate bonds payable	$639,950	$674,201
Less: Current portion	(639,950)	-
Net value	$-	$674,201

Domestic convertible corporate bonds payable

	2023.12.31	2022.12.31
Liability elements:		
Face value of domestic convertible corporate bonds payable	$605,000	$622,900
Premium payable on domestic convertible corporate bonds	34,950	51,301
Subtotal	639,950	674,201
Less: Current portion	(639,950)	-
Net value	$-	$674,201
Embedded derivative financial instruments- Liabilities	$4,347	$12,034
Equity elements	$35,254	$36,297

The Company issued domestic unsecured convertible corporate bonds with a coupon rate of 0% on June 11, 2021. The convertible corporate bonds were analyzed as per the terms of the contracts. The components include primary debts, embedded derivative financial instruments (the issuer's redemption option and the holder's option to request the issuer to redeem) and equity elements (the holder's option to request conversion into the issuer's ordinary shares). The main terms of the issuance are as follows:

Total issue amount: NT$700,000 thousand, with a par value of 100 thousand per bond, at 117.80% of the face value.

Issue period: June 11, 2021 to June 11, 2026.

Important call and put provisions:

(1) The next day after three months of issuance to 40 days before the maturity date

A. In the event that the closing price of the Company's ordinary shares on Taipei Exchange is more than 130% of the conversion price on average for 30 consecutive business days, the Company may issue a notice that it will redeem the full amount of the bond balance in advance at the par value.

B. When the balance of the outstanding corporate bonds is lower than 10% of the total issue amount, the Company may issue a notice that it will redeem the full amount of the bond balance in advance at the par value.

(2) The bondholders may request the Company to redeem the corporate bonds they hold in cash at the par value when it has been three years since the bonds were issued.

Conversion regulations:

(1) The subject in conversion: The Company's ordinary shares.

(2) Conversion period: The bondholders may request the Company to convert the bonds into the Company's ordinary shares from September 12, 2021 to June 11, 2026, except during the conversion suspension period as per the issuance and conversion regulations.

(3) Conversion price and adjustment thereto: The conversion price was set at NT$19.60 per share at the time of issuance. In the event of an adjustment to the conversion price of the Company's ordinary shares in alignment with the terms of issuance, the conversion price will be adjusted according to the formula specified in the terms of issuance. The conversion price on December 31, 2023 was NT$15.54 per share.

(4) Principal repayment on the maturity date: When the corporate bonds are due and have not been settled, they will be repaid in cash at the par value.

As of December 31, 2023, the Company redeemed and canceled domestic unsecured convertible bonds in the amount of NT$84,400 thousand, and the remaining balance of the outstanding bonds was NT$605,000 thousand, and the amount of those converted was NT$10,600 thousand.

21. Retirement benefits plan

Defined contribution pension plan

The Group has the employee retirement plan stipulated in accordance with the "Labor Pension Act," which is a defined contribution plan. According to the "Labor Pension Act," the Company's and domestic subsidiaries' monthly labor pension contribution rate shall not be less than 6% of the monthly salary of employees.

The Group has an amount equivalent to 6% of the employees' monthly salary appropriated every month to the personal pension account with the Bureau of Labor Insurance.

The amount of expenses of the defined contribution pension plan recognized by the Group for 2023 and 2022 was NT$26,806 thousand and NT$26,144 thousand, respectively.

Defined benefit plan

The employee pension plan stipulated by the Group according to the "Labor Standards Act" is a defined benefit plan. The employees' pension payment is based on the service points and the average monthly salary at the time of retirement. Two service points for each service year within the first 15 service years (inclusive) and one service point for each service year after the 15th service year with a maximum of 45 service points for each employee. In accordance with the provisions of the Labor Standards Act, the Group makes a contribution equal to 2% of the total salaries to the pension fund on a monthly basis, and the fund is deposited in a special account of the Bank of Taiwan in the name of the Supervisory Committee of Business Entities' Labor Retirement Reserve. In addition, the Group estimates the aforementioned labor retirement reserve account balance before the end of each year. If the balance is insufficient to pay the pension amount calculated in accordance with the aforementioned retirement conditions for the employees qualified for retirement in the next year, the amount of difference will be appropriated in a lump sum before the end of March in the next year.

The Ministry of Labor conducts asset allocation in accordance with the "Regulations for Revenues, Expenditures, Safeguarding, and Utilization of the Labor Retirement Fund." Fund investment is arranged with a self-operated and entrusted management method, which adopts a mid-term and long-term investment strategy with an active and passive management. Considering the risks of the market, credit, liquidity, etc., the Ministry of Labor sets the fund risk limit and control plan so that it can be flexible enough to achieve the target remuneration without bearing excessive risk. For the use of the fund, the minimum income of its annual settlement shall not be lower than the income calculated according to the local bank's two-year time deposit. If there is any deficiency, it shall be replenished by the state treasury upon approval by the competent authority. Since the Group is not entitled to participating in the operation and management of the Fund, the classification of the fair value of plant asset cannot be disclosed in accordance with IAS 19, Paragraph 142. As of December 31, 2023, the Group's defined benefit plan is expected to appropriate NT$1,337 thousand in the next year.

The expiration of the defined benefit obligations under the Company's defined benefit plan is as follows:

(In thousand New Taiwan dollars, unless otherwise specified)

	2023.12.31	2022.12.31
Weighted average duration of defined benefit obligations	11 years	12 years

The cost of the defined benefit plan recognized in profit or loss is summarized as follows:

	2023	2022
Current service cost	$-	$-
Net interest on net defined benefit liabilities (assets)	(67)	233
Total	$(67)	$233

The adjustments made to the present value of the defined benefit obligation and the fair value of the plan assets are as follows:

	2023.12.31	2022.12.31	2022.1.1
Present value of the defined benefit obligations	$63,682	$59,508	$93,914
The fair value of plan assets	(66,608)	(64,601)	(62,799)
Net determined benefit liability (asset) – non-current	$(2,926)	$(5,093)	$31,115

Adjustments to the net defined benefit liabilities (assets):

	Present value of the defined benefit obligations	The fair value of plan assets	Net defined benefit liabilities (assets)
2022.1.1	$93,914	$(62,799)	$31,115
Current service cost	-	-	-
Interest expenses (revenues)	704	(471)	233
Defined benefit liabilities/assets remeasurement amount			
Actuarial gains and losses resulting from changes in demographic assumption	344	-	344
Actuarial gains and losses resulting from changes in financial assumption	(13,422)	-	(13,422)
Experience adjustments	(17,332)	-	(17,332)
Defined benefit assets remeasurement amount	-	(4,623)	(4,623)
Subtotal	(30,410)	(4,623)	(35,033)
Payment of benefits	(4,700)	4,700	-
Contributions of employer	-	(1,408)	(1,408)
2022.12.31	59,508	(64,601)	(5,093)
Current service cost	-	-	-
Interest expenses (revenues)	786	(853)	(67)

(In thousand New Taiwan dollars, unless otherwise specified)

	Present value of the defined benefit obligations	The fair value of plan assets	Net defined benefit liabilities (assets)
Defined benefit liabilities/assets remeasurement amount			
Actuarial gains and losses resulting from changes in demographic assumption	-	-	-
Actuarial gains and losses resulting from changes in financial assumption	669	-	669
Experience adjustments	3,174	-	3,174
Defined benefit assets remeasurement amount	-	(272)	(272)
Subtotal	3,843	(272)	3,571
Payment of benefits	(455)	455	-
Contributions of employer	-	(1,337)	(1,337)
2023.12.31	$63,682	$(66,608)	$(2,926)

The following key assumptions are used to determine the Group’s defined benefit plan:

	2023.12.31	2022.12.31
Discount rate	1.23%	1.32%
Expected salary increase rate	2.00%	2.00%

Sensitivity analysis of each major actuarial hypothesis:

	2023		2022	
	Increase of defined benefit obligations	Decrease of defined benefit obligations	Increase of defined benefit obligations	Decrease of defined benefit obligations
Discount rate increased by 0.5%	$-	$3,255	$-	$3,216
Discount rate decreased by 0.5%	3,879	-	4,027	-
Expected salary increase by 0.5%	3,829	-	3,979	-
Expected salary decrease by 0.5%	-	3,252	-	3,212

The foregoing sensitivity analysis is conducted to analyze the possible impact on the defined benefit obligations when single actuarial assumption (e.g. discount rate or expected salary) has a reasonable and possible change occurring, assuming other assumptions remain unchanged. Since some of the actuarial assumptions are correlated, the occurrence of changes in one single actuarial assumption is seldom in practice, so the analysis has its limitations.

(In thousand New Taiwan dollars, unless otherwise specified)

The methods and assumptions used in the sensitivity analysis for this period are no different from those adopted in the previous period.

22. Liability reserve

	Employee benefits liability	Decommissioning liability	Others	Total
2023.1.1	$313	$11,531	$5,788	$17,632
Increase	325	190	156	671
Reversed	(313)	-	(5,944)	(6,257)
2023.12.31	$325	$11,721	$-	$12,046
2022.1.1	$661	$9,357	$5,578	$15,596
Increase	313	2,463	210	2,986
Reversed	(661)	(289)	-	(950)
2022.12.31	$313	$11,531	$5,788	$17,632
Current	$325	$-	$-	$325
Non-current	-	11,721	-	11,721
2023.12.31	$325	$11,721	$-	$12,046
Current	$313	$-	$5,788	$6,101
Non-current	-	11,531	-	11,531
2022.12.31	$313	$11,531	$5,788	$17,632

23. Equity

(1) Common stock

As of December 31, 2023 and 2022, the Company's registered capital was NT$6,000,000 thousand outstanding share capital was NT$3,512,516 thousand, with par value of NT$10 per share, i.e. 351,252 thousand shares, respectively. Each share is entitled to one voting right and the right to receive dividends. The stock is listed for trading at Taipei Exchange.

(2) Capital reserve

	2023.12.31	2022.12.31
Issuance premium	$14,750	$14,750
Treasury stock trade	305,464	305,181
Stock options	35,254	36,297
Total	$355,468	$356,228

According to the law, additional paid-in capital shall not be used for any purpose except for making up for the loss of the Company. When the Company has no loss, a certain percentage of the additional paid-in capital from the stock premium and the gift can be applied to replenish capital every year. The aforementioned additional paid-in capital can be allocated in cash to shareholders proportionally to their original shareholding ratio.

(3) Retained earnings

Statutory surplus reserves

According to the Company Act, the legal reserve should be appropriated until the paid-in capital is equivalent to the total capital. The legal reserve can be used to make up for the loss. When the Company has no loss, the portion of the legal reserve that exceeds 25% of the paid-in capital should be applied to have stock shares or cash distributed to shareholders proportionally to their original shareholding ratio.

Special surplus reserves

According to the Regulations Governing Securities Firms, the Company shall set aside 20% of the annual surplus after tax as a special surplus reserve, unless the amount has reached the paid-in capital amount. In accordance with the Letter Jin-Guan-Zheng-Quan-Zi No. 1100365484 issued by the FSC dated January 21, 2022, for the net debit to other shareholders' equity that occurred in the year, a special reserve shall be provided in the amount of the net income after tax of the current period, plus the items other than the net income after tax of the current period and the undistributed earnings from the prior period. A special reserve shall be provided in the amount of debits to other shareholders' equity accumulated in the prior period and shall not be distributed. However, if the Company has provided a special reserve in accordance with the preceding paragraph, it shall additionally provide a special reserve in the amount of the difference between the amount already provided and the net amount of debits to other shareholders' equity. If there is a subsequent reversal of the amount of debits to other shareholders' equity, the portion reversed may be distributed.

Earnings allocation and dividend policy

When allocating the earnings, the Company shall first estimate and reserve the taxes to be paid, offset its losses, set aside a legal capital reserve at 10% of the remaining earnings. The allocation shall not be subject to the above if the amount of accumulated legal capital reserve has reached the amount of the paid-in capital of the Company. The Company shall also set aside a certain amount of profit as special reserve in accordance with the laws and regulations. Besides the amount retained for business needs, the distribution shall be determined by the Board with reference to the operational status of the Company. In circumstances of distributing in forms of issuance of new shares, such matter shall be first submitted to the Shareholders' Meeting for resolution before distribution.

As stipulated by Paragraph 5 of Article 240 of the Company Act, the Company may distribute the distributable dividends in form of cash and report to the Shareholders' Meeting, after such matter has been determined by a majority of the Directors at a meeting attended by two-thirds or more of the total number of Directors.

(In thousand New Taiwan dollars, unless otherwise specified)

Taking into consideration the future growth of operation scale and diversified development of businesses, the Company shall appropriate no less than 50% of the total distributable profit as dividends. However, the Company may be exempt from distribution of dividends in cases where accumulated distributable profit is less than 10% of paid-in capital. Stock dividends shall be no more than 50%, and cash dividends shall be no less than 50% of the total distributable dividends. However, the Company may adjust the percentage thereof and the percentage of distributable earning depending on the Company's business development and capital requirement.

The earnings appropriation and distribution plan and dividends per share for 2023 and 2022 proposed by the Company's board of directors on February 22, 2024 and resolved by the shareholders' meeting on May 31, 2023 are listed as follows:

	Earnings appropriation and distribution plan		Dividend Per Share (NTD)	
	2023	2022	2023	2022
Legal reserve appropriated	$17,623	$-		
Appropriation of special reserve	35,246	-		
Common stock cash dividends	87,813	-	$0.25	$-

Please refer to Note 6.28 for the relevant information about employee remuneration and directors' remuneration assessment basis and recognized amount.

24. Operating income

(1) Brokerage fee revenue

	2023	2022
Brokerage for centralized securities exchange market	$491,090	$467,025
Over-the-counter brokerage	151,283	136,707
Futures brokerage fee revenue	30,930	40,546
Other service fee revenue	104,617	51,680
Total	$777,920	$695,958

(2) Underwriting business revenue

	2023	2022
Firm commitment underwriting revenue	$14,425	$15,519
Underwriting revenue	4,591	8,899
Underwriting consulting revenue	14,990	16,900
Others	29,662	35,489
Total	$63,668	$76,807

(In thousand New Taiwan dollars, unless otherwise specified)

(3) Operating gain (loss) on sale of securities

	2023	2022
Gain (loss) on sales of securities - proprietary	$205,540	$(119,961)
Gain on sale of securities – underwriting	16,143	14,935
Total	$221,683	$(105,026)

(4) Interest revenue

	2023	2022
Bonds interest revenue	$48,920	$20,846
Interest revenue – non-restricted purpose loans	18,018	13,555
Others	2,655	316
Total	$69,593	$34,717

(5) Net profit of securities trade measured at the fair value through profit or loss

	2023	2022
Securities – proprietary	$127,006	$(160,903)
Securities – underwriting	1,759	(5,816)
Total	$128,765	$(166,719)

(6) Net gains (losses) on the derivative financial instruments – Futures

	2023	2022
Futures contract gain (loss) – net	$(160,978)	$47,249
Net loss from options trade	(928)	(3,399)
Total	$(161,906)	$43,850

(7) Expected credit impairment loss and reversal benefit

	2023	2022
Note receivable and account receivable	$97	$10
Other receivables	(718)	(49)
Others	1	(4)
Total	$(620)	$(43)

Please refer to Note 12 for credit risk related information.

The Group's accounts receivable (including securities borrowings receivable, loan receivables – non-restricted purpose, notes receivable, accounts receivable, and other receivables) and financial assets measured at amortized cost are all based on the amount of expected credit loss for twelve months or the duration period to measure the allowance for losses. The relevant description of the amount of the allowance for losses assessed as of December 31, 2023 and 2022 are as follows:

(In thousand New Taiwan dollars, unless otherwise specified)

Accounts receivable and financial assets at amortized cost

For accounts receivable and financial assets at amortized cost, counterparties' credit rating, region, industry, and other factors are considered for classification, and a reserve matrix is adopted to measure the allowance for losses; the relevant information is as follows

December 31, 2023

	Not overdue	Number of days overdue			
	(Note)	Within 30 days	31–60 days	Over 61 days	Total
Total book value	$4,224,913	$81	$309	$466	$4,225,769
Loss rate	0.0004%	3.3296%	6.6425%	20.0000%~ 100.0000%	
Anticipated credit loss within the perpetuity of the financial assets	(19)	(3)	(21)	(128)	(171)
Subtotal	$4,224,894	$78	$288	$338	$4,225,598

December 31, 2022

	Not overdue	Number of days overdue			
	(Note)	Within 30 days	31–60 days	Over 61 days	Total
Total book value	$2,638,607	$233	$269	$1,229	$2,640,338
Loss rate	0.0013%	8.3621%	10.6836%	20.0000%~ 100.0000%	
Anticipated credit loss within the perpetuity of the financial assets	(34)	(20)	(29)	(246)	(329)
Subtotal	$2,638,573	$213	$240	$983	$2,640,009

Note: The Group's notes receivable, securities borrowings receivable, loan receivables – non-restricted purpose and financial assets measured at amortized cost are not past due.

The changes in the Group's and notes receivable, accounts receivable, other receivables, and other allowances for losses for the years 2023 and 2022 are as follows:

	Note receivable and account receivable	Other receivables	Others	Total
2023.1.1	$116	$208	$5	$329
Increase (reversed)	(97)	718	(1)	620
Write-off due to the	-	(778)	-	(778)

(In thousand New Taiwan dollars, unless otherwise specified)

inability to recover				
2023.12.31	$19	$148	$4	$171
2022.1.1	$126	$366	$1	$493
Increase (reversed)	(10)	49	4	43
Write-off due to the inability to recover	-	(207)	-	(207)
2022.12.31	$116	$208	$5	$329

25. Other operating revenue

	2023	2022
Management fee income	$3,765	$3,362
Consultancy fee income	2,655	817
Net loss on out-trades	(344)	(450)
Commission revenue	791	718
Account maintenance fee income	4,344	5,071
Foreign exchange gain (loss) – net	(410)	11,419
Others	65	68
Total	$10,866	$21,005

26. Financial costs

	2023	2022
Repo bond interest	$43,913	$20,295
Funding interest	405	52
Interest from commercial paper	2,057	26
Interest on lease liabilities	2,811	1,341
Interest on convertible corporate bonds issued	(15,015)	(16,914)
Others	1,087	136
Total	$35,258	$4,936

27. Leases

(1) The Group is the lessee

The Group has signed commercial lease contracts for offices, parking spaces, warehouses, etc., with an average period of one to five years. The impact of leasing on the Group’s financial position, financial performance, and cash flow is described as follows:

A. Amount recognized in the balance sheet

(a) Right-of-use assets.

Carrying amount of right-of-use assets

(In thousand New Taiwan dollars, unless otherwise specified)

	2023.12.31	2022.12.31
Buildings and structures	$280,618	$119,181
Transportation equipment	6,565	5,300
Total	$287,183	$124,481

The Group increased the right-of-use assets in the amount of NT$246,566 thousand and NT$122,972 thousand in 2023 and 2022, respectively.

(b) Lease liabilities

	2023.12.31	2022.12.31
Lease liabilities		
Current	$78,301	$35,703
Non-current	202,193	78,650
Total	$280,494	$114,353

Please refer to Note 6.26 for the interest expenses of the Group's lease liabilities in 2023 and 2022; please refer to Note 12.4—liquidity risk management—for the maturity analysis of lease liabilities as of December 31, 2023 and 2022.

B. Amount recognized in the statement of comprehensive income

Depreciation of right-of-use assets

	2023	2022
Buildings and structures	$79,604	$74,809
Transportation equipment	4,352	4,002
Total	$83,956	$78,811

C. Lessee's income and expenses related to leasing activities

	2023	2022
Short-term lease expense	$271	$191
Lease of low-value assets (excluding the expenses of short-term lease of low-value assets)	$538	$488

D. Lessee's cash outflow from leasing activities

The Group's total cash outflow from the leases in 2023 and 2022 was NT$82,348 thousand and NT$68,231 thousand, respectively.

28. The employee benefits, depreciation, and amortization expenses are summarized by function as follows:

(In thousand New Taiwan dollars, unless otherwise specified)

	2023	2022
Employee benefits expenses		
Payroll expenses	$628,244	$532,894
Labor insurance and national health insurance	49,229	51,805
Pension expenses	26,739	26,377
Remuneration to Directors	15,314	11,334
Other employee benefits expenses	21,249	19,612
Total	$740,775	$642,022
Depreciation and amortization expenses		
Depreciation expenses	$109,944	$101,216
Amortization expenses	19,870	16,839
Total	$129,814	$118,055

Because of the characteristics of the industry, the employment, depreciation, and amortization expenses incurred by the Group all belong to operating expenses.

If the Company has profit in the current year, it shall appropriate no less than 2% as employee remuneration and no more than 3% as director remuneration (excl. independent directors), and both shall sum up to no more than 5% in accordance with the Articles of Incorporation. However, profits must first be taken to offset against cumulative losses if any. When the aforementioned employee remuneration is distributed in stock, it shall be submitted to the shareholders' meeting for a resolution. When it is distributed in cash, it can be resolved by the board of directors and shall only be adopted with the consent of a majority of the directors at a board meeting attended by more than two-thirds of the directors before being reported to the shareholders' meeting. Please refer to the "Market Observation Post System" of the Taiwan Stock Exchange for information on employee compensation and remuneration to directors resolved by the board of directors.

For the year ended December 31, 2023, based on its profit status, the Company estimated employee compensation and remuneration to directors and supervisors at NT$5,000 thousand and NT$5,000 thousand, respectively, and recognized them under were recognized under payroll expenses. The Company suffered a loss in 2022, so it did not estimate or distribute employee compensation and remuneration to directors and supervisors.

29. Other profits and losses

	2023	2022
Financial income	$41,079	$25,080
Loss on disposal of property, plant and equipment, net	(1)	-
Net gain (loss) on disposal of investments	2,525	(441)
Net loss on open-end funds and money market instruments at fair value through profit or loss	(7,073)	(3,607)
Dividend income	3,314	3,077
Rent revenue	36,593	31,519
Agency fee income	110,077	108,169

(In thousand New Taiwan dollars, unless otherwise specified)

	2023	2022
Gain on redemption of corporate bonds	3,127	14,172
Others	6,113	2,069
Total	$195,754	$180,038

30. Other comprehensive income

2023

	Accrued in current year	Current reclassification adjustment	Other comprehensive income	Income tax expenses	After-tax amount
The items that are not reclassified as profit or loss					
Reevaluation of determined benefit plan	$(3,571)	$-	$(3,571)	$-	$(3,571)
Unrealized valuation gains or losses of equity instruments investments in financial assets measured at FVTOCI	27,259	-	27,259	-	27,259
Total current period other comprehensive income	$23,688	$-	$23,688	$-	$23,688

2022

	Accrued in current year	Current reclassification adjustment	Other comprehensive income	Income tax expenses	After-tax amount
The items that are not reclassified as profit or loss					
Reevaluation of determined benefit plan	$35,033	$-	$35,033	$-	$35,033
Unrealized valuation gains or losses of equity instruments investments in financial assets measured at FVTOCI	(9,731)	-	(9,731)	-	(9,731)
Total current period other comprehensive income	$25,302	$-	$25,302	$-	$25,302

31. Income tax

The main composition of income tax expenses is as follows:

Income tax recognized in profit or loss

	2023	2022
Current income tax expenses:		
Payable income tax for the current period	$27,795	$36,175
Previous income taxes adjusted into the current year	(236)	(3,621)
Deferred tax (benefit) expense:		
Deferred tax (benefit) expense related to the original	(774)	142

(In thousand New Taiwan dollars, unless otherwise specified)

	2023	2022
generation of the temporary difference and its reversal		
Income tax expenses	$26,785	$32,696

The amount of income tax expense and accounting profit multiplied by the applicable income tax rate is adjusted as follows:

	2023	2022
Net income (loss) before tax of the continuing business units	$206,584	$(187,488)
Income tax calculated at the Company's statutory income tax rate	$41,317	$(37,498)
Income tax effect of the tax-free income	(19,377)	71,494
Income tax effect of non-deductible expenses on tax returns	(2,214)	(2,447)
Income tax effect of deferred income tax assets/liabilities	7,697	2,699
Surtax of profit-seeking enterprise income tax on undistributed earnings	-	2,656
Minimum tax payable	14	-
Previous income taxes adjusted into the current year	(236)	(3,621)
Other Income tax effects adjusted according to tax laws	(416)	(587)
Total income tax expense recognized in profit and loss	$26,785	$32,696

Deferred income tax assets (liabilities) balances related to the following items:

<u>2023</u>

	Opening balance	Recognized in the profit or loss	Balance, ending
Temporary difference			
Unrealized allowance for bad debts (subsidiaries)	$19	$(19)	$-
Unrealized decommissioning cost liability	1,697	98	1,795
Unrealized short-term employee benefits	63	2	65
Unrealized net defined benefit liability	2,982	(13)	2,969
Unrealized foreign exchange loss or gain (parent company)	(357)	463	106
Unrealized foreign exchange loss or gain (subsidiaries)	(498)	(59)	(557)
Unrealized valuation gains or losses on financial assets (parent company)	393	1,045	1,438
Unrealized valuation gains or losses on financial assets (subsidiaries)	3,026	354	3,380

(In thousand New Taiwan dollars, unless otherwise specified)

	Opening balance	Recognized in the profit or loss	Balance, ending
Unrealized valuation gains or losses on financial assets (subsidiaries)	(60)	60	-
Unrealized estimated litigation indemnity	1,157	(1,157)	-
Deferred income tax expenses		$774	
Deferred income tax assets (liabilities), net	$8,422		$9,196
The information expressed on the balance sheet is as follows:			
Deferred income tax assets	$9,337		$9,753
Deferred tax liabilities	$(915)		$(557)

2022

	Opening balance	Recognized in the profit or loss	Balance, ending
Temporary difference			
Unrealized allowance for bad debts (parent company)	$(1,118)	$1,118	$-
Unrealized allowance for bad debts (subsidiaries)	8	11	19
Unrealized decommissioning cost liability	1,003	694	1,697
Unrealized short-term employee benefits	132	(69)	63
Unrealized net defined benefit liability	2,935	47	2,982
Unrealized foreign exchange loss or gain (parent company)	1,111	(1,468)	(357)
Unrealized foreign exchange loss or gain (subsidiaries)	52	(550)	(498)
Unrealized valuation gains or losses on financial assets (parent company)	-	393	393
Unrealized valuation gains or losses on financial assets (subsidiaries)	3,325	(299)	3,026
Unrealized valuation gains or losses on financial assets (subsidiaries)	-	(60)	(60)
Unrealized estimated litigation indemnity	1,116	41	1,157
of the temporary difference and its reversal		$(142)	
Deferred income tax assets (liabilities), net	$8,564		$8,422

The information expressed on the balance sheet is as follows:

(In thousand New Taiwan dollars, unless otherwise specified)

	Opening balance	Recognized in the profit or loss	Balance, ending
Deferred income tax assets	$9,682		$9,337
Deferred tax liabilities	$(1,118)		$(915)

The unused tax loss carryforwards of the entities of the Group are summarized as follows:

Year of occurrence	Amount of loss	Unused balance 2023.12.31	Unused balance 2022.12.31	Final credit year
Subsidiary – Horizon SICE:				
2021-approved	$18,293	$13,982	$17,908	2031
Subsidiary – Horizon Venture Capital:				
2014-approved	1,628	1,628	1,628	2024
2015-approved	1,368	1,368	1,368	2025
2017-approved	5,013	5,013	5,013	2027
2018-approved	5,259	5,259	5,259	2028
2019-approved	20,954	20,954	20,954	2029
2020-approved	11,734	11,734	11,734	2030
2021-approved	10,499	10,499	10,499	2031
2022-filed	18,616	18,616	18,960	2032
2023-estimated	38,115	38,115	-	2033
Total		$127,168	$93,323	

Unrecognized deferred income tax asset

As of December 31, 2023 and 2022, the total amount of the Group's unrecognized deferred income tax assets was NT$51,259 thousand and NT$43,980 thousand, respectively.

Income tax declaration and audit

As of December 31, 2023, the filings of the Company's and its subsidiaries' profit-seeking enterprise income tax were as follows:

	Income tax declaration and audit
The Company	Audited up to the year of 2021
Subsidiary – Horizon SICE Co., Ltd.	Audited up to the year of 2021
Subsidiary – Horizon Venture Capital Co., Ltd.	Audited up to the year of 2021
Subsidiary – Horizon Venture Management Co., Ltd.	Audited up to the year of 2021

32. Earnings per share

The basic earnings per share is calculated by having the net profit attributable to the holder of the common stock shares of the parent company divided by the weighted average number of common stock shares outstanding in the current period.

The diluted earnings per share is calculated by having the net profit attributable to the holder of the common stock shares of the parent company divided by the weighted average number of common stock shares outstanding in the current period plus the weighted average number of common stock shares to be issued when all dilutive potential common stock shares were converted into common stock shares.

	2023	2022
(1) Basic earnings per share		
Net income (loss) attributable to the holders of common stock of the parent company	$179,799	$(220,184)
Weighted average number of common stock shares (thousand shares) of the earnings per share	351,252	351,252
Base earnings per share (NT$)	$0.51	$(0.63)

	2023	2022
(2) Diluted earnings per share		
Net income (loss) attributable to the holders of common stock of the parent company	$179,799	$(220,184)
Interest on convertible corporate bonds	(15,015)	-
Net income (loss) attributable to the holders of common stock of the parent company after adjustment to the dilution effect	$164,784	$(220,184)
Weighted average number of common stock shares (thousand shares) of the earnings per share	351,252	351,252
Dilution effect:		
Employee remuneration – stock (thousand shares)	448	-
Convertible corporate bonds (thousand shares)	38,932	-
Weighted average number of common stock shares (thousand shares) after adjusting the dilution effect	390,632	351,252
Diluted earnings per share (NT$)	$0.42	$(0.63)

The convertible corporate bonds issued by the Company during 2022 were not included in the diluted earnings per share for 2022 due to their anti-dilution effect.

There was no other transaction performed to cause significant changes to the outstanding common stock shares or the potential common stock shares after the reporting period and before the release of the financial statements.

(In thousand New Taiwan dollars, unless otherwise specified)

33. Statement of Reconciliation for customers' margin accounts and futures traders' equity

	2023.12.31	2022.12.31
Margin accounts – bank deposits	$291,274	$436,953
Margin accounts – settlement institution settlement balance	190,424	140,199
Customer margin account balance	481,698	577,152
Less: Processing fee income pending reclassification	(50)	(103)
Futures transaction tax to be transferred out	(33)	(68)
Temporary receipts	(262)	(696)
Futures traders' equity	$481,353	$576,285

7. Related party transactions

The related party transactions with the Group during the financial reporting period are as follows:

Name and relationship of related parties

Name	Relationship with the Group
Mercuries & Associates Holding, LTD.	Entities with joint control or significant influence on the Group
Mercuries Life Insurance Co. Ltd.	Entities with joint control or significant influence on the Group
Mercuries Data Systems Ltd.	Other related parties
Mercuries & Associates Holding, Ltd.	Other related parties
Simple Mart Retail Co., Ltd.	Other related parties
Mercury Fu Bao Co., Ltd.	Other related parties
Mercury Fu Bao Co. Ltd.	Other related parties
SCI Pharmtech, Inc.	Other related parties
Cheng-Da Investment Consulting Co., Ltd.	Other related parties
Simple Mart Plus Co., Ltd.	Other related parties
Foundation for Taiwan Masters Golf Tournament	Other related parties

Major transactions with related parties

1. Brokerage fee revenue

The status of the brokerage fee income generated when the Group and above related parties engaged in the securities brokerage business is as follows:

(In thousand New Taiwan dollars, unless otherwise specified)

	2023	2022
Entities with joint control or significant influence on the Group		
Others	$11,933	$5,677
Other related parties		
Others	241	236
Total	$12,174	$5,913

The details of the claims and liabilities incurred when the Group and the above-mentioned related parties engaged in the securities brokerage business are as follows:

	2023.12.31	2022.12.31
Accounts payable		
Entities with joint control or significant influence on the Group		
Others	$2	$-
Other related parties		
Others	-	1
Total	$2	$1

There is no significant difference between the above-mentioned stock brokerage trading conditions and those with non-related parties.

2. Underwriting business revenue

The underwriting business revenue generated when the Group conducts the underwriting advisory business for the related parties. The transaction situation is as follows:

	2023	2022
Entities with joint control or significant influence on the Group		
Others	$1,800	$1,200
Other related parties		
Others	988	-
Total	$2,788	$1,200

The details of the claims and liabilities incurred when the Company and the above-mentioned related parties engaged in the underwriting advisory business are as follows:

	2023.12.31	2022.12.31
Accounts receivable		
Other related parties		
Others	$380	$-

There is no significant difference between the above-mentioned underwriting business conditions and those with non-related parties.

(In thousand New Taiwan dollars, unless otherwise specified)

3. Stock affairs agency revenue

The revenue generated when the Group serves as a stock affairs agency entrusted by the related parties to handle general stock affairs and special stock affairs is as follows:

	2023	2022
Entities with joint control or significant influence on the Group		
Others	$5,300	$4,342
Other related parties		
Others	2,506	2,359
Total	$7,806	$6,701

The details of the claims and liabilities incurred when the Group and the above-mentioned related parties engaged in the stock affairs agency business are as follows:

	2023.12.31	2022.12.31
Other receivables		
Entities with joint control or significant influence on the Group		
Others	$85	$84
Other related parties		
Others	638	259
Total	$723	$343

There is no significant difference between the above-mentioned stock affairs agency business conditions and those with non-related parties.

4. Other operating revenue

The income generated from the Group's discretionary investment business is as follows:

	2023	2022
Discretionary investment management fee income		
Entities with joint control or significant influence on the Group		
Mercuries Life Insurance Co. Ltd.	$2,320	$2,290

The details of the claims and liabilities incurred when the Group and the above-mentioned related parties engaged in the discretionary investment business are as follows:

	2023.12.31	2022.12.31
Accounts receivable		
Entities with joint control or significant influence on the Group		
Mercuries Life Insurance Co. Ltd.	$248	$206

(In thousand New Taiwan dollars, unless otherwise specified)

There is no significant difference between the above-mentioned discretionary investment business conditions and those with non-related parties.

The revenue generated when the Group is entrusted to maintain the accounts of the Taiwan Depository and Clearing Corporation (TDCC) is as follows:

	2023	2022
Account maintenance fee income		
Entities with joint control or significant influence on the Group		
Mercuries Life Insurance Co. Ltd.	$4,344	$5,071

The details of the claims and liabilities incurred when the Group and the above-mentioned related parties engaged in the TDCC account maintenance business are as follows:

	2023.12.31	2022.12.31
Accounts receivable		
Entities with joint control or significant influence on the Group		
Mercuries Life Insurance Co. Ltd.	$311	$400

There is no significant difference between the above-mentioned TDCC account maintenance business conditions and those with non-related parties.

5. Asset trade

2023

Counterparties	Transaction object	Trade value
Stock purchase		
Entities with joint control or significant influence on the Group		
Mercuries & Associates Holding, LTD.	TDCC stocks	$81,332
Mercuries Life Insurance Co. Ltd.	TDCC stocks	113,731
Other related parties		
Others		51,774
Total		$246,837
Stock sale		
Entities with joint control or significant influence on the Group		
Mercuries & Associates Holding, LTD.	TDCC stocks	$24,328
Mercuries Life Insurance Co. Ltd.	TDCC stocks	22,401
Other related parties		
Others	TDCC stocks	9,989
Total		$56,718

(In thousand New Taiwan dollars, unless otherwise specified)

Bond purchase		
Other related parties		
Others		$33,864

2022

Counterparties	Transaction object	Trade value
Stock purchase		
Entities with joint control or significant influence on the Group		
Mercuries & Associates Holding, LTD.	TDCC stocks	$27,548
Mercuries Life Insurance Co. Ltd.	TDCC stocks	269,036
Total		$296,584
Stock sale		
Entities with joint control or significant influence on the Group		
Mercuries & Associates Holding, LTD.	TDCC stocks	$56,249
Mercuries Life Insurance Co. Ltd.	TDCC stocks	276,862
Other related parties		
Others	TDCC stocks	24,767
Total		$357,878
Equipment		
Other related parties		
Others	Office equipment	$2,800

There is no significant difference between the above-mentioned asset transaction conditions and those with non-related parties.

The details of the profit or loss arising from the Group's disposal of the stocks held from the above-mentioned related parties are as follows:

	2023	2022
Entities with joint control or significant influence on the Group		
Mercuries & Associates Holding, LTD.	$(240)	$449
Mercuries Life Insurance Co. Ltd.	897	7,826
Other related parties		
Others	1,345	(15,174)
Total	$2,002	$(6,899)

6. The details of other operating expenses paid by the Group to related parties and the

relationship between claims and debts are as follows:

	2023	2022
Other operating expenses - commission expense		
Entities with joint control or significant influence on the Group		
Others	$450	$420
Other operating expenses – advertising expense		
Other related parties		
Others	$900	$900
Other operating expenses – miscellaneous expenses		
Other related parties		
Others	$-	$57

	2023.12.31	2022.12.31
Accounts payable		
Entities with joint control or significant influence on the Group		
Others	$116	$104

There is no significant difference between the above-mentioned transaction conditions and those with non-related parties.

7. The details of related parties' stocks held by the Group are as follows:

	2023.12.31		2022.12.31	
	Number of shares (thousand shares)	Amount	Number of shares (thousand shares)	Amount
Entities with joint control or significant influence on the Company				
Others	19,200	$105,477	70	$1,061
Other related parties				
Others	512	$45,860	-	$-

The details of the profit or loss arising from the above-mentioned related parties' stocks held by the Group are as follows:

	2023	2022
Entities with joint control or significant influence on the Group		
Others	$-	$300

(In thousand New Taiwan dollars, unless otherwise specified)

8. The details of related parties' bonds held by the Group are as follows:

	2023.12.31		2022.12.31	
	Face value	Market price	Face value	Market price
Entities with joint control or significant influence on the Company				
Mercuries Life Insurance Co. Ltd.	$200,000	$199,999	$200,000	$199,999
Other related parties				
Mercuries Data Systems Ltd.	33,200	33,532	-	-
Total	$233,200	$233,531	$200,000	$199,999

The details of interest income from the Group's bonds held by the above-mentioned related parties are as follows:

	2023	2022
Entities with joint control or significant influence on the Group		
Mercuries Life Insurance Co. Ltd.	$6,594	$6,600

The details of the claims and liabilities incurred from the above-mentioned related parties' bonds held by the Group are as follows:

	2023.12.31	2022.12.31
Other receivables		
Entities with joint control or significant influence on the Group		
Mercuries Life Insurance Co. Ltd.	$2,038	$2,043

9. Remuneration of key management personnel of the Group

	2023	2022
Short-term employee benefits	$147,406	$125,448
Retirement benefits	5,992	6,513
Total	$153,398	$131,961

(In thousand New Taiwan dollars, unless otherwise specified)

8. Pledged assets

The Group has the following assets provided as collateral:

Items	Secured debt or restricted content	2023.12.31	2022.12.31
Financial assets at fair value through profit and loss			
Securities – proprietary (government bonds)	Call loans to banks	$291,507	$301,161
Securities – proprietary (government bonds)	Government bond bid bond	10,063	-
Securities – proprietary (corporate bonds)	Call loans to banks	2,400,684	1,390,803
Securities – proprietary (convertible bonds)	Call loans to banks	80,875	19,750
Unlisted/OTC	Settlement advance	116,531	-
Other current assets			
Restricted assets (certificate of deposit)	Short-term borrowings and commercial paper	80,000	87,000
Restricted assets (certificate of deposit)	Settlement advance	183,500	215,000
Restricted assets (certificate of deposit)	Deposit for the head office building	11,328	-
Restricted assets (Current deposits)	Short-term borrowings (compensating balance)	15,000	16,000

9. Significant contingent liabilities and unrecognized contractual commitments

No such event

10. Significant disaster loss

No such event

11. Significant subsequent events

1. The Company’s board of directors resolved to issue the second domestic unsecured convertible corporate bonds on September 21, 2023, with the upper limit of total par value of NT$600,000 thousand and a face value of NT$ 100 thousand per bond, which had been registered effectively as per Letter No. Jin Guan-Zheng-Quan-Zi No. 1120357771 issued by the. Financial Supervisory Commission on October 23, 2023. The issuance date was set on January 5, 2024, and it was traded at securities dealers' business premises from that date, and the bonds were traded at the places of business of securities firms from that date.

2. In response to the company’s business development and diversification, Horizon SICE Co., Ltd., a subsidiary of the Company, merged with UBP Asset Management Taiwan Ltd. with the approval of the board of directors on October 11, 2023. After the merger,

Horizon SICE Co., Ltd. is the surviving company. After the date of record of the merger is approved by the competent authority, the chairman of the board of directors is authorized to set the date of record of the merger, and on the date of record of the merger, an initial payment of NT$76,000,000 was made to acquire 7,100,000 ordinary shares held by shareholders of UBP Asset Management Taiwan Ltd. Within 45 days after the date of record of the merger, both parties will confirm the final transaction amount in accordance with the terms and conditions in the merger agreement, and make up the difference with the tentative price mentioned above.

12. Others

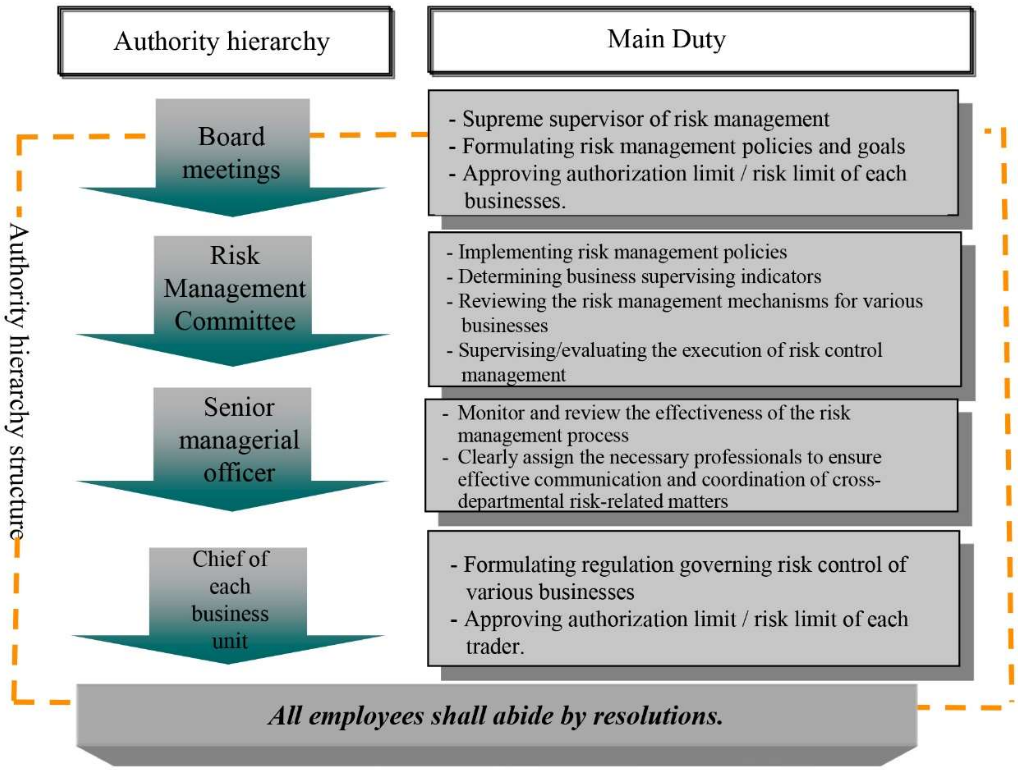
1. Purpose and policy of financial risk management

(1) Risk management objectives and policies

The Group's risk management policy is based on the current capital scale and the risk appetite determined by the board of directors to create the greatest return for shareholders, and to achieve the following goals:

A. Providing effective identification, measurement and monitoring of risks when engaging in various businesses.
B. Establishing timely, accurate and effective risk management indicators for the Company's operating activities in response to the fluctuations in the market.
C. Controlling the overall risk within the risk limit of shareholders, and providing the basis of capital allocation for operating activities.

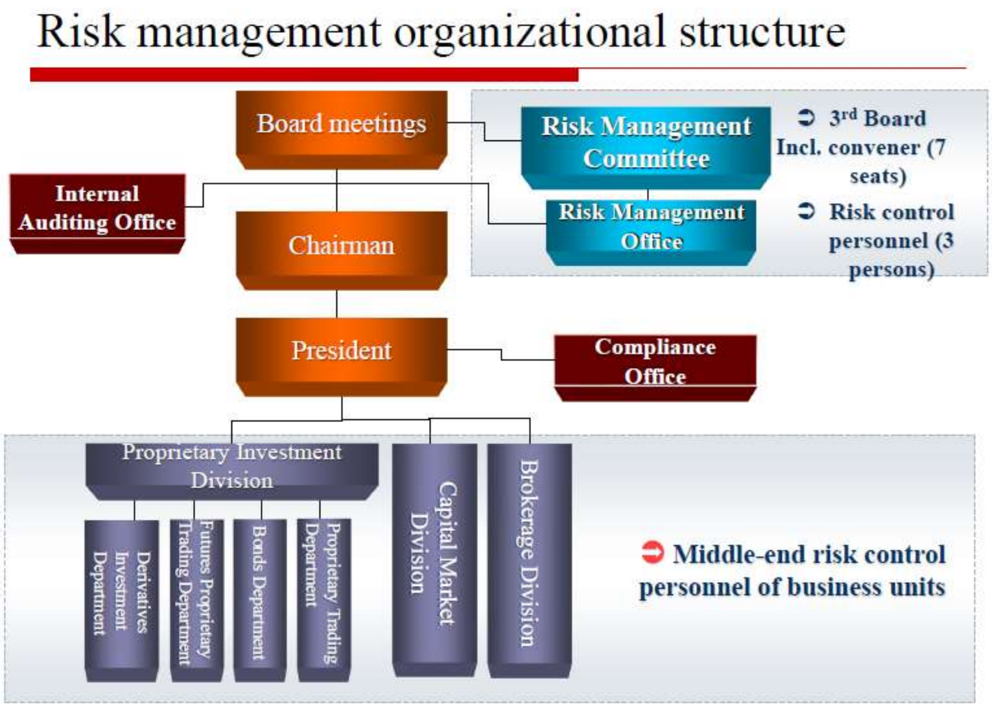
(2) Risk management system
The Group adopts the authorization hierarchy system for risk management. Procedures of formulations and Approval of relevant policies are as follows:



The Group adopts both top-down and bottom-up approaches. First, the Company determines the overall economic capital and risk appetite with the top-down approach. After the overall economic capital is determined, the economic capital of each unit is then determined based on the bottom-up approach to ensure the consistency of total capital requirement.

(3) Risk management organizations

A. The Group’s risk management organization includes board of directors, “Risk Management Committee,” top management, Internal Auditing Office, Risk Management Office, Compliance Office, and other business units. The organizational chart is as follows:



The "Risk Management Committee" is the Group's highest authority unit in the matter of risk management. It reports directly to the "board of directors." The organization, functions and work rules of the "Risk Management Committee" are handled according to the "Charter of Risk Management Committee."

(4) Risk management procedure

The Group's risk management procedure includes risk identification, evaluation, monitoring, reporting, and response measures. The impacts of various risks and responses are described as follows:

A. Market Risk:

Uncertain changes in the values of financial assets over a period of time due to changes in market prices, such as changes in interest rates, exchange rates, equity securities, and commodity prices, may lead to the risk of losses on - and off-balance sheet items.

B. Liquidity risk:

The risk of being unable to realize assets or obtain sufficient funds to fulfill obligations when they are due (referred to as "liquidity risk"); and the risk of insufficient market depth, market disorder, or significant changes in market prices when positions held are disposed of or offset (known as "market liquidity risk").

C. Credit Risk:

The amount of risk arising from the failure of the counterparty (including the issuer of securities, counterparty to a contractual transaction, or debtor) to fulfill its obligation or risk of loss incurred by its financial position.

D. Operational Risk:

The risks caused by poor operating systems and operational negligence, such as poor and contradictory operating process designs, negligence in operations, failure to implement internal controls, or front-end transactions exceeding the authorized permissions or execution of unauthorized transactions, improper management of back-end transaction books and records and improper internal accounting control, inexperienced personnel, improper security control of information systems, and improper operational backup.

E. Legal Risk:

The failure to comply with the relevant government regulations; contracts invalidated due to no legal binding effect, ultra vires, omissions in clauses, or incomplete regulations, resulting in the risk of loss.

F. Model Risk:

The non-precise appraised value due to the use of inappropriate models, parameters, or assumptions.
In order to maintain the operation and management of models and enhance the risk control of financial products, the Group has formulated the “Rules of the Management Operation of the Use of Models” to regulate the development, verification, safekeeping and changes of the models, in order to reduce model risks from the inappropriate use of models, parameters or hypotheses.

G. Climate Change and Environmental Sustainability Risks:

The Company has adopted the Task Force on Climate-related Financial Disclosures (TCFD) issued by the Financial Stability Board, United Nations, to identify the potential risks arising from various climate change based on the interaction between the Company's daily operating activities, its services, and the environment, to identify physical and transition risks caused by climate change.

H. Other emerging risks:

Due to new businesses or modified operations (e.g. FinTech), there might be adverse impact on the future business operation because of the lack of risk identification and assessment.

(5) Strategies and procedures for hedging and mitigating risks

The Group carries out analysis based on the severity of loss, and assess the pros and cons of each countermeasures. Potential hedging and mitigation policies include:

A. Risk avoidance: Take avoidance measures, to avoid activities that may have underlying risks.
B. Risk transfer/mitigation: Transfer part or all of the risk to a third party.
C. Risk control: Reduce the possibility and impacts of risks through appropriate approaches.
D. Risk-taking: Not taking any measures to change the possibilities and impact of risks.

The Group's monitoring, hedging and mitigation tools are mainly derivatives. The Company maintains the risk of market price fluctuations of hedging positions within an acceptable limit, determines the authorization limit based on the risk tolerance, and establishes a monitoring warning mechanism to grasp the change in the hedging positions.

The Company's Derivatives Investment Department adopts hedging methods for the issuance and subscription (sale) of warrants based on the Black-Scholes' model to estimate the Delta, Gamma, and Vega values of the relevant positions, which serve as the parameters reported in accordance with the Company's "Management Rules of Use of Models" for the capital adequacy ratio.

The Group's Futures Proprietary Trading Department is responsible for future trading and options trading. The risk control items include limits to value-at-risk, risk exposures, guarantee deposits, stock concentration, company scale, liquidity, stop-loss/take-profit. All investment strategies are approved after analysis on the fundamentals and strategic aspects and assessment of the general market trend at the investment decision meetings convened by the Proprietary Investment Division.

The Group has developed its own asset risk management system, and built systematic parameter settings based on different risk characteristics to make the risk control system modules more flexible and more conducive to the implementation of intraday and post-market monitoring. In addition to being linked with position performance, it can keep abreast of the actual operating results of the business at any time, to effectively improve the efficiency of risk information communication and management.

2. Market risk management

The Group has specified the market risk control methods in risk control regulations of each business. Market risk control items include total limit (by department, product, trader, trading strategy), shareholdings ratio, concentration (including the total shareholdings of any company's shares, total cost of holding any company's securities, total quantity of any foreign company's shares held, and total cost of holding any foreign company's securities), stop-loss and take-profit mechanism, trader account suspension mechanism, stop-loss mechanism, margin limit, overrun response, VaR calculation, and control of VaR limits. The Risk Management Office is responsible for monitoring the limits every day. The Group estimates the Value at risk (VaR) on a daily basis, and adjusted the model and parameters retrospectively to more accurately predict the largest possible loss due to market price fluctuation.

(1) The Group's Risk Management Office is responsible for monitoring the Company's daily risk exposure as a whole and at each business unit. In addition to understanding the risk response measures of each unit, it discloses the daily position gains and losses and the VaR of the next day in the asset risk control system. The Group's capital adequacy ratio, interest rate, and exchange rate sensitivity analysis, and VaR over the past two years are as follows:

A. Capital adequacy ratio

Items / Date	Current value	Mean	Max. value	Min. value
2023.12.31	339%	393%	455%	319%
2022.12.31	463%	442%	481%	361%

B. Sensitivity analysis

(a) Interest rate sensitivity analysis

The Group adopts DV01 in a sensitivity analysis for bond positions. DV01 refers to the impact on the amount of profit or loss on the bond positions when the bond interest rate rises or falls by 1 basis point (bp).

Unit: NTD thousand

Items / Date	Average duration	Fluctuation by 1bp Amount of profit or loss affected (DV01)
2023.12.31	4.30	$1,161
2022.12.31	2.50	426

Note: Perpetual debentures are not included.

<u>Perpetual debentures</u>

Unit: NTD thousand

Items / Date	Average duration	Fluctuation by 1bp Amount of profit or loss affected (DV01)
2023.12.31	31.3	$626
2022.12.31	31.3	626

(b) Exchange rate sensitivity analysis

The Group assesses the impact of exchange rate change by 1% on the profit and loss on foreign currency positions.

Unit: NTD thousand

Items / Date	Change by 1% in exchange rate: Amount of profit or loss affected
2023.12.31	$485
2022.12.31	348

C. The Group's quantized market risk model is measured based on VaR, and the quantized calculation is based on parametric methods (variance-covariance method), historical simulation method. The VaR of the next day is calculated at 99% confidence level.

Unit: NTD thousand

Date	Current value	Mean	Max. value	Min. value
2023.12.31	$54,243	$25,599	$58,855	$5,485
2022.12.31	35,491	20,458	86,250	3,100

(2) Back test

According to the Group's Back Test Operational Rules and the Risk Management Best-practice Principles for Securities Firms, the Group conducts model validity evaluation and back test based on the VaR by business and the Group's overall position on an annual basis to ensure the correctness and credibility of predictions of a risk evaluation model on a statistical basis.

(3) Stress test

A. Stress tests are carried out on a regular basis in accordance with the Group's Risk Management Policy Guidelines, the Stress Test Operation Rules, and the Risk Management Best-practice Principles for Securities Firms.

B. Two goals of stress test

(a) Evaluating the securities firms' capital's ability to bear the greatest potential loss.
(b) Identifying measures that securities firms can adopt to reduce risks and protect capital.

C. Available countermeasures

(a) Readjust positions held, close positions, or hedge transactions.
(b) Purchase credit guarantee schemes or insurance, or lower risk limits.
(c) Increase the sources of funding available to ensure that there are sufficient funds to respond during the crisis to enhance the liquidity of securities firms' funds.
(d) Plan countermeasures for specific stress test scenarios.

D. The Group's stress test system is based on historical scenarios and a hypothetical scenario. The method of implementation is described as follows:

(a) The historical scenarios mainly focus on specific extreme events in the past financial market that caused the market to plunge, such as the 921 earthquake, the dot-com bubble in 2000, the U.S. 911 terrorist attack, the March 19 shooting incident in Taiwan, the Eurozone debt storm, the 311 Eastern Japan Earthquake, Standard & Poor's downgrading of U.S. debt credit ratings, and other events, to simulate extreme stress to estimate the losses. The Group's historical scenarios are based on two incidents. One is the US Dow Jones Industrial Average index that crashed due to concerns about the accelerated speed of increase in interest rates on February 2, 2018. The Group set the loss ratios of the market values of both equity investments and non-government bonds investments at 12%, the loss ratio of money market funds at 2%, the sharp fall of the daily average trading volume of the Taiwan stock market to NT$50 billion, and the amount for the climate risk stress test. The second one is based on the global stock market crash caused by the global pandemic of COVID-19 in the first quarter of 2020. The Group set the loss ratios of the market values of equity investments and non-governmental bond investments at 30% and 10%, respectively, the loss ratio of money market funds at 2%, fall of the daily average trading volume of the Taiwan stock market to NT$50 billion, and the amount for the climate risk stress test. The third one is based on the scenario of Typhoon Morakot striking Taiwan in 2009. The Group set the loss ratios of the market values of equity investments and non-government bond investments at 6% and 3%, respectively, the loss ratio of money funds at 2%; reduced the average daily trading volume of the Taiwan stock market to NT$50 billion; and set the amount for the climate risk stress test. The loss estimated in the aforementioned historical scenarios in the stress test had a limited impact on the Group's financial position in each period, and the regulatory adequacy ratio was at the level stipulated in the regulations of the competent authority.

(b) The loss rates in the hypothetical scenario are based on the assumptions of credit rating companies to evaluate the value of the investment portfolio and the impact of changes on the amount of business operations. The fundamental assumptions include a 50% reduction in the market value of equity investments, a credit loss rate of non-government bond investments of 10%, a loss rate of money market funds of 2%, a fall of the daily average trading volume of the Taiwan stock market to NT$50 billion, and the amount for the climate risk stress test. Under the hypothetical scenario, the loss estimated had a limited impact on the Group's financial position in each period, and the adequacy ratio of its own capital was at the level stipulated in the regulations of the competent authority.

3. Management over credit risks

The Group defines the credit risk control methods for each financial product as well as the authorization structure, reporting process, and operations at each level in the risk control regulations. It measures credit risk exposure daily according to the credit rating and conducts credit evaluation before each transaction and conducts credit risk control, including TCRI credit ratings, bond issue rating control, reverse repurchase agreement counterparty's limits, counterparty's credit assessment, credit rating requirements for certain securities, while regularly updating and monitoring the credit status of the counterparties and controlling the nominal principle of the positions held. For counterparties with increased risks, the Group reduces credit risk limits or increases collateral. For positions that have been downgraded, it draws up disposal plan and restricts new positions to reduce credit exposure. The credit rating systems adopted for different financial products are described as follows:

(1) Convertible (exchangeable) corporate bonds

The Proprietary Investment Division's convertible (exchangeable) corporate bonds are based on the TEJ TCRI's credit ratings of levels 1–7, except for securities lending (borrowing) transactions. For TCRI level 8 or above, it must be combined with securities lending and shorting.

(2) Securities lending (borrowing)

It is limited to juridical persons, and the credit rating of counterparties in securities lending (borrowing) bargaining transactions must reach a certain level, or shall be a publicly listed securities firm.

(3) Bonds under reverse repurchase agreement

The counterparties are limited to domestic juridical persons, and for customers whose transaction balance reaches a certain amount of NTD or more, their counterparties' credit ratings must reach the required level. If the credit rating of a counterparty fails to meet the requirement, it shall be submitted to the President for approval before processing the transaction.

(4) Bonds (excluding convertible (exchangeable) corporate bonds)

According to the Bond Transaction Risk Management Regulations of the Bond Department, all types of bonds obtained by the Group must meet certain credit rating standards.

(5) Swaption of convertible corporate bond asset

The counterparties' credit ratings are limited to twBBB- and above, and the limit of transaction amount is set based on the counterparties credit ratings.

(6) Loans and non-restricted purpose loans

According to the Brokerage Division's Guidelines for Operations of Securities Borrowing and Lending; Guidelines for Handling Non-Restricted Purpose Loans; Loan and Non-Restricted Purpose Loan Risk Management Guidelines; the Regulations on Credit Investigation and Credit Line Evaluation of Customers in Securities Borrowings and Non-Restricted Purpose Loan Business, the Company evaluates each customer's credit line and controls the credit risk of securities borrowings and non-restricted purpose loans through regular review of collateral.

4. Liquidity risk management

(1) Market liquidity risk of positions held

The Group has formulated the liquidity risk control methods in the risk control regulations based on the nature of each business and set the cap of individual positions as per the concentration of the positions, the trading volume, while monitoring them on a daily basis.

(In thousand New Taiwan dollars, unless otherwise specified)

(2) Capital liquidity risk

The Group has formulated the Regulations Governing Capital Liquidity Risk Control. In the asset risk control system, the Company has established the capital liquidity indicators for simulation analysis for capital liquidity risk, and measures its risk tolerance for capital liquidity risk based on the high-standard stress test on monetary losses, with the aim of enhancing liquidity risk control.

The Group maintains financial flexibility through contracts, including cash and cash equivalents, highly liquid securities, bank borrowings, commercial papers payable, call loans to banks, and convertible corporate bonds. The table below summarizes the maturity of the payments contained in the contracts of the Group's financial liabilities. It is compiled based on the earliest possible date for repayment and its undiscounted cash flow. The amounts listed also include the agreed interest. For the interest cash flow paid at floating interest rates, the undiscounted amount of interest is derived from the yield curve at the end of the reporting period.

Non-derivative financial liabilities

	Less than 1 year	2–3 years	4–5 years	Over 5 years	Total
2023.12.31					
Short-term borrowings	$100,088	$-	$-	$-	$100,088
Commercial papers payable	200,000	-	-		200,000
Payables	3,419,202	-	-	-	3,419,202
Call loans to banks	5,465,144	-	-	-	5,465,144
Corporate bonds payable	-	605,000	-	-	605,000
Lease liabilities (Note)	84,947	154,004	59,147	-	298,098
	Less than 1 y	2–3 ye	4–5 ye	Over 5 ye	Total
2022.12.31					
Short-term borrowings	$50,019	$-	$-	$-	$50,019
Payables	1,893,347	-	-	-	1,893,347
Call loans to banks	2,100,819	-	-	-	2,100,819
Corporate bonds payable	-	-	622,900	-	622,900
Lease liabilities (Note)	39,800	57,724	25,915	-	123,439

Note: Including short-term leases and cash flows of lease contracts for low-value underlying assets.

(In thousand New Taiwan dollars, unless otherwise specified)

Derivative financial liabilities

	Less than 1 year	2–3 years	4–5 years	Over 5 years	Total
2023.12.31					
Inflow	$1,133,285	$-	$-	$-	$1,133,285
Outflow	(1,148,722)	-	-	-	(1,148,722)
Net value	$(15,437)	$-	$-	$-	$(15,437)
2022.12.31					
Inflow	$2,074,397	$-	$-	$-	$2,074,397
Outflow	(666,918)	-	-	-	(666,918)
Net value	$1,407,479	$-	$-	$-	$1,407,479

The disclosure of derivative financial liabilities in the table above is presented using undiscounted net cash flows.

5. Operational risk management

The Group has formulated the Internal Control System Policy and Rules of the Implementation of Rules of the Implementation of Internal Audit in accordance with the “Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets” released by the FSC and “Standard Directions for Internal Control Systems in Securities Firms” released by Taiwan Securities Exchange Corporation. All business transactions have been handled in accordance with the relevant regulations of the competent authorities and the Group’s relevant operational risk control regulations in various business risk management regulations. In addition to effectively controlling operational risks as per the standards of the internal control system, the Group compiles the critical operational risks that are easier for quantification and qualification in the securities business, such as default cases and loss amount, number of incorrect entries into the account and the loss amount, and customer complaint cases, into a risk management executive report and reports to the board of directors on a regular basis.

6. Legal risk management

The Group has established the Compliance Office, serving as the supervising unit, and providing legal consultation for each business units. The Group has also signed the “Regulations Governing the Signing of Contracts.” All contracts must be reviewed by the Compliance Office before signing to reinforce legal risk control.

7. Model risk management

In order to maintain the operation and management of models and enhance the risk control of financial products, the Group has formulated the “Rules of the Management Operation of the Use of Models” to regulate the development, verification, safekeeping and changes of the models, in order to reduce model risks from the inappropriate use of models, parameters or hypotheses.

(In thousand New Taiwan dollars, unless otherwise specified)

8. Climate Change and Environmental Sustainability Risks Management

In view of the increasingly severe climate change and environmental impact, which will have a financial impact on the company's operations, the Group adopts the TCFD framework to identify its climate change and environmental sustainability risks and opportunities and countermeasures, gradually examines energy efficiency, greenhouse gas emissions, and extreme weather events, and performs stress tests on the impact of such natural disasters, to enhance its resilience and sensitivity to climate change risks. It implements climate change-related disclosures and adaptation strategies as the consensus of all management levels of the Company, while disclosing climate-related information as per the four categories of governance, strategy, risk management, indicators, and goals to continuously improve climate-related strategies and management to cope with changes in the general environment.

9. Other emerging risks management

In order to cope with risk arising from the adverse impact on the future business operations due to the emergence of new business categories or changes in the way of operation (such as digital financial technology), the Group has formulated the "Information Security Management Regulations", the "Personal Data File Security Maintenance Plan and Personal Data Disposal Method after Business Termination", and "Information Business Continuity Management Regulations" for the critical risk areas of information security, personal data protection, and continuing operations, respectively, as a reference for security level assessment in response to the execution of various information security tasks, so as to protect operational activities from major disasters and man-made sabotage and are able to continue without interruption.

10. Reconciliation of liabilities from financing activities

Information on reconciliation of liabilities for the year 2023:

	Short-term borrowings	Commercial papers payable	Corporate bonds payable	Lease liabilities	Total liabilities from financing activities
2023.1.1	$50,000	$-	$674,201	$114,353	$838,554
Cash flows					
- Inflow	43,712,309	1,747,705	-	-	45,460,014
- Outflow	(43,662,309)	(1,550,000)	(17,101)	(78,622)	(45,308,032)
Non-cash changes	-	2,057	(17,150)	244,763	229,670
2023.12.31	$100,000	$199,762	$639,950	$280,494	$1,220,206

(In thousand New Taiwan dollars, unless otherwise specified)

Information on reconciliation of liabilities for the year 2022:

	Short-term borrowings	Commercial papers payable	Corporate bonds payable	Lease liabilities	Total liabilities from financing activities
2022.1.1	$50,000	$149,995	$763,524	$68,086	$1,031,605
Cash flows					
- Inflow	66,031,596	29,979	-	-	66,061,575
- Outflow	(66,031,596)	(180,000)	(62,236)	(66,311)	(66,340,143)
Non-cash changes	-	26	(27,087)	112,578	85,517
2022.12.31	$50,000	$-	$674,201	$114,353	$838,554

11. Categories of financial instruments

Financial assets

	2023.12.31	2022.12.31
Financial assets measured at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$4,568,282	$2,812,514
Financial assets at fair value through other comprehensive profit or loss	194,092	153,245
Financial assets based on cost after amortization (Note)	10,164,221	6,739,083
Total	$14,926,595	$9,704,842

Financial liabilities

	2023.12.31	2022.12.31
Financial liabilities at fair value through profit and loss:		
Held for trading	$4,347	$12,034
Financial liabilities based on cost after amortization:		
Short-term borrowings	$100,000	$50,000
Commercial papers payable	199,762	-
Call loans to banks	5,460,243	2,099,446
Futures traders' equity	481,353	576,285
Corporate bonds payable	639,950	674,201
Payables	3,415,043	1,890,711
Lease liabilities	280,494	114,353
Subtotal	10,576,845	5,404,996
Total	$10,581,192	$5,417,030

Note: Including cash and cash equivalents (excluding cash on hand and petty cash), bond investment under reverse repurchase agreement, securities borrowings receivable, loan receivable – non-restricted purpose, customer margin account, notes receivable, accounts receivable, other receivables, restricted assets, financial assets at amortized cost - non-current, business guarantee, settlement and clearance funds, and guarantee deposits paid.

12. The fair value of financial instruments

The know-how and hypotheses adopted to measure the fair values

(1) The Book Value of short-term financial instruments stated in the balance sheet shall be the fair value of such instruments. The reason is that the maturity date of these instruments is close and it would be reasonable to use the Book Value in the valuation of fair value. This method is applied to cash and cash equivalents, bond investments under reverse repurchase agreement, securities borrowings receivable, loan receivables – non-restricted purpose, customer margin account, accounts receivable, restricted assets, business guarantee, settlement and clearance funds, guarantee deposits paid, short-term borrowings, commercial paper payable, bond liabilities under repurchase agreement, futures traders' equity, corporate bonds payable, accounts payable, and guarantee deposits received.

(2) If a financial instrument measured at fair value through profit and loss is quoted in an active market, the market price is adopted as the fair value. If there are no market prices for reference, then fair values shall be estimated using the valuation approach. Estimates and assumptions used in the valuation approach are consistent with the estimates and assumptions adopted by market participants when pricing the underlying financial instruments.

The methods for determining the fair values of various financial instruments are as follows:

A. Equity securities: Except for those that are measured at cost in accordance with relevant laws and regulations, those listed on the market shall adopt the closing price of the listed market as the market price; if there is no active trading market (such as emerging stocks and unlisted stocks), the valuation method is adopted for estimation.
B. Bonds: government bonds and corporate bonds are valued based on current market prices published on OTC, which are calculated using the bonds' average yields. Bond derivatives require special valuation models, using the above-mentioned yields and market prices as parameters. For bonds without an active market, the yield curve published by OTC will be used as parameters for the valuation model.
C. Futures instruments: The closing price of each futures trading market is adopted.
D. Options instruments: The closing price of each options trading market is adopted.
E. Other derivatives: For those listed in markets, their listed market quotes are adopted as the basis for market prices. For those not listed in markets, the average buying price or average selling price of the quotation platform, or other definite quotes as the basis for market prices.
F. Lease liabilities: The fair value is measured at the discounted expected cash flow, and the discount rate is based on the interest rates with similar conditions (similar maturity dates) that can be accessed.

(In thousand New Taiwan dollars, unless otherwise specified)

13. Transfer of financial assets

Transferred financial assets not being removed in all

In the daily trading activities of the Group, the transferred financial assets that do not meet the conditions for being removed in all are mostly debt securities as collateral under a repurchase agreement held by trading counterparties or equity securities lent under a securities lending agreement. Such transactions are essentially secured borrowings and reflect the Group's liabilities from repurchasing the obligation of the transferred financial assets at a fixed price in the future. For such transactions, the Group is unable to use, sell, or pledge the transferred financial assets during the effective period of the transaction, but the Group still bears the interest rate risk and credit risk. Therefore, it has not been derecognized entirely.

The table below shows the financial assets not qualified under all conditions and related financial liabilities:

December 31, 2023					
Category of financial assets	Book value of transferred financial assets	Book value of related financial liabilities	Fair value of transferred financial assets	Fair value of related financial liabilities	Net fair value position
Financial assets at fair value through profit and loss					
R/P agreement	$5,427,996	$5,460,243	$5,427,996	$5,460,243	$(32,247)

December 31, 2022					
Category of financial assets	Book value of transferred financial assets	Book value of related financial liabilities	Fair value of transferred financial assets	Fair value of related financial liabilities	Net fair value position
Financial assets at fair value through profit and loss					
R/P agreement	$2,063,512	$2,099,446	$2,063,512	$2,099,446	$(35,934)

14. Financial assets and liabilities written-off against each other

The Group's engaging in transactions of bonds under repurchase agreements does not meet the offsetting condition stipulated in the Communiqué, but it has signed a master netting arrangement or similar agreements with trading counterparties. With the above-mentioned master netting arrangement or similar agreements, when both parties of a transaction choose to settle in a net amount, the financial assets and financial liabilities will be offset and settled in a net amount. If not, the total amount will be adopted for settlement. However, if either party violates the agreement, the other party may choose to settle in a net amount.

The table below lists the relevant information about the offsetting of the financial assets and financial liabilities above:

(In thousand New Taiwan dollars, unless otherwise specified)

December 31, 2023

Financial assets subject to offsetting, master netting arrangement, or similar agreements						
				Relevant amounts not offset in the balance sheet (d)		
Description	Total recognized financial assets (a)	Total recognized financial liabilities offset in the balance sheet (b)	Net financial assets listed in the balance sheet (c)= (a)- (b)	Financial instruments (Note)	Cash collateral received	Net value (e)= (c)- (d)
Reverse repurchase agreement	$2,654,930	$-	$2,654,930	$2,654,930	$-	$-

Financial liabilities subject to offsetting, master netting arrangement, or similar agreements						
				Relevant amounts not offset in the balance sheet (d)		
Description	Total recognized financial liabilities (a)	Total recognized financial assets offset in the balance sheet (b)	Net financial liabilities listed in the balance sheet (c)= (a)- (b)	Financial instruments (Note)	Cash collateral pledged	Net value (e)= (c)- (d)
Repurchase agreement	$5,460,243	$-	$5,460,243	$5,460,243	$-	$-

Note: Including the master netting arrangement and non-cash financial collateral.

December 31, 2022

Financial assets subject to offsetting, master netting arrangement, or similar agreements						
				Relevant amounts not offset in the balance sheet (d)		
Description	Total recognized financial assets (a)	Total recognized financial liabilities offset in the balance sheet (b)	Net financial assets listed in the balance sheet (c)= (a)- (b)	Financial instruments (Note)	Cash collateral received	Net value (e)= (c)- (d)
Reverse repurchase agreement	$351,797	$-	$351,797	$351,797	$-	$-

Financial liabilities subject to offsetting, master netting arrangement, or similar agreements						
				Relevant amounts not offset in the balance sheet (d)		
Description	Total recognized financial liabilities (a)	Total recognized financial assets offset in the balance sheet (b)	Net financial liabilities listed in the balance sheet (c)= (a)- (b)	Financial instruments (Note)	Cash collateral pledged	Net value (e)= (c)- (d)
Repurchase agreement	$2,099,446	$-	$2,099,446	$2,099,446	$-	$-

Note: Including the master netting arrangement and non-cash financial collateral.

15. Fair value hierarchy

(1) Fair value hierarchy

All assets and liabilities measured or disclosed at fair value is the lowest level input that is important to the overall fair value measurement, classified to the fair value level to which it belongs. The input at each level is as follows:

Level 1: The quotation (unadjusted) of the same assets or liabilities that can be acquired by the company in an active market on the measurement date.

(In thousand New Taiwan dollars, unless otherwise specified)

Level 2: It refers to the directly or indirectly observable input value of asset or liability, except for those quotations included in Level 1.

Level 3: The unobservable input value of an asset or liability.

For assets and liabilities that are recognized in the financial statements on a repetitive basis, the classification is reevaluated at the end of each reporting period to determine whether there is a transfer between the fair value levels.

(2) Information on hierarchy of fair value measurement

The Group does not have non-repetitive assets measured at fair value. The information on the fair value level of repetitive assets and liabilities is shown below:

December 31, 2023

	Level 1	Level 2	Level 3	Total
Non-derivatives				
Assets				
Financial assets at fair value through profit and loss				
Stock investment	$1,108,110	$-	$384,072	$1,492,182
Bond investment	1,486,414	1,403,893	-	2,890,307
Fund investment	87,420	78,337	-	165,757
Unrealized valuation gains or losses of equity instruments investments				
Equity measured at fair value through other comprehensive income	62,010	-	132,082	194,092
Derivatives				
Assets				
Financial assets at fair value through profit and loss				
Futures trading margin – proprietary capital	20,036	-	-	20,036
Liabilities				
Financial liabilities at fair value through profit and loss				
Put option - others	-	4,347	-	4,347

December 31, 2022

	Level 1	Level 2	Level 3	Total
Non-derivatives				
Assets				
Financial assets at fair value through profit and loss				
Stock investment	$480,462	$-	$373,557	$854,019

(In thousand New Taiwan dollars, unless otherwise specified)

Bond investment	1,173,876	594,207	-	1,768,083
Fund investment	41,846	82,579	-	124,425
Unrealized valuation gains or losses of equity instruments investments				
Equity measured at fair value through other comprehensive income	50,040	-	103,205	153,245
Derivatives				
Assets				
Financial assets at fair value through profit and loss				
Futures trading margin – proprietary capital	65,843	-	-	65,843
Call option - non-hedging	144	-	-	144
Liabilities				
Financial liabilities at fair value through profit and loss				
Put option - others	-	12,034	-	12,034

(3) Transfer between Level 1 and Level 2 fair value

For the years 2023 and 2022, the Group's assets and liabilities measured at fair value on a recurring basis did not experience transfer between Level 1 and Level 2 fair value.

(4) Changes in Repetitive Fair Value Level 3 Statement

If the assets measured with the Group's repetitive fair value that are classified as Level 3 fair value, the adjustment of the beginning balance and the ending balance is as follows:

	Assets	
	Measured at fair values through profit and/or loss	Unrealized valuation gains or losses of equity instruments investments
	Stock	Stock
2023.1.1	$373,557	$103,205
Total profit or loss recognized for 2023		
Recognized in the profit or loss	(16,140)	-
Recognized in the other comprehensive income	-	15,289
Acquisition	84,635	13,588
Disposition	(57,980)	-
2023.12.31	$384,072	$132,082

(In thousand New Taiwan dollars, unless otherwise specified)

	Assets	
	Measured at fair values through profit and/or loss	Unrealized valuation gains or losses of equity instruments investments
	Stock	Stock
2022.1.1	$240,006	$92,460
Total profit or loss recognized for 2022		
Recognized in the profit or loss	9,965	-
Recognized in the other comprehensive income	-	10,608
Acquisition	134,962	137
Disposition	(5,866)	-
Conversion into Level 3	4,690	-
Conversion from Level 3	(10,200)	-
2022.12.31	$373,557	$103,205

(5) Significant unobservable input value information of Level 3 fair value

For the Group's assets measured at Level 3 repetitive fair value, the significant unobservable input values for fair value measurement are as follows:

December 31, 2023

	Valuation technique	**Significant unobservable input value**	**Quantitative information**	**Relationship between input value and fair value**
Financial assets				
Financial assets at fair value through profit and loss				
Stock	Market approach	Discount for lack of marketability	20.00%~60.00%	The higher the discount for marketability, the lower the estimated fair value.
Financial assets at fair value through other comprehensive profit or loss				
Stock	Income approach	Dividend Growth Rate	2.00%~3.70%	The higher the dividend growth rate, the higher the estimated fair value.
	Income approach	Return on investment	5.00%~6.50%	The higher the return on investment, the lower the estimated fair value.

(In thousand New Taiwan dollars, unless otherwise specified)

December 31, 2022

	Valuation technique	Significant unobservable input value	Quantitative information	Relationship between input value and fair value
Financial assets				
Financial assets at fair value through profit and loss				
Stock	Market approach	Discount for lack of marketability	20.00%~60.00%	The higher the discount for marketability, the lower the estimated fair value.
Financial assets at fair value through other comprehensive profit or loss				
Stock	Income approach	Dividend Growth Rate	3.15%~3.40%	The higher the dividend growth rate, the higher the estimated fair value.
	Income approach	Return on investment	7.00%	The higher the return on investment, the lower the estimated fair value.

(6) Evaluation process for Level 3 fair value

The Group's financial department is responsible for fair value verification, using data from independent sources to bring the evaluation results closer to the market, confirming that the sources of the data are independent, reliable, consistent with other resources and represent executable prices, while analyzing the changes in the value of assets and liabilities that must be remeasured or reevaluated in accordance with the Group's accounting policies at each balance date, to ensure that the evaluation results are reasonable.

(7) Hierarchy information not measured at fair value but required to disclose

December 31, 2023

	Level 1	Level 2	Level 3	Total
Assets with only fair value required to be disclosed:				
Financial assets based on cost after amortization	$-	$199,999	$-	$199,999
Liabilities with only fair value required to be disclosed:				
Corporate bonds payable	-	580,195	-	580,195

(In thousand New Taiwan dollars, unless otherwise specified)

December 31, 2022

	Level 1	Level 2	Level 3	Total
Assets with only fair value required to be disclosed:				
Financial assets based on cost after amortization	$-	$199,999	$-	$199,999
Liabilities with only fair value required to be disclosed:				
Corporate bonds payable	-	584,093	-	584,093

16. Information on foreign currency positions held

The Group's foreign currency financial assets and liabilities with significant impact are as follows:

	2023.12.31		
	Foreign currency (NT$)	Exchange rate	NTD
Financial assets			
Monetary items			
USD	$4,893,856	30.7350	$150,413
HKD	420,417	3.9339	1,654
CNY	3,360	4.3338	15
GBP	3,466	39.1779	136
EUR	395,619	34.0114	13,456
JPY	6,573,320	0.2173	1,428
AUD	27,795	21.0012	584
Non-Currency			
USD	4,139,079	30.7350	127,215
HKD	14,750,280	3.9339	58,026
Financial liabilities			
Monetary items			
USD	1,577,852	30.7350	48,495
HKD	4,863	3.9339	19

	2022.12.31		
	Foreign currency (NT$)	Exchange rate	NTD
Financial assets			
Monetary items			
USD	$4,563,626	30.7080	$140,140
HKD	954,122	3.9384	3,758
CNY	622	4.4175	3
GBP	4,508	37.0553	167
EUR	286,220	32.7086	9,362

(In thousand New Taiwan dollars, unless otherwise specified)

	2022.12.31		
	Foreign currency (NT$)	Exchange rate	NTD
JPY	14,283,720	0.2324	3,320
AUD	15,950	20.8262	332
Non-Currency			
USD	3,571,020	30.7080	109,659
HKD	10,032,000	3.9384	39,510
Financial liabilities			
Monetary items			
USD	591,793	30.7080	18,173
HKD	245,693	3.9384	968

Due to the wide variety of foreign currencies of the Group, it is impossible to disclose the exchange gains and losses information of monetary financial assets and financial liabilities by each foreign currency with significant impact. The Group's net gains (losses) on foreign currency exchange in 2023 and 2022 were NT$410 thousand and NT$11,419 thousand, respectively.

17. Presentation of derivative instruments in the financial statements

Derivatives

(1) The presentation method of the Group's futures trading on the financial statements:

The details of the Group's futures trading margin – proprietary capital are as follows:

	2023.12.31	2022.12.31
Account balance	$30,401	$62,448
Profit (loss) on open positions	(10,365)	3,395
Net value of account	$20,036	$65,843

B. The details of futures contract gain or loss recognized from futures proprietary trading business are as follows:

	2023	2022
Futures contract gain (loss) – net	$(160,978)	$47,249

C. The details of gain or loss on options trading recognized from futures proprietary trading business are as follows:

	2023	2022
Net loss from options trade	$(928)	$(3,399)

(2) The details of the Group's open positions of futures contracts and options and open contract values are as follows:

(In thousand New Taiwan dollars, unless otherwise specified)

		2023.12.31				
		Unsettled position				
Items	type of trade	Buyer and sellers	number of contracts	Contract amount or premium paid (collected)	Fair value	Remarks
Futures contracts	Mini Taiwan Stock Exchange Weighted Index Futures (MTX)	Buyer	2	$1,787	$1,787	
Futures contracts	Electronics futures (TE)	Buyer	14	49,018	49,944	
Futures contracts	Financial futures (TF)	Seller	15	25,607	25,791	
Futures contracts	TAIEX Futures	Seller	194	679,145	692,968	
Futures contracts	TAIEX Futures	Buyer	171	610,507	611,154	
Futures contracts	Mini	Seller	1	2,872	2,872	
Futures contracts	FTSE China A50 Index	Seller	23	8,113	8,118	
Futures contracts	U.S. Dollar Index	Buyer	2	6,221	6,204	
Futures contracts	New York gold	Buyer	3	19,056	19,084	
Futures contracts	Copper	Buyer	2	6,042	5,973	
Futures contracts	JPY	Seller	4	10,946	11,017	
Futures contracts	Micro NQ	Buyer	1	1,046	1,045	
Futures contracts	Natural gas	Seller	4	3,024	3,088	
Futures contracts	Crude oil mini	Seller	5	5,505	5,500	
Futures contracts	10-year bonds	Buyer	5	17,314	17,331	
Futures contracts	Euro 10-year bonds	Buyer	9	41,958	41,965	
Futures contracts	Hang Seng Index	Buyer	5	16,662	16,828	
Futures contracts	SGX Nikkei 225 Index	Buyer	7	25,480	25,402	
Futures contracts	AUD	Buyer	3	6,199	6,292	
Futures contracts	CAD	Buyer	2	4,568	4,644	
Futures contracts	Light crude oil	Seller	1	2,213	2,200	
Futures contracts	EUR	Seller	8	33,498	34,006	
Futures contracts	U.S. 5-year bonds	Buyer	38	124,042	126,916	
Futures contracts	Gold	Buyer	4	25,484	25,446	
Futures contracts	Copper	Seller	2	6,005	5,973	
Futures contracts	Mini Nasdaq	Buyer	6	6,308	6,272	
Futures contracts	Natural gas	Seller	4	2,917	3,088	
Futures contracts	JP-NKY Nikkei Stock Average 225 Index - USD	Buyer	1	5,069	5,114	
Futures contracts	FTSE Xinhua China A50 Index	Buyer	29	10,107	10,236	
Futures contracts	Silver	Buyer	3	11,218	11,093	

(In thousand New Taiwan dollars, unless otherwise specified)

		2023.12.31				
		Unsettled position				
Items	type of trade	Buyer and sellers	number of contracts	Contract amount or premium paid (collected)	Fair value	Remarks
Futures contracts	Three-Month SOFR	Seller	47	342,014	342,799	
Futures contracts	SGX FTSE Taiwan Index Futures	Buyer	5	9,525	9,522	
Futures contracts	U.S. 2-year bonds	Buyer	15	94,475	94,839	
Futures contracts	U.S. 10-year bonds	Buyer	8	27,693	27,730	
Futures contracts	U.S. 30-year bonds	Seller	3	11,426	11,509	
Futures contracts	Micro E-mini Dow Jones Industrial Average Index Futures	Buyer	5	28,943	29,179	

		2022.12.31				
		Unsettled position				
Items	type of trade	Buyer and sellers	number of contracts	Contract amount or premium paid (collected)	Fair value	Remarks
Futures contracts	Electronics futures (TE)	Seller	10	$25,799	$25,750	
Futures contracts	Financial futures (TF)	Buyer	17	25,189	25,405	
Futures contracts	TAIEX Futures	Buyer	8	22,644	22,616	
Futures contracts	TAIEX Futures	Seller	220	625,664	620,268	
Futures contracts	Mini-DAX	Seller	4	9,151	9,154	
Futures contracts	Euro 10-year bonds	Buyer	1	4,369	4,348	
Futures contracts	FTSE 100 Index	Buyer	3	8,291	8,307	
Futures contracts	UK long-term bonds	Buyer	1	3,913	3,705	
Futures contracts	Hang Seng Index	Buyer	2	7,900	7,843	
Futures contracts	Mini Hang Seng Index	Seller	3	2,369	2,353	
Futures contracts	SGX Nikkei 225 Index	Seller	8	25,249	24,165	
Futures contracts	Light crude oil	Buyer	10	24,642	24,648	
Futures contracts	U.S. Dollar Index	Buyer	25	79,568	79,285	
Futures contracts	EUR	Buyer	6	24,491	24,769	
Futures contracts	3-month Eurodollar	Seller	130	946,506	947,423	
Futures contracts	Mini S&P500	Seller	3	17,826	17,786	
Futures contracts	U.S. 5-year bonds	Buyer	66	220,395	218,758	
Futures contracts	Gold	Buyer	13	72,600	72,907	
Futures contracts	Copper	Seller	6	17,735	17,553	
Futures contracts	Miniature gold coin	Seller	20	11,070	11,217	
Futures contracts	Mini Nasdaq	Seller	2	1,326	1,354	
Futures	Natural gas	Seller	3	4,284	4,123	

(In thousand New Taiwan dollars, unless otherwise specified)

		2022.12.31				
		Unsettled position				
Items	type of trade	Buyer and sellers	number of contracts	Contract amount or premium paid (collected)	Fair value	Remarks
contracts						
Futures contracts	JP-NKY Nikkei Stock Average 225 Index - USD	Buyer	2	8,486	7,914	
Futures contracts	Mini Nasdaq	Seller	1	7,040	6,770	
Futures contracts	Platinum	Buyer	7	11,072	11,640	
Futures contracts	Mini light crude oil	Seller	1	1,143	1,232	
Futures contracts	FTSE Xinhua China A50 Index	Seller	23	9,126	9,242	
Futures contracts	Silver	Buyer	1	3,694	3,691	
Futures contracts	BSE SENSEX	Buyer	10	11,270	11,240	
Futures contracts	U.S. 2-year bonds	Seller	58	366,163	365,281	
Futures contracts	U.S. 10-year bonds	Buyer	38	133,097	131,048	
Futures contracts	U.S. 30-year bonds	Seller	1	3,946	3,849	
Futures contracts	Micro E-mini Dow Jones Industrial Average Index Futures	Buyer	1	5,099	5,111	
Options contracts	P013400	Buyer	20	92	64	
Options contracts	P013500	Buyer	20	106	80	

(3) Compliance to financial ratio covenants mandated by the Futures Trading Act

Legal basis: Regulations governing futures Commission Merchants

Article number	Calculation formula	Current period		Previous period		Standards	Status
		Calculation	Percentage	Calculation	Percentage		
17	Shareholders' equity / Total liabilities – futures merchant's equity	$827,588 / $1,427	579.95 times	$683,788 / $2,276	300.43 times	≧1	Complied
17	Current assets / Current liabilities	$1,201,864 / $482,780	2.49 times	$1,154,963 / $578,561	2.00 times	≧1	Complied
22	Shareholders' equity / Minimum paid up capital	$827,588 / $1,000,000	82.76%	$683,788 / $700,000	97.68%	(1) ≧60% (2) ≧40%	Complied
22	Adjusted net capital (ANC) / Total margins required for futures traders' outstanding positions	$803,020 / $106,651	752.94%	$644,627 / $156,811	411.09%	(1) ≧20% (2) ≧15%	Complied

Embedded derivative instruments

The embedded derivatives identified by the Group as a result of the issuance of convertible corporate bonds have been separated from the master contract and measured at fair value through profit or loss. Please refer to Note 6.20 for the information on this transaction contract.

18. Capital management

(1) Capital adequacy ratio calculation

In order to effectively absorb various risks and ensure the long-term and stable development of the Company's various businesses, the Company maintains adequate capital continuously and proactively. Therefore, the Company conducts capital management in accordance with business development plans, relevant laws and regulations, and the financial market environment to achieve optimal capital allocation. At present, the Company calculates and reports its capital adequacy ratio in accordance with the Regulations Governing Securities Firms.

The Company's capital adequacy ratio is as follows:

	2023.12.31	2022.12.31
Regulatory capital adequacy ratio	339%	463%

- Capital adequacy ratio= $\dfrac{\text{Net eligible regulatory capital}}{\text{Overall risk equivalent}}$

- Net eligible regulatory capital = Tier 1 capital + Tier 2 capital + Tier 3 capital – Deductions from capital

- Overall risk equivalent = Market risk equivalent + Credit risk equivalent + Operational risk equivalent

(2) Capital adequacy ratio calculation

In order to maintain the quality of assets and improve risk management, the Company refers to Basel II, complies with the policy of the competent authority and the management regulations on regulatory capital as in Chapter VI of the Regulations Governing Securities Firms, and will adopt an advanced calculation formula from June 2012 to measure three types of risks, namely credit risk, market risk, and operational risk.

In addition to maintaining the minimum statutory capital requirement, to have an effective pre-warning mechanism for the quality of monthly capital adequacy, the Company has established and introduced various risk quantification methods and information systems, and regularly evaluates the risk amount of each position through simulation trial calculation, and will submit the simulation results to the Risk Management Committee to achieve the performance management and capital allocation goals after risk adjustments.

13. Supplementary disclosure matters

1. Information about important transactions:

(1) Loans to others: None.

(2) Endorsements/guarantees for others: None.

(3) The acquisition of real estate for an amount exceeding NT$300 million or 20% of

paid-in capital: None.

(4) The disposal of real estate for an amount exceeding NT$300 million or 20% of paid-in capital: None.

(5) Total discount of service charges in transaction with stakeholder reaching more than NTD 5 million: None.

(6) Amounts receivable from related parties totaling more than NTD100 million or 20% of paid-up capital: None.

(7) Others- The business relationship between the parent company and its subsidiaries and among subsidiaries, and important intercompany transactions and amounts: Attached table 3.

2. Information regarding investees:

Name of investees, locations, and other relevant information (excluding the investees in mainland China): See Attached table 4.

3. Information of the overseas branches and the representative offices: None.

4. Information regarding investment in the territory of mainland China: None

5. Information on major shareholders: See Attached table 5.

14. Segment information

Types of products as the source of income and labor services of the segments to be reported

For management purposes, the Group classifies operating units based on different business and services and is divided into the following five reporting and operations departments:

1. Proprietary segment: The segment is mainly responsible for proprietary trading of securities.

2. Brokerage segment: The segment is mainly responsible for brokerage and proprietary trading of securities.

3. Underwriting segment: The segment is mainly responsible for underwriting of securities.

4. Bond segment: The segment is mainly responsible for proprietary trading of bonds, bond repo trading, and trading of interest rate-related financial products.

5. Derivatives segment: The segment is mainly responsible for proprietary of futures options, operation of asset exchange options, securities lending transactions, and issuance of warrant products.

The aforementioned segments to be reported are aggregated in one or more segments.

The executive management supervises the operating results of individual segments, and allocates resources based on performance. Segment performance is assessed based on operating profits and losses, which are consistent with the operating profits and losses presented in the consolidated financial statements. However, the amount of financial cost, financial income, and income tax presented in the consolidated financial statements are managed at group level, and are not allocated to individual segments. Inter-segment transactions are priced based on arms length transactions with outside parties.

(In thousand New Taiwan dollars, unless otherwise specified)

2023

	Proprietary Trading Department	Brokerage Department	Investment Banking Department	Bonds Department	Derivative Instruments Department	Others	Write-off	Total
Income:								
Income from external customers	$313,704	$783,696	$160,684	$7,412	$(162,475)	$48,590	$(17)	$1,151,594
Inter-segment income	-	-	-	-	-	56,913	(56,913)	-
Interest revenue	-	20,673	-	48,920	-	-	-	69,593
Total revenue	313,704	804,369	160,684	56,332	(162,475)	105,503	(56,930)	1,221,187
Expenses:								
Interest expenses	-	(3,822)	-	(43,913)	-	12,477	-	(35,258)
Depreciation expenses	(351)	(52,013)	(2,057)	(136)	(538)	(54,849)	-	(109,944)
Amortization expenses	(666)	(11,356)	(252)	(72)	(740)	(6,784)	-	(19,870)
Other expenses/expenditure	(45,072)	(607,379)	(108,014)	(2,979)	(15,388)	(323,395)	56,942	(1,045,285)
Total expenses	(46,089)	(674,570)	(110,323)	(47,100)	(16,666)	(372,551)	56,942	(1,210,357)
Operating profit (loss)	267,615	129,799	50,361	9,232	(179,141)	(267,048)	12	10,830
Other profits and losses	-	161,123	88	-	2,119	60,228	(27,804)	195,754
Profit or loss before tax by department	$267,615	$290,922	$50,449	$9,232	$(177,022)	$(206,820)	$(27,792)	$206,584

(In thousand New Taiwan dollars, unless otherwise specified)

2022

	Proprietary Trading Department	Brokerage Department	Investment Banking Department	Bonds Department	Derivative Instruments Department	Others	Write-off	Total
Income:								
Income from external customers	$(183,169)	$701,669	$168,506	$(83,563)	$48,525	$(4,718)	$(1)	$647,249
Inter-segment income	-	-	-	-	-	48,929	(48,929)	-
Interest revenue	-	13,870	-	20,847	-	-	-	34,717
Total revenue	(183,169)	715,539	168,506	(62,716)	48,525	44,211	(48,930)	681,966
Expenses:								
Interest expenses	-	(1,474)	-	(20,294)	-	16,832	-	(4,936)
Depreciation expenses	(322)	(46,418)	(2,046)	(127)	(450)	(51,853)	-	(101,216)
Amortization expenses	(669)	(9,319)	(256)	(79)	(705)	(5,811)	-	(16,839)
Other expenses/expenditure	(38,682)	(531,465)	(104,049)	(3,918)	(12,571)	(284,747)	48,931	(926,501)
Total expenses	(39,673)	(588,676)	(106,351)	(24,418)	(13,726)	(325,579)	48,931	(1,049,492)
Operating profit	(222,842)	126,863	62,155	(87,134)	34,799	(281,368)	1	(367,526)
Other profits and losses	-	144,644	273	-	253	26,777	8,091	180,038
Profit or loss before tax by department	$(222,842)	$271,507	$62,428	$(87,134)	$35,052	$(254,591)	$8,092	$(187,488)

(In thousand New Taiwan dollars, unless otherwise specified)

The table below lists the information related to the assets and liabilities of the Group's departments as of December 31, 2023 and 2022:

	Proprietary Trading Department	Brokerage Department	Investment Banking Department	Bonds Department	Derivative Instruments Department	Others	Write-off	Total
2023.12.31 Segment assets	$1,182,991	$5,040,876	$153,978	$5,663,480	$315,427	$3,788,680	$(678,575)	$15,466,857
2022.12.31 Segment assets	$478,375	$3,562,445	$101,896	$2,311,668	$197,088	$4,090,397	$(650,499)	$10,091,370

	Proprietary Trading Department	Brokerage Department	Investment Banking Department	Bonds Department	Derivative Instruments Department	Others	Write-off	Total
2023.12.31 Segment liabilities	$20,007	$3,923,597	$62,116	$5,463,909	$242	$1,263,667	$(3,484)	$10,730,054
2022.12.31 Segment liabilities	$36	$2,566,267	$53,223	$2,100,331	$12,277	$825,160	$-	$5,557,294

Horizon Securities Co., Ltd. — Futures Department
Balance Sheet
December 31, 2023 and 2022

Attached table 1
Unit: NTD thousand

Assets		December 31, 2023		December 31, 2022	
Code	Accounting titles	Amount	%	Amount	%
	Current assets				
111100	Cash and cash equivalents	$699,069	53	$510,695	40
112000	Financial assets at fair value through profit or loss-current	20,036	2	65,987	5
114070	Customers' margin accounts	481,698	37	577,152	46
114150	Prepayments	458	-	792	-
114170	Other receivables	603	-	337	-
110000	Total current assets	1,201,864	92	1,154,963	91
	Non-Current assets				
125000	Property, plant, and equipment – net	1,012	-	970	-
127000	Intangible assets	3,055	-	2,448	-
129010	Business guarantee	80,000	6	80,000	7
129020	Settlement / clearance fund	22,045	2	22,073	2
129030	Refundable deposits	360	-	660	-
129110	Inter-department debits	2,032	-	1,235	-
120000	Total of Non-Current Assets	108,504	8	107,386	9
906001	Total assets	$1,310,368	100	$1,262,349	100

Chairman: Ke-Chyn Jiang　　Managerial officers: Jamie Lin　　Accounting Manager: Meng-Wei Lu

Horizon Securities Co., Ltd. — Futures Department
Balance Sheet (Continued)
December 31, 2023 and 2022

Attached table 1
Unit: NTD thousand

Liabilities and Equity		December 31, 2023		December 31, 2022	
Code	Accounting titles	Amount	%	Amount	%
	Current liabilities				
214080	Futures traders' equity	$481,353	37	$576,285	46
214130	Accounts payable	39	-	109	-
214160	Payment collection	99	-	79	-
214170	Other payables	1,027	-	1,391	-
219000	Other current liabilities	262	-	697	-
210000	Total current liabilities	482,780	37	578,561	46
906003	Total liabilities	482,780	37	578,561	46
	Equity				
301000	Share capital				
301110	Appropriation working fund	1,000,000	76	700,000	55
304000	Retained earnings				
304040	Losses to be covered	(172,412)	(13)	(16,212)	(1)
906004	Total equity	827,588	63	683,788	54
906002	Total Liabilities and Equity	$1,310,368	100	$1,262,349	100

Chairman: Ke-Chyn Jiang　　Managerial officers: Jamie Lin　　Accounting Manager: Meng-Wei Lu

Horizon Securities Co., Ltd. — Futures Department
Statement of Comprehensive Income
2023 and 2022

Attached table 2
Unit: NTD thousand

Code	Items	2023 Amount	2023 %	2022 Amount	2022 %
	Income				
401000	Brokerage fee revenue	$30,929	(24)	$40,546	48
424400	Net gains (losses) on the derivative financial instruments	(161,906)	124	43,850	52
400000	Total revenues	(130,977)	100	84,396	100
	Expense				
501000	Brokerage fee expenses	(6,665)	5	(8,185)	(10)
502000	Proprietary trade service commission expenses	(1,543)	1	(828)	(1)
521200	Financial costs	(980)	1	(136)	-
524300	Clearance and settlement service expenses	(7,837)	6	(9,155)	(11)
531000	Employee benefits expenses	(6,764)	5	(5,836)	(7)
532000	Depreciation and amortization expenses	(1,668)	1	(1,903)	(2)
533000	Other operating expenses	(13,093)	10	(8,681)	(10)
500000	Total Expense	(38,550)	29	(34,724)	(41)
	Operating profit (loss)	(169,527)	129	49,672	59
602000	Other profits and losses	13,327	(10)	10,186	12
902001	Net income before tax (net loss)	(156,200)	119	59,858	71
902005	Net income (net loss) for the current period	(156,200)	119	59,858	71
902006	Total comprehensive income in current period	$(156,200)	119	$59,858	71

Chairman: Ke-Chyn Jiang Managerial officers: Jamie Lin Accounting Manager: Meng-Wei Lu

Attached table 3: Business relationship and significant transactions between the parent company and subsidiaries:

Unit: NTD thousand

No. (Note 1)	Trader’s name	Counterparty	Relations with counterparty (Note 2)	Transaction			
				Items	Amount	Terms and conditions	The ratio of consolidated total income or assets (Note 3)
0	Horizon Securities	Horizon SICE	1	Brokerage fee revenue - over the counter	$8	Note 4	0.00%
0	Horizon Securities	Horizon SICE	1	Professional service expenses	42,000	"	3.44%
0	Horizon Securities	Horizon Venture Capital	1	Brokerage fee revenue - over the counter	22	"	0.00%
0	Horizon Securities	Horizon Venture Capital	1	Brokerage fee discount - over the counter	12	"	0.00%
1	Horizon SICE	Horizon Securities	2	Consultancy fee income	42,000	"	3.44%
1	Horizon SICE	Horizon Securities	2	Other operating expenses	8	"	0.00%
2	Horizon Venture Capital	Horizon Securities	2	Other operating expenses	22	"	0.00%
2	Horizon Venture Capital	Horizon Securities	2	Other gains and losses - brokerage fee discount	12	"	0.00%
2	Horizon Venture Capital	Horizon Venture Management Co., Ltd.	3	Payables	3,484	"	0.02%
2	Horizon Venture Capital	Horizon Venture Management Co., Ltd.	3	Professional service expenses	14,913	"	1.22%
3	Horizon Venture Management Co., Ltd.	Horizon Venture Capital	3	Accounts receivable	3,484	"	0.02%
3	Horizon Venture Management Co., Ltd.	Horizon Venture Capital	3	Consultancy fee income	14,913	"	1.22%

Note 1: The information about transactions between parent company and subsidiaries shall be numbered and noted in the following manner in the box of numbers:
1. 0 is for the Parent Company.
2. Subsidiaries are numbered from number 1.

Note 2: The relationship with the trade party is classified into three categories as follows:
1. Parent Company to subsidiaries.
2. Subsidiaries to Parent Company.
3. Subsidiaries to subsidiaries.

Note 3: As for the calculation of the proportion of the transaction amount to the combined total operating income or total assets, where it is an asset-liability item, the ending balance shall be calculated as a percentage of the total combined assets.
Where it is a profit-loss item, the cumulative amount in the interim period shall be calculated as a percentage of the total combined operating income.

Note 4: The revenue from the aforementioned services for related parties and consulting service fees provided by related parties are treated at regular prices.

Notes to the consolidated financial statements of Horizon Securities Co., Ltd. and its subsidiaries (continued)
(In thousand New Taiwan dollars, unless otherwise specified)

Attached table 4: Relevant information on the investees over which the Company has significant influence or control directly or indirectly:

Unit: Shares; NT$ thousand

Investor	Name of investee	Location	Date of Incorporation	FSC approval date and Case No.	Principal business	Sum of initial investment		Ending shareholding			Operating income from investees in the current period	Gains (losses) on investees in the current period	Investment gains (losses) recognized in the current period	Current cash dividend	Remarks
						Current period-end	The end of last year	Number of shares	Percentage	Book value					
Horizon Securities Co., Ltd.	Horizon SICE Co., Ltd.	Taiwan	1993/7/2	-	Securities investment advice	$114,282	$114,282	12,000,000	100.00%	$127,504	$49,072	$4,243	$4,243	$-	Subsidiaries
Horizon Securities Co., Ltd.	Horizon Venture Capital Co., Ltd.	Taiwan	2014/4/8	2014/2/20 Jin-Guan-Cheng-Quan-Zi No.: 1030004881	Venture Investment	579,420	579,420	60,000,000	100.00%	521,786	34,216	18,646	18,646	-	Subsidiaries
Horizon Securities Co., Ltd.	Horizon Venture Management Co., Ltd.	Taiwan	2019/3/13	2018/12/3 Jin-Guan-Cheng-Quan-Zi No.: 1070340601	Management Consulting Services	20,000	20,000	2,000,000	100.00%	25,801	14,913	4,903	4,903	3,200	Subsidiaries

Attached table 5: Information on major shareholders

Unit: shares

Shareholding / Names of major shareholders	No. of shares held	Percentage of shareholding
Cheng-Da Investment Consulting Co., Ltd.	35,160,200	10.00%
Mercury Fu Bao Co., Ltd.	21,503,160	6.12%