

Stock No: 6015



Horizon Securities Co., Ltd.

2022 Annual Report

Websites for Annual Report Publication

Taiwan Stock Exchange Market Observation Post System:

<https://mops.twse.com.tw/mops/web/index>

Website: <https://www.honsec.com.tw>

Printed on May 11, 2023

I. Company's Spokesperson and Deputy Spokesperson

Spokesperson: Frank Liao

Title: Executive Vice President of Brokerage Division

Tel: +886-2-6636-0223

Email: spokesman@honsec.com.tw

Deputy Spokesperson: John Jiang

Title: Assistant Vice President of President's Office

Tel: +886-2-2700-8899

Email: spoke2@honsec.com.tw

II. Contact Information of Headquarters and Branches

**Headquarters: 3-5F., 7F., No. 236, Sec. 4, Xinyi Rd., Xinyi Dist., Tel: +886-2-2700-8899
Taipei City 110, Taiwan (R.O.C.)**

**Guanqian Branch: 5F., No. 76, Bo'ai Rd., Zhongzheng Dist., Tel: +886-2-2312-1122
Taipei City 100, Taiwan (R.O.C.)**

**Minsheng Branch: 4F., No. 1, Sec. 5, Nanjing E. Rd., Songshan Tel: +886-2-2765-7933
Dist., Taipei City, 105409, Taiwan (R.O.C.)**

**Zhonghe Branch: B1F., 1F., No. 23, Minle Rd., Zhonghe Dist., Tel: +886-2-3234-6738
New Taipei City 235, Taiwan (R.O.C.)**

**46F.-1, No. 7, Sec. 5, Xinyi Rd., Xinyi Dist., Taipei City 110615, Tel: +886-2-8101-2288
Taiwan (R.O.C.)**

**Taoyuan Branch: 3F., No. 1125, Zhongzheng Rd., Taoyuan Dist., Tel: +886-3-346-3456
Taoyuan City 330, Taiwan (R.O.C.)**

**Taichung Branch: 7F.-6, No. 521, Sec. 1, Wenxin Rd., Nantun Tel: +886-4-2255-6687
Dist., Taichung City 408, Taiwan (R.O.C.)**

**National Trade Center Branch: 19F.-9, and 19F.-10, No. 282, Shizheng N. 2nd Tel: +886-4-2259-9333
Rd., Xitun Dist., Taichung City 407024, Taiwan (R.O.C.)**

**Tainan Branch: 3F., 5F.-2, No. 69, Sec. 2, Zhongyi Rd., West Central Tel: +886-6-223-6677
Dist., Tainan City 700, Taiwan (R.O.C.)**

**Xinhua Branch: 3F., No.243-1, No.243-2, Zhongshan Rd., Xinhua Tel: +886-6-580-1000
Dist., Tainan City 712, Taiwan (R.O.C.)**

**Kaohsiung Branch: 4F., No. 175, Zhongzheng 2nd Rd., Lingya Tel: +886-7-229-9788
Dist., Kaohsiung City 802, Taiwan (R.O.C.)**

**Guanglong Branch: No. 26-3, No. 26-4, No. 26-5, Gongyuan Rd., Tel: +886-3-835-2181
Hualien City, Hualien County 970, Taiwan (R.O.C.)**

III. Contact Information of Stock Transfer Agency

Name: Horizon Securities Co., Ltd. Registrar Agency Website:

<https://www.honsec.com.tw>

Address: 3F., No. 236, Sec. 4, Xinyi Rd., Xinyi Dist., Tel: +886-2-7719-8899

Taipei City 110, Taiwan (R.O.C.)

IV. Contact Information of the CPAs for the Latest Financial Statements

Name: James Huang and Spencer Ma

Website:

<https://www.ey.com/taiwan>

**Accounting Firm CPAs: Ernst & Young Global Tel: +886-2-2757-8888
Limited**

**Address: 9F., No. 333, Sec. 1, Keelung Rd., Xinyi
Dist., Taipei City 110, Taiwan (R.O.C.)**

V. Overseas Securities Exchange Where Securities are Listed and Method of Inquiry: None.

VI. Website: <https://www.honsec.com.tw>

Contents

I.	Letter to Shareholders	1
II.	Company Profile.....	3
	I. Date of Incorporation:.....	3
	II. Organization and operations	3
III.	Corporate Governance Report	5
	I. Organization system	5
	II. Information on the Company’s Directors, Supervisors, President, Vice Presidents, Assistant Vice President, and the Supervisors of All the Company’s Divisions and Branch Units	13
	III. Implementation of Corporate Governance.....	39
	IV. Information on CPA Professional Fees	115
	V. Information on Replacement of CPAs	115
	VI. Company chairman, President, or Any Managerial Officer in Charge of Finance or Accounting Matters in the Most Recent Fiscal Year Holding a Position at the Company’s CPA Accounting Firm or at an Affiliated Enterprise of Such Accounting Firm	116
	VII. Any Transfer of Equity Interests and/or Pledge of or Change in Equity Interests (During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report) by a Director, Supervisor, Managerial Officer, or Shareholder with a Stake of More than 10 Percent	117
	VIII. Relationship information, if among the company’s ten largest shareholders any one is a related party or a relative within the second degree of kinship of another.....	122
	IX. Total Number of Shares and Total Equity Stake Held in any Single Enterprise by the Company, Its Directors and Supervisors, Managers, and Any Companies Controlled Either Directly or Indirectly by the Company.....	123
IV.	Capital Overview.....	124
	I. Capital and Shares	124
	II. Corporate Bonds (Incl. overseas bonds):	131
	III. Preferred Shares.....	132
	IV. Global Depository Shares.....	132
	V. Employee Stock Options and New Restricted Employee Shares	132
	VI. Issuance of New Shares in Connection with Mergers or Acquisitions or with Acquisitions of Shares of Other Companies.....	132
	VII. Implementation of the Company’s Capital Allocation Plans	132
V.	Operating Highlights	134
	I. Business Activities.....	134
	II. Analysis of the Market as well as Production and Marketing Situation	144
	III. Number of Employees for the Two Most Recent Fiscal Years, and During the Current Fiscal Year Up to the Date of Publication of the Annual Report, Their Average Years of Service, Average Age, and Education Levels (Including Percentage of Employees at Each Level)	148
	IV. Disbursements for Environmental Protection	148
	V. Labor Relations.....	148
	VI. Cyber security management.....	153
	VII. Important Contracts	156
VI.	Financial Information	157
	I. Condensed Balance Sheets and Statements of Comprehensive Income for the Past Five Fiscal Years.....	157
	II. Financial Analyses for the Past Five Fiscal Years.....	160
	III. Audit Committee’s Report for the Most Recent Fiscal Year’s Financial Statement	164
	IV. Financial Statements for the Most Recent Fiscal Year.....	164
	V. Individual Financial Statement for the Most Recent Fiscal Year, Certified by the CPA.....	164
	VI. If the Company or Its Affiliates Have Encountered Any Financial Difficulties in the Most Recent Fiscal	

	Year and as of the Printing Date of the Annual Report, the Impact on the Company's Financial Situation Shall Be Set Forth.....	164
VII.	Review and Analysis of the Company's Financial Position and Financial Performance, and Listing of Risks	165
I.	Financial Position	165
II.	Financial Performance	165
III.	Cash Flow	166
IV.	Effect Upon Financial Operations of Any Major Capital Expenditures During the Most Recent Fiscal Year.....	167
V.	The Company's Policy for the Most Recent Fiscal Year on Investments in Other Companies, the Main Reasons for Profits/Losses Resulting therefrom, Plans for Improvement, and Investment Plans for the Coming Fiscal Year.....	167
VI.	Risk Analysis and Assessment for the Most Recent Fiscal Year and as of the Date of Publication of the Annual Report.....	167
VII.	Risk Management	171
VIII.	Other important notes: None.....	187
VIII.	Special Disclosure	188
I.	Information on the Company Affiliates	188
II.	Private Placement of Securities During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report.....	190
III.	Holding or Disposal of Shares in the Company by the Company's Subsidiaries During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report	192
IV.	Other Supplementary Information	192
IX.	Any of the Situations Listed in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act, Which Might Materially Affect Shareholders' Equity or the Price of the Company's Securities, Has Occurred During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report: None.	192

I. Letter to Shareholders

2022 was a year of drastic volatility. Economic growth was impeded by rising inflation rates, adverse impacts of interest hikes, tightening of financial conditions, slowing down of major economies, continued epidemic threat, geopolitical turbulences, and de-globalization of supply chains. According to the statistics from the Taiwan Stock Exchange Corporation, by the end of 2022, the Taiwan Capitalization Weighted Stock Index came to 14,138, a decrease of 4,081, or 22% down, for the year, setting a new record high. The total market value of listed stocks reached NT\$44.3 trillion, a decrease of NT\$12 trillion compared with 2021. The daily trading value of listed stocks was NT\$228 billion, and the daily trading value of both listed companies and OTC stocks was NT\$288.5 billion, a decrease of 40% and 37%, respectively over the previous year.

Under global uncertainties, we are challenged by an array of adverse changes in the operating conditions. The Company's 2022 operating income was NT\$ 681,966 thousand, net profit after tax NT\$ 220,184 thousand and EPS NT\$0.63. As for the financial structure as of the end of 2022, the total assets were NT\$10.1 billion, and the total liabilities were NT\$5.6 billion. The liabilities were mainly generated by undertaking bond repurchase transactions and settlement accounts payable arising from brokerage-entrusted trading business. The overall financial structure was considered stable. The total shareholders' equity was NT\$4.5 billion, and the net value per share was NT\$12.91. The securities firm's capital adequacy ratio was 463%, indicating that the Company's operation was sound.

A summary of the operating results of each major business in 2022 is shown as follows:

1. Brokerage business: Entrusted trading totaled NT\$946.8 billion, the average daily trading value was NT\$3.8 billion and the average margin debt was NT\$3.2 billion.
2. The combined sales of securities held-for-trading and valuation losses was NT\$270 million.
3. Underwriting business: Total underwriting project of NT\$2.1 billion, completed 27 cases of IPO and SPO with a role of either sponsor or co-sponsor, and 3 financial advisory case.
4. Stock transfer agency: Served a total of 130 clients as an agent. The clients included 47 companies in either the Taiwan Stock Exchange or Taipei Stock Exchange, 19 companies in the Emerging Stock Market board and a total of 64 in public offering and others, serving approximately 2.45 million shareholder accounts.
5. Started wealth management business, established operating sites at Taipei 101 and the National Trade Center, and further expanded our market share in re-consignment trades to contribute to the revenue growth.

Looking forward into the future, global economic slowdown is expected to continue into 2023, due to tight monetary policies in major countries and high possibility of interest hikes. Though inflation slowdown and may slow down interest hike, and coupled with the decrease in end market demand resulting in inventory adjustments in the supply chain, interest hikes may eventually come to a halt. Although adversities continue to hinder the global economic growth, they are expected to dwindle over time. International institutions predicted a slower economic growth in 2023 than in 2022, mainly due to stagnant economies, and expected to only see slow global economic recovery starting in second half of 2023. In the face of the gloomy international environment and Taiwan's stock market that has been affected by it, the Company will continue to make steady progress and actively develop various business platforms.

1. Continue to invest in the field of financial technology and develop digital platform

operations, enhance the management of information security, hoping to enhance customers' digital experience, secure the transactional rights of the investors and expand business scale.

2. In order to increase the Company's source of income, it plans to launch its wealth management business, to further expand its re-consignment market share, to better meet the needs of customers and expand the business scale.
3. As of the end of 2022, the scale of lending money without specific purposes has reached NT\$600 million. In 2023, the Company will invest in more resources and provide rapid lending services to meet the customers' need for diverse fund sources.
4. Strive for growth in the capital market underwriting, financial advisory and stock transfer agency businesses to increase fee income from diverse services.
5. The Company flexibly adjusts the allocation of risk assets and hedging assets with an aim of having flexible capital movements and maintaining of steady revenue.

In addition to sparing no efforts to develop business and achieve operational performance, the Company continues to improve corporate governance and transparency, implement money laundering prevention practices, enhance its energy-saving and carbon-reduction policies and assume its responsibility of sustainable development. In the future, the Company will continue to adhere to the long-term and stable business strategy, which adopts a business philosophy of "Customer-oriented, value co-creation and co-prosperity; Profit-oriented, active and practical; Stability-oriented, rigorous risk control; Value employees and share the business results; Value integrity and adhere to professionalism and ethics," to put risk and internal control management into practice and reinforce the Company's operations and competitiveness in various business areas. The approaches will provide customers with satisfactory financial services and create maximum benefits and value for the Company and shareholders.

Chairman Ke-Chyn Jiang

President Jamie Lin

II. Company Profile

I. Date of Incorporation: December 8, 1961.

II. Organization and operations

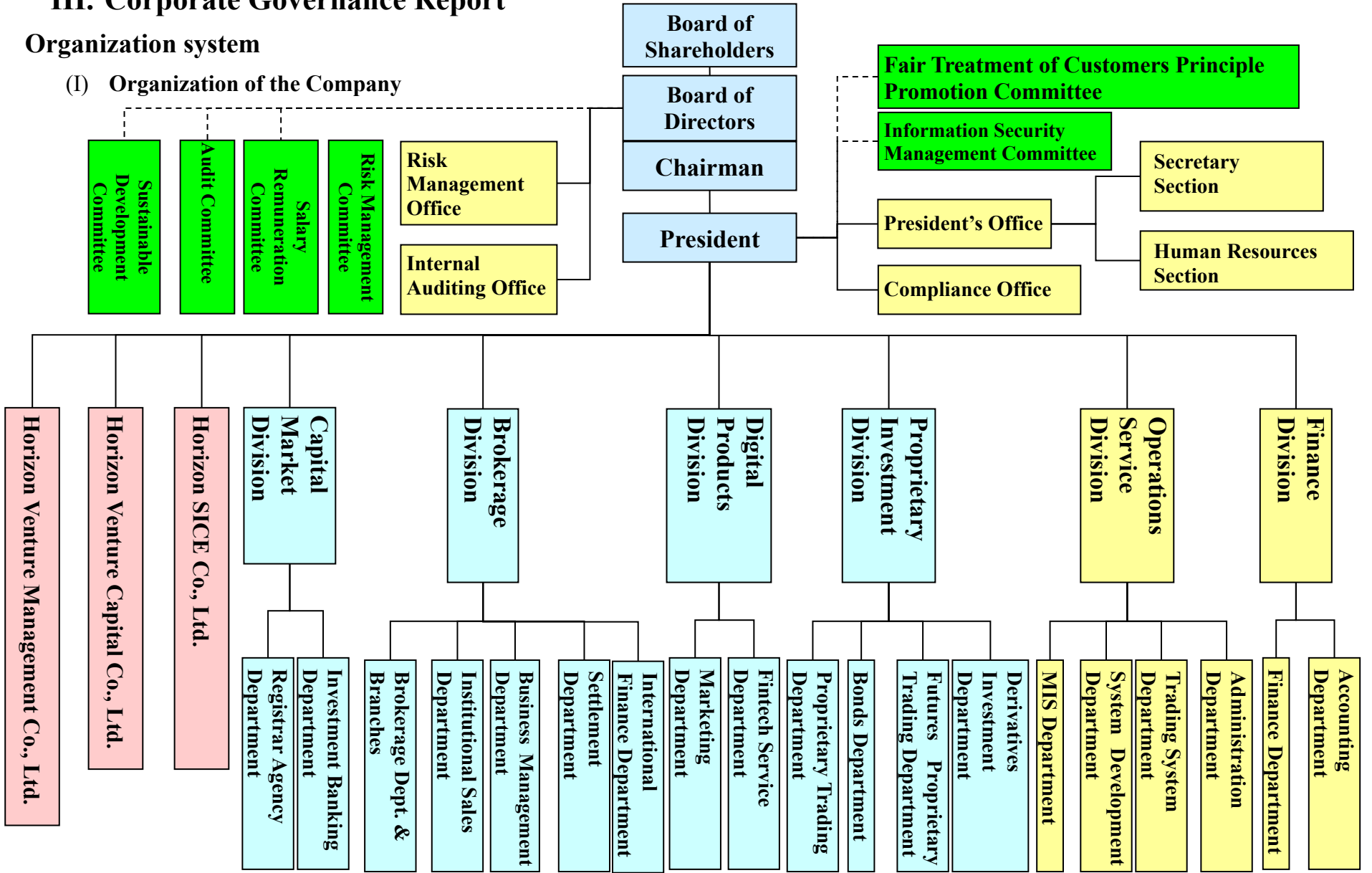
- | | |
|------|--|
| 1961 | ● Founded as “Dashin Securities,” engaging in brokerage business. |
| 1990 | ● Extended business to underwriting & proprietary trading. Became an integrated securities firm. |
| 1996 | ● Listed on TPEX on 25th July. (OTC: 6015) |
| 2000 | ● Head office moved to current location at No. 236, Sec. 4, Xinyi Rd., Taipei City. |
| 2001 | ● Renamed as “Fortune Securities.” |
| 2005 | ● Underwent company-wide restructuring. Carried out cash capital increase by private placement. Besides the management team becoming shareholders, Mercuries & Associates Holding Limited became the major shareholder. |
| 2006 | ● Renamed as “Horizon Securities.”
● Established “Registrar and Transfer Agency” business, serving multiple public companies and countless shareholders.
● Business operations extend to Institutional Brokerage, Bonds and Derivative products trading. |
| 2008 | ● Granted the license for futures proprietary trading business. |
| 2009 | ● The subsidiary, Horizon SICE Co., Ltd., established master agent platform, and started to engage in wealth management business.
● Approved to undertake “Accepting Orders to Trade Foreign Securities,” providing clients with channels for overseas investment. |
| 2010 | ● Completed the merger with Forwin Securities. .
● Awarded the “2009 Excellent Underwriter in Assisting the Listing of Foreign Companies” by TWSE. |
| 2012 | ● Launched the self-developed trading system “Hongliwang.” |
| 2013 | ● Approved to engage in futures brokerage and settlement businesses, expanding the scope of future services.
● Horizon SICE Co., Ltd. was approved to engage in discretionary investment business. |
| 2014 | ● Underwriting business was awarded the “2014 Negotiable Instrument Contribution Award” by TWSE.
● Established the subsidiary, Horizon Venture Capital Co., Ltd., through re-investment and integrated a complete securities service by direct investment. |
| 2015 | ● Awarded “IPO Best Partner Award” by TWSE.
● Approved to undertake the futures consulting business.
● Hsinchu Branch moved to Xinhua and was renamed as Xinhua Branch.
● Approved to issue call (put) warrants. |
| 2016 | ● Awarded “Outstanding Securities Broker Contribution Award” by TPEX.
● Granted the “Liquidity providers of foreign currency denominated international bonds” license by TPEX. |
| 2017 | ● Awarded the First Prize of “Growth Award” for the securities of a centralized market by FCS.
● The subsidiary, Horizon SICE Co., Ltd. established a research team, enhancing investment research.
● Granted the “foreign currency denominated international bond underwriter” license by Central Bank of the Republic of China (Taiwan). |
| 2018 | ● Approved to establish the “trading room – telephone centralized order center,” improving our services for clients.
● The Company’s “accepting orders to trade foreign securities business” has been approved to extend to US stock market.
● Approved to engage in “lending money without specific purposes,” providing clients with their financing needs.
● Established the Fintech Service Department, focusing on the smart operations of |

- digital platforms.
- Approved to establish the Horizon Venture Management Co., Ltd.
- 2019
- An official community website (FB/youtube/IG) was set up for better service to the public in depth.
 - Awarded first place in improvement award of “2019 ETP trading and market making competition for securities brokers” held by TWSE, Taiwan Securities Association and Securities Investment Trust and Consulting Association.
 - Awarded “Best Digital Finance Service” in the non-finance holding category of the “2019 Outstanding Securities Brokers” held by Excellence Magazine. Enhanced the complementarity of FinTech and physical branches, in the aim to expand the scale of brokerage business through diversified digital transformation.
- 2020
- The Company was awarded the “Taiwan Stocks ETF Trading Contribution Award” in the Securities Firm ETF and ETN Competition held by the Taiwan Stock Exchange Corporation in October.
- 2021
- Acquisition of Kuang Lung Securities Co., Ltd. In February was completed in February. Guanglong Branch in Hualien was established.
 - “Securities financing service” was launched in April.
 - Completed the offering of the 1st issue of convertible bonds amounting to NT\$700 million in June.
- 2022
- Was approved to conduct “Wealth management business” in January.
 - Won the “Broker Best Participation Award in Pioneer Stock Board” (PSB) in April.
 - The investment and consulting research team won the “Research Report Accuracy-Estimated the rate of return”, “Research Report Accuracy-Estimated the EPS” Award from CMoney for the 2nd consecutive year in April.

III. Corporate Governance Report

I. Organization system

(I) Organization of the Company



(II) Department Functions

Department	Functions
Sustainable Development Committee	<ol style="list-style-type: none">1. Formulate sustainable development policy.2. Deliberate on the strategic planning, annual plans and project plans of sustainable development.3. Supervise the implementation of strategic planning, annual plans and project plans of sustainable development.4. Track and review the implementation and effectiveness of sustainable development, and report them to the board of directors.5. Decision on other matters related to sustainable development.
Audit Committee	<ol style="list-style-type: none">1. Supervising the fair presentation of the financial statements.2. Supervising the independence and performance of appointment and discharge of CPAs.3. Supervising the effectiveness of internal control.4. Supervising the compliance to relative laws and regulations.5. Supervising the control of existing and potential risks.
Risk Management Committee	<ol style="list-style-type: none">1. Supervising and reviewing the guidelines for risk management policies and the performance of risk management.2. Reviewing the risk management mechanisms for various businesses and products of the Company and its subsidiaries.3. Reviewing the Company's overall risk limits and risk limits of individual units.4. Reviewing and handling matters regarding violation of risk management policies, principles, regulations or goals.5. Reporting the execution results of risk management to the Board of Directors on a quarterly basis.6. Other matters required to be reported to the Committee for review according to the regulations.
Information Security Management Committee	<ol style="list-style-type: none">1. Verifying and supervising the information security policies.2. Delegating and coordinating information security responsibilities.3. Supervising the information security protection matters.4. Reviewing and supervising information security events.5. Verifying other information security issues.6. Coordinating and discussing the overall information security measures.7. Coordinating and discussing the information security plans.8. Delegating the information security responsibilities of relative personnel, and formulating general guidelines for responsibility delegation based on the functions of each unit.9. Coordinating the cross-department information security cooperation.10. Reviewing and handling matters regarding violation of information security policies, principles, regulations or goals.11. Verifying the information security policies of subsidiaries.
Salary Remuneration Committee	<ol style="list-style-type: none">1. Reviewing the "Salary Remuneration Committee Charter" and proposing amendment suggestions on a regular basis.2. Stipulating and regularly reviewing the performance of the remuneration of the Company's directors and supervisors, and the annual goal of managers, as well as the remuneration policies.

Department	Functions
	<ol style="list-style-type: none"> 3. Reviewing regularly the remuneration of individual managers based on the completion of performance objectives.
Internal Auditing Office	<ol style="list-style-type: none"> 1. Auditing the financial, business and accounting matters, and preparing audit reports on a regular or occasional (when required) basis. 2. Following-up on internal control procedures, and evaluating the performance of internal control of each unit. 3. Managing the auditing matters of subsidiaries. 4. Undertaking audit projects assigned by the Board of Directors, Chairman, Supervisors, and President. 5. Supervision and auditing reinvestment projects. 6. Formulating and amending relative auditing regulations.
Risk Management Office	<ol style="list-style-type: none"> 1. Formulating risk management policies and regulations of each unit. 2. Supervising the execution of risk management of each unit. 3. Supervising the overall risk limits in compliance with external management regulations. 4. Preparing risk management reports. 5. Following-up and evaluating the goal completion and performance of each unit. 6. Planning and executing matters regarding annual credit rating. 7. Evaluating and managing the businesses of domestic subsidiaries and long-term investments. 8. Conducting financial analysis on and evaluating reinvestments. 9. Formulating and amending related charters.
President's Office	<ol style="list-style-type: none"> 1. Planning and researching mid-to-long-term development strategies. 2. Handling M&A of financial companies, or conducting R&D, planning and marketing on products for strategic alliance and cross-industry alliance. 3. Managing corporate identity, and corporate image. 4. Handling matters regarding the Board of Directors. 5. Handling matters regarding registrar agencies. 6. Handling incoming and outgoing documents, proofreading and managing files. 7. Handling company registrations (incl. domestic and overseas reinvestment registration, and license registration and application). 8. Establishing, formulating and amending of personnel regulations and policies. 9. Handling matters regarding hiring, training, assignment, promotion, assessment, rewards and penalties, leave, retirement, layoff, duty rotation, compulsory vacation, etc. 10. Handling matters regarding salary, bonus, and benefit of employees. 11. Formulating and amending related charters.
Compliance Office	<ol style="list-style-type: none"> 1. Planning, managing and supervising the execution of law compliance policies. 2. Reviewing on the amendments on charters of each unit and the releasing and compilation of the revised charters. 3. Undertaking risk management of law compliance, evaluation and training. 4. Announcing of the laws and regulations. 5. Reviewing, consulting or drafting legal matters of each unit.

Department	Functions
	<ol style="list-style-type: none"> 6. Reviewing and safekeeping of contracts. 7. Handling litigation matters and assisting debt recovery. 8. Handling court documents. 9. Preparing, managing and supervising the plans and execution of anti-money laundering and countering the financing of terrorism. 10. Formulating and amending related charters.
Operations Service Division	<ol style="list-style-type: none"> 1. Planning and executing information security development policies. 2. Planning, building, managing, and maintaining the information system. 3. Planning, building, managing, and maintaining the email and cloud storage system. 4. Planning, building, managing, and maintaining the securities chart reading system and the information sources. 5. Evaluation, requesting, managing, and maintaining the hardware and software requirements. 6. Planning, building, managing, and maintaining the computer facilities and the uninterruptible power supply. 7. Formulating and amending charters regarding information security. 8. Planning, developing, building, managing, and maintaining the database system. 9. Planning, developing, building, managing, and maintaining the application system. 10. Planning, developing, building, managing, and maintaining the office automation system. 11. Planning, developing, building, managing, and maintaining the fintech system. 12. Planning, developing, building, managing, and maintaining the proprietary trading, price offering and accounting system. 13. Planning, developing, building, managing, and maintaining the registrar agency system. 14. Planning, developing, building, managing, and maintaining trading operation system. 15. Planning, developing, building, managing, and maintaining trading accounting system. 16. Planning, developing, building, managing, and maintaining institutional trading system. 17. Planning, developing, building, managing, and maintaining the administrative system. 18. Producing, issuing, managing and destroying seals and stamps of personnel. 19. Acquiring, disposing and managing Company assets. 20. Acquiring, disposing and leasing fixed assets and supplies. 21. Repairing, maintaining and managing various office equipment. 22. Handling matters regarding office remodeling. 23. Managing matters regarding internal administrative work of the headquarters and branches. 24. Making and maintaining the corporate identity items (incl. signboards, name cards, office supplies). 25. Formulating and amending related charters.

Department	Functions
Finance Division	<ol style="list-style-type: none"> 1. Handling financial matters and preparing the financial statements 2. Formulating and amending accounting policies, and preparing the books of accounts. 3. Submitting financial statements and other matters regarding financial disclosures to the competent authority on a regular basis. 4. Drafting and compiling the statements regarding budgets, settlements, and final accounts. 5. Preparing financial statements on a regular basis. 6. Processing tax cases and administrative remedies, as well as planning and submitting matters related to taxes. 7. Establishing and managing the credit lines, and managing liquidity risks of funds. 8. Proposing long-and-short-term fund and capital planning. 9. Planning, managing and following-up with financial operations of various businesses. 10. Calculating and reporting transaction limits of each unit. 11. Managing bills and securities. 12. Receiving and paying out expenses. 13. Managing bank accounts of the Headquarters and branches. 14. Handling matters regarding operational fund transfers and capital movements of Headquarters and branches. 15. Formulating and amending related charters.
Brokerage Division	<ol style="list-style-type: none"> 1. Assisting the promotion of brokerage businesses of Headquarters and branches (incl. securities, futures, credit agency, funds sold under commission, reconsignments, lending money without specific purposes, auctions, applications for purchasing). 2. Assisting the establishment and execution of various management policies of the Headquarters and branches. 3. Managing and reviewing the salary and bonus policies for brokerage agents and concessions to clients. 4. Analyzing and managing the performance and contribution of brokerage agents under categories of company, clients or businesses. 5. Planning, evaluating and executing the establishment of new branches, as well as the acquisition and merger of operating locations. 6. Handling matters regarding reserve, training and assignment of brokerage agents. 7. Coordinating and managing the trading of securities and margin purchase and short sale services from brokerage businesses. 8. Organizing and managing beneficiary certificates, other securities and financial products sold under commission. 9. Serving as the one-stop service for internal and external brokerage business, and as the management unit for law compliance advocacy and risk control of brokerage business related matters. 10. Planning, promoting and managing matters regarding institutional businesses. 11. Providing maintenance and service to matters regarding institutional clients. 12. Planning and hosting institutional investor conferences. 13. Organizing and managing Headquarters' and branches' businesses,

Department	Functions
	<p>(incl. securities, futures, credit agency, under commission, re-consignments, lending money without specific purposes, auctions, applications for purchasing) account opening, depository, and settlements.</p> <ol style="list-style-type: none"> 14. Handling matters regarding reports of error accounts and breaches of contract from brokerage businesses. 15. Planning the management and operation process of back end regulations of brokerage businesses. 16. Planning and managing of lending money without specific purposes. 17. Responsible for the planning and execution of wealth management, and management wealth management staff. 18. Providing wealth management business staff members with market information regarding securities and financial products, including planning and support for education training, operating systems and transaction processes. 19. Providing customers with consulting services. 20. Providing customers with diverse international investment products and services. 21. Providing customers with consulting services regarding the asset allocation and financial planning, or sales services of financial products. 22. Undertaking the trading of securities at centralized securities exchange market. 23. Undertaking the trading of securities at operating sites. 24. Handling businesses regarding margin purchase and short sale. 25. Handling businesses regarding centralized custody and transfer of securities. 26. Handling businesses regarding securities settlements. 27. Handling matters regarding futures account opening and uploading of centralized custody. 28. Undertaking the trading of futures and option contracts. 29. Undertaking the domestic trading of futures and option contracts. 30. Handling risk control of the domestic trading of futures and option contracts. 31. Undertaking the overseas trading of securities (reconsignment). 32. Undertaking the trading of emerging stocks. 33. Undertaking the sales of beneficiary certificates, other securities and financial products. 34. Assisting Headquarters in the underwriting of securities. 35. Planning, promoting and managing institutional businesses. 36. Providing maintenance and service to institutional clients. 37. Formulating and amending related charters.
Capital Market Division	<ol style="list-style-type: none"> 1. Guiding public companies listings on TPEx and TWSE, as well as underwriting capital increase for TPEx- and TWSE-listed companies. 2. Providing consulting services for issuance and offering of securities. 3. Providing consulting services for planning and execution of the privatization of government-owned enterprises. 4. Providing inquiry services for corporate financial planning and consultation. 5. Providing consulting services for private placement of securities,

Department	Functions
	<p>reorganization, strategic reconstruction (incl. corporatization, merger, acquisition, spin-off and demerger).</p> <ol style="list-style-type: none"> 6. Providing consulting services for venture investment plans, financial analysis and post-investment management. 7. Promoting the projects of financing activities, acquisitions, direct investments and financial restructuring of domestic enterprises overseas, and the projects of financing activities and investments of foreign enterprises in Taiwan. 8. Evaluating and managing the businesses of overseas subsidiaries and long-term investments. 9. Establishing and coordinating relative businesses of foreign branches. 10. Handling other businesses regarding international finance and securities. 11. Handling proprietary trading, as well as planning and managing brokerage businesses. 12. Handling stock matters as an agent for securities issuing institutions. 13. Handling matters regarding shareholders' meetings or general meetings of beneficiaries of securities issuing institutions. 14. Serving as proxy agents for shareholders' meeting proxy. 15. Handling matters regarding applications of stocks and announcements of securities issuing institutions. 16. Handling matters regarding expansion, consultation and guidance of registrar agency businesses. 17. Formulating and amending related charters.
Proprietary Investment Division	<ol style="list-style-type: none"> 1. Planning securities portfolios for proprietary trading. 2. Trading securities at centralized securities exchange market. 3. Trading securities at operating sites. 4. Trading domestic securities related futures contracts, option contracts, and futures option contracts at futures markets. 5. Trading domestic securities related futures contracts, option contracts, and futures option contracts at operating sites. 6. Engaging in hedging transactions at futures markets. 7. Handling matters regarding the offering planning, reverse auctions, and sales of bonds and securities. 8. Trading the aforementioned bonds on the secondary market, and handling matters thereof. 9. Developing and promoting interest rate products. 10. Conducting R&D for new financial products, and formulating and implementing relevant trading and hedging strategies. 11. Issuing, selling and trading various new financial products. 12. Formulating and amending related charters.
Digital Products Division	<ol style="list-style-type: none"> 1. Planning brokerage businesses (incl. securities, futures, credit agency, funds sold under commission, reconsignments, lending money without specific purposes, auctions, applications for purchasing). 2. Promoting and integrating digital product projects. 3. Planning and developing trading platforms and digital service platforms. 4. Planning and promoting marketing activities. 5. Handling business regarding telephone and online customer services.

Department	Functions
	<ol style="list-style-type: none"><li data-bbox="475 197 1203 232">6. Handling matters regarding centralized order center.<li data-bbox="475 232 1155 268">7. Handling matters regarding futures consultation.<li data-bbox="475 268 1445 340">8. Planning, applying, development and promotion of the fintech innovative platform.<li data-bbox="475 340 1082 376">9. Utilizing and developing big data analysis.

II. Information on the Company's Directors, Supervisors, President, Vice Presidents, Assistant Vice President, and the Supervisors of All the Company's Divisions and Branch Units

(I) Directors and Supervisors

1. Directors and Supervisors:

April 2, 2023; unit: share; %

Title (Note 1)	Nationality or country of registratio	Name	Gender Age Note 2	Date elected	Term	Date first elected (Note 3)	Shareholding when elected		Current shareholding		Current shares held by spouse or minor children		Shares held in the name of others		Experience (education) (Note 4)	Concurrent positions held in the Company and other companies	Other supervisors, directors or supervisors in a spousal relationship or within the second degree of kinship			(Note 5)
							Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding			Title	Name	Relation	
Chairman	ROC	Cheng-Da Investment Consulting Co., Ltd.	Male 61 - 70	2020.6.24	3 years	2005.10.19	33,800,000	9.99%	35,160,200	10.01%	—	—	—	—	—	—	—	—	—	—
		Legal representative: Ke-Chyn Jiang					3,000,000	0.89%	—	—	183,072	0.05%	800,000	0.23%	Education: MBA, Syracuse University Experience: President of First Securities Co., Ltd.	The Company: Chief Strategy Officer, Member of Risk Management Committee, Sustainability Committee Other companies: Chairman of Horizon Venture Capital Co., Ltd. Chairman of Horizon Venture Management Co., Ltd. Chairman of Cheng-Da Investment Consulting Co., Ltd Chairman of Weilin Investment Consulting Co., Ltd.	Vice President	Shao-Chen Chiang	Spouse	None
Director	ROC	Cheng-Da Investment Consulting Co., Ltd.	Male 51 - 60	2020.6.24	3 years	2005.10.19	33,800,000	9.99%	35,160,200	10.01%	—	—	—	—	—	—	—	—	—	—
		Legal representative: Jamie Lin					312,751	0.09%	310,016	0.09%	—	—	—	—	Education: Graduated with a Master's Degree of Economic from Soochow University Experience: Vice President of Capital Market Division of First Securities Inc. Investment Banking Department of Grand Cathay Securities Corporation	The Company: President, Member of Risk Management Committee, Member of Information Security Management Committee, Sustainability Committee Other companies: Director of Cheng-Da Investment Consulting Co., Ltd. Director of Horizon Venture Capital Co., Ltd. Director of Horizon Venture Management Co., Ltd.	None	None	None	None

Title (Note 1)	Nationality or country of registratio	Name	Gender Age Note 2	Date elected	Term	Date first elected (Note 3)	Shareholding when elected		Current shareholding		Current shares held by spouse or minor children		Shares held in the name of others		Experience (education) (Note 4)	Concurrent positions held in the Company and other companies	Other supervisors, directors or supervisors in a spousal relationship or within the second degree of kinship			(Note 5)
							Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding			Title	Name	Relation	
Director	ROC	Chia-Hung Lee	Male 61 - 70	2020.6.24	3 years	2011.06.10 (Note 5)	50,000	0.01%	53,000	0.02%	—	—	—	—	Education: MBA, Syracuse University Experience: Vice President of CDIB Partners Investment Holding Corp. Vice President Assistant Vice President of Investment Department/Overseas Department/Special Project Department of China Development Financial Holding Corp.	The Company: None Other companies: Chairman of Kunjian Management Consulting Co., Ltd. (Legal representative) Chairman of HH LEASING & FINANCIAL CORPORATION (Legal representative) Chairman of Hungyu Management Consulting Co., Ltd. Chairman of Kunlun Management Consulting Co., Ltd.	None	None	None	None
Director	ROC	Jyun-De Li	Male 51 - 60	2020.6.24	3 years	2014.05.30 (Note 6)	—	—	—	—	—	—	—	—	Education: Bachelor, Department of Chemical and Materials Engineering, Tamkang University Experience: Vice President of Investment Research Division of Horizon Securities Corp. Senior Assistant Vice President of Underwriting Department of First Securities Inc. Junior Manager of Underwriting Department of Capital Securities Corp. Independent Director of Horizon Securities Co., Ltd.	The Company: Member of Risk Management Committee Other companies: None	None	None	None	None
Independent Director	ROC	HSIAO, CHEN-CHI	Male 61 - 70	2020.6.24	3 years	2020.6.24	—	—	—	—	—	—	—	—	Education: Master, Department of Business Administration, Feng Chia University Experience: Partner of PricewaterhouseCoopers, Taiwan Vice Director-General of Taichung Certified Public Accountant Association	The Company: Salary Remuneration Committee, Audit Committee member, Member of Risk Management Committee Other companies: Independent Director of Honmyue Enterprise Co. Ltd. (Audit Committee member, Remuneration Committee member) Independent Director of United Recommend Electronics Co., Ltd. (Audit Committee member, Remuneration Committee member) Independent Director of Yao I Fabric Co., Ltd. (Audit Committee member, Remuneration Committee member) Director of Tons Lightology Inc. Director of Plum-Monix Industry Co., Ltd. Supervisor of Yeong Chin	None	None	None	None

Title (Note 1)	Nationality or country of registratio	Name	Gender Age Note 2	Date elected	Term	Date first elected (Note 3)	Shareholding when elected		Current shareholding		Current shares held by spouse or minor children		Shares held in the name of others		Experience (education) (Note 4)	Concurrent positions held in the Company and other companies	Other supervisors, directors or supervisors in a spousal relationship or within the second degree of kinship			(Note 5)
							Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding			Title	Name	Relation	
																Machinery Industries Co., Ltd. Supervisor of Ruopu Construction and Development Co., Ltd.				
Independent Director	ROC	CHEN, YUH-JEN	Male 41 - 50	2020.6.24	3 years	2020.6.24	—	—	—	—	—	—	—	—	Education: PhD, Institute of Manufacturing Information and Systems, National Cheng Kung University Experience: Contracted Professor of Business Intelligence School/Department of Accounting and Information Systems & M.S. Program in Accounting and Information Systems of National Kaohsiung University of Science and Technology Contracted Professor (and Chair) of College of Finance and Banking/Department of Accounting and Information Systems & M.S. Program in Accounting and Information Systems of National Kaohsiung First University of Science and Technology	The Company: Salary Remuneration Committee, Audit Committee member, Member of Risk Management Committee, Sustainability Committee Other companies: Contracted Professor of Business Intelligence School/Department of Accounting and Information Systems & M.S. Program in Accounting and Information Systems of National Kaohsiung University of Science and Technology	None	None	None	None
Independent Director	ROC	Che-Ying Ljauw	Female 61 - 70	2020.6.24	3 years	2020.6.24	—	—	—	—	—	—	—	—	Education: M.L. of University of Pennsylvania Experience: CFO of WALSHIN TECHNOLOGY CORPORATION Chief of Legal Division of WALSHIN LIHWA CORPORATION Attorney of TIPLO Attorneys-at-Law / Also Taiwan International Patent & Law Office	The Company: Salary Remuneration Committee, Audit Committee member, Member of Risk Management Committee Other companies: None	None	None	None	None

Note1: For institutional shareholders, the names of the institute and representative should be listed separately (institutional shareholders should be marked as institutional shareholders), and listed in the table below.

Note 2: Please provide actual age, and the age may be provided in age brackets, e.g. 41–50, or 51–60.

Note 3: If a supervisor or director discontinued their position after the date they were first elected, such matter shall be explained in the note.

Note 4: If he/she had worked at accounting firms or affiliates during the said period, his/her title and duty shall be explained in the note.

Note 5: Supplementary information on matters regarding the chairman of the board of directors and the president or person of an equivalent post (the highest-level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason, reasonableness, and necessity thereof, and the measures adopted in response thereto (e.g. additional seats of Independent Directors, no more than half of the seats of directors are serving concurrently as an employee or a manager, or other ways.)

2. Major institutional shareholders

April 2, 2023

Name of institutional shareholders (Note 1)	Major institutional shareholders (Note 2)
Cheng-Da Investment Consulting Co., Ltd.	Ke-Chyn Jiang 25.61%, Weilin Investment Consulting Co., Ltd. 18.73%, Hsiang-Li Chen 9.26%, Jamie Lin 6.56%, May Lin 5.24%, Gilbert Chang 3.88%, Christine Chang 3.88%, Frank Liao 3.87%, Wen-Hsun Tsai 3.3%, Pei-Chih Li 2.74%

Note 1: If Directors and Supervisors serve as representatives of institutional shareholders, the names of institutional shareholders must be provided.

Note 2: Name the major shareholders (the top 10 owners) of institutional shareholders and their shareholding percentage. Table 2 below is applicable if any of the major shareholders is an institutional entity.

Note 3: If the institutional shareholder is not a company, the names of shareholders and their shareholding percentage shall be the names of sponsors or donors (please refer to the announcement of Judicial Yuan) and their sponsoring percentage. If the donor is deceased, "deceased" shall be stated.

3. Major Shareholders of Institutional Shareholders with Corporations as Their Major Shareholders:

April 2, 2023

Name of institutional shareholder (Note 1)	Major shareholders (Note 2)
Weilin Investment Consulting Co., Ltd.	Ke-Chyn Jiang 32%, Shao-Chen Chiang 18%, Ning Jiang 18%, Hsueh-Ying Jiang 17%, Hsueh-Fang Jiang 15%

Note 1: If any of the major shareholders listed in Table 1 is an institution, the name of the institution must be provided.

Note 2: Names the major shareholders (the top 10 owners) of institutional shareholders and their shareholding percentage.

Note 3: If the institutional shareholder is not a company, the names of shareholders and their shareholding percentage shall be the names of sponsors or donors (please refer to the announcement of Judicial Yuan) and their sponsoring percentage. If the donor is deceased, "deceased" shall be stated.

4. Professional Qualifications of Directors and Supervisors, and Disclosure of Independence Status of Directors

April 2, 2023

Qualifications Name	Expertise and work experience (Note 1)	Independence criteria (Note 2)	Number of other public companies where the member also serves as an independent director
Legal representative of Cheng-Da Investment Consulting Co., Ltd.: Ke-Chyn Jiang	MBA, Syracuse University. Former President of Horizon Securities, and former President of First Securities Inc. Holds concurrent positions as Chairman of Cheng-Da Investment Consulting Co., Ltd., and Chairman of Weilin Investment Consulting Co., Ltd.	<ol style="list-style-type: none"> Elected the Chairman as legal representative of Cheng-Da Investment Consulting Co., Ltd. Serves concurrently as the Company's Chief Strategy Officer, i.e. a director holding a position of a managerial officer concurrently. Holds concurrent positions at subsidiaries: Chairman of Horizon Venture Capital Co., Ltd. and Horizon Venture Management Co., Ltd. The remaining positions have been verified in accordance with the independence requirements set out in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" issued by the FSC, and are meeting the requirements of independence. 	0
Legal representative of Cheng-Da Investment	Master, Department of Economics, Soochow University. Former Vice President of Capital Market Division of First	<ol style="list-style-type: none"> Elected the Director as legal representative of Cheng-Da Investment Consulting Co., Ltd. Serves concurrently as the Company's President, i.e. a director holding a position of a managerial officer 	0

Qualifications Name	Expertise and work experience (Note 1)	Independence criteria (Note 2)	Number of other public companies where the member also serves as an independent director
Consulting Co., Ltd.: Jamie Lin	Securities Inc., and Investment Banking Department of Grand Cathay Securities Corporation.	concurrently. 3. Holds concurrent positions at subsidiaries Director of Horizon Venture Capital Co., Ltd. and Horizon Venture Management Co., Ltd. 4. The remaining positions have been verified in accordance with the independence requirements set out in the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies” issued by the FSC, and are meeting the requirements of independence.	
Chia-Hung Lee	MBA, Syracuse University. Former Vice President of CDIB Partners Investment Holding Corp, assistant Vice President of Investment Department/Overseas Department/Special Project Department of China Development Financial Holding Corp. Current Chairman of Kunjian Management Consulting Co., Ltd. (Legal representative), Chairman of HH Leasing & Financial Corp., Chairman of Hungyu Management Consulting Co., Ltd., and Chairman of Kunlun Management Consulting Co., Ltd.	Have been verified in accordance with the independence requirements set out in the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies” issued by the FSC, and are meeting the requirements of independence.	0
Jyun-De Li	Bachelor, Department of Chemical and Materials Engineering, Tamkang University. Former Independent Director of Horizon Securities Co., Ltd., Vice President of Investment Research Division of Horizon Securities Co., Ltd., Senior Assistant Vice President of Underwriting Department of First Securities Inc., and Junior Manager of Underwriting Department of Capital Securities Corp.	Have been verified in accordance with the independence requirements set out in the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies” issued by the FSC, and are meeting the requirements of independence.	0
HSIAO, CHEN-CHI (Independent Director)	Master, Department of Business Administration, Feng Chia University. Experienced in accounting, and crisis management ability. Passed national exams for accountants, and obtained the certificate as for professional and technical personnel. 5 years of experience serving as a partner at Pricewaterhouse	Serves as an independent directors, and complies with the requirements of independence where he himself, spouse, or a relative within the second degree does not hold a position as the director, supervisor, or employee in the Company, or its affiliates, does not hold the Company’s shares, does not hold a position of director, supervisor or employee of a company with certain relationship with the Company, and did not receive any amount of remuneration for the business, legal, finance, accounting, and etc, services provided for the Company or its affiliates in the last 2 years.	3

Qualifications Name	Expertise and work experience (Note 1)	Independence criteria (Note 2)	Number of other public companies where the member also serves as an independent director
	<p>Coopers, Taiwan. 11th Vice Director-general of The National Federation of CPA Associations of the R.O.C.</p> <p>Currently serves as independent director of Honmyue Enterprise Co. Ltd., United Recommend Electronics Co., Ltd., and Yao I Fabric Co., Ltd.; director of Tons Lightology Inc. and Plum-Monix Industry Co., Ltd.; supervisor of Yeong Chin Machinery Industries Co., Ltd., and Ruopu Construction and Development Co., Ltd.</p> <p>The member did or does not meet any of the requirements specified in Article 30 of the Company Act.</p>		
CHEN, YUH-JEN (Independent Director)	<p>PhD, Institute of Manufacturing Information and Systems, National Cheng Kung University. Has experience as a lecturer or higher position at a public or private university/college in the department of commerce, law, finance, accounting or other fields related to the business required by the Company. Expert in development and adoption of corporate information system, corporate digitalization, knowledge engineering and management, internet business intelligence, big data analysis, artificial intelligence technology, and Fintech.</p> <p>Then contracted Professor (and Chair) of College of Finance and Banking / Department of Accounting and Information Systems & M.S. Program in Accounting and Information Systems of National Kaohsiung First University of Science and Technology.</p> <p>Currently the contracted Professor of Business Intelligence School / Department of Accounting and Information Systems & M.S. Program in Accounting and Information Systems of National Kaohsiung</p>	Serves as an independent directors, and complies with the requirements of independence where he himself, spouse, or a relative within the second degree does not hold a position as the director, supervisor, or employee in the Company, or its affiliates, does not hold the Company's shares, does not hold a position of director, supervisor or employee of a company with certain relationship with the Company, and did not receive any amount of remuneration for the business, legal, finance, accounting, and etc, services provided for the Company or its affiliates in the last 2 years.	0

Qualifications Name	Expertise and work experience (Note 1)	Independence criteria (Note 2)	Number of other public companies where the member also serves as an independent director
	University of Science and Technology. The member did or does not meet any of the requirements specified in Article 30 of the Company Act.		
Che-Ying Liaw (Independent Director)	M.L. of University of Pennsylvania. Passed national exams for attorneys, and obtained certificate for professional and technical personnel. Expert in commercial law and intellectual property law. CFO of Walsin Technology Corp., Chief of the Legal Division of Walsin Lihwa Corp., and Attorney of TIPLA Attorneys-at-Law / Also Taiwan International Patent & Law Office. The member did or does not meet any of the requirements specified in Article 30 of the Company Act.	Serves as an independent directors, and complies with the requirements of independence where he himself, spouse, or a relative within the second degree does not hold a position as the director, supervisor, or employee in the Company, or its affiliates, does not hold the Company's shares, does not hold a position of director, supervisor or employee of a company with certain relationship with the Company, and did not receive any amount of remuneration for the business, legal, finance, accounting, and etc, services provided for the Company or its affiliates in the last 2 years.	0

II. Diversity and Independence of the Board of Directors:

(I) Board Diversity:

1. Board Diversity Policy:

In order to achieve the aforementioned goals and enhance efficiency, the Company has formulated the Board Diversity Policy in accordance with Article 22 Paragraph 3 of the Company's "Corporate Governance Best-Practice Principles." The composition of the Board of Directors shall be determined by taking diversity into consideration. In addition to the fact that directors holding concurrent positions as managers should not exceed one-third of the total seats of directors, the composition of the Board of Directors should formulate an appropriate policy on diversity based on the Company's business operations, operate dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:

- (1) Basic requirements and values: Gender, age, nationality, culture.
- (2) Professional knowledge and skills: A professional background (e.g. law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.

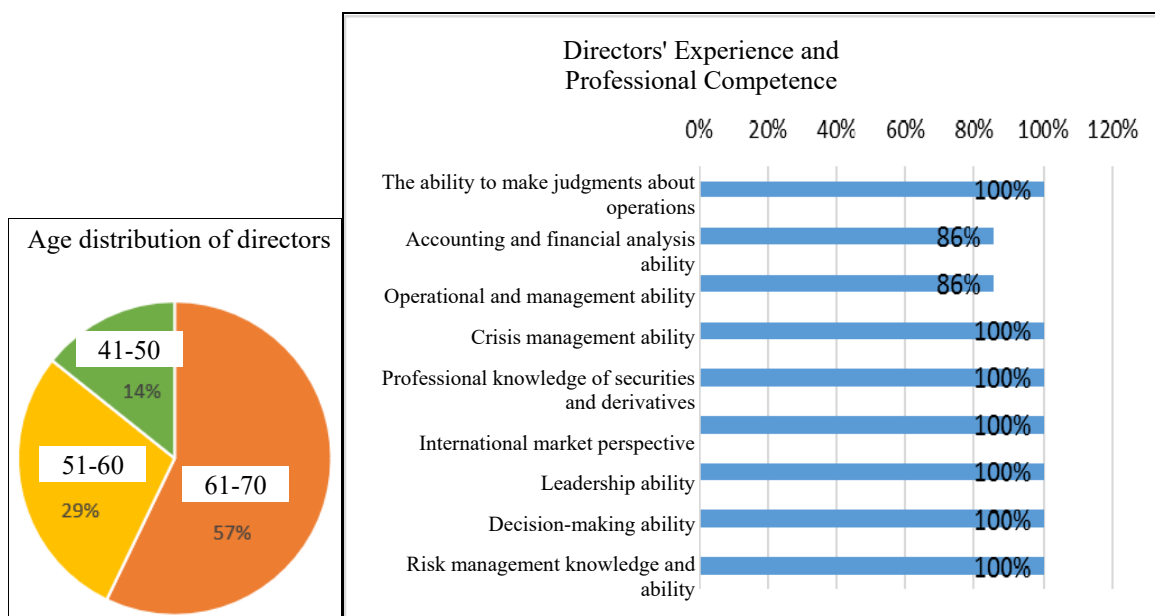
2. Each board member shall have the necessary knowledge, skill, and competence to perform their duties. In accordance with Article 22 Paragraph 4 of the Company's "Corporate Governance Best-Practice Principles," in order to achieve the ideal goals of corporate governance, the board should have the following abilities:

- (1) The ability to make judgments about operations.
- (2) Accounting and financial analysis ability
- (3) Operational and management ability
- (4) Crisis management ability
- (5) Professional knowledge of securities and derivatives

- (6) International market perspective
 - (7) Leadership ability
 - (8) Decision-making ability
 - (9) Risk management knowledge and ability
3. The management objectives of the Board Diversity Policies:
- The Company's Board of Directors shall direct company strategy, instruct the supervisory and managerial level, be responsible for the Company and shareholders, organize all operations and arrangement regarding corporate governance policies, ensure the board's compliance with the laws and regulations and the provisions of the Company's Articles of Incorporation, and ensure the right to exercising the power of resolution at shareholders' meetings. Specific management goals are as follows:
- (1) The Company's Board lays emphasis on gender equality, and thus the board shall consist of at least 1 female director.
 - (2) The Company's Board lays emphasis on operational judgment, business management, and crisis management ability, and thus at least two-thirds of the board members shall possess relevant core competencies.
 - (3) A independent director shall not be reelected for more than 3 terms, so as to maintain their independence.
 - (4) The number of directors holding concurrent positions as an employee at the Company, parent company, subsidiaries, or affiliated companies shall be no more than one-third (inclusive) of the total number of seats of the Board to achieve the purpose of supervision.
4. Achievement Status of Board Diversity Policy:
- (1) The Company's Directors have the abilities including knowledge, skills, and competencies of decision-making and management in the industry. The Company also continues to arrange diverse continuing education to improve the decision-making quality, supervision of due diligence, in order to strengthen the competency of the Board of Directors.
 - (2) The Company's 15th Board of Directors has 7 Directors, including 3 Independent Directors to ensure the independence of the Board. Besides taking into consideration the diverse expertise and work background, the Company establishes the goals of "directors holding concurrent positions as managers should not exceed one-third of the total seats of directors," and "at least 1 female directors." Currently, the Company has 7 directors (including 3 independent directors), directors holding concurrent positions as employees accounts for 29% of all directors, independent directors 43%, and female directors 14%. Age of the directors: 4 directors are between the age of 61 and 70, 2 between 51 and 60, and 1 between 41 and 50. The directors have profound experience in business management, other relating professional backgrounds, and also the professional knowledge, skills, and competencies required for their positions. Among the 9 core competencies, more than two-thirds of the member has abilities relevant to the execution of businesses. As the Company lays emphasis on 3 main core competencies, which are operational judgment, business management, and crisis management ability, more than 6 (inclusive) directors possess these 3 main core competencies.

(3) Implementation of Board Diversity Policy

Item		Basic composition					Professional background			Diversified item									
		Nationality	Gender	Concurrently serves as employee of the Company	Age range			Terms of service of independent directors	Professional (CPA/professor/lawyer)	Finance and accounting	Industry experience	Ability to make judgments about operations	Accounting and financial analysis ability	Operational and management ability	Crisis management ability	Professional knowledge of securities and derivatives	International market perspective	Leadership ability	Decision-making ability
Below 50	51 - 60				61 - 70	Less than 3 years	3 to 9 years												
Director	Ke-Chyn Jiang	ROC	Male	V		V			V	V	V	V	V	V	V	V	V	V	V
	Jamie Lin	ROC	Male	V		V			V	V	V	V	V	V	V	V	V	V	V
	Chia-Hung Lee	ROC	Male			V			V	V	V	V	V	V	V	V	V	V	V
	Jyun-De Li	ROC	Male			V			V	V	V	V	V	V	V	V	V	V	V
Independent Director	HSAO, CHEN-CHI	ROC	Male			V	V	V	V	V	V	V	V	V	V	V	V	V	V
	CHEN, YUH-JEN	ROC	Male		V		V		V	V	V	V		V	V	V	V	V	V
	Che-Ying Liaw	ROC	Female			V	V		V		V		V	V	V	V	V	V	V



(II) Independence of the Board of Directors:

1. Board Structure:

The Company has formulated a system for the selection of directors, and the procedure for the election of all directors are open and fair, and are compliant with the

Company's "Articles of Incorporation," Company's "Procedure for the Election of Directors," Company's "Corporate Governance Best-Practice Principles," "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies," and "Article 14-2 of the Securities and Exchange Act." Currently, the Board consists of 3 seats (42.9%) of independent directors, 4 seats (57.1%) of non-independent directors, among whom 2 directors (28.5%, not exceeding one-third of all seats of directors) hold concurrent positions as employees and managerial officers. All directors are not spouse or relatives of the second degree of one another, which is compliant with the provision of Article 26-3 Paragraph 3 of the Securities and Exchange Act.

2. Independence of the Board

The Company's Board of Directors direct company strategy, instruct the supervisory and managerial level, be responsible for the Company and shareholders. The Board organizes all operations and arrangement regarding corporate governance policies and exercises its power in compliance with the laws and regulations, the provisions of the Company's Articles of Incorporation, and the resolutions of shareholders' meetings. The Board lays emphasis on independence and transparency. The Directors and Independent Directors are independent of one another, and exercise their power independently. The three Independent Directors, exercising their power as the Audit Committee, shall supervise (1) the fair presentation of the Company's financial statements, (2) the selection (release) of CPAs and their independence and evaluation, (3) the effective implementation of internal control, (4) the Company's compliance with relevant laws and regulations, and (5) the management control of the Company's existing or potential risks. Furthermore, in accordance with the Company's "Procedures for the Election of Directors," the Board adopts the cumulative voting method and the candidate nomination system for director election. The shareholders are encouraged to participate in the election, where shareholders with a certain number of shares may nominate director candidates. The Board is responsible for the verification whether the candidate has any violation of the matters specified in Article 30 of the Company Act, and ensures all election procedures and announcements are carried out in accordance with the law, so as to protect the shareholders' rights and benefits, to prevent nomination dominance or excessive nomination, and to ensure independence.

The Company has established the board performance evaluation system. The Company carries out a board self-evaluation survey and a member self-evaluation survey every year. The evaluation criteria in the board self-evaluation include (1) participation in the operation of the Company, (2) improvement of the quality of the board of directors' decision making, (3) composition and structure of the board of directors, (4) election and continuing education of the directors, and (5) internal control. The evaluation criteria in the member self-evaluation include (1) understand the objectives and missions of the Company, (2) understanding of directors' job responsibilities, (3) participation in the operation of the Company, (4) internal relationship management and communication, (5) professionalism and continuous education of directors, and (6) internal control. The results of the aforementioned evaluations shall be reported at the board meeting, and disclosed on the Company's annual report.

Furthermore, in order to facilitate the investors' understanding in other operations of the Board, the Company has disclose relevant information in the annual Report and MOPS of TWSE:

- (1) Participation and attendance of directors at board meetings;
- (2) Motions and resolutions at board meetings;
- (3) Continuing education of the directors;
- (4) Changes in directors' shareholding (shareholding percentage, share transfer, and

pledge creation). (Please refer to MOPS)

- Note 1: Professional qualifications and experience: Describe the professional qualifications and experience of each individual director and supervisor. If they are a member of the Audit Committee and have the expertise in accounting and finance, the accounting or finance background and work experience shall be described separately, and explain if there are matters mentioned in all paragraphs in Article 30 of the Company Act.
- Note 2: For independent directors, the status of independence, whether the director including but not limited to him/her/itself, spouse, a relative within the second degree holds a position as the director, supervisor, or employee in the Company or its affiliates, the number and percentage of the Company's shares held by the director him/her/itself, spouse, a relative within the second degree (or in the name of others), whether the director holds a position of director, supervisor or employee of a company with certain relationship (refer to Article 3 Paragraph 1 Subparagraph 5-8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies) with the Company, and the amount of remuneration received for the business, legal, finance, and accounting, etc., services provided for the Company or its affiliates in the last 2 years.
- Note 3: Refer to the sample of best practice announced by the Taiwan Securities Exchange Corporation, corporate governance center for the method of disclosure.

(II) President, Vice Presidents, Assistant Vice President, and Supervisors of All the Company's Divisions and Branch Units

April 2, 2023

Title	Nationality	Name	Gender	Date elected	Shareholdings		Shares held by spouse or minor children		Shares held in the name of others Shareholdings		Experience (education)	Concurrent posts in other companies	Managerial officers in a spousal relationship or within the second degree of kinship			Remarks
					Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding			Title	Name	Relation	
President	ROC	Jamie Lin	Male	2017.05.01	310,016	0.09%	0	-	0	-	Graduated with a Master's Degree of Economic from Soochow University Vice President of Capital Market Division of First Securities Inc. Manager of Underwriting Department of Grand Cathay Securities Corp.	Note 1	None	None	None	None
Vice president of the Internal Auditing Office	ROC	Rogers Huang	Male	2017.11.03	119,049	0.03%	0	-	0	-	Master, Institute of the Law of the Sea, National Taiwan Ocean University Assistant Vice President of Law Compliance Office of Forwin Co., Ltd. Junior Manager of Underwriting Department of Hua Nan Securities	None	None	None	None	None
Assistant Vice President of Internal Auditing Office	ROC	Hui-Wen Wu	Female	2023.03.01	3,566	0%	0	-	0	-	MBA, Shih Chien University Sales personnel of Hosin Securities Co., Ltd.	None	None	None	None	None
Vice President of Risk Management Office	ROC	Vicki Chen	Female	2017.08.01	13,780	0%	0	-	0	-	Master, Department of Business Administration, National Chung Hsing University Assistant Vice President of Management Head Office of DFI Manager of Management Department of Chunhesheng Co.	None	None	None	None	None
Senior Vice President of Compliance Office	ROC	Lillian Chen	Female	2018.10.01	220,848	0.06%	0	-	0	-	M. Acc., University of Texas at Austin Chairman of Horizon SICE Co., Ltd. Senior Assistant Vice President of President's Office of Horizon Securities Co., Ltd. Assistant Vice President of Capital Market Division of First Securities Inc.	None	None	None	None	None
Vice President of President's Office	ROC	Shao-Chen Chiang	Female	2017.08.01	183,072	0.05%	0	-	0	-	BL in Law, Fu Jen Catholic University Chairman and President of Ukko Corp.	Note 2	None	None	None	None
Senior Assistant Vice President of President's Office	ROC	Kuo-Ching Chen	Male	2023.01.01	0	-	0	-	0	-	Graduated with a Master's Degree in Industrial Economics from the National Central University Vice President of Research Department of Horizon SICE	None	None	None	None	None

Title	Nationality	Name	Gender	Date elected	Shareholdings		Shares held by spouse or minor children		Shares held in the name of others Shareholdings		Experience (education)	Concurrent posts in other companies	Managerial officers in a spousal relationship or within the second degree of kinship			Remarks
					Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding			Title	Name	Relation	
											Senior Assistant Vice President of Research Department of Horizon Securities Co., Ltd. Assistant Vice President of Derivatives Investment Department of First Securities Investment Trust Co., Ltd.					
Assistant Vice President of President's Office	ROC	John Jiang	Male	2008.04.01	23,829	0.01%	0	-	0	-	Master, Graduate Institute of Human Resource Management Assistant Manager of Human Resource Office of Capital Securities Corp.	None	None	None	None	None
Vice President of Finance Division	ROC	Chilli Hsieh	Female	2020.03.01	79,371	0.02%	0	-	0	-	Master, Department of Business Administration, National Taiwan University of Science and Technology Finance Manager of Finance Department of Beyond Innovation Technology Co., Ltd. Manager of President's Office of System General Limited Junior Manager of Underwriting Department of Hsiang Tai Securities	None	None	None	None	None
Assistant Vice President of Finance Division	ROC	Meng-Wei Lu	Male	2022.03.01	0	-	0	-	0	-	Department of Accounting, Soochow University Chief Accounting Manager of Spring City Resort Middle-level auditor of KPMG Fundraising Officer of Office of Research Development, Soochow University	Note 7	None	None	None	None
Vice President of Digital Products Division	ROC	Liang-Chen Chu	Male	2019.11.08	0	-	0	-	0	-	National Taipei University of Business Assistant Vice President of Business Department of Dah Chang Securities Assistant Manager of Business Department of SinoPac Securities Assistant Manager Vice President of Business Department of The Pacific Securities Co., Ltd.	None	None	None	None	None
Assistant Vice President of Digital Products Division	ROC	Justine Lin	Female	2018.10.01	0	-	0	-	0	-	Bachelor, College of Finance and Banking, National Kaohsiung University of Science and Technology Futures Investment Assistant Manager of Business Department of SinoPac Futures Project Assistant Vice President of Futures Department of Dah Chang Securities Manager of Business Department of Capital	None	None	None	None	None

Title	Nationality	Name	Gender	Date elected	Shareholdings		Shares held by spouse or minor children		Shares held in the name of others Shareholdings		Experience (education)	Concurrent posts in other companies	Managerial officers in a spousal relationship or within the second degree of kinship			Remarks
					Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding			Title	Name	Relation	
											Securities					
Assistant Vice President of Digital Products Division	ROC	Kuei-Ching Huang	Female	2020.08.04	0	-	0	-	0	-	Food Processing Department, Songsha High School of Agriculture and Industry Broker of Banqiao Branch of Dah Chang Securities	None	None	None	None	None
Senior Assistant Vice President of Operations Service Division	ROC	Franco Jiang	Male	2019.11.08	842	-	0	-	0	-	Bachelor, Department of Chemical Engineering, Chinese Culture University Programmer of Business & Service Division, Nan Shan Life Senior Programmer of China Chemical & Pharmaceutical Co., Ltd.	None	None	None	None	None
Assistant Vice President of Operations Service Division	ROC	Joyce Lai	Female	2019.07.13	0	-	0	-	0	-	Bachelor, Department of Business Administration, Tamkang University Chief of Financial Risk Division of SinoPac Securities Specialist of Information Department of Yung Ching Rehouse Co. Specialist of Information Department of Capital Securities Corp.	None	None	None	None	None
Assistant Vice President of Operations Service Division	ROC	Julie Sue	Female	2017.10.05	0	-	0	-	0	-	Bachelor, Department of Information Management, Fu Jen Catholic University Specialist of Information Department of Polaris Securities Specialist of Information Department of Da Shun Securities	None	None	None	None	None
Senior Vice President of Proprietary Investment Division	ROC	May Lin	Female	2017.11.03	29,272	0.01%	0	-	0	-	EMBA of National Chengchi University Senior Assistant Vice President of Capital Market Division of First Securities Inc. Underwriting Department of Capital Securities Corp.	None	None	None	None	None
Vice President of Proprietary Investment Division	ROC	Alex Tsai	Male	2022.03.04	10,909	-	0	-	0	-	Master, Department of Business Administration, National Chung Hsing University Proprietary Manager of Capital Securities	None	None	None	None	None
Senior Vice President of Capital Market Division	ROC	Gilbert Chang	Male	2017.08.01	249,107	0.07%	0	-	0	-	Master, Department of Management Science, National ChiaoTung University President of Horizon Venture Capital Co., Ltd. Senior Assistant Vice President of TPEX Department of Horizon Securities Co., Ltd.	Note 3	None	None	None	None

Title	Nationality	Name	Gender	Date elected	Shareholdings		Shares held by spouse or minor children		Shares held in the name of others Shareholdings		Experience (education)	Concurrent posts in other companies	Managerial officers in a spousal relationship or within the second degree of kinship			Remarks
					Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding			Title	Name	Relation	
											Senior Assistant Vice President of Underwriting Department of First Securities Inc.					
Vice President of Capital Market Division	ROC	Lingc Huang	Female	2019.04.18	0	-	0	-	0	-	Bachelor, Department of Public Finance, Feng Chia University Senior Manager of Jian Hua Securities	None	None	None	None	None
Vice President of Capital Market Division	ROC	Chih-Sung Jen	Male	2019.04.18	0	-	0	-	0	-	National Taipei University of Business Senior Manager of Jian Hua Securities	None	None	None	None	None
Senior Assistant Vice President of Capital Market Division	ROC	Christine Chang	Female	2021.03.03	1,450	-	0	-	0	-	Comprehensive Business Night School, National Taipei University of Business Assistant Vice President of Capital Market Division of First Securities Inc. Assistant Manager of Registrar Agency Department of Yuanta Core Pacific Securities Junior Manager of Registrar Agency Department of Grand Cathay Securities Corp.	Note 4	None	None	None	None
Senior Assistant Vice President of Capital Market Division	ROC	Sophia Liu	Female	2021.03.03	10,600	-	0	-	0	-	Bachelor, Economics Department, Soochow University Manager of Capital Market Division of First Securities Inc.	None	None	None	None	None
Senior Assistant Vice President of Capital Market Division	ROC	Steven Wu	Male	2021.03.03	0	-	0	-	0	-	MBA Program, National Chengchi University Project Manager of Capital Market Division of First Securities Inc. Underwriter of Taiwan Securities Co., Ltd.	None	None	None	None	None
Senior Assistant Vice President of Capital Market Division	ROC	Brian Chiu	Male	2021.03.03	0	-	0	-	0	-	Master, Finance Department, National Taiwan University Junior Manager of First Securities Inc.	None	None	None	None	None
Senior Assistant Vice President of Capital Market Division	ROC	Rita Chen	Female	2021.03.03	1,009	-	0	-	0	-	MBA of San Francisco State University Assistant Vice President of Capital Market Division of Horizon Securities Senior Manager of First Securities Inc. Senior Specialist of Yung Chang Securities	None	None	None	None	None
Senior Assistant Vice President of Capital Market Division	ROC	Angela Lin	Female	2021.03.03	0	-	0	-	0	-	M.B.A., National Taiwan University Project Manager of First Securities Inc.	None	None	None	None	None
Senior Assistant Vice President of Capital Market	ROC	Alice Wang	Female	2022.03.01	127,524	0.04%	0	-	0	-	Bachelor, Department of Accounting, Providence University Capital Market Manager of First Securities	None	None	None	None	None

Title	Nationality	Name	Gender	Date elected	Shareholdings		Shares held by spouse or minor children		Shares held in the name of others Shareholdings		Experience (education)	Concurrent posts in other companies	Managerial officers in a spousal relationship or within the second degree of kinship			Remarks
					Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding			Title	Name	Relation	
Division											Inc. Capital Market Project Manager of Jian Hua Securities Capital Market Assistant Manager of Yuanta Core Pacific Securities					
Assistant Vice President of Capital Market Division	ROC	Wan-Ting Huang	Female	2021.03.03	0	-	0	-	0	-	Master's in Business Administration, St. John's University Assistant Project Manager of Capital Market Division of First Securities Inc.	None	None	None	None	None
Capital Market Division Assistant Vice President	ROC	Hui-Wen Chang	Female	2021.03.03	0	-	0	-	0	-	Bachelor, Department of Accounting, Providence University Specialist in the Underwriting Department of MasterLink Securities Examiner in the Audit Department of Deloitte Taiwan	None	None	None	None	None
Assistant Vice President of Capital Market Division	ROC	Jau-Jiun Yu	Male	2021.03.03	0	-	0	-	0	-	Master Program in the Institute of Business & Management of National Chiao Tung University Level 2 specialist in the Emerging Stock Market Board Underwriting Department of Fubon Securities Specialist in the Underwriting Department of Fuh Hwa Securities Investment Trust Specialist in the Bade branch of Fubon Bank	None	None	None	None	None
Assistant Vice President of Capital Market Division	ROC	Ya-Shan Wang	Female	2021.03.03	0	-	0	-	0	-	Department of Accounting, Soochow University Junior Manager of Underwriting Department of Fubon Securities Assistant Manager in the Underwriting Department of MasterLink Securities Assistant Manager in the Underwriting Department of Chongchong Securities	None	None	None	None	None
Assistant Vice President of Capital Market Division	ROC	Kuei-Wen Chao	Female	2022.03.01	59,205	0.02%	0	-	0	-	Department of Business Administration, Chihlee Extension Education Division, Chihlee University of Technology Specialist of Taiwan Integrated Shareholder Service Company Project Personnel of Jian Hua Securities	None	None	None	None	None
Executive Vice President of Brokerage	ROC	Frank Liao	Male	2019.11.08	139,920	0.04%	0	-	0	-	Master, Department of Economics, National Tsing Hua University Vice President of President's Office of	Note 5	None	None	None	None

Title	Nationality	Name	Gender	Date elected	Shareholdings		Shares held by spouse or minor children		Shares held in the name of others Shareholdings		Experience (education)	Concurrent posts in other companies	Managerial officers in a spousal relationship or within the second degree of kinship			Remarks
					Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding			Title	Name	Relation	
Division											Horizon Venture Capital Co., Ltd. Assistant Vice President of Information Service Division of Horizon Securities Project Manager of Capital Market Division of First Securities Inc.					
Senior Vice President of Brokerage Division	ROC	Maggie Chen	Female	2018.10.01	0	-	0	-	0	-	Bachelor, Department of International Business, National Chengchi University Assistant Vice President of First Securities Inc.	None	None	None	None	None
Vice President of Brokerage Division	ROC	Yung-Chi Yang	Male	2021.05.17	0	-	0	-	0	-	Bachelor, Department of Banking and Finance, Tamkang University Assistant Vice President of Distribution Department, IBF Securities Assistant Vice President of Business Department of Capital Securities	None	None	None	None	None
Vice President of Brokerage Division	ROC	Chia-Yi Lin	Female	2022.03.15	300,000	0.09%	210,000	0.06%	0	-	Bachelor, Department of International Business, Tamkang University Senior Sales Vice President of Wealth Management Department, Far Eastern International Securities Ltd. Manager of Wealth Management Department, ING DS Manager of CTBC Securities	None	None	None	None	None
Assistant Vice President of Brokerage Division	ROC	Chen-Yu Yang	Male	2017.11.03	806	-	0	-	0	-	Bachelor, Department of Shipping & Transportation Management, National Taiwan Ocean University Junior Manager of Finance Business Department, KGI Securities Assistant Officer of Xinyi Branch of E.Sun Bank Clerk of Rende Branch of Tainan Business Bank	None	None	None	None	None
Assistant Vice President of Brokerage Division	ROC	Ting-Cheng Chan	Male	2022.03.15	0	-	0	-	0	-	MA Economics, University of California, Santa Barbara Manager of Product Planning Office, Far Eastern International Securities Ltd. Middle-end Proprietary Trading Manager of Hua Nan Securities (HK) Limited Senior Middle-end Product Manager of IBTS Asia (HK) Limited	None	None	None	None	None
Assistant Vice	ROC	Mei-Chien	Female	2021.01.01	0	-	0	-	0	-	Bachelor, Department Economics, Fu Jen	None	None	None	None	None

Title	Nationality	Name	Gender	Date elected	Shareholdings		Shares held by spouse or minor children		Shares held in the name of others Shareholdings		Experience (education)	Concurrent posts in other companies	Managerial officers in a spousal relationship or within the second degree of kinship			Remarks
					Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding			Title	Name	Relation	
President of Brokerage Division		Li									Catholic University Assistant Vice President of Securities Brokerage Department of China Trust Commercial Bank					
Assistant Vice President of Brokerage Division	ROC	Hsu Fu Chang	Male	2009.01.01	978	-	0	-	0	-	Bachelor, Department of Finance, Ming Chuan University Vice President of Securities Brokerage Department of Forwin Co., Ltd. Senior Manager of Business Department of Horizon Securities Co., Ltd.	Note 6	None	None	None	None
Assistant Vice President of Brokerage Division	ROC	Chiou-Fan Chen	Male	2015.08.07	0	-	0	-	0	-	Bachelor, Department of Oceanography, Chinese Culture University Manager of Nangang Branch of Dashin Securities Yuanta Securities	None	None	None	None	None
Assistant Vice President of Brokerage Division	ROC	Chih-Chung Lee	Male	2015.10.01	25,646	0.01%	0	-	0	-	Department of Electronic Systems Engineering, Tokyo Metropolitan Institute of Technology Assistant Vice President of Zhongxiao Branch of IBT Securities Assistant Vice President of Security Lending Department of First Securities Assistant Vice President of E-Commerce Department of IBF Securities	None	None	None	None	None
Assistant Vice President of Brokerage Division	ROC	Jeff Chen	Male	2007.12.19	0	-	0	-	0	-	Bachelor, Department of Business Administration, Feng Chia University Assistant Vice President of Taichung Branch of First Securities Inc.	None	None	None	None	None
Assistant Vice President of Brokerage Division	ROC	Joe Hu	Male	2017.10.01	0	-	1,060	-	0	-	Bachelor, Department of Public Finance, Feng Chia University Assistant Vice President of Tainan Branch of The Pacific Securities Co., Ltd. Manager of Xinying Branch of Concord Securities Co., Ltd. Assistant Vice President of Tainan Branch of Times Securities	None	None	None	None	None
Assistant Vice President of Brokerage Division	ROC	Ming-Che Tsai	Male	2020.09.01	0	-	0	-	0	-	Department of Business Administration (continuing education) Kao Yuan University Business Assistant Vice President of Fengshan Branch of Hua Nan Securities Manager of Tianxiang Branch of IBF	None	None	None	None	None

Title	Nationality	Name	Gender	Date elected	Shareholdings		Shares held by spouse or minor children		Shares held in the name of others Shareholdings		Experience (education)	Concurrent posts in other companies	Managerial officers in a spousal relationship or within the second degree of kinship			Remarks
					Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding			Title	Name	Relation	
											Securities					
Assistant Vice President of Brokerage Division	ROC	Pei-Shan Li	Female	2022.03.04	0	-	0	-	0	-	Bachelor, College of Tourism, Leisure, and Sports, Aletheia University Broker of Tainan Branch of Horizon Securities Broker of Tainan Branch of The Pacific Securities Co., Ltd. Broker of Xinhua Branch of Shieh He Securities	None	None	None	None	None
Assistant Vice President of Brokerage Division	ROC	Hui-Chun Yu	Female	2022.03.04	0	-	0	-	0	-	Master, Institute of Law and Inter-Discipline, National Chengchi University Management Trainee of Hua Nan Commercial Bank, Ltd. President Executive Specialist of Kunglon Securities Financial Advisor of Bank SinoPac	None	None	None	None	None
Brokerage Division Assistant Vice President	ROC	Chun-Han Huang	Male	2022.03.15	0	-	0	-	0	-	Bachelor, Department of Russian Language and Literature, Chinese Culture University Senior Vice President of Wealth Management Department, Far Eastern International Securities Ltd. Specialist of Wealth Management Department, TC Bank Specialist of Sales Department, Taishin Securities Investment Advisory	None	None	None	None	None
Assistant Vice President of Brokerage Division	ROC	Shao-Ti Su	Male	2022.05.09	0	-	0	-	0	-	Master's student, Department of Economics, National Tsing Hua University Managerial officer of Far Eastern International Securities Ltd., Taichung Branch Australia and New Zealand Banking Group Ltd. Investment Advisory Citibank Financial Advisor	None	None	None	None	None
Assistant Vice President of Brokerage Division	ROC	Chin-Lung Chang	Male	2023.01.03	0	-	0	-	0	-	Master's student, Department of Banking and Finance, National Central University Assistant Vice President of Beitou Branch of IBF Securities Manager of Business Department of Polaris Securities	None	None	None	None	None

Title	Nationality	Name	Gender	Date elected	Shareholdings		Shares held by spouse or minor children		Shares held in the name of others Shareholdings		Experience (education)	Concurrent posts in other companies	Managerial officers in a spousal relationship or within the second degree of kinship			Remarks
					Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding			Title	Name	Relation	
Assistant Vice President of Brokerage Division	ROC	Ta-Yeh Lin	Male	2023.01.03	0	-	0	-	0	-	Bachelor, Department of Chemical Engineering, National Yunlin University of Science and Technology Managerial officer of First Securities Inc. Managerial officer of Grand Cathay Securities Corp. Managerial officer of Polaris Securities	None	None	None	None	None
Manager of Brokerage Division	ROC	Yu-Feng Sun	Male	2021.11.05	0	-	0	-	0	-	Bachelor, Department of Business Administration, National Taipei University Sales Manager of Dunnan Branch, President Securities Corporation Sales Manager of Guting Branch, Hua Nan Securities Sales Manager of Xin Zhuang Branch, President Securities Corporation	None	None	None	None	None

Note 1: Jamie Lin holds concurrent positions as Director of Cheng-Da Investment Consulting Co., Ltd., Director of Horizon Venture Capital Co., Ltd., and Director of Horizon Venture Management Co., Ltd.

Note 2: Shao-Chen Chiang holds concurrent positions as Director of Weilin Investment Consulting Co., Ltd.

Note 3: Gilbert Chang holds concurrent positions as Director of Cheng-Da Investment Consulting Co., Ltd., Director of Horizon Venture Capital Co., Ltd., and Director of Horizon Venture Management Co., Ltd.

Note 4: Christine Chang holds concurrent positions as Supervisor of Cheng-Da Investment Consulting Co., Ltd., Supervisor of Horizon Venture Capital Co., Ltd., and Supervisor of Horizon Venture Management Co., Ltd.

Note 5: Frank Liao holds concurrent positions as Director of Jia Hong Investment Co., Ltd.

Note 6: Hsu Fu Chang holds concurrent positions as financial advisor of Trust-Search Corp., Ltd.

Note 7: Meng-Wei Lu holds concurrent positions as supervisor of Horizon SICE Co., Ltd.

(III) Remuneration Paid During the Most Recent Fiscal Year to Directors, Supervisors, President, and Vice Presidents

1. Remuneration to Directors and Independent Directors

(1) Remuneration to Directors

Unit: NTD thousand

Title	Name	Remuneration to Directors								The sum of A, B, C, and D and in proportion to after-tax net income (Note 10)		Remuneration to directors also holding employee positions						The sum of A, B, C, D, E, F and G and as a percentage of after-tax net income (Note 10)		Compensation paid to directors from an invested company other than the Company's subsidiaries or parent company (Note 11)		
		Compensation (A) (Note 2)		Severance payment and pension (B)		Remuneration to directors (C) (Note 3)		Fees for performance of works (D) (Note 4)				Salaries, bonuses and special allowances (E) (Note 5)		Retirement pension (F)		Employee compensation (G) (Note 6)						
		The Company	All companies in financial report (Note 7)	The Company	All companies in financial report (Note 7)	The Company	All companies in financial report (Note 7)	The Company	All companies in financial report (Note 7)	The Company	All companies in financial report (Note 7)	The Company	All companies in financial report (Note 7)	The Company	All companies in financial report (Note 7)	Cash	Shares	Cash	Shares		The Company	All companies in financial report
Chairman	Cheng-Da Investment Consulting Co., Ltd. Representative: Ke-Chyn Jiang	6,915	6,915	0	0	0	0	45	45	6,960/3.1608%	6,960/3.1608%	0	0	0	0	0	0	0	0	6,960/3.1608%	6,960/3.1608%	None
Director	Chia-Hung Lee	600	600	0	0	0	0	45	45	645/0.2929%	645/0.2929%	0	0	0	0	0	0	0	0	645/0.2929%	645/0.2929%	
	Jyun-De Li	696	696	0	0	0	0	45	45	741/0.3365%	741/0.3365%	0	0	0	0	0	0	0	0	741/0.3365%	741/0.3365%	
	Cheng-Da Investment Consulting Co., Ltd. Representative: Jamie Lin	0	0	0	0	0	0	45	45	45/0.0204%	45/0.0204%	4,450	4,450	108	108	0	0	0	0	4,603/2.0908%	4,603/2.0908%	
Independent Director	HSLAO, CHEN-CHI	936	936	0	0	0	0	45	45	981/0.4455%	981/0.4455%	0	0	0	0	0	0	0	0	981/0.4455%	981/0.4455%	
	CHEN, YUH-JEN	936	936	0	0	0	0	50	50	986/0.4478%	986/0.4478%	0	0	0	0	0	0	0	0	986/0.4478%	986/0.4478%	
	Che-Ying Liaw	936	936	0	0	0	0	40	40	976/0.4433%	976/0.4433%	0	0	0	0	0	0	0	0	976/0.4433%	976/0.4433%	

- Please provide in detail the policy, system, standards and structure of remuneration to independent directors, and describe the relevance to the amount of remuneration according to the responsibilities, risks, time invested and other factors:
The remuneration to Independent Directors of the Company is determined by the Board of Directors based on the Articles of Incorporation and the pay levels adopted by peer companies. Also, regardless of profit or loss, the Company pays transportation allowances to and takes out liability insurance for Directors. The remuneration to the 15th Independent Directors is resolved by the 14th Board of Directors on the 30th board meeting to be paid out on a monthly basis. Independent Directors also serve as members of Audit Committee, Risk Management Committee and Salary Remuneration Committee, and each serve as the convener of each committee. The remuneration to the conveners is resolved by the 14th Board of Directors on the 30th board meeting to be paid out on a monthly basis. From the above, it is clearly shown that the duties, risks and invested time of each Independent Director are approximately the same. Thus, there is no significant difference in their remuneration.
- In addition to the above remuneration, director remuneration shall be disclosed as follows when received from the parent companies/companies included in the consolidated financial statements/investees in the most recent year to compensate directors for their services, such as being independent consultants: None.

Note 1: The names of the directors must be listed receptively (for the corporate shareholders, their names and the representatives must be receptively listed), directors and independent directors shall be listed separately, and each payment amount must be disclosed by summarization. The director serving as the president or vice president should be listed in this table and the table below (3-1) or the table below (3-2-1) and (3-2-2).

Note 2: This refers to the remuneration (incl. compensation to Directors, duty allowances, severance pay, bonuses and incentives) to Directors in the most recent fiscal year.

Note 3: This is the amount of remuneration paid out to directors resolved at the board meeting in the most recent fiscal year.

Note 4: This refers to the related fees for services rendered of the directors in the most recent year (including traveling expenses, special allowance, various allowances and accommodation, and company cars paid or offered). If houses, cars and other transportation or personal expenses are provided, the nature and cost of the provided assets, the actual rental or the rental calculated based on the fair value, fuel expense and other payment must be disclosed. If drivers are also provided, please specify the related payment for the driver paid by the Company. This is not included in the remuneration.

Note 5: This refers to the salary, duty allowances, severance pay, bonuses, incentives, transportation allowance, special allowance, various allowances and accommodation, and company cars paid or offered to directors who concurrently hold position as an employee (incl. president, vice president, other managerial officers and employees.) If houses, cars and other transportation or personal expenses are provided, the nature and cost of the provided assets, the actual rental or the rental calculated based on the fair value, fuel expense and other payment must be disclosed. If drivers are also provided, please specify the related payment for the driver paid by the Company. This is not included in the remuneration. In addition, according to the salaries

expense listed in the “Share-Based Payment” of 2, expenses including the employee stock option certificate acquirement, employee restricted stock and employee participation in cash capital increase and stock subscription must be counted in the remuneration.

Note 6: his refers to the employee remuneration (incl. shares and cash) paid to directors in the most recent fiscal year who concurrently hold positions as an employee (incl. president, vice president, other managerial officers and employees.) The amount indicated shall be the amount approved by the board to be paid out. If the amount cannot be estimated, the proposed distribution amount of this year should be calculated based on the actual distribution ratio last year, and then fill out Table 1-3.

Note 7: Total remuneration paid to the Company’s directors by all companies (including the Company) listed in the consolidated financial statements shall be disclosed.

Note 8: The name of the director to whom the total remuneration is paid by the Company shall be disclosed in the corresponding remuneration range.

Note 9: The name of the directors to whom the total remuneration is paid by all companies (including the Company) listed in the consolidated financial statements shall be disclosed in the corresponding remuneration range.

Note 10: Net income refers to the net income for the most recent fiscal year. If IFRS has been adopted, net income refers to the net income of standalone or individual financial reports in the most recent year.

Note 11: a. The amount of remuneration a director receives from investees other than subsidiaries or from the parent shall be stated in this column (fill in “N/A” when none).

b. When a director receives remuneration from an investee other than a subsidiary or from the parent, the amount of such remuneration shall be combined in column I of the Increments of Remuneration table, and the column shall be renamed “Parent or All Investees.”

c. Remuneration refers to any returns, compensation from the parent company (including remuneration to Employees, Directors and Supervisors), professional fees, etc., which the Company’s Directors have received for serving as directors, supervisors, or managers in invested businesses other than subsidiaries.

※ The remuneration disclosed in this table is different from the concept of income in the Income Tax Act. This table is used for information disclosure, not taxation.

2. Remuneration to Supervisors: Not applicable.

3. Remuneration to the President and Vice Presidents

Unit: NTD thousand

Title	Name	Salary (A) (Note 2)		Severance payment and pension (B)		Bonus and special allowance (C) (Note 3)		Employee compensation (D) (Note 4)				The sum of A, B, C, and D and in proportion to after-tax net income (%) (Note 8)		Compensation paid to directors from an invested company other than the Company’s subsidiaries or parent company (Note 9)
		The Company	All companies in financial report (Note 5)	The Company	All companies in financial report (Note 5)	The Company	All companies in financial report (Note 5)	The Company		All companies in financial report (Note 5)		The Company	All companies in financial report (Note 5)	
								Cash	Shares	Cash	Shares			
President	Jamie Lin	3,424	3,424	108	108	1,026	1,026	0	0	0	0	4,558/2.0703%	4,558/2.0703%	None
Executive Vice President	Frank Liao	2,446	2,446	108	108	1,520	1,520	0	0	0	0	4,074/1.8504%	4,074/1.8504%	
Senior Vice President	Maggie Chen	2,114	2,114	108	108	1,074	1,074	0	0	0	0	3,296/1.4970%	3,296/1.4970%	
	Gilbert Chang	2,027	2,027	108	108	516	516	0	0	0	0	2,651/1.2041%	2,651/1.2041%	
	May Lin	1,857	1,857	108	108	390	390	0	0	0	0	2,355/1.0696%	2,355/1.0696%	
	Lillian Chen	1,748	1,748	104	104	445	445	0	0	0	0	2,297/1.0432%	2,297/1.0432%	
Vice President	Shao-Chen Chiang	1,757	1,757	103	103	419	419	0	0	0	0	2,279/1.0349%	2,279/1.0349%	
	Rogers Huang	1,469	1,469	85	85	289	289	0	0	0	0	1,843/0.8373%	1,843/0.8373%	
	Vicki Chen	1,613	1,613	96	96	384	384	0	0	0	0	2,093/0.9504%	2,093/0.9504%	
	Lingc Huang	1,785	1,785	105	105	535	535	0	0	0	0	2,425/1.1012%	2,425/1.1012%	
	Chih-Sung Jen	1,538	1,538	91	91	550	550	0	0	0	0	2,179/0.9897%	2,179/0.9897%	
	Liang-Chen Chu	1,825	1,825	107	107	708	708	0	0	0	0	2,640/1.1988%	2,640/1.1988%	
	Chilli Hsieh	1,485	1,485	85	85	433	433	0	0	0	0	2,003/0.9098%	2,003/0.9098%	
	Jenny Huang (Note 1)	694	694	41	41	0	0	0	0	0	0	735/0.3336%	735/0.3336%	
	Yung-Chi Yang	1,712	1,712	104	104	709	709	0	0	0	0	2,525/1.1467%	2,525/1.1467%	
	Alex Tsai (Note 2)	1,155	1,155	68	68	332	332	0	0	0	0	1,555/0.7062%	1,555/0.7062%	
Chia-Yi Lin (Note 3)	1,452	1,452	86	86	600	600	0	0	0	0	2,138/0.9711%	2,138/0.9711%		

Note 1: Resigned on May 6, 2022.

Note 2: Assumed position on March 4, 2022.

Note 3: Newly elected on March 15, 2022.

Note 1: The name of the president and vice president must be listed separately and each payment amount must be aggregated and disclosed. The director serving as the president or vice president should fill in this table and the table above (1-1) or (1-2-1) and (1-2-2).

Note 2: Refers to salaries, work subsidies, and severance pay made to the General manager and Vice Presidents in the latest year.

Note 3: Refers to other compensations such as bonuses, incentives, travel allowances, special allowances, various subsidies, accommodation, corporate vehicle or other items made to the President and Vice Presidents. If houses, cars and other transportation or personal expenses are provided, the nature and cost of the provided assets, the actual rental or the rental calculated based on the fair value, fuel expense and other payment must be disclosed. If drivers are also provided, please specify the related payment for the driver paid by the Company. This is not included in the remuneration. In addition, according to the salaries expense listed in the "Share-Based Payment" of 2, expenses including the employee stock option certificate acquirement, employee restricted stock and employee participation in cash capital increase and stock subscription must be counted in the remuneration.

Note 4: This refers to the employee remuneration (incl. shares and cash) paid to the president and vice president in the most recent fiscal year who concurrently hold positions as an employee. If the amount cannot be estimated, the proposed distribution amount of this year should be calculated based on the actual distribution ratio last year, and then Table 1-3 filled out. Net income refers to the net income for the most recent fiscal year. If IFRS has been adopted, net income refers to the net income of standalone or individual financial reports in the most recent year.

Note 5: Total remuneration paid to the Company's president and vice presidents by all companies (including the Company) listed in the consolidated financial statements shall be disclosed.

Note 6: The amount of remuneration made by The Company to its President/Vice Presidents is disclosed separately in amount ranges.

Note 7: The name of the president and vice presidents to whom the total remuneration is paid by all companies (including the Company) listed in the consolidated financial statements shall be disclosed in the corresponding remuneration range.

Note 8: Net income refers to the net income for the most recent fiscal year. If IFRS has been adopted, net income refers to the net income of standalone or individual financial reports in the most recent year.

Note 9: a. Remuneration received by the president and vice presidents of the Company from invested companies other than subsidiaries or the parent company shall be specified. (If none, please fill in "None.")

b. If the president and vice presidents of the Company receive remuneration from invested companies other than subsidiaries or the parent company, the remuneration received by the president and vice presidents of the Company from invested companies other than subsidiaries or the parent company shall be included in Column E in the Remuneration Range Table, and the column heading shall be changed to "Parent Company and All Invested Companies."

c. Remuneration refers to any returns, compensation (including remuneration to Employees, Directors and Supervisors), professional fees etc which The Company's President/Vice Presidents have received for serving as directors, supervisors, or managers in invested businesses other than subsidiaries or from the parent.

※ The remuneration disclosed in this table is different from the concept of income in the Income Tax Act. This table is used for information disclosure, not taxation.

4. Remuneration to managers

May 11, 2023; Unit: NTD thousand

Title (Note 1)	Name (Note 1)	Shares	Cash	Total	The total amount as a percentage of net income (%)
—	—	—	—	—	—

Note 1: Individual names and job titles should be disclosed, but profit distribution can be disclosed in aggregated sum.

Note 2: This refers to the employee remuneration (incl. shares and cash) paid to managerial officers in the most recent fiscal year who concurrently hold positions as an employee. If the amount cannot be estimated, the proposed distribution amount of this year should be calculated based on the actual distribution ratio last year, and then table 1-3 filled out. Net income refers to the net income for the most recent fiscal year. If IFRS has been adopted, net income refers to the net income of standalone or individual financial reports in the most recent year.

Note 3: Managerial officers applicable to remunerations are as stipulated in Tai-Cai-Zheng-III-Zi Letter No. 0920001301 dated March 27, 2003 of FSC. The scope is as follows:

- (1) President or equivalent
- (2) Vice President or equivalent
- (3) Assistant Vice President or equivalent
- (4) Chief of Finance Department
- (5) Chief Accounting Department
- (6) Others who have the right to manage affairs and sign for the Company.

Note 4: If directors, president and vice presidents are receiving employee remuneration (incl. shares or cash), please fill in the attached Table 1-2, and also this table.

(IV) If the circumstances in item 1 or item 5 of the previous section apply to a company listed on the TWSE or the TPEX, it shall disclose the individual remuneration paid to each of its top five managerial officers.

Unit: NTD thousand

Title	Name	Salary (A) (Note 2)		Severance payment and pension (B)		Bonus and special allowance (C) (Note 3)		Employee compensation (D) (Note 4)				The sum of A, B, C, and D and in proportion to after-tax net income (%) (Note 6)		Compensation paid to directors from an invested company other than the Company's subsidiaries or parent company (Note 7)
		The Company	All companies in financial report (Note 5)	The Company	All companies in financial report (Note 5)	The Company	All companies in financial report (Note 5)	The Company		All companies in financial report (Note 5)		The Company	All companies in financial report	
								Cash	Shares	Cash	Shares			
Assistant Vice President	Chun-Han Huang	1,447	1,447	86	86	3,536	3,536	0	0	0	0	5,069/2.3020%	5,069/2.3020%	None
President	Jamie Lin	3,424	3,424	108	108	1,026	1,026	0	0	0	0	4,558/2.0703%	4,558/2.0703%	
Executive Vice President	Frank Liao	2,446	2,446	108	108	1,520	1,520	0	0	0	0	4,074/1.8504%	4,074/1.8504%	
Senior Vice President	Maggie Chen	2,114	2,114	108	108	1,074	1,074	0	0	0	0	3,296/1.4970%	3,296/1.4970%	
Senior Vice President	Gilbert Chang	2,027	2,027	108	108	516	516	0	0	0	0	2,651/1.2041%	2,651/1.2041%	

Note 1: The aforementioned "the top five management personnel" are the Company's managers meeting certain identification standards of the scope identified in "Manager" stipulated by Tai-Cai-Zheng-San Letter No. 0920001301 dated March 27, 2003, Securities and Futures Commission, Ministry of Finance. The calculation and determination principle of "the highest five remuneration" is based on the salaries, retirement pensions, bonuses and special expenses and total remuneration to employees (that is the total of A + B + C + D) stated in the consolidated financial report. The sum are ranked, of which the top five are listed. For directors serving as the aforementioned managers, they should fill in this table and the above table (1- 1).

Note 2: Refers to salaries, work subsidies, and severance pay made to the five managers of the highest amount of remuneration in the latest year.

Note 3: Refers to other compensations such as bonuses, incentives, travel allowances, special allowances, various subsidies, accommodation, corporate vehicle or other items made to the five managers of the highest amount of remuneration. If houses, cars and other transportation or personal expenses are provided, the nature and cost of the provided assets, the actual rental or the rental calculated based on the fair value, fuel expense and other payment must be disclosed. If drivers are also provided, please specify the related payment for the driver paid by the Company. This is not included in the remuneration. In addition, according to the salaries expense listed in the "Share-Based Payment" of 2, expenses including the employee stock option certificate acquirement, employee restricted stock and employee participation in cash capital increase and stock subscription must be counted in the remuneration.

Note 4: This refers to the employee remuneration (incl. shares and cash) paid to the five managers of the highest amount of remuneration in the most recent fiscal year who concurrently hold positions as an employee. If the amount cannot be estimated, the proposed distribution amount of this year should be calculated based on the actual distribution ratio last year, and then Table 1-3 shall be filled out.

Note 5: Total remuneration paid to the five managers of the highest amount of remuneration by all companies (including the Company) listed in the consolidated financial statements shall be disclosed.

Note 6: Earnings shall refer to the net income after taxation of the separate entities or in separate financial statements in the most recent fiscal year.

Note 7: a. Remuneration received by the five managers of the highest amount of remuneration of the Company from invested companies other than subsidiaries or the parent company shall be specified. (If none, please fill in "None.")

b. Remuneration refers to any returns, compensation (including remuneration to Employees, Directors and Supervisors), professional fees etc which the five managers of the highest amount of remuneration have received for serving as directors, supervisors, or managers in invested businesses other than subsidiaries or from the parent company.

※ The remuneration disclosed in this table is different from the concept of income in the Income Tax Act. This table is used for information disclosure, not taxation.

(V) **Separately compare and describe total remuneration, as a percentage of net income (loss) stated in the parent company only financial reports or individual financial reports, paid in the past two fiscal years by the Company and all companies included in the consolidated financial statements to the Company’s president and vice presidents. Also, analyze and describe the remuneration policies, standards, and packages, the procedures through which remunerations were determined, and their linkage to business performance and future risks:**

1. Remuneration to directors, supervisors, president and vice presidents as a percentage of net income (loss):

Title	The total remuneration as a percentage of net income (loss) (%)			
	2021		2022	
	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements
Director	5.5768%	5.5768%	7.2177%	7.2177%
President and Vice President	6.0613%	6.0613%	18.9144%	18.9144%

The 2022 remuneration to directors, President, and Vice President as a percentage of net loss was less than that in 2021. This was mainly due to the increase in loss for the year 2022, leading to an increase in loss after tax.

2. Remuneration policies, standards, and packages, the procedures through which remunerations were determined, and their linkage to business performance and future risks:

Item/personnel	Director (incl. Independent Directors)	Managerial officers
Remuneration policies	Remuneration is determined based on the philosophy of governance and the Articles of Incorporation, while supervised by the Board as authorized by the Board of Shareholders.	A reasonable remuneration is determined based on the responsibilities and duties of the personnel in accordance with the remuneration level on the market and of the peer companies to attract and retain management talents.
Remuneration standards and packages	<p>I. Items and packages of remuneration to directors:</p> <p>(I) Compensation to directors: Compensation to directors is determined based on the compensation level of peer companies, then reviewed by the Salary Remuneration Committee, and approved by the Board. Independent directors are paid with fixed monthly compensation, and do not receive the said compensation to directors.</p> <p>(II) Remuneration to directors: When there is profit, it should be first used to set off accumulated losses, which is defined as the pre-tax profit or loss before deducting remuneration to employees and directors. Except for</p>	<p>I. Items and packages of remuneration to managerial officers:</p> <p>(I) Salary: Salary is determined in accordance with internal salary management guidelines and the salary level on the market and of the peer companies.</p> <p>(II) Surplus bonus: Surplus bonuses are distributed in accordance with the corporate surplus bonus guidelines and based on the unit performance and individual performance.</p> <p>(III) Employee compensation: When there is profit, it should be first used to offset accumulated losses, which is defined as the pre-tax profit or loss before deducting</p>

Item/personnel	Director (incl. Independent Directors)	Managerial officers
	<p>remuneration to independent directors, the remuneration to directors should not exceed 3% of the total profit, and can only be paid in cash.</p> <p>(III) Fee for services rendered Attendance fees or transportation allowances paid to directors based on actual services rendered or attendance.</p>	<p>remuneration to employees and directors. The remuneration to employees should not exceed 3% of the total profit, and can be paid in forms of cash or shares.</p> <p>(IV) Transportation allowance: It is determined based on internal regulations.</p>
<p>Procedure for determining remuneration</p>	<p>I. The compensation to directors and fee for services rendered are determined by the Salary Remuneration Committee and then resolved by the Board.</p> <p>II. The distribution of remuneration to directors is proposed by the Salary Remuneration Committee based on the performance indicators (incl. business strategies, business decisions, cost control), and then resolved by the Board.</p>	<p>I. Salaries and surplus bonuses to managerial officers and compensations to employees are first proposed by the president, reviewed by the chairman, and then resolved by the Board.</p> <p>II. The transportation allowances to managerial officers are determined in accordance with internal regulations and then approved by the chairman.</p>
<p>Remuneration, linkage to business performance and future risks:</p>	<p>The distribution of remuneration to directors is determined based on the performance indicators (incl. business strategies, business decisions, cost control, and operation performance (pre-tax profit or loss).</p>	<p>The Company assesses the performance of managerial officers on a regular basis in accordance with the performance assessment guidelines formulated by the Company. The Company distributes surplus bonuses to profit-making units in accordance with the said guidelines, and distributes performance bonuses and compensation to employees based on the risk performance and individual performance.</p>

III. Implementation of Corporate Governance

(I) Board of Directors

1. Information on Board of Directors

The Board held 9 meetings in the year 2022. The attendance of the directors and supervisors was as follows:

Title	Name (Note 1)	Attendance in person (B)	Number of meetings in attendance by proxy	Attendance rate (%) [B/A] (Note 2)	Remarks
Chairman	Cheng-Da Investment Consulting Co., Ltd. Legal representative: Ke-Chyn Jiang	9	0	100%	
Director	Cheng-Da Investment Consulting Co., Ltd. Legal representative: Jamie Lin	9	0	100%	
Director	Chia-Hung Lee	9	0	100%	
Director	Jyun-De Li	9	0	100%	
Independent Director	HSIAO, CHEN-CHI	9	0	100%	
Independent Director	CHEN, YUH-JEN	9	0	100%	
Independent Director	Che-Ying Liaw	8	1	88.89%	

Other matters:

I. If any of the following circumstances occurs, the dates, terms and motions of the meetings as well as the opinions of all the independent directors and Company's handling of such opinions shall be described:

(I) For issues stated in Article 14-3 of the Securities and Exchange Act, please refer to "Important Resolutions of the Shareholders' Meeting and Board Meeting."

(II) Further to the aforementioned matters, other adverse or qualified opinions of the Independent Directors on the resolutions of the Boards on record or in written declaration. No such matter in the Company's Board Meetings.

II. Regarding recusals of directors from voting due to conflicts of interests, the names of directors, details of the relevant agendas, reasons for recusals, and the results of voting:

(I) 17th Meeting of the 15th Board, Jan. 20, 2022.

1. Motion 9: Distribution of surplus bonuses for the second half of 2021.

Resolution: Director Jamie Lin recused himself on this motion due to conflict of interest. This motion is passed with no objection by other attending directors.

2. Motion 10: 2021 Distribution of remuneration to employees

Resolution: Director Jamie Lin recused himself on this motion due to conflict of interest. This motion is passed with no objection by other attending directors.

3. Motion 11: Chairman's remuneration

Resolution: Chairman Ke-Chyn Jiang recused himself on this motion due to conflict of interest. This motion is passed with no objection by other attending directors.

4. Motion 12: Establishing a new position of Chief Strategy Officer

Resolution: Chairman Ke-Chyn Jiang recused himself on this motion due to conflict of interest. This motion is passed with no objection by other attending directors.

(II) 18th Meeting of the 15th Board, Mar. 3, 2022.

1. Motion 7: 2021 Distribution of remuneration to directors

Resolution: Chairman Ke-Chyn Jiang, Director Jamie Lin, Director Chia-Hung Lee and Director Jyun-De Li recused themselves on this motion due to conflicts of interests. This motion is passed with no objections from the other attending directors.

2. Motion 10: 2022 Promotion and salary raise of the president, chief of divisions, as well as rank 10 personnel, including vice presidents, supervisors and above.

Resolution: Chairman Ke-Chyn Jiang and Director Jamie Lin recused themselves on this motion due to conflict of interest. This motion was passed with no objections from the other attending directors.

(III) 23rd Meeting of the 15th Board, Sep. 29, 2022.

1. Motion 6: Establishment of a "Sustainable Development Committee" and revision of the Company's "organizational chart"

	<p>Resolution: Chairman Ke-Chyn Jiang, Director Jamie Lin, and Independent Director Yuh-Jen Chen, recused themselves on this motion as they hold the positions as Sustainable Development Committee members concurrently. This motion is passed with no objections from the other attending directors.</p> <p>2. Motion 7: Pursuant to the revised “Charter of the Employee Shareholder Committee of Horizon Securities”, the Company shall increase the rewards and the bear the trust management fee when handling employee shareholding trusts.</p> <p>Resolution: Chairman Ke-Chyn Jiang and Director Jamie Lin recused themselves on this motion due to conflict of interest. This motion was passed with no objections from the other attending directors.</p>
III.	The information on the frequency, period, scope, method and content of TWSE/TPEX listed company’s Board of Directors self-evaluation (or peer assessment) shall be disclosed. State the status of the Company’s Board evaluation in Table 2(2):
IV.	Enhancements to the functionality of the Board of Directors in the current and the most recent year (e.g. the establishment of an Audit Committee, improving information transparency etc.), and the progress of such enhancements.
(I)	Pursuant to the laws and regulations as stipulated by the Securities and Exchange Act and the competent authority that the seats of independent directors shall not be less than 1/5 of the total seats of directors, the Company elected three seats of Independent Directors, and a total of seven seats of Directors in the Shareholders’ Meeting on May 30, 2014. Also, the Audit Committee was established on the same day.
(II)	The Board, on an occasional basis, informs Directors about the courses related to corporate governance held by the Securities and Futures Institute and other external qualified educational training institutes. Also, the Company holds training regarding corporate governance on an occasional basis each year.
(III)	The Company has formulated relevant internal regulations regarding the functions of the Board and the board meetings through resolutions of the board meetings. <ol style="list-style-type: none"> 1. Formulated “Procedure for the Election of Directors” on Jun. 15, 2007. (3rd amendment on Jun. 12, 2019) 2. Formulated “Rules of Procedure for Board of Directors Meetings” on Jul. 28, 2005. (11th amendment on Sep. 29, 2022) 3. Formulated “Regulations on Handling Proposals at Board Meetings” on Nov. 29, 2006. (4th amendment on Sep. 29, 2022) 4. Formulated “Regulations Governing the Scope of Responsibilities of Independent Directors” on Jun. 4, 2008. (3rd amendment on Dec. 3, 2018) 5. Formulated “Regulations Governing the Scope of Responsibilities of Supervisors” on Jun. 10, 2011. (Abolished on May 30, 2014)
(IV)	For the improvement of transparency, the Company complies with the corporate governance indicators published by the Securities and Futures Institute, and reviews its disclosed information on the Market Observation Post System (MOPS), annual report and on the company website on a yearly basis. The Company participated in the 2021 Corporate Governance Evaluation, and was rated the top 6–20% among other TPEX-listed companies (total number of TPEX-listed participants: 726) in the “8th Corporate Governance Evaluation” in 2022 by the Securities and Futures Institute. Currently, on the company website is disclosed the complete contents of regulations including “Procedure for the Election of Directors” and “Rules of Procedure for Board of Directors Meetings.”

Note 1: If Directors and Supervisors are legal persons, the names of institutional shareholders and legal representative must be provided.

Note 2: (1) If any Directors or Supervisors resigned before the end of the year, the date of resignation shall be stated in the “Remarks” column, and the actual attendance (presence) rate (%) is calculated based on the number of meetings held during their tenure and their actual number of attendance (presence).

(2) If any Directors or Supervisors were elected before the end of the year, the names of preceding and succeeding Directors and Supervisors shall be listed, and the date of election or reelection shall also be stated in the “Remarks” column. The actual attendance (presence) rate (%) is calculated based on the number of meetings held during their tenure and their actual number of attendance (presence).

2. Status of Board evaluation

Frequency (Note 1)	Once a year
Period (Note 2)	Jan. 1, 2022 – Dec. 31, 2022
Scope (Note 3)	Evaluation on the performance of the Board, individual Board members and Functional Committee members

Method (Note 4)	Board self-evaluation, member self-evaluation																																										
Content (Note 5)	<p>(1) Performance evaluation indicators of the Board encompasses five dimensions including the “participation in the operation of the Company,” “improvement of the quality of the Board of Directors’ decision making,” “composition and structure of the Board of Directors,” “election and continuing education of the directors,” and “internal control.” The evaluation results of the five dimensions are as follows:</p> <table border="1" data-bbox="512 376 1385 815"> <thead> <tr> <th>Indicator</th> <th>Average score</th> <th>Evaluation result</th> </tr> </thead> <tbody> <tr> <td>Participation in the operation of the Company</td> <td>4.85</td> <td>Excellent</td> </tr> <tr> <td>Improvement of the quality of the board of directors’ decision making</td> <td>4.87</td> <td>Excellent</td> </tr> <tr> <td>Composition and structure of the board of directors</td> <td>4.84</td> <td>Excellent</td> </tr> <tr> <td>Election and continuing education of the directors</td> <td>4.78</td> <td>Excellent</td> </tr> <tr> <td>Internal control</td> <td>4.86</td> <td>Excellent</td> </tr> </tbody> </table> <p>The self-evaluation on the Board of Directors’ performance: Total score was 4.84, and self-evaluation result was “excellent.”</p> <p>(2) Performance evaluation of individual directors encompasses six dimensions, including “Understand the objectives and missions of the Company,” “Understanding of directors’ job responsibilities,” “Participation in the operation of the Company,” “Internal relationship management and communication,” “Professionalism and continuous education of directors,” and “Internal control.” The evaluation results of the six dimensions are as follows:</p> <table border="1" data-bbox="512 1084 1385 1572"> <thead> <tr> <th>Indicator</th> <th>Average score</th> <th>Evaluation result</th> </tr> </thead> <tbody> <tr> <td>Understand the objectives and missions of the Company</td> <td>4.90</td> <td>Excellent</td> </tr> <tr> <td>Understanding of directors’ job responsibilities</td> <td>4.86</td> <td>Excellent</td> </tr> <tr> <td>Participation in the operation of the Company</td> <td>4.80</td> <td>Excellent</td> </tr> <tr> <td>Internal relationship management and communication</td> <td>4.81</td> <td>Excellent</td> </tr> <tr> <td>Professionalism and continuous education of directors</td> <td>4.86</td> <td>Excellent</td> </tr> <tr> <td>Internal control</td> <td>4.91</td> <td>Excellent</td> </tr> </tbody> </table> <p>The performance evaluation of individual directors: Total score was 4.85, and evaluation result was “excellent.”</p> <p>(3) Performance evaluation of functional committees: The Board has currently 4 functional committees. The performance evaluation of functional committees has 5 dimensions, which are “the committee members’ level of participation in the Company’s operations”, “the committee members’ understanding in responsibilities”, “improvement of the quality of decision-making of the committee members”, “the composition of functional committees and selection of members”, and “internal control”. The performance results and the evaluation results on the 5 dimensions are as follows:</p> <p>A. The performance evaluation of Audit Committee: <u>Total score was 5, and evaluation result was “excellent.” The evaluation results on the 5 dimensions are as follows:</u></p> <table border="1" data-bbox="549 2002 1385 2045"> <thead> <tr> <th>Indicator</th> <th>Average score</th> <th>Evaluation result</th> </tr> </thead> <tbody> </tbody> </table>	Indicator	Average score	Evaluation result	Participation in the operation of the Company	4.85	Excellent	Improvement of the quality of the board of directors’ decision making	4.87	Excellent	Composition and structure of the board of directors	4.84	Excellent	Election and continuing education of the directors	4.78	Excellent	Internal control	4.86	Excellent	Indicator	Average score	Evaluation result	Understand the objectives and missions of the Company	4.90	Excellent	Understanding of directors’ job responsibilities	4.86	Excellent	Participation in the operation of the Company	4.80	Excellent	Internal relationship management and communication	4.81	Excellent	Professionalism and continuous education of directors	4.86	Excellent	Internal control	4.91	Excellent	Indicator	Average score	Evaluation result
Indicator	Average score	Evaluation result																																									
Participation in the operation of the Company	4.85	Excellent																																									
Improvement of the quality of the board of directors’ decision making	4.87	Excellent																																									
Composition and structure of the board of directors	4.84	Excellent																																									
Election and continuing education of the directors	4.78	Excellent																																									
Internal control	4.86	Excellent																																									
Indicator	Average score	Evaluation result																																									
Understand the objectives and missions of the Company	4.90	Excellent																																									
Understanding of directors’ job responsibilities	4.86	Excellent																																									
Participation in the operation of the Company	4.80	Excellent																																									
Internal relationship management and communication	4.81	Excellent																																									
Professionalism and continuous education of directors	4.86	Excellent																																									
Internal control	4.91	Excellent																																									
Indicator	Average score	Evaluation result																																									

Participation in the operation of the Company	5.00	Excellent
The committee members' understanding in responsibilities	5.00	Excellent
Improvement of the quality of decision-making of the committee members	5.00	Excellent
The composition of functional committees and selection of members	5.00	Excellent
Internal control	5.00	Excellent

- B. The performance evaluation of Salary Remuneration Committee: **Total score was 5, and evaluation result was "excellent." The evaluation results on the 5 dimensions are as follows:**

Indicator	Average score	Evaluation result
Participation in the operation of the Company	5.00	Excellent
The committee members' understanding in responsibilities	5.00	Excellent
Improvement of the quality of decision-making of the committee members	5.00	Excellent
The composition of functional committees and selection of members	5.00	Excellent
Internal control	5.00	Excellent

- C. The performance evaluation of Risk Management Committee: **Total score was 4.96, and evaluation result was "excellent." The evaluation results on the 5 dimensions are as follows:**

Indicator	Average score	Evaluation result
Participation in the operation of the Company	4.92	Excellent
The committee members' understanding in responsibilities	4.90	Excellent
Improvement of the quality of decision-making of the committee members	4.98	Excellent
The composition of functional committees and selection of members	5.00	Excellent
Internal control	5.00	Excellent

3. The performance evaluation of Sustainable Development Committee: **Total score was 4.96, and evaluation result was "excellent." The evaluation results on the 5 dimensions are as follows:**

Indicator	Average score	Evaluation result
Participation in the operation of the Company	4.92	Excellent
The committee members' understanding in responsibilities	4.87	Excellent

		Improvement of the quality of decision-making of the committee members	5.00	Excellent	
		The composition of functional committees and selection of members	5.00	Excellent	
		Internal control	5.00	Excellent	

Note 1: The frequency of board evaluation, e.g. one a year.

Note 2: The period of board evaluation, e.g. the Board's performance from Jan. 1, 2019 to Dec. 31, 2019 is evaluated.

Note 3: The scope covers the evaluation on the performance of the Board, individual Board members and Functional Committee members.

Note 4: Methods of evaluation include: Evaluation is conducted by board self-evaluation, member self-evaluation, peer evaluation, by external institutes, by professionals, or other appropriate methods.

Note 5: The scope of the evaluations shall include at least the following items.

- (1) Performance evaluation of the Board: At least includes the Directors' level of participation in the Company's operations, the quality of the Board's decision-making, the composition and structure of the Board, the selection and continuous training of Directors, internal control, etc.
- (2) Performance evaluation of individual Directors: At least includes the Company's objectives and tasks, Directors' understanding in responsibilities, Directors' level of participation in the Company's operations, internal relationship management and communication, professional and continuous education of Directors, internal control, etc.
- (3) Performance evaluation of functional committees: The committee members' level of participation in the Company's operations, the committee members' understanding in responsibilities, the quality of decision-making of the committee members, the composition of functional committees, the selection of members, and internal control, etc.

(II) The operation of the Audit Committee

The Audit Committee held 8 (A) meetings in the year 2022. The attendance of the Independent Directors was as follows:

Title	Name	Actual attendance	Number of meetings in attendance by proxy	Actual attendance rate (%) (B/A) (Note 1, Note 2)	Remarks
Independent Director	HSIAO, CHEN-CHI	8	0	100.00%	
Independent Director	CHEN, YUH-JEN	8	0	100.00%	
Independent Director	Che-Ying Liaw	7	1	87.50%	

Other matters:

- I. If any of the following applies to the operations of the Auditing Committee, specify the date, the session and the content of motion of the committee meeting, the adverse opinion and/or qualified opinion from the Independent Directors or content of significant recommendation, the resolution of the Auditing Committee and the response of the Company to the opinion of the members.
 - (I) For issues stated in Article 14-5 of the Securities and Exchange Act, please refer to "Important Resolutions of the Shareholders' Meeting and Board Meeting."
 - (II) Except for the abovementioned matters, others which have not been passed by the Audit Committee but have been approved by more than two-thirds of all directors. No such matter in the Company's Audit Committee.
- II. Regarding recusals of directors from voting due to conflicts of interests, the names of directors, details of the relevant agendas, reasons for recusals, and the results of voting: No such matter in the Company's Audit Committee in the year 2022.
- III. Enforcement of Corporate Governance Implemented by the Company and Reasons for Discrepancy (incl. material matters in the communication, method and results of the Company's financial position, sales performance).
 - (I) The Company follows-up on and compiles the deficiencies and improvements of the previous month in digital files, and reports it to the Board for review.

1. The Board of Directors, Independent Directors, audit officers attend the Board Meetings. The audit officers report the audit findings to the Board on a quarterly basis.
2. When reporting semiannual or annual financial reports, the CPAs shall attend the Audit Meetings, and report the procedure, scope and items of the audit procedure, as well as updates of laws and regulations, and discuss with the Independent Directors.
3. The audit officers and CPAs may contact the Independent Directors directly when matters require, and they shall keep communication channels open.

(II) Communications between Independent Directors, and internal audit officers.

Date	Contents	Results
2022.01.20	Amendments to the 2021 “Internal Control Policies.”	Reported to the Board after approval.
2022.03.03	<ol style="list-style-type: none"> 1. Report of the Company’s 2021 consolidated, individual financial report and Business report. 2. The appointment of 2022 new CPAs and CPA fees. 3. Proposed to formulate the Company’s 2021 “Statement on Internal Control” and “Statement on Internal Control of Anti-Money Laundering and Countering Terrorism Financing.” 4. Amendments to the 2021 “Internal Control Policies.” 	Reported to the Board after approval.
2022.04.14	<ol style="list-style-type: none"> 1. Amendments to the 2021 “Internal Control Policies.” 2. Amendments to the “Regulations Governing the Acquisition and Disposal of Assets” 3. Proposal of capital increase by private placement of common shares 	Reported to the Board after approval.
2022.05.05	<ol style="list-style-type: none"> 1. Report of the Company’s 2022 Q1 consolidated financial report. 2. Amendments to the 2022 “Internal Control Policies for Service Business.” 	Reported to the Board after approval.
2022.08.04	<ol style="list-style-type: none"> 1. Report of the Company’s 2022 Q2 consolidated and individual financial report. 2. Amendments to the 2021 and 2022 “Internal Control Policies.” 	Reported to the Board after approval.
2022.09.29	Amendments to the 2022 “Internal Control Policies.”	Reported to the Board after approval.
2022.11.03	<ol style="list-style-type: none"> 1. Report of the Company’s 2022 Q3 consolidated financial report. 2. Independence evaluation of the 2022 CPAs. 	Reported to the Board after approval.
2022.12.22	Amendments to the 2022 “Internal Control Policies.”	

(III) Communications between the Independent Directors and CPAs

Date	Contents	Results
2022.03.03	<ol style="list-style-type: none"> 1. Explained the independence of CPAs, letter of representation, and scope of audit. 2. The CPAs deem the control tests effective, and there were no undisclosed matters regarding major related parties or abnormalities during the audit procedure. 3. The auditing based on the generally accepted auditing standards showed no material audit discrepancies. 4. Explained the significant risks and key audit matters, and explained the updated regulations 	The CPAs discussed with the Independent Directors about the financial reports, and reported them to the Board after approval.

	regarding securities. 5. Unqualified opinion for 2021 consolidated and individual financial reports.	
2022.08.04	1. Explained the independence of CPAs, letter of representation, and scope of audit. 2. The CPAs deem the control tests effective, and there were no undisclosed matters regarding major related parties or abnormalities during the audit procedure. 3. The auditing based on the generally accepted auditing standards showed no material audit discrepancies. 4. Explained the significant risks and key audit matters, and explained the updated regulations regarding securities. 5. Unqualified opinion for 2022 H1 consolidated and individual financial reports.	The CPAs discussed with the Independent Directors about the financial reports, and reported them to the Board after approval.

IV. The main annual duties and operation of Audit Committee:

The Company's Audit Committee consists of three Independent Directors. The duty of the Audit Committee is to assist the board of directors in supervising the quality and integrity of the Company's implementation of accounting, auditing, financial reporting processes and financial control.

The Audit Committee held eight meetings in the year 2022. The major audit tasks include:

- (I) 2021 "consolidated and individual financial reports and business report," "Internal Control System Statement" and "Internal Control System Statement for Anti-money Laundering and Countering the Financing of Terrorism."
- (II) 2022 "Q1 consolidated financial reports," "Q2 consolidated and individual financial reports," "appointment of CPAs and CPA's fees," "Q3 consolidated financial reports," and "evaluation of the independence of the CPAs."
- (III) Proposal of capital increase by private placement of common shares.
- (IV) Amendments to the "Internal Control System Policy," "Internal Control Policies for Service Business" and "Regulations Governing the Acquisition and Disposal of Assets."

For status of operation, please refer to "Important Resolutions of the Shareholders' Meeting and Board Meeting."

Note 1: If any Independent Directors resigned before the end of the year, the date of resignation shall be stated in the "Remarks" column, and the actual attendance rate (%) is calculated based on the number of meetings during their tenure and their actual number of attendance.

Note 2: If any Independent Directors were elected before the end of the year, the names of preceding and succeeding Independent Directors shall be listed, and the date of election or reelection shall also be stated in the "Remarks" column. The actual attendance rate (%) is calculated based on the number of meetings during their tenure and their actual number of attendance.

(III) Corporate governance and discrepancies from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof.

Item for evaluation	Implementation status (Note 1)			Discrepancies from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof.
	Yes	No	Summary	
I. Does the Company establish and disclose the corporate governance practices pursuant to the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?	✓		The Company has formulated the “Corporate Governance Best-Practice Principles” in accordance with the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and “Corporate Governance Best-Practice Principles for Securities Brokers” and disclosed it on the Company’s website and MOPS.	No discrepancy
II. Shareholding structure and shareholders’ equity (I) Does the Company have an internal procedure and act accordingly for handling the suggestions, doubts, disputes, and lawsuits of the shareholders? (II) Does the Company have the lists of major shareholders who actually control the company and the ultimate controller list of major shareholders? (III) Does the Company establish and implement a firewall mechanism to control the risks between the Company and the affiliates?	✓ ✓ ✓		(I) The Company has established a spokesperson and a deputy spokesperson who are responsible for handling shareholder related matters and disputes. The Company also discloses contacts including email, telephone number, and fax numbers on the Investor Relations section of the Company’s website and MOPS. Moreover, the Company has also formulated “Procedures for Handling Material Inside Information” to implement the spokesperson system. (II) The Company has close interaction with its shareholders, and follows up on the changes in major shareholders and the ultimate controlling parties based on the shareholder roster and reported shareholding information. (III) Regarding the risk control and regulations for transactions between the Company and related parties, the Company has established and	No discrepancy

Item for evaluation	Implementation status (Note 1)			Discrepancies from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof.
	Yes	No	Summary	
(IV) Does the Company have internal regulations to prohibit insiders from using undisclosed information in the market for securities trading?	✓		<p>authorized the Risk Management Committee to formulate and supervise the execution of risk control management policies. Furthermore, the Company has also formulated the “Regulations for Supervising Subsidiaries,” “Guidelines for Financial and Business Operations between Related Parties,” “Procedures for Asset Acquisition & Disposal” and “Procedures for Endorsements & Guarantees.” .</p> <p>(IV) The Company has formulated the “Code of Ethical Conduct,” “Procedures for Handling Material Inside Information,” “Procedures for Prevention of Insider Trading,” “Guidelines for Stakeholder Trading,” and “Regulations Governing Insiders for their Securities Brokerage or Futures Trading” to prevent and prohibit insiders from using information obtained from their positions to engage in securities or futures trading.</p>	
<p>III. Responsibilities of the Board of Directors and its formation</p> <p>(I) Does the Board of Directors formulate and implement the diversity policy and specific management goals?</p>	✓		<p>(I) It is stipulated in the Company’s “Corporate Governance Best-Practice Principles” that the constitution of the Board should be diverse. Also, the Company formulated the “Procedure for the Election of Directors” to implement the legitimacy of directors and selection procedures. In addition to considering the diversity of professional background experience and work</p>	No discrepancy

Item for evaluation	Implementation status (Note 1)			Discrepancies from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof.
	Yes	No	Summary	
(II) Does the Company voluntarily form other functional committees similar to the	✓		<p>expertise, the composition of the Company's board considers "No more than 1/3 of directors concurrently serve as managers" and have "at least one female director" as specific goals. Currently, the Company has seven directors (including three independent directors), directors holding concurrent positions as employees accounted for 29% of all directors, independent directors accounted for 43% of all directors, and female directors accounted for 14% of all directors. Age of the directors: 4 directors are between the age of 61 and 70, 2 between 51 and 60, and 1 between 41 and 50. The directors have profound experience in business management, other relating professional backgrounds, and also the professional knowledge, skills, and competencies required for their positions. Among the 9 core competencies, more than two-thirds of the member has abilities relevant to the execution of businesses. As the Company lays emphasis on 3 main core competencies, which are operational judgment, business management, and crisis management ability, more than 6 (inclusive) directors possess these 3 main core competencies.</p> <p>(II) The Company has established the Risk Management Committee which is directly</p>	

Item for evaluation	Implementation status (Note 1)			Discrepancies from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof.
	Yes	No	Summary	
<p>Remuneration Committee and Audit Committee set up pursuant to relevant laws and regulations?</p> <p>(III) Has the Company established methodology for evaluating the performance of its Board of Directors, on an annual basis? Are the results of the evaluation reported at the Board Meeting and used as reference for remuneration and the nomination for reelection?</p>	✓		<p>subordinate to the Board of Directors. The Committee reports the execution of risk control to the Board on a quarterly basis.</p> <p>The Company has established the Sustainable Development Committee which is directly subordinate to the Board of Directors in 2022. The Committee reports the execution of sustainable development to the Board on a quarterly basis.</p> <p>(III) The Company has formulated the “Guidelines for Board Evaluation,” stipulating that the performance of Directors shall be evaluated internally on a yearly basis, and externally by independent institutions or experts every three years. The results of the evaluation should be reported at the Board Meeting before Q2 of the following year, and should serve as a reference for nomination or election of Directors. The 2022 evaluation included “board performance evaluation,” “performance evaluation of individual directors,” and “functional committee evaluation”. The evaluation results: 1. Total score for “board performance evaluation” was 4.84, and evaluation result was “excellent.” 2. Total score for “performance evaluation of individual directors” was 4.85, and evaluation result was “excellent.” 3. The evaluation results</p>	

Item for evaluation	Implementation status (Note 1)			Discrepancies from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof.
	Yes	No	Summary	
(IV) Does the Company regularly evaluate the independence of the CPAs?	✓		<p>of functional committees: (1) Total score for “audit committee evaluation” was 5, and evaluation result was “excellent.” (2) Total score for “salary remuneration committee evaluation” was 5, and evaluation result was “excellent.” (3) Total score for “risk management committee evaluation” was 4.96, and evaluation result was “excellent.” (4) Total score for “sustainable development committee evaluation” was 4.96, and evaluation result was “excellent.” The aforementioned evaluation results have been reported at the 27th Board Meeting of the 15th Board in February 2023.</p> <p>(IV) The Company’s Board of Directors obtains the CPA’s “Statement of Independence” to evaluate the independence of CPAs. In 2022, the Board Meeting has approved the independence evaluation of CPAs. The evaluation includes financial relations, employment relations, business relations, and non-audit services & audit fee type. The Company’s CPAs were evaluated to meet the independence criteria.</p>	
IV. Does the TWSE/TPEX listed company have an adequate number of corporate governance personnel with appropriate qualifications to be in charge of corporate governance affairs including, but not limited to, providing directors and supervisors with required	✓		The Company appointed Shao-Chen Chiang, Vice President of the President’s Office, to assume the position as the corporate governance officer through the 31st Board Meeting of the 14th Board in May 8, 2020. Chiang will be in charge of the unit responsible	No discrepancy

Item for evaluation	Implementation status (Note 1)			Discrepancies from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof.
	Yes	No	Summary	
information for business execution, handling relevant matters with board meetings and shareholders' meetings according to the laws, processing corporate registration and amendment registration, and preparing minutes of board meetings and shareholders' meetings?			<p>for corporate governance related work. The Company's corporate governance related work is handled jointly by the personnel of relevant units, in accordance with the functions of each unit.</p> <p>(I) Scope of duty: Including but not limited to handling matters related to Board Meetings and shareholders' meetings, assisting Directors in their assuming of positions and continuing education, providing Directors with necessary documents for carry out their duties, and assisting Directors to comply with laws and regulations.</p> <p>(II) Implementation of corporate governance:</p> <ol style="list-style-type: none"> 1. Providing Directors with required company information to maintain a smooth communication between the Directors and supervisors of each department. 2. In accordance with the latest regulations regarding corporate governance, revising and amending corporate governance related internal regulations, and reporting them to the Board Meetings for resolution. 3. In accordance with the policies stipulated by the competent authorities and the insight in the development of the industry, planning and arranging continuing education courses for the Directors. 	

Item for evaluation	Implementation status (Note 1)			Discrepancies from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof.
	Yes	No	Summary	
			<p>4. Drafting the agenda of Board Meetings and notifying the Directors seven days prior to the Meeting. Providing documents for the meetings. If Director’s recusal is required for the avoidance of conflict of interest, informing the Directors about such matters prior to the meetings. Completing the board meeting minutes on time.</p> <p>5. Handling matters regarding pre-registration of the date of the shareholder’s meetings in accordance with laws. Preparing meeting notices, meeting handbooks, meeting minutes before the legal deadline. Registering any amendments to the Articles of Incorporation and elections of Directors.</p> <p>(III) Continuing education: For relevant information, please refer to page 62–67 of this annual report.</p>	
V. Does the Company establish (including but not limited to shareholders, employees, clients and suppliers) channels for communication with stakeholders, design special web pages for the stakeholders on the website, and appropriately respond to important CSR issues concerned about by the stakeholders?	✓		<p>(I) The Company has established a spokesperson and a deputy spokesperson who are responsible for handling shareholder related matters and disputes. The Company also discloses contacts on the company’s website and MOPS.</p> <p>(II) The Company has set up customer service email and telephone number to answer to requests from shareholders swiftly, as well as disclosed the customer service hotline, email, and other contacts on the “Stakeholders Sector” on the</p>	No discrepancy

Item for evaluation	Implementation status (Note 1)			Discrepancies from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof.
	Yes	No	Summary	
			<p>company's website. The Company has also formulated the "Procedures for Handling Customers' Complaints" to handle customers' complaints in a timely manner.</p> <p>(III) The Company has set up a "Stakeholders" page on the company's website to serve as a contact window for suppliers, and channels for whistleblowing or suggestions. The Company also provides complaint channels for stakeholders in accordance with the Company's "Guidelines for Whistleblowers."</p> <p>(IV) The Company has set up communication channels with stakeholders according to the above, and appropriately responds to the important CSR issues concerning stakeholders. The Company also prepares the "Sustainability Report" and discloses it on the MOPS for stakeholders' reference. At the same time, the Company also uploads financial and business information to the MOPS regularly, in order to maintain the transparency of information and protect the rights and interests of the stakeholders.</p> <p>(V) The Company utilizes diverse communication channels to understand the issues of interests of stakeholders. It has set up various communication channels and discussion result</p>	

Item for evaluation	Implementation status (Note 1)			Discrepancies from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof.
	Yes	No	Summary	
			feedback channels, including issuing reports and publishing press releases, holding shareholders' meetings, investor conferences, forums, and public welfare activities, ESG questionnaires, employee and customer satisfaction surveys, etc. These serve as important references for the formulation of policies and implementation of plans.	
VI. Has the Company appointed a professional shareholder service agency to deal with shareholder affairs?	✓		The Company has a Registrar Agency Department consisting of only professionals who not only are knowledgeable in securities related laws and regulations but also have rich and practical experiences. The Company's shareholder's meetings are handled by the Registrar Agency Department.	No discrepancy
VII. Information disclosure (I) Does the Company have a website to disclose the financial and corporate governance information of the Company? (II) Does the Company adopt other information disclosure methods (such as setting up an English website, designating a person for collection and disclosure of information, implementing a spokesperson system, and publishing the process of investor	✓ ✓		(I) The Company website is http://www.honsec.com.tw . The Company discloses information regarding corporate governance on its website on a regular or occasional basis. The Company also delegates personnel to be in charge of the disclosure of the Company's financial information on the MOPS. (II) The Company has a spokesperson, in charge of providing information for shareholders and investors. Information regarding spokesperson and investor conference is disclosed on the Company's website. The Company has also built an English website to provide information on	No discrepancy

Item for evaluation	Implementation status (Note 1)			Discrepancies from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof.
	Yes	No	Summary	
conferences on the website)? (III) Does the company announce and report the annual financial report within two months after the end of the fiscal year, and announce and report Q1, Q2, Q3 financial reports and the operating status of each month in advance of the prescribed deadline?	✓		company profile, financial and corporate governance. (III) The Company has announced and reported the annual financial report within two months after the end of the fiscal year, and announced and reported Q1, Q2, Q3 financial reports and the operating status of each month in advance of the prescribed deadline.	
VIII. Does the company have additional important information that is helpful to understand the operation of the corporate governance (including but not limited to the employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, further education of directors and supervisors, implementation of risk management policies and evaluation measures, implementation of customer policies and liability insurance coverage for directors and supervisors)?	✓		(I) Employee rights: Besides labor insurance, national health insurance, and pension plans, the Company also takes out group insurance, and fidelity insurance. In addition, the Company also provides regular health examination for its employees. The Company values the safety and health of its employees, holds the labor-management meeting on a quarterly basis, and has established the Retirement Reserve Funds Supervising Committee, Employee Welfare Committee, and Employee Shareholder Committee to ensure the rights and interests of employees. (II) Employee wellness: Please refer to “Chapter 5. Operating Highlights – V. Labor Relations” on page 148–153 of this annual report. (III) Investor relations: To ensure the transparency of information and the understanding of investors in the operation of the Company, the Company	No discrepancy

Item for evaluation	Implementation status (Note 1)			Discrepancies from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof.
	Yes	No	Summary	
			<p>has set up a spokesperson email, and disclosed relative information on the MOPS and the corporate governance webpage on the Company website. Moreover, the Company website also shows information including company profile, major information, credit rating, individual and consolidated financial reports, monthly revenue, and the information is updated regularly to ensure the effectiveness.</p> <p>(IV) Supplier relationship: The Company handles all procurement matters as stipulated in the “Principles of Ethical Corporate Management,” “Procedures for Ethical Management and Guidelines for Conduct” and “Regulations Governing Procurement” in order to ensure fairness and transparency and prevent unethical behaviors. On December 21, 2022, the Company has formulated the “Regulations Governing the Management of Sustainable Development of Suppliers”.</p> <p>(V) Rights of stakeholders: 1. The Company handles business with stakeholders in accordance with the Company’s “Guidelines for Financial and Business Operations between Related Parties,” to prevent non-arm’s length transactions, and conveyance of unjust</p>	

Item for evaluation	Implementation status (Note 1)			Discrepancies from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof.
	Yes	No	Summary	
			<p>interests.</p> <p>2. The Company has established competent internal control system policies, and imposed them on the execution of business. Internal audit conducted regular examinations, prepared audit reports, reported on a regular basis, the results to the Board Meetings, and informed the supervisors of related units and related departments of the deficiencies for review and improvement.</p> <p>3. The Company has appointed delegated personnel to be in charge of business with banks, suppliers and clients, to provide stakeholders with diverse channels of communication.</p> <p>(VI) Further education of directors and supervisors: Please refer to page 60-61 in the annual report.</p> <p>(VII) Implementation of risk management policies and evaluation measures: The Company's risk management policies are based on the principal of "conservatism." With the current capital scale and risk capacity of the Board of Directors, the Company aims to create the greatest benefit for shareholders as possible. Besides this, through the Value-at-risk (VaR), the Company estimates potential losses of each position as the reference</p>	

Item for evaluation	Implementation status (Note 1)			Discrepancies from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof.
	Yes	No	Summary	
			<p>for risk management and capital allocation. For detailed explanation, please refer to “Chapter 7 Review and Analysis of the Company’s Financial Position and Financial Performance, and Listing of Risks – VII. Risk Management” on page 171–187 of this annual report.</p> <p>(VIII) Implementation of customer policies: Before entering into an open-account-agreement with the client, the Company informs and delivers the risk disclosure statements regarding risky financial products (such as emerging stocks, call (put) warrants, securities of foreign companies listed on TPEX/TWSE (incl. depositary receipts), day trading). Also, the Company has set up customer service hotlines to handle inquiries of the customers. The telephone number and email address can be found on the company website.</p> <p>(IX) Liability insurance coverage for directors and supervisors: The Company has taken out liability insurance coverage for directors and supervisors from “Hotai Insurance” at an insurance amount of USD 5 million.</p>	
IX. Please explain the improvements made in accordance with the Corporate Governance Evaluation results released by the Taiwan Stock Exchange’s Corporate Governance Center, and provide the priorities and plans for improvement with items yet to be improved:				
(I) Improvements made according to the 8th corporate governance evaluation results:				
Item No.	Evaluation indicator		Improvement status	

Item for evaluation	Implementation status (Note 1)			Discrepancies from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof.
	Yes	No	Summary	
3.5	Does the Company upload the English version of the financial report 7 days prior to the date of the shareholders' meeting? [One additional point to the Company if it uploads the English version of its financial reports 16 days prior to the date of the shareholders' meeting.]		The Company holds its shareholders' meeting on May 27, 2022, and the English version financial report for the year 2021 was filed on May 4, 2022, which complies with the 16-day requirement for the upload of the English version financial report.	
3.13	Does the Company voluntarily disclose the remuneration to each director and supervisor in its annual reports?		Remuneration to Directors and Independent Directors, (disclosure of individual names and remuneration methods) is fully disclosed in the notes to the 2021 financial report.	
4.5	Has the Company obtained third party verification for the Corporate Social Responsibility Report prepared by the Company?		The Company has obtained third party verification for the Corporate Social Responsibility Report prepared by the Company since 2021.	

(II) Priority improvement plan and measures proposed for matters not yet improved on based on the 8th corporate governance evaluation results:

Item No.	Evaluation indicator	Improvement status
4.17	Does the Company disclose in its company website or CSR report its supplier management policy that requires suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and explain their implementation?	The Company formulated its "Regulations Governing the Management of Sustainable Development of Suppliers" on December 21, 2022.
4.11	Does the Company disclose the greenhouse gas emissions, water consumption and total weight of waste produced? [One additional point to the Company if it has obtained external verification for the total weight of greenhouse gas emissions, water consumption and total weight of waste produced in the past two years]]	The information on the total weight of waste disclosed in 2021 and 2022 was estimated on a per capita basis. From 2023, the weight of waste at each business location shall be measured in actual volume; therefore, the Company is committed to the short-, medium-, and long-term goals to reduce waste by 1% in 2024, 3% in 2026, and 7% in 2030, respectively.

Note: Regardless of whether checking the "Yes" or "No" column, disruption must be provided in the "Description" column.

© Further education of directors and supervisors

Title	Name	Date taking office	Training date	Organizer	Course name	Hours
Chairman	Ke-Chyn Jiang	2020.10.15	2022.06.09	Horizon Securities/Taiwan Securities Association	New Types of Securities Crime and Market Manipulation	3 hours
			2022.09.22	Horizon Securities/Taiwan Securities Association	Corporate Sustainability and ESG Development Trends	3 hours
Director	Jamie Lin	2020.6.24	2022.06.09	Horizon Securities/Taiwan Securities Association	New Types of Securities Crime and Market Manipulation	3 hours
			2022.09.06	Taiwan Securities Association	[Corporate Governance] ESG and Sustainable Management for the Securities Industry	3 hours
			2022.09.22	Horizon Securities/Taiwan Securities Association	Corporate Sustainability and ESG Development Trends	3 hours
Director	Chia-Hung Lee	2020.6.24	2022.02.24	Taiwan Securities Association	The development and market analysis of the new business models in Metaverse	3 hours
			2022.06.09	Horizon Securities/Taiwan Securities Association	New Types of Securities Crime and Market Manipulation	3 hours
			2022.06.15	Taiwan Securities Association	The Art and Laws of Living [Corporate Governance]	3 hours
			2022.09.22	Horizon Securities/Taiwan Securities Association	Corporate Sustainability and ESG Development Trends	3 hours
Director	Jyun-De Li	2020.6.24	2022.06.09	Horizon Securities/Taiwan Securities Association	New Types of Securities Crime and Market Manipulation	3 hours
			2022.09.22	Horizon Securities/Taiwan Securities Association	Corporate Sustainability and ESG Development Trends	3 hours
			2022.10.11	Taipei Exchange	Release of Reference Guidelines and Advocacy Conference for the Exercise of Powers by the Independent Directors and Audit Committee	3 hours
Independent Director	HSIAO, CHEN-CHI	2020.6.24	2022.06.09	Horizon Securities/Taiwan Securities Association	New Types of Securities Crime and Market Manipulation	3 hours
			2022.06.22	Taiwan Academy of Banking and Finance	Corporate Governance and Corporate Sustainability Management Seminar	3 hours
			2022.08.09	Taiwan Corporate Governance Association	The International Economic Situation and China's Political and Economic Changes - Adaptive Strategies of Taiwan's Enterprises	3 hours

Title	Name	Date taking office	Training date	Organizer	Course name	Hours
			2022.08.20	Taiwan Academy of Banking and Finance	Corporate Governance and Corporate Sustainability Management Seminar	3 hours
			2022.09.06	Taiwan Corporate Governance Association	The Real Value Created by Circular and Low-Carbon Innovation - Understanding Circular Economy and Governance	3 hours
			2022.09.22	Horizon Securities/Taiwan Securities Association	Corporate Sustainability and ESG Development Trends	3 hours
			2022.10.06	Taipei Exchange	Release of Reference Guidelines and Advocacy Conference for the Exercise of Powers by the Independent Directors and Audit Committee	3 hours
			2022.12.02	Securities and Futures Institute	Directors, Supervisors and Corporate Governance Supervisors Seminar [Four Seasons Speech Series]	3 hours
	CHEN, YUH-JEN	2020.6.24	2022.06.09	Horizon Securities/Taiwan Securities Association	New Types of Securities Crime and Market Manipulation	3 hours
			2022.09.22	Horizon Securities/Taiwan Securities Association	Corporate Sustainability and ESG Development Trends	3 hours
	Che-Ying Liaw	2020.6.24	2022.06.09	Horizon Securities/Taiwan Securities Association	New Types of Securities Crime and Market Manipulation	3 hours
			2022.09.22	Horizon Securities/Taiwan Securities Association	Corporate Sustainability and ESG Development Trends	3 hours
			2022.10.11	Taipei Exchange	Release of Reference Guidelines and Advocacy Conference for the Exercise of Powers by the Independent Directors and Audit Committee	3 hours

© Continuing training regarding Corporate Governance participated by Managers

Title	Name	Training date	Organizer	Course name	Hours
President	Jamie Lin	2022.06.09	Horizon Securities/Taiwan Securities Association	Corporate Governance - New Types of Securities Crime and Market Manipulation	3
		2022.09.06	Taiwan Securities Association	ESG and Sustainable Management for the Securities Industry	3
		2022.09.22	Horizon Securities/Taiwan Securities Association	Corporate Governance - Corporate Sustainability and ESG Development Trends	3
Executive Vice President	Frank Liao	2022.10.26~ 2022.12.26	Taiwan Securities Association	On-job Training for Anti-Money Laundering and Countering the Financing of Terrorism (12hrs) – Taiwan Securities Association	12
		2022.09.22	Horizon Securities/Taiwan Securities Association	Corporate Governance - Corporate Sustainability and ESG Development Trends	3
Senior Vice President	May Lin	2022.06.09	Horizon Securities/Taiwan Securities Association	Corporate Governance - New Types of Securities Crime and Market Manipulation	3
		2022.09.22	Horizon Securities/Taiwan Securities Association	Corporate Governance - Corporate Sustainability and ESG Development Trends	3
		2022.10.03~ 2022.10.14	Taiwan Securities Association	On-job Training for Anti-Money Laundering and Countering the Financing of Terrorism (12hrs) – Taiwan Securities Association	12
Senior Vice President	Gilbert Chang	2022.06.09	Horizon Securities/Taiwan Securities Association	Corporate Governance - New Types of Securities Crime and Market Manipulation	3
		2022.09.22	Horizon Securities/Taiwan Securities Association	Corporate Governance - Corporate Sustainability and ESG Development Trends	3
		2022.11.03~ 2022.12.06	Taiwan Securities Association	On-job Training for Anti-Money Laundering and Countering the Financing of Terrorism (12hrs) – Taiwan Securities Association	12
Senior Vice President	Lillian Chen	2022.08.23	Chinese National Futures Association	Case Study of Laws and Regulations regarding Anti-money Laundering/ Combating Terrorism Financing	3
		2022.05.30~ 2022.11.08	Taiwan Securities Association	On-job Training for Anti-Money Laundering and Countering the Financing of Terrorism (12hrs) – Taiwan Securities Association	12
		2022.11.29	Chinese National Futures Association	Case Study of Laws and Regulations regarding Anti-money Laundering/ Combating Terrorism Financing	3
Senior Vice President	Maggie Chen	2022.10.04	Horizon Securities/Taiwan Securities Association	Domestic and International Laws and Regulations regarding Anti-Money Laundering and Countering the Financing of Terrorism and Risk Trends	3

Title	Name	Training date	Organizer	Course name	Hours
Vice President	Liang-Chen Chu	2022.08.22~ 2022.09.16	Taiwan Securities Association	On-job Training for Anti-Money Laundering and Countering the Financing of Terrorism (12hrs) – Taiwan Securities Association	12
Vice President	Shao-Chen Chiang	2022.04.12	Taiwan Securities Association	Corporate Governance – Legal Liabilities and Case Study on False Report and Insider Trading	3
		2022.04.12	Taiwan Securities Association	Corporate Governance - Corporate Governance and Corporate Financial Transparency	3
		2022.06.09	Horizon Securities/Taiwan Securities Association	Corporate Governance - New Types of Securities Crime and Market Manipulation	3
		2022.09.22	Horizon Securities/Taiwan Securities Association	Corporate Governance - Corporate Sustainability and ESG Development Trends	3
		2022.05.03~ 2022.09.16	Taiwan Securities Association	On-job Training for Anti-Money Laundering and Countering the Financing of Terrorism (12hrs) – Taiwan Securities Association	12
Vice President	Rogers Huang	2022.05.30~ 2022.05.31	Taiwan Securities Association	On-job Training for Anti-Money Laundering and Countering the Financing of Terrorism (6hrs) – Taiwan Securities Association	6
		2022.06.09	Horizon Securities/Taiwan Securities Association	Corporate Governance - New Types of Securities Crime and Market Manipulation	3
		2022.09.22	Horizon Securities/Taiwan Securities Association	Corporate Governance - Corporate Sustainability and ESG Development Trends	3

Title	Name	Training date	Organizer	Course name	Hours
Vice President	Vicki Chen	2022.09.15	Taiwan Securities Association	Risk Management - Risk Management Challenges of Climate-related Financial Disclosures for the Financial Industry	3
		2022.10.04	Horizon Securities/Taiwan Securities Association	Domestic and International Laws and Regulations regarding Anti-Money Laundering and Countering the Financing of Terrorism and Risk Trends	3
		2022.11.10	Taiwan Securities Association	Risk Management - Discussion on Risk Management of Securities Firms from the Financial Supervision's Perspective	3
		2022.12.08	Taiwan Securities Association	Risk Management - Case Study and Risk Management regarding Derivatives Tradings	3
Vice President	Yung-Chi Yang	2022.08.17	Horizon Securities/Taiwan Securities Association	Domestic and International Laws and Regulations regarding Anti-Money Laundering and Countering the Financing of Terrorism and Risk Trends	3
		2022.09.22	Horizon Securities/Taiwan Securities Association	Corporate Governance - Corporate Sustainability and ESG Development Trends	3
Vice President	Lingc Huang	2022.10.18~2021.11.02	Taiwan Securities Association	On-job Training for Anti-Money Laundering and Countering the Financing of Terrorism (12hrs) – Taiwan Securities Association	12
Vice President	Chih-Sung Jen	2022.10.20	Horizon Securities/Taiwan Securities Association	Domestic and International Laws and Regulations regarding Anti-Money Laundering and Countering the Financing of Terrorism and Risk Trends	3
Vice President	Chilli Hsieh	2022.06.09	Horizon Securities/Taiwan Securities Association	Corporate Governance - New Types of Securities Crime and Market Manipulation	3
		2022.09.01	Horizon Securities/Taiwan Securities Association	Domestic and International Laws and Regulations regarding Anti-Money Laundering and Countering the Financing of Terrorism and Risk Trends	3
		2022.09.22	Horizon Securities/Taiwan Securities Association	Corporate Governance - Corporate Sustainability and ESG Development Trends	3
Senior Assistant Vice President	Franco Jiang	2022.11.09~2022.11.11	Taiwan Securities Association	On-job Training for Cyber Security Staff (Supervisor) –Taiwan Securities Association	15
		2022.06.09	Horizon Securities/Taiwan Securities Association	Corporate Governance - New Types of Securities Crime and Market Manipulation	3
		2022.09.22	Horizon Securities/Taiwan Securities Association	Corporate Governance - Corporate Sustainability and ESG Development Trends	3
Vice President	Alex Tsai	2022.09.01	Horizon Securities/Taiwan Securities Association	Domestic and International Laws and Regulations regarding Anti-Money Laundering and Countering the Financing of	3

Title	Name	Training date	Organizer	Course name	Hours
				Terrorism and Risk Trends	
		2022.09.22	Horizon Securities/Taiwan Securities Association	Corporate Governance - Corporate Sustainability and ESG Development Trends	3
Senior Assistant Vice President	Christine Chang	2022.06.09	Horizon Securities/Taiwan Securities Association	Corporate Governance - New Types of Securities Crime and Market Manipulation	3
		2022.09.22	Horizon Securities/Taiwan Securities Association	Corporate Governance - Corporate Sustainability and ESG Development Trends	3
		2022.11.24~2022.11.25	Securities and Futures Institute	On-job Training for Anti-Money Laundering and Countering the Financing of Terrorism (12hrs) – Securities and Futures Institute	12
Senior Assistant Vice President	Steven Wu	2022.06.09	Horizon Securities/Taiwan Securities Association	Corporate Governance - New Types of Securities Crime and Market Manipulation	3
		2022.09.01	Horizon Securities/Taiwan Securities Association	Domestic and International Laws and Regulations regarding Anti-Money Laundering and Countering the Financing of Terrorism and Risk Trends	3
		2022.09.22	Horizon Securities/Taiwan Securities Association	Corporate Governance - Corporate Sustainability and ESG Development Trends	3
Senior Assistant Vice President	Angela Lin	2022.06.09	Horizon Securities/Taiwan Securities Association	Corporate Governance - New Types of Securities Crime and Market Manipulation	3
		2022.09.26	Horizon Securities/Taiwan Securities Association	Domestic and International Laws and Regulations regarding Anti-Money Laundering and Countering the Financing of Terrorism and Risk Trends	3
Senior Assistant Vice President	Brian Chiu	2022.06.09	Horizon Securities/Taiwan Securities Association	Corporate Governance - New Types of Securities Crime and Market Manipulation	3
		2022.06.15	Taiwan Securities Association	Corporate Governance - The Art and Laws of Living - Taiwan Securities Association	3
		2022.10.28	Horizon Securities/Taiwan Securities Association	Domestic and International Laws and Regulations regarding Anti-Money Laundering and Countering the Financing of Terrorism and Risk Trends	3
Senior Assistant Vice President	Rita Chen	2022.06.09	Horizon Securities/Taiwan Securities Association	Corporate Governance - New Types of Securities Crime and Market Manipulation	3
		2022.10.20	Horizon Securities/Taiwan Securities Association	Domestic and International Laws and Regulations regarding Anti-Money Laundering and Countering the Financing of Terrorism and Risk Trends	3
Senior Assistant Vice	Sophia Liu	2022.06.22~2022.06.23	Taiwan Securities Association	On-job Training for Anti-Money Laundering and Countering the Financing of Terrorism (6hrs)	6
		2022.09.15~	Taiwan Securities Association	On-job Training for Anti-Money Laundering and Countering	6

Title	Name	Training date	Organizer	Course name	Hours
President		2022.09.16		the Financing of Terrorism (6hrs)	
Senior Assistant Vice President	Alice Wang	2022.06.09	Horizon Securities/Taiwan Securities Association	Corporate Governance - New Types of Securities Crime and Market Manipulation	3
		2022.09.26	Horizon Securities/Taiwan Securities Association	Domestic and International Laws and Regulations regarding Anti-Money Laundering and Countering the Financing of Terrorism and Risk Trends	3
Assistant Vice President	Hsu Fu Chang	2022.07.20~ 2022.07.21	Taiwan Securities Association	On-job Training for Anti-Money Laundering and Countering the Financing of Terrorism (6hrs) – Taiwan Securities Association	6
		2022.12.05~ 2022.12.06	Taiwan Securities Association	On-job Training for Anti-Money Laundering and Countering the Financing of Terrorism (6hrs) – Taiwan Securities Association	6
Assistant Vice President	Chen-Yu Yang	2022.09.22	Horizon Securities/Taiwan Securities Association	Corporate Governance - Corporate Sustainability and ESG Development Trends	3
		2022.10.03~ 2022.10.25	Taiwan Securities Association	On-job Training for Anti-Money Laundering and Countering the Financing of Terrorism (12hrs) – Taiwan Securities Association	12
Assistant Vice President	Justine Lin	2022.08.29	Horizon Securities/Taiwan Securities Association	Domestic and International Laws and Regulations regarding Anti-Money Laundering and Countering the Financing of Terrorism and Risk Trends	3
		2022.09.22	Horizon Securities/Taiwan Securities Association	Corporate Governance - Corporate Sustainability and ESG Development Trends	3
Assistant Vice President	Kuei-Ching Huang	2022.08.24	Horizon Securities/Taiwan Securities Association	Domestic and International Laws and Regulations regarding Anti-Money Laundering and Countering the Financing of Terrorism and Risk Trends	3
		2022.09.22	Horizon Securities/Taiwan Securities Association	Corporate Governance - Corporate Sustainability and ESG Development Trends	3
Assistant Vice President	Joyce Lai	2022.06.09	Horizon Securities/Taiwan Securities Association	Corporate Governance - New Types of Securities Crime and Market Manipulation	3
Assistant Vice President	Chiou-Fan Chen	2022.07.20~ 2022.08.27	Taiwan Securities Association	On-job Training for Anti-Money Laundering and Countering the Financing of Terrorism (12hrs) – Taiwan Securities Association	12
Manager	Yu-Feng Sun	2022.01.20~ 2022.01.21	Taiwan Securities Association	On-job Training for Anti-Money Laundering and Countering the Financing of Terrorism (12hrs) – Taiwan Securities Association	12
Assistant	Chih-Chun	2022.11.03~	Taiwan Securities Association	On-job Training for Anti-Money Laundering and Countering	12

Title	Name	Training date	Organizer	Course name	Hours
Vice President	g Lee	2022.12.13		the Financing of Terrorism (12hrs) – Taiwan Securities Association	
Assistant Vice President	Chun-Han Huang	2022.10.03~ 2022.10.14	Taiwan Securities Association	On-job Training for Anti-Money Laundering and Countering the Financing of Terrorism (12hrs) – Taiwan Securities Association	12
Assistant Vice President	Jeff Chen	2022.10.13~ 2022.10.14	Taiwan Securities Association	On-job Training for Anti-Money Laundering and Countering the Financing of Terrorism (6hrs) – Taiwan Securities Association	6
		2022.10.26~ 2022.10.27	Taiwan Securities Association	On-job Training for Anti-Money Laundering and Countering the Financing of Terrorism (6hrs) – Taiwan Securities Association	6
Assistant Vice President	Shao-Ti Su	2022.08.22~ 2022.10.14	Taiwan Securities Association	On-job Training for Anti-Money Laundering and Countering the Financing of Terrorism (12hrs) – Taiwan Securities Association	12
Assistant Vice President	Joe Hu	2022.11.01~ 2022.12.06	Taiwan Securities Association	On-job Training for Anti-Money Laundering and Countering the Financing of Terrorism (12hrs) – Taiwan Securities Association	12
Assistant Vice President	Ming-Che Tsai	2022.05.14~ 2022.06.15	Taiwan Securities Association	On-job Training for Anti-Money Laundering and Countering the Financing of Terrorism (12hrs) – Taiwan Securities Association	12
Assistant Vice President	Pei-Shan Li	2022.05.03~ 2022.10.25	Taiwan Securities Association	On-job Training for Anti-Money Laundering and Countering the Financing of Terrorism (12hrs) – Taiwan Securities Association	12
Assistant Vice President	Hui-Chun Yu	2022.07.06	Taiwan Securities Association	Corporate Governance - Preparation, Review Focus, Interpretation and Analysis of Financial Reports	3
		2022.10.26~ 2022.11.25	Taiwan Securities Association	On-job Training for Anti-Money Laundering and Countering the Financing of Terrorism (12hrs) – Taiwan Securities Association	12

Note 1: Regardless of whether checking the “Yes” or “No” column, disruption must be provided in the “Description” column.

Note 2: The said Corporate Governance Report refers to the Company’s explanation on self-evaluation regarding the Company’s current operation and execution of the Corporate Governance Evaluation Items.

(IV) If the Company has a Salary Remuneration Committee, the composition, responsibilities and operation of the Remuneration Committee should be disclosed:

1. Information of the members of the Salary Remuneration Committee

April 2, 2023

Titles (Note 1)	Qualifications Name	Expertise and work experience (Note 2)	Independence criteria (Note 3)	Number of other public companies where the member also serves on a remuneration committee
Convener Independent Director	Che-Ying Liaw	Please refer to Page 13-17 for Table of Professional Qualifications of Directors and Supervisors, and Disclosure of Independence Status of Directors		0
Independent Director	CHEN, YUH-JEN			0
Independent Director	HSIAO, CHEN-CHI			3

Note 1: Please provide in detail the seniority, expertise and work experience, and independence of each remuneration committee member. If the member is an Independent Director, "Please refer to Page 13-17 for Table 1 – Information on the Directors and Supervisors (1)" may be given instead. For "Title," please put in "Independent Director" or "others" (Please identify if convener)

Note 2: **Expertise and work experience:** Please provide the expertise and work experience of each remuneration committee member.

Note 3: **Independence criteria:** For remuneration committee members, the status of independence, whether the director including but not limited to him/her/itself, spouse, a relative within the second degree holds a position as the director, supervisor, or employee in the Company, or its affiliates, the number and percentage of the Company's shares held by the director him/her/itself, spouse, a relative within the second degree (or in the name of others), whether the director holds a position of director, supervisor or employee of a company with certain relationship (refer to Article 6 Paragraph 1 Subparagraph 5-8 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange) with the Company, and the amount of remuneration received for the business, legal, finance, and accounting, etc., services provided for the Company or its affiliates in the last 2 years.

Note 4: Refer to the sample of best practice announced by the Taiwan Securities Exchange Corporation, corporate governance center for the method of disclosure.

2. Operational Status of the Salary Remuneration Committee

- (1) The Company's Salary Remuneration Committee consists of three seats of committee members.
- (2) The term office of the Committee: July 9, 2020 to June. 23, 2023. There were 7 (A) remuneration committee meetings in the most recent fiscal year. The attendance is as follows:

Title	Name	Actual attendance (B)	Number of meetings in attendance by proxy	Actual attendance rate (%) (B/A) (Note)	Remarks
Convener – Independent Director	Che-Ying Liaw	7	0	100%	
Committee member – Independent Director	CHEN, YUH-JEN	7	0	100%	
Committee member – Independent Director	HSIAO, CHEN-CHI	7	0	100%	

Other matters:

1. If the Board of Directors refuses to adopt or amend a recommendation of the remuneration committee, the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company's response to the remuneration committee's opinion (e.g. if the remuneration passed by the Board of Directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified) shall be specified:

None.

2. If there were resolutions of the remuneration committee to which members objected or expressed reservations, and for which there is a record or declaration in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion shall be specified: None.

Note 1: If any Salary Remuneration Committee member resigned before the end of the year, the date of resignation shall be stated in the "Remarks" column, and the actual attendance rate (%) is calculated based on the number of meetings during their tenure and their actual number of attendance.

Note 2: If any Salary Remuneration Committee members were elected before the end of the year, the names of preceding and succeeding members shall be listed, and the date of election or reelection shall also be stated in the "Remarks" column. The actual attendance rate (%) is calculated based on the number of meetings during their tenure and their actual number of attendance.

3. Information on Salary Remuneration Committee Meetings

Date of meeting	Term	Motions	Resolutions	Status
2022.01.20	10 th meeting 4 th Committee	Motion 1: Distribution of surplus bonuses for second half of 2021. Motion 2: 2021 Distribution of remuneration to employees. Motion 3: Chairman's remuneration. Motion 4: Establishing a new position of Chief Strategy Officer.	Approved	Proceed as proposed
2022.03.03	11 th meeting 4 th Committee	Motion 1: Appointment of vice president at pay level 10 of the Brokerage Division. Motion 2: 2021 Distribution of remuneration to Directors. Motion 3: 2022 Promotion and salary raise of president, chief of divisions, as well as rank 10 personnel, including vice presidents, supervisors and above.	Approved	Proceed as proposed
2022.04.14	12 th meeting 4 th Committee	Motion 1: Amendments to the Company's Articles of Incorporation.	Approved	Proceed as proposed
2022.05.05	13 th meeting 4 th Committee	Motion 1: Changes in the branch managerial officers of Brokerage Division.	Approved	Proceed as proposed
2022.08.04	14 th meeting 4 th Committee	Motion 1: Distribution of surplus bonuses for first half of 2022.	Approved	Proceed as proposed
2022.09.29	15 th meeting 4 th Committee	Motion 1: In response to the amendment to the Company's "Charter of the Employee Shareholder Committee of Horizon Securities", the Company shall increase the rewards and the bear the trust management fee when the chiefs of divisions, rank 10 personnel, vice presidents and managerial officers of branch offices handle employee shareholding trusts.	Approved	Proceed as proposed
2022.11.03	16 th meeting 4 th Committee	Motion 1: Amendment to the "Guidelines for Board Evaluation."	Approved	Proceed as proposed

(V) **Promotion of sustainable development and discrepancy and causes thereof from Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies**

Promoted items	Status of implementation (Note 1)			Discrepancies from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof.
	Yes	No	Summary	
I. Does the Company establish a governance framework for the promotion of sustainable development, delegate a unit that specializes (or is involved) in sustainable development practices? Is the sustainable development unit run by senior managerial officers and supervised by the Board of Directors? (TWSE/TPEX-Listed company shall report the execution situation instead of compliance or explanation)	✓		<p>In 2022, the Company has formulated the “Charter of Sustainable Development Committee”, and established the Sustainable Development Committee which is directly subordinate to the Board of Directors. The committee members shall be appointed by resolution at the board meetings, and consist of at least 1 independent director, with the Chairman and President acting as the ex-officio members, and the Chairman as the meeting convener and the chair of the meetings. The committee shall be responsible for the presentation and implementation of sustainable development policies, systems, or related management policies and specific promotional plans. The Committee shall follow-up on the implementation of all sustainable development measures, and report the follow-up results at the Board Meeting.</p> <p>The directors of the Company shall exercise the due care of good administrators to urge the Company to perform its sustainable development initiatives, examine the results of the implementation thereof from time to time, and continually make adjustments so as to ensure the thorough implementation of its sustainable development policies.</p> <p>The Board of Directors of the Company is advised to take full consideration of the rights and benefits of stakeholders including the following matters, in the Company’s promotion of sustainable development goals:</p>	No discrepancy

Promoted items	Status of implementation (Note 1)			Discrepancies from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof.
	Yes	No	Summary	
			<ol style="list-style-type: none"> 1. Put forward the mission or vision of sustainable development, and formulate relevant management guidelines for sustainable development. 2. Make sustainable development the guiding principle of the Company's operations and development, and ratify concrete promotional plans for sustainable development initiatives. 3. Ensure the timeliness and correctness of the sustainable development information disclosure <p>The Board of Directors shall appoint the chairman to be responsible for economic, environmental, and social issues resulting from the business operations of the Company, and to report the status to the Board of Directors.</p>	
II. Does the Company conduct risk assessments of environmental, social and corporate governance issues related to the Company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies? (Note 2)	✓		<p>While pursuing sustainability and profit, the Company practices sustainable development in accordance with the Company's "Sustainable Development Best-Practice Principles" and abides by the principles – implement corporate governance, develop a sustainable environment, and maintain social welfare. Moreover, the Company prepares "Sustainability Report" annually to report detailed explanation on the Company's policies and results.</p> <p>Regarding the climate change and environmental sustainability risk evaluation, 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</p>	No discrepancy

Promoted items	Status of implementation (Note 1)			Discrepancies from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof.
	Yes	No	Summary	
			climate change based on the interaction between the Company's daily operating activities, its services, and the environment, to determine the countermeasures and management methods and report the Company's climate change and environmental sustainability risks. Please refer to Items 6 and 7 (pages 182-186) of the Annual Report for more information on risk assessment, management policies and response strategies.	
<p>III. Environmental issues</p> <p>(I) Does the Company have an appropriate environmental management system established in accordance with its industrial character?</p>	✓		<p>(I) The Company is engaged in the finance and securities industry with no pollution and waste generated by the manufacturing industry. The main source of greenhouse gas emissions is electricity usage. The Company has been actively promoting greenhouse gas inventory and carbon reduction initiatives in accordance with the FSC's "Sustainable Development Roadmap", and has formulated a greenhouse gas inventory and verification plan that has been approved by the Board of Directors and is under its supervision and control. In 2022, we introduced ISO 14064-1 greenhouse gas inventory standardization. The boundary covers the head office, branches and subsidiaries of the Group. By compiling information and reviewing the results, we will continue to develop energy-saving and carbon-reduction strategies and formulate action plans, and integrate the concept of environmental</p>	No discrepancy

Promoted items	Status of implementation (Note 1)			Discrepancies from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof.
	Yes	No	Summary	
			sustainability into our daily operations and various services.	
(II) Is the Company committed to enhancing the utilization efficiency of energy and use renewable materials that have a low impact on the environmental?	✓		(II) The Company's energy use is mainly composed of purchased electricity accounted for the largest proportion; while others included gasoline and diesel fuel used for business vehicles and emergency generators. Currently, the Company does not use renewable energy. In 2023, the Company planned to adjust the 24-hour temperature-controlled equipment layout in the server room, move the equipment to the information server room for centralized management, and stop using central air-conditioning during nighttime and holiday overtime in the Taipei headquarter. One location was upgraded with LED energy-saving lighting in 2022. In 2023, we plan to upgrade one location with energy-saving LED lighting fixtures. The company has completely updated the UPS information equipment in three branches and the head office to reduce power consumption in 2022. In 2023, we plan to renew the UPS equipment in the office area of the headquarter. In the future, we will continue to review and gradually renew old energy-consuming air-conditioning equipment and large equipment and UPS equipment with high power consumption. By implementing energy management and enforcement, we aim to achieve short-, medium- and long-term	No discrepancy

Promoted items	Status of implementation (Note 1)			Discrepancies from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof.
	Yes	No	Summary	
			goals of 1% energy savings by 2023, 3% by 2025, and 8% by 2030, starting from 2022.	
(III) Does the Company assess the potential risks and possibilities of climate changes to the Company now and in the future, and take relevant measures?	✓		(III) In view of the increasing impact of climate change on the global environment increases and international emphasis on climate change-related risks, the Company has introduced the Task Force on Climate-related Financial Disclosure Framework in accordance with the Task Force on Climate-related Financial Disclosures (TCFD) issued by the Financial Stability Board. The Company has also amended its risk management policies and guidelines, to identify potential risks incurred by climate changes through daily business operations, services and environment interactions. Although corporates are susceptible to negative impacts of climate change, they may have growth opportunities from the climate change growth. Therefore, the Company promotes climate change-related disclosures and adaptive strategies as all supervisors' consensus, and the response measures and management are based on the four major dimensions, which are governance, strategy, risk management, indicators and objectives to disclose the "Climate Change and Environmental Sustainability Report." Also, the Company continues to improve climate-related strategies and management to respond to overall changes, and discloses annually qualitative information, financial	No discrepancy

Promoted items	Status of implementation (Note 1)			Discrepancies from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof.
	Yes	No	Summary	
			reports, annual reports regarding risk management on the company website.	
(IV) Does the Company record the greenhouse gas emissions, water consumption and total weight of waste produced in the past two years, and formulate policies on carbon reduction, greenhouse gas reduction, water consumption or other waste management?	✓		<p>(IV) 1. (1) greenhouse gas: Added 2 new business locations and introduced ISO 14064-1 greenhouse gas inventory standard in 2022, so the base year for inventory is reset to 2022. The carbon emission volume in 2022 for enterprise category I plus category II is 1,351.265 metric tons (density 1.9814 metric tons CO₂/per million revenue), and 1,219.556 metric tons in 2021 (density 6.769 tonnes/person). (2) Water consumption; 9,467 kWh (density 138.819 kWh/per million revenue), 2021 annual water consumption is 8,453 kWh (density 16.94 kWh/person). (3) Waste: 26.497 metric tons (density 0.039 metric tons/per million revenue) in 2022 and 60.778 metric tons (density 0.122 metric tons/person) in 2021.</p> <p>2. The GHG reduction target is based on 2022, with a short-term goal of 1% reduction in 2023 over 2022, a medium-term goal of 3% reduction by 2025, and a long-term goal of 8% reduction by 2030. The measures include to reduce the usage of air-conditioners, maintain indoor temperature above 26 degrees Celsius in offices, install energy-saving lighting and water saving devices (water outflow control) in all offices, replace water- or energy-consuming equipment, and reduce</p>	No discrepancy

Promoted items	Status of implementation (Note 1)			Discrepancies from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof.				
	Yes	No	Summary					
			vehicle fuel consumption and exhaust emission.					
IV. Social Issues (I) Does the Company have management policies and procedures in accordance with relevant regulations and the International Bill of Human Rights?	✓		(I) The Company and its subsidiaries abide by relevant labor laws, and agree on protection of human rights and basic principles set forth in the “Universal Declaration of Human Rights,” “Global Compact,” and “International Labour Organization Convention.” In order to implement the aforementioned declaration, and fully embody the respect for and responsibility of human rights protection, the Company has formulated the “Human Right Policy,” and disclosed it in the Company's intranet. The Company’s human rights management policy, and summary of implementation plans: <table border="1" data-bbox="952 893 1691 1404"> <thead> <tr> <th>Human rights management policy</th> <th>Plans</th> </tr> </thead> <tbody> <tr> <td>Building of a safe and healthy workplace</td> <td> <ol style="list-style-type: none"> The Company provides a safe and healthy workplace and necessary health and first-aid facilities, to eliminate the hazard factors that may affect the safety and health of employees, in order to reduce the risk of occupational accidents. The Company pays attention to and manages the situation of abnormal workloads among employees, so as to prevent over-time work. The Company implements education trainings and </td> </tr> </tbody> </table>	Human rights management policy	Plans	Building of a safe and healthy workplace	<ol style="list-style-type: none"> The Company provides a safe and healthy workplace and necessary health and first-aid facilities, to eliminate the hazard factors that may affect the safety and health of employees, in order to reduce the risk of occupational accidents. The Company pays attention to and manages the situation of abnormal workloads among employees, so as to prevent over-time work. The Company implements education trainings and 	No discrepancy
Human rights management policy	Plans							
Building of a safe and healthy workplace	<ol style="list-style-type: none"> The Company provides a safe and healthy workplace and necessary health and first-aid facilities, to eliminate the hazard factors that may affect the safety and health of employees, in order to reduce the risk of occupational accidents. The Company pays attention to and manages the situation of abnormal workloads among employees, so as to prevent over-time work. The Company implements education trainings and 							

Promoted items	Status of implementation (Note 1)			Discrepancies from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof.
	Yes	No	Summary	
			<p>health examination regarding occupational health and safety, and continues to organize activities to promote safety and health, in order to take care of the employees' mental and physical health.</p> <p>Support for collective bargaining and employees' freedom of association</p> <p>1. The Company convenes labor-management meetings on a quarterly basis, to protect the rights and obligations of both the employees and build a harmonic workplace through communications and negotiations. 2. The Company respects the employees' freedom of association, and encourages them to establish diverse clubs, and proactively encourages the employees to join the clubs.</p> <p>Protection of personal data and information security</p> <p>In order to implement the protection of the privacy of all employees, clients, and stakeholders, the Company has established comprehensive and strict personal data and security control mechanism and protection measures to ensure the security of relevant data and information.</p>	
(II) Does the Company formulate and implement reasonable employee benefits measures (including remuneration, vacation	✓		I. Compensation system: The Company has established the salary structure according to position and job rankings. The	No discrepancy

Promoted items	Status of implementation (Note 1)			Discrepancies from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof.
	Yes	No	Summary	
and other benefits), and appropriately reflect the results of operating performance in employee remuneration?			<p>employees' salaries are higher than the minimum standards of the Labor Standards Act. The Company determines the salary adjustment rate every year based on its operating conditions and the annual consumer price index (CPI) while referring to the salary levels in the same industry, and the employee salary adjustment rate is around 1% to 4%. Bonuses are distributed based on the Company's overall profit and earnings, and group bonuses are distributed with reference to the performance of each unit and individual performance. There are separate bonus regulations for Company's salespersons and traders, and bonuses are given based on the performance of the Company's future risk adjustments.</p> <p>II. Staff fringe benefits:</p> <p>(I) In addition to the compulsory basic insurance as stipulated by the laws and regulations related to the Labor Standards Act, the Company provides various welfare superior to the requirement of laws for our employees. This shows that we value each and every employee of ours. Details as follows:</p> <ol style="list-style-type: none"> 1. A total 12 days of sick leave and family leave every year. 2. Free fidelity insurance for all employees, eliminating the cumbersome process of seeking a corporate or personal guarantor. 3. Provide health examination by external 	

Promoted items	Status of implementation (Note 1)			Discrepancies from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof.
	Yes	No	Summary	
			<p>high-quality health centers and health management for our employees.</p> <p>4. Hire visually impaired masseurs and masseuses to provide stress-relieving massages for employees to relieve their stress at a discounted price in a comfortable therapy room with equipment offered by the Company.</p> <p>(II) The current employee benefit measures are described as follows:</p> <p>1. Besides the compulsory Labor insurance and National Health Insurance, the Company also takes out life insurance, group medical and cancer insurances for our employees. The Employee Welfare Committee takes out group accident insurance for the employees, in order to ensure them an overall protection. We aim to be our employees' strongest support, and thus spend more than NTD 1 million on insurance expenses annually.</p> <p>2. Starting July 2012, the Company launched the employee stock ownership trust plan. Participating employees deposit a portion of their monthly salary to the trust account, and on the other hand the Company appropriates a certain amount as incentives to purchase company shares. The aim is to encourage employees to build saving habits in a long-term and stable manner, grow with the Company, and assist them</p>	

Promoted items	Status of implementation (Note 1)			Discrepancies from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof.
	Yes	No	Summary	
			<p>with their retirement plan.</p> <p>3. We signed a service contract with Hess International Educational Group, that provides nursery care for the children of our employees.</p> <p>4. The Company sets aside a certain percentage of profit as remuneration to employees. When the Company conducts cash capital increase, a certain percentage shall be retained for the employees to subscribe.</p> <p>(III) Established the Employee Welfare Committee to handle matters related to employee benefits. Details as follows:</p> <ol style="list-style-type: none"> 1. Cash gifts for wedding, births or religious parades, such as NTD 5,000 gift money for weddings, NTD 2,000 for employees' children's weddings, NTD 10,000 for new babies. 2. NTD 1,000 bonus for Labor Day, NTD 1,000 PX Mart voucher for birthdays. 3. NTD 3,000 subsidy for employee group tour. 4. NTD 1,000 to 20,000 daily medical subsidy when hospitalized. 5. NTD 3,000 grant for in-service bachelor program per semester and NTD 4,000 grant for in-service master program per semester, to encourage our employees to pursue further studies. 6. NTD 20,000 subsidy for new established clubs to encourage employees' establishment of clubs of recreation, cultural, educational and amusement. 	

Promoted items	Status of implementation (Note 1)			Discrepancies from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof.																															
	Yes	No	Summary																																
			<p>7. Disaster relief at a maximum of NTD 30,000 per case.</p> <p>8. Gifts or cash gifts on Dragon Boat Festival, Mid-Autumn Festival and Spring Festival depending on the Company's earnings.</p> <p>9. The average benefit expense for all employees in 2022 was \$1,153 thousand.</p> <p>(IV) Workplace diversity: The recruitment policy of Horizon Securities is based on human rights and equality, regardless of gender, race, age, political orientation, marital and family status. Therefore, the composition of employees is more diversified. The gender statistics of employees and supervisors are as follows:</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Executive position</th> <th>Female</th> <th>Male</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td rowspan="3">2021</td> <td>Executive</td> <td>37</td> <td>31</td> <td>68</td> </tr> <tr> <td>Non-executive</td> <td>279</td> <td>140</td> <td>419</td> </tr> <tr> <td>Total</td> <td>316</td> <td>171</td> <td>487</td> </tr> <tr> <td rowspan="3">2022</td> <td>Executive</td> <td>39</td> <td>32</td> <td>71</td> </tr> <tr> <td>Non-executive</td> <td>302</td> <td>141</td> <td>443</td> </tr> <tr> <td>Total</td> <td>341</td> <td>173</td> <td>514</td> </tr> </tbody> </table>	Year	Executive position	Female	Male	Total	2021	Executive	37	31	68	Non-executive	279	140	419	Total	316	171	487	2022	Executive	39	32	71	Non-executive	302	141	443	Total	341	173	514	
Year	Executive position	Female	Male	Total																															
2021	Executive	37	31	68																															
	Non-executive	279	140	419																															
	Total	316	171	487																															
2022	Executive	39	32	71																															
	Non-executive	302	141	443																															
	Total	341	173	514																															
(III) Does the Company provide a safe and healthy work environment to its employees? Does the Company regularly	✓		(III) In order to provide excellent working environment and provide personal safety, the Company takes relative measures in accordance with laws and	No discrepancy																															

Promoted items	Status of implementation (Note 1)			Discrepancies from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof.
	Yes	No	Summary	
provide safety and health education for the employees?			<p>regulations regarding occupational safety and health:</p> <ol style="list-style-type: none"> 1. The Company installs firefighting and emergency escape equipment, regular maintenance for elevators and automatic power generators, installing surveillance camera in office buildings, basement, canteens and offices, and connecting to security systems. 2. According to the labor-related laws and regulations, personnel (total 13) in headquarters and all branches are delegated with responsibility for occupational safety and health. They take part in training, obtain required certificates, and are in charge of occupational safety and health related duties. 3. The Company appoints 16 personnel in total (in headquarters and all branches) to be responsible for emergency medical services. They take part in training, obtain required certificates, and are in charge of emergency medical services at the first instance. 4. The Company installs AED on the 4th and 7th floor in the headquarters to protect the employees' health. 5. The headquarters and branches organize fire prevention training and mental and physical health seminars to advocate the importance of disaster control and health education. Furthermore, the Company has appointed 13 fire prevention 	

Promoted items	Status of implementation (Note 1)			Discrepancies from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof.
	Yes	No	Summary	
			<p>managers.</p> <p>Starting in 2018, the Company appoints medical personnel in accordance with the Occupational Safety and Health Act to be in charge of the promotion policies regarding employee health services and annual health plans, in the aim to provide the employees with a safe environment and a happy workplace. In August 2019, the Company launched its “Horizon Securities Health Management Magazine (bimonthly)” to provide employees with the latest and most detailed information on health management.</p> <p>Moreover, the Company has also prepared the list of employee emergency contacts, and formulated the notification mechanisms for emergencies, measures of prevention, correction of sexual harassment at workplace, regulations for complaint and punishment.</p>	
(IV) Has the Company established an effective career development training program for the employees?	✓		(IV) The Company conducts employee performance assessment on a yearly basis, and provides employees with development training plans for the following year. The employees may choose their own training courses based on the operation goals or competency assessment through training or individual guidance from supervisors, the Company enhances work related knowledge and skills of employees, in the aim to improve their performance. Also, the Company also utilizes job rotation to place the right employees at the right position in order to improve their	No discrepancy

Promoted items	Status of implementation (Note 1)			Discrepancies from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof.
	Yes	No	Summary	
			performance.	
(V) Does the Company comply with relevant laws and regulations and international standards for issues regarding customer health and safety, customer privacy, marketing and labeling of products and services, and develop relevant consumer and customer protection policies and complaint procedures?	✓		(V) The Company engages in securities and futures business. Thus, it handles the marketing of products and sales in accordance with “Regulations governing the methods, content, and other requirements pertaining to the advertisements and solicitation or promotional activities conducted by members of the Chinese National Futures Association and Futures Trust Fund Distributors” and “Regulations governing the methods, content, and other requirements pertaining to the advertisements and solicitation or promotional activities conducted by members of the Taiwan Securities Association.” Also, it has formulated the “Regulations Governing Personal Information Protection and Personal Information File” to protect the rights of clients.	No discrepancy
(VI) Does the Company formulate a supplier management policy that requires suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and their implementation?	✓		(VI) In 2022, we established the "Regulations for Sustainable Development of Suppliers" to request our suppliers to comply with these regulations. The content of the regulations covers sustainability indicators including environmental sustainability, labor and human rights, occupational safety and health, and ethical management, as well as evaluation and review of suppliers. Eleven major suppliers have signed the "Supplier Sustainability Statement" and agreed to comply with the above-mentioned sustainability indicators and complete the	No discrepancy

Promoted items	Status of implementation (Note 1)			Discrepancies from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof.
	Yes	No	Summary	
			self-evaluation of the sustainability communication item list. The Company will continue to communicate with various suppliers and provide them with guidance.	
V. Does the Company prepare its non-financial reports such as Sustainability Report in accordance with the internationally used reporting standards or guidelines? Have such reports been assured, verified or certified by a third party?	✓		The Company prepares its sustainability reports in accordance with guidelines and framework of the “Rules Governing the Preparation and Filing of Sustainability Reports by TPEX Listed Companies,” “Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies”, “Global Reporting Initiative (GRI),” and “Task Force on Climate-Related Financial Disclosures,” and discloses the report on the company website and MOPS. The Company obtains a third party opinion from an independent accountant for its Sustainability Report starting 2021.	No discrepancy
<p>VI. If the Company has established its own corporate management principles in accordance with “Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies,” please describe its current practices and any discrepancies from the Best-Practice Principles: The Company’s “Corporate Social Responsibility Best-Practice Principles” were formulated in December 2018, and amended in April 2010 to enhance the implementation of corporate social responsibility. In January 2022, the Best-Practice Principles have been amended by the approval of the Board, and renamed as “Sustainable Development Best-Practice Principles”. The Company continues to monitor the execution status and makes improvements there on. The most recent amendment to the Sustainable Development Best-Practice Principles was made in February 2023, and there is no discrepancy between the implementation status and the Best-Practice Principles.</p>				
<p>VII. Other important information helpful for understanding the execution of sustainable development: The social contributions and services of the Company are described as follows: I. Implementation of employee care (I) The Company hired nurses to conduct healthcare activities for its employees so that they can maintain physical and mental health. These activities are as follows:</p>				

Promoted items	Status of implementation (Note 1)			Discrepancies from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof.
	Yes	No	Summary	
<p>1. In 2022, four seminars related to employee health were held: "Viral Gastroenteritis - Norovirus vs. Rotavirus", "Psychological Seminar - Interpersonal Relationships in the Workplace under Preventive Measures", "Stress Relief Course - Headache Care at Home" and "Introduction to Tuberculosis and Screening". 122 employees attended these seminars in total.</p> <p>2. In 2022, the 16th to 21st issues of the bimonthly employee healthcare magazine introduce the COVID-19, influenza, hypertension, and vegetarianism to employees.</p> <p>(II) In May 2021, when the COVID-19 pandemic was severely affected, we subsidized the epidemic insurance premiums for our employees so that they could work together with the company to fight against the disease and survive through the COVID-19 pandemic, thereby improving the employees' loyalty.</p> <p>(III) In 2022, we provided free COVID19 rapid screening test for our employees, which helped to control the disease within the company.</p> <p>(IV) Despite the impact of the pandemic in 2022, we still organized bi-monthly employee birthday parties to improve workplace harmony.</p> <p>II. Showing love to the community</p> <p>(I) Horizon Securities cooperated with its clients and employees to organize the first charity sale for the Hope and Growth Dream Project. The sale raised NT\$1.16 million in total and the entire amount was donated to children's welfare organizations. Through the charity sale, we hope to help the disadvantaged children and spread the power of love and hope, so that the disadvantaged and vulnerable children in society can grow up safely and healthily.</p> <p>(II) In order to promote social welfare and assist Association of Literacy Education, Taiwan to promote education in rural areas, hoping to care for children to focus on reading literacy learning. Horizon Securities donated \$500,000 to the Association of Literacy Education, Taiwan to support the 2nd Future Literacy Academy - Rural Reading Literacy Model School Project in 2022.</p> <p>(III) Taiwan Catholic Mission Foundation provides positive guidance to children who are brought up by grandparents in rural areas, help with supplementary class education in Taitung Luye and Guanshan tribal communities, and serve more than 30 elementary and junior high school students from aboriginal, single-parent, and economically disadvantaged families. Horizon Securities sponsored the Taiwan Catholic Mission Foundation's Taitung Luye Children's Education Care Station in Taitung, contributing NT\$350,000 to the annual meal expenses for children's tutorial classes in Luye, Taitung, and Guanshan Yuanxiang.</p> <p>(IV) Horizon Securities' ESG and CSR annual event - The Company has an industry-academia cooperation with Chihlee University of Technology, providing funds and research funds for Uganda Microcredit to assist the people of Uganda to provide for themselves with the aim of lifting the Ugandans out of poverty. The industry-academia cooperation is from December 1, 2021 to November 30, 2022, and the results are: 1. We helped 24 individual applicants and 3 organizations through 2 Ugandan churches, STC and Seven Days Association, by offering them microcredits to use for agriculture, handicrafts, and sales of home appliances, with the aim of lifting the Ugandans out of poverty. 2. We</p>				

Promoted items	Status of implementation (Note 1)			Discrepancies from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof.
	Yes	No	Summary	
<p>extend our charity work to the world, not only helping the disadvantaged in Taiwan, but also people in Africa, allowing them to support themselves.</p> <p>(V) Charity donations: In 2022, the Company donated a total of NT\$2.15 million to over 10 charity associations, to fulfill its social corporate responsibility.</p> <ul style="list-style-type: none"> ◎ Initiated five campaigns to donate coins and invoices to the "Center for Services to Youth at Risk" of Hsinchu Catholic Church. ◎ Sponsored the Center for Services to Youth at Risk of the Catholic Church of Hsinchu to provide a special care service for youths suffering from dropout, violence, self-injury, drug addiction and other behavioral problems. The services include training for care workers, care services for designated organizations, recreation and training at the "Where Young Club", and outreach support services. ◎ Sponsored the R.O.C. Sports Health Promotion Association to promote "Seminar on Promoting Sports Psychology Training and Activity Exchange Tournament" to promote the proper sports psychology to campuses and enterprises. ◎ Sponsored the New Vision Association to promote blockchain and cryptocurrency talent training, build a smart city and promote new technology knowledge to facilitate a better society. ◎ Sponsored Hualien County Growth Holistic Care Association. The association is a non-profit organization founded by Pastor Chen Zai-Huei, and is known as "Gu Ruo Si", which means "Growth". We hope to provide appropriate assistance to children from disadvantaged families with love and care so that they can get the best "Growth". ◎ Sponsored the Taiwan Environmental Information Association to help establish the "Nature Trust and Environmental Information Foundation". Together, we created the "Protect 3% of Taiwan's land and preserve biodiversity" and "Encourage 1/4 of Taiwan's population to care about the environment and take action". ◎ Sponsored Sing Sha Social Welfare Foundation, which promotes family and moral education courses to help young people develop proper family and sexual concepts. ◎ Sponsored the Eden Social Welfare Foundation's Elderly Care Service Project, which provides a variety of services including day care, home care, home for dementia, and meal delivery care to provide the physical and mental services for the elderly. <p>III. The Company organized the 2022 College Elite Recruitment and Training Program. Five new recruits joined the Company as digital finance sales personnel. The Company provided new graduates with opportunities to enter the securities industry amidst the pandemic.</p> <p>IV. In response to the implementation of the Labor Incident Act, the Company has been cooperating with the Judicial Yuan's policy to arrange for the Company's supervisors to serve as labor mediation members since 2020 to promote labor harmony and fulfill corporate social responsibility, and has assisted in more than 40 labor mediations and successfully mediated more than 20 labor disputes in 2021 and 2022.</p>				

- Note 1: If “YES” is chosen for the status of implementation, explain the important policies, strategies, measures adopted and the status of implementation. If “NO” is chosen for the status of implementation, explain the difference and the reason in the field “Difference from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons,” and explain the planning on related policies, strategies, and measures in the future. However, regarding promotion items 1 and 2, TWSE/TPEX-Listed companies should describe the governance and supervision framework of their sustainable development plans, including but not limited to management guidelines, strategy and goal formulation, and review measures, etc. The Company shall also describe its risk management policies or strategies for environmental, social and corporate governance issues, and the assessment status thereof.
- Note 2: The principle of materiality refers to the fact where environmental, social and corporate governance issues possess a significant influence on the company’s investors and other interested parties.
- Note 3: Refer to the sample of best practice announced by the Taiwan Securities Exchange Corporation, corporate governance center for the method of disclosure.

(VI) Discrepancy between the Company’s fulfillment of ethical corporate management and Ethical Corporate Management Best-Practice Principles for TWSE/TEPx-listed Principles and the reasons thereof.

Item for evaluation	Implementation status (Note 1)			Discrepancies from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof.
	Yes	No	Summary	
<p>I. Establishment of ethical corporate management policies and plans</p> <p>(I) Does the Company declare its ethical corporate management policies and procedures in its guidelines and external documents, and do the board of directors and management work proactively to implement their commitment to those management policies?</p> <p>(II) Has the Company established an evaluation mechanism for the risk of dishonest conduct? Does the Company regularly analyze and evaluate business activities with a higher risk of dishonesty in the business scope, and formulate a plan to prevent dishonest behavior, which at least covers Paragraph 2 of Article 7 in Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies?</p> <p>(III) Has the Company established relevant policies for preventing any unethical conduct? Are the implementation and reviews of the relevant procedures, guidelines, punishment for violation, and</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(I) The Company announces the policies and plans of ethical management through the “Principles of Ethical Corporate Management” and “Procedures for Ethical Management and Guidelines for Conduct” the Company formulated after resolution by the Board. Furthermore, the Company requires Directors and the top management to submit a statement of compliance with the integrity management policies, demonstrating their commitment to the policies.</p> <p>(II) The Company has established an evaluation mechanism for the risk of dishonest behavior, and it regularly analyzes and evaluates business activities with a higher risk of dishonesty in the business scope. It has also required the supervisors with the power of authorization to sign a self-evaluation form in order to prevent dishonest conduct in Subparagraph 2 of Article 7 in Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies.</p> <p>(III) In order to implement ethical management policies and proactively prevent dishonest conduct, the Company formulates measures specifying the attentions for personnel conducting businesses, and the measures for</p>	No discrepancy

Item for evaluation	Implementation status (Note 1)			Discrepancies from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof.
	Yes	No	Summary	
rules of appeal provided in the policies?			punishment and appeal in accordance with the “Principles of Ethical Corporate Management” and “Procedures for Ethical Management and Guidelines for Conduct,” and also reviews and amends such measures.	
<p>II. Fulfillment of Ethical Corporate Management</p> <p>(I) Does the Company evaluate business partners’ ethical records and include ethics-related clauses in the business contracts signed with the counterparties?</p> <p>(II) Has the Company established an exclusively (or concurrently) dedicated unit under the Board to implement ethical corporate management, and report to the Board about ethical corporate management policies, prevention of dishonest conduct plans, and the supervision on the operation on a regular basis (at least once a year)?</p>	<p>✓</p> <p>✓</p>		<p>(I) Before conducting business with other companies, the Company takes into consideration the legality and existence of dishonesty records of the counterparties to prevent business dealings with parties with dishonesty records. When signing contracts with counterparties, the content of contracts should include ethical corporate management policies and clauses indicating that should the counterparties be involved in dishonest conduct, the contact may be terminated or canceled.</p> <p>(II) The Company appoints the President’s Office to be in charge of ethical corporate management, responsible for the formulation of ethical corporation management policies and prevention plans. Relevant reports were submitted to the Board Meeting on December 22, 2022. For a sound ethical corporation management, the audit unit subordinated to the Board audits the implementation of ethical corporate management policies and prepared relevant reports and submitted them to the Board Meeting on a regular basis. The Company’s fulfillment of ethics management and</p>	No discrepancy

Item for evaluation	Implementation status (Note 1)			Discrepancies from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof.																
	Yes	No	Summary																	
			<p>conducts and the related implementation in 2022:</p> <p>A. Education and training</p> <p>Organized three online education and training sessions in 2022 to promote the concept of ethics. The course topics, hours and number of participants are listed below:</p> <table border="1"> <thead> <tr> <th></th> <th>Topics</th> <th>Hours</th> <th>Participants</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Promotion of ethical management</td> <td>27 minutes</td> <td>517 persons</td> </tr> <tr> <td>2</td> <td>Advocacy conference on the changes in laws and regulations in the first half of 2022 - Understanding the Changes in Laws and Regulations in the First Half of 2022.</td> <td>36 minutes</td> <td>503 persons</td> </tr> <tr> <td>3</td> <td>Advocacy conference on the changes in laws and regulations in second half of 2022 Understanding Fair Treatment of Customers and Procedures for Handling Customers' Complaints.</td> <td>18 minutes</td> <td>511 persons</td> </tr> </tbody> </table>		Topics	Hours	Participants	1	Promotion of ethical management	27 minutes	517 persons	2	Advocacy conference on the changes in laws and regulations in the first half of 2022 - Understanding the Changes in Laws and Regulations in the First Half of 2022.	36 minutes	503 persons	3	Advocacy conference on the changes in laws and regulations in second half of 2022 Understanding Fair Treatment of Customers and Procedures for Handling Customers' Complaints.	18 minutes	511 persons	
	Topics	Hours	Participants																	
1	Promotion of ethical management	27 minutes	517 persons																	
2	Advocacy conference on the changes in laws and regulations in the first half of 2022 - Understanding the Changes in Laws and Regulations in the First Half of 2022.	36 minutes	503 persons																	
3	Advocacy conference on the changes in laws and regulations in second half of 2022 Understanding Fair Treatment of Customers and Procedures for Handling Customers' Complaints.	18 minutes	511 persons																	

Item for evaluation	Implementation status (Note 1)			Discrepancies from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof.
	Yes	No	Summary	
			<p>B. Communicate regulatory compliance In 2022, the Compliance Office used “relevant rules governing securities firms and futures merchants providing financial services to elderly customers”, "new fair treatment of customers principles and the Company’s Procedures for Handling Customers’ Complaints", and “education and training of Financial Consumer Protection Law - Fair Treatment of Customers Principle” as the materials for the training. All employees were required to take part in the training through eLearning to facilitate the employees’ understanding of internal regulatory compliance regulations and code of conduct so as to enhance the Company’s synergy and strengthen the Company’s emphasis on consumer rights protection.</p> <p>C. Annual examination The Compliance Office conducts company-wide online self-directed exams on compliance every year in accordance with the “Law Compliance Policies” and “Regulatory Compliance Operating Procedures.” The tests cover topics such as the “Ethical Corporate Management Best-Practice Principles,” “Fair Treatment of Customers</p>	

Item for evaluation	Implementation status (Note 1)			Discrepancies from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof.
	Yes	No	Summary	
			<p>Principle,” “Personal Data Protection Act,” “Principles for Providing Financial Services to Elderly Customers” and others. The tests in 2023 will incorporate concepts such as prohibition of unethical conducts and others.</p> <p>D. Regular audit The Company implements “Unethical conduct risk assessment practices” based on Article 7 of the “Ethical Corporate Management Best-Practice Principles,” and requires all directors and managers to fill out the “Ethical Conduct Self-Evaluation Form.” The self-evaluation verifies whether they comply with the “Ethical Corporate Management Best-Practice Principles” and the “Procedures for Ethical Management and Guidelines for Conduct” when performing their duties. For 2022, the Internal Auditing Office conducted a sampling inspection of the self-evaluation forms signed by directors, supervisor and managers with the approval authority and found no unethical conducts.</p> <p>E. Grievance filing system and whistleblower protection 1. The Company has established the “Grievance Filing Case Handling Guidelines.”</p>	

Item for evaluation	Implementation status (Note 1)			Discrepancies from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof.
	Yes	No	Summary	
			<p>Whistleblowers may report their cases in writing, telephone, fax and email, and the Internal Auditing Office will assign responsible personnel to handle the cases.</p> <p>2. The Company defines the types of grievance matters, handling procedures, non-acceptable circumstances and others in the “Grievance Filing Case Handling Guidelines,” and whistleblower and personnel participating in the investigation are provided with confidentiality and protection.</p> <p>3. If the incident reported is verified to be true, the Company will take actions in accordance with the relevant internal disciplinary regulations. Before making a disciplinary decision, the Company will provide the accused with opportunities to state their opinions or appeal. The Company has also established relevant confidentiality practices to prevent whistleblowers and personnel participating in investigation from receiving unfair treatment or losing rights and interests.</p> <p>4. The status of the Company’s ethical operation practices is not much different from the “Ethical Corporate Management Best-Practice Principles for TWSE/TPEX-Listed Companies”.</p>	

Item for evaluation	Implementation status (Note 1)			Discrepancies from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof.
	Yes	No	Summary	
(III) Has the Company established policies to prevent conflicts of interest, provide appropriate communication channels, and implement them accordingly?	✓		(III) The Directors maintain a high degree of self-discipline. They may present their opinions and answers to questions. However, they should not participate in the discussion or voting but recuse themselves from the discussion or vote, and they should not act for other directors to exercise their voting rights on the motion if the motion has interests in the Director himself/herself or the legal representative he/she represents, where there is a likelihood that the interests of the Company would be prejudiced. The directors shall exercise discipline among themselves, and may not support each other in an inappropriate manner. In order to ensure that the Directors and managerial officers act in line with ethical standards, they have signed the “Statement for Avoidance of Conflict of Interest.” Furthermore, to allow stakeholders of the Company have a better understanding in the ethical standards of the Company, it has formulated the “Code of Ethical Conduct”	
(IV) Has the Company established effective accounting and internal accounting and control systems for the implementation of ethical corporate management policies, prepared audit plans according to the evaluation results of dishonesty risks, and have the results been audited by internal auditors or CPAs?	✓		(IV) The Company has established effective accounting policies and internal control polices, and reviews the design and implementation when necessary. The internal audit unit prepares annual audit plans, and audit personnel reviews the Company’s ethical corporate management according to the plan on an annual basis.	

Item for evaluation	Implementation status (Note 1)			Discrepancies from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof.
	Yes	No	Summary	
(V) Does the Company regularly hold internal and external educational training on ethical corporate management?	✓		<p>The audit unit has reported the 2022 review report on ethical corporate management to the Board Meeting on March 9, 2023.</p> <p>(V) The Company regularly promotes relevant measures for ethical corporate management. In 2021, the Company held 2 corporate management courses (Corporate Governance - Corporate Sustainability and ESG Development Trends, and New Types of Securities Crime and Market Manipulation), and 3 online courses to promote the concept of ethical corporate management.</p>	
<p>III. Operation of the Whistleblowing System</p> <p>(I) Has the Company established both a reward/whistleblowing system and convenient whistleblowing channels? Are appropriate personnel assigned to the accused party?</p> <p>(II) Has the Company established standard operating procedures for investigations on reports, follow-up measures to be taken after the investigation is completed, and related confidentiality mechanisms?</p>	<p>✓</p> <p>✓</p>		<p>III. The Company has formulated the “Guidelines for Whistleblowers.” Regulations are as follows:</p> <p>(I) Establishment of delegated complaint channels:</p> <ol style="list-style-type: none"> 1. Whistleblowing hotline: +886-2-2700-8899 #8218 2. Whistleblowing fax: +886-2-2700-1390 3. Whistleblowing email: services@honsec.com.tw 4. Whistleblowing mailing address: Please send or deliver the mail to “Internal Auditing Office – Whistleblowing Mailbox” <p>(II) The Company has formulated its “Guidelines for Whistleblowers” stipulating clear procedures for investigation reports. The Company shall keep confidential the name of whistleblowers and content of</p>	No discrepancy

Item for evaluation	Implementation status (Note 1)			Discrepancies from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof.
	Yes	No	Summary	
(III) Does the Company provide protection to whistleblowers against receiving improper treatment?	✓		reports to protect the whistleblowers from unjust treatment. (III) In order to ensure sound operations of the Company, the Company has established a comprehensive whistleblower protection system, providing whistleblowers with reporting channels for violations of the principle of ethical corporate management, or unethical behaviors of internal personnel. The Company also assigns the Internal Auditing Office directly subordinating to the Board of Directors with the authority to receive whistleblowing reports and carry out investigations.	
IV. Increasing disclosure of information (I) Does the Company have the contents of corporate management and its implementation disclosed on the website and MOPS?	✓		The Company's "Principles of Ethical Corporate Management," and "Procedures for Ethical Management and Guidelines for Conduct" are disclosed on the MOPS, and Company's websites. (Website: www.honsec.com.tw)	No discrepancy
V. If the Company has established its own corporate management principles in accordance with "Ethical Corporate Management Best-Practice Principles for TWSE/TPEX-Listed Companies," please describe its current practices and any discrepancies from the Best-Practice Principles: None.				
VI. Other important information helpful to the understanding of the Company's ethical corporate management: (Such as reviewing the Ethical Corporate Governance Best-Practice Principles of the Company for appropriate amendment) 1. In order to implement ethical management policies and proactively prevent dishonest conduct, the Company formulates measures specifying the attentions for personnel conducting businesses, and the measures for punishment and appeal in accordance with the "Procedures for Ethical Management and Guidelines for Conduct," and also reviews and amends such measures. 2. In order to establish good Board of Directors governance policy and strengthen management mechanism, the Company requires that the directors				

Item for evaluation	Implementation status (Note 1)			Discrepancies from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof.
	Yes	No	Summary	
<p>and supervisors of authority levels sign the “Ethical Conduct Self-Evaluation Table” in order to prevent unethical conduct. In addition, the directors shall also sign the “Statement for Avoidance of Conflict of Interest” to request that the directors or the juridical persons they represent recuse themselves from motions involving their interests in order to prevent conflict of interest and to protect the integrity of the Company's overall trading conducts. Moreover, the Company evaluates the performance of the Board of Directors and the Board members according to the “Guidelines for Board Evaluation.” The Company revised its “Guidelines for Board Evaluation” and includes the following evaluation items for functional committees into the evaluation scope for the Board of Directors on November 3, 2022. In addition, the Company added a performance self-evaluation survey for functional committees, including Audit Committee, Salary Remuneration Committee, Risk Management Committee, and Salary Remuneration Committee.</p>				

Note 1: Regardless of whether checking the “Yes” or “No” column, disruption must be provided in the “Description” column.

(VII) If the Company has formulated its corporate governance principles and relevant regulations, the inquiry methods should be disclosed.

1. Taiwan Stock Exchange Market Observation Post System:
Corporate Management \ Formulation of Corporate Management related regulations \ TPEX-listed company, Stock No: 6015
2. Company website:
[https:// www.honsec.com.tw](https://www.honsec.com.tw)

(VIII) Other information that facilitates the understanding in the Company's corporate governance should also be disclosed:

In order to establish sound mechanisms for the handling and disclosure of material inside information, to prevent improper information disclosures, to ensure the consistency and accuracy of information released, and to implement Article 8 of the "Regulations Governing Establishment of Internal Control Systems by Public Companies," the Company formulated the "Procedures for Handling Material Inside Information" (hereinafter referred to as "the Procedures") through the 22nd Board Meeting of the 11th Board on Dec. 24, 2009 with reference to the template released by the FSC. The Company appoints the President's Office as the delegated unit for handling material inside information. The Company has announced the Procedures on the Company's internal website for all personnel, and set up a spokesperson in accordance with the Procedures. The spokespersons or deputy spokespersons shall not speak beyond the scope of the Company's authorization. Regarding disclosure of material information to the public, records of the person, time and place of disclosure shall be kept. In case where a false report in the media is found, the spokesperson shall immediately clarify it on the MOPS and request the media to correct it.

The Company prepares the "Corporate Social Responsibility Report" (renamed as Sustainability Report in 2022) on a yearly basis, and uploads it to the MOPS and discloses it on the company website, fully disclosing information related to shareholders' rights, duty of the Board, information transparency, CSR evaluation criteria and the current status thereof, in the aim to fairly represent the status of corporate governance.

(IX) Status of Internal Control System

1. Statement of Internal Control System:

**Horizon Securities Co., Ltd.
Internal Control System Statement**

Date: March 9, 2023

The Company hereby states the results of the self-evaluation of the internal control system for 2022 based on the findings of the self-assessment:

- I. The Company acknowledges that the establishment, implementation and maintenance of the internal control system is the responsibility of the Board and managers, and the Company has already established such an internal control system. The internal control system is designed to provide reasonable assurance for the effectiveness and efficiency of the operations (including profitability, performance and protection of assets), reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations.
- II. Any internal control system has its innate limitations. No matter how robust an internal control system is designed, it can only provide reasonable assurance regarding the achievement of the above three objectives. Moreover, the effectiveness of an internal control system may vary as a result of changes in the environment and circumstances. However, the internal control system of the Company has self-monitoring mechanisms in place, and the Company will take corrective actions once any defects are identified.
- III. The Company uses the assessment items specified in the Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets (hereinafter referred to as the “Regulations”) to determine whether the design and implementation of the internal control system are effective. Based on the procedures of control, the internal control system policy is divided into five categories: 1. control environment; 2. risk assessment; 3. control activities; 4. information and communications; and 5. monitoring activities. Under each category are assessment items used in the “Regulations.” For more information on such items, refer to the “Regulations.”
- IV. The Company has adopted the aforesaid assessment items for the internal control system to determine whether the design and implementation of the internal control system are effective.
- V. Based on the results of the determination in the preceding paragraph, the Company is of the opinion that, as of December 31, 2022, the internal control system (including the supervision and management of subsidiaries, and overall execution of information security), including the design and implementation of the internal control system relating to the effectiveness and efficiency of the operations, reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations, but excluding the matters listed in the attachment, is effective and can reasonably assure the achievement of the foregoing goals.
- VI. This statement constitutes the main content of the Company’s annual report and the prospectus and is disclosed to the public. Any falsehood or concealment with regard to the said contents will entail legal liability under Articles 20, 32, 171 and 174 of the Securities and Exchange Act and under Article 115 of the Futures Trading Act.
- VII. This statement has been approved by the Board on March 9, 2023, and out of 7 attending Directors, zero posed objection to it, and the rest consented to the content expressed in this statement.

Horizon Securities Co., Ltd.

Chairman:	Signature
President:	Signature
Chief Auditor:	Signature
Chief supervisor responsible for information security:	Signature

2022 Summary of Punishments imposed on the Company's Internal Personnel by the Competent Authorities

No.	Date	Laws or regulations violated	Department, rank	Deficiency	Improvement
1	2021.12.28 Tai-Zheng-Fu-Zi Letter Number 1100503909	In violation of Article 18 paragraph 2 of Operating Rules of the Taiwan Stock Exchange Corporation, Article 18 paragraph 2 items 3, 10, 11, and 13 of the Regulations Governing Responsible Persons and Associated Persons of Securities Firms and the provision in CA-11210 Accepting Orders and Closing Orders (42) of Standard Directions for Internal Control Systems in Securities Firms, stipulating that the Company's responsible person, salespersons of all levels and other employees shall not violate Article 18 - "Legal Compliance Obligation" of the Regulations Governing Responsible Persons and Associated Persons of Securities Firms when accepting client's commission to buy or sell securities or engaging in the securities business.	Bai, former brokerage-entrusted trader of Tainan Branch, was suspended from performing duties for 6 months.	<ol style="list-style-type: none"> 1. Bai did not carry out securities trades according to the terms of conditions of the entrustment agreement. 2. Bai falsely reported multiple trades through telephone and LINE to the customer, causing the customer to be misinformed with the transactions and inventory history in his/her account. 3. Bai embezzled the money in customer's account, and kept custody of the customer's passbook. 4. Bai accepted discretionary account operations from the customer. 	<ol style="list-style-type: none"> 1. The Company has dismissed Bai. 2. The supervisor of former employee, Bai, is required to make strict supervision and ensure compliance with the laws and regulations. 3. No abnormalities were found in the follow-up investigation for 10 consecutive business days. The improvement on this case will be reported to the Taiwan Stock Exchange for review.
2	2022.06.08 Tai-Zheng-Fu-Zi Letter Number 1110501576	In violation of Article 18 paragraph 2 and Article 75 paragraph 4 of Operating Rules of the Taiwan Stock Exchange Corporation, Article 8 paragraph 3 of the Regulations Governing Brokerage Contracts of Securities Brokers, Article 18 paragraph 2 items 11 of the Regulations Governing Responsible Persons and Associated Persons of Securities Firms, the provisions in CA-11210 Accepting Orders and Closing Orders (42) of Standard Directions for Internal Control Systems in Securities Firms,	Tsai, former brokerage-entrusted trader of Taichung Branch, was suspended from performing duties for 4 months.	<ol style="list-style-type: none"> 1. Accepted discretionary trading for securities. 2. Accepted full authority to determine the purchase and sale price of entrusted trading. 3. Kept custody of customer's passbook. 4. Brought laptop to the operating site without following the Company's procedures. 	<ol style="list-style-type: none"> 1. The Company's internal investigation team found Tsai's violations. Tsai was suspended from his/her duties for one month (4/1~4/30) and given 1 minor demerit by the resolution of the Reward and Penalty Committee on March 18. The Company canceled the registration of Tsai on April 1, and Tsai submitted his/her resignation to the Company with last working day on April 15. 2. The supervisor of former employee, Bai,

No.	Date	Laws or regulations violated	Department, rank	Deficiency	Improvement
		<p>stipulating that the Company's responsible person, salespersons of all levels and other employees shall not violate Article 18 - "Legal Compliance Obligation" of Regulations Governing Responsible Persons and Associated Persons of Securities Firms when accepting client's commission to buy or sell securities or engaging in the securities business, and CC-21100 Application of Emerging Technology (3)-(2) of Standard Directions for Internal Control Systems in Securities Firms stipulating that "Regulations governing the management of employees bringing their own mobile devices shall include the following items: ... B. Shall enter a user agreement ... with the user"</p>			<p>is required to make strict supervision and ensure compliance with the laws and regulations.</p> <p>3. No abnormalities were found in the follow-up investigation for 10 consecutive business days. The improvement on this case will be reported to the Taiwan Stock Exchange for review.</p>

No.	Date	Laws or regulations violated	Department,	No.	Date
3	2022.7.25 Jin-Guan-Cheng-Quan-Zi No.: 11103832401	Paragraph 2, Article 2 of the Regulations Governing Securities Firms	The Company	<p>Financial Examination Bureau found the following deficiencies during an inspection from July 29 - Aug 19, 2021.</p> <ol style="list-style-type: none"> 1. When handling the verification of securities trading entrusted to internal personnel, the Company's verification system did not inspect the details of transactions that took place within 5 minutes before the entrusted trade, and the Company did not verify the trades in the same direction that took place within 5 minutes of the purchase and sales of the same item on the same trading day as handled by the traders and their top 10 customers in accordance with the established transaction verification principles. 2. On brokerage trade of securities, some of the statements were sent to the personal email of the sale personnel of the Company were without authentication. 3. The Company handled foreign securities trading without establishing an evaluation mechanism and price verification procedure for the open operation of target markets in individual countries. 4. Regarding anti-money laundering and counter-terrorism, the Company did not perform due diligence or verify the beneficial owner when engaging in business with a juristic person, and did not perform high and low level risk 	<p>After receiving the inspection report, the Company has been making improvements for the deficiencies. Evaluation regarding money laundering will be completed by December 2022 and reported to close the case.</p>

				evaluation on customers within the timeframe as established in its procedures.	
4	2022.11.22 Jin-Guan-Cheng-Quan-Zi No.: 11103851661	Article 18 Paragraph 1 and Paragraph 2 Item 3, 10, 11, and 13 of the Regulations Governing Responsible Persons and Associated Persons of Securities Firms, and Article 37 Paragraph 4, 5, 17, and 18 of Regulations Governing Securities Firms	The Company	<p>1. In the documentary review for Tainan Branch on October 28, 2021, the Taiwan Stock Exchange found that Bai violated principles of ethical conduct. Bai did not carry out securities trading as entrusted by customer Chuang, concealed transactions and misreported to Chuang, embezzled Chuang's funds, kept Chuang's passbook in custody, and accepted discretionary account operations from Chuang.</p> <p>The Branch Manager, Hu, failed to discover Bai's personal financial distress, and off-table dealings with the customer. Hu was determined to have insufficient sensitivity and poor supervision.</p>	<p>1. The Company has dismissed Bai.</p> <p>2. As punishment, the Branch Manager was given 1 minor demerit, and his base salary deducted by 10% for 3 months by the resolution of the 25th Board Meeting of the 15th Board.</p>

2. Internal Control System Statement for Anti-money Laundering and Countering the Financing of Terrorism:

Internal Control System Statement for Anti-money Laundering and Countering the Financing of Terrorism

We, the Undersigned, hereby on behalf of Horizon Securities Co., Ltd. declared that during the period beginning January 01, 2022 until December 31, 2022, we did faithfully build the internal control system policy in accordance with laws and regulations regarding anti-money laundering and countering the financing of terrorism, and implemented risk management. The aforesaid matters are audited by the independent audit unit and reported to the Board and Audit Committee. Through prudent evaluation, we declare that the implementations of anti-money laundering and countering the financing of terrorism and law compliance by each unit during the current fiscal year are all effective, besides the matters stated in the attached “Improvement Plan for Internal Control System Statement for Anti-money Laundering and Countering the Financing of Terrorism.”

Best regards

Financial Supervisory Commission (FSC)

Declarants

Chairman: (Signature)

President: (Signature)

Chief Auditor: (Signature)

Chief officer in charge of Prevention of Money Laundering and Combating the Financing Terrorism: (Signature)

March 9, 2023

3. If review of the internal control system has been conducted by entrusted CPAs, the CPAs’ review report must be disclosed: None.

(X) If there are penalties imposed upon the Company and its employees in accordance with laws, penalties imposed by the Company upon its employees for violating internal control system policy, where the results of the penalties are likely to pose material impact on shareholders' rights and securities price, the Company should state the content of penalty, principal deficiencies, and improvement status: None.

No.	Date	Laws or regulations violated	Department, rank	Deficiency	Improvement
—	—	—	—	—	—

(XI) Important resolutions of the shareholders' meeting and Board Meeting during the most recent fiscal year and as of the printing date of this annual report

1. Important resolutions of the shareholders' meeting

Date	Motion
2022.05.27 Shareholders' Meeting	1. Approval of the 2021 Business Report and Financial Statements 2. Approval of the Company's 2021 profit distribution.

2. Important resolutions of the Board Meeting

Date	Motion	Issues stated in Article 14-3 or 14-5 of the Securities and Exchange Act:	Independent Directors' opinions and the Company's response	Resolutions at the Board Meetings and Audit Committee Meetings
2022.01.20	1. 2022 budget plan	—	None	Approved by resolution of all attending Directors
	2. Application for credit line renewal from Bank of Taiwan. Application for commercial paper facilities from KGI Bank	—	None	Approved by resolution of all attending Directors
	3. Amendments to the Company's "Fair Treatment of Customers Principle"	—	None	Approved by resolution of all attending Directors
	4. Determining the overall 2022 risk appetite of the Company	—	None	Approved by resolution of all attending Directors
	5. Amendments to the 2021 "Internal Control Policies."	v	None	Approved by deliberation of Audit Committee members; Approved by resolution of all attending Directors
	6. Amendments to the Company's "Corporate Social Responsibility Best-Practice Principles" and "Corporate Governance Best-Practice Principles"	—	None	Approved by resolution of all attending Directors
	7. Amendments to the Company's "Organizational Chart"	—	None	Approved by resolution of all attending Directors
	8. Continuing contract with Yu-Hsiang Cheng as the Company's consultant	—	None	Approved by resolution of all attending Directors
	9. Distribution of surplus bonuses for second half of 2021.	—	None	Approved by resolution of all attending Directors
	10. 2021 Distribution of remuneration to employees	—	None	Approved by resolution of all attending Directors
	11. Chairman's remuneration	—	None	Approved by resolution of all attending Directors
	12. Establishing a new position of Chief Strategy Officer	—	None	Approved by resolution of all attending Directors
2022.03.03	1. The Company applies to International Bills Finance Corp. for credit extension.	—	None	Approved by resolution of all attending Directors

Date	Motion	Issues stated in Article 14-3 or 14-5 of the Securities and Exchange Act:	Independent Directors' opinions and the Company's response	Resolutions at the Board Meetings and Audit Committee Meetings
	2. The Company applies to Shanghai Commercial and Savings Bank and King's Town Bank for credit extension.	—	None	Approved by resolution of all attending Directors
	3. Report of the Company's 2021 consolidated, individual financial report and Business report.	v	None	Approved by deliberation of Audit Committee members; Approved by resolution of all attending Directors
	4. The appointment of 2022 new CPAs and CPA fees.	v	None	Approved by deliberation of Audit Committee members; Approved by resolution of all attending Directors
	5. Proposed to formulate the Company's 2021 "Statement on Internal Control" and "Statement on Internal Control of Anti-Money Laundering and Countering Terrorism Financing."	v	None	Approved by deliberation of Audit Committee members; Approved by resolution of all attending Directors
	6. Amendments to the 2021 "Internal Control Policies."	v	None	Approved by deliberation of Audit Committee members; Approved by resolution of all attending Directors
	7. 2021 Distribution of remuneration to directors.	—	None	Approved by resolution of all attending Directors
	8. Time and date, and motions of 2022 Shareholders' Meeting.	—	None	Approved by resolution of all attending Directors
	9. Appointment of vice president at pay level 10 of the Brokerage Division.	—	None	Approved by resolution of all attending Directors
	10. 2022 Promotion and salary raise of President, chief of divisions, as well as rank 10 personnel, including Vice Presidents, Supervisors and above.	—	None	Approved by resolution of all attending Directors
2022.04.14	1. Amendments to the attachments to "Attentions to the Countering the Financing of Terrorism"	—	None	Approved by resolution of all attending Directors
	2. Amendments to the "Guidelines for Lending Money Without Specific Purposes"	—	None	Approved by resolution of all attending Directors
	3. Proposal to sign a contract with CTBC Bank Co., Ltd. Hong Kong Branch regarding foreign bond custodian bank services, and opening of custodian bank cash settlement account at the Company	—	None	Approved by resolution of all attending Directors
	4. Amendments to the 2021 "Internal Control Policies."	v	None	Approved by deliberation of Audit Committee members; Approved by resolution of all attending Directors
	5. The Company applies to Hua Nan Commercial Bank, Ltd. for line of credit renewal.	—	None	Approved by resolution of all attending Directors
	6. The Company applies to Yuanta Bank for line of credit.	—	None	Approved by resolution of all attending Directors
	7. Application for undertaking commercial paper facilities from China Bills Finance Corporation	—	None	Approved by resolution of all attending Directors

Date	Motion	Issues stated in Article 14-3 or 14-5 of the Securities and Exchange Act:	Independent Directors' opinions and the Company's response	Resolutions at the Board Meetings and Audit Committee Meetings
	8. Amendments to the "Regulations Governing the Acquisition and Disposal of Assets"	v	None	Approved by deliberation of Audit Committee members; Approved by resolution of all attending Directors
	9. Company's 2021 profit distribution, cash dividend distribution, and stock dividend distribution	—	None	Approved by resolution of all attending Directors
	10. Offering new common shares through private placement for raising capital.	v	None	Approved by deliberation of Audit Committee members; Approved by resolution of all attending Directors
	11. Proposal for the new share issuance by capitalization of retained earnings	—	None	Approved by resolution of all attending Directors
	12. Amendments to the Company's "Regulations for Supervising Subsidiaries"	—	None	Approved by resolution of all attending Directors
	13. Amendments to the "Articles of Incorporation."	—	None	Approved by resolution of all attending Directors
	14. Amendments to the Company's "Rules of Procedure for Shareholders Meetings" and "Corporate Governance Best-Practice Principles".	—	None	Approved by resolution of all attending Directors
	15. Time and date, and means of convening, and additional motions of 2022 Shareholders' Meeting.	—	None	Approved by resolution of all attending Directors
2022.05.05	1. Report of the Company's 2022 Q1 consolidated financial report.	v	None	Approved by deliberation of Audit Committee members; Approved by resolution of all attending Directors
	2. Determining the overall 2022 risk appetite adjustment of the Company	—	None	Approved by resolution of all attending Directors
	3. Amendments to the 2022 "Internal Control Policies for Service Business."	v	None	Approved by deliberation of Audit Committee members; Approved by resolution of all attending Directors
	4. Proposal to expand operating sites.	—	None	Approved by resolution of all attending Directors
	5. Change in the location of Minsheng Branch	—	None	Approved by resolution of all attending Directors
	6. Changes in the managers of branch offices.	—	None	Approved by resolution of all attending Directors
2022.06.30	1. The Company applies to KGI Bank for line of credit, limit on issuance of non-guarantee commercial paper and limit on financial instruments transactions.	—	None	Approved by resolution of all attending Directors
	2. The Company applies to Cathay United Bank for line of credit and financial transaction limit renewal.	—	None	Approved by resolution of all attending Directors
	3. Proposal for the new share issuance by capitalization of retained earnings and distribution of cash dividends	—	None	Approved by resolution of all attending Directors

Date	Motion	Issues stated in Article 14-3 or 14-5 of the Securities and Exchange Act:	Independent Directors' opinions and the Company's response	Resolutions at the Board Meetings and Audit Committee Meetings
	4. Revise the "Hierarchy of Responsibility Table" of the Brokerage Division.	—	None	Approved by resolution of all attending Directors
	5. Appointment of permanent legal adviser.	—	None	Approved by resolution of all attending Directors
	6. Amendments to the Company's "Fair Treatment of Customers Principle"	—	None	Approved by resolution of all attending Directors
	7. Abolition of "Regulations for Self-Inspection of Branch Offices"	—	None	Approved by resolution of all attending Directors
2022.08.04	1. Reviewing the overall 2022 H2 risk appetite of the Company	—	None	Approved by resolution of all attending Directors
	2. The Company applies to Taiwan Shin Kong Commercial Bank and Mega International Commercial Bank for line of credit.	—	None	Approved by resolution of all attending Directors
	3. The Company applies to Taishin International Bank for comprehensive credit line and derivatives limits.	—	None	Approved by resolution of all attending Directors
	4. Report of the Company's 2022 Q2 consolidated and individual financial report.	v	None	Approved by deliberation of Audit Committee members; Approved by resolution of all attending Directors
	5. Changes to the 2022 budget plan.	—	None	Approved by resolution of all attending Directors
	6. Amendments to the attachments to "Attentions to the Countering the Financing of Terrorism"	—	None	Approved by resolution of all attending Directors
	7. Amendments to the 2021 and 2022 "Internal Control Policies."	v	None	Approved by deliberation of Audit Committee members; Approved by resolution of all attending Directors
	8. Renewal of the "Liability Insurance for Directors and Important Personnel"	—	None	Approved by resolution of all attending Directors
	9. Distribution of surplus bonuses for first half of 2022.	—	None	Approved by resolution of all attending Directors
2022.09.29	1. Amendments to the Company's "Fair Treatment of Customers Principle"	—	None	Approved by resolution of all attending Directors
	2. Amendments to the 2022 "Internal Control Policies."	v	None	Approved by deliberation of Audit Committee members; Approved by resolution of all attending Directors
	3. Amendments to the "Procedures for Wealth Management Business."	—	None	Approved by resolution of all attending Directors
	4. Formulation of the Company's "Regulations Governing the emerging share trading by Capital Market Division"	—	None	Approved by resolution of all attending Directors
	5. Amendment to "Rules of Procedure for Board of Directors Meetings."	—	None	Approved by resolution of all attending Directors
	6. Establishment of "Sustainable Development Committee" and revision of the Company's "organizational chart"	—	None	Approved by resolution of all attending Directors
	7. Pursuant to the revised "Charter of the Employee	—	None	Approved by resolution

Date	Motion	Issues stated in Article 14-3 or 14-5 of the Securities and Exchange Act:	Independent Directors' opinions and the Company's response	Resolutions at the Board Meetings and Audit Committee Meetings
	Shareholder Committee of Horizon Securities”, the Company shall increase the rewards and the bear the trust management fee when handling employee shareholding trusts.			of all attending Directors
	8. Continuing contract with consultants	—	None	Approved by resolution of all attending Directors
2022.11.03	1. Report of the Company’s 2022 Q3 consolidated financial report.	v	None	Approved by deliberation of Audit Committee members; Approved by resolution of all attending Directors
	2. Independence evaluation of the 2022 CPAs.	v	None	Approved by deliberation of Audit Committee members; Approved by resolution of all attending Directors
	3. Amendments to the Company’s “Guidelines for Risk Management Policies”	—	None	Approved by resolution of all attending Directors
	4. Amendments to the “Procedures for Handling Material Inside Information”	—	None	Approved by resolution of all attending Directors
	5. Amendment to the “Guidelines for Board Evaluation”	—	None	Approved by resolution of all attending Directors
2022.12.22	1. Application for commercial paper facilities from Ta Ching Bills Finance Corp. and Taishin International Bank.	—	None	Approved by resolution of all attending Directors
	2. Amendments to the “Accounting Policy”	—	None	Approved by resolution of all attending Directors
	3. Amendments to the Company’s “Fair Treatment of Customers Principle”	—	None	Approved by resolution of all attending Directors
	4. Abolition of “Guidelines for Service Quality for Online Order Placement”	—	None	Approved by resolution of all attending Directors
	5. Punishment for the Tainan Branch manager	—	None	Approved by resolution of all attending Directors
	6. Amendments to the 2022 “Internal Control Policies.”	v	None	Approved by deliberation of Audit Committee members; Approved by resolution of all attending Directors
	7. Formulating the Company’s 2023 internal audit plan for securities and futures	—	None	Approved by resolution of all attending Directors
	8. Promotion of the 2023 sustainable development and ESG plans	—	None	Approved by resolution of all attending Directors
2023.01.12	1. 2023 budget plan	—	None	Approved by resolution of all attending Directors
	2. Application for commercial paper facilities from KGI Bank	—	None	Approved by resolution of all attending Directors
	3. Determining the overall 2023 risk appetite of the Company	—	None	Approved by resolution of all attending Directors
	4. Amendments to the “General Principles of Risk Control.”	—	None	Approved by resolution of all attending Directors
	5. Amendments to the 2022 “Internal Control Policies.”	v	None	Approved by deliberation of Audit

Date	Motion	Issues stated in Article 14-3 or 14-5 of the Securities and Exchange Act:	Independent Directors' opinions and the Company's response	Resolutions at the Board Meetings and Audit Committee Meetings
				Committee members; Approved by resolution of all attending Directors
	6. Amendments to the 2022 "Internal Control Policies for Service Business."	v	None	Approved by deliberation of Audit Committee members; Approved by resolution of all attending Directors
	7. Distribution of surplus bonuses for second half of 2022.	—	None	Approved by resolution of all attending Directors
2023.02.23	1. The Company underwrites second unsecured convertible bonds issued by Cyber Power Systems, Inc.	—	None	Approved by resolution of all attending Directors
	2. Proposal to increase operating capital allocation for futures proprietary trading	—	None	Approved by resolution of all attending Directors
	3. Application for issuing commercial paper facilities from China Bills Finance Corporation	—	None	Approved by resolution of all attending Directors
	4. Report of the Company's 2022 consolidated, individual financial report and Business report.	v	None	Approved by deliberation of Audit Committee members; Approved by resolution of all attending Directors
	5. The Company's 2022 profit distribution.	—	None	Approved by resolution of all attending Directors
	6. Independence evaluation of the 2023 CPAs.	v	None	Approved by deliberation of Audit Committee members; Approved by resolution of all attending Directors
	7. The appointment of 2023 new CPAs and CPA fees.	v	None	Approved by deliberation of Audit Committee members; Approved by resolution of all attending Directors
	8. Amendments to the "Guidelines for Financial and Business Operations between Related Parties"	—	None	Approved by resolution of all attending Directors
	9. Amendments to the "Corporate Governance Best-Practice Principles", and "Sustainable Development Best Practice Principles", and formulation of "Self Discipline Standards for Disclosure of Merger Information".	—	None	Approved by resolution of all attending Directors
	10. Continuing contract with Yu-Hsiang Cheng as the Company's consultant	—	None	Approved by resolution of all attending Directors
2023.03.09	1. The Company applies to Bank of Taiwan for line of credit renewal	—	None	Approved by resolution of all attending Directors
	2. Proposal not to carry out capital increase by cash through private placement of shares before the end of the private placement approved at the Shareholders' Meeting in 2022.	v	None	Approved by deliberation of Audit Committee members; Approved by resolution of all attending Directors
	3. Offering new common shares through private placement for raising capital.	v	None	Approved by deliberation of Audit

Date	Motion	Issues stated in Article 14-3 or 14-5 of the Securities and Exchange Act:	Independent Directors' opinions and the Company's response	Resolutions at the Board Meetings and Audit Committee Meetings
				Committee members; Approved by resolution of all attending Directors
	4. Proposed to formulate the Company's 2022 "Statement on Internal Control" and "Statement on Internal Control of Anti-Money Laundering and Countering Terrorism Financing."	v	None	Approved by deliberation of Audit Committee members; Approved by resolution of all attending Directors
	5. Amendments to the "Articles of Incorporation."	—	None	Approved by resolution of all attending Directors
	6. Time and date, and motions of 2023 Shareholders' Meeting.	—	None	Approved by resolution of all attending Directors
	7. 2023 Salary raise of President, chief of divisions, as well as rank 10 personnel, including Vice Presidents, Supervisors and above.	—	None	Approved by resolution of all attending Directors
2023.04.13	1. The Company applies to Hua Nan Commercial Bank, Ltd. for line of credit renewal.	—	None	Approved by resolution of all attending Directors
	2. The Company applies to Shanghai Commercial and Savings Bank and King's Town Bank for credit extension.	—	None	Approved by resolution of all attending Directors
	(3) The notes to the Company's proposal to increase the capital in cash through private placement of common shares.	v	None	After being approved by the Audit Committee, approved by resolution of all attending Directors
	4. The Company proposed to increase its investment in Taiwan Stock Exchange Corporation.	—	None	Approved by resolution of all attending Directors
	5. The Company proposed to conduct "Securities Firms Trading in Securities on a Fixed-Term, Fixed-Amount Basis".	—	None	Approved by resolution of all attending Directors
	6. Amendments to the 2023 "Internal Control Policies for Service Business."	v	None	After being approved by the Audit Committee, approved by resolution of all attending Directors
	7. The Company proposed to establish subsidiary, Horizon Private Placement Equity Co., Ltd., to serve as a common partner for the venture capital investment undertaking and private placement equity funds.	—	None	Approved by resolution of all attending Directors
	8. Overall election of directors and the Board of Directors, and nomination of candidates for the 16th Board of Directors and Independent Directors.	—	None	Approved by resolution of all attending Directors
	9. Motion to be added to the 2023 Annual General Shareholders' Meeting.	—	None	Approved by resolution of all attending Directors
	10. Remuneration, compensation and traveling expenses of the 16th session of the board of directors.	—	None	Approved by resolution of all attending Directors
	11. The remuneration and travel expenses for the next term of the functional committee members.	—	None	Approved by resolution of all attending Directors
2023.05.04	1. The Company applies to International Bills Finance Corp. for credit extension.	—	None	Approved by resolution of all attending Directors
	2. Report of the Company's 2023 Q1 consolidated financial report.	v	None	After being approved by the Audit Committee,

Date	Motion	Issues stated in Article 14-3 or 14-5 of the Securities and Exchange Act:	Independent Directors' opinions and the Company's response	Resolutions at the Board Meetings and Audit Committee Meetings
				approved by resolution of all attending Directors
	3. Appointment of managerial officers for futures proprietary trading operations.	—	None	Approved by resolution of all attending Directors

3. The resolutions of 2022 Shareholders' Meeting and review on implementation

No.	Motion	Status
Reports		
1	2021 Business Report	Resolved after reported
2	Review of 2021 financial statements by the Audit Committee.	Resolved after reported
3	Distribution of 2021 remuneration to employees and Directors.	Resolved after reported
4	Distribution of cash dividend of the Company's 2021 profit.	Resolved after reported
Proposals		
1	2021 Business Report and Financial Statements	Proceed as proposed
2	The Company's 2021 profit distribution.	Distribution on Aug. 31, 2022. (Cash dividends: NT\$ 1.8 per share; stock dividends: NT\$ 0.6 per share)
Discussions		
1	Proposal for the new share issuance by capitalization of retained earnings	paid-in capital after capital increase: NT\$ 3,512,515,950.
2	Offering new common shares through private placement for raising capital.	It was resolved at the 28th Board Meeting of the 15th Board on March 9, 2023 not to carry out capital increase by cash through private placement of shares before the end of the previous private placement.
3	Amendments to the "Articles of Incorporation."	The Company is operating in accordance with the amended Articles of Incorporation.
4	Amendment to "Rules of Procedure for Shareholders' Meetings."	The Company is operating in accordance with the amended Rules of Procedure for Shareholders Meetings.
5	Amendments to the "Regulations Governing the Acquisition and Disposal of Assets"	The Company is operating in accordance with the amended "Regulations Governing the Acquisition and Disposal of Assets"
Extemporaneous Motions: None.		

In the event that any director or supervisor expressed a dissenting opinion regarding any of the important resolutions passed at the Board Meeting during the most recent fiscal year and up to the date on which this Annual Report was printed, and the opinion was recorded or delivered in writing, please provide its main content: None.

(XII) In the event that any director or supervisor expressed a dissenting opinion regarding any of the important resolutions passed at the Board Meeting during the most recent fiscal year and up to the date on which this Annual Report was printed, and the opinion was recorded or delivered in writing, please provide its main content: None.

(XIII) **Summary of resignation or dismissal of the company's chairman, president, accounting manager(s), financial manager(s), internal audit manager(s), corporate governance manager(s) and R&D manager(s) during the most recent fiscal and up to the date on which the annual report was printed: None.**

IV. Information on CPA Professional Fees

Unit: NTD thousand

Name of accounting firm	Name of CPA	CPA inspection period	Auditing fee	Non-auditing fee	Total	Remarks
Ernst & Young Global Limited	James Huang	2022.01.01 – 2022.12.31	2,315	679	2,994	Non-audit fees include tax filing, review report for the distribution of share dividends, and paperwork and photocopying of the financial reports.
	Spencer Ma					

Please specify the service content of non-audit fees: (such as tax filing, assurance engagement, or other financial consulting services)

Note: If there is a change in CPAs or CPA firms, please specify the respective audit inspection periods, provide reasons for the change in the remarks, and disclose the auditing fees and non-audit fees paid accordingly. For non-audit fees, the service content shall be provided as footnotes.

Matters shall be disclosed in any of the following circumstances.

- (I) In the event that the non-audit fees paid to the certified public accountant, to the accounting firm of the certified public accountant, and/or to any affiliated enterprise of such accounting firm are one quarter or more of the audit fees paid thereto, the amounts of both audit and non-audit fees as well as details of non-audit services shall be disclosed.**

The 2022 auditing fee was NT\$ 2,315 thousand; non-audit fee was NT\$ 679 thousand accounting for 29% of the auditing fee. Non-audit service include tax filing, preparation of review report for the distribution of share dividends, and paperwork and photocopying of the financial reports.

- (II) In the event that the accounting firm has been changed and that the amount of audit fees paid during the fiscal year when the change occurs is lower than that paid during the previous fiscal year, the amounts decreased and percentage of decrease must be disclosed.**

N/A. No changing of accounting firm in 2022.

- (III) In the event that the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10% or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) thereof shall be disclosed.**

N/A. There are no such matters in 2022.

V. Information on Replacement of CPAs

In 2022, due to internal job rotation of Ernst & Young Global Limited, the original CPAs, James Huang and Bob Chang, were replaced by James Huang and Spencer Ma.

(1) On the predecessor CPAs

Date of CPA replacement:	March 3, 2022		
Reasons and description of replacement:	Internal job rotation of Ernst & Young Global Limited		
The commissioner or CPA terminates or declines the commission	Counterparty	CPAs	Commissioner
	Termination or decline		
	Termination	N/A	N/A
	Decline	N/A	N/A
Opinions and reasons of audit reports issued during the most recent two years, excluding those issued with unqualified opinion.	None		
Any differences in opinions with the issuers?	Yes		Accounting principles or practice
			Disclosure of financial reports
			Scope or steps of audits
			Others
	None	V	
Description			
Other matters for disclosure (Matters covered from item 1-4 to 1-7, subparagraph 6, Article 10 of the Regulations Governing Information to be Published in Annual Reports of Public Companies should be disclosed)	None		

(2) On the successor CPAs

Name of accounting firm	Ernst & Young Global Limited
Name of CPA	James Huang and Spencer Ma.
Date of commissioning	April 8, 2022
Matters regarding the accounting treatment of or application of accounting policies to a specific transaction or the type of audit opinion that might be rendered on the company's financial report, and the successor CPAs' opinion thereto.	N/A
Written disagreements from the succeeding auditor against the opinions made by the former CPA	N/A

VI. Company chairman, President, or Any Managerial Officer in Charge of Finance or Accounting Matters in the Most Recent Fiscal Year Holding a

Position at the Company's CPA Accounting Firm or at an Affiliated Enterprise of Such Accounting Firm

VII. Any Transfer of Equity Interests and/or Pledge of or Change in Equity Interests (During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report) by a Director, Supervisor, Managerial Officer, or Shareholder with a Stake of More than 10 Percent

(I) Share changes by directors, supervisors, managers, and major shareholders

Title	Name	2022		As of April 2 of the year	
		Shareholding increase (decrease)	Pledged share increase (decrease)	Shareholding increase (decrease)	Pledged share increase (decrease)
Chairman	Ke-Chyn Jiang	(3,059,101)	(2,950,000)	—	—
Director	Cheng-Da Investment Consulting Co., Ltd.	1,990,200	(2,000,000)	—	—
Director	Chia-Hung Lee	3,000	—	—	—
Director	Jyun-De Li	—	—	—	—
Independent Director	HSIAO, CHEN-CHI	—	—	—	—
Independent Director	CHEN, YUH-JEN	—	—	—	—
Independent Director	Che-Ying Liaw	—	—	—	—
Director and President	Jamie Lin	122,265	—	—	—
Vice president of the Internal Auditing Office	Rogers Huang	(14,262)	—	—	—
Assistant Vice President of Internal Auditing Office	Hui-Wen Wu	—	—	—	—
Vice President of Risk Management Office	Vicki Chen	780	—	—	—
Senior Vice President of Compliance Office	Lillian Chen	12,500	—	—	—
Vice President of President's Office	Shao-Chen Chiang	10,362	—	—	—
Senior Assistant Vice President of President's Office	Kuo-Ching Chen	—	—	—	—
Assistant Vice President of President's Office	John Jiang	23,829	—	—	—
Vice President of Finance Division	Chilli Hsieh	78,116	—	—	—
Assistant Vice President of Finance Division	Meng-Wei Lu	—	—	—	—

Title	Name	2022		As of April 2 of the year	
		Shareholding increase (decrease)	Pledged share increase (decrease)	Shareholding increase (decrease)	Pledged share increase (decrease)
Vice President of Digital Products Division	Liang-Chen Chu	—	—	—	—
Assistant Vice President of Digital Products Division	Kuei-Ching Huang	—	—	—	—
Assistant Vice President of Digital Products Division	Justine Lin	—	—	—	—
Senior Assistant Vice President of Operations Service Division	Franco Jiang	47	—	—	—
Assistant Vice President of Operations Service Division	Joyce Lai	(17,062)	—	—	—
Assistant Vice President of Operations Service Division	Julie Sue	—	—	—	—
Senior Vice President of Proprietary Investment Division	May Lin	1,656	—	—	—
Vice President of Proprietary Investment Division	Alex Tsai	617	—	—	—
Senior Vice President of Capital Market Division	Gilbert Chang	249,107	—	—	—
Vice President of Capital Market Division	Lingc Huang	—	—	—	—
Vice President of Capital Market Division	Chih-Sung Jen	—	—	—	—
Senior Assistant Vice President of Capital Market Division	Christine Chang	82	—	—	—
Senior Assistant Vice President of Capital Market Division	Sophia Liu	(9,400)	—	—	—
Senior Assistant Vice President of Capital Market Division	Steven Wu	—	—	—	—

Title	Name	2022		As of April 2 of the year	
		Shareholding increase (decrease)	Pledged share increase (decrease)	Shareholding increase (decrease)	Pledged share increase (decrease)
Senior Assistant Vice President of Capital Market Division	Brian Chiu	—	—	—	—
Senior Assistant Vice President of Capital Market Division	Rita Chen	(66,943)	—	—	—
Senior Assistant Vice President of Capital Market Division	Angela Lin	—	—	—	—
Senior Assistant Vice President of Capital Market Division	Alice Wang	—	—	127,524	—
Assistant Vice President of Capital Market Division	Wan-Ting Huang	—	—	—	—
Assistant Vice President of Capital Market Division	Hui-Wen Chang	—	—	—	—
Assistant Vice President of Capital Market Division	Jau-Jiun Yu	—	—	—	—
Assistant Vice President of Capital Market Division	Ya-Shan Wang	—	—	—	—
Assistant Vice President of Capital Market Division	Kuei-Wen Chao	56,205	—	—	—
Executive Vice President of Brokerage Division	Frank Liao	7,920	—	—	—
Senior Vice President of Brokerage Division	Maggie Chen	—	—	—	—
Vice President of Brokerage Division	Yung-Chi Yang	—	—	—	—
Vice President of Brokerage Division	Chia-Yi Lin	280,000	—	—	—

Title	Name	2022		As of April 2 of the year	
		Shareholding increase (decrease)	Pledged share increase (decrease)	Shareholding increase (decrease)	Pledged share increase (decrease)
Assistant Vice President of Brokerage Division	Chen-Yu Yang	(70,332)	—	—	—
Assistant Vice President of Brokerage Division	Ting-Cheng Chan	—	—	—	—
Assistant Vice President of Brokerage Division	Mei-Chien Li	—	—	—	—
Assistant Vice President of Brokerage Division	Hsu Fu Chang	55	—	—	—
Assistant Vice President of Brokerage Division	Chiou-Fan Chen	—	—	—	—
Assistant Vice President of Brokerage Division	Chih-Chung Lee	25,646	—	—	—
Assistant Vice President of Brokerage Division	Jeff Chen	—	—	—	—
Assistant Vice President of Brokerage Division	Joe Hu	—	—	—	—
Assistant Vice President of Brokerage Division	Ming-Che Tsai	—	—	—	—
Assistant Vice President of Brokerage Division	Pei-Shan Li	—	—	—	—
Assistant Vice President of Brokerage Division	Hui-Chun Yu	—	—	—	—
Assistant Vice President of Brokerage Division	Chun-Han Huang	—	—	—	—
Assistant Vice President of Brokerage Division	Shao-Ti Su	—	—	—	—

Title	Name	2022		As of April 2 of the year	
		Shareholding increase (decrease)	Pledged share increase (decrease)	Shareholding increase (decrease)	Pledged share increase (decrease)
Assistant Vice President of Brokerage Division	Chin-Lung Chang	—	—	—	—
Assistant Vice President of Brokerage Division	Ta-Yeh Lin	—	—	—	—
Manager of Brokerage Division	Yu-Feng Sun	—	—	—	—

(II) **Information on share transfers:** The counterparties of shareholding transfers are not related parties.

(III) **Information on share pledges:** The counterparties of share pledges are not related parties.

VIII. Relationship information, if among the company's ten largest shareholders any one is a related party or a relative within the second degree of kinship of another.

April 2, 2023

Name (Note 1)	Shareholdings		Shares held by spouse or minor children		Shares held in the name of others		Title, name and relationship of the top ten shareholders who have mutual relationship as spouse or blood relative within the second degree. (Note 3)		Remarks
	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Name	Relation	
Cheng-Da Investment Consulting Co., Ltd. Representative: Ke-Chyn Jiang	35,160,200	10.01%	0	-	0	-	None	None	-
	0	-	183,072	0.05%	800,000	0.23%	None	None	-
Mercury Fu Bao Co. Ltd. Representative: Hsien-Chang Wang	21,503,160	6.12%	0	-	0	-	Mercuries Life Insurance Co. Ltd.	Same Parent Company	-
	0	-	0	-	0	-	None	None	-
Mercuries Life Insurance Co. Ltd. Representative: Chao-Hsi Weng	7,510,100	2.14%	0	-	0	-	Mercury Fu Bao Co. Ltd.	Same Parent Company	-
	0	-	0	-	0	-	None	None	-
Shih-Chien Tseng	7,386,060	2.10%	0	-	0	-	None	None	-
Chinatrust Commercial Bank special account for employees entrusted by Horizon Securities Representative: Jamie Lin	6,334,797	1.80%	0	-	0	-	None	None	-
	310,016	0.09%	0	-	0	-	None	None	-
Jung-Chang Lin	2,314,700	0.66%	0	-	0	-	None	None	-
Tsai-Chin-Kuei Lai	2,269,490	0.65%	0	-	0	-	None	None	-
Citi Bank as a custodian for DFA Emerging Markets Investment Account	2,045,560	0.58%	0	-	0	-	None	None	-
Li-Hua Wu	1,925,680	0.55%	0	-	0	-	None	None	-
Gao Jin Food Co., Ltd. Representative: Yen-Chang Li	1,713,305	0.49%	0	-	0	-	None	None	-
	0	-	0	-	0	-	None	None	-

Note 1: The Company's ten largest shareholders shall be listed. For institutional shareholders, the name and representative shall be listed separately.

Note 2: Shareholdings include the shareholding percentage held in his/her own name, in the name of spouses and minor children.

Note 3: The aforementioned shareholders include both legal and natural persons, and the relationships between them should be disclosed in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

IX. Total Number of Shares and Total Equity Stake Held in any Single Enterprise by the Company, Its Directors and Supervisors, Managers, and Any Companies Controlled Either Directly or Indirectly by the Company

December 31, 2022

Investee	Company's investment		Investment by directors/supervisors/managers and by companies directly or		Total investment	
	Number of shares (shares)	Percentage of shareholding (%)	Number of shares (shares)	Percentage of shareholding (%)	Number of shares (shares)	Percentage of shareholding (%)
Horizon SICE Co., Ltd.	12,000,000	100.00	0	0	12,000,000	100.00
Horizon Venture Capital Co., Ltd.	60,000,000	100.00	0	0	60,000,000	100.00
Horizon Venture Management Co., Ltd.	2,000,000	100.00	0	0	2,000,000	100.00

Note: Investee accounted for under the equity method.

IV. Capital Overview

I. Capital and Shares

(1) Sources of capital

1. Sources of capital

May 11, 2023; Unit: thousand shares/NTD thousand

Year/ month	Issue price	Authorized capital stock		Paid-in capital stock		Remarks		
		Number of shares	Amount	Number of shares	Amount	Sources of capital	Property other than cash as substitute for share price	Others
Dec. 1961	10	99	990	99	990	Founding of the Company	—	—
Mar. 1965	10	600	6,000	600	6,000	Capital increase by cash NTD 5,010 thousand.	—	—
Feb. 1967	10	120	1,200	120	1,200	Capital reduction NTD 4,800 thousand.	—	—
Aug. 1971	10	200	2,000	200	2,000	Capital increase by cash NTD 800 thousand.	—	—
Feb. 1973	10	500	5,000	500	5,000	Capital increase by cash NTD 3,000 thousand.	—	—
Jun. 1977	10	1,000	10,000	1,000	10,000	Capital increase by cash NTD 2,365 thousand. Capitalization of earnings of NTD 2,635 thousand.	—	—
Sep. 1981	10	5,000	50,000	2,290	22,900	Capital increase by cash NTD 12,900 thousand.	—	—
Sep. 1986	10	5,000	50,000	4,580	45,800	Capitalization of earnings of NTD 2,290 thousand. Capital surplus transferred to capital NTD 20,610 thousand.	—	—
May. 1987	10	10,000	100,000	7,328	73,280	Capitalization of earnings of NTD 27,480 thousand.	—	—
Apr. 1989	10	40,000	400,000	25,300	253,000	Capital increase by cash NTD 179,720 thousand.	—	Note 1
Nov. 1989	10	135,000	1,350,000	105,000	1,050,000	Capital increase by cash NTD 797,000 thousand.	—	Note 2
Aug. 1991	10	135,000	1,350,000	110,250	1,102,500	Capital surplus transferred to capital NTD 52,500 thousand.	—	Note 3
Aug. 1992	10	135,000	1,350,000	121,275	1,212,750	Capitalization of earnings of NTD 110,250 thousand.	—	Note 4
Aug. 1994	10	135,828	1,358,280	135,828	1,358,280	Capitalization of earnings of NTD 145,530 thousand.	—	Note 5
Nov. 1994	10	250,000	2,500,000	176,000	1,760,000	Capital increase by cash NTD 401,720 thousand.	—	Note 6
Jun. 1995	10	250,000	2,500,000	207,680	2,076,800	Capital increase by cash NTD 316,800 thousand.	—	Note 7
Oct. 1996	10	300,000	3,000,000	262,500	2,625,000	Capital increase by cash NTD 548,200 thousand.	—	Note 8
Oct. 1997	10	600,000	6,000,000	450,000	4,500,000	Capital surplus transferred to capital NTD 78,750 thousand. Capitalization of earnings of NTD 347,250 thousand. Capital increase by cash NTD 1,449,000 thousand.	—	Note 9
Jun. 1998	10	600,000	6,000,000	540,000	5,400,000	Capital surplus transferred to capital NTD 135,000 thousand. Capitalization of earnings of NTD 765,000 thousand.	—	Note 10
Jul. 2005	10	600,000	6,000,000	324,000	3,240,000	Capital reduction NTD 2,160,000 thousand.	—	Note 11
Jul. 2005	10	600,000	6,000,000	359,700	3,597,000	Capital increase by cash NTD 357,000 thousand. (Note 15)	—	Note 12
Aug. 2005	10	600,000	6,000,000	400,785	4,007,850	Capital increase by cash NTD 410,850 thousand. (Note 15)	—	Note 13

Year/ month	Issue price	Authorized capital stock		Paid-in capital stock		Remarks		
		Number of shares	Amount	Number of shares	Amount	Sources of capital	Property other than cash as substitute for share price	Others
Sep. 2005	10	600,000	6,000,000	430,000	4,300,000	Capital increase by cash NTD 292,150 thousand. (Note 15)	—	Note 14
Apr. 2008	10	600,000	6,000,000	429,900	4,299,000	Capital reduction NTD 1,000 thousand.	—	Note 16
Apr. 2010	10	600,000	6,000,000	456,839	4,568,388	Capital increase through merger NTD 269,388 thousand. (Note 17)	—	Note 17
Jul. 2013	10	600,000	6,000,000	444,839	4,448,388	Capital reduction NTD 120,000 thousand.	—	Note 18
Jan. 2014	10	600,000	6,000,000	426,839	4,268,388	Capital reduction NTD 180,000 thousand.	—	Note 19
Apr. 2016	10	600,000	6,000,000	414,881	4,148,808	Capital reduction NTD 119,580 thousand.	—	Note 20
Aug. 2016	10	600,000	6,000,000	405,001	4,050,008	Capital reduction NTD 98,800 thousand	—	Note 21
Jan. 2017	10	600,000	6,000,000	387,001	3,870,008	Capital reduction NTD 180,000 thousand.	—	Note 22
Mar. 2017	10	600,000	6,000,000	380,001	3,800,008	Capital reduction NTD 70,000 thousand.	—	Note 23
Aug. 2017	10	600,000	6,000,000	370,001	3,700,008	Capital reduction NTD 100,000 thousand.	—	Note 24
Nov. 2017	10	600,000	6,000,000	368,233	3,682,328	Capital reduction NTD 17,680 thousand.	—	Note 25
Dec. 2018	10	600,000	6,000,000	362,501	3,625,008	Capital reduction NTD 57,320 thousand.	—	Note 26
Mar. 2019	10	600,000	6,000,000	358,001	3,580,008	Capital reduction NTD 45,000 thousand.	—	Note 27
Jul. 2019	10	600,000	6,000,000	355,001	3,550,008	Capital reduction NTD 30,000 thousand.	—	Note 28
Nov. 2019	10	600,000	6,000,000	350,501	3,505,008	Capital reduction NTD 45,000 thousand.	—	Note 29
Mar. 2020	10	600,000	6,000,000	347,001	3,470,008	Capital reduction NTD 35,000 thousand.	—	Note 30
Apr. 2020	10	600,000	6,000,000	338,201	3,382,008	Capital reduction NTD 88,000 thousand.	—	Note 31
Jul. 2020	10	600,000	6,000,000	332,501	3,325,008	Capital reduction NTD 57,000 thousand.	—	Note 32
Oct. 2020	10	600,000	6,000,000	330,817	3,308,168	Capital reduction NTD 16,840 thousand.	—	Note 33
Dec. 2021	10	600,000	6,000,000	331,369	3,313,694	Converted from bonds 552,655 shares (Note 34)	—	Note 34
Aug. 2022	10	600,000	6,000,000	351,252	3,512,516	Capitalization of earnings of NTD 198,822 thousand.	—	Note 35

Note 1: (78) Tai-Cai-Zheng-(1) Letter No. 00834 dated Apr. 19, 1989 from Securities and Exchange Commission (SEC).

Note 2: (78) Tai-Cai-Zheng-(1) Letter No. 29486 dated Nov. 22, 1989 from SEC.

Note 3: (80) Tai-Cai-Zheng-(1) Letter No. 21274 dated Aug. 20, 1991 from SEC.

Note 4: (81) Tai-Cai-Zheng-(1) Letter No. 60928 dated Aug. 11, 1992 from SEC.

Note 5: (83) Tai-Cai-Zheng-(1) Letter No. 34190 dated Aug. 11, 1994 from SEC.

Note 6: (83) Tai-Cai-Zheng-(2) Letter No. 46207 dated Nov. 25, 1994 from SEC.

Note 7: (84) Tai-Cai-Zheng-(2) Letter No. 36293 dated Jun. 21, 1995 from SEC.

Note 8: (85) Tai-Cai-Zheng-(2) Letter No. 58366 dated Oct. 7, 1996 from SEC.

Note 9: (86) Tai-Cai-Zheng-(2) Letter No. 71501 dated Oct. 9, 1997 from Securities and Futures Institute (SFI).

Note 10: (87) Tai-Cai-Zheng-(2) Letter No. 47380 dated Jun. 1, 1998 from SFI.

Note 11: (94) Jin-Guan-Zheng-(2) Letter No. 0940130809 dated Jul. 26, 2005 from Financial Supervisory Commission (FSC).

Note 12: Jing-Shou-Shang Letter No. 09401152510 dated Aug. 8, 2005 from Ministry of Economic Affairs (MEA).

Note 13: Jing-Shou-Shang Letter No. 09401181740 dated Sep. 15, 2005 from MEA.

Note 14: Jing-Shou-Shang Letter No. 09401196090 dated Oct. 6, 2005 from MEA.

Note 15: Private placement at issue price of NTD 7. Effective retrospectively upon Jin-Guan-Zheng-Quan Letter No. 0980055273 dated Oct. 21, 2009 from FSC, and renewed on Nov. 9, 2009.

Note 16: Repurchase of 100 thousand shares in the period Dec. 2007 to Feb. 2008. Capital reduction by share repurchase completed in Apr. 2008.

Note 17: Capital increase by issuance of 26,938,775 common shares through merger with Forwin Securities. Effective upon Jin-Guan-Zheng-Quan Letter No. 0980064331 dated Dec. 9, 2009.

Note 18: Jing-Shou-Shang Letter No. 10201135540 dated Jul. 12, 2013 from MEA.

Note 19: Jing-Shou-Shang Letter No. 10301005160 dated Jan. 10, 2014 from MEA.

Note 20: Jing-Shou-Shang Letter No. 10501071250 dated Apr. 13, 2016 from MEA.

Note 21: Jing-Shou-Shang Letter No. 10501201510 dated Aug 17, 2016 from MEA.
 Note 22: Jing-Shou-Shang Letter No. 10601002770 dated Jan. 10, 2017 from MEA.
 Note 23: Jing-Shou-Shang Letter No. 10601039930 dated Mar. 27, 2017 from MEA.
 Note 24: Jing-Shou-Shang Letter No. 10601115860 dated Aug 16, 2017 from MEA.
 Note 25: Jing-Shou-Shang Letter No. 10601157860 dated Nov. 20, 2017 from MEA.
 Note 26: Jing-Shou-Shang Letter No. 10701157310 dated Dec. 22, 2018 from MEA.
 Note 27: Jing-Shou-Shang Letter No. 10801030230 dated Mar. 25, 2019 from MEA.
 Note 28: Jing-Shou-Shang Letter No. 10801080340 dated Jul. 8, 2019 from MEA.
 Note 29: Jing-Shou-Shang Letter No. 10801161310 dated Nov. 11, 2019 from MEA.
 Note 30: Jing-Shou-Shang Letter No. 10901031140 dated Mar. 09, 2020 from MEA.
 Note 31: Jing-Shou-Shang Letter No. 10901064860 dated Apr. 23, 2020 from MEA.
 Note 32: Jing-Shou-Shang Letter No. 10901132830 dated Jul. 27, 2020 from MEA.
 Note 33: Jing-Shou-Shang Letter No. 10901198320 dated Oct. 20, 2020 from MEA.
 Note 34: Jing-Shou-Shang Letter No. 11001228310 dated Dec. 10, 2021 from MEA.
 Note 35: Jing-Shou-Shang Letter No. 11101152550 dated Aug. 16, 2022 from MEA.

2. Share category

April 2, 2023; unit: thousand shares

Share category	Authorized capital stock			Remarks
	Outstanding shares	Unissued shares	Total	
Registered common shares	351,252	248,748	600,000	

3. If the company adopts the shelf registration method for the raising and issue of common corporate bonds, relevant information concerning the approved amount, projected total issue amount, and the already issued total amount shall be disclosed:
 N/A.

(II) Shareholder Structure

April 2, 2023

Shareholder Structure	Government agencies	Financial institution	Other juridical persons	Individual	Foreign institutions and foreign persons	Total
Quantity						
No. of person(s)	-	2	191	65,578	60	65,831
No. of shares held	-	7,533,100	72,737,344	261,887,157	9,093,994	351,251,595
Percentage of shareholding	-	2.14%	20.71%	74.56%	2.59%	100.0%

Note: Primary exchange-listed and primary OTC-listed companies and emerging stock market-listed company at emerging stock market shall disclose the percentage of their shares held by investment from Mainland China. As defined in Article 3 of the “Regulations Governing Permission for People of the Mainland Area to Invest in Taiwan,” investment from China refers to any individual, juristic person, organization, or other institution of the Mainland Area, or any company it invests in any third area.

(III) Status of shareholding distribution

April 2, 2023

Level of holding	No. of shareholders	No. of shares held	Percentage of shareholding
1 – 999	37,086	2,850,173	0.81%
1,000 – 5,000	19,477	36,667,978	10.44%
5,001 – 10,000	4,067	27,039,939	7.70%
10,001 – 15,000	2,121	24,418,632	6.95%
15,001 – 20,000	659	11,379,879	3.24%
20,001 – 30,000	941	22,123,104	6.30%
30,001 – 40,000	453	15,370,085	4.38%
40,001 – 50,000	222	9,862,966	2.81%
50,001 – 100,000	449	30,589,395	8.71%
100,001 – 200,000	218	28,776,728	8.19%
200,001 – 400,000	81	22,157,888	6.31%
400,001 – 600,000	25	12,134,656	3.45%
600,001 – 800,000	12	8,383,708	2.39%
800,001 – 1,000,000	5	4,396,488	1.25%
1,000,001 and above (divide into different levels as required)	15	95,099,976	27.07%
Total	65,831	351,251,595	100.00%

(IV) List of major shareholders

April 2, 2023

Names of major shareholders	Shareholding	No. of shares held	Percentage of shareholding
Cheng-Da Investment Consulting Co., Ltd.		35,160,200	10.01%
Mercury Fu Bao Co. Ltd.		21,503,160	6.12%
Mercuries Life Insurance Co. Ltd.		7,510,100	2.14%
Shih-Chien Tseng		7,386,060	2.10%
Chinatrust Commercial Bank special account for employees entrusted by Horizon Securities		6,334,797	1.80%
Jung-Chang Lin		2,314,700	0.66%
Tsai-Chin-Kuei Lai		2,269,490	0.65%
Citi Bank as a custodian for DFA Emerging Markets Investment Account		2,045,560	0.58%
Li-Hua Wu		1,925,680	0.55%
Gao Jin Food Co., Ltd.		1,713,305	0.49%

(V) **Information on the market price, net value, earnings, and dividends per share in the most recent two years**

Unit: thousand shares; NTD
thousand

Items		Year	2021	2022	As of Mar. 31, 2023 (Note 2)
Market price per share (Note 3)	Highest		29.05	19.30	10.35
	Lowest		11.00	8.64	8.49
	Average		20.95	14.03	9.57
Net value per share (Note 4)	Before dividend distribution		16.08	12.91	13.05
	After dividend distribution		13.47	12.91	(Note 1)
Earnings per share	Weighted average shares (thousand shares)		330,817	351,252	351,252
	Earnings per share (Note 5)		Before adjustments 3.74 After adjustments 3.53	(0.63)	0.14
Dividends per share (NTD)	Cash dividends		1.8	-	(Note 1)
	Stock dividends	Retained earnings	0.6	(Note 1)	(Note 1)
		Capital reserve	-	(Note 1)	(Note 1)
	Accumulated undistributed dividends (Note 6)		-	-	(Note 1)
Return on investment	P/E ratio (Note 7)		5.59	N/A	(Note 2)
	P/D ratio (Note 8)		11.64	N/A	(Note 1)
	Cash dividend yield (%) (Note 9)		8.59	N/A	(Note 1)

Note 1: Distribution of cash dividends has not been approved by the Shareholders' Meeting.

Note 2: The net value per share and earnings per share as of Mar. 31, 2023 have been audited by the CPAs.

Note 3: The table listed highest and lowest market price per share of common stock for each year, and the average market price of each year is calculated based on the annual actual transaction value and volume.

Note 4: Fill in the information on the basis of the outstanding shares as of the end of the year and the resolution of the Board or Shareholders' Meeting in the next year for distribution.

Note 5: If retrospective restatement is required due to stock dividends, EPS both before and after adjustment shall be stated.

Note 6: If the unpaid dividends equity securities of the current year are qualified to be accumulated and paid until in the year of earnings, the dividends unpaid as of the current year should be disclosed separately.

Note 7: Price/Earnings ratio = Yearly average closing price / Earnings per share.

Note 8: P/D ratio = Average closing price per share of the current year / cash dividend per share.

Note 9: Cash dividend yield = Cash dividends per share / average closing price per share for the current fiscal year.

(VI) **Dividend policy of the company and implementation status**

1. Dividend policy

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%. However, profits must first be taken to offset against cumulative losses if any. The aforementioned profit refers to the pre-tax income minus the amount of remuneration to be distributed to the directors or employees. The employee compensation may be distributed in the form of cash or shares, and may be distributed to employees including the qualified employees of the Company's subsidiaries. The Directors' remuneration shall be distributed only in the form of cash.

When allocating the earnings, the Company shall first estimate and reserve the taxes to be paid, offset its losses, and 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 the 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.

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 earnings depending on the Company's business development and capital requirement.

2. Dividend distribution proposed at the current shareholders' meeting:

The Company had net loss after tax for the year 2022, after including beginning undistributed surplus earnings and remeasurement of determined benefit plan, distributable earnings totaled NT\$ 25,276,479. Considering the Company's future operation plans, capital utilization, and expansion of businesses, the Board resolved at the meeting on February 23, 2023 not to distributed earnings for the year 2022, and such matter has been reported at the Shareholders' Meeting for resolution.

3. When there is an anticipated significant change in the dividend policy, the Company should provide explanation thereto.

As of the printing date of this Annual Report there is no anticipated significant change in the dividend policy.

(VII) The influence of the bonus shares issuance proposed at the current shareholders' meeting on the operation performance and EPS of the Company.

The Company did not prepare the financial forecast of 2023. This rule is not applicable in this context.

(VIII) Remuneration to Employees, Directors, and Supervisors

1. Percentages or ranges with respect to the remuneration to employees, Supervisors, Directors as set forth in the company's Articles of Incorporation:

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, and both shall sum up to no more than 5%. However, profits must first be taken to offset against cumulative losses if any. The aforementioned profit refers to the pre-tax income minus the amount of remuneration to be distributed to the directors or employees.

2. The basis for estimating the amount of remuneration to employees, Directors, and Supervisors, for calculating the number of shares to be distributed as remuneration

to employees, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

As stipulated in the Articles of Incorporation, the Company shall appropriate no less than 2% as employee remuneration and no more than 3% as director remuneration, and both shall sum up to no more than 5%. The Company operated at a loss in 2022, so no remuneration to employees and directors has been estimated.

3. Information on any approval by the Board of Directors of distribution of remuneration:
 - (1) The amount of any employee remuneration distributed in cash or stocks and remuneration for directors and supervisors. If there is any discrepancy between that amount and the estimated figure for the fiscal year, these expenses are recognized, and the discrepancy, its cause, and the status of treatment shall be disclosed:
N/A. There were no remunerations to employees and directors as the Company was operating at a loss for the year 2022.
 - (2) The amount of stock dividend paid to employees as employee remuneration, as a percentage to the sum of the net income as stated in the individual financial statements and the total remunerations to employees:
The Company has not proposed to distribute employee remuneration in the form of stocks for the year 2022, so this does not apply.
4. The actual distribution of remuneration to employees, directors, and supervisors for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if any, discrepancy between the actual distribution and the recognized remuneration to employees, directors, or supervisors; additionally, the discrepancy, cause, and how it is treated:
The Company's Board of Directors had resolved to distribute the 2022 remuneration to employees and directors at the amount of NTD 30,000 thousand and NTD 41,000 thousand respectively, which has no significant difference from the expenses booked in the 2021 financial report.

(IX) Share repurchases:

1. Share repurchases (repurchase completed): None.

May 11, 2023

No. of repurchase	
Purpose	
Repurchase period	
Price range	
Type and no. of shares repurchased	
Monetary amount of shares repurchased	
No. of repurchased shares as a percentage of proposed share repurchase (%)	
No. of shares retired or transferred.	
Accumulated no. of shares held	
Accumulated no. of shares held as a percentage of the total issued shares (%)	

2. Share repurchases (repurchase in process): None.

May 11, 2023

No. of repurchase	th
Purpose	—
Type of shares to be repurchased	—
Ceiling on total monetary amount of the repurchase	—
Planned period for the repurchase	—
No. of shares to be repurchased	—

Price range of the shares to be repurchased	—
Type and no. of shares repurchased	—
Monetary amount of shares repurchased	—
No. of repurchased shares as a percentage of proposed share repurchase (%)	—

II. Corporate Bonds (Incl. overseas bonds):

(I) As of the printing date of this Annual Report, the status of the Company's corporate bonds are as follows:

Type of corporate bonds	First domestic unsecured convertible corporate bond
Issue date	Jun. 11, 2021
Face value	NT\$100,000 each, with a of NT\$700,000,000.
Issue price	117.8% of par
Total issue amount	NT\$ 824,581,730
Interest rate	0%
Tenure	5 years. Maturity date: 2026.06.11
Guarantor	None
Trustee	KGI Bank
Underwriter	KGI Securities
Legal Counsel	N/A
Auditor	N/A
Repayment	The Company makes bullet repayment by cash within 5 working days of the maturity date of the bonds, unless the bondholders converts the bonds into the Company's common shares in accordance with Article 10 of the Regulations Governing Issuance and Conversion of Bonds, the Company puts a bond in accordance with Article 19, or the Company calls and cancels a bond through securities firm in accordance with Article 18.
Outstanding	NT\$ 614,700,000
Redemption or early repayment clause	Please refer to the Regulations Governing Issuance and Conversion of Bonds
Restrictions	None
Credit rating agency, date of credit rating, credit rating	None
Other rights of bondholders	As of the printing date of the annual report, the amount of converted or exchanged common shares, ADRs or other securities
	NT\$ 10,600,000
	Issuance and conversion (exchange or subscription) right
	In accordance with the Company's first domestic unsecured convertible corporate bond.
Dilution effects and other adverse effects on existing shareholders due to the issuance and conversion, exchange or subscription, issuance terms of the bonds	Based on the current conversion price, NT\$15.54, if all outstanding convertible bonds are converted into common shares, there will be a dilution rate of 11.26%. The effect on shareholders' benefits and rights is limited.
Custodian	N/A

Type of corporate bonds	First domestic unsecured convertible corporate bond
Buyback and cancellation: As of the publication date of the annual report, the Company bought back and canceled shares at a total face value of NT\$74,700,000. The total face value of bought-back to be cancelled is \$0.	

(II) Information of corporate bond conversion

Type of corporate bonds (Note 1)		First domestic unsecured convertible corporate bond	
Year		2022	As of the printing date of this Annual Report (Note 4)
Items			
Market price of the bonds (Note 2)	Highest	101.80	96.65
	Lowest	92.70	94.15
	Average	95.51	94.94
Conversion price		15.54	15.54
Issue date and conversion price		Date: Jun. 11, 2021 Conversion price on issue date: NT\$ 19.6/share	
Conversion obligation (Note 3)		Issuance of new shares	

Note 1: Columns may be added according to the number of times of conversion

Note 2: If foreign corporate bond has more than one transaction location, please list the transactions according to locations.

Note 3: Delivering already issued shares, or issuance of new shares.

Note 4: Please provide information of the year and as of the printing date of the annual report.

III. Preferred Shares: The Company has not issued any preferred shares.

IV. Global Depository Shares: The Company does not have any global depository shares.

V. Employee Stock Options and New Restricted Employee Shares: The Company has not issued any employee stock options and new restricted employee shares.

VI. Issuance of New Shares in Connection with Mergers or Acquisitions or with Acquisitions of Shares of Other Companies: None.

VII. Implementation of the Company's Capital Allocation Plans:

- (I) The content and implementation of the plans for previous issuance of securities
The capital utilization plan for the domestic 1st series unsecured convertible bonds issued in 2021 has been completed on schedule. The details as of the date of publication of the annual report are as follows:

Unit: NTD thousand

Name of corporate bonds	Issue amount	Issue date	Purpose	Proposed capital use	Actual capital used
Horizon Securities first domestic unsecured convertible corporate bond in 2021	700,000,000	2021.06.11	Replenishment of operating capital / repayment for borrowings	Q2 2021	Completed on June 11, 2021 as scheduled

(II) Incomplete previous private placement of securities, or completed but no reasonable benefit is derived from the plan in the most recent 3 years: None.

V. Operating Highlights

I. Business Activities

(I) Business scope

1. The principal businesses of the Company:

- (1) Undertaking the trading of securities at centralized securities exchange market and its operating sites.
- (2) Trading securities at centralized securities exchange market and its operating sites.
- (3) Underwriting securities
- (4) Registrar agent for securities
- (5) Handling businesses regarding margin purchase and short sale.
- (6) Undertaking the overseas trading of securities
- (7) Handling business regarding short-term bills
- (8) Handling futures brokerage business
- (9) Handling futures proprietary trading business
- (10) Handling futures consulting business
- (11) Other businesses approved by the competent authority

2. Current products (services) and that as a percentage to total business amount:

Unit: NTD thousand

Principal business	2021		2022	
	Operating income	%	Operating income	%
Brokerage business	1,057,361	40.04	715,538	104.92
Underwriting business	199,732	7.56	168,507	24.71
Proprietary trading business	1,386,698	52.50	(191,406)	(28.07)
Others (Note)	(2,533)	(0.10)	(10,673)	(1.56)
Total	2,641,258	100.00	681,966	100.00

Note: Mainly consists of the evaluation gains or losses on the options of the issuance of convertible bonds, and the evaluation of reversal gains on expected credit impairment loss, and profit or loss on foreign exchange.

3. The principal products (services) of the Company:

Services	Main purpose or functions
Brokerage Dept. & Branches	<ul style="list-style-type: none"> . Undertaking the trading of securities at centralized securities exchange market and its operating sites. . Handling businesses regarding margin purchase and short sale. . Businesses regarding centralized custody and transfer of securities. . Handling businesses regarding securities settlements. . Undertaking application service for public lottery of share underwriting. . Handling futures brokerage business. . Undertaking the sales of beneficiary certificates, other securities and financial products. . Undertaking the trading of emerging stocks.

Services	Main purpose or functions
Proprietary Trading Department	<ul style="list-style-type: none"> . Trading securities at centralized securities exchange market and its operating sites. . Trading of futures related products in the futures markets. . Taking due responsibility as a propriety trader to balance the supply and demand in the market, playing the role of market creator with underwriters.
Futures Proprietary Trading Department	<ul style="list-style-type: none"> . Handling futures proprietary trading.
Derivatives Investment Department	<ul style="list-style-type: none"> . Issuing and promoting call (put) warrants . R&D and trading share derivatives. . R&D, issuing, selling and trading various new financial products.
Bonds Department	<ul style="list-style-type: none"> . Handling matters regarding the offering planning, reverse auctions, and sales of bonds and securities. . Trading bonds on the primary and secondary markets, and handling matters thereof. . Developing and promoting derivatives products. . Capital movement of New Taiwan dollars. . Financial management of fixed income products.
Capital Market Division	<ul style="list-style-type: none"> . Guiding public companies listings on TPEX and TWSE, as well as underwriting capital increase for TPEX- and TWSE-listed companies . Providing consulting services for issuance and offering of securities. . Providing consulting services for planning and execution of the privatization of government-owned enterprises. . Providing planning and execution consultation services for enterprises. . Private placement of securities. . Providing consulting services for reorganization, strategic reconstruction. . Providing consulting services for venture investment plans, financial analysis and post-investment management. . Handling proprietary trading of emerging stocks. . Planning and managing brokerage businesses for emerging stocks.
Registrar Agency Department	<ul style="list-style-type: none"> . Serving as registrar agent in handling share related matters of public companies. . Serving as proxy agents for shareholder meeting proxy.

4. Proposed development of new products (services) and improvements to E-platforms for transactions.
 - (1) Continuation of the co-development of building order placement App and PC platform for AI-selected Taiwan stock/programming strategy/intelligent analysis, by utilizing machine learning and deep learning technologies to increase accuracy and efficiency of share selection.
 - (2) Continuation the optimizing Horizon online account opening system, increased the number of digitally connected banks to facilitate the opening of settlement accounts, and provided a comprehensive account opening function.

- (3) Continuation the optimization of order placement MultiCharts system for securities and futures, to facilitate the speed of order placement through customers' self-built programs or built-in programs.
- (4) Continuation of enhancing various digital transaction platforms, and optimization according to the needs of customers in order to increase transaction efficiency and customer satisfaction.
- (5) Continuation of optimizing the content of the Horizon Securities' social media groups, including FB, IG and YouTube, updating "experience sharing from investment experts," in order to provide customer with all rounded knowledge on financial management.
- (6) Continuation of the optimization of customer-use re-consignment (incl. US stock, HK stock, and bond markets) E-platform, and order placement functions and accounting functions to increase customers' order placement efficiency. .
- (7) Optimization of Horizon Securities mobile application. Customers may utilize AI strategy and tokens to select personalized shares strategically. Also, with instant push notification, of buying and selling information, customers may place orders without watching the price at all times.
- (8) Creating the ledger settlement services, providing customers with more settlement options, so as to allow customers to place orders at Horizon Securities without a bank account.
- (9) Establishment of dollar-cost averaging transaction services, allowing average salaried workers to participate in investment with more ease.
- (10) Establishment of MR system. This integration system is a Multicharts strategy order placement monitoring and risk prevention mechanism. It can prevent various abnormalities and human errors from causing unexpected losses, enabling MC users to use it more easily and safely.
- (11) Establishment of Mobile ID identity verification system. Through this system, customers can easily complete identity verification online without burdensome paperwork, and thus increased the efficiency and convenience.

(II) Status of the industry

1. Status and development of the industry

The Taiwanese securities industry is becoming more and more liberalized and internationalized. With the Government inviting securities firms to expand their business scales, and integrated securities firms having a greater advantage in market risk response and providing multi-faceted customer services, the integrated securities firms and complex securities firms with integrated brokerage, underwriting or proprietary trading services are becoming the trend of the securities industry. According to the data provided by the Financial Supervisory Commission (FSC), in Dec 2022, there was a total of 105 securities firms, and 849 branches in Taiwan. Among them, 36 are integrated securities firms, 3 brokerage and proprietary trading firms, 6 brokerage and underwriting firms, 16 proprietary trading and underwriting firms, 24 brokerage firms, 19 proprietary trading firms and 1 underwriting firm. The statistics clearly shows that the securities firms are developing toward large-scale securities firms or complex securities firms. On the other hand, due to the development of Fintech and increasing use of e-transactions in recent years, the FSC approved that for the optimization of operating locations of securities firms, the branches may provide only wealth management services and need not set up facilities regarding brokerage business, in the aim to decrease the operational costs of securities firms. Also, the securities firms are allowed to sub-lease their operating locations to lessors of other industries. This not only helps to increase customer flow, but also adds to extra income.

Due to the increase in the competitiveness and level of internationalization in the securities industry, assets around the world are less and less locally restricted. To meet capital needs, enterprises have diversified their channels to raise capital. They may choose traditional ways such as issuance of shares, corporate bonds and securities to raise capital, or they may turn to issuance of overseas corporate bonds, overseas depositary receipts or foreign shares in foreign countries. Furthermore, the government's New Southbound Policy and the FCS's promotion of "Counseling Taiwanese Companies regarding Capital Raise from Domestic Market" have encouraged the diversification of Taiwanese TPEX-/TWSE-listed companies, in order to vitalize the domestic capital market. As a result, the market's demand for consultation services for securities underwriters has increased. Besides this, due to the innovation of financial products, the competent authority's opening up of cross-strait business dealing, accelerating integration between domestic financial institutions and cross-industry alliance, cross-marketing, and expansion of bank businesses, the domestic securities firms are becoming more and more diversified, thus providing more comprehensive and professional products and services to the investors. Moreover, as the international financial market opens up, the information is transmitted more rapidly, and investment instruments diversify, the economic trend and the choices for investment portfolios will become more and more complex. Thus, an increase in demand for professional consultation is expected, and this demand is also the driving force of the business scale expansion of securities firms. In the future, the enterprises and investors are expected to have higher demand for information regarding securities, and thus demand for services provided by securities firms will so increase.

Number of Securities Firms in the Most Recent Five Years

Year/month	Total securities firms		Securities brokers	Propriety traders	Underwriters
	Headquarters	Branch Offices			
Dec. 2018	108	871	72	76	58
Dec. 2019	106	853	71	75	58
Dec. 2020	105	848	70	74	58
Dec. 2021	105	849	70	74	58
Dec. 2022	105	849	69	74	59

Source: Key indicators of securities and futures market, FSC, Dec. 2022

(1) Trading market

Products traded on the Taiwan Exchange Market are mainly stocks, beneficiary certificates, government bonds and corporate bonds. Among them, stocks are the most well-known and understood investment instruments in Taiwan. Taiwanese stock markets are divided into three categories based on the requirements for listing-application. Among the categories, TWSE-listed shares are shares listed on Taiwan Securities Exchange Corporation (TWSE), or otherwise called the centralized securities exchange market. TWSE is responsible for processing listing applications and supervising daily transactions. It is the most important stock exchange center in Taiwan. For companies that do not meet the requirements to be listed on TWSE, the government has set up an over-the-counter (OTC) market for them. Taipei Exchange (TPEX) is in charge of processing listing applications and supervising daily transactions for these companies. Furthermore, a legal, safe, transparent exchange market is established by the government to provide institutionalized management over non-TWSE/TPEX-listed companies. This exchange market is specially

established to handle the emerging stocks. This market is situated in various recommending securities firms, where clients may negotiate the stock price directly with the recommending securities firms, or be referred to a recommending securities firm by a securities broker to conduct negotiation. The abovementioned markets are three different exchange markets with three different risks of transactions, providing enterprises and investors with diverse choices of investments.

Moreover, besides the existing exchange market, in order to encourage liberation and internationalization of the financial activities, the government put forth the for-capital-raising-only “Go Incubation Board for Startup and Acceleration Firms (equity-based crowd-funding)” and “Innovation Venture Fund” (initiated jointly by ten major peripheral financial institutions, including TWSE, Taiwan Futures Exchange, TPEx, Taiwan Depository & Clearing Corp., Securities and Futures Institute, Taiwan Securities Association, Securities Investment Trust & Consulting Association, Chinese National Futures Association, National Credit Card Center, and Joint Credit Information Center. Raised capital funds for start-ups through investment. Launched on Mar. 3, 2017) in response to the policies supporting development of small-sized innovative companies and vitalizing the capital market.

In addition, ETF products of TWSE have diversified into products that track Shanghai and Shenzhen stock markets, Tokyo Stock Price Index, S&P 500 index and Hang Seng Index through proactive cooperation with foreign markets. Besides this, the products have extended from the traditional market cap and thematic ETFs to overseas, leveraged/inverse, and futures ETF products. Trading is intensive. Furthermore, in light of the rapid development of financial market globalization, the FSC continued the promotion of new financial products. In order to expand the business scope of the securities firms, the FSC, taking into account the international practices, authorized the securities firms’ issuance of Exchange Traded Note (ETN) in 2019, so as to fulfill the investors’ need for diverse products.

In terms of changes in total transaction amount on TWSE and TPEx, the securities market experienced a volatile change in the total transaction amount compared to the previous 5 years. This is due to multiple natural and man-caused impact including COVID-19 in the most recent 3 years, Sino-China conflicts, and Russo-Ukrainian War on the global political, economy, and financial situation. On top of that, the US FED raised interest rates several times in 2022, resulting in the withdrawal of important foreign capitals from Taiwan and reinvestment in the USA for higher returns. In response to global changes, the FSC adjusted supervisory regulations and policies for TWSE-/TPEx-listed companies, and promoted several advantages plans including information security, FinTech, green finance, corporate governance, and Capital Market Roadmap. Therefore, when the global economy recovers to a steady growth, Taiwan’s capital market is poised to rebound.

Total Trading Volume in the Securities Market in the Most Recent Five Years

Unit: NTD billions

Year	2018	2019	2020	2021	2022
TWSE					
Stock	29,608.87	26,464.63	45,654.29	92,289.97	56,080.59
ETF	1,834.05	2,080.52	2,838.64	2,454.48	2,938.09
ETN	-	1.99	5.57	13.58	4.06
Closed end funds	0.00	0.00	0	0	0.00
Beneficial Securities	4.22	10.02	11.55	5.31	9.43
Call (Put) Warrants	712.55	497.09	509.2	681.15	531.21
TDR	2.68	2.40	163.29	72.51	10.36
Subtotal	32,162.38	29,056.65	49,182.54	95,517.00	59,573.74
TPEX					
Stock	8,145.51	7,607.48	12,087.07	20,275.96	14,878.66
Call (Put) Warrants	211.71	145.44	154.6	177.41	133.74
ETF	316.77	854.03	415.35	241.06	228.16
ETN	-	0.66	1.95	8.58	1.93
Bonds	48,217.46	44,677.05	40,604.16	29,171.37	29,956.55
Subtotal	56,891.45	53,284.00	53,263.13	49,874.38	45,199.04
Total	89,053.83	82,341.31	102,445.67	145,391.38	104,772.78
TAIEX	9,727.41	11,997.14	14,732.53	18,218.84	14,137.69

Source: Key indicators of securities and futures market, FSC, Dec. 2022 and trading information, Taiwan Stock Exchange Corp., Dec. 2022.

(2) Primary market

With Taiwan's thriving economy, the domestic securities market was also growing. As of Dec 2022, there are 895 domestic TWSE-listed companies, 76 TWSE primary listed foreign companies with a total capital of NTD 7,499.9 billion, 777 domestic TPEX-listed companies, 31 foreign TPEX primary listed companies with a total capital of NTD 742.03 billion. The number of listed companies is still increasing year by year. On the other hand, there were 785 non-listed companies (incl. emerging stock companies) with a total capital of NTD 1,399.74 billion as of Dec. 2022. This shows that there is still room for more companies to be listed on the TWSE and TPEX markets. Moreover, the monetary amount scale of financing activities, including cash capital increase and issuance of convertible corporate bonds of the TWSE/TPEX-listed companies are also at a significant level. Therefore, activities such as companies applying for a listing in the TWSE through securities underwriters or raising funds in the open market contributes to a steady growth of securities firms.

Number of TWSE/TPEX-Listed Companies and their Total Capital in the Most Recent Five Years

Unit: NTD billions

Year/month	TWSE-listed company		TPEX-listed company	
	Number of	Total capital	Number of	Total capital
Dec. 2018	928	7,158.89	766	738.50
Dec. 2019	942	7,155.64	775	746.66
Dec. 2020	948	7,238.36	782	742.24
Dec. 2021	959	7,385.29	788	760.86
Dec. 2022	971	7,499.90	808	742.03

Source: Key indicators of securities and futures market, FSC, Dec. 2022

Due to the internationalization and liberation of the financial market in the most recent 10 years, companies are no longer restricted to be listed in the original founding or operating countries. They may evaluate and choose to be listed in the market that is most beneficial to their corporate development. At present, exchange houses in the world are simultaneously evolving toward global financing platforms. With the rapid rise of the Chinese economy, Taiwan, bearing the proximity to China and intricate trading network with Southeast Asia, has become one of the best choices for entering the Asian market, and the first choice for enterprise financing.

Cash Capital Increase, Issuance of Corporate Bonds and TDR in the Capital Market

Unit: NTD billions

Year	Cash capital increase by TWSE-listed company (Note 1)	Cash capital increase by TPEX-listed company (Note 1)	Issuance of ordinary corporate bonds	Issuance of convertible (exchangeable) bonds (Note 2)	TDR	Total	Total percentage growth (%)
2018	190.65	33.37	1,812.00	117.35	5.84	2,159.21	2.56
2019	157.46	23.13	1,901.20	118.61	5.83	2,206.11	2.17
2020	109.81	33.19	2,350.56	133.82	14.34	2,641.72	19.75
2021	216.69	36.39	2,716.96	148.83	10.24	3,129.11	18.45
2022	240.15	35.18	2,826.59	182.87	8.00	3,292.79	5.23

Source: Key indicators of securities and futures market, FSC, Dec. 2022

Note 1: Actual financing monetary amount with completion date as the reference date.

Note 2: Monetary issuance amount of corporate bonds with warrants

Summary of Funds Utilization of Domestic Capital Raising Plans of Public Company

Purpose	2020	2021	2022
	As a percentage of total (%)	As a percentage of total (%)	As a percentage of total (%)
Repayment of borrowings	57.86	48.49	40.08
Expansion of factory equipment	28.75	30.90	29.92
Replenishment of working capital	10.11	15.03	26.18
Investment in other companies	2.18	3.88	3.37
Merger	0.00	1.58	0.00
Others	1.10	0.12	0.45
Total	100.00	100.00	100.00

Source: Press release by FSC on Jan. 17, 2022

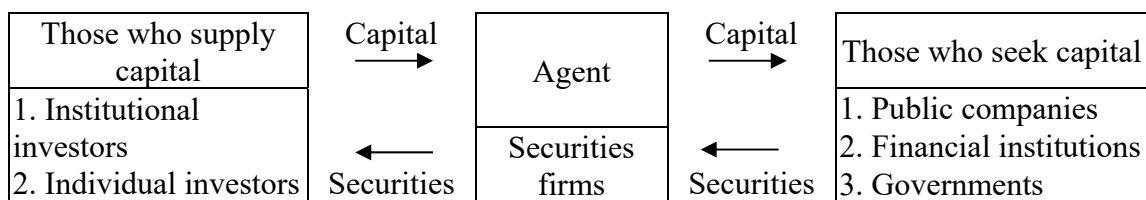
From the above data provided by the FSC, in 2018 and 2019, due to the intensifying trading conflict between China and the US, the uncertainties possess a significant impact on the global capital market. The Taiwanese enterprises located abroad are proactively adjusting their strategic planning, capitals in the world are shifting, and the cash flow of domestic capital market is also affected, resulting in a mere satisfactory performance in domestic enterprise financing activities. In the past 3 years, the world suffered from COVID-19, and the economy slumped. Although Taiwan has effectively minimized the impact of the pandemic on Taiwan, the lifestyle has nonetheless changed. The rise of the stay-at-home-economy has unexpectedly fueled the orders for PCs and peripheral devices. In response to the demand, many electronic manufacturers issued bonds to raise funds for new machinery and equipment, factories expansion, and for operating purposes. According to FSC's press release on 2023/01/17, the purpose of public companies' domestic cash capital increase and issuance of corporate bonds in the year 2022 are mainly for repayment of debts. However, the percentage of capital used on the expansion of factory equipment and sufficing the operation capital has significantly increased compared to that in the same period in 2021. These show a continued positive growth in the domestic economic environment, and enterprises are expanding their operations and production scale.

In Taiwan, issuing ordinary corporate bonds has been the main method for enterprise financing. In the latest 5 years, the total monetary amount issued reached 80% of the entire financing market, and soared to 85.84% in 2022. The second common financing method is cash capital increase and issuance of convertible corporate bonds. The monetary amount of issued convertible bonds have been relatively stable in recent years, but cash capital increase is prone to fluctuations due to the overall economic environment and stock markets.

2. Association between upstream, midstream, and downstream industry participants:

The securities market is the connecting bridge between those who seek capital (such as public companies, financial institutions, and governments) and those who supply capital (such as individual investors, institutional investors). In this case, enterprises raise capital from investors directly at a reasonable price to enhance their financial robustness. With the growth of enterprises, investors enjoy not only capital gains but also dividends, creating a win-win situation between both parties.

The securities market, serving as the connecting bridge between the two parties, channels social funds and savings of the general public to effective investment. Thus, there is no distinct structure of upstream, midstream, and downstream industry participants. The supply and demand of capital can be illustrated as follows:



3. Development trends and competition among products:

(1) Brokerage business

With increasing economy and financing cross-strait interactions and comprehensiveness of laws, regulations and supporting measures, the domestic securities market is anticipating more investments from abroad, which brings positive effect on the mid/long-term growth of the domestic capital market. Our

brokerage business upholds its principles of passion and professionalism in serving its clients. With the Company's advantage of R&D in the field of investment, we offer the most comprehensive services and research reports to attract domestic and foreign institutions and professional investment institutions to the stock market, thereby encouraging the growth of our brokerage business.

Currently, the brokerage business has 10 operating locations. In 2022, in the centralized exchange market and Taipei Exchange Market, our brokerage share was 0.63% and Brokerage per Branch was 0.063%. The brokerage business focuses on profitability. With complete brokerage business system and well-trained back-end staff, we provide our sales personnel with the best business platform allowing each branch to have it opportunity in creating profits. Thus, the current key emphasis of the brokerage business is to perk up the profitability of each operating locations in phases. Based on the business philosophy of strengthening and expanding the operating scale of its brokerage business, the Company continues to seek out for potential securities firms as merger targets. Moreover, the Company has a diverse order placement platform for investors. Through providing clients with the fastest and most convenient order placement services, we anticipate that the overall competitiveness of our brokerage business may be improved.

(2) Underwriting business

As the Taiwanese economy grows and the competitiveness within the industry heightens, enterprises have a burgeoning demand for capital for robust operation and sustainable development. Moreover, with the loosening of securities and finance related laws and regulations and surging trading volume in the secondary market, the primary market has matured in aspects including business types and acceptance from the investors. As the financing environment becomes well-developed, the public companies are experiencing a growing reliance on direct access to capital through the capital markets.

In recent years, the competent authorities have been working proactively to expand the scale of the domestic capital market. They continue to invite domestic and overseas investors and assist the listing of excellent enterprises. At present, Taiwanese merchants in China are considering moving operation locations, and merchants in Southeast Asia are seeking opportunities to expand their businesses. TWSE has devoted itself in these two places for a long time, providing full-on services in the locations included in the New Southbound Policy. In addition, Taiwan has an enormous advantage in the robustness of the company listing mechanism, and thus it is expected to be ideal when overseas Taiwanese enterprises undergo transformation. We believe that these contribute greatly to the future growth and development of domestic underwriting business.

In terms of SPO in 2022 and as of the publication date of the 2023 annual report, the Company has competed capital raising plans for the 2 TPEX-listed companies, Motech Industries Inc. and Giga Solar Materials Corp. The capital raising plans and convertible bonds have been approved by the Securities and Futures Bureau and are now under underwriting. In terms of IPO, we have completed the guidance for Brightek Optoelectronic's share listing on TWSE, and Force-Mos Technology's share listing on TPEX. The application of primary listing on TWSE for Sixxon Tech. Co., Ltd. has been approved by the Securities Listing Review Committee of the TWSE. Apart from the aforementioned, we have also successfully completed the acquisition of Mio Technology Corporation by Apacer Technology Inc. supplemental procedures for public issuance for private placement of TAI-SAW Technology Co., Ltd. and acquisition of Subtron Technology Co., Ltd. by Unimicron Electronics through stock swap. These

examples fully demonstrates the we possess highly integrated level of professionalism, and that we are able to provide enterprises with all-around capital market services and help enterprises to have a sound development.

(3) Proprietary trading business

Propriety trading refers to investments in the domestic centralized exchange market with private capital. As profitability is highly sensitive to the fluctuation on the market, risk management is thus more important than optimizing profits. With the diversification and internationalization of trading environment, in order to expand its business, the proprietary trading focuses on better understanding in the current corporate operation status and improve the timeliness and the integrity of information. Moreover, how to scale down the risk exposure and to ensure completion of transactions through prudent planning and adoption of relevant risk management measures are also an indispensable part of the proprietary trading business.

(4) Futures proprietary trading business

The Taiwan Futures Exchange has launched a few new products in recent years. The products not only serve as diverse investment instruments, but also help internationalize the futures markets, as well as offering more investment and hedging options. While planning and implementing dynamic price banding mechanism and risk control policies, we also strengthened the market risk control and stability.

Besides hedging and control of investment risks, futures proprietary trading business is devoted to the development of more innovative trading strategies. Under acceptable risk limits, we aim to boost the Company's proprietary trading profit, and to create more profitability opportunities for our clients.

(5) Bonds business

We focus on the analysis on the macro-economy and corporate management, and look into factors causing fluctuations in interest rates. At the same time, we also study new interest products, and do not miss out on any opportunities to make profit from interest products, in order to grasp the market interest fluctuation and corporate management performance, thereby optimizing the proprietary performance of bonds and convertible bonds.

(III) Technology and R&D: N/A. The Company is a securities firm.

(IV) Long/Short-Term Business Development Plan

1. Short-term business development plan

- (1) Building order placement App and PC platform for AI-selected Taiwan stock/programming strategy/intelligent analysis.
- (2) Optimization of Horizon online account opening system, opening of settlement account connected to the Bank, and addition of reconsignment settlement banks, to provide a comprehensive account opening function.
- (3) Building order placement MultiCharts system for securities and futures, to facilitate the speed of order placement through customers' self-built programs or built-in programs.
- (4) Optimizing and launching new version of official site in the social community, Line@, and building new functions for order placement and strategic stock selection.
- (5) Optimizing of various platforms based on customer needs.
- (6) Building customer-use reconsignment (incl. US and HK markets) E-platform and order placement functions.

- (7) Improving the content, updating “experience sharing from investment experts” on official websites on FB, IG and YouTube, in order to provide customers with all-round knowledge on financial management.
2. Long-term business development plan:
 - (1) Increasing the market share of our brokerage business, actively developing new domestic and overseas institutional clients, and improving communication platform, in order to provide all-round services.
 - (2) Seeking opportunities for overseas strategic alliance, developing network for sales and services for the global Chinese capital market.
 - (3) Emphasizing on interest rate analysis, further studying new interest rate products, utilizing all opportunities to make profits from interest products, and building relative sales channels for interest rate related products.
 - (4) Developing bond strategic trading mechanism.
 - (5) Organizing and co-organizing business work for clients, focusing on clients’ requests.
 - (6) Reinforcing cooperation with investment and R&D department, seeking corporates with potential in the emerging market.
 - (7) Strengthening the potential of the R&D team and improving R&D quality to optimize profitability of investment portfolio.
 - (8) Identifying accurately the trend of the market and level of risk to improve the Company’s contribution to EPS.
 - (9) Reducing operating costs and increasing operating revenue.
 - (10) Strengthening risk control and improving operating performance.
 - (11) Enhancing process transformation and increasing work efficiency, in order to perfect back-end support and facilitate smooth operation of the Company and various business units.
 - (12) Continuing to develop wealth management business and expand the market share of the undertaking of the overseas trading of securities.

II. Analysis of the Market as well as Production and Marketing Situation

(I) Market analysis

1. Regions where the main products (services) are provided (supplied)

We are a professional integrated securities firm, with main business focus on brokerage, proprietary trading and underwriting securities as well as providing registrar agent service for public companies. We serve the general investors, institutional investors, public companies as well as approved professional investment institutes and individuals. The domestic market is the main service region of the Company.

2. Market share

2022 Brokerage service fees received by the Company and market share by regions:

Region	Brokerage service fees (NTD thousand)	Market share (%)
Northern Taiwan	401,542	0.41%
Central & Southern Taiwan	186,262	0.19%
Eastern Taiwan	57,976	0.04%
Total	645,780	0.63%

3. Demand and supply conditions for the market in the future:

- (1) Supply

The domestic securities firms are facing rising pressure from the dominating large-scale securities firms and increasing market shares from overseas securities firms. However, with the competent authorities' loosening of laws and regulations regarding securities finance firms, and their approval of new financial products, there is an increase in the types of products that are sold in the domestic securities market. Thus, the services and products the securities firms are able to provide are more comprehensive and diverse. Especially since the competent authorities allowed securities firm brokers to handle wealth management trusts, securities firms may expand their wealth management service scope. In recent years, the government has been eagerly promoting the liberation and internationalization of securities markets. This has increased the willingness of domestic enterprises to raise capital in overseas markets, and also extended securities firms' service regions.

(3) Demand

With the development of new financial products and the diversifying market, the concept for financial management in the domestic securities market is also changing. The traditional share sale and purchase has been replaced by multifaceted wealth management, and share brokerage business is no longer the main source of income of securities brokers. Services of non-brokerage trading orders are increasing and becoming the focus of the future securities firm development. In the face of the ever-changing trading environment and trading instruments, the securities firms must proactively provide more professional and profound wealth management services in order to satisfy clients' needs. With the increasing cross-strait interaction in the securities markets, the domestic securities firms have a chance to extend their businesses into the China market, which is more profitable.

4. The Company's competitive niche:

- (1) The changes and uncertainty caused by the trend of consolidation in the securities industry are beneficial to our hiring of talents and development of new clients.
- (4) Under the intense market competition, small-scale securities firms are facing difficulties of survival, while large-scale securities firms are suffering from excess operating locations. Therefore, it is our niche to expand through mergers and acquisitions.
- (5) We insist on upholding our professionalism as a securities firm. With our flexible and practical business model and the absence of cross-marketing between securities firms under a finance holding company, we are blessed to focus on attracting outstanding talents in this business.
- (6) The managerial officers are also the Company's major shareholders, and thus the Company weighs opinions from both the Company's and the employees' perspectives. This is exceptionally beneficial to attracting new talents.
- (7) The improvements in the brokerage trading system and informatization of administrative work, increased the efficiency of our business operation.
- (8) With the rapid growth of underwriting and registrar businesses, we have a wider range of business opportunities.
- (9) Unlike other mid/small-scale securities firms that have restricted businesses, we have balanced development in all areas. We are able to satisfy the multifaceted needs of clients in the capital market, without the rigidity and bureaucratic structure of large-scale securities firms.
- (10) Our major shareholder, Mercuries & Associates Holding, Ltd., has plentiful resources to provide us for extra growth potential.

5. Positive and negative factors for future development:

- (1) Positive factors
 - A. Business model:
 - a. Professional team led leadership; professional knowledge-based decision making.
 - b. Clear and defined chain of command; flexible and efficient operation.
 - c. Sales personnel are not responsible for cross-selling, which is beneficial to the dismissal of professionals and improvement of quality.
 - d. No cross-marketing requirements from the parent company which is a finance holding company. The Company may choose financial products that are more profitable to customers, and customize more effective wealth management plans according to clients' needs.
 - B. Major shareholder (Mercuries & Associates Holding, Ltd.):
 - a. Positive corporate image; plentiful corporate business resources.
 - b. Major shareholder and managerial officers of the Company have a total shareholding of 20.92%, showing a robust management structure.
 - c. Affiliated companies include medium/large life insurance companies (Mercuries Life Insurance). We work closely yet independently with our affiliates. We enjoy business resources no less than that of subsidiaries of financial holding companies, but without the intervention, restrictions or cumbrance from a financial holding company.
 - C. Operating team:
 - a. Committed to the capital market, we have a huge customer base.
 - b. Our team members have been working with each other for a long time. They share the same philosophy and have excellent cooperation.
 - c. A total shareholding of 12.66% in the Company; high level of coherence and stability.
- (2) Negative factors
 - A. The new variant of the COVID-19 continues to spread rapidly in the world. Due to the worldwide pandemic wave, the world is faced with labor shortages, supply chain disruptions, and increasing pressure of inflation. These continue to affect global economic performance.
 - B. Cut-throat horizontal competition; price war on the service fees.
 - C. Domestic industry shifting to overseas; demand in domestic capital market nearing saturation.
- (3) Response to such factors
 - A. We are proactively developing new businesses, and with optimizing investment R&D and institutional investment services, we plan to develop institutional investment services as it has higher profitability.
 - B. We prudently select our core client group based on available resources, and we differentiate ourselves from our peers through timely services provided by our professional and well-trained teams. In this way, we can steer away from a resource war with major finance groups, while establishing our own niche market through service word-of-mouth.
 - C. By providing multifaceted professional wealth management planning service, we will proactively develop new clients while reinforcing loyalty of current clients through sound management, clear business model, professional and experienced management team.

(II) Usage and manufacturing processes for the company's main products

1. Usage for the company's main products or services:

Main services:	Major purpose
Brokerage business	Undertaking the trading of securities in centralized securities exchange market and over-the-counter market, reassignment of overseas securities, and brokerage of domestic futures and options.
Underwriting business	Assisting issuers' offering and issuing of securities, application for company listing, or financial consultation. We serve as an investing bank.
Proprietary trading business	Trading securities in the centralized securities exchange market, over-the-counter market and securities exchange market. We are not only responsible for the Company's profit but also the stability of the share prices and the balance of demand and supply in the market.

2. Manufacturing processes: The Company belongs to the securities service industry. There are no manufacturing processes.

(III) Supply situation for the company's major raw materials: N/A.

(IV) A list of any suppliers and clients accounting for 10 percent or more of the company's total procurement (sales) amount in either of the two most recent fiscal years, the amounts bought from (sold to) each, the percentage of total procurement (sales) accounted for by each, and an explanation of the reason for increases or decreases in the above figures.

The Company is a company providing securities related services. Our operating income consists of mainly brokerage fees from general investors, underwriting fees, and service fees from public companies. Besides the above, the Company's income also includes profits from the Proprietary Trading Department and Underwriting Department from securities trading. The source of the Company's income is dispersed, and income from each individual client accounts for only a small proportion of the total operating income. Thus, it is not possible to identify the top ten clients to whom the Company has the highest sales volume. Also, there is no procurement of raw materials. Thus, not applicable.

(V) Production volume for the two most recent fiscal years: N/A.

(VI) Volume of units sold for the two most recent fiscal years N/A.

(VII) Industry-specific Key Performance Indicators (KPIs):

By business	2020		2021		2022	
	Value	Ranking	Value	Ranking	Value	Ranking
Brokerage market share	0.70%	21	0.65%	21	0.63%	21
Electronic transaction market share	0.64%	28	0.55%	28	0.55%	29
Financing market share	0.94%	Note 1	1.14%	Note 1	1.12%	Note 1
Futures market share	0.15%	25	0.19%	24	0.21%	24
Options market share	0.11%	23	0.12%	23	0.16%	21
Underwriting market share	34	17	28	17	27	18
Bonds market share	0.82%	32	0.53%	35	0.11%	57

Note 1: The Company undertake businesses for securities lending/borrowing.

III. Number of Employees for the Two Most Recent Fiscal Years, and During the Current Fiscal Year Up to the Date of Publication of the Annual Report, Their Average Years of Service, Average Age, and Education Levels (Including Percentage of Employees at Each Level)

Year		2021	2022	As of Feb. 28, 2023
No. of employees	Sales personnel	206	207	207
	Staff	281	307	310
	Total	487	514	517
Average age		46	47	48
Average seniority		10.82	10.71	10.62
Education background (%)	PhD	0.00%	0.00%	0.00%
	Master	14.17%	13.62%	13.51%
	College graduate	68.99%	71.98%	72.20%
	High school	16.84%	14.40%	14.29%
	Below high school	0.00%	0.00%	0.00%

IV. Disbursements for Environmental Protection : As of the printing date of this Annual Report, there is no matter of losses due to environmental pollution in the year 2022.

V. Labor Relations

(I) Labor relations

1. Employee benefits

(1) In addition to the compulsory basic insurance as stipulated by the laws and regulations related to the Labor Standards Act, the Company provides various welfare superior to the requirement of laws for our employees. This shows that we value each and every employee of ours. Details as follows:

- A. A total 12 days of sick leave and family leave every year.
- B. Free fidelity insurance for all employees, eliminating the cumbersome process of seeking a corporate or personal guarantor.
- C. Provide health examination by external high-quality health centers and health management for our employees.
- D. Hire visually impaired masseurs and masseuses to provide stress-relieving massages for employees to relieve their stress at a discounted price in a comfortable therapy room with equipment offered by the Company.

(2) Current employee benefits

- A. Besides the compulsory Labor insurance and National Health Insurance, the Company also takes out life insurance, group medical and cancer insurances for our employees. The Employee Welfare Committee takes out group accident insurance for the employees, in order to ensure them an overall protection. We aim to be our employees' strongest support, and thus spend more than NTD 1 million on insurance expenses annually.
- B. Starting July 2012, the Company launched the employee stock ownership trust plan. Participating employees deposit a portion of their monthly salary to the trust account, and on the other hand the Company appropriates a certain amount as incentives to purchase company shares. The aim is to encourage employees to build saving habits in a long-term and stable manner, grow with the Company, and assist them with their retirement plan.
- C. We signed a service contract with Hess International Educational Group, that provides nursery care for the children of our employees.

- D. The Company sets aside a certain percentage of profit as remuneration to employees. When the Company conducts cash capital increase, a certain percentage shall be retained for the employees to subscribe.
- (3) Established the Employee Welfare Committee to handle matters related to employee benefits.
 - A. Cash gifts for wedding, births or religious parades, such as NTD 5,000 gift money for weddings, NTD 2,000 for employees' children's weddings, NTD 10,000 for new babies.
 - B. NTD 1,000 bonus for Labor Day, NTD 1,000 PX Mart voucher for birthdays.
 - C. NTD 3,000 subsidy for employee group tour.
 - D. NTD 1,000 to 20,000 daily medical subsidy when hospitalized.
 - E. NTD 3,000 grant for in-service bachelor program per semester and NTD 4,000 grant for in-service master program per semester, to encourage our employees to pursue further studies.
 - F. NTD 20,000 subsidy for new established clubs to encourage employees' establishment of clubs of recreation, cultural, educational and amusement.
 - G. Disaster relief at a maximum of NTD 30,000 per case.
 - H. Gifts or cash gifts on Dragon Boat Festival, Mid-Autumn Festival and Spring Festival depending on the Company's earnings.

2. Further education and trainings

The Company organizes annual education training in accordance with "Regulations Governing Education Training." The training plans are designed based on the Company's annual operation plans and employees' performance assessment of each unit. The main purpose is to train talents needed for the Company's future development, in order to improve the Company's productivity and operation performance.

Important education training:

Built the Company's internal digital e-learning platform in Jun. 2008.

Launched the internal lecturer system in March 2010.

Starting 2011, a minimum of 10-hour training annually is required, and such was included into performance assessment criteria.

Training courses are divided into internal and external training based on the organizer. Details as follows:

- (1) Internal training includes training for senior-level managerial employees, seminars given by scholars and experts, and other professional training courses.
 - (2) External training courses include pre-employment and on-job securities training, pre-employment and on-job futures training, and other training regarding wealth management, internal audits, margin purchase and short sale, corporate governance, anti-money laundering, occupational safety and health, and first aid. These courses are organized as required by the competent authorities of finance and occupational safety.
 - (3) In the year 2022, there were 2,237 participants in training, with a total of 6,809 training hours, an average of 13.59 hours per person; annual training expenses of NTD 1,469,811, an average of NTD 2,934 per person. The Company was awarded Bronze Award for the year 2014 by the Talent Quality-Management System (TTQS).
 - (4) An additional 16 training courses were added to the e-learning platform in 2022, with a total 14,233 participants, and accumulated learning hours of 22,246.
3. Work environment and employee safety protection measures:

In order to provide excellent working environment and provide personal safety, the Company takes relative measures in accordance with laws and regulations

regarding occupational safety and health. The execution focus points of measures regarding firefighting equipment, safety management, environmental hygiene and personal safety are as follows:

- (1) Firefighting equipment: The indoor decoration of the headquarters and branches is designed built in accordance with the Regulations Governing the Indoor Decoration of Buildings released by the Ministry of the Interior. Firefighting and escape equipment is regularly renewed, and a fire escape plan is prepared according to the fire inspection. The Company has taken out public liability insurance for the headquarters and branches.
- (2) Safety management: Controlling all persons in or out of the company building by security guards, regular maintenance for elevators and automatic power generators, installing surveillance cameras in office buildings, basement, canteens and offices, and connecting to security systems.
- (3) Environmental hygiene: The Company cleans the water tank regularly, changes filters of water dispensers to ensure the drinking water quality. The air-conditioners are maintained regularly. The Company prohibits smoking in all school buildings, and carries out waste separation and recycling.
- (4) Personal safety:
 - A. According to regulations related to occupational safety and health, personnel (total 13) in headquarters and all branches are delegated with the responsibility for occupational safety and health. They take part in profession related training, obtain required certificates, and are in charge of occupational safety and health related duties. Moreover, the Company appoints 16 personnel in total (in headquarters and all branches) to be responsible for emergency medical services. They take part in training, obtain required certificates, and are in charge of emergency medical services at the first instance.
 - B. The Company has also prepared the list of employee emergency contacts, formulated the notification mechanisms for emergencies and measures for sexual harassment, as well as established channels for whistleblowing.
 - C. The employees are enrolled in labor insurance and national health insurance in accordance with the law. The Company also provides health examinations biennially at selected medical institutes, or the employees may choose to take the health examination at medical institutes of their choice.
 - D. In 2018, the Company hired part-time medical personnel in accordance with the Occupational Safety and Health Act. The Company provides a mentally and physically healthy workplace through the chief of occupational safety and health's formulating annual safety plans and safety policies focusing on the Company's overall occupational health and safety and employees' health management.

4. Certifications and Qualifications Acquired by Personnel Regarding Financial Transparency

March 1, 2023

Certifications and Qualifications	Finance Division (12 persons)	Percentage (%)	Risk Management Office (3 persons)	Percentage (%)	Internal Auditing Office (19 persons)	Percentage (%)
Agents of Securities Firms	1	8.33%	1	33.33%	17	89.47%
Senior Agents of Securities Firms	8	66.67%	2	66.67%	12	63.16%
Securities Trading Margin Purchase and Short Sale Operations by Securities Firms Business Staff Members	2	16.67%	1	33.33%	17	89.47%
Advanced Calculation Method for the Regulatory Capital Adequacy Ratio for Securities Firms	7	58.33%	3	100.00%	2	10.53%
Workshop for Internal Audit Operations of Securities Firms	0	0.00%	1	33.33%	17	89.47%
Wealth Management Agents of Securities Firms	0	0.00%	0	0.00%	7	36.84%
Spot FX Trader	2	16.67%	0	0.00%	0	0.00%
Agents of Futures Commission Merchants	2	16.67%	3	100.00%	17	89.47%
Agents of Securities Investment Trust and Consulting	0	0.00%	0	0.00%	6	31.58%
Agents of Trust	6	50.00%	0	0.00%	7	36.84%
Agents of Life Insurance Policies	2	16.67%	0	0.00%	7	36.84%
Agents of Investment-linked Insurance Products	0	0.00%	0	0.00%	11	57.89%
Agents of None-Life Insurance Policies	0	0.00%	0	0.00%	3	15.79%
Financial Planning Personnel	0	0.00%	0	0.00%	7	36.84%
Stock Affair Specialist Certification	1	8.33%	0	0.00%	3	15.79%
Corporate Internal Control	1	8.33%	0	0.00%	2	10.53%
Bank Internal Control	2	16.67%	0	0.00%	1	5.26%
Chief Accounts and Finance Officer Certification for Public Companies	2	16.67%	1	33.33%	0	0.00%
Financial Risk Manager (FRM [®])	0	0.00%	1	33.33%	0	0.00%

5. Pension system and implementation:

(1) Pension appropriation amount and pension account

Since securities firms are covered by the Labor Standards Act starting Mar. 1, 1998, the Company formulated Regulations Governing Retirement and established the Retirement Reserve Fund Supervising Committee to supervise operations regarding pension appropriation. Upon approval by the competent authorities, the Company appropriated 2.9% of employees' base salary to the pension account in Bank of Taiwan on a monthly basis before Jun. 2001. Since Jun. 2001, the Company raised the appropriation rate to 3.4%; Apr. 2002, 3.7%; Mar. 2003, 3.8%; Aug. 2005, 2%.

Currently, the Company appropriates pensions to the pension account on a monthly basis. As of end of Feb. 2023, the Company had appropriated a total of NTD 65,256,419.

(2) Retirement

A. Voluntary retirement

- (A) Workers who attain the age of 55 and have worked for more than 15 years.
 - (B) Workers who have worked for more than 25 years.
 - (C) Workers who attain the age of 60 and have worked for more than 10 years.
- B. Compulsory retirement
- (A) Workers who attain the age of 65 but approved by the Company to continue their service for at most 3 years.
 - (B) Workers who are mentally ill or are unable to perform their duties due to disability.
- (3) Since the launch of the “Labor Pension Act” on Jul. 1, 2015, the Company’s standards for workers’ pension payment are as follows:
- A. For employees, who opted for the pension system of the “Labor Standards Act” and who are subject to the pension system of the “Labor Pension Act,” with employment starting date starting before Jul. 1, 2015, their seniority before they are subject to the acts:
Two bases are given for each full year of service rendered. But for the rest of the years over 15 years, one base is given for each full year of service rendered. The total number of bases shall be no more than 45. The retirement pension base shall be one month’s average wage of the worker at the time when his or her retirement is approved.
 - B. For employees, who opted for the pension system of the “Labor Pension Act,” with employment starting date starting after Jul. 1, 2015, their seniority before they are subject to the acts:
The Company appropriates 6% of employees’ month salary to the pension reserve fund on a monthly basis.
6. Status of agreements between labor and management, and all measures aimed at preserving the rights and interests of employees:
The Company has formulated relative work rules in accordance with laws and regulations regarding Labor Act, and has submitted such work rules to the Department of Labor, Taipei City Government for review. Rules and regulations of the work rules are announced to the employees via email, and are also disclosed on the company’s internal website.
The Company convenes a Labor–Management Meeting every quarter in accordance with “Regulations for Implementing Labor–Management Meeting.” Employee situation and updates of the laws and regulations regarding laborers are reported in the meeting. Moreover, participants discuss to reach consensus on motions related to working conditions. All representatives from the labor side are directly elected and the election matter has been reported to the Department of Labor, Taipei City Government.
The measures for whistleblowing are stipulated in the Company’s work rules, and are announced to the employees.
7. Formulation of Code of Ethical Conducts for Employees:
The Company is committed to the establishment of business ethics and professional ethics. We work closely together with our employees for the prosperity of our business. We have not only established comprehensive operational and management systems, but also work rules. Furthermore, we require all employees to sign an employment agreement upon the start of their employment, and obey the following rules with due responsibilities.
- (1) Uphold the Company’s honor, develop team spirit, and carry out tasks diligently and with due responsibility.

- (2) Obey the laws and all company regulations and announcements, obey reasonable supervision and orders from supervisors, and pay attention to work safety.
- (3) No conduct of arrogance, willfulness, greed, sloth and others that may harm the reputation of individuals or the Company.
- (4) Do not accept gifts and invitation from others through connection due to one's position and authority, resulting in losses to the Company.
- (5) Do not perform non-company-related businesses under the Company's name.
- (6) Absolute obligation to maintaining the confidentiality of the Company's information.
- (7) If a certain qualification is required for a position, such qualification shall be obtained, and be effective before first day of duty.
- (8) Matters prohibited in the "Regulations Governing Responsible Persons and Associated Persons of Securities Firms" are not allowed.
- (9) Accept duty, task and work location arrangements according to Company's operation requirements.
- (10) Use only legal software provided by the Company for work, and no downloading, installation and use of unauthorized software on Company's computers.

The Company always has harmonious labor relations; all matters are handled in accordance with the laws. Also, we care for improvements of employee benefits and workplaces, and maintain good interaction with our employees.

- (II) List any losses suffered by the company in the most recent two fiscal years and up to the annual report publication date due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions), and an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: As of the printing date of this Annual Report, there is no matter of losses due to labor relation disputes in the year 2022.

VI. Cyber security management

- (I) Describe the cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management.

1. Cyber security risk management framework

The Company has established the Information Security Management Committee under the President, with the President serving as the chairperson of the Information Security Management Committee, and supervisors of each unit and department serving as the committee members. The committee is for the formulation and supervision of the Company's information security policies. The President appoints the information security executive secretary to organize the information security implementation team, to carry out the implementation of various information security matters and information security risk management, and to convene the information security management meeting every two months in order to allow the Information Security Management Committee to understand the current situation of information security in the Company and to discuss how to avoid and mitigate the information security risks and accidents encountered.

2. Cyber security policies, and concrete management programs investments in resources for cyber security management.

In accordance with the Company's information security policies, the Company has formulated the "Regulations Governing the Information Security Management," and carries out information security management and risk assessment in all aspects in

order to mitigate information security risks. The methods are as follows:

- (1) Personnel management
The Company carries out safety evaluation regarding relevant positions and duties, divides labors and duties in each information security system, supervises the information security operations of the employees to prevent illegal and improper conducts, and requires personnel handling important or confidential data should sign a non-disclosure agreement.
- (2) Information security training
 - ① General employees should undergo at least 3 hours of information security training every year.
 - ② Information security management personnel should undergo at least 15 hours of information security management training every year.
 - ③ Carry out at least one information security advocacy among employees every month.
- (3) Computer system safety management
 - ① Carry out regular information security risk level evaluation on all system servers, and conduct loophole corrections and risk mitigation according to the evaluation results.
 - ② The employees shall update their personal computers regularly with operating system security and install endpoint protection software (EDR) to protect employees' computers from computer virus, malicious programs or being hacked.
 - ③ The Company carries out social engineering drills to protect employees from social email scams, prevent computers from ransomware or malicious programs, which may allow hackers to hack into the intranet and cause damages.
- (4) Internet safety management
 - ① In addition to installing a firewall for protection of external network, the Company also set up an intrusion prevention system (IPS) to detect improper connections and malicious attacks that cannot be blocked by the firewall.
 - ② The Company formulates the "Regulations Governing New Technology Network and Information Security Control" stipulating the establishment and use of the Company's network environment, the provision and use of cloud services, and the use of social media and mobile devices, in order to avoid security loopholes caused by improper setting or use.
 - ③ The Company introduces the DDoS defense mechanism to prevent external attack on the Company's external bandwidth or servers by a large number of connections, paralyzing the network or resulting in failure of the server due to malicious traffic.
 - ④ The Company also introduced the web application firewall (WAF) to protect its online order placement system from web attacks.
- (5) System access control
 - ① When sharing online drives on the intranet, passwords should be set up to prevent viewing or accessing by non-related parties.
 - ② Important and confidential data are maintained by designated personnel and are backed up regularly. The data is stored in a physical secured area, such as a computer room or a vault.
 - ③ When the employment of a person at the Company is terminated, all of the person's access to the computer use at the Company is terminated.
 - ④ When scrapping computers or stored media, the data should be securely deleted.
- (6) Safety management of application development and maintenance

- ① The Company takes into account the information security in the development of systems.
 - ② Trials are conducted before full launch.
 - ③ The programs or revisions are reviewed before launch, and are handled by designated personnel.
 - ④ Professionals are hired to test the information security of the mobile applications or major revisions before the launch.
- (7) Information assets security management
The Company has formulated the management and regulations of the use of information equipment, stipulating the use and management of various information equipment and networks, in order to prevent information security risks caused by improper use.
- (8) Physical and environment safety management
- ① All important information equipment are located in the computer facilities, and the Company has formulated the Regulations Governing the Computer Facility Management, to manage relevant matters.
 - ② The computer facilities are equipped with access controls to prevent unauthorized personnel from entering and leaving at will.
 - ③ After the use printers, fax machines, etc., the photocopies or printed documents must immediately be picked up to avoid data leakage.
- (9) Planning and execution of continual of information business plan
The Company has formulated the Regulations Governing the Continual of Information Business Management, in order to maintain the continued operation of all information systems.
- (10) Notification of security incidents and collection of intelligence
- ① The Company has formulated Regulations Governing the Information Security Incident Management, stipulating that all employees must report to their supervisors or security personnel when they discover a security incident.
 - ② The Company participates in the information security protection organization, and receives information regarding information security from time to time. The Company inspects whether the Company has relevant risks and make corrections and improvements accordingly.
- (11) Outsourcing management of information business
The Company has formulated the Regulations Governing the Outsourcing of Information Equipment, stipulating that the suppliers should abide by the Company's information security policies and jointly maintain the Company's information security.
- (12) Reporting of the overall implementation of information security protection and disclosure of the Statement on the Overall Implementation of Information Security Measures
Before March of each year, the Company shall submit the implementation of information security protection of the previous year to the Board of Directors, so as to acquaint the Board of Directors with the information security issues encountered by the Company in the implementation, and the information security risks it faces. These will serve as a reference in the decision making of corporate governance and approval of information security budgets.

The Company continues to implement the "Regulations Governing the Information Security Management", reviews and revise the information security policies every year to be in line with the current information security development trend and law requirements, so as to mitigate the Company's information security risks.

(II) List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided.

1. In 2022, there were many encryption virus infection incidents in Taiwan and the world. Once the transaction servers are infected with encryption virus and cannot be repaired immediately, there will be following consequences.
 - (1) Customer complaints, claims, loss of reputation and loss of customers.
 - (2) Attribution of responsibility and punishment by the competent authorities.
 - (3) Failure to recover important data that are encrypted, and in severe cases, it may result in a business shutdown.
 - (4) Supplementary budgets for further information security defense systems due to insufficient information security protection.
2. Responses:
 - (1) Raise employees' information security awareness, and strengthen the connection management of outsourced manufacturers to prevent hackers from using employees' or outsourced manufacturers' computers to attack the Company's hosts.
 - (2) Comply with the competent authority's requirements to make a preliminary notification through the Cyber Security Notification System for Securities and Futures Industry within 30 minutes after the discovery of the incident.
 - (3) Back up the server image file and data to recover the server if such an event occurs.
 - (4) Perform server and data recovery drills on a regular basis, so that operators are familiar with the operation process and can complete system recovery in the shortest time.

The Company does not have any major security incidents resulting in business damages in 2022.

VII. Important Contracts

Nature of contracts	Counterparty	Term	Major contents	Restrictions
Lease contract	Cathay Life Insurance	September 19, 2017 - March 18, 2023	Leasing 3-5F and 7F of Xinyi Anhe Building	None
Securities investment advisor retainer agreement	Horizon SICE Co., Ltd.	January 1, 2023 - December 31, 2023	Retaining Horizon SICE as an advisor for suggestions and analysis of domestic and overseas securities.	None

VI. Financial Information

I. Condensed Balance Sheets and Statements of Comprehensive Income for the Past Five Fiscal Years

(I) Condensed Balance Sheets and Statements of Comprehensive Income

1. Consolidated Condensed Balance Sheets – IAS

Unit: NTD thousand

Items \ Year		2018 – 2022				
		2018	2019	2020	2021	2022
Current assets		10,760,056	10,560,405	15,834,117	15,253,011	8,620,467
Property, plant, and equipment		44,759	43,827	40,522	49,877	90,233
Intangible assets		15,210	24,798	29,429	74,223	85,004
Other assets		755,925	926,466	970,217	1,118,024	1,295,666
Total assets		11,575,950	11,555,496	16,874,285	16,495,135	10,091,370
Current liabilities	Before dividend distribution	7,716,792	7,562,467	12,632,094	10,340,111	4,791,997
	After dividend distribution (Note 1)	(Note 2)	7,510,687	12,466,686	9,743,646	(Note 3)
Non-current liabilities		8,288	93,361	82,825	826,386	765,297
Total liabilities	Before dividend distribution	7,725,080	7,655,828	12,714,919	11,166,497	5,557,294
	After dividend distribution (Note 1)	(Note 2)	7,604,048	12,549,511	10,570,032	(Note 3)
Equity attributable to Shareholders of the Company		-	-	-	-	-
Capital stock		3,625,008	3,625,008	3,308,168	3,313,694	3,512,516
Capital reserve		266,816	237,869	312,359	359,443	356,228
Retained earnings	Before dividend distribution	(72,432)	133,968	477,667	1,537,273	556,835
	After dividend distribution (Note 1)	(Note 2)	82,188	312,259	741,986	(Note 3)
Other equity		45,876	48,459	61,172	118,228	108,497
Treasury stock		(14,398)	(25,636)	-	-	-
Non-controlling interests		-	-	-	-	-
Total equity	Before dividend distribution	3,850,870	3,899,668	4,159,366	5,328,638	4,534,076
	After dividend distribution (Note 1)	(Note 2)	3,847,888	3,993,958	4,533,351	(Note 3)

* Companies that are required to prepare individual financial reports should separately prepare the condensed balance sheets and statements of comprehensive income for the past five fiscal years.

* If the financial information reported according to the IFRSs has less than 5 years of information, the following table(2) should be prepared the financial information separately in accordance with the Enterprise Accounting Standard of Taiwan.

Note 1: The aforementioned ex-dividends figure is based on the figures approved by the Board or the Shareholders Meeting of the next year.

Note 2: The Company had a loss in 2018, and thus no dividend was distributed.

Note 3: The Company had a loss in 2022, and thus no dividend was distributed.

Note 4: The above financial information of each year was audited by the CPA.

2. Condensed Balance Sheets - IAS

Unit: NTD thousand

Items \ Year		2018 – 2022				
		2018	2019	2020	2021	2022
Current assets		10,449,241	10,283,908	15,647,677	14,839,426	8,369,280
Property, plant, and equipment		44,463	43,595	40,185	49,596	90,038
Intangible assets		15,204	24,798	29,429	74,223	85,004
Other assets		1,060,303	1,188,070	1,141,544	1,503,464	1,537,796
Total assets		11,569,211	11,540,371	16,858,835	16,466,709	10,082,118
Current liabilities	Before dividend distribution	7,710,111	7,550,336	12,617,814	10,311,685	4,783,303
	After dividend distribution (Note 1)	(Note 2)	7,498,556	12,452,406	9,715,220	(Note 3)
Non-current liabilities		8,230	90,367	81,655	826,386	764,739
Total liabilities	Before dividend distribution	7,718,341	7,640,703	12,699,469	11,138,071	5,548,042
	After dividend distribution (Note 1)	(Note 2)	7,588,923	12,534,061	10,541,606	(Note 3)
Equity attributable to Shareholders of the Company		-	-	-	-	-
Share capital		3,625,008	3,505,008	3,308,168	3,313,694	3,512,516
Capital reserve		266,816	237,869	312,359	359,443	356,228
Retained earnings	Before dividend distribution	(72,432)	133,968	477,667	1,537,273	556,835
	After dividend distribution (Note 1)	(Note 2)	82,188	312,259	741,986	(Note 3)
Other equity		45,876	48,459	61,172	118,228	108,497
Treasury stock		(14,398)	(25,636)	-	-	-
Non-controlling interests		-	-	-	-	-
Total equity	Before dividend distribution	3,850,870	3,899,668	4,159,366	5,328,638	4,534,076
	After dividend distribution (Note 1)	(Note 2)	3,847,888	3,993,958	4,533,351	(Note 3)

Note 1: The aforementioned ex-dividends figure is based on the figures approved by the Board or the Shareholders Meeting of the next year.

Note 2: The Company had a loss in 2018, and thus no dividend was distributed.

Note 3: The Company had a loss in 2022, and thus no dividend was distributed.

Note 4: The above financial information of each year was audited by the CPA.

3. Condensed Statements of Comprehensive Income – IAS

Unit: NTD thousand

Items \ Year	2018 – 2022				
	2018	2019	2020	2021	2022
Operating income	297,721	851,358	1,306,107	2,641,258	681,966
Gross profit margin	222,041	773,638	1,215,951	2,538,677	606,710
Net operating income (loss)	(518,563)	36,534	322,850	1,215,024	(367,526)
Non-operating income and expenses	77,070	102,369	94,364	154,904	180,038
Profit before tax	(441,493)	138,903	417,214	1,369,928	(187,488)
Net income for the year from the continuing department	(440,991)	140,833	414,718	1,239,273	(220,184)
Loss from the discontinued department	-	-	-	-	-
Net profit (loss) for the period	(440,991)	140,833	414,718	1,239,273	(220,184)
Other comprehensive income for the period (net after tax)	18,082	(4,282)	(6,526)	42,797	25,302
Total comprehensive loss for the period	(422,909)	136,551	408,192	1,282,070	(194,882)
Net profit attributable to the owner of the parent company	(440,991)	140,833	414,718	1,239,273	(220,184)
Net profit attributable to non-controlling interest	-	-	-	-	-
Comprehensive income attributable to the owner of the parent company	(422,909)	136,551	408,192	1,282,070	(194,882)
Comprehensive income attributable to non-controlling interest	-	-	-	-	-
Earnings per share	(1.27)	0.42	1.32	3.53	(0.63)

Note 1: The above financial information of each year was audited by the CPAs.

4. Individual Condensed Statements of Comprehensive Income – IAS

Unit: NTD thousand

Items \ Year	2018 – 2022				
	2018	2019	2020	2021	2022
Operating income	350,416	798,442	1,329,949	2,608,900	676,012
Gross profit margin	277,796	721,758	1,240,871	2,507,320	601,590
Net operating income (loss)	(452,342)	(2,123)	365,026	1,221,180	(359,730)
Non-operating income and expenses	11,117	142,629	53,057	147,995	170,447
Profit before tax	(441,225)	140,506	418,083	1,369,175	(189,283)
Net income for the year from the continuing department	(440,991)	140,833	414,718	1,239,273	(220,184)
Loss from the discontinued department	-	-	-	-	-
Net profit (loss) for the period	(440,991)	140,833	414,718	1,239,273	(220,184)
Other comprehensive income for the period (net after tax)	18,082	(4,282)	(6,526)	42,797	25,302
Total comprehensive loss for the period	(422,909)	136,551	408,192	1,282,070	(194,882)
Net profit attributable to the owner of the parent company	-	-	-	-	-
Net profit attributable to non-controlling interest	-	-	-	-	-
Comprehensive income attributable to the owner of the parent company	-	-	-	-	-
Comprehensive income attributable to non-controlling interest	-	-	-	-	-
Earnings per share	(1.27)	0.42	1.32	3.53	(0.63)

Note: The above financial information of each year was audited by the CPAs.

(II) Auditors' Opinions for the Most Recent Five Years

Year	Name of accounting firm	Name of CPA	Audit opinion
2018	Ernst & Young Global Limited	James Huang and Bob Chang	Unqualified opinion
2019	Ernst & Young Global Limited	James Huang and Bob Chang	Unqualified opinion
2020	Ernst & Young Global Limited	James Huang and Bob Chang	Unqualified opinion
2021	Ernst & Young Global Limited	James Huang and Bob Chang	Unqualified opinion
2022	Ernst & Young Global Limited	James Huang and Spencer Ma.	Unqualified opinion

(III) Reasons and description of replacement:

In 2022, due to internal job rotation of Ernst & Young Global Limited, the original CPAs, James Huang and Bob Chang, are replaced by James Huang and Spencer Ma.

II. Financial Analyses for the Past Five Fiscal Years

1. Consolidated financial position analysis

Items	Year	2018 – 2022					
		2018	2019	2020	2021	2022	
Financial structure (%)	Ratio of liabilities to assets	66.73	66.25	75.35	67.70	55.07	
	Ratio of long-term capital to property and equipment	8,622.01	9,110.78	10,468.86	12,340.40	5,873.01	
Debt service ability (%)	Current ratio	139.44	139.64	125.35	147.51	179.89	
	Quick ratio	139.23	139.37	124.67	147.33	179.50	
Profitability	Asset return ratio (%)	(3.82)	1.22	2.92	7.43	(1.66)	
	Equity return ratio (%)	(10.66)	3.63	10.29	26.12	(4.46)	
	Ratio to paid-in capital (%)	Operating profit	(14.27)	1.04	9.74	36.50	(10.42)
		Income before tax	(12.15)	3.95	12.58	41.16	(5.32)
	Net profit ratio (%)	(148.12)	16.54	31.75	46.92	(32.29)	
Earnings per share (NTD) (Note 2)	(1.27)	0.42	1.32	3.53	(0.63)		
Cash Flow	Cash flow ratio (%)	Note 3	2.89	Note 3	15.28	6.65	
	Cash flow sufficiency ratio (%)	51.14	24.29	Note 3	235.16	156.54	
	Cash reinvestment ratio (%)	Note 4	5.22	Note 4	24.88	Note 4	
Special purpose ratios (%)	Ratio of debt to equity	200.61	196.32	305.69	209.56	122.57	
	Ratio of property and equipment to assets	1.84	1.76	1.21	1.35	2.75	
	Ratio of total amount of underwriting to quick assets	1.08	1.13	6.13	4.61	2.56	
	Ratio of total amounts of margin loan to equity	-	-	-	-	-	
	Ratio of total amount of short sales to equity	-	-	-	-	-	

Analysis on changes:

- The ratio of long-term capital to property and equipment is lower than that in the previous year. This is due to the Company's loss in the current year.
- All items under debt service ability are higher than that in the previous year. This is due to a decrease in repo trades, and a decrease in bond investments with resell agreements and bond liabilities with repurchase agreement.
- The various aspects of profitability are lower than that in the previous year. This is due to the Company's loss in the current year.
- The current cash flow ratio is down from the same period last year, mainly due to the decrease in net cash flow from operating activities during the current period.
- The current cash flow sufficiency ratio is down from the same period last year, mainly due to the increase in capital expenditure and cash dividends during the current period.
- The debt to equity ratio of the current period decreases over last year, mainly due to the decrease in total liabilities in the current period.
- The real estate and equipment to total assets ratio of the current period increases over last year, mainly due to the decrease in total assets in the current period.
- The ratio of total underwriting to quick assets decreases over last year, mainly due to the decrease in total amount of underwriting securities during the current period.

Note 1: The above financial information of each year was audited by the CPAs.

Note 2: EPS is calculated based on retrospectively adjusted weighted-average shares.

Note 3: The “Net cash flow from operating activities” was outflow, and thus not applicable.

Note 4: The “Net cash flow from operating activities – cash dividends” was outflow, thus not applicable.

Note 5: Formulas for financial ratios and financial ratio analysis:

1. Financial structure
 - (1) Debt ratio = Total liabilities/Total assets
 - (2) Ratio of long-term funds to property and equipment = (Total equity + Long-term liability)/Net property and equipment
2. Debt service ability
 - (1) Current ratio = Current assets/Current liabilities
 - (2) Quick ratio = (Current assets - Prepaid expenses)/Current liabilities
3. Profitability
 - (1) Asset return ratio = (Profit or loss after tax)/Average total assets
 - (2) Equity return ratio = Profit or loss after tax/Average total equity
 - (3) Net profit ratio = Profit or loss after tax/Income
 - (4) Earnings per share = (Net profit after tax - Preferred shares dividends)/Weighted average number of shares issued
4. Cash flow
 - (1) Cash flow ratio = Net cash flows from operating activities/Current liabilities
 - (2) Cash flow sufficiency ratio = Net cash flow from operating activities for the most recent five years/(Capital expenditures + Cash dividends) for the most recent five years
 - (3) Cash reinvestment ratio = (Net cash flow from operating activities - Cash dividends)/(Gross property and equipment + Long-term investment + Other non-current assets + Working capital)
5. Ratios of other special requirements
 - (1) Ratio of debt to equity = Total liabilities/Total equity
 - (2) Ratio of property and equipment to assets = Total property and equipment/Total assets
 - (3) Ratio of total amount of underwriting to quick assets = total amount of underwriting/(Current assets - Current liabilities)
 - (4) Ratio of total amounts of margin loan to equity = Total amounts of margin loan/Total equity
 - (5) Ratio of total amount of short sales to equity = Total amount of short sales/Total equity

2. Individual financial position analysis

		2018 – 2022					
		2018	2019	2020	2021	2022	
Financial structure (%)	Ratio of liabilities to assets	66.71	66.21	75.33	67.64	55.03	
	Ratio of long-term capital to property and equipment	8,679.38	9,152.59	10,553.80	12,410.27	5,885.09	
Debt service ability (%)	Current ratio	135.53	136.20	124.01	143.91	174.97	
	Quick ratio	135.33	135.94	123.34	143.74	174.61	
Profitability	Asset return ratio (%)	(3.82)	1.22	2.92	7.44	(1.66)	
	Equity return ratio (%)	(10.66)	3.63	10.29	26.12	(4.46)	
	Ratio to paid-in capital (%)	Operating profit	(12.45)	(0.06)	11.01	36.69	(10.20)
		Income before tax	(12.14)	4.00	12.61	41.14	(5.37)
	Net profit ratio (%)	(125.85)	17.64	31.18	47.50	(32.57)	
Earnings per share (NTD) (Note 1)	(1.27)	0.42	1.32	3.53	(0.63)		
Cash Flow	Cash flow ratio (%)	Note 3	3.27	0.13	14.69	10.95	
	Cash flow sufficiency ratio (%)	87.39	11.20	Note 3	241.26	180.49	
	Cash reinvestment ratio (%)	Note 4	6.17	Note 4	21.61	(1.35)	
Special purpose ratios (%)	Ratio of debt to equity	200.43	195.93	305.32	209.02	122.36	
	Ratio of property and equipment to assets	1.84	1.76	1.20	1.34	2.74	
	Ratio of total amount of underwriting to quick assets	1.11	1.16	6.20	4.74	2.63	
	Ratio of total amounts of margin loan to equity	-	-	-	-	-	
	Ratio of total amount of short sales to equity	-	-	-	-	-	

Analysis on changes:

1. The ratio of long-term capital to property and equipment is lower than that in the previous year. This is due to the Company's loss in the current year.
2. All items under debt service ability are higher than that in the previous year. This is due to a decrease in repo trades, and a decrease in bond investments with resell agreements and bond liabilities with repurchase agreement.
3. The various aspects of profitability are lower than that in the previous year. This is due to the Company's loss in the current year.
4. The current cash flow ratio is down from the same period last year, mainly due to the decrease in net cash flow from operating activities during the current period.
5. The current cash flow sufficiency ratio is down from the same period last year, mainly due to the increase in capital expenditure and cash dividends during the current period.
6. The debt to equity ratio of the current period decreases over last year, mainly due to the decrease in total liabilities in the current period.
7. The real estate and equipment to total assets ratio of the current period increases over last year, mainly due to the decrease in total assets in the current period.
8. The ratio of total underwriting to quick assets decreases over last year, mainly due to the decrease in total amount of underwriting securities during the current period.

Note 1: The year for which the financial information was not verified by a CPA should be indicated.

Note 2: All financial information, of a TWSE/TPEX-listed company as of the printing date of the annual report, that are verified or reviewed by a CPA recently shall be analyzed.

Note 3: Below the table in the annual report, the following formula should be provided.

1. Financial structure
 - (1) Debt ratio = Total liabilities/Total assets
 - (2) Ratio of long-term funds to property, plant, and equipment = (Total equity + Non-current liabilities) / Net property, plant, and equipment
2. Debt service ability
 - (1) Current ratio = Current assets/Current liabilities
 - (2) Quick ratio = (Current assets - Inventory - Prepaid expenses) / Current liabilities
 - (3) Times interest earned ratio = Earnings before interest and taxes / Interest expenses
3. Operating ability
 - (1) Accounts receivable turnover rate (including accounts receivable and bills receivable from business activities) = Net sales / Balance of average accounts receivable in each period (including accounts receivable and bills receivable from business activities)
 - (2) Average days for cash receipts = 365 / Accounts receivable turnover
 - (3) Inventory turnover rate = Cost of sales / Average inventory
 - (4) Payables turnover rate (including accounts payable and bills payable from business activities) = Cost of sales / Balance of average accounts payable in each period (including accounts payable and bills payable from business activities)
 - (5) Average days for sale of goods = 365 / Inventory turnover
 - (6) Turnover rate for property, plant and equipment = Net sales / Average net property, plant, and equipment
 - (7) Total asset turnover rate = Net sales/Average total assets
4. Profitability
 - (1) Asset return ratio = [Profit or loss after tax + Interest expenses × (1 - Tax rate)] / Average total assets
 - (2) Equity return ratio = Profit or loss after tax / Average total equity
 - (3) Net profit ratio = Profit or loss after tax / Net sales
 - (4) Earnings per share = (Net profit after tax - Preferred shares dividends) / Weighted average number of shares issued (Note 4)
5. Cash flow
 - (1) Cash flow ratio = Net cash flows from operating activities/Current liabilities
 - (2) Cash flow sufficiency ratio = Net cash flow from operating activities for the most recent five years / (Capital expenditures + Inventory increment + Cash dividends) for the most recent five years
 - (3) Cash reinvestment ratio = (Net cash flow from operating activities - Cash dividends) / (Gross property and equipment + Long-term investment + Other non-current assets + Working capital) (Note 5)
6. Leverage:
 - (1) Operating leverage = (Net operating revenue - Variable operating costs and expenses) / Operating income (Note 6).
 - (2) Financial leverage = Operating income / (Operating income - Interest expenses)

Note 4: The following matters should be noted when using the above formula for earnings per share for evaluation:

1. Number of weighted average common shares should be used instead of number of issued shares at the end of the year.

2. In the event of cash capital increase, or treasury stock transactions, weighted average number of shares shall be calculated based on the outstanding period.
3. In the event of capital increase from earnings or capital surplus, the annual or semi-annual earnings per share shall be adjusted retrospectively according to the ratio of capital increase but not the outstanding period.
4. If the preference shares are unconvertible accumulated preference shares, the dividends of that year (whether to be distributed or not) shall be deducted from net profit after tax, or added to net gain or loss after tax. If the preference shares are not accumulative, when there is net profit after tax, preference share dividends shall be deducted from net gain after tax, but no adjustment is required if there is a loss.

Note 5: The following matters should be noted when evaluating by cash flow analysis:

1. "Net cash flow from operating activities" refers to the net cash inflow from operating activities indicated in the cash flow statement.
2. "Capital expenditure" refers to the cash outflow from annual capital investment.
3. Increase in inventories is only recognized when ending balance is larger than beginning balance. For decrease in inventories, 0 is recognized.
4. Cash Dividends includes the dividends in cash paid to holders of common shares and preferred shares.
5. Gross property, plant, and equipment refers to the property, plant, and equipment before accumulated depreciation.

Note 6: Issuers should divide all operating costs and operating expenses into fix or variable costs based on their nature. If subjective decision making is required, it shall be reasonable and consistent.

Note 7: If the Company issues shares without face value or at face values other than NT\$10 per share, the calculation of the aforementioned "as a percentage of paid-in capital" shall be calculated based on the equity attributable to Shareholders of the Company in the balance sheet.

III. Audit Committee's Report for the Most Recent Fiscal Year's Financial Statement

Approved

The 2022 standalone and consolidated financial reports (including balance sheet, comprehensive income statement, cash flow statement, statement of changes in equity, etc.) prepared by the board have been audited by accounts James Huang and Spencer Ma of Ernst & Young Taiwan. The reports, together with the business report, have been reviewed and determined to be correct and accurate by the audit committee. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

Best regards

2023 Horizon Securities Co., Ltd. Annual General Meeting

Audit Committee of Horizon Securities Co., Ltd.

Convener: HSIAO, CHEN-CHI

February 23, 2023

IV. Financial Statements for the Most Recent Fiscal Year

For 2022 consolidated financial statements and auditor's report: Please refer to page 193-308 of this Annual Report.

V. Individual Financial Statement for the Most Recent Fiscal Year, Certified by the CPA

For 2022 individual financial statements and auditor's report: Please refer to page 309-417 of this Annual Report.

VI. If the Company or Its Affiliates Have Encountered Any Financial Difficulties in the Most Recent Fiscal Year and as of the Printing Date of the Annual Report, the Impact on the Company's Financial Situation Shall Be Set Forth.

The Company or its affiliates have not encountered matters of financial difficulties in the most recent fiscal year or as of the printing date of the annual report.

VII. Review and Analysis of the Company's Financial Position and Financial Performance, and Listing of Risks

I. Financial Position

The annual report shall list the main reasons for any material change (any increase or decrease greater than 20% or monetary amount larger than NTD 10 million) in the Company's assets, liabilities, or equity during the most recent two fiscal years, the effect thereof, and the measures to be taken in response:

Unit: NTD thousand

Items \ Year	2021	2022	Difference	
			Amount	Percentage
Current assets	\$14,839,426	\$8,369,280	\$(6,470,146)	(43.60)%
Property and equipment	49,596	90,038	40,442	81.54%
Right-of-use assets.	84,618	124,218	39,600	46.80%
Intangible assets	74,223	85,004	10,781	14.53%
Other assets	1,418,846	1,413,578	(5,268)	(0.37)%
Total assets	16,466,709	10,082,118	(6,384,591)	(38.77)%
Current liabilities	10,311,685	4,783,303	(5,528,382)	(53.61)%
Non-current liabilities	826,386	764,739	(61,647)	(7.46)%
Total liabilities	11,138,071	5,548,042	(5,590,029)	(50.19)%
Share capital	3,313,694	3,512,516	198,822	6.00%
Capital reserve	359,443	356,228	(3,215)	(0.89)%
Retained earnings	1,537,273	556,835	(980,438)	(63.78)%
Other items under equity	118,228	108,497	(9,731)	(8.23)%
Total equity	5,328,638	4,534,076	(794,562)	(14.91)%

Analysis for any increase or decrease greater than 20% or monetary amount larger than NTD 10 million.

1. The current assets and total assets of the current period is lower than that in 2021, mainly due to the decrease in settlement receivables from brokerage trades in the current period.
2. The property and equipment of the current period is higher than that in 2021, mainly due to the renovation in new the branch office.
3. The right-of-use assets of the current period is higher than that in 2021, mainly due to the lease contract of the new branch office.
4. The current liabilities and total liabilities of the current period is lower than that in 2021, mainly due to the decrease in settlement receivables from brokerage trades in the current period.
5. The retained earnings of the current period is lower than that in 2021, mainly due to the distribution of dividends for 2021.

II. Financial Performance

(I) Financial Performance Analysis

Unit: NTD thousand

Items \ Year	2021	2022	Change, by	
			monetary amount	percentage
Income	\$2,608,900	\$676,012	\$(1,932,888)	(74.09)%

Items	Year		Change, by monetary amount	Change, by percentage
	2021	2022		
Operating expense	1,387,720	1,035,742	(351,978)	(25.36)%
Operating profit (loss)	1,221,180	(359,730)	(1,580,910)	(129.46)%
Non-operating profit or loss	147,995	170,447	22,452	15.17%
Net profit before tax (loss)	1,369,175	(189,283)	(1,558,458)	(113.82)%
Income tax profit (expense)	(129,902)	(30,901)	99,001	76.21%
Net profit (loss) for the period	1,239,273	(220,184)	(1,459,457)	(117.77)%

Analysis for any increase or decrease greater than 10%.

1. The current income, operating profit, net profit before tax and net profit all decrease over the same period last year, mainly due to the decrease in sales of securities held-for-trading over 2021.
2. The operating expenses of the current period decrease over the same period last year, mainly due to the decrease in personnel cost.
3. The non-operating gains and losses increase over the same period of last year, mainly due to the increase in the financial income and gain on buy-back of corporate bonds over 2021.
4. The tax expenses of the current period decrease over the same period last year, mainly due to the decrease in estimated income tax payable.

(II) Sales volume forecast and the basis therefor, effect upon the Company's financial operations as well as measures to be taken in response:

The Company belongs to the securities service industry, and is not involved in manufacturing. Thus, N/A.

III. Cash Flow

(I) Analysis of changes in cash flow in the most recent year

Items	Year		Change, by percentage
	2021	2022	
Cash flow ratio (%)	14.69	10.95	(25.42)%
Cash flow sufficiency ratio (%)	241.26	180.49	(25.19)%
Cash reinvestment ratio (%)	21.61	Note 1	—

Note 1: The "Net cash flow from operating activities less cash dividends" was outflow, thus not applicable.

The current cash flow ratio, and cash flow sufficiency ratio are both down from the same period last year, mainly due to the decrease in net cash flow from operating activities and increase in capital expenditure and cash dividends during the current period.

(II) Cash flow analysis for the next year

Unit: NTD thousand

Beginning cash balance (1)	Cash flow from operating activities for the whole year (2)	Net cash outflow for the whole year (3)	Cash surplus (deficit) (1)+(2)+(3)	Remedies for cash deficit	
				Investment plans	Financing plans
2,310,139	310,067	937,028	3,557,234	—	—

Cash flow analysis for the future year: N/A. No cash deficit expected in the future year.

IV. Effect Upon Financial Operations of Any Major Capital Expenditures During the Most Recent Fiscal Year

- (I) Utilization and source of major capital expenditure: None.
 (II) Expected benefit: None.

V. The Company's Policy for the Most Recent Fiscal Year on Investments in Other Companies, the Main Reasons for Profits/Losses Resulting therefrom, Plans for Improvement, and Investment Plans for the Coming Fiscal Year.

(I) Policy on Investments in Other Companies

Most of the Company's invested companies are in the securities industry. Though each invested company is autonomous, they provide clients with multifaceted services through business cooperation to optimize shareholders' profit.

(II) Profits/Losses Resulting from the Aforementioned Investments and Plans for Improvement

Unit: NTD thousand; Dec. 31, 2022

Investee	Cost of investment	Book Value	Net income (Note 1)	Main reason for profits or losses	Improvement plans
Horizon SICE Co., Ltd.	114,282	123,261	2,241	Mainly due to decrease in personnel cost.	—
Horizon Venture Capital Co., Ltd.	579,420	503,140	(13,889)	Mainly due to the decrease in benefit from position held and increase in valuation loss.	Increase profitability and reduce expenses.
Horizon Venture Management Co., Ltd.	20,000	24,098	3,555	Mainly due to the receipt of consulting income from Horizon Securities Venture Capital.	—

Note 1: The profit/loss for the current period is the profit/loss of the investee company in the year 2022 under equity method.

(III) Investment Plans for the Coming Fiscal Year

The Company has no investment plans for the coming fiscal year.

VI. Risk Analysis and Assessment for the Most Recent Fiscal Year and as of the Date of Publication of the Annual Report

(I) The effect upon the company's profits/losses of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future

1. Interest Rate:

- (1) The impact on profit and loss in the last two years

Unit: NTD thousand

Items	2021				2022			
	Inventory cost	Market value	Average duration	Profit/loss per 1bp fluctuation	Inventory cost	Market value	Average duration	Profit/loss per 1bp fluctuation
Perpetual financial debentures	2,330,983	2,318,249	3.25	747	1,721,431	1,691,964	2.50	426
	200,000	200,000	31.30	626	200,000	200,000	31.30	626

(2) Measures to be taken in the future

Though the bonds (corporate and government bonds) with repurchase agreement held by the Company are directly affected by fluctuations in interest rate, such effect does not pose material impact on the Company's profitability, as the bonds are purchased to be owned until maturity.

2. Change in exchange rate:

(1) The impact on profit and loss in the last two years

Unit: NTD thousand

Date	Profit/loss per 1% fluctuation
2021.12.31	298
2022.12.31	348

(2) Measures to be taken in the future

The Company is a securities firm, with its main source of income from domestic investors and public companies, and transactions denominated in domestic currency. Thus, fluctuations of exchange rate have only limited impact on the Company's profit or loss. Besides this, the Company's international bonds have foreign currency repurchase agreements, in the aim to effectively reduce the risk of foreign currency capital movement and exchange rate fluctuation.

3. Inflation:

As the Company is a securities firm, the impact of inflation on income is positively correlated to that on costs, and the Company has taken the effects of inflation into consideration when handling related businesses to prevent the Company's profitability from being eroded by inflation. Thus, inflation has no significant influence on the Company's profitability.

(II) The Company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future.

1. As of the most recent fiscal year and the printing date of the Annual Report, the Company is not engaged in high-risk investments, highly leveraged investments, loans to other parties, endorsements, and guarantees.
2. In the Company's promotion of derivatives businesses, the Company has taking the market situation and predictable risks into consideration when designing such products. At the same time, for the robustness of operation, the Company has also placed reasonable hedging positions based on the market situation to reduce risk exposure, and streamlining costs and expenses in order to increase the return on equity.
3. The Company only involves in derivatives that are approved by the competent authorities. The Company has formulated the "Procedures for Derivative Trading" as an internal control mechanism. The Company has also established the Risk Management Office to manage risks of derivatives trading.

(III) Research and development plans for the future, and expenditures expected for research and development work.

The Company belongs to the securities service industry. Thus, N/A.

(IV) Effect on the company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response:

Changes in the legal environment at home and	The effect upon the Company's financial	Response to such factors
--	---	--------------------------

abroad	operations	
<p>1. All securities intraday trades adopt continuous trading method.</p> <p>2. Allowing intraday odd-lot trading.</p> <p>3. The FSC launched Capital Market Roadmap, aiming to achieve four main objectives – sustainable development, financial inclusion, enhanced competitiveness, and investor protection – through 82 measures under the five major strategies.</p>	<p>1. Due to the introduction of continuous trading mechanism, there is increased investors demand for the new trading system, causing an increase in the securities firms' cost to boost the speed of price offering and transaction.</p> <p>2. The Company improves investor protection, strengthens business and product supervision, and enhances environmental, social, corporate governance (ESG) responsibilities.</p>	<p>1. Improves the efficiency of e-transaction system, increases speed of price offering and transaction, meets requirements of trading mechanism, and customizes transaction and accounting functions, in order to attract young and petite bourgeoisie clients.</p> <p>2. In response to economic substances including business model and nature of startups, the Company continues to engage in the "Taiwan Innovation Board" and "Pioneer Stock Board," to determine appropriate standards and conditions for company listing.</p> <p>3. The Company signed the "Stewardship Principles for Institutional Investors" to enhance the implementation of Fintech, retirement financial plans, financial fraud prevention, and important investor protection,</p>

(V) Effect on the company's financial operations of developments in science and technology as well as industrial change, and measures to be taken in response.

1. Effects: The new 5G of mobile communication, ultra-high-speed network transmission, and improvements of hardware performances have boosted the applications of innovative technologies that require massive computing resources and high internet transmission speed. Such technologies include AI, machine learning, big data, SDN, IOT and others. Technology innovation capability has become a key competitive advantage. To utilize these innovative technologies on a digital transformation or reinforcement of Fintech application have become a mutual goal of securities firms. The business model and services of securities firms are under a transition driven by the rapid development of innovative technologies. Not only has the monetary amount of order placement on the E-platform exceeded half of all order placements, traditional over-the-counter account opening services are also moving to online platforms. The traditional in-person investment or accounting consultation services provided only during rigid office hours are replaced by various Apps that clients have access to 24-7, providing faster and more accurate services. In the office automation and paperless trend, the Company has to reform various work procedures to be in line with the latest technology, in the aim to increase work efficiency, to improve decision analysis models and to reduce operation expenses. The Company has introduced robotic process automation (RPA) artificial intelligence (AI) to improve workflow, reduce human errors, and promote digitalization. Through the promotion of a paperless office, we aim to save energy and carbon, and make contributions to prevent global climate change. Due to the popularizing of smart mobile devices and thriving Fintech applications, the level of information security required has increased greatly. As the financial firms are developing convenient electronic transaction tools, they are continuously attacked by new types of internet hackers, including DDos, zombie, Trojan horse, phishing, and social engineering. Therefore, securities firms require more professional information security personnel and the latest equipment to enhance information security protection.
2. Responses:

- (1) Continuing the development and optimization of service software including digital account opening, online account opening, electronic order placement system.
- (2) Increasing the number of information security personnel and enhancing new information technology training.
- (3) Continuing the update and replacement of information software and hardware.
- (4) Seeking new industry–academia cooperation to facilitate the development of innovative applications.
- (5) Continuing the development of latest FinTech software, to provide clients with more convenient and friendly services.
- (6) Continuing the introduction of robotic process automation (RPA) to facilitate or replace detailed and complicated manual work.

(VI) Effect on the company’s crisis management of changes in the company’s corporate image, and measures to be taken in response.

The Company is committed to providing investors with the best quality services based on our business philosophy of robustness and practicality, and earn clients’ trust through providing our professionalism. Moreover, the Company has existing measures and responses for such matters and is capable of managing crises in an appropriate and timely manner.

(VII) Expected benefits and possible risks associated with any merger and acquisitions (M&A), and mitigation measures being or to be taken

The Company did not engage in merger and acquisition. Thus, not applicable.

(VIII) Expected benefits and possible risks associated with any plant (business locations) expansion, and mitigation measures being or to be taken

The expansion of the business and establishment of a new branch aims to transform the Company into a long-term partner in asset planning for customers. To achieve this goal, we have added a wealth management service and established an International Financial Business Department as the department in charge of wealth management business based on the long-term development trend of the financial market. It will assist the head office and branches in promoting wealth management business, provide customers with differentiated financial services and maintain long-term and positive relationships with customers. It will establish a high-quality team to provide one-on-one consulting services. Through close interaction with customers and in-depth understanding of their needs, investment attributes, risk appetite, and available assets, it can provide tailor-made suitable investment plans and asset management advice. Meanwhile, the Company will continue to strengthen the professionalism of the team and improve the service quality, while cultivating their patience, carefulness, and concentration, to establish a positive interactive relationship with customers, thereby reinforcing the foundation of mutual trust to maintain long-term customer relationship. The newly established branch mainly focuses on the wealth management business and undertaking the overseas trading of securities, which will increase the market share of the company's undertaking the overseas trading of securities (sub-brokerage) and can unleash the development potential of other branches' relevant businesses through the new team's experience in wealth management business, thereby greatly improving the overall revenue of the Company's brokerage business and increasing the value of shareholders' equity.

(IX) Risks associated with any consolidation of sales or purchasing (business) operations, and mitigation measures being or to be taken.

The Company’s main customers include individual investors, institutional investors, approved foreign professional investment institutions, and natural persons of all public

or non-public companies. The Company does not have the risk of the business overly concentrating on one single customer.

- (X) **Effect upon and risk to the company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken.**

The Directors or shareholders holding greater than a 10 percent stake in the company are holding the Company's shares in long and stable terms. Thus, there are no major changes in the shareholding structure, showing that there are no relevant risks.

- (XI) **Effect upon and risk to the company associated with any change in governance personnel or top management, and mitigation measures being or to be taken**

There were no matters of material changes in governance personnel or top management in the year 2022. Thus, N/A. Moreover, the management of the Company consists of mainly professional managerial officers, and strictly follows through the rules and regulations formulated by the Company. Thus, there are no expected impacts or risks from the changes in governance personnel or top management. .

- (XII) **Litigious and non-litigious matters. List major litigious, non-litigious or administrative disputes that: (1) involve the company and/or any company director, any company supervisor, any president, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the company; and (2) have been concluded by means of a final and unappealable judgment, or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the company's securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report.**

1. Any material impact upon shareholders' equity or prices for the company's securities as a result of any litigation, non-litigious proceeding, or administrative dispute involving the company that was finalized or remained pending during the most recent two fiscal years or during the current fiscal year up to the prospectus publication date: None.
2. Any material impact upon shareholders' equity or prices for the company's securities as a result of any litigation, non-litigious proceeding, or administrative dispute involving a company director, supervisor, president, de facto responsible person, or major shareholder with a stake of more than 10 percent, and the matter was finalized or remained pending during the most recent two fiscal years or during the current fiscal year up to the prospectus publication date: None.
3. If there has been any material impact upon shareholders' equity or prices for the subsidiaries' securities as a result of any litigation, non-litigious proceeding, or administrative dispute involving the company that was finalized or remained pending during the most recent two fiscal years or during the current fiscal year up to the prospectus publication date, the prospectus shall disclose the facts in dispute, amount in dispute, commencement date, main parties involved, and current status of the case: None.

VII. Risk Management

1. Policy and procedures of risk management
 - (1) Risk policy, goal and model
 - A. Risk policy

Based on the current capital scale, the Company prudently quantize activities including recognition, measurement, monitoring and response with quantitative models based on the potential risks in the operating activities. This is done in order to rationalize the asset allocation and maximize shareholders' returns, and to ensure that the Company achieves its strategic operation goals within the risk appetite approved by the Board.

B. Risk Goals

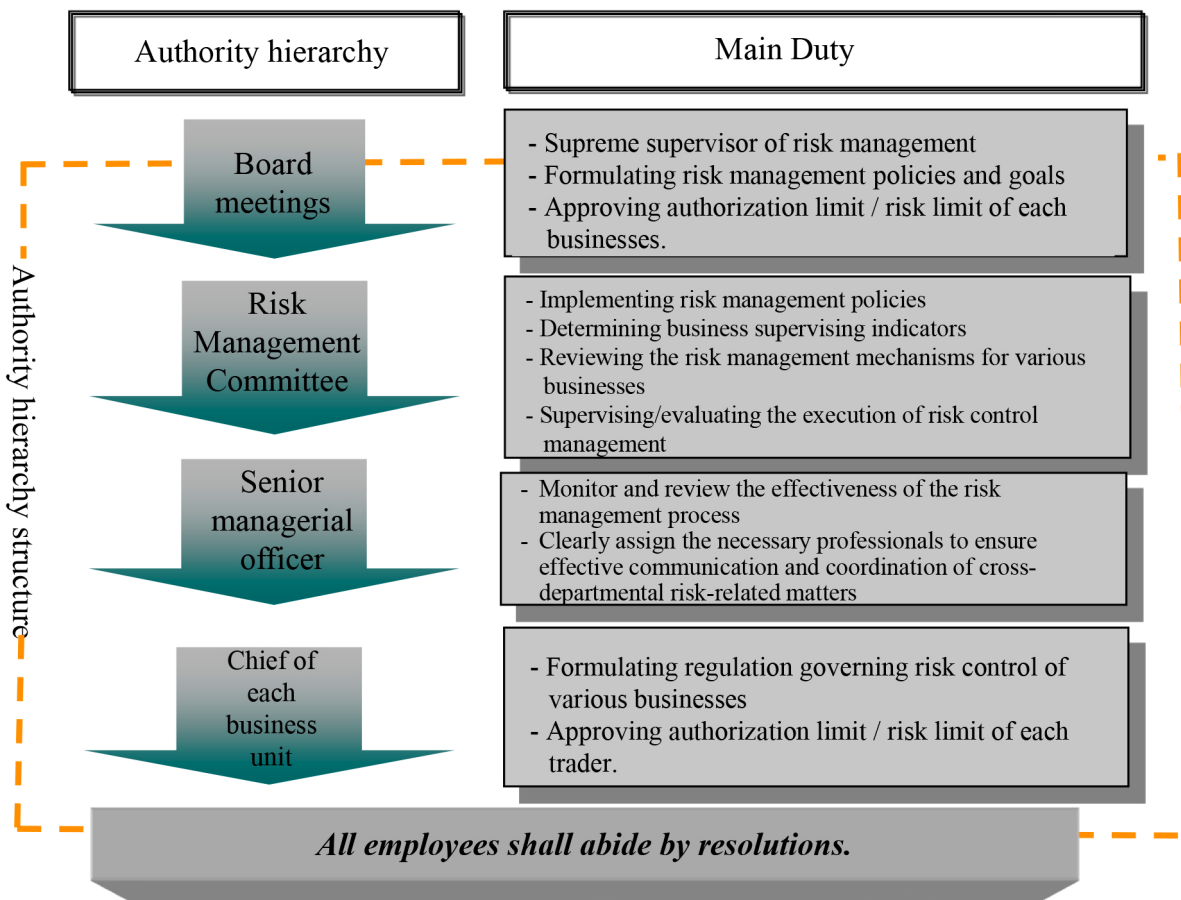
- a. Providing effective identification, measurement and monitoring of risks when the Company or the subsidiaries are handling businesses.
- b. Establishing timely, accurate and effective risk management indicators for the Company's operating activities in response to the fluctuations in the market.
- c. Controlling the overall risk within the risk limit of shareholders, and providing the basis of capital allocation for the Company's operating activities.

C. Risk management model

The Company 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.

(2) Formulation and approval procedures of risk policy

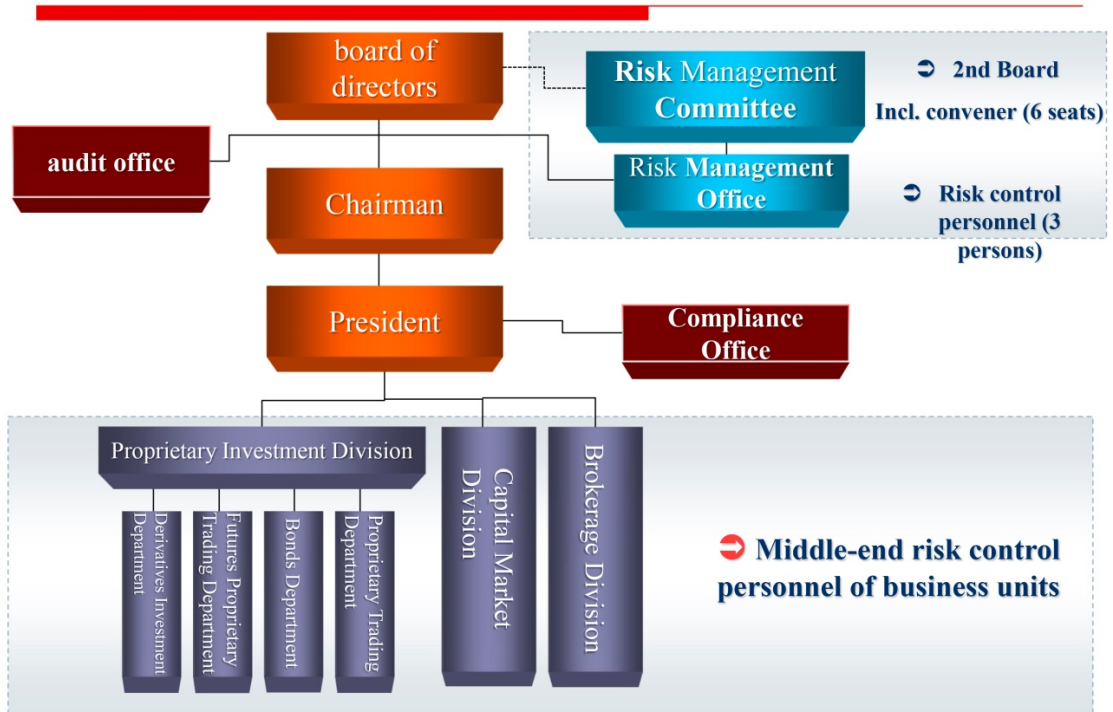
The Company adopts the authorization hierarchy system for risk management. Procedures of formulations and Approval of relevant policies are as follows:



2. Risk management organization chart

- (1) The Company’s risk management organization structure includes the Board of Directors, “Risk Management Committee,” top management, Risk Management Office, Internal Auditing Office, Compliance Office, and other business unites. The organizational chart is as follows:

Risk management organizational structure



- (2) “Risk Management Committee” is the 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”

A. The organizational chart of the current (2nd) Risk Management Committee:
The organizational chart of the Risk Management Committee <2nd> :



B. The operation of Risk Management Committee

The term of the 2nd Risk Management Committee: 2020.07.09 – 2023.06.23 (as of 2022.12.31)

Title	Name	Qualifications (Note)	Actual attendance	Number of meetings in attendance by proxy	Actual attendance rate (%)	Remarks
Independent Director	CHEN, YUH-JEN	1	14	0	100.00	Convener
Independent Director	HSIAO, CHEN-CHI	2	14	0	100.00	—
Independent Director	Che-Ying Liaw	2	14	0	100.00	—
Chairman	Ke-Chyn Jiang	3	13	0	100.00	Appointed on Nov. 5, 2020
Chairman	Han-Tsung Liu	3	1	0	100.00	Resigned on Oct. 15, 2020
Director	Jamie Lin	3	14	0	100.00	—
Director	Jyun-De Li	3	14	0	100.00	—

(Note) Qualifications:

Note 1. Lecturer or higher position at a public or private university/college in the department of commerce, law, finance, accounting or other fields related to the business.

Note 2: Judge, public prosecutor, attorney, certified public accountant, or other professional or technical specialists who have passed a national examination and received a certificate in a profession necessary for our business.

Note 3. Work experience in commerce, law, finance, accounting or any other fields necessary for our business.

3. Risk reporting/measurement system scope and characteristics

(1) The description of the measurement of risks faced by the Company are market risk, liquidity risk, credit risk, operational risk, legal risk, model risk, {3 climate change and environmental sustainability risks, and other new risks:

A. Market Risk

The management of market risk is stipulated in the regulations governing risk control of each business. The methods of management (including acceptable scope of transactions, quantitative measurement of market risk, market risk limits of overall and individual position, authorization hierarchy and methods for handling over-limit risks) are monitored by the Risk Management Office. The Company 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.

B. Liquidity Risk

Liquidity risk includes market liquidity risk and capital liquidity risk of the positions held. For market liquidity risk, the Company determines the cap of individual positions based on the nature of each business and the concentration of the positions, and monitors the positions. For capital liquidity risk, the

Company authorizes the Finance Department to be responsible for the capital movements, and has formulated the “Regulations Governing Capital Liquidity Risk Control.” In the risk control system, the Company has established the capital liquidity indicators for simulation analysis for capital liquidity risk, and measures the Company’s risk tolerance for capital liquidity risk based on the stress test on monetary losses, in aim to enhance liquidity risk control.

C. Credit risk

The Company has different credit risk management methods for different financial products. For example, a certain level of credit rating is required to hold securities. For the brokerage business, the credit risk of margin purchase and short sale is borne by the securities firms. The credit ratio and rating of the collaterals are handled in accordance with the standards and requirements of securities firms. Moreover, the Company’s matters regarding lending money without specific purposes are managed and monitored in accordance with the “Guidelines for Lending Money Without Specific Purposes,” “Regulations Governing Risk Control,” and other regulations governing assessment of credits and credit lines. The review of financing lines, the approval of the quality of collateral and the liquidity ratio is handled in accordance with the Company’s authority hierarchy.

The trading of futures and options in the proprietary trading of derivatives are conducted through the open market, so there is no credit risk. Besides this, the risk control responsibilities in the trading of convertible bond asset swap (incl. options) have different limits depending on the credit rating. Besides strengthening the pre-trading credit evaluation, business units are required to monitor and evaluate the credit status of counterparties, in order to reduce credit risk exposure.

D. Operational risk

The Company has formulated the Internal Control System Policy and 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 the Taiwan Securities Exchange Corporation. All businesses of the Company are conducted in accordance with relevant regulations released by the competent authorities, regulations regarding operational risks in the Company’s regulations of risk control, and the standard operations stipulated in the Company’s internal control system, in the aim to effectively control operational risk.

E. Legal Risk

The Company has newly established the Compliance Office, serving as the Company’s supervising unit, and providing legal consultation for each business unit. The Company 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.

F. Model Risk

In order to maintain the operation and management of models and enhance the risk control of financial products, the Company 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

Due to global warming, increase in average temperature, and increase in the frequency of extreme weather, extreme rainfall and temperature difference are

causing natural disasters which result in impacts on the operation of the financial market and the Company's operation. Thus, we have to identify the potential risks that might be incurred by climate change.

H. Other New 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.

(2) Information scope, frequency and procedures of risk management report

A. Information scope of risk management report

a. The Risk Management Office is responsible for the monitoring of the Company's overall and business unit's individual risk exposures. Besides understanding the responses to risk management from each business unit, disclosures of the daily position gains on the asset risk control system and losses and daily overview of VaR, the Company's 2022 annual capital adequacy ratio, overall risk equivalent, interest and exchange rate sensitivity analysis, and Value-at-risk are as follows:

①Dec. 31, 2022 Capital Adequacy Ratio

Capital adequacy ratio	That day	Annual average	Max. value	Min. value
	463%	442%	481%	361%

②Dec. 31, 2022 Overall Risk Equivalent Unit: (NTD thousand, %)

Overall risk equivalent	Market risk	Credit risk	Operational risk	Total
	307,157	101,948	268,197	677,302
	45%	15%	40%	100%

③Dec. 31, 2022 Interest Rate Sensitivity Analysis (excluding perpetual bonds) Unit: (NTD thousand)

Bond position	Face value	Inventory cost	Market value	Duration	Profit/loss per 1bp fluctuation
Government bonds	300,000	313,792	301,161	1.48	44
State-owned corporate bonds	300,000	300,000	299,073	3.62	109
Subordinated financial debentures	—	—	—	—	—
Unsecured corporate bonds	1,100,000	1,107,640	1,091,730	2.48	273
Foreign currency denominated bonds	—	—	—	—	—
Total (NTD)	1,700,000	1,721,432	1,691,964	2.50	426

④ Dec. 31, 2022 Interest Rate Sensitivity Analysis (perpetual bonds)

Unit: (NTD thousand)

Bond position	Face value	Inventory cost	Market value	Duration	Profit/loss per 1bp fluctuation
Perpetual subordinated financial debentures	200,000	200,000	200,000	31.30	626

⑤ Dec. 31, 2022 Exchange Rate Sensitivity Analysis Unit: (NTD thousand, %)

Foreign currency positions	Original currency amount	Exchange rate on that day	Profit/loss per 1% fluctuation
Foreign currency savings – USD	1,114	30.7080	342
Foreign currency savings – RMB	1	4.4175	0
Foreign currency savings – HKD	64	3.9384	3
Foreign currency savings – AUD	16	20.8262	3
Total (NTD)	—	—	348

⑥ The Company's quantized market risk model is measured based on value-at-risk, and the quantized calculation is based on parametric methods (variance-covariance method), historical simulation method. The values-at-risk at 99% confidence level are as follows:

Unit: (NTD thousand)

Value-at-risk (99% VaR)	2022.12.31	Annual average	Max. value	Min. value
	30,361	16,349	82,848	231

b. Regular back test

① The Company back tested the models to ensure the accuracy and reliability of models which are based on statistics. This is performed in accordance with "Risk Management Best-Practice Principles For Securities Firms" and "The Draft for Rules of Internal Model Approach for Market Risk Capital Charge." The competent authority divides the 99% VaR back test into three zones, green, yellow and red, each representing difference response levels. Please refer to the table below.

② Green zone indicates that no problem is showing in the quality of model or accuracy through the back test, that all qualitative standards are met, and that multiplier factor 3 can be used without any additional factors.

③ Yellow zone indicates that there are doubts in the models through the back test. However, the results are not conclusive, and multiplier factor 3 can be used with additional factors.

④ Red zone indicates that it is almost certain that there are underlying problems in the model.

Zones	No. of exceptions (No. of times exceeding limits)	Additional factors
Green zone	0	0.00
	1	0.00
	2	0.00
	3	0.00
	4	0.00

Zones	No. of exceptions (No. of times exceeding limits)	Additional factors
Yellow zone	5	0.40
	6	0.50
	7	0.65
	8	0.75
	9	0.85
Red zone	> 10	1.00

⑤ 99% VaR back test results for the year 2022 (by actual gain or loss and static gain or loss):

By products	VaR methods	back test period	Region	
			Actual gain or loss	Static gain or loss
Company overall	Aggregation	2021.01.01 – 2021.12.31	Green zone	Green zone
Domestic shares	Variance-covariance method	2021.05.01~2022.04.30	Yellow zone	Yellow zone
Domestic bond	Historical simulation method	2021.12.09~2022.12.08	Green zone	Yellow zone
Domestic convertible corporate bonds	Historical simulation method	2021.09.01~2022.08.31	Green zone	Green zone
Domestic futures and options	Variance-covariance method	2021.11.01~2022.10.31	Green zone	Green zone
Overseas futures	Variance-covariance method	2021.11.01~2022.10.31	Green zone	Green zone
Funds	Variance-covariance method	2021.09.01~2022.08.31	Green zone	Green zone
Domestic shares of Horizon Venture Capital	Variance-covariance method	2021.09.01~2022.08.31	Green zone	Green zone
Funds of Horizon SICE	Variance-covariance method	2021.05.01~2022.04.30	Green zone	Green zone

c. Regular stress test

① 2022 Q4 Stress test conditions – Hypothetical scenario analysis

- I. 50% decrease in the market value of equity investments (incl. options, equity funds, balanced funds, and other positions) (incl. subsidiaries)
- II. 2% credit loss in the money funds (incl. subsidiaries)
- III. 10% credit loss in non-government bonds (incl. bond funds) (incl. subsidiaries)
- IV. Transaction volume of Taiwanese stock market dropped to a daily average of NTD 50 billion.
- V. Based on the Company's Climate Change and Environmental Sustainability Report, the amount of the climate change stress test in the current year of the physical and transition risk is NT\$11.9 million.
- VI. If all the above happens, the Company will have an estimated loss of NTD 0.836 billion. Ratio of shareholders' equity to assets will drop to 44.9% from 40.0% in that month. Capital adequacy ratio will be

lowered to 463% from 389%, and is still in line with the requirement by law.

② 2022 Q4 Stress test conditions – Historical scenario (I)

From January to March 2020, the global stock market crashed due to COVID-19. The hypothesis is based on the Taiwanese stock market decline two months after the pandemic outbreak, taking into consideration the largest average decline of 30.91% of the Dow Jones, PHLX Semiconductor and Korea Composite. Thus, the hypothesis of this stress test is 30% loss in the equity investment, 10% loss in non-government bond investment, and 2% loss in money investment. The Target of the stress test are the Company's positions including:

- I. 30% decrease in the market value of equity investments (incl. options, equity funds, balanced funds, and other positions) (incl. subsidiaries)
- II. 2% credit loss in the money funds (incl. subsidiaries)
- III. 10% credit loss in non-government bonds (incl. bond funds)
- IV. Transaction volume of Taiwanese stock market dropped to a daily average of NTD 50 billion.
- V. Based on the Company's Climate Change and Environmental Sustainability Report, the amount of the climate change stress test in the current year of the physical and transition risk is NT\$11.9 million.
- VI. If all the above happens, the Company will have an estimated loss of NTD 0.628 billion. Ratio of shareholders' equity to assets will drop to 44.9% from 41.3% in that month. Capital adequacy ratio will be lowered to 463% from 404%, and is still in line with the requirement by law.

③ 2022 Q4 Stress test conditions – Historical scenario (II)

The historical share market crash in the beginning of Feb, 2018, where Dow Jones plunged, fearing an early increase of interest rate by FED. The largest accumulated intraday and closing decline in Dow Jones and major Asian share markets in 15 days, based on the closing price on Jan. 26, 2018. Among the stock markets, Heng Seng Index and Dow Jones dived an accumulative 11.14% in closing and 12.23% in intraday trading, respectively. Thus, the hypothesis of this stress test is a 12% loss. The Target of the stress test are the Company's positions including:

- I. 12% decrease in the market value of equity investments (incl. options, equity funds, balanced funds, and other positions) (incl. subsidiaries)
- II. 2% credit loss in the money funds (incl. subsidiaries)
- III. 12% credit loss in non-government bonds (incl. bond funds)
- IV. Transaction volume of Taiwanese stock market dropped to a daily average of NTD 50 billion.
- V. Based on the Company's Climate Change and Environmental Sustainability Report, the amount of the climate change stress test in the current year of the physical and transition risk is NT\$11.9 million.
- VI. If all the above happens, the Company will have an estimated loss of NTD 0.47 billion. Ratio of shareholders' equity to assets will drop to 44.9% from 42.3% in that month. Capital adequacy ratio will be lowered to 463% from 412%, and is still in line with the requirement by law.

④ 2022 Q4 Stress test conditions – Historical scenario (III)

Taking the Morakot typhoon disaster in August 2009 which resulted in a fall in Taiwan's stock market as the historical scenario assumption. The closing price at the end of July 2009 was 7,056.71, and the lowest point on August 21 was 6,654.80. Thus, this stress test is focused on the Company's holding positions based on a 6% loss in share equity.

- I. 6% decrease in the market value of equity investments (incl. options, equity funds, balanced funds, and other positions) (incl. subsidiaries)
- II. 3% credit loss in the money funds (incl. subsidiaries)
- III. 2% credit loss in non-government bonds (incl. bond funds)
- IV. Transaction volume of Taiwanese stock market dropped to a daily average of NTD 50 billion.
- V. Based on the Company's Climate Change and Environmental Sustainability Report, the amount of the climate change stress test in the current year of the physical and transition risk is NT\$11.9 million.
- VI. If all the above happens, the Company will have an estimated loss of NTD 0.275 billion. Ratio of shareholders' equity to assets will drop to 44.9% from 43.4% in that month. Capital adequacy ratio will be lowered to 463% from 431%, and is still in line with the requirement by law.

The main purpose of the Company's stress test is to assess the maximum loss that the Company's capital can bear and identify measures that can be used to mitigate risks and protect capital. In summary, if the Company encounters abnormal losses after stress testing and capital simulation, the Company may take the following countermeasures:

- I. Readjust holding positions, close positions, and hedging.
- II. Purchase credit guarantees, insurance or decrease risk limit.
- III. Increase capital from available sources, to ensure sufficient capital during crisis and increase the capital liquidity of securities firms.
- IV. Plan countermeasures based on stress test scenarios.

B. Frequencies of risk management reports

a. Regular reports

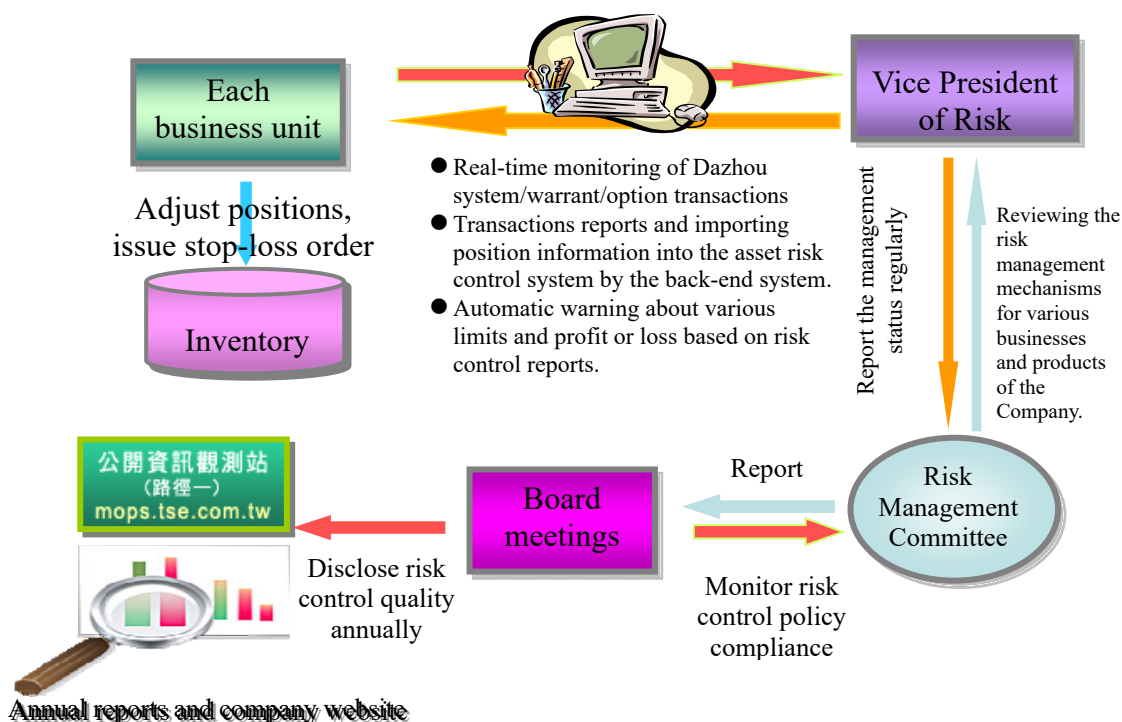
- ① Each unit should prepare a daily risk control report indicating the execution results in the asset risk control system (including inventory position on-hand, exceeding limits, overstepping of authority, reaching warning and stop-loss threshold, counterparty ratings, and exception management, etc.) The Risk Management Office compiles and reviews the reports and reports them to senior management.
- ② The Risk Management Office presents the risk control reports to each business unit and their management at management meetings, and reports to the Risk Management Committee at board meetings on a quarterly basis.
- ③ As required by the competent authority, the Risk Management Office discloses relative quality information of risk control management in Annual Reports, company website and other places.

b. Reports when necessary

- ① The temporary suspension report of a business unit must be approved by the President before it is included in the exception management. Then, such matter is reported to the Risk Management Committee by the Risk Management Office on a regular basis.

② The Risk Management Office may request each unit to present the research report or explanation on specific positions or an individual stock.

C. Information and report procedures of risk management



- The Company has formulated its “Regulations Governing Crisis Management” and “Regulations Governing the Continual of Information Business Management” to effectively carry out and implement strategies for continual of the Company’s and subsidiaries’ operation in case of crisis. Take COVID-19 as an example. The Company activated COVID-19 prevention measures in early 2020, and conducted drills for remote data back-up and working alternatively at office in March of the same year. We adopted a rolling wave planning policy in accordance with the guidance provided by the Central Epidemic Command Center. Apart from measures such as working from home for certain employees during level 2 and level 3 alert, the Brokerage Division was in charge of releasing emergency preventive measures for all branch offices in a timely manner, specifying drill framework of uninterrupted service of the Operations Service Division in order to protect the Company’s key businesses. These measures ensure the Company’s uninterrupted operations in the event of epidemic, major disasters, human-induced destruction and equipment malfunctions.
- Bond is a kind of securities where the borrower repays principal with interests and the bond prices move toward par value when nearing maturity. In order to bring down inflation, the US Federal Reserve Board raised interest rates 7 times totaling 17 base points in 2022. In 1 year, the US raised interest rate by 4.25%, from around 0% to 4.25% - 4.50%. This not only intensified the tight monetary policy, but induced a global interest hike trend. This resulted in a drastic change in global capital flow, uncertainties in the financial environment, changes in enterprises’ financing and operating strategies, and fall in stock and bond prices. The bonds held at our Bonds Department are investment grade government and corporate bonds. In order to mitigate market impacts, the Company took a conservative approach, and disposed of the bonds with longer duration and lower interest rates; instead, we bought bonds with higher interest rates and shorter duration as a

countermeasure against interest rate hikes. In the face of possible economic slowdown in the US and Europe in the future, if the Central Bank weakens interest rate hikes, then bond and stocks markets may resume to a reverse relation. Currently, bond valuation not only reflects a slack in the market, but also suppressed imminent bad news about economic slowdowns and financial distressed of certain enterprises. After a reevaluation of government and corporate bonds we expect a promising future in terms of quality spread and bond yield.

6. In response to the intensifying climate change and environmental impact in the finance industry, the operation of the Company is expected to be impacted. Thus, the Company 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.

The four core elements of the TCFD framework are as follows:

- (1) Governance: Governance of climate change risks and opportunities
 - A. The Company has included the environmental protection and sustainable governance in its CSR (Sustainability Report) in the form of a GRI table in accordance with guidelines and framework of the Rules Governing the Preparation and Filing of Sustainability Reports by TPEX Listed Companies (originally: Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TPEX Listed Companies), the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies, and the Global Reporting Initiative (GRI) since 2014.
 - B. As the impact of climate change on the environment, ecology, and economic industry poses a significant threat to the Company’s sustainable development, to attach importance to climate change issues and management, it amended the Guidelines for Risk Management Policies in 2021 to include climate change risks and submitted it to the board of directors for approval after deliberation by the Risk Management Committee.
- (2) Strategy: Assess the actual and potential impacts of climate risks and opportunities and their financial impact on the Group and devise countermeasures.

Risk	Description of risk	Risk factor	Financial impact	Countermeasures	Duration
Climate change risk	Physical risk	<ul style="list-style-type: none"> ● Equipment and personnel damage in business premises resulting in business interruption. ● Impairment of investment positions may be incurred due to climate anomalies 	Operating revenue decreased Operating costs increased	<ul style="list-style-type: none"> ● Crisis response regulations: remote work mechanism ● Regular stress tests to examine changes in the ratios of the Company's shareholders' equity to total assets and capital adequacy ratio 	Short-, medium- and long-term
	Transition risk	<ul style="list-style-type: none"> ● Loss of customers due to failure of 	Operating revenue decreased	<ul style="list-style-type: none"> ● Adoption of energy efficient equipment 	Medium-term

Risk		Description of risk	Risk factor	Financial impact	Countermeasures	Duration
		carbon reduction, and resource use strategies	Fintech development. ● Upgrade energy-saving equipment	Increase in operating expenses	● Development of digital finance ● Implementation of green energy procurement	
		Corporate carbon footprint and greenhouse gas emissions control	● Carbon tax to be levied in the future, the impact of carbon credit trading, the increase in fines for the excess of the maximum quantity, or adverse price fluctuation of investment positions due to carbon trade.	Operating costs increased Self-operated profits decreased	● Inventory and disclosure of carbon footprints and greenhouse gas emission data ● Setting of emission reduction targets ● Our investment portfolio is categorized by industry. In the future, we will select sensitive industries and set investment limits for them, and direct our own investment in green energy industries with ESG indicators.	Medium- and long-term
Climate change opportunities	Improvement to the business image and increased opportunities for business development and proprietary trading investment	Improvement to the transparency of corporate environmental sustainability to meet clients' requirements on brokers and underwriters selectin	● Increased government funds, professional investment institutions, and orders in investment trust ● Increased underwriting cases from green energy enterprises	Increase in brokerage revenue Increase in underwriting revenue	● Support for climate change carbon reduction and adaptation policies, disclosure of financial-related information under the TCFD framework, and increased communication with the public. ● Collection of industry information to assess whether each underwriting client's industry and business are vulnerable to the impact of climate change risks, leading to a negative impact, and use of a green finance assessment form to conduct an in-depth KYC process as an indicator to strive for the	Medium- and short-term

Risk		Description of risk	Risk factor	Financial impact	Countermeasures	Duration
					underwriting business.	
		We optimize Fintech services, increase convenience of customers, and enhance corporate images to increase source of customers.	<ul style="list-style-type: none"> ● Increase the digital financial opportunities 	Increased revenue from brokerage and wealth management	Development of digital finance	Medium-term
		Emerging futures or financial product investment	<ul style="list-style-type: none"> ● Increasing in investment portfolios and industry analysis of climate change-related matters help us grasp market trends and increase operational flexibility. 	Increased proprietary trading income	<ul style="list-style-type: none"> ● Support for TCFD; proprietary traders understand the connection between the operational development of each investment target and climate change and environmental sustainability through regular interviews and review of financial reports. It is hoped that companies will use the climate-related financial information disclosed in financial reports to limit investment in sensitive industries and to guide their own investments in green energy industries with ESG indicators. 	Medium-term

- (3) Risk management: A risk mechanism of identifying and measuring climate change
- A. To implement climate change management with reference to the reports and information released by relevant institutions at home and abroad, the Group manages to keep abreast of the international standards and responds and makes adjustments accordingly in real time. In addition, it should include the impact factors of climate change in the operational strategy planning and decision-making process, evaluate the relevant impacts, countermeasures, and business opportunities in daily business activities, and include it in the Group's risk management executive report and submit it to the Risk Management Committee and the board of directors.
 - B. For the climate change-related scenarios, the Group identifies short-, medium-,

and long-term climate change risks and opportunities. The Risk Management Office considers the potential physical and transition risks and performs stress tests on the main impact of typhoons, floods, and other disasters on the Group's financial business and the inventory of greenhouse gas emissions based on the potential impact and potential vulnerability every year, to simulate the impact of an event on the Group and devise countermeasures and relevant mitigation measures.

- C. External disclosure and communication: Discloses are made in the sustainability report and the Company's website.
- (4) Indicators and goals: The indicators used in the evaluation as per the strategies and the management process and the results of achieving the goals.
- A. From the Kyoto Protocol in 1997 to the Paris Agreement in 2015, the world has been trying to address climate change, with the goal of limiting warming to 2°C by the end of this century or at least the 1.5°C target in a new report by the Intergovernmental Panel on Climate Change (IPCC), to jointly work to address the issue of global warming. The Company determined 2021 as the first year for greenhouse gas (CO₂ emission) monitoring. In 2022, the Company added two new business locations and introduced ISO 14064-1 greenhouse gas inventory standards, so that the inventory base year is reset to 2022. The GHG reduction target is based on 2022, with a short-term goal of 1% reduction in 2023 over 2022, a medium-term goal of 3% reduction by 2025, and a long-term goal of 8% reduction by 2030.
 - B. Under the trend of automation and paperless office environment, the Group has also transformed various workflows with emerging technologies to improve work efficiency, improve the decision-making analysis model, and reduce operating expenses, such as accelerating the online account opening platform, optimizing the electronic trading platform, regularly working with stock market experts to hold online live seminars, launching the AI stock selection and ordering services, and providing customers with diverse market information and new trading knowledge on the social community, while being committed to continuously upgrading customer services.
 - C. In addition to reducing energy costs by updating water and power efficient equipment, the Group strengthens employee training and education, to continue to promote the concept of energy conservation and environmental protection. Further, the Group has established a comprehensive paperless environment, including the e-office administrative procedures, electronic trading statements, and electronic order placement, and upgraded the automated information systems and transformed various workflows to reduce paper consumption and improve work efficiency as well.
 - D. It regularly interviews the investment targets and reviews their financial reports to further understand the connection between the operational development of each investment target and climate change, to guide a certain proportion of investment in enterprises with environmental sustainability and green energy indicators.

7. Climate Change and Environmental Sustainability Risks and Opportunities

1. Climate change risk matrix			2. Climate change opportunity matrix			
↑Level of impact↓	5.0					
	4.0					
	3.0	◆D1				
	2.0		▲C1			
	1.0	■B1	●A2	▲C2		
	0.0	1.0	2.0	3.0	4.0	5.0
←Level of possibility→						
S	●A1	Extreme weather such as heavy rain and typhoons may cause damage to the equipment, and casualties at the operating sites, resulting in the interruption of operations.	S	●A1	We raise the employees' crisis awareness through education and training drills, review the Company's crisis response measures, and implement remote backup to improve operational flexibility.	
L	●A2	Sea temperature around Taiwan due to El Nino, increasing number of days of extreme high temperature, prolonged pandemic, and increasing usage of power and water make it difficult to achieve carbon reduction goals.	L	●A2	We need to understand the limits of science and the uncertainties of estimates to carry out efficient communication and assessment on the climate change, which will help form a consensus and policies for sustainable development.	
MS	●A3	Impairment of investment positions may be incurred due to climate anomalies.	MS	●A3	Increasing in investment portfolios and industry analysis of climate change-related matters help us grasp market trends and increase operational flexibility.	
M	■B1	Loss of customers due to failure of Fintech development.	M	■B1	We optimize Fintech services, increase convenience of customers, and enhance corporate images to increase source of customers.	
M	■B2	Against the backdrop of tightening greenhouse gas reduction and energy saving policies, failure to invest in energy saving equipment in time may result in increased operating costs.	M	■B2	We upgrade energy-saving equipment and increase energy efficiency to cut operating costs.	
LM	▲C1	Against the backdrop of tightening greenhouse gas reduction and energy saving policies, failure to comply or disclose sufficient climate-related information in time may result in penalties.	MS	▲C1	Improvement to the transparency of corporate environmental sustainability to meet clients' requirements on brokers and underwriters selection in order to expand the customer sources.	
M	▲C2	The toughening policies and regulations on the report obligation of carbon price and carbon reduction goals may cause an increase in the overall operating costs, and an decrease in the EPS gains from proprietary trading, thus lowering the profitability in proprietary trading.	M	▲C2	We increase climate- and environment sustainability-related emerging futures or financial product investment portfolios to increase investment income.	
L	◆D1	Failure to actively engage in climate-related issues concerning stakeholders may impact the Company's image and reputation.	L	◆D1	We promise to focus on the impacts of climate change, work with internal and external stakeholders to reduce carbon emissions, implement climate change mitigation measures, and reduce climate change risks through stress tests.	

L: Long-term M: Medium-term S: Short-term ●: Physical risks and opportunities ■: Resource and technology risks and opportunities ▲: Regulations and market risks and opportunities ◆: Reputation risks and opportunities

8. Risk hedging or risk mitigation policy, and strategies and procedures for continuous validity of risk monitoring, hedging and mitigation tools

- (1) The Company carries out analysis based on the severity of loss, and assesses the pros and cons of each countermeasure. 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 (or) impacts of risks through appropriate approaches.
 - D. Risk-taking: Not taking any measures to change the possibilities and impact of risks.
- (2) The Company'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.

- (3) The Company's hedged items of the call (put) warrants issued by the Derivatives Investment Department are mainly spot commodities, convertible corporate bonds, and call (put) warrants of other issuers. The Black-Scholes valuation model is used to estimate the Delta, Gamma and Vega values of the issuing positions and its hedging positions of derivatives, and the values are also used as a reporting parameter for the capital adequacy ratio. However, there have been no call (put) warrants issued since Jun. 2019.
9. The Company has also established the Futures Proprietary Trading Department, responsible for future 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.
10. Credit rating and evaluation of risk control
 - (1) Recent credit rating
 - ① 2021-Nov Fitch Ratings Long-term: BBB (tw) Short-term:F3(tw) Outlook: Stable
 - ② 2022-May Fitch Ratings Long-term: BBB (tw) Short-term:F3(tw) Outlook: Stable
 - ③ 2022-Nov Fitch Ratings Long-term: BBB (tw) Short-term:F3(tw) Outlook: Stable
 - (2) Evaluation of risk control
 - ① The Company's risk control evaluation for the year 2017 was Level 3 (Satisfactory).
 - ② The Company's risk control evaluation for the year 2018 was Level 2 (Good).
 - ③ The Company's risk control evaluation for the year 2021 was Level 2 (Good).

VIII. Other important notes: None.

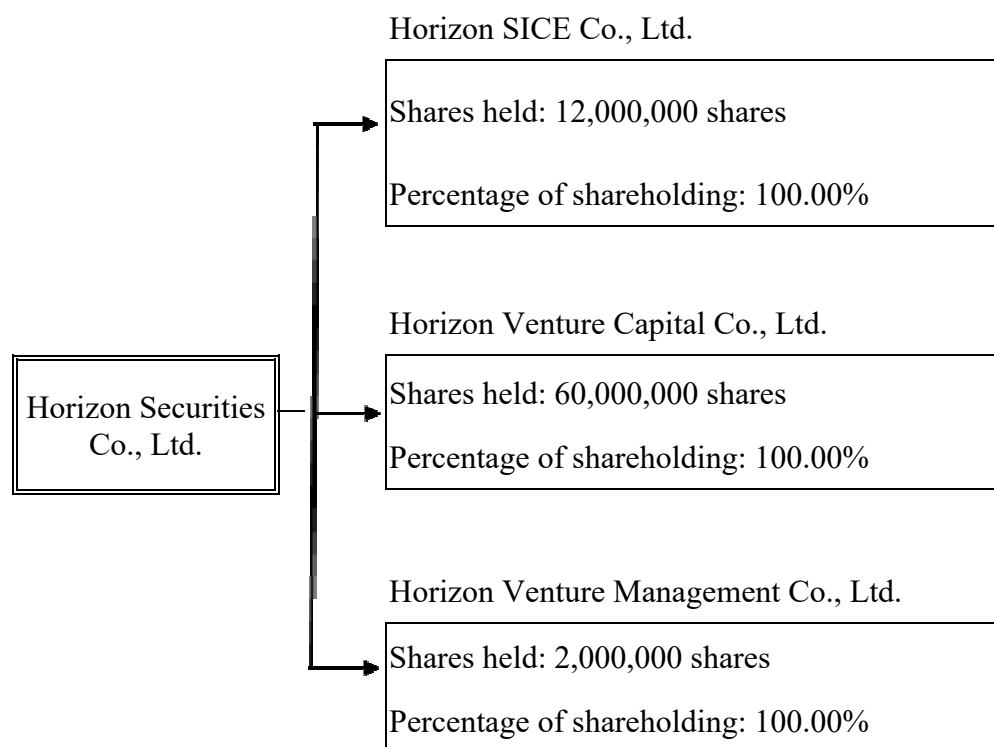
VIII. Special Disclosure

I. Information on the Company Affiliates

(I) Consolidated business reports of affiliates

1. Corporate Organization Chart

December 31, 2022



2. Basic information on affiliates

Company name	Date of Incorporation	Address	Paid-in Capital	Principal business or production
Horizon Securities Corp. (hereinafter referred to as Horizon Securities)	1961.12.08	3-5F., 7F., No. 236, Sec. 4, Xinyi Rd., Xinyi Dist., Taipei City 110, Taiwan	3,512,516	H301011 Securities Dealer 1. Securities broker 2. Securities propriety traders 3. Securities underwriters 4. Futures Commission Merchants (H401011) 5. Futures Advisory Enterprises (H405011) 6. Other businesses approved by the competent authority
Horizon SICE Co., Ltd. (hereinafter referred to as "Horizon SICE")	1993.07.02	4F., No. 236, Sec. 4, Xinyi Rd., Xinyi Dist., Taipei City 110, Taiwan	120,000	H304011 Securities Investment Advisor (Limited to the businesses approved by the competent authority)
Horizon Venture Capital Co., Ltd. (hereinafter referred to as "Horizon Venture Capital")	2014.04.08	7F., No. 236, Sec. 4, Xinyi Rd., Xinyi Dist., Taipei City 110, Taiwan	600,000	H202010 Venture Investment ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.
Horizon Venture Management Co., Ltd. (hereinafter referred to as "Horizon Venture Management")	2019.03.13	7F., No. 236, Sec. 4, Xinyi Rd., Xinyi Dist., Taipei City 110, Taiwan	20,000	I102010 Investment Consulting I103060 Management Consulting H202010 Venture Investment H201010 Investment ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

3. Where there is considered to be a controlled and subordinate relation, the information of the same shareholders

Less than half of the number of executive shareholders or directors in the Company are temporarily acting as executive shareholders or directors in another company, and less than half of the total number of outstanding voting shares or the total amount of the capital stock of the Company and another company are held by the same shareholders. Thus, it is concluded that there is no existence of the controlling and subordinate relation.

4. Description of businesses covered by all the affiliates

The description of the mutual dealings and division of work among such affiliates:

- (1) Horizon SICE: It provides the Company with investment analysis or consultation services, and acts as an agent for overseas fund sales and discretionary investment business.
- (2) Horizon Venture Capital: It is mainly engaged in venture capital business. It assists the Company's underwriting team in the collection of information on promising industries, markets and technologies. It also assesses potential companies in various industries and recommends them to the underwriting team for further development and consultation.
- (3) Horizon Venture Management: It manages venture funds for Horizon Venture Capital and other companies.

5. Information on directors, supervisors, and presidents of affiliates

Dec. 31, 2022; unit: share

Company name	Title	Names or representative	Shareholdings	
			Number of shares	Percentage of shareholding
Horizon Securities	Chairman	Cheng-Da Investment Consulting Co., Ltd.	35,160,200	10.01%
	Director	Cheng-Da Investment Consulting Co., Ltd.	35,160,200	10.01%
	Director	Chia-Hung Lee	53,000	0.02%
	Director	Jyun-De Li	0	0.00%
	Independent Director	HSIAO, CHEN-CHI	0	0.00%
	Independent Director	CHEN, YUH-JEN	0	0.00%
	Independent Director	Che-Ying Liaw	0	0.00%
	President	Jamie Lin	310,016	0.09%
Horizon SICE	Chairman Director Director Supervisor President	Representative of Horizon Securities: Hung-Da Chen Chan-Mei Liu Kuo-Ching Chen Meng-Wei Lu	12,000,000	100.000%
Horizon Venture Capital	Chairman Director Director Supervisor President	Representative of Horizon Securities: Ke-Chyn Jiang Jamie Lin Gilbert Chang Christine Chang Hsu-Lun Chen	60,000,000	100.000%

Company name	Title	Names or representative	Shareholdings	
			Number of shares	Percentage of shareholding
Horizon Venture Management	Chairman Director Director Supervisor President	Representative of Horizon Securities: Ke-Chyn Jiang Jamie Lin Gilbert Chang Christine Chang Hsu-Lun Chen	2,000,000	100.000%

6. Operation summary of affiliates

Dec. 31, 2022; Unit: NTD thousand

Company name	Paid-in Capital	Total assets	Total liabilities	Net worth	Operating income	Net operating income (loss)	Net income (loss) (after tax)	Earnings per share (NTD) (after tax)
Horizon Securities	3,512,516	10,082,118	5,548,042	4,534,076	676,012	(359,730)	(220,184)	(0.63)
Horizon SICE	120,000	130,484	7,223	123,261	45,095	1,704	2,241	0.19
Horizon Venture Capital	600,000	503,171	31	503,140	(1,641)	(13,891)	(13,889)	(0.23)
Horizon Venture Management	20,000	26,096	1,998	24,098	11,429	4,390	3,555	1.78

(II) **For consolidated financial statements of the affiliates: Please refer to page 193-308 of this Annual Report.**

(III) **Affiliation reports: None.**

(IV) **The information on guarantees & endorsement, loans to others, and derivatives of affiliates:**

As of the most recent fiscal year and the printing date of this Annual Report, there is no matters of guarantees & endorsement, and loans to others. Except for the Company having established the Futures Proprietary Trading Department to handle products such as futures and options, other affiliates do not engage in derivatives trading.

II. Private Placement of Securities During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report

The private placement of common shares to raise capital was resolved at the Shareholders' Meeting on May 27, 2022 and will expire on May 26, 2023. It was resolved at the Board Meeting on March 9, 2023 to suspend the private placement.

The Board of Directors resolved on the private placement of securities at the board meeting on March 9, 2023. However, it has not yet been approved by the 2023 Shareholders' Meeting. The summary is as follows:

Items	2023 First private placement of securities Quantity: No more than 50,000,000 shares Issue date: Not yet issued
Type of private-placement securities	Common stock
Date and quantity approved by the shareholders' meeting	This private placement of securities has been approved at the board meeting on March 9, 2023, and is proposed to be resolved at the 2023 Shareholders' Meeting with quantity of no more than 50,000,000 shares.

Items	2023 First private placement of securities Quantity: No more than 50,000,000 shares Issue date: Not yet issued					
Reasonableness and basis of the private placement pricing	<p>1. The price per share fixed for privately placed common shares may not be lower than 80% of the reference price. The reference price shall be the higher of the following two calculations:</p> <p>(1) The simple average closing price of the common shares of the Company for either the 1, 3, or 5 business days before the price determination date, after adjustment for any distribution of share dividends, cash dividends or capital reduction.</p> <p>(2) The simple average closing price of the common shares of the Company for the 30 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends, or capital reduction.</p> <p>2. The actual date of determination of the private placement price and the actual issuance price shall be not be lower than the resolved percentage at the Shareholders' Meeting. It will be proposed at the Shareholders' Meeting to authorize the Board of Directors to decide on these matters depending of the specific persons and market conditions in the future.</p> <p>3. The aforementioned subscription price of privately placed common shares shall be determined considering the factors such as the Company's current operation situation, future prospects, restriction that the shares are not freely transferable within 3 years, and the recent share transaction price. The price determination method is deemed reasonable.</p> <p>4. Pursuant to the aforementioned pricing principle, the substantial private placement subscription price might be lower than the denomination value. That is because of the market condition at the moment of private placement. That price falls within the scope as per stipulated by law as determined by the strategical investors. The pricing method should be deemed rational. The potential impact upon shareholders' equity is the differential gap between the private placement subscription price and the denomination value which shall be debited under the capital reserve. The deficiency, if any, shall be debited to the undistributed earnings under the retained earnings. As far as the future business operation and market status are concerned, in case of an accumulated loss incurred, the Company will deal with that issue with operating surplus or capital reserve to cover the losses so incurred. Where the substantial private placement price might fall below the denomination value in the future, the Company will prudentially contemplate the benefits of the strategical investors so as to safeguard shareholders' rights and interests.</p>					
The method for selecting the specific persons	The selection of specific persons is restricted to the persons meeting the requirements in Article 43-6 of Securities and Exchange Act, and (91) Tai-Cai-Zheng-(1)-Zi Letter Number 0910003455 dated June 13, 2002, issued by the FSC, and other Letters or Orders, and priority shall be given to strategic investors who can contribute benefits to the long-term development of the Company and the interests of existing shareholders. To date, there are no candidates for placees.					
The necessity for private placement of securities	The reasons for private placement of securities include the timeliness of capital raising, cost of share issuance, and the actual need for strategic investors. Furthermore, the restriction that the private-placement securities are not freely transferable within 3 years ensures a long-term cooperation of the Company and its strategic investors. Thus, the Company opted for private placement of securities, instead of public offering.					
Date of the price of the subscription paid up in full	N/A					
Information of placee	Place of the private placement	Qualification requirements	Subscription quantities	Relationship to the Company	Involvement in the Company's operations	
	N/A	N/A	N/A	N/A	N/A	
Actual subscription (or conversion) price	N/A					
Discrepancy between the actual subscription (or conversion) price and the reference price	N/A					

Items	2023 First private placement of securities Quantity: No more than 50,000,000 shares Issue date: Not yet issued
Effect of the private placement on shareholder equity	No significant effect
Status of utilization of the funds and plan implementation progress	N/A
Realization of plan benefits	N/A

Note 1: Columns may be added according to the number of times of issuance. If there are multiple closings, they shall be listed individually.

Note 2: For the securities types, fill in: common stock, preferred shares, convertible preferred shares, preferred shares with warrants, straight corporate bonds, convertible corporate bonds, overseas corporate bonds with warrants, overseas convertible corporate bonds, overseas depository receipts, or employee stock warrants.

Note 3: Fill in the approved date and quantity at the board meeting for private-placement securities requiring no approval by the Shareholders' Meeting.

Note 4: If there are selected places for private-placement, the name of the placee, and their relationship to the Company shall be listed.

Note 5: Columns may be added as required.

Note 6: Fill in Article 43-6 Paragraph 1 Subparagraph 1, 2, or 3.

Note 7: Actual subscription (or conversion) price refers to the actual price of subscription (or conversion) at issuance of the private-placement securities.

III. Holding or Disposal of Shares in the Company by the Company's Subsidiaries During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report

As of the most recent fiscal year and the printing date of this Annual Report, the subsidiaries do not hold or dispose of shares in the Company.

IV. Other Supplementary Information

(I) Number of employees in non-managerial positions and annual average employee benefits and the difference over the previous year:

	2022	2021	Difference
Number of employees in non-managerial positions (person)	425	407	18
Annual average employee benefits (thousand)	\$1,153	\$1,828	\$(675)

In 2022, there are 425 employees in non-managerial positions and the annual average employee benefit was NT\$ 1,153 thousand. The difference compared to the previous year is because the Company operated at a loss in 2022, resulting in a significant decrease in surplus bonuses. Thus, the decrease in benefit expenses for the year 2022 is considered reasonable.

IX. Any of the Situations Listed in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act, Which Might Materially Affect Shareholders' Equity or the Price of the Company's Securities, Has Occurred During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report: None.

Statement of Declaration

The companies to be included by the Company in the consolidated financial statement of affiliated enterprises in 2022 (January 1 to December 31, 2022 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 23, 2023

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, 2022 and 2021, 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, 2022 and 2021 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 Auditing and Attestation of Financial statements by Certified Public Accountants and generally accepted auditing standards. 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 2022 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.

Evaluation of financial instruments—no active market

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 an 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 2022 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 2022 and 2021 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 23, 2023

Horizon Securities Co., Ltd. and its subsidiaries
Consolidated Balance Sheet
December 31, 2022 and 2021

Unit: NTD thousand

Assets			December 31, 2022		December 31, 2021	
Code	Accounting titles	Note	Amount	%	Amount	%
	Current assets					
111100	Cash and cash equivalents	4, 6.1 and 12	\$2,455,920	24	\$3,105,993	19
112000	Financial assets at fair value through profit or loss- current	4, 5, 6.2, 6.20, 7, 8 and 12	2,356,378	23	4,208,832	26
	The financial assets measured for the fair values through other comprehensive income- current	4, 5, 6.3 and 12	50,040	-	70,380	-
113200						
114010	Bond investment under reverse repurchase agreement	4, 6.5 and 12	351,797	3	1,150,580	7
114060	Securities borrowings receivable	4, 6.6 and 12	59,992	1	1,106	-
114066	Loan receivable – non-restricted purpose	4, 6.7 and 12	591,815	6	478,927	3
114070	Customers’ margin accounts	4, 6.8, 6.33 and 12	577,152	6	519,617	3
114110	Notes receivable-net	4, 6.9 and 12	327	-	150	-
114130	Accounts receivable – net	4, 6.9, 7 and 12	1,770,304	18	4,113,587	25
114150	Prepayments		18,683	-	19,202	-
114170	Other receivables	4, 6.10, 7 and 12	17,572	-	16,671	-
114600	Current income tax asset	4	3,389	-	5,299	-
119000	Other current assets	8 and 12	367,098	4	1,562,667	9
110000	Total current assets		<u>8,620,467</u>	<u>85</u>	<u>15,253,011</u>	<u>92</u>
	Non-Current assets					
122000	Financial assets that are measured at fair value through profit or loss-non-current	4, 5, 6.2 and 12	456,136	5	322,158	2
123200	The financial assets measured for the fair values through other comprehensive income- non-current	4, 5, 6.3 and 12	103,205	1	92,460	1
123300	Financial assets based on cost after amortization- non-current	4, 6.4, 7 and 12	199,999	2	200,000	1
125000	Property, plant, and equipment – net	4, 6.11, 6.34 and 7	90,233	1	49,877	-
125800	Right-of-use assets- Net	4 and 6.27	124,481	1	86,459	1
127000	Intangible assets	4, 6.12 and 6.34	85,004	1	74,223	-
128000	Deferred income tax assets	4 and 6.31	9,337	-	9,682	-
129010	Business guarantee	6.13 and 12	280,000	3	270,000	2
129020	Settlement / clearance fund	6.14 and 12	90,300	1	110,015	1
129030	Refundable deposits	12	26,395	-	26,770	-
129070	Net determined benefit asset-non-current		5,093	-		-
129130	Prepayments for equipment		720	-	480	-
120000	Total of Non-Current Assets		<u>1,470,903</u>	<u>15</u>	<u>1,242,124</u>	<u>8</u>
906001	Total assets		<u>\$10,091,370</u>	<u>100</u>	<u>\$16,495,135</u>	<u>100</u>

(Refer to Note to the consolidated financial statements)

Chairman: Ke-Chyn Jiang

Managerial officers: Jamie Lin

Accounting Manager: Chillí Hsieh

Horizon Securities Co., Ltd. and its subsidiaries
Consolidated Balance Sheet (Continued)
December 31, 2022 and 2021

Unit: NTD thousand

Liabilities and Equity			December 31, 2022		December 31, 2021	
Code	Accounting titles	Note	Amount	%	Amount	%
	Current liabilities					
211100	Short-term borrowings	6.15 and 12	\$50,000	-	\$50,000	-
211200	Commercial papers payable	6.16 and 12	-	-	149,995	1
212000	Financial liabilities at fair value through profit or loss- current	4, 5, 6.17, 6.20 and 12	12,034	-		
214010	Call loans to banks	4, 6.18 and 12	2,099,446	21	3,804,392	23
214080	Futures traders' equity	4, 6.33 and 12	576,285	6	519,433	3
214130	Accounts payable	4, 6.19, 7 and 12	1,772,362	18	4,047,041	25
214150	Advances		697	-	8,187	-
214170	Other payables	7 and 12	118,349	1	374,547	2
214600	Current Tax Liability	4	13,769	-	128,099	1
215100	Liability reserve-Current	4 and 6.22	6,101	-	6,239	-
216000	Lease liabilities – current	4, 6.27 and 12	35,703	-	46,814	-
219000	Other current liabilities		107,251	1	1,205,364	8
210000	Total current liabilities		<u>4,791,997</u>	<u>47</u>	<u>10,340,111</u>	<u>63</u>
	Non-current liabilities					
221100	Corporate bonds payable	4, 6.20 and 12	674,201	7	763,524	5
225100	Liabilities reserve- non-current	4 and 6.22	11,531	-	9,357	-
226000	Lease liabilities – noncurrent	4, 6.27 and 12	78,650	1	21,272	-
228000	Deferred tax liabilities	4 and 6.31	915	-	1,118	-
229070	Net determined benefit liability-non-current	4 and 6.21	-	-	31,115	-
220000	Total of non-current liabilities		<u>765,297</u>	<u>8</u>	<u>826,386</u>	<u>5</u>
906003	Total liabilities		<u>5,557,294</u>	<u>55</u>	<u>11,166,497</u>	<u>68</u>
	Equity attributable to Shareholders of the Company	4 and 6.23				
301000	Share capital					
301010	Common stock capital		3,512,516	35	3,313,694	20
302000	Capital reserve		356,228	3	359,443	2
304000	Retained earnings					
304010	Statutory surplus reserves		175,446	2	52,945	-
304020	Special surplus reserves		356,113	4	111,110	1
304040	Undistributed earnings		25,276	-	1,373,218	8
305000	Other equity		108,497	1	118,228	1
906004	Total equity		<u>4,534,076</u>	<u>45</u>	<u>5,328,638</u>	<u>32</u>
906002	Total Liabilities and Equity		<u>\$10,091,370</u>	<u>100</u>	<u>\$16,495,135</u>	<u>100</u>

(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
2022 and 2021

Unit: NTD thousand

Code	Items	Note	2022		2021	
			Amount	%	Amount	%
	Income					
401000	Brokerage fee revenue	4, 6.24 and 7	\$695,958	102	\$1,042,142	39
402000	Commissions income from loans	4	131	-	82	-
404000	Underwriting business revenue	4, 6.24 and 7	76,807	11	67,736	3
410000	Operating gain (loss) on sale of securities	6.24 and 7	(105,026)	(15)	1,492,573	57
421100	Stock affairs agency revenue	4 and 7	79,137	12	77,036	3
421200	Interest revenue	4, 6.24 and 7	34,717	5	35,663	1
421300	Dividend income	4, 7	16,753	2	26,512	1
421500	Net loss of securities trade measured at the fair value through profit or loss	6.24 and 7	(166,719)	(24)	(93,926)	(3)
424400	Net gains (losses) on the derivative financial instruments – Futures	4, 6.24 and 12	43,850	6	(17,762)	(1)
424500	Net losses on the derivative financial instruments - over the counter	4	(14,604)	(2)	(1,924)	-
425300	Expected credit impairment loss and reversal benefit	4 and 6.24	(43)	-	202	-
428000	Other operating revenue	6.25 and 7	21,005	3	12,924	-
400000	Total revenues		<u>681,966</u>	<u>100</u>	<u>2,641,258</u>	<u>100</u>
	Expense					
501000	Brokerage fee expenses		(58,625)	(9)	(87,791)	(3)
502000	Proprietary trade service commission expenses		(1,709)	-	(2,551)	-
521200	Financial costs	6.26	(4,936)	(1)	(1,876)	-
524300	Clearance and settlement service expenses		(9,155)	(1)	(9,383)	-
528000	Other operating expenses	7	(831)	-	(980)	-
531000	Employee benefits expenses	6.21, 6.28 and 7	(642,022)	(94)	(986,311)	(38)
532000	Depreciation and amortization expenses	6.27 and 6.28	(118,055)	(17)	(91,105)	(4)
533000	Other operating expenses	7	(214,159)	(32)	(246,237)	(9)
500000	Total Expense		<u>(1,049,492)</u>	<u>(154)</u>	<u>(1,426,234)</u>	<u>(54)</u>
5xxxxx	Operating profit (loss)		(367,526)	(54)	1,215,024	46
602000	Other profits and losses	4 and 6.29	180,038	26	154,904	6
902001	Net income (loss) before tax		(187,488)	(28)	1,369,928	52
701000	Income tax expenses	4 and 6.31	(32,696)	(5)	(130,655)	(5)
902005	Net income (loss) for this period		<u>(220,184)</u>	<u>(33)</u>	<u>1,239,273</u>	<u>47</u>
805000	Other comprehensive income	6.30				
805500	The items that are not reclassified as profit or loss					
805510	Reevaluation of determined benefit plan		35,033	5	(14,259)	(1)
805540	Investment of equity instruments at fair value through other comprehensive income					
	Unrealized valuation profit (loss), net		(9,731)	(1)	57,056	2
805000	Other comprehensive income for the period (post-tax profit or loss)		25,302	4	42,797	2
902006	Total comprehensive income in current period		<u>\$(194,882)</u>	<u>(29)</u>	<u>\$1,282,070</u>	<u>49</u>
913000	Net income (loss) attributable to:					
913100	Owners of parent		<u>\$(220,184)</u>		<u>\$1,239,273</u>	
914000	Total comprehensive income attributable to:					
914100	Owners of parent		<u>\$(194,882)</u>		<u>\$1,282,070</u>	
975000	Diluted earnings per share (NT\$):					
975010	Net income (loss) for this period	6.32	<u>\$(0.63)</u>		<u>\$3.53</u>	
985000	Diluted earnings per share (NT\$):					
985010	Net income (loss) for this period	6.32	<u>\$(0.63)</u>		<u>\$3.28</u>	

(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, 2022 and 2021

Unit: NTD thousand

Items	Equity attributable to Shareholders of the Company						Total equity
	Share capital	Capital reserve	Retained earnings			Other equity	
	Common stock capital		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, 2021	\$3,308,168	\$312,359	\$13,397	\$28,167	\$436,103	\$61,172	\$4,159,366
Dividend allocation and distribution for 2020:							
Legal reserve appropriated	-	-	39,548	-	(39,548)	-	-
Appropriation of special reserve	-	-	-	82,943	(82,943)	-	-
Common stock cash dividends	-	-	-	-	(165,408)	-	(165,408)
Other changes in capital reserve:							
Arising from the issuance of convertible corporate bonds, recognized in equity component - stock options	-	40,790	-	-	-	-	40,790
2021 net income	-	-	-	-	1,239,273	-	1,239,273
Other comprehensive net income in 2021	-	-	-	-	(14,259)	57,056	42,797
Total comprehensive net income in 2021	-	-	-	-	1,225,014	57,056	1,282,070
Convertible corporate bonds converted	5,526	6,294	-	-	-	-	11,820
Balance as at December 31, 2021	\$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)
Net loss for 2022	-	-	-	-	(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

(Refer to Note to the consolidated financial statements)
Managerial officers: Jamie Lin

Accounting Manager: Chilli Hsieh

Chairman: Ke-Chyn Jiang

Horizon Securities Co., Ltd. and its subsidiaries
Consolidated Statements of Cash Flow
2022 and 2021

Unit: NTD thousand

Code	Items	2022	2021
	Cash flow from operating activities:		
A10000	Current year net profit before taxation	\$(187,488)	\$1,369,928
A20000	Adjustments:		
A20010	Revenue, expense and loss that do not affect the cash flows		
A20100	Depreciation expenses	101,216	79,395
A20200	Amortization expenses	16,839	11,710
A20300	Expected credit impairment loss and reversal benefit	43	(202)
A20400	Loss on financial assets and liabilities at fair value through profit and loss	166,719	93,926
A20900	Interest expenses	4,936	1,876
A21200	Interest income (including financial income)	(59,797)	(44,791)
A21300	Dividend income	(19,830)	(29,347)
A23100	Loss (gain) on disposal of investments	441	(2,812)
A23300	Loss on non-operating financial products at fair value	3,607	8,814
A24200	Gain on redemption of corporate bonds payable	(14,172)	
A29900	Other items	(2,139)	(1,252)
A60000	Changes in operating activities related assets/liabilities		
A61000	Net changes in operating activities related assets:		
A61110	Decrease in financial assets measured at fair value through profit or loss	1,547,709	284,702
A61130	Decrease in bond investment under reverse repurchase agreement	798,783	3,954,432
A61180	Increase in securities borrowings receivable	(171,777)	(178,810)
A61190	Increase in customers' margin accounts	(57,535)	(218,505)
A61230	Decrease (increase) in notes receivable	(177)	-
A61250	Decrease (increase) in accounts receivable	2,344,979	176
A61270	Decrease (increase) in prepayments	(6,289)	(363,603)
A61290	Increase in other receivables	(370)	37,777
A61365	Increase in financial assets at fair value through other comprehensive profit or loss	(136)	-
A61370	Decrease (increase) in other current assets	1,195,569	(406)
A62000	Net changes in operating activities related liabilities:		
A62110	Increase (decrease) in bond liabilities under repurchase agreement	(1,704,946)	(1,085,518)
A62130	Increase in financial liabilities at fair value through profit and loss	12,817	(4,201,001)
A62200	Increase in futures traders' equity	56,852	218,468
A62210	Decrease in notes payable	-	(163)
A62230	Increase (decrease) in accounts payable	(2,274,939)	342,708
A62250	Decrease in Advance receipts	(7,490)	(969)
A62270	Increase (decrease) in other payables	(256,198)	192,290
A62290	Decrease in net determined benefit liability	(1,174)	(1,805)
A62300	Increase (decrease) in provisions	(138)	353
A62320	Increase (decrease) in other current liabilities	(1,098,113)	1,040,771
A33000	Cash inflow (outflow) from operations	<u>387,802</u>	<u>1,508,142</u>
A33100	Interest received	57,824	40,436
A33200	Dividends received	19,537	29,556
A33300	Interest payment	(1,294)	(390)
A33500	Income tax returned	(144,975)	2,250
AAAA	Net cash inflow (outflow) from operating activities	<u>318,894</u>	<u>1,579,994</u>
	Cash flow from investing activities:		
B00040	Acquisition of financial assets at amortized cost	-	(200,000)
B02700	Acquisition of property, plant, and equipment	(62,761)	(22,818)
B03300	Increase in business guarantee	(10,000)	(10,000)
B03500	Increase in settlement/clearance fund	(71,853)	(3,597)
B03600	Decrease in settlement/clearance fund	91,568	
B03700	Increase in refundable deposits	(1,456)	(8,309)
B03800	Decrease in Refundable deposits	1,831	-
B04500	Acquisition of Intangible assets	(20,853)	(27,496)
B07100	Increase in prepayments for equipment	(240)	(480)
BBBB	Net cash outflow from investing activities	<u>(73,764)</u>	<u>(272,700)</u>
	CASH FLOWS FROM FINANCING ACTIVITIES:		
C00100	Increase of short-term loans	66,031,596	137,741,730
C00200	Decrease in short-term loans	(66,031,596)	(137,691,730)
C00700	Increase in commercial papers payable	29,979	1,614,614
C00800	Decrease in commercial papers payable	(180,000)	(1,665,000)
C01200	Issue of corporate bonds	-	822,374
C04020	Repayments of principal portion of the lease	(62,236)	(66,688)
C04500	Cash dividend released	(66,311)	(165,408)
C04900	Cost of treasury stock repurchase	(596,465)	-
C05600	Interest payment	(20,170)	(10,319)
CCCC	Net cash inflow (outflow) from financing activities	<u>(895,203)</u>	<u>579,573</u>
EEEE	Current cash and cash equivalents increase (decrease)	(650,073)	1,886,867
E00100	Balance of cash and cash equivalents, beginning of period	3,105,993	1,219,126
E00200	Balance of cash and cash equivalent, end of period	<u>\$2,455,920</u>	<u>\$3,105,993</u>

(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 Notes to financial statements
January 1 to December 31, 2022
and January 1 to December 31, 2021
(In thousand New Taiwan dollars, unless otherwise specified)

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, 2022, 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 2022 and 2021 were approved by the board of directors on February 23, 2023 before release.

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

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 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, 2022. 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	Disclosure of Accounting Policies (amendments to IAS 1)	January 1, 2023
2	Definition of Accounting Estimates (amendments to IAS 8)	January 1, 2023
3	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12)	January 1, 2023

(1) Disclosure of Accounting Policies (amendments to IAS 1)

This amendment is to improve the disclosure of accounting policies to provide investors and other major users of financial statements with more useful information.

(2) Definition of Accounting Estimates (amendments to IAS 8)

This amendment directly defines accounting estimates and makes other amendments to IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” to help companies distinguish between changes in accounting policies and changes in accounting estimates.

(3) Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12)

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

This amendment narrows the scope of the exemption from the recognition of deferred tax in paragraphs 15 and 24 of IAS 12–Income Taxes so that the exemption does not apply to transactions that give rise to the same amounts of taxable and deductible temporary differences upon initial recognition.

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, 2023. The new publication, revision, and amendment or interpretation of the standards caused no material impact on the Group based on its assessment.

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	Liabilities are classified as current or non-current (amendments to IAS 1)	January 1, 2024
4	Lease Liability in a Sale and Leaseback (amendments to IFRS 16)	January 1, 2024
5	Non-current Liabilities with Covenants (amendments to IAS 1)	January 1, 2024

- (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

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

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) 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.”

(4) 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.

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

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

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.

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, 2022 and 2021 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)

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

- (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) Recognize any gain or loss as current profit or loss.
- (6) The amount of items recognized in other comprehensive income previously by the parent company is reclassified in the profit or loss.

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

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

Investor	Subsidiary name	Main business	Equity ratio held	
			2022.12.31	2021.12.31
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.

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

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.

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

(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

Financial assets based on cost after amortization

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.

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

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

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

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.

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

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.

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

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).

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

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

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

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

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

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

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

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

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

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:

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

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

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:

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

- (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.

The Group is the lessor

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.

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

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

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

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.

Liability reserve for decommissioning, restoration, and rehabilitation costs

The amount of decommissioning liability reserve incurred from the

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

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

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

- (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 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;
- (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

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

income tax assets arising from the taxable losses and income tax credit are recognized within the range of probable future taxable income:

- (1) It is related to the deductible temporary difference 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.
- (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

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

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.

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.

The Group has included the economic impact caused by the COVID-19 pandemic into the consideration of major accounting estimates. The management will continue to evaluate its financial position, financial performance, ability to continue as a going concern, asset impairment, and disclosure of financing risks, and other matters.

Estimation and assumption

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

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

	<u>2022.12.31</u>	<u>2021.12.31</u>
Petty cash	\$490	\$430
Check deposits	4,828	7,120
Current deposits	269,406	369,245
Time deposits	779,888	700,675
Cash equivalents – short-term notes and bills	1,298,040	1,951,363
Cash equivalents – futures excess margin	103,268	77,160
Total	<u>\$2,455,920</u>	<u>\$3,105,993</u>

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, 2022 and 2021 was 0.230%–3.750% and 0.130%–0.815%, respectively.

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:

	<u>2022.12.31</u>	<u>2021.12.31</u>
<u>Current items</u>		
<u>Measured at fair value through income under compulsion</u>		
Open-end funds and money market instruments	\$41,846	\$14,290
Securities – proprietary	2,130,789	4,054,406

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

	<u>2022.12.31</u>	<u>2021.12.31</u>
Securities – underwriting	41,889	54,890
Others	75,867	51,859
<u>Derivatives</u>		
Futures trading margin – proprietary capital	65,843	31,600
Call option - non-hedging	144	-
Call option - others	-	1,787
Total	<u>\$2,356,378</u>	<u>\$4,208,832</u>

Non-current items

Measured at fair value through income under compulsion

Open-end funds and money market instruments	\$82,579	\$82,151
Securities – proprietary	3,496	6,130
Others	370,061	233,877
Total	<u>\$456,136</u>	<u>\$322,158</u>

(1) Open-end funds and money market instruments

	<u>2022.12.31</u>	<u>2021.12.31</u>
<u>Current items</u>		
Open-type fund	\$46,196	\$17,005
Add (less): Valuation adjustment	(4,350)	(2,715)
Net value	<u>\$41,846</u>	<u>\$14,290</u>
<u>Non-current items</u>		
Open-type fund	\$121,400	\$119,000
Add (less): Valuation adjustment	(38,821)	(36,849)
Net value	<u>\$82,579</u>	<u>\$82,151</u>

(2) Securities – proprietary

	<u>2022.12.31</u>	<u>2021.12.31</u>
<u>Current items</u>		
Government bonds	\$313,792	\$619,896
Corporate bonds	1,407,640	1,711,087
Convertible corporate bonds	40,000	407,260
TWSE-listing companies stock	111,238	713,966
GTSM-listing companies stock	25,645	78,120
Companies stock in emerging stock market	247,606	394,998
Non-TWSE/GTSM-listing companies stock	5,300	34,720
Overseas stocks	39,236	-
Subtotal	<u>2,190,457</u>	<u>3,960,047</u>
Add (less): Valuation adjustment	<u>(59,668)</u>	<u>94,359</u>

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

	<u>2022.12.31</u>	<u>2021.12.31</u>
Net value	<u>\$2,130,789</u>	<u>\$4,054,406</u>
<u>Non-current items</u>		
Non-TWSE/GTSM-listing companies stock	\$2,666	\$4,362
Add (less): Valuation adjustment	830	1,768
Net value	<u>\$3,496</u>	<u>\$6,130</u>
 (3) Securities – underwriting		
	<u>2022.12.31</u>	<u>2021.12.31</u>
Convertible corporate bonds	\$39,885	\$43,705
TWSE-listing companies stock	4,130	4,473
GTSM-listing companies stock	-	3,022
Subtotal	44,015	51,200
Add (less): Valuation adjustment	(2,126)	3,690
Net value	<u>\$41,889</u>	<u>\$54,890</u>
 (4) Others		
	<u>2022.12.31</u>	<u>2021.12.31</u>
<u>Current items</u>		
TWSE-listing companies stock	\$4,020	\$4,995
GTSM-listing companies stock	3,524	-
Companies stock in emerging stock market	79,283	40,363
Subtotal	86,827	45,358
Add (less): Valuation adjustment	(10,960)	6,501
Net value	<u>\$75,867</u>	<u>\$51,859</u>
<u>Non-current items</u>		
Non-TWSE/GTSM-listing companies stock	\$427,723	\$302,863
Add (less): Valuation adjustment	(57,662)	(68,986)
Net value	<u>\$370,061</u>	<u>\$233,877</u>
 (5) Futures trading margin – proprietary capital		
	<u>2022.12.31</u>	<u>2021.12.31</u>
Futures trading margin – proprietary capital	<u>\$65,843</u>	<u>\$31,600</u>
 For the details of the Group’s futures trading margin – proprietary capital, please refer to Note 12.17.		
 (6) Call option - non-hedging		

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

	<u>2022.12.31</u>	<u>2021.12.31</u>
Index options	\$198	\$-
Loss on unsettled positions	(54)	-
Net value	<u>\$144</u>	<u>\$-</u>

(7) Call option - others

	<u>2022.12.31</u>	<u>2021.12.31</u>
Call option - others	<u>\$-</u>	<u>\$1,787</u>

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

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

	<u>2022.12.31</u>	<u>2021.12.31</u>
<u>Current items</u>		
Investment of equity instruments at fair value through other comprehensive income		
TWSE-listing companies stock	<u>\$50,040</u>	<u>\$70,380</u>
<u>Non-current items</u>		
Investment of equity instruments at fair value through other comprehensive income		
Non-TWSE/GTSM-listing companies stock	<u>\$103,205</u>	<u>\$92,460</u>

The Group did not provide any security for financial assets at fair value through other comprehensive income.

4. Financial assets based on cost after amortization

	<u>2022.12.31</u>	<u>2021.12.31</u>
<u>Non-current items</u>		
Corporate bonds	\$200,000	\$200,000
Less: Allowance for losses	(1)	-
Total	<u>\$199,999</u>	<u>\$200,000</u>

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

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.

5. Bond investment under reverse repurchase agreement

	<u>2022.12.31</u>	<u>2021.12.31</u>
Government bonds	\$301,700	\$1,150,580
Corporate bonds	50,097	-
Total	<u>\$351,797</u>	<u>\$1,150,580</u>

The bond investments under reverse repurchase agreement conducted by the Group as of December 31, 2022 and 2021 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\$352,033 thousand and NT\$1,150,758 thousand, respectively, with the annual interest rates of 1.0755%–1.1295% and 0.1890%–0.2880%, respectively.

6. Securities borrowings receivable

	<u>2022.12.31</u>	<u>2021.12.31</u>
Securities borrowings receivable - securities or other products bought by clients as collateral	\$59,993	\$1,106
Less: Allowance for losses	(1)	-
Total	<u>\$59,992</u>	<u>\$1,106</u>

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

	<u>2022.12.31</u>	<u>2021.12.31</u>
Loan receivable – non-restricted purpose	\$591,818	\$478,928
Less: Allowance for losses	(3)	(1)
Total	<u>\$591,815</u>	<u>\$478,927</u>

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.

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

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

risk, please refer to Note 12.

8. Customers' margin accounts

	<u>2022.12.31</u>	<u>2021.12.31</u>
Bank deposits	\$436,953	\$363,736
Settlement institution settlement balance	140,199	155,881
Total	<u>\$577,152</u>	<u>\$519,617</u>

9. Note receivable and account receivable – net

	<u>2022.12.31</u>	<u>2021.12.31</u>
Notes receivable		
Stock affairs agency fee receivable	\$277	\$100
Consultation fees receivable	50	50
Less: Allowance for losses	-	-
Subtotal	<u>327</u>	<u>150</u>
Accounts receivable		
Accounts receivable – related parties	606	700
Accounts receivable – non-related parties		
Settlement receivable – brokerage	1,628,782	3,869,873
Settlement receivable – non-brokerage	2,242	80,605
Settlement price	106,520	126,385
Interests receivable	20,329	18,936
Others	11,941	17,214
Less: Allowance for losses	(116)	(126)
Subtotal	<u>1,770,304</u>	<u>4,113,587</u>
Total	<u>\$1,770,631</u>	<u>\$4,113,737</u>

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.

10. Other receivables

	<u>2022.12.31</u>	<u>2021.12.31</u>
Other receivables – related parties	\$2,386	\$2,407
Less: Allowance for losses	-	-
Subtotal	<u>2,386</u>	<u>2,407</u>
Other receivables – non-related parties		
Stock affairs agency fee receivable	9,061	12,360

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

	2022.12.31	2021.12.31
Interests receivable	911	331
Others	5,422	1,939
Less: Allowance for losses	(208)	(366)
Subtotal	15,186	14,264
Total	<u>\$17,572</u>	<u>\$16,671</u>

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:			
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	<u>\$187,722</u>	<u>\$89,790</u>	<u>\$277,512</u>
2021.1.1	\$142,639	\$60,853	\$203,492
Additions	22,183	635	22,818
Disposition	(6,892)	-	(6,892)
Other changes	-	(942)	(942)
Reclassification	3,500	-	3,500
2021.12.31	<u>\$161,430</u>	<u>\$60,546</u>	<u>\$221,976</u>
Accumulated depreciation and impairment:			
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	<u>\$129,028</u>	<u>\$58,251</u>	<u>\$187,279</u>
2021.1.1	\$111,819	\$51,151	\$162,970
Depreciation	11,978	4,985	16,963
Disposition	(6,892)	-	(6,892)
Other changes	-	(942)	(942)
2021.12.31	<u>\$116,905</u>	<u>\$55,194</u>	<u>\$172,099</u>
Net book value:			
2022.12.31	<u>\$58,694</u>	<u>\$31,539</u>	<u>\$90,233</u>
2021.12.31	<u>\$44,525</u>	<u>\$5,352</u>	<u>\$49,877</u>

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

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

12. Intangible assets

	Goodwill	Business right	Computer software	Total
Cost:				
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	<u>\$52</u>	<u>\$64,321</u>	<u>\$165,421</u>	<u>\$229,794</u>
2021.1.1	\$52	\$32,488	\$114,075	\$146,615
Additions – separate acquisition	-	10,833	16,663	27,496
Disposition	-	-	(700)	(700)
Transfer (Note)	-	21,000	7,708	28,708
Other changes	-	-	300	300
2021.12.31	<u>\$52</u>	<u>\$64,321</u>	<u>\$138,046</u>	<u>\$202,419</u>
Cumulative amortization and impairment:				
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	<u>\$52</u>	<u>\$32,488</u>	<u>\$112,250</u>	<u>\$144,790</u>
2021.1.1	\$52	\$32,488	\$84,646	\$117,186
Amortization	-	-	11,710	11,710
Disposition	-	-	(700)	(700)
2021.12.31	<u>\$52</u>	<u>\$32,488</u>	<u>\$95,656</u>	<u>\$128,196</u>
Net book value:				
2022.12.31	<u>\$-</u>	<u>\$31,833</u>	<u>\$53,171</u>	<u>\$85,004</u>
2021.12.31	<u>\$-</u>	<u>\$31,833</u>	<u>\$42,390</u>	<u>\$74,223</u>

Note: It is reclassified from other prepayments.

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

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:

	<u>2022.12.31</u>	<u>2021.12.31</u>
Brokerage business guarantee	\$105,000	\$95,000
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	<u>\$280,000</u>	<u>\$270,000</u>

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:

	<u>2022.12.31</u>	<u>2021.12.31</u>
Clearance fund in Taiwan Stock Exchange	\$30,682	\$49,031
Clearance fund in Taipei Exchange	37,545	39,664
Clearance fund in Taiwan Futures Exchange	22,073	21,320
Total	<u>\$90,300</u>	<u>\$110,015</u>

15. Short-term borrowings

	<u>2022.12.31</u>	<u>2021.12.31</u>
^A Secured bank borrowings	<u>\$50,000</u>	<u>\$50,000</u>
Interest rate collars	1.9900%	0.995%

As of December 31, 2022 and 2021, the unused loan facilities where the Group has signed agreements with financial institutions were NT\$2,805,000 thousand and NT\$2,690,000 thousand, respectively.

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

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

16. Commercial papers payable

	<u>2022.12.31</u>	<u>2021.12.31</u>
Commercial papers payable	\$-	\$150,000
Less: Discounted commercial paper payable	-	(5)
Net value	<u>\$-</u>	<u>\$149,995</u>
Interest rate collars	-	0.45%~0.50%

As of December 31, 2022 and 2021, the unused commercial paper facilities where the Group has signed agreements with financial institutions were NT\$1,600,000 thousand and NT\$1,220,000 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:

	<u>2022.12.31</u>	<u>2021.12.31</u>
<u>Derivatives</u>		
Put option - others	<u>\$12,034</u>	<u>\$-</u>

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

	<u>2022.12.31</u>	<u>2021.12.31</u>
Government bonds	\$622,818	\$1,750,206
Corporate bonds	1,456,493	1,700,561
Convertible corporate bonds	20,135	353,625
Total	<u>\$2,099,446</u>	<u>\$3,804,392</u>

The bond liabilities investments under repurchase agreement conducted by the Group as of December 31, 2022 and 2021 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\$2,100,819 thousand and NT\$3,805,139 thousand, respectively, with the annual interest rates of 0.6750%–1.1520% and 0.1710%–0.2970%, respectively.

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

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

19. Accounts payable

	<u>2022.12.31</u>	<u>2021.12.31</u>
Accounts payable – related parties	\$106	\$111
Accounts payable – non-related parties		
Settlement price	161,606	990,753
Settlement payable – brokerage	1,556,916	2,978,943
Settlement payable – non-brokerage	1,637	387
Processing fee payable discounts	38,007	69,831
Interest payable	683	423
Others	13,407	6,593
Total	<u>\$1,772,362</u>	<u>\$4,047,041</u>

20. Corporate bonds payable

	<u>2022.12.31</u>	<u>2021.12.31</u>
Domestic convertible corporate bonds payable	\$674,201	\$763,524
Less: Current portion	-	-
Net value	<u>\$674,201</u>	<u>\$763,524</u>

Domestic convertible corporate bonds payable

	<u>2022.12.31</u>	<u>2021.12.31</u>
Liability elements:		
Face value of domestic convertible corporate bonds payable	\$622,900	\$689,400
Premium payable on domestic convertible corporate bonds	51,301	74,124
Subtotal	<u>674,201</u>	<u>763,524</u>
Less: Current portion	-	-
Net value	<u>\$674,201</u>	<u>\$763,524</u>
Embedded derivative financial instruments- Assets	<u>\$-</u>	<u>\$1,787</u>
Embedded derivative financial instruments- Liabilities	<u>\$12,034</u>	<u>\$-</u>
Equity elements	<u>\$36,297</u>	<u>\$40,172</u>

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

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

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, 2022 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, 2022, the Company redeemed and canceled domestic unsecured convertible bonds in the amount of NT\$66,500 thousand, and the

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

remaining balance of the outstanding bonds was NT\$622,900 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 2022 and 2021 was NT\$26,144 thousand and NT\$25,107 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

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

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, 2022, the Group's defined benefit plan is expected to appropriate NT\$1,407 thousand in the next year.

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

	<u>2022.12.31</u>	<u>2021.12.31</u>
Weighted average duration of defined benefit obligations	12 years	14 years

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

	<u>2022</u>	<u>2021</u>
Current service cost	\$-	\$-
Net interest on net defined benefit liabilities (assets)	233	76
Total	<u>\$233</u>	<u>\$76</u>

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

	<u>2022.12.31</u>	<u>2021.12.31</u>	<u>2021.1.1</u>
Present value of the defined benefit obligations	\$59,508	\$93,914	\$78,504
The fair value of plan assets	<u>(64,601)</u>	<u>(62,799)</u>	<u>(59,843)</u>
Net determined benefit liability (asset) – non-current	<u>\$(5,093)</u>	<u>\$31,115</u>	<u>\$18,661</u>

Adjustments to the net defined benefit liabilities (assets):

	<u>Present value of the defined benefit obligations</u>	<u>The fair value of plan assets</u>	<u>Net defined benefit liabilities (assets)</u>
2021.1.1	\$78,504	\$(59,843)	\$18,661
Current service cost	-	-	-

Notes to the consolidated financial statements of Horizon Securities Co., Ltd. and its subsidiaries (continued)
(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)
Interest expenses (revenues)	322	(246)	76
Subtotal	78,826	(60,089)	18,737
Defined benefit liabilities/assets remeasurement amount			
Actuarial gains and losses resulting from changes in demographic assumption	288	-	288
Actuarial gains and losses resulting from changes in financial assumption	18,862	-	18,862
Experience adjustments	(4,062)	-	(4,062)
Defined benefit assets remeasurement amount	-	(829)	(829)
Subtotal	15,088	(829)	14,259
Contributions of employer	-	(1,881)	(1,881)
2021.12.31	93,914	(62,799)	31,115
Current service cost	-	-	-
Interest expenses (revenues)	704	(471)	233
Subtotal	94,618	(63,270)	31,348
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)

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

	2022.12.31	2021.12.31
Discount rate	1.32%	0.75%
Expected salary increase rate	2.00%	3.00%

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

Sensitivity analysis of each major actuarial hypothesis:

	2022		2021	
	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%	\$-	\$3,216	\$-	\$6,273
Discount rate decreased by 0.5%	4,027	-	6,796	-
Expected salary increase by 0.5%	3,979	-	6,608	-
Expected salary decrease by 0.5%	-	3,212	-	6,170

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.

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
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
2021.1.1	\$517	\$3,478	\$5,369	\$9,364
Increase	661	6,821	209	7,691
Reversed	(517)	(942)	-	(1,459)
2021.12.31	\$661	\$9,357	\$5,578	\$15,596
Current	\$313	\$-	\$5,788	\$6,101
Non-current	-	11,531	-	11,531
2022.12.31	\$313	\$11,531	\$5,788	\$17,632
Current	\$661	\$-	\$5,578	\$6,239
Non-current	-	9,357	-	9,357

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

	Employee benefits liability	Decommissi oning liability	Others	Total
2021.12.31	\$661	\$9,357	\$5,578	\$15,596

23. Equity

(1) Common stock

As of December 31, 2022 and 2021, the Company's registered capital was NT\$6,000,000 thousand, and the outstanding share capital was NT\$3,512,516 thousand and NT\$3,313,694 thousand, respectively, with par value of NT\$10 per share, i.e. 351,252 thousand shares and 331,369 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

	2022.12.31	2021.12.31
Issuance premium	\$14,750	\$14,750
Treasury stock trade	305,181	304,521
Stock options	36,297	40,172
Total	\$356,228	\$359,443

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

Notes to the consolidated financial statements of Horizon Securities Co., Ltd. and its subsidiaries (continued)

(In thousand New Taiwan dollars, unless otherwise specified)

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.

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.

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

The earnings appropriation and distribution plan and dividends per share for 2022 and 2021 proposed by the Company's board of directors on February 23, 2023 and resolved by the shareholders' meeting on May 27, 2022 are listed as follows:

	Earnings appropriation and distribution plan		Dividend Per Share (NTD)	
	2022	2021	2022	2021
Legal reserve appropriated	\$-	\$122,501		
Appropriation of special reserve	-	245,003		
Common stock cash dividends	-	596,465	\$-	\$1.80
Common stock dividends	-	198,822	-	0.60

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

	2022	2021
Brokerage for centralized securities exchange market	\$467,025	\$798,677
Over-the-counter brokerage	136,707	206,426
Futures brokerage fee revenue	40,546	35,363
Other service fee revenue	51,680	1,676
Total	\$695,958	\$1,042,142

(2) Underwriting business revenue

	2022	2021
Firm commitment underwriting revenue	\$15,519	\$23,081
Underwriting revenue	8,899	14,795
Underwriting consulting revenue	16,900	16,150
Others	35,489	13,710
Total	\$76,807	\$67,736

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

	2022	2021
--	------	------

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

Gain (loss) on sales of securities - proprietary	\$(119,961)	\$1,431,015
Gain on sale of securities – underwriting	14,935	61,558
Total	<u>\$(105,026)</u>	<u>\$1,492,573</u>

(4) Interest revenue

	2022	2021
Bonds interest revenue	\$20,846	\$26,203
Interest revenue – non-restricted purpose loans	13,555	9,420
Others	316	40
Total	<u>\$34,717</u>	<u>\$35,663</u>

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

	2022	2021
Securities – proprietary	\$(160,903)	\$(88,967)
Securities – underwriting	(5,816)	(4,959)
Total	<u>\$(166,719)</u>	<u>\$(93,926)</u>

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

	2022	2021
Futures contract gain (loss) – net	\$47,249	\$(17,309)
Net loss from options trade	(3,399)	(453)
Total	<u>\$43,850</u>	<u>\$(17,762)</u>

(7) Expected credit impairment loss and reversal benefit

	2022	2021
Note receivable and account receivable	\$10	\$353
Other receivables	(49)	(156)
Others	(4)	5
Total	<u>\$(43)</u>	<u>\$202</u>

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, 2022 and 2021 are as follows:

Notes to the consolidated financial statements of Horizon Securities Co., Ltd. and its subsidiaries (continued)

(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, 2022

	Not overdue (Note)	Number of days overdue			Total
		Within 30 days	31-60 days	Over 61 days	
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

December 31, 2021

	Not overdue (Note)	Number of days overdue			Total
		Within 30 days	31-60 days	Over 61 days	
Total book value	\$4,807,041	\$2,375	\$95	\$1,423	\$4,810,934
Loss rate	0.0003%	1.1825%	19.9499%	20.0000%~ 100.0000%	
Anticipated credit loss within the perpetuity of the financial assets	(17)	(29)	(19)	(428)	(493)
Subtotal	\$4,807,024	\$2,346	\$76	\$995	\$4,810,441

Note: The Group's securities borrowings receivable, loan receivables – non-restricted purpose, notes receivable, 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 2022 and 2021 are as follows:

	Note receivable and account receivable	Other receivables	Others	Total
2022.1.1	\$126	\$366	\$1	\$493
Increase (reversed)	(10)	49	4	43
Write-off due to the	-	(207)	-	(207)

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

	Note receivable and account receivable	Other receivables	Others	Total
inability to recover 2022.12.31	\$116	\$208	\$5	\$329
2021.1.1	\$479	\$251	\$6	\$736
Increase (reversed)	(353)	156	(5)	(202)
Write-off due to the inability to recover 2021.12.31	-	(41)	-	(41)
	\$126	\$366	\$1	\$493

25. Other operating revenue

	2022	2021
Management fee income	\$3,362	\$4,043
Consultancy fee income	817	6,478
Net loss on out-trades	(450)	(942)
Commission revenue	718	1,081
Account maintenance fee income	5,071	4,949
Foreign exchange gain (loss) – net	11,419	(2,738)
Others	68	53
Total	\$21,005	\$12,924

26. Financial costs

	2022	2021
Repo bond interest	\$20,295	\$9,921
Funding interest	52	390
Interest from commercial paper	26	445
Interest on lease liabilities	1,341	1,058
Interest on convertible corporate bonds issued	(16,914)	(9,941)
Others	136	3
Total	\$4,936	\$1,876

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:

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

A. Amount recognized in the balance sheet

(a) Right-of-use assets.

Carrying amount of right-of-use assets

	<u>2022.12.31</u>	<u>2021.12.31</u>
Buildings and structures	\$119,181	\$80,983
Transportation equipment	5,300	5,476
Total	<u>\$124,481</u>	<u>\$86,459</u>

The Group increased the right-of-use assets in the amount of NT\$122,972 thousand and NT\$21,595 thousand in 2022 and 2021, respectively.

(b) Lease liabilities

	<u>2022.12.31</u>	<u>2021.12.31</u>
Lease liabilities		
Current	\$35,703	\$46,814
Non-current	78,650	21,272
Total	<u>\$114,353</u>	<u>\$68,086</u>

Please refer to Note 6.26 for the interest expenses of the Group's lease liabilities in 2022 and 2021; please refer to Note 12.4—liquidity risk management—for the maturity analysis of lease liabilities as of December 31, 2021 and 2022.

B. Amount recognized in the statement of comprehensive income

Depreciation of right-of-use assets

	<u>2022</u>	<u>2021</u>
Buildings and structures	\$74,809	\$59,114
Transportation equipment	4,002	3,318
Total	<u>\$78,811</u>	<u>\$62,432</u>

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

	<u>2022</u>	<u>2021</u>
Short-term lease expense	\$191	\$266
Lease of low-value assets (excluding the expenses of short-term lease of low-value	\$488	\$683

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

assets)

D. Lessee's cash outflow from leasing activities

The Group's total cash outflow from the leases in 2022 and 2021 was NT\$68,231 thousand and NT\$67,637 thousand, respectively.

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

	2022	2021
Employee benefits expenses		
Salaries and wages	\$532,894	\$836,106
Labor insurance and national health insurance	51,805	46,955
Pension expenses	26,377	25,184
Remuneration to Directors	11,334	58,052
Other employee benefits expenses	19,612	20,014
Total	<u>\$642,022</u>	<u>\$986,311</u>
Depreciation and amortization expenses		
Depreciation expenses	\$101,216	\$79,395
Amortization expenses	16,839	11,710
Total	<u>\$118,055</u>	<u>\$91,105</u>

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.

The Company suffered a loss in 2022, so it did not estimate employee remuneration and director and supervisor remuneration. In the year 2021, the Company's employee remuneration and the director remuneration were estimated at NT\$30,000 thousand and NT\$41,000 thousand, respectively, and the employee remuneration of NT\$30,000 thousand and the remuneration to directors of NT\$41,000 thousand

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

were recognized under salaries and wages, respectively.

The Company paid out the 2021 remuneration to employees and directors in the amounts of NT\$30,000 thousand and NT\$41,000 thousand, respectively, which have no significant difference from the amounts estimated in the 2021 financial report.

29. Other profits and losses

	<u>2022</u>	<u>2021</u>
Financial income	\$25,080	\$9,127
Net gain (loss) on disposal of investments	(441)	2,813
Net loss on open-end funds and money market instruments at fair value through profit or loss	(3,607)	(8,814)
Dividend income	3,077	2,835
Rent revenue	31,519	24,407
Agency fee income	108,169	118,927
Gain on redemption of corporate bonds	14,172	-
Others	2,069	5,609
Total	<u>\$180,038</u>	<u>\$154,904</u>

30. Other comprehensive income

2022

	<u>Accrued in current year</u>	<u>Current reclassification adjustment</u>	<u>Other comprehensive income</u>	<u>Income tax expenses</u>	<u>After-tax amount</u>
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	<u>\$25,302</u>	<u>\$-</u>	<u>\$25,302</u>	<u>\$-</u>	<u>\$25,302</u>

2021

	<u>Accrued in current year</u>	<u>Current reclassification adjustment</u>	<u>Other comprehensive income</u>	<u>Income tax expenses</u>	<u>After-tax amount</u>
The items that are not reclassified as profit or loss					
Reevaluation of determined benefit plan	\$(14,259)	\$-	\$(14,259)	\$-	\$(14,259)
Unrealized valuation gains or losses of equity instruments investments in financial assets measured at FVTOCI	57,056	-	57,056	-	57,056
Total current period other comprehensive income	<u>\$42,797</u>	<u>\$-</u>	<u>\$42,797</u>	<u>\$-</u>	<u>\$42,797</u>

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

31. Income tax

The main composition of income tax expenses is as follows:

Income tax recognized in profit or loss

	<u>2022</u>	<u>2021</u>
Current income tax expenses:		
Payable income tax for the current period	\$36,175	\$130,889
Previous income taxes adjusted into the current year	(3,621)	530
Deferred tax (benefit) expense:		
Deferred tax (benefit) expense related to the original generation of the temporary difference and its reversal	142	(764)
Income tax expenses	<u>\$32,696</u>	<u>\$130,655</u>

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

	<u>2022</u>	<u>2021</u>
Net income before tax of the continuing business units	\$(187,488)	\$1,369,928
Income tax calculated at the Company's statutory income tax rate	\$(37,498)	\$273,986
Income tax effect of the tax-free income	74,051	(236,986)
Income tax effect of non-deductible expenses on tax returns	(2,447)	(1,984)
Income tax effect of deferred income tax assets/liabilities	142	(764)
Surtax of profit-seeking enterprise income tax on undistributed earnings	2,656	3,625
Previous income taxes adjusted into the current year	(3,621)	530
Other Income tax effects adjusted according to tax laws	(587)	92,248
Total income tax expense recognized in profit and loss	<u>\$32,696</u>	<u>\$130,655</u>

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

2022

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

	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
Deferred income tax expenses		<u>\$(142)</u>	
Deferred income tax assets (liabilities), net	\$8,564		\$8,422
The information expressed on the balance sheet is as follows:			
Deferred income tax assets	<u>\$9,682</u>		<u>\$9,337</u>
Deferred tax liabilities	<u>\$(1,118)</u>		<u>\$(915)</u>

2021

	Opening balance	Recognized in the profit or loss	Balance, ending
Temporary difference			
Unrealized allowance for bad debts (parent company)	\$(678)	\$(440)	\$(1,118)
Unrealized allowance for bad debts (subsidiaries)	25	(17)	8
Unrealized decommissioning cost	546	457	1,003

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

	Opening balance	Recognized in the profit or loss	Balance, ending
liability			
Unrealized short-term employee benefits	104	28	132
Unrealized net defined benefit liability	2,920	15	2,935
Unrealized foreign exchange loss or gain (parent company)	(83)	1,194	1,111
Unrealized foreign exchange loss or gain (subsidiaries)	521	(469)	52
Unrealized valuation gains or losses on financial assets	3,371	(46)	3,325
Unrealized estimated litigation indemnity	1,074	42	1,116
of the temporary difference and its reversal		\$764	
Deferred income tax assets (liabilities), net	\$7,800		\$8,564
The information expressed on the balance sheet is as follows:			
Deferred income tax assets	\$8,561		\$9,682
Deferred tax liabilities	\$(761)		\$(1,118)

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

Year of occurrence	Amount of loss	Unused balance		Final credit year
		2022.12.31	2021.12.31	
<u>Subsidiary – Horizon SICE:</u>				
2017-approved	\$1,084	\$-	\$276	2027
2021-filed	18,293	17,908	18,293	2031
<u>Subsidiary – Horizon Venture Capital:</u>				
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-filed	10,499	10,499	10,499	2031
2022-filed	18,960	18,960	-	2032
Total		\$93,323	\$75,024	

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

Unrecognized deferred income tax asset

As of December 31, 2022 and 2021, the total amount of the Group's unrecognized deferred income tax assets was NT\$43,980 thousand and NT\$40,320 thousand, respectively.

Income tax declaration and audit

As of December 31, 2022, the filings of the Company's and its subsidiaries' profit-seeking enterprise income tax up to 2022 were as follows:

	<u>Income tax declaration and audit</u>
The Company	Audited up to the year of 2020
Subsidiary – Horizon SICE Co., Ltd.	Audited up to the year of 2020
Subsidiary – Horizon Venture Capital Co., Ltd.	Audited up to the year of 2020
Subsidiary – Horizon Venture Management Co., Ltd.	Audited up to the year of 2020

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.

	<u>2022</u>	<u>2021</u>
(1) Basic earnings per share		
Net income attributable to the holders of common stock of the parent company	\$(220,184)	\$1,239,273
Weighted average number of common stock shares (thousand shares) of the earnings per share	351,252	350,863
Base earnings per share (\$)	<u>\$(0.63)</u>	<u>\$3.53</u>

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

	<u>2022</u>	<u>2021</u>
(2) Diluted earnings per share		
Net income attributable to the holders of common stock of the parent company	\$(220,184)	\$1,239,273
Interest on convertible corporate bonds	-	(9,941)
Net income attributable to the holders of common stock of the parent company after adjustment to the dilution effect	<u>\$(220,184)</u>	<u>\$1,229,332</u>
Weighted average number of common stock shares (thousand shares) of the earnings per share	351,252	350,863
Dilution effect:		
Employee remuneration – stock (thousand shares)	-	1,617
Convertible corporate bonds (thousand shares)	-	22,239
Weighted average number of common stock shares (thousand shares) after adjusting the dilution effect	<u>351,252</u>	<u>374,719</u>
Diluted earnings per share (NT\$)	<u>\$(0.63)</u>	<u>\$3.28</u>

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.

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

	<u>2022.12.31</u>	<u>2021.12.31</u>
Margin accounts – bank deposits	\$436,953	\$363,736
Margin accounts – settlement institution settlement balance	140,199	155,881
Customer margin account balance	<u>577,152</u>	<u>519,617</u>
Less: Processing fee income pending reclassification	(103)	(89)
Futures transaction tax to be transferred out	(68)	(80)
Temporary receipts	(696)	(15)
Futures traders' equity	<u>\$576,285</u>	<u>\$519,433</u>

34. Business combination

The Group obtained the FSC's approval for business transfer on December 2, 2020 to acquire the business rights and relevant assets of Kunglon Securities Co., Ltd. (hereinafter referred to as Kunglon Securities) and set up a branch at the original site

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

of Kunglon Securities. The transaction amount was NT\$35,000 thousand, plus the consideration for the relevant rights on the record date of the business transfer as per the price adjustment mechanism agreed by both parties. The record date of business transfer agreed by both parties was February 17, 2021, and the relevant handover matters have been completed on the day.

The information on the consideration paid for the acquisition of Kunglon Securities' business and the fair value of the assets acquired on the acquisition date is as follows:

	<u>2021.2.17</u>
Acquisition consideration	
Paid in cash	<u>\$35,000</u>
Fair value of identifiable assets acquired	
Property and equipment	
Office equipment	\$357
Intangible assets	
Computer software	2,809
Business right	<u>31,834</u>
Subtotal	<u>34,643</u>
Total amount of identifiable assets	<u>\$35,000</u>

From February 17, 2021 (the Group acquired Kunglon Securities) to December 31, 2021, the operating income and pre-tax net income contributed by Kunglon Securities were NT\$100,840 thousand and NT\$68,712 thousand, respectively. If it is assumed that Kunglon Securities had been consolidated into the Group since January 1, 2021, the Group's operating income and pre-tax net income from January 1, 2021 to December 31, 2021 would have increased by NT\$14,904 thousand and NT\$10,156 thousand, respectively.

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

<u>Name</u>	<u>Relationship with the Group</u>
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

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

Name	Relationship with the Group
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:

	2022	2021
Entities with joint control or significant influence on the Group		
Others	\$5,677	\$3,432
Other related parties		
Others	236	29
Total	<u>\$5,913</u>	<u>\$3,461</u>

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:

	2022.12.31	2021.12.31
<u>Accounts payable</u>		
Other related parties		
Others	<u>\$1</u>	<u>\$-</u>

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:

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

	<u>2022</u>	<u>2021</u>
Entities with joint control or significant influence on the Group		
Others	\$1,200	\$1,356
Other related parties		
Others	-	3,024
Total	<u>\$1,200</u>	<u>\$4,380</u>

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

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:

	<u>2022</u>	<u>2021</u>
Entities with joint control or significant influence on the Group		
Others	\$4,342	\$3,459
Other related parties		
Others	2,359	2,287
Total	<u>\$6,701</u>	<u>\$5,746</u>

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:

	<u>2022.12.31</u>	<u>2021.12.31</u>
<u>Other receivables</u>		
Entities with joint control or significant influence on the Group		
Others	\$84	\$84
Other related parties		
Others	259	280
Total	<u>\$343</u>	<u>\$364</u>

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

4. Other operating revenue

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

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

	<u>2022</u>	<u>2021</u>
<u>Discretionary investment management fee income</u>		
Entities with joint control or significant influence on the Group		
Mercuries Life Insurance Co. Ltd.	<u>\$2,290</u>	<u>\$2,698</u>

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:

	<u>2022.12.31</u>	<u>2021.12.31</u>
<u>Accounts receivable</u>		
Entities with joint control or significant influence on the Group		
Mercuries Life Insurance Co. Ltd.	<u>\$206</u>	<u>\$252</u>

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:

	<u>2022</u>	<u>2021</u>
<u>Account maintenance fee income</u>		
Entities with joint control or significant influence on the Group		
Mercuries Life Insurance Co. Ltd.	<u>\$5,071</u>	<u>\$4,949</u>

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:

	<u>2022.12.31</u>	<u>2021.12.31</u>
<u>Accounts receivable</u>		
Entities with joint control or significant influence on the Group		
Mercuries Life Insurance Co. Ltd.	<u>\$400</u>	<u>\$448</u>

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

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

5. Asset trade

2022

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

2021

Counterparties	Transaction object	Trade value
<u>Stock purchase</u>		
Entities with joint control or significant influence on the Group		
Others	TDCC stocks	\$45,457
Other related parties		
Others	TDCC stocks	12,928
Total		\$58,385
<u>Stock sale</u>		
Entities with joint control or significant influence on the Group		
Others	TDCC stocks	\$17,564

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

Counterparties	Transaction object	Trade value
<u>Other related parties</u>		
Others	TDCC stocks	19,797
Total		\$37,361
<u>Bond purchase</u>		
Entities with joint control or significant influence on the Group		
Mercuries Life Insurance Co. Ltd.	Over-the-counter bonds	\$200,000
Mercuries & Associates Holding, LTD.	Over-the-counter bonds	51,255
Total		\$251,255
<u>Bond sale</u>		
Entities with joint control or significant influence on the Group		
Mercuries & Associates Holding, LTD.	Over-the-counter bonds	\$56,950
<u>Note purchase</u>		
Other related parties		
Others	Short term bills	\$11,491
<u>Note sale</u>		
Other related parties		
Others	Short term bills	\$11,491
<u>Equipment</u>		
Other related parties		
Others	Office equipment	\$1,480

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:

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

	2022	2021
Entities with joint control or significant influence on the Group		
Mercuries & Associates Holding, LTD.	\$449	\$1,124
Mercuries Life Insurance Co. Ltd.	7,826	295
Other related parties		
Others	(15,174)	492
Total	<u><u>\$(6,899)</u></u>	<u><u>\$1,911</u></u>

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

	2022	2021
Entities with joint control or significant influence on the Group		
Mercuries & Associates Holding, LTD.	<u><u>\$-</u></u>	<u><u>\$5,695</u></u>

The details of the interest on the Group's disposal of the notes held from the above-mentioned related parties are as follows:

	2022	2021
Other related parties		
Others	<u><u>\$-</u></u>	<u><u>\$1</u></u>

6. The details of other operating expenses paid by the Group to related parties and the relationship between claims and debts are as follows:

	2022	2021
<u>Other operating expenses - commission expense</u>		
Entities with joint control or significant influence on the Group		
Others	<u><u>\$420</u></u>	<u><u>\$622</u></u>

Other operating expenses – entertainment expense

Other related parties		
Others	<u><u>\$-</u></u>	<u><u>\$11</u></u>

Other operating expenses – advertising expense

Other related parties		
Others	<u><u>\$900</u></u>	<u><u>\$700</u></u>

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

Other operating expenses – miscellaneous expenses

Other related parties

Others	<u>\$57</u>	<u>\$8</u>
	<u>2022.12.31</u>	<u>2021.12.31</u>

Accounts payable

Entities with joint control or significant influence on the Group

Others	<u>\$104</u>	<u>\$111</u>
--------	--------------	--------------

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:

	<u>2022.12.31</u>		<u>2021.12.31</u>	
	Number of shares (thousand shares)	Amount	Number of shares (thousand shares)	Amount
Entities with joint control or significant influence on the Group				
Others	70	<u>\$1,061</u>	1,400	<u>\$31,710</u>
Other related parties				
Others	-	<u>\$-</u>	428	<u>\$30,303</u>

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

	<u>2022</u>	<u>2021</u>
Entities with joint control or significant influence on the Group		
Others	\$300	\$2,000
Other related parties		
Others	-	1,297
Total	<u>\$300</u>	<u>\$3,297</u>

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

<u>2022.12.31</u>		<u>2021.12.31</u>	
Face value	Market price	Face value	Market price

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

	2022.12.31	2021.12.31
Entities with joint control or significant influence on the Group		
Mercuries Life Insurance Co. Ltd.	<u>\$200,000</u>	<u>\$199,999</u>
	<u>\$200,000</u>	<u>\$200,000</u>

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

	2022	2021
Entities with joint control or significant influence on the Group		
Mercuries Life Insurance Co. Ltd.	<u>\$6,600</u>	<u>\$2,043</u>

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

	2022.12.31	2021.12.31
<u>Other receivables</u>		
Entities with joint control or significant influence on the Group		
Mercuries Life Insurance Co. Ltd.	<u>\$2,043</u>	<u>\$2,043</u>

9. Remuneration of key management personnel of the Group

	2022	2021
Short-term employee benefits	\$125,448	\$216,598
Retirement benefits	6,513	4,281
Total	<u>\$131,961</u>	<u>\$220,879</u>

8. Pledged assets

The Group has the following assets provided as collateral:

Items	Secured debt or restricted content	2022.12.31	2021.12.31
<u>Financial assets at fair value through profit and loss</u>			
Securities – proprietary (government bonds)	Call loans to banks	\$301,161	\$610,355
Securities – proprietary (corporate bonds)	Call loans to banks	1,390,803	1,707,894
Securities – proprietary (convertible bonds)	Call loans to banks	19,750	402,610
<u>Other current assets</u>			
Restricted assets (certificate of deposit)	Short-term borrowings and commercial paper	87,000	126,000
Restricted assets (certificate of deposit)	Settlement advance	215,000	270,000
Restricted assets (Current deposits)	Short-term borrowings	16,000	15,000

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

(compensating balance)

9. Significant contingent liabilities and unrecognized contractual commitments

No such event

10. Significant disaster loss

No such event

11. Significant subsequent events

No such event

12. Others

1. Purpose and policy of financial risk management

(1) Risk management objectives and policies

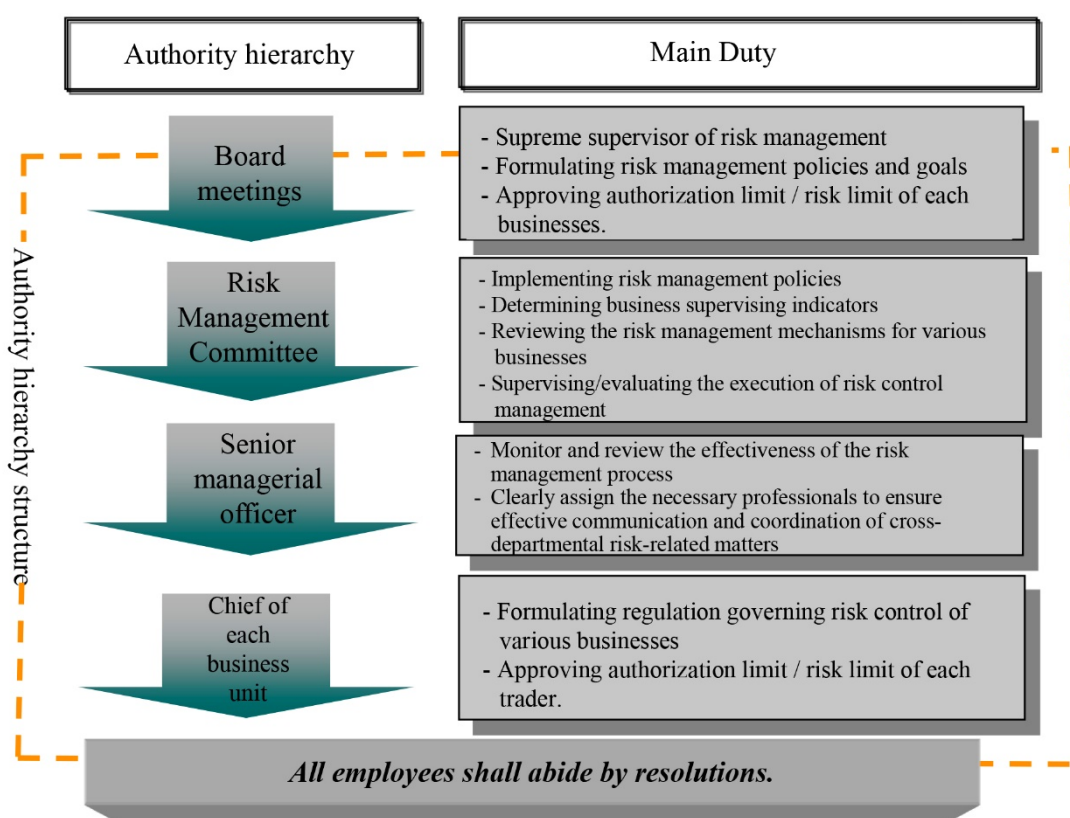
The Group's risk management policy is based on the current capital scale and the risk appetite determined by the board of directors to create the greatest return for shareholders, and to achieve the following goals:

- 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:

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

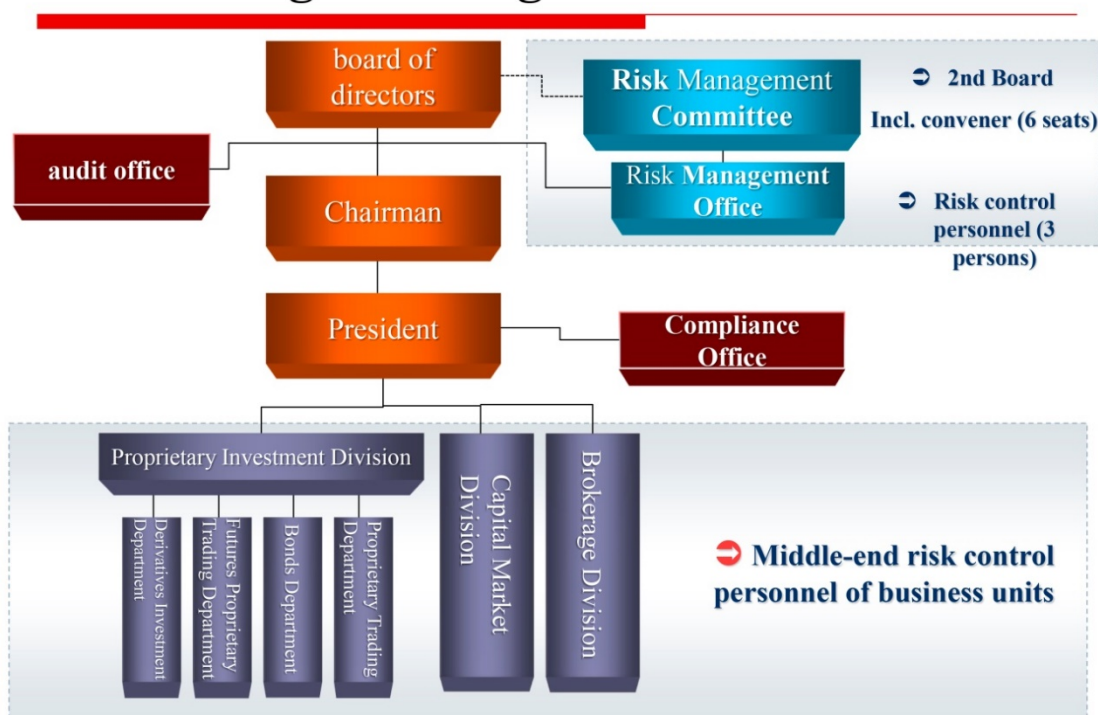


The Group adopts both top-down and bottom-up approaches. First, the Company determines the overall economic capital and risk appetite with the top-down approach. After the overall economic capital is determined, the economic capital of each unit is then determined based on the bottom-up approach to ensure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

Risk management organizational structure



- B. 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").

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

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:

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

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 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

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

(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

Date \ Items	Current value	Mean	Max. value	Min. value
2022.12.31	463%	441%	481%	361%
2021.12.31	427%	385%	459%	312%

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

Date \ Items	Average duration	Fluctuation by 1bp Amount of profit or loss affected (DV01)
2022.12.31	2.50	\$426
2021.12.31	3.25	747

Note: Perpetual debentures are not included.

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

Perpetual debentures

Unit: NTD thousand

Date \ Items	Average duration	Fluctuation by 1bp Amount of profit or loss affected (DV01)
2022.12.31	31.3	\$626
2021.12.31	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

Date \ Items	Change by 1% in exchange rate: Amount of profit or loss affected
2022.12.31	\$348
2021.12.31	298

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
2022.12.31	\$35,491	\$20,458	\$86,250	\$3,100
2021.12.31	70,662	83,343	120,438	36,141

(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

Notes to the consolidated financial statements of Horizon Securities Co., Ltd. and its subsidiaries (continued)

(In thousand New Taiwan dollars, unless otherwise specified)

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%,

Notes to the consolidated financial statements of Horizon Securities Co., Ltd. and its subsidiaries (continued)

(In thousand New Taiwan dollars, unless otherwise specified)

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)

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

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.

(2) Capital liquidity risk

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

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
<u>2022.12.31</u>					
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
	Less than 1 year	2–3 ye:	4–5 ye:	Over 5 ye:	Total
<u>2021.12.31</u>					
Short-term borrowings	\$50,010	\$-	\$-	\$-	\$50,010
Commercial papers payable	150,000	-	-	-	150,000
Payables	4,443,522	-	-	-	4,443,522
Call loans to banks	3,805,139	-	-	-	3,805,139
Corporate bonds payable	-	-	689,400	-	689,400
Lease liabilities	63,261	55,883	39,448	2,466	161,058

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

(Note)

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

Derivative financial liabilities

	Less than 1 year	2–3 years	4–5 years	Over 5 years	Total
<u>2022.12.31</u>					
Inflow	\$2,074,397	\$-	\$-	\$-	\$2,074,397
Outflow	(666,918)	-	-	-	(666,918)
Net value	<u>\$1,407,479</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$1,407,479</u>
<u>2021.12.31</u>					
Inflow	\$307,150	\$-	\$-	\$-	\$307,150
Outflow	(788,283)	-	-	-	(788,283)
Net value	<u>\$(481,133)</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$(481,133)</u>

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

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

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.

8. Climate Change and Environmental Sustainability Risks Management

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.

The four core elements of the TCFD framework are as follows:

(1) Governance: Governance of climate change risks and opportunities

- A. The Group has included the environmental protection and sustainable governance in its CSR in the form of a GRI table in accordance with guidelines and framework of the Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TPEX Listed Companies, the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies, and the Global Reporting Initiative (GRI) since 2014.
- B. As the impact of climate change on the environment, ecology, and economic industry poses a significant threat to the Group’s sustainable development, to attach importance to climate change issues and management, it amended the Guidelines for Risk Management Policies in 2021 to include climate change risks and submitted it to the board of directors for approval after deliberation by the Risk Management Committee.

(2) Strategy: Assess the actual and potential impacts of climate risks and opportunities and their financial impact on the Group and devise countermeasures.

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

Risk		Description of risk	Financial impact	Countermeasures
Climate change risk	Physical risk	Natural disasters, such as typhoons, floods, droughts, and other extreme climate events bear a risk of operational interruption	<ul style="list-style-type: none"> ● Revenue loss ● Increase in costs 	<ul style="list-style-type: none"> ● Crisis response regulations: remote work mechanism ● Regular stress tests to examine changes in the ratios of the Company's shareholders' equity to total assets and capital adequacy ratio
	Transition risk	Changes in energy conservation, carbon reduction, and resource use strategies	<ul style="list-style-type: none"> ● Increase in operating expenses 	<ul style="list-style-type: none"> ● Adoption of energy efficient equipment ● Development of digital finance ● Implementation of green energy procurement
		Corporate carbon footprint and greenhouse gas emissions control	<ul style="list-style-type: none"> ● Carbon tax to be levied in the future, the impact of carbon credit trading, or the increase in the operating cost due to fines for the excess of the maximum quantity. 	<ul style="list-style-type: none"> ● Inventory and disclosure of carbon footprints and greenhouse gas emission data ● Setting of emission reduction targets
Climate change opportunities	Improvement to the business image and increased opportunities for business development and proprietary trading investment	Improvement to the transparency of corporate environmental sustainability to meet clients' requirements on brokers and underwriters selection	<ul style="list-style-type: none"> ● Increased brokerage income from government funds, professional investment institutions, and orders in investment trust ● Increased underwriting cases from green energy enterprises to increase underwriting income 	<ul style="list-style-type: none"> ● Support for climate change carbon reduction and adaptation policies, disclosure of financial-related information under the TCFD framework, and increased communication with the public. ● Collection of industry information to assess whether each underwriting client's industry and business are vulnerable to the impact of climate change risks, leading to a negative impact, and use of a green finance assessment form to conduct an in-depth KYC process as an indicator to strive for the underwriting business.
		Emerging futures or financial product investment	<ul style="list-style-type: none"> ● Increased proprietary trading income 	<ul style="list-style-type: none"> ● Support for TCFD; proprietary traders understand the connection between the operational development of each investment target and climate change and environmental sustainability through regular interviews and review of financial reports. It is hoped that companies will use the climate-related financial information disclosed in financial reports to guide proprietary trading in the green energy industry.

(3) Risk management: A risk mechanism of identifying and measuring climate change

A. To implement climate change management with reference to the reports and information released by relevant institutions at home and abroad, the Group

Notes to the consolidated financial statements of Horizon Securities Co., Ltd. and its subsidiaries (continued)

(In thousand New Taiwan dollars, unless otherwise specified)

manages to keep abreast of the international standards and responds and makes adjustments accordingly in real time. In addition, it should include the impact factors of climate change in the operational strategy planning and decision-making process, evaluate the relevant impacts, countermeasures, and business opportunities in daily business activities, and include it in the Group's risk management executive report and submit it to the Risk Management Committee and the board of directors.

- B. For the climate change-related scenarios, the Group identifies short-, medium-, and long-term climate change risks and opportunities. The Risk Management Office considers the potential physical and transition risks and performs stress tests on the main impact of typhoons, floods, and other disasters on the Group's financial business and the inventory of greenhouse gas emissions based on the potential impact and potential vulnerability every year, to simulate the impact of an event on the Group and devise countermeasures and relevant mitigation measures.
- C. External disclosure and communication: Discloses are made in the CSR report and the Company's website.

(4) Indicators and goals: The indicators used in the evaluation as per the strategies and the management process and the results of achieving the goals.

- A. From the Kyoto Protocol in 1997 to the Paris Agreement in 2015, the world has been trying to address climate change, with the goal of limiting warming to 2°C by the end of this century or at least the 1.5°C target in a new report by the Intergovernmental Panel on Climate Change (IPCC). To jointly work to address the issue of global warming, the Group has set an energy saving target of at least 1% reduction of power consumption every year through the adjustment of power resources and the improvement to energy efficiency.
- B. Under the trend of automation and paperless office environment, the Group has also transformed various workflows with emerging technologies to improve work efficiency, improve the decision-making analysis model, and reduce operating expenses, such as accelerating the online account opening platform, optimizing the electronic trading platform, regularly working with stock market experts to hold online live seminars, launching the AI stock selection and ordering services, and providing customers with diverse market information and new trading knowledge on the social community, while being committed to continuously upgrading customer services.
- C. In addition to reducing energy costs by updating water and power efficient equipment, the Group strengthens employee training and education, to continue to promote the concept of energy conservation and environmental protection. Further, the Group has established a comprehensive paperless environment, including the e-office administrative procedures, electronic trading statements, and electronic order placement, and upgraded the automated information systems and transformed various workflows to reduce paper consumption and improve work efficiency as well.

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

D. It regularly interviews the investment targets and reviews their financial reports to further understand the connection between the operational development of each investment target and climate change, to guide a certain proportion of investment in enterprises with environmental sustainability and green energy indicators.

9. Other emerging risks management

In order to cope with the 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 and the Personal Data File Maintenance Plan and Personal Data Disposal Method after Business Termination for the critical risk areas of information security and personal data protection, respectively, as a reference for security level assessment in response to the execution of various information security tasks.

10. Reconciliation of liabilities from financing activities

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

Information on reconciliation of liabilities for the year 2021:

	Short-term borrowings	Commercial papers payable	Corporate bonds payable	Lease liabilities	Total liabilities from financing activities
2021.1.1	\$-	\$199,936	\$-	\$118,942	\$318,878
Cash flows					
- Inflow	137,741,730	1,614,614	822,374	-	140,178,718
- Outflow	(137,691,730)	(1,665,000)	-	(66,688)	(139,423,418)
Non-cash changes	-	445	(58,850)	15,832	(42,573)
2021.12.31	\$50,000	\$149,995	\$763,524	\$68,086	\$1,031,605

11. Categories of financial instruments

Financial assets

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

	<u>2022.12.31</u>	<u>2021.12.31</u>
Financial assets measured at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$2,812,514	\$4,530,990
Financial assets at fair value through other comprehensive profit or loss	153,245	162,840
Financial assets based on cost after amortization (Note)	6,739,083	10,403,986
Total	<u>\$9,704,842</u>	<u>\$15,097,816</u>

Financial liabilities

	<u>2022.12.31</u>	<u>2021.12.31</u>
Financial liabilities based on cost after amortization:		
Short-term borrowings	\$50,000	\$50,000
Commercial papers payable	-	149,995
Call loans to banks	2,099,446	3,804,392
Futures traders' equity	576,285	519,433
Corporate bonds payable	674,201	763,524
Payables	1,890,711	4,421,588
Lease liabilities	114,353	68,086
Total	<u>\$5,404,996</u>	<u>\$9,777,018</u>

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

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

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.

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

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

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, 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)

December 31, 2021					
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	\$3,871,439	\$3,804,392	\$3,871,439	\$3,804,392	\$67,047

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:

December 31, 2022

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

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

Financial liabilities subject to offsetting, master netting arrangement, or similar agreements						
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)	Relevant amounts not offset in the balance sheet (d)		Net value (e)= (c)- (d)
				Financial instruments (Note)	Cash collateral received	
Repurchase agreement	\$2,099,446	\$-	\$2,099,446	\$2,099,446	\$-	\$-

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

December 31, 2021

Financial assets subject to offsetting, master netting arrangement, or similar agreements						
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)	Relevant amounts not offset in the balance sheet (d)		Net value (e)= (c)- (d)
				Financial instruments (Note)	Cash collateral received	
Reverse repurchase agreement	\$1,150,580	\$-	\$1,150,580	\$1,150,580	\$-	\$-

Financial liabilities subject to offsetting, master netting arrangement, or similar agreements						
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)	Relevant amounts not offset in the balance sheet (d)		Net value (e)= (c)- (d)
				Financial instruments (Note)	Cash collateral received	
Repurchase agreement	\$3,804,392	\$-	\$3,804,392	\$3,804,392	\$-	\$-

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.

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

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

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, 2022

	Level 1	Level 2	Level 3	Total
<u>Non-derivatives</u>				
<u>Assets</u>				
Financial assets at fair value through profit and loss				
Stock investment	\$480,462	\$-	\$373,557	\$854,019
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
<u>Derivatives</u>				
<u>Assets</u>				
Financial assets at fair value through profit and loss				
Futures trading margin – proprietary capital	65,843	-	-	65,843
Call option - non-hedging	144	-	-	144
<u>Liabilities</u>				
Financial liabilities at fair value through profit and loss				
Call option - others	-	12,034	-	12,034

December 31, 2021

	Level 1	Level 2	Level 3	Total
<u>Non-derivatives</u>				
<u>Assets</u>				
Financial assets at fair value through profit and loss				
Stock investment	\$1,339,976	\$-	\$240,006	\$1,579,982
Bond investment	2,418,051	403,129	-	2,821,180
Fund investment	14,290	82,151	-	96,441
Unrealized valuation gains or losses of equity instruments investments				
Equity measured at fair value through other comprehensive income	70,380	-	92,460	162,840
<u>Derivatives</u>				
<u>Assets</u>				
Financial assets at fair value through profit and loss				
Futures trading margin – proprietary capital	31,600	-	-	31,600
Call option - others	-	1,787	-	1,787

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

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

For the years 2022 and 2021, 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
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

	Assets		
	Measured at fair values through profit and/or loss	Measured at fair values through profit and/or loss	Unrealized valuation gains or losses of equity instruments investments
	Stock	Bonds	Stock
2021.1.1	\$287,633	\$20,000	\$57,364
Total profit or loss recognized for 2021			
Recognized in the profit or loss	(9,977)	-	-
Recognized in the other comprehensive income	-	-	35,096
Acquisition	25,377	-	-
Disposition	-	(20,000)	-
Conversion into Level 3	1	-	-
Conversion from Level 3	(63,028)	-	-
2021.12.31	\$240,006	\$-	\$92,460

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

Notes to the consolidated financial statements of Horizon Securities Co., Ltd. and its subsidiaries (continued)

(In thousand New Taiwan dollars, unless otherwise specified)

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, 2022

	Valuation technique	Significant unobservable input value	Quantitative information	Relationship between input value and fair value
<u>Financial assets</u>				
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.

December 31, 2021

	Valuation technique	Significant unobservable input value	Quantitative information	Relationship between input value and fair value
<u>Financial assets</u>				
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	3.00%~3.50%	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,

Notes to the consolidated financial statements of Horizon Securities Co., Ltd. and its subsidiaries (continued)

(In thousand New Taiwan dollars, unless otherwise specified)

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, 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

December 31, 2021

	Level 1	Level 2	Level 3	Total
Assets with only fair value required to be disclosed:				
Financial assets based on cost after amortization	\$-	\$200,000	\$-	\$200,000
Liabilities with only fair value required to be disclosed:				
Corporate bonds payable	-	661,341	-	661,341

16. Information on foreign currency positions held

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

	2022.12.31		
	Foreign currency (NT\$)	Exchange rate	NTD
<u>Financial assets</u>			
<u>Monetary items</u>			
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
JPY	14,283,720	0.2324	3,320

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

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

	2021.12.31		
	Foreign currency (NT\$)	Exchange rate	NTD
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$3,949,757	27.6900	\$109,369
HKD	1,517,338	3.5506	5,387
CNY	621	4.3406	3
GBP	18,190	37.3067	679
EUR	216,327	31.3382	6,779
JPY	19,240,580	0.2406	4,629
AUD	181	20.0919	4
<u>Non-Currency</u>			
USD	1,853,625	27.6900	51,327
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	223,108	27.6900	6,178
HKD	633,746	3.5506	2,250

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 2022 and 2021 were NT\$11,419 thousand and NT\$(2,738) 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:

A. The details of the Group's futures trading margin – proprietary capital are

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

as follows:

Futures brokerage	2022.12.31		
	Account balance	Profit (loss) on open positions	Net value of account
Taiwan Futures Exchange	\$30,395	\$5,633	\$36,028
Yuanta Futures Co., Ltd.	32,053	(2,238)	29,815
Total	\$62,448	\$3,395	\$65,843

Futures brokerage	2021.12.31		
	Account balance	Profit (loss) on open positions	Net value of account
Taiwan Futures Exchange	\$8,194	\$(1,376)	\$6,818
Yuanta Futures Co., Ltd.	24,032	750	24,782
Total	\$32,226	\$(626)	\$31,600

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

	2022	2021
Futures contract gain (loss) – net	\$47,249	\$(17,309)

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

	2022	2021
Net gain (loss) from options trade	\$(3,399)	\$(453)

The settlement prices of TAIEX Futures, TAIEX Options, and stock options of Taiwan Futures Exchange are adopted to calculate the fair value of the contracts.

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

Items	type of trade	2022.12.31				Fair value	Remarks
		Unsettled position Buyer and sellers	number of contracts	Contract amount or premium paid (collected)			
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		

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

		2022.12.31				
Items	type of trade	Unsettled position		Contract amount or premium paid (collected)	Fair value	Remarks
		Buyer and sellers	number of contracts			
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 contracts	Natural gas	Seller	3	4,284	4,123	
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	

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

		2022.12.31					
Items	type of trade	Unsettled position		Contract amount or premium paid (collected)	Fair value	Remarks	
		Buyer and sellers	number of contracts				
contracts							
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		
		2021.12.31					
Items	type of trade	Unsettled position		Contract amount or premium paid (collected)	Fair value	Remarks	
		Buyer and sellers	number of contracts				
Futures contracts	Electronics futures (TE)	Buyer	10	\$34,579	\$35,030		
Futures contracts	Financial futures (TF)	Seller	10	16,895	17,136		
Futures contracts	TAIEX Futures	Seller	56	202,354	203,941		
Futures contracts	DAX	Buyer	2	24,663	24,830		
Futures contracts	Mini-DAX	Buyer	2	4,884	4,966		
Futures contracts	Euro 10-year bonds	Seller	1	5,376	5,367		
Futures contracts	Euro 5-year bonds	Seller	4	16,737	16,692		
Futures contracts	FTSE 100 Index	Buyer	4	10,682	10,927		
Futures contracts	UK long-term bonds	Buyer	2	9,471	9,318		
Futures contracts	Hang Seng Index	Seller	2	8,184	8,323		
Futures contracts	SGX Nikkei 225 Index	Buyer	2	6,943	6,917		
Futures contracts	Light crude oil	Buyer	5	9,918	10,409		
Futures contracts	U.S. Dollar Index	Buyer	65	173,040	171,991		
Futures contracts	EUR	Seller	1	3,933	3,945		
Futures contracts	Mini S&P500	Buyer	2	13,199	13,172		
Futures contracts	U.S. 5-year bonds	Buyer	80	267,526	267,891		
Futures contracts	Gold	Buyer	23	115,126	116,416		
Futures contracts	Copper	Seller	9	26,995	27,799		
Futures contracts	Miniature gold coin	Seller	2	1,012	1,012		
Futures contracts	Natural gas	Seller	1	1,014	1,032		

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

Items	type of trade	Unsettled position		2021.12.31		Fair value	Remarks
		Buyer and sellers	number of contracts	Contract amount or premium paid (collected)			
contracts							
Futures contracts	Mini Nasdaq	Buyer	1	8,871		9,035	
Futures contracts	Platinum	Buyer	2	2,698		2,674	
Futures contracts	Mini light crude oil	Buyer	1	1,043		1,041	
Futures contracts	Unleaded gasoline	Seller	1	2,588		2,586	
Futures contracts	Mini Russell 2000 Index	Buyer	1	3,064		3,104	
Futures contracts	FTSE Xinhua China A50 Index	Buyer	5	2,185		2,173	
Futures contracts	Silver	Buyer	2	6,416		6,464	
Futures contracts	BSE SENSEX	Buyer	4	3,832		3,862	
Futures contracts	SGX FTSE Taiwan Index	Buyer	5	8,795		8,877	
Futures contracts	U.S. 10-year bonds	Buyer	17	61,363		61,393	
Futures contracts	U.S. 30-year bonds	Seller	5	22,062		22,205	
Futures contracts	Micro E-mini Dow Jones Industrial Average Index	Buyer	4	19,985		20,055	

(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	\$683,788		\$623,930		≥ 1	(V) complied
	Total liabilities – futures merchant's equity	\$2,276	300.43 times	\$1,288	484.42 times		
17	Current assets	\$1,154,963		\$1,037,535		≥ 1	(VI) complied
	Current liabilities	\$578,561	2.00 times	\$520,721	1.99 times		
22	Shareholders' equity	\$683,788		\$623,930		(1) ≥ 60% (2) ≥ 40%	(VII) complied
	Minimum paid up capital	\$700,000	97.68%	\$700,000	89.13%		
22	Adjusted net capital (ANC)	\$644,627		\$599,964		(1) ≥ 20% (2) ≥ 15%	(VII) complied
	Total margins required for futures traders' outstanding positions	\$156,811	411.09%	\$147,179	407.64%		

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.

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

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:

	<u>2022.12.31</u>	<u>2021.12.31</u>
Regulatory capital adequacy ratio	<u>463%</u>	<u>427%</u>

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

- 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.

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

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 5,000 thousand: 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:

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

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.

Notes to the consolidated financial statements of Horizon Securities Co., Ltd. and its subsidiaries (continued)

(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	<u>(183,169)</u>	<u>715,539</u>	<u>168,506</u>	<u>(62,716)</u>	<u>48,525</u>	<u>44,211</u>	<u>(48,930)</u>	<u>681,966</u>
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	<u>(39,673)</u>	<u>(588,676)</u>	<u>(106,351)</u>	<u>(24,418)</u>	<u>(13,726)</u>	<u>(325,579)</u>	<u>48,931</u>	<u>(1,049,492)</u>
Operating profit (loss)	<u>(222,842)</u>	<u>126,863</u>	<u>62,155</u>	<u>(87,134)</u>	<u>34,799</u>	<u>(281,368)</u>	<u>1</u>	<u>(367,526)</u>
Other profits and losses	-	144,644	273	-	253	26,777	8,091	180,038
Profit or loss before tax by department	<u>\$(222,842)</u>	<u>\$271,507</u>	<u>\$62,428</u>	<u>\$(87,134)</u>	<u>\$35,052</u>	<u>\$(254,591)</u>	<u>\$8,092</u>	<u>\$(187,488)</u>

Notes to the consolidated financial statements of Horizon Securities Co., Ltd. and its subsidiaries (continued)

(In thousand New Taiwan dollars, unless otherwise specified)

2021

	Proprietary Trading Department	Brokerage Department	Investment Banking Department	Bonds Department	Derivative Instruments Department	Others	Write-off	Total
Income:								
Income from external customers	\$1,349,321	\$1,047,905	\$199,733	\$(836)	\$(20,159)	\$29,635	\$(4)	\$2,605,595
Inter-segment income	-	-	-	-	-	51,654	(51,654)	-
Interest revenue	-	9,460	-	26,009	-	194	-	35,663
Total revenue	1,349,321	1,057,365	199,733	25,173	(20,159)	81,483	(51,658)	2,641,258
Expenses:								
Interest expenses	-	(1,041)	-	(9,921)	-	9,086	-	(1,876)
Depreciation expenses	(316)	(27,073)	(1,783)	(124)	(498)	(49,601)	-	(79,395)
Amortization expenses	(572)	(6,780)	(64)	(84)	(1,040)	(3,170)	-	(11,710)
Other expenses/ expenditure	(61,004)	(620,720)	(109,953)	(5,852)	(13,660)	(573,728)	51,664	(1,333,253)
Total expenses	(61,892)	(655,614)	(111,800)	(15,981)	(15,198)	(617,413)	51,664	(1,426,234)
Operating profit	1,287,429	401,751	87,933	9,192	(35,357)	(535,930)	6	1,215,024
Other profits and losses	100	148,133	284	-	227	103	6,057	154,904
Profit or loss before tax by department	\$1,287,529	\$549,884	\$88,217	\$9,192	\$(35,130)	\$(535,827)	\$6,063	\$1,369,928

The table below lists the information related to the assets and liabilities of the Group's departments as of December 31, 2022 and 2021:

Notes to the consolidated financial statements of Horizon Securities Co., Ltd. and its subsidiaries (continued)

(In thousand New Taiwan dollars, unless otherwise specified)

	Proprietary Trading Department	Brokerage Department	Investment Banking Department	Bonds Department	Derivative Instruments Department	Others	Write-off	Total
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
2021.12.31 Segment assets	\$1,919,634	\$6,609,465	\$124,062	\$3,699,214	\$87,961	\$4,721,195	\$(666,396)	\$16,495,135
	Proprietary Trading Department	Brokerage Department	Investment Banking Department	Bonds Department	Derivative Instruments Department	Others	Write-off	Total
2022.12.31 Segment liabilities	\$36	\$2,566,267	\$53,223	\$2,100,331	\$12,277	\$825,160	\$-	\$5,557,294
2021.12.31 Segment liabilities	\$384	\$5,818,372	\$51,322	\$3,804,889	\$64	\$1,498,311	\$(6,845)	\$11,166,497

Horizon Securities Co., Ltd. — Futures Department
Balance Sheet
December 31, 2022 and 2021

Attached table 1
Unit: NTD thousand

Assets		December 31, 2022		December 31, 2021	
Code	Accounting titles	Amount	%	Amount	%
	Current assets				
111100	Cash and cash equivalents	\$510,695	40	\$485,514	43
112000	Financial assets at fair value through profit or loss- current	65,987	5	31,600	3
114070	Customers' margin accounts	577,152	46	519,617	45
114150	Prepayments	792	-	673	-
114170	Other receivables	337	-	131	-
110000	Total current assets	<u>1,154,963</u>	<u>91</u>	<u>1,037,535</u>	<u>91</u>
	Non-Current assets				
125000	Property, plant, and equipment – net	970	-	1,247	-
127000	Intangible assets	2,448	-	3,686	-
129010	Business guarantee	80,000	7	80,000	7
129020	Settlement / clearance fund	22,073	2	21,320	2
129030	Refundable deposits	660	-	660	-
129110	Inter-department debits	1,235	-	203	-
120000	Total of Non-Current Assets	<u>107,386</u>	<u>9</u>	<u>107,116</u>	<u>9</u>
906001	Total assets	<u>\$1,262,349</u>	<u>100</u>	<u>\$1,144,651</u>	<u>100</u>

Chairman: Ke-Chyn Jiang

Managerial officers: Jamie Lin

Accounting Manager: Meng-Wei Lu

Horizon Securities Co., Ltd. — Futures Department
Balance Sheet (Continued)
December 31, 2022 and 2021

Attached table 1
Unit: NTD thousand

Liabilities and Equity		December 31, 2022		December 31, 2021	
Code	Accounting titles	Amount	%	Amount	%
	Current liabilities				
214080	Futures traders' equity	\$576,285	46	\$519,433	45
214130	Accounts payable	109	-	9	-
214160	Agency Receipts	79	-	80	-
214170	Other payables	1,391	-	1,184	-
219000	Other current liabilities	697	-	15	-
210000	Total current liabilities	<u>578,561</u>	46	<u>520,721</u>	45
906003	Total liabilities	<u>578,561</u>	46	<u>520,721</u>	45
	Equity				
301000	Share capital				
301110	Appropriation working fund	700,000	55	700,000	61
304000	Retained earnings				
304040	Losses to be covered	(16,212)	(1)	(76,070)	(6)
906004	Total equity	<u>683,788</u>	54	<u>623,930</u>	55
906002	Total Liabilities and Equity	<u>\$1,262,349</u>	100	<u>\$1,144,651</u>	100

Chairman: Ke-Chyn Jiang

Managerial officers: Jamie Lin

Accounting Manager: Meng-Wei Lu

Horizon Securities Co., Ltd. — Futures Department
Statement of Comprehensive Income
2022 and 2021

Attached table 2
Unit: NTD thousand

Code	Items	2022		2021	
		Amount	%	Amount	%
	Income				
401000	Brokerage fee revenue	\$40,546	48	\$35,363	201
424400	Net gains (losses) in the derivative financial instruments	43,850	52	(17,762)	(101)
428000	Other operating revenue	-	-	(1)	-
400000	Total revenues	84,396	100	17,600	100
	Expense				
501000	Brokerage fee expenses	(8,185)	(10)	(6,642)	(38)
502000	Proprietary trade service commission expenses	(828)	(1)	(503)	(3)
521200	Financial costs	(136)	-	(3)	-
524300	Clearance and settlement service expenses	(9,155)	(11)	(9,383)	(53)
531000	Employee benefits expenses	(5,836)	(7)	(5,597)	(32)
532000	Depreciation and amortization expenses	(1,903)	(2)	(1,906)	(11)
533000	Other operating expenses	(8,681)	(10)	(7,167)	(40)
500000	Total Expense	(34,724)	(41)	(31,201)	(177)
	Operating profit (loss)	49,672	59	(13,601)	(77)
602000	Other profits and losses	10,186	12	287	1
902001	Net income before tax (net loss)	59,858	71	(13,314)	(76)
902005	Net income (net loss) for the current period	59,858	71	(13,314)	(76)
902006	Total comprehensive income in current period	\$59,858	71	\$(13,314)	(76)

Chairman: Ke-Chyn Jiang

Managerial officers: Jamie Lin

Accounting Manager: Meng-Wei Lu

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 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			The ratio of consolidated total income or assets (Note 3)
				Items	Amount	Terms and conditions	
0	Horizon Securities	Horizon SICE	1	Professional service expenses	\$37,500	Note 4	5.50%
0	Horizon Securities	Horizon Venture Capital	1	Brokerage fee revenue - over the counter	3	"	0.00%
0	Horizon Securities	Horizon Venture Capital	1	Brokerage fee discount - over the counter	2	"	0.00%
0	Horizon Securities	Horizon Venture Capital	1	Securities – proprietary	10,400	"	0.10%
1	Horizon SICE	Horizon Securities	2	Consultancy fee income	37,500	"	5.50%
2	Horizon Venture Capital	Horizon Securities	2	Other operating expenses	3	"	0.00%
2	Horizon Venture Capital	Horizon Securities	2	Other gains and losses - brokerage fee discount	2	"	0.00%
2	Horizon Venture Capital	Horizon Securities	2	Securities	10,200	"	0.10%
2	Horizon Venture Capital	Horizon Securities	2	Operating gain on sale of securities	200	"	0.03%
2	Horizon Venture Capital	Horizon Venture Management Co., Ltd.	3	Professional service expenses	11,429	"	1.68%
3	Horizon Venture Management Co., Ltd.	Horizon Venture Capital	3	Consultancy fee income	11,429	"	1.68%

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%	\$123,261	\$45,095	\$2,241	\$2,241	\$-	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%	503,140	(1,641)	(13,889)	(13,889)	-	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%	24,908	11,429	3,555	3,555	960	Subsidiaries

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 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%

Auditor's Report

To: Horizon Securities Co., Ltd.

Audit opinion

We have audited the accompanying individual balance sheet of Horizon Securities Co, Ltd. (hereinafter referred to as “the Company”) as of December 31, 2022 and 2021, and the related individual statement of income, individual statement of changes in shareholders equity, individual statement of cash flows, and Notes of the individual financial statements (including major accounting policy) for the years then ended.

In our opinion, the accompanying individual financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2022 and 2021 and for the years then ended, and its individual financial performance and its individual cash flows for the years then ended in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants.

The basis for opinions

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial statements by Certified Public Accountants and generally accepted auditing standards. Our responsibilities under those standards are further described in the responsibilities of auditors for the audit of the separate 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 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 based its evaluations on the professional judgment to audit the most important matters on the 2022 individual financial statements of Horizon Securities Co., Ltd. These matters were addressed in the content of our audit of the individual financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on those matters.

Evaluation of financial instruments—no active market

The Company invests 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, the Company 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 the Company, 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 individual financial statements.

Responsibilities of Management and Those in Charge of Governance of the Individual Financial Statements

The responsibility of the management is to have the individual financial statements presented fairly, in all material respects, in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Firms" and the "Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants"; also, to maintain the necessary internal controls related to the individual financial statements in order to ensure that the individual financial statements are free of any material misstatement arising from fraud or errors.

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

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

Independent auditor's responsibility for individual financial statements.

Our objectives are to obtain reasonable assurance about whether the individual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 individual 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 individual 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 necessary understanding on the internal control related to the audit in order to design appropriate audit procedures under the circumstance, but the purpose is not to express an opinion on the effectiveness of the internal control of Horizon Securities Co., Ltd.
3. Evaluate the appropriateness of accounting policies used and the reasonability of accounting estimates and related disclosures made by the management.
4. Use the audit evidence obtained to draw conclusions on the suitability of the accounting base for continuing operation adopted by the management and whether or not the events or circumstances causing significant doubts to the continuing operation ability of Horizon Securities Co., Ltd. have significant uncertainties. 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 individual 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 circumstances may result in the inability of Horizon Securities Co., Ltd. to continue operating.
5. Evaluate the overall presentation, structure, and content of the individual statements,

including related notes, whether the individual 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 individual 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 used communication with the governing unit to determine the key audit matters to be performed on the 2022 individual financial statements of Horizon Securities Co., Ltd. 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.

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 23, 2023

Horizon Securities Co., Ltd.
Individual Balance Sheet
December 31, 2022 and 2021

Unit: NTD thousand

Assets			December 31, 2022		December 31, 2021	
Code	Accounting titles	Note	Amount	%	Amount	%
	Current assets					
111100	Cash and cash equivalents	4, 6.1 and 12	\$2,310,139	23	\$2,753,911	17
112000	Financial assets at fair value through profit or loss- current	4, 5, 6.2, 6.21, 7, 8 and 12	2,254,015	22	4,150,458	25
113200	The financial assets measured for the fair values through other comprehensive income- current	4, 5, 6.3 and 12	50,040	-	70,380	-
114010	Bond investment under reverse repurchase agreement	4, 6.5 and 12	351,797	3	1,150,580	7
114060	Securities borrowings receivable	4, 6.6 and 12	59,992	1	1,106	-
114066	Loan receivable – non-restricted purpose	4, 6.7 and 12	591,815	6	478,927	3
114070	Customers’ margin accounts	4, 6.8, 6.34 and 12	577,152	6	519,617	3
114110	Notes receivable-net	4, 6.9 and 12	327	-	150	-
114130	Accounts receivable – net	4, 6.9, 7 and 12	1,769,014	18	4,112,543	25
114150	Prepayments		17,243	-	17,882	-
114170	Other receivables	4, 6.10, 7 and 12	17,327	-	16,585	-
114600	Current income tax asset	4	3,321	-	4,620	-
119000	Other current assets	8 and 12	367,098	4	1,562,667	10
110000	Total current assets		<u>8,369,280</u>	<u>83</u>	<u>14,839,426</u>	<u>90</u>
	Non-Current assets					
122000	Financial assets that are measured at fair value through profit or loss-non-current	4, 5, 6.2 and 12	86,075	1	88,281	1
123200	The financial assets measured for the fair values through other comprehensive income- non-current	4, 5, 6.3 and 12	103,205	1	92,460	1
123300	Financial assets based on cost after amortization- non-current	4, 6.4, 7 and 12	199,999	2	200,000	1
124100	Investment under the equity method	4 and 6.11, 7	650,499	7	659,552	4
125000	Property, plant, and equipment – net	4, 6.12, 6.35 and 7	90,038	1	49,596	-
125800	Right-of-use assets- Net	4 and 6.28	124,218	1	84,618	1
127000	Intangible assets	4, 6.13 and 6.35	85,004	1	74,223	-
128000	Deferred income tax assets	4, 6.32	6,292	-	6,288	-
129010	Business guarantee	6.14 and 12	245,000	2	235,000	1
129020	Settlement / clearance fund	6.15 and 12	90,300	1	110,015	1
129030	Refundable deposits	12	26,395	-	26,770	-
129070	Net determined benefit asset-non-current	4 and 6.22	5,093	-	-	-
129130	Prepayments for equipment		720	-	480	-
120000	Total of Non-Current Assets		<u>1,712,838</u>	<u>17</u>	<u>1,627,283</u>	<u>10</u>
906001	Total assets		<u>\$10,082,118</u>	<u>100</u>	<u>\$16,466,709</u>	<u>100</u>

(Refer to Note to the individual financial statements)

Chairman: Ke-Chyn Jiang

Managerial officers: Jamie Lin

Accounting Manager: Chillli Hsieh

Horizon Securities Co., Ltd.
Individual Balance Sheet (Continued)
December 31, 2022 and 2021

Unit: NTD thousand

Liabilities and Equity			December 31, 2022		December 31, 2021	
Code	Accounting titles	Note	Amount	%	Amount	%
	Current liabilities					
211100	Short-term borrowings	6.16 and 12	\$50,000	-	\$50,000	-
211200	Commercial papers payable	6.17 and 12	-	-	149,995	1
212000	Financial liabilities at fair value through profit or loss- current	4, 5, 6.18, 6.21 and 12	12,034	-	-	-
214010	Call loans to banks	4, 6.19 and 12	2,099,446	21	3,804,392	23
214080	Futures traders' equity	4, 6.34 and 12	576,285	6	519,433	3
214130	Accounts payable	4, 6.20, 7 and 12	1,772,254	18	4,046,930	25
214150	Advances		697	-	8,187	-
214170	Other payables	7 and 12	110,693	1	347,773	2
214600	Current Tax Liability	4	12,988	-	127,901	1
215100	Liability reserve-Current	4 and 6.23	6,101	-	6,191	-
216000	Lease liabilities – current	4, 6.28 and 12	35,703	-	45,643	-
219000	Other current liabilities		107,102	1	1,205,240	8
210000	Total current liabilities		4,783,303	47	10,311,685	63
	Non-current liabilities					
221100	Corporate bonds payable	4, 6.21 and 12	674,201	7	763,524	5
225100	Liabilities reserve- non-current	4 and 6.23	11,531	-	9,357	-
226000	Lease liabilities – noncurrent	4, 6.28 and 12	78,650	1	21,272	-
228000	Deferred tax liabilities	4 and 6.32	357	-	1,118	-
229070	Net determined benefit liability-non-current	4 and 6.22	-	-	31,115	-
220000	Total of non-current liabilities		764,739	8	826,386	5
906003	Total liabilities		5,548,042	55	11,138,071	68
	Equity	4 and 6.24				
301000	Share capital					
301010	Common stock capital		3,512,516	35	3,313,694	20
302000	Capital reserve		356,228	3	359,443	2
304000	Retained earnings					
304010	Statutory surplus reserves		175,446	2	52,945	-
304020	Special surplus reserves		356,113	4	111,110	1
304040	Undistributed earnings		25,276	-	1,373,218	8
305000	Other equity		108,497	1	118,228	1
906004	Total equity		4,534,076	45	5,328,638	32
906002	Total Liabilities and Equity		\$10,082,118	100	\$16,466,709	100

(Refer to Note to the individual financial statements)

Chairman: Ke-Chyn Jiang

Managerial officers: Jamie Lin

Accounting Manager: Chilli Hsieh

Horizon Securities Co., Ltd.
Individual Income Statement
2022 and 2021

Unit: NTD thousand

Code	Items	Note	2022		2021	
			Amount	%	Amount	%
	Income					
401000	Brokerage fee revenue	4, 6.25 and 7	\$695,960	103	\$1,042,146	40
402000	Commissions income from loans	4	131	-	82	-
404000	Underwriting business revenue	4, 6.25 and 7	76,807	11	67,736	3
410000	Operating gain (loss) on sale of securities	6.25 and 7	(106,988)	(16)	1,470,274	56
421100	Stock affairs agency revenue	4 and 7	79,137	12	77,036	3
421200	Interest revenue	4, 6.25 and 7	34,717	5	35,469	1
421300	Dividend income	4 and 7	14,417	2	26,003	1
421500	Net loss of securities trade measured at the fair value through profit or loss	6.25 and 7	(160,781)	(24)	(92,170)	(3)
424400	Net gains (losses) on the derivative financial instruments – Futures	4, 6.25 and 12	43,850	7	(17,762)	(1)
424500	Net losses on the derivative financial instruments - over the counter	4	(14,604)	(2)	(1,924)	-
425300	Expected credit impairment loss and reversal benefit	4 and 6.25	(34)	-	134	-
428000	Other operating revenue	6.26 and 7	13,400	2	1,876	-
400000	Total revenues		<u>676,012</u>	<u>100</u>	<u>2,608,900</u>	<u>100</u>
	Expense					
501000	Brokerage fee expenses		(58,625)	(9)	(87,791)	(3)
502000	Proprietary trade service commission expenses		(1,709)	-	(2,551)	-
521200	Financial costs	6.27	(4,933)	(1)	(1,855)	-
524300	Clearance and settlement service expenses		(9,155)	(1)	(9,383)	-
531000	Employee benefits expenses	6.22, 6.29 and 7	(601,755)	(89)	(917,435)	(35)
532000	Depreciation and amortization expenses	6.28 and 6.29	(116,346)	(17)	(89,412)	(4)
533000	Other operating expenses	7	(243,219)	(36)	(279,293)	(11)
500000	Total Expense		<u>(1,035,742)</u>	<u>(153)</u>	<u>(1,387,720)</u>	<u>(53)</u>
	Operating profit (loss)		(359,730)	(53)	1,221,180	47
601100	Shareholdings in the subsidiaries, affiliated companies and joint ventures under the equity method	4	(8,093)	(1)	(6,063)	-
602000	Other profits and losses	4 and 6.30	178,540	26	154,058	6
902001	Net income (loss) before tax		(189,283)	(28)	1,369,175	53
701000	Income tax expenses	4 and 6.32	(30,901)	(5)	(129,902)	(5)
902005	Net income (loss) for this period		(220,184)	(33)	1,239,273	48
805000	Other comprehensive income	6.31				
805500	The items that are not reclassified as profit or loss					
805510	Reevaluation of determined benefit plan		35,033	5	(14,259)	(1)
805540	Investment of equity instruments at fair value through other comprehensive income					
	Net unrealized valuation gain		(9,731)	(1)	57,056	2
805000	Other comprehensive income for the period (post-tax profit or loss)		25,302	4	42,797	1
902006	Total comprehensive income in current period		<u>\$(194,882)</u>	<u>(29)</u>	<u>\$1,282,070</u>	<u>49</u>
975000	Base earnings per share (\$):					
975010	Net income (loss) for this period	6.33	<u>\$(0.63)</u>		<u>\$3.53</u>	
985000	Diluted earnings per share (NT\$):					
985010	Net income (loss) for this period	6.33	<u>\$(0.63)</u>		<u>\$3.28</u>	

(Refer to Note to the individual financial statements)

Chairman: Ke-Chyn Jiang

Managerial officers: Jamie Lin

Accounting Manager: Chilli Hsieh

Horizon Securities Co., Ltd.
Individual Statements of Changes in Shareholders' Equity
January 1 to December 31, 2022 and 2021

Unit: NTD thousand

Items	Share capital		Retained earnings			Other equity	Total 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, 2021	\$3,308,168	\$312,359	\$13,397	\$28,167	\$436,103	\$61,172	\$4,159,366
Dividend allocation and distribution for 2020:							
Legal reserve appropriated	-	-	39,548	-	(39,548)	-	-
Appropriation of special reserve	-	-	-	82,943	(82,943)	-	-
Common stock cash dividends	-	-	-	-	(165,408)	-	(165,408)
Other changes in capital reserve:							
Arising from the issuance of convertible corporate bonds, recognized in equity component - stock options	-	40,790	-	-	-	-	40,790
2021 net income	-	-	-	-	1,239,273	-	1,239,273
Other comprehensive net income in 2021	-	-	-	-	(14,259)	57,056	42,797
Total comprehensive net income in 2021	-	-	-	-	1,225,014	57,056	1,282,070
Convertible corporate bonds converted	5,526	76,294	-	-	-	-	11,820
Balance as at December 31, 2021	<u>\$3,313,694</u>	<u>\$359,443</u>	<u>\$52,945</u>	<u>\$111,110</u>	<u>\$1,373,218</u>	<u>\$118,228</u>	<u>\$5,328,638</u>
Dividend allocation and distribution for 2021:							
Legal reserve appropriated	-	-	122,501	-	(122,501)	-	-
Appropriation of special reserve	-	-	-	245,003	(245,003)	-	-
Common stock cash dividends	-	-	-	-	(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)
Net loss for 2022	-	-	-	-	(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	<u>\$3,512,516</u>	<u>\$356,228</u>	<u>\$175,446</u>	<u>\$356,113</u>	<u>\$25,276</u>	<u>\$108,497</u>	<u>\$4,534,076</u>

(Refer to Note to the individual financial statements)

Chairman: Ke-Chyn Jiang

Managerial officers: Jamie Lin

Accounting Manager: Chilli Hsieh

Horizon Securities Co., Ltd.
Individual Statements of Cash Flow
2022 and 2021

Unit: NTD thousand

Code	Items	2022	2021
	Cash flow from operating activities:		
A10000	Net income (loss) before tax for this period	\$(189,283)	\$1,369,175
A20000	Adjustments:		
A20010	Revenue, expense and loss that do not affect the cash flows		
A20100	Depreciation expenses	99,507	77,702
A20200	Amortization expenses	16,839	11,710
A20300	Expected credit impairment loss and reversal benefit	34	(134)
A20400	Net loss (gain) on financial assets and liabilities at fair value through profit and loss	160,781	92,170
A20900	Interest expenses	4,933	1,855
A21200	Interest income (including financial income)	(58,651)	(44,032)
A21300	Dividend income	(17,494)	(28,838)
A22400	Share of loss of the subsidiaries, affiliated companies and joint ventures under the equity method	8,093	6,063
A23100	Gain on disposal of investments	-	(2,353)
A23300	Loss on non-operating financial products at fair value	4,395	8,634
A24200	Gain on redemption of corporate bonds payable	(14,172)	-
A29900	Other items	(2,139)	(1,252)
A60000	Changes in operating activities related assets/liabilities		
A61000	Net changes in operating activities related assets:		
A61110	Decrease in financial assets measured at fair value through profit or loss	1,733,472	235,474
A61130	Decrease in bond investment under reverse repurchase agreement	798,783	3,954,432
A61180	Increase in securities borrowings receivable	(171,777)	(178,810)
A61190	Increase in customers' margin accounts	(57,535)	(218,505)
A61230	Decrease (increase) in notes receivable	(177)	176
A61250	Decrease (increase) in accounts receivable	2,345,233	(367,046)
A61270	(Increase) decrease in prepayments	(6,169)	37,889
A61290	Increase in other receivables	(385)	(483)
A61365	Increase in financial assets at fair value through other comprehensive profit or loss	(136)	-
A61370	Decrease (increase) in other current assets	1,195,569	(1,085,526)
A62000	Net changes in operating activities related liabilities:		
A62110	Increase (decrease) in bond liabilities under repurchase agreement	(1,704,946)	(4,201,001)
A62130	Increase in financial liabilities at fair value through profit and loss	12,817	-
A62200	Increase in futures traders' equity	56,852	218,468
A62210	Decrease in notes payable	-	(163)
A62230	Increase (decrease) in accounts payable	(2,274,935)	342,861
A62250	Decrease in Advance receipts	(7,490)	(969)
A62270	Increase (decrease) in other payables	(237,080)	177,588
A62290	Decrease in net determined benefit liability	(1,174)	(1,805)
A62300	Increase (decrease) in provisions	(90)	321
A62320	Increase (decrease) in other current liabilities	(1,098,138)	1,040,750
A33000	Cash inflow from operations	595,537	1,444,351
A33100	Interest received	56,853	39,275
A33200	Dividends received	18,161	28,946
A33300	Interest payment	(1,291)	(390)
A33500	Income tax refund (payment), net	(145,281)	2,315
AAAA	Net cash inflow (outflow) from operating activities	523,979	1,514,497
	Cash flow from investing activities:		
B00040	Acquisition of financial assets at amortized cost	-	(200,000)
B01800	Acquisition of investment under the equity method	-	(150,000)
B02700	Acquisition of property, plant, and equipment	(62,716)	(22,758)
B03300	Increase in business guarantee	(10,000)	(10,000)
B03500	Increase in settlement/clearance fund	(71,853)	(3,597)
B03600	Decrease in settlement/clearance fund	91,568	-
B03700	Increase in refundable deposits	(1,456)	(8,309)
B03800	Decrease in Refundable deposits	1,831	-
B04500	Acquisition of Intangible assets	(20,853)	(27,496)
B07100	Increase in prepayments for equipment	(240)	(480)
BBBB	Net cash outflow from investing activities	(73,719)	(422,640)
	CASH FLOWS FROM FINANCING ACTIVITIES:		
C00100	Increase of short-term loans	66,031,596	137,741,730
C00200	Decrease in short-term loans	(66,031,596)	(137,691,730)
C00700	Increase in commercial papers payable	29,979	1,614,614
C00800	Decrease in commercial papers payable	(180,000)	(1,665,000)
C01200	Issue of corporate bonds	-	822,374
C01300	Corporate bonds repaid	(62,236)	-
C04020	Repayments of principal portion of the lease	(65,140)	(64,844)
C04500	Cash dividend released	(596,465)	(165,408)
C05600	Interest payment	(20,170)	(10,319)
CCCC	Net cash inflow (outflow) from financing activities	(894,032)	581,417
EEEE	Current cash and cash equivalents increase (decrease)	(443,772)	1,673,274
E00100	Balance of cash and cash equivalents, beginning of period	2,753,911	1,080,637
E00200	Balance of cash and cash equivalent, end of period	\$2,310,139	\$2,753,911

(Refer to Note to the individual financial statements)

Chairman: Ke-Chyn Jiang

Managerial officers: Jamie Lin

Accounting Manager: Chilli Hsieh

Horizon Securities Co., Ltd.
Individual Notes to financial statements
January 1 to December 31, 2022
and January 1 to December 31, 2021
(In thousand New Taiwan dollars, unless otherwise specified)

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, 2022, 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 Company’s individual financial statements for 2022 and 2021 were approved by the board of directors on February 23, 2023 before release.

3. Application of new and revised standards and interpretation

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

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

The Company has adopted 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 and applied to the fiscal year beginning on or after January 1, 2022. The first-time adoption of the new standards and amendments does not have a material impact on the Company.

2. As of the date of the financial report published, the Company 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	Disclosure of Accounting Policies (amendments to IAS 1)	January 1, 2023
2	Definition of Accounting Estimates (amendments to IAS 8)	January 1, 2023
3	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12)	January 1, 2023

(1) Disclosure of Accounting Policies (amendments to IAS 1)

This amendment is to improve the disclosure of accounting policies to provide investors and other major users of financial statements with more useful information.

(2) Definition of Accounting Estimates (amendments to IAS 8)

This amendment directly defines accounting estimates and makes other amendments to IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” to help companies distinguish between changes in accounting policies and changes in accounting estimates.

(3) Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12)

This amendment narrows the scope of the exemption from the recognition of deferred tax in paragraphs 15 and 24 of IAS 12–Income Taxes so that the exemption does not apply to transactions that give rise to the same amounts of taxable and deductible temporary differences upon initial recognition.

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

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, 2023. The new publication, revision, and amendment or interpretation of the standards caused no material impact on the Company based on its assessment.

3. As of the date of the financial report published, the Company 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	Liabilities are classified as current or non-current (amendments to IAS 1)	January 1, 2024
4	Lease Liability in a Sale and Leaseback (amendments to IFRS 16)	January 1, 2024
5	Non-current Liabilities with Covenants (amendments to IAS 1)	January 1, 2024

- (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) 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.”

(4) 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.

(5) 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

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

reporting period.

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 Company has assessed that the new or amended standards or interpretations, they will not have a material impact on the Company.

4. Summary of significant accounting policies

1. Compliance Statement

The Company's individual financial statements for the years ended December 31, 2022 and 2021 were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Firms and the Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants.

2. Basis of preparation

According to the Regulations Governing the Preparation of Financial Reports by Securities Firms and the Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, the profit and loss in the individual financial statements equivalent to the amortization amount of the current profit and loss and other comprehensive profit and loss in the consolidated financial statements that is attributable to the shareholders of the parent company; also, the shareholder's equity amount in the individual financial statements is same as the equity attributable to the shareholders of the parent company in the consolidated financial statements. Therefore, investee subsidiaries are presented in the individual financial statements as "investments using the equity method," and necessary evaluation adjustments are made.

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

3. Foreign currency transactions

This individual financial statement is denominated in NT Dollar, the functional currency of the Company.

The foreign currency transactions 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.

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

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.

4. 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.

5. 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.

6. Financial instruments

Financial assets and financial liabilities are recognized when the Company 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 Company are handled with the trade date accounting.

The Company 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

Financial assets based on cost after amortization

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.

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

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:

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

- (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 Company recognizes and measures allowance losses based on expected credit losses.

The Company 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

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

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 Company measured the allowance for loss with the expected credit loss amount of the duration.

On each balance sheet date, the Company 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 Company 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 Company 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 Company after the asset deducts the liabilities. The equity instruments issued by the Company are recognized at the amount obtained after deducting the direct issuance costs.

Hybrid instruments

The Company 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

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

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

When the Company 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.

7. Derivatives

Derivatives held or issued by the Company are used to hedge exchange rate risk and interest rate risk, of which, the designated and effective hedging items are reported as hedging 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.

8. 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

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

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 Company 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 Company 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.

9. 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."

10. Securities business lending and securities lending

The Company'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

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

from the securities business lending shall be recognized in a memo account.

When the Company 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 Company 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.”

11. 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.

12. 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

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

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.”

13. Investment under the equity method

The Company’s investment in subsidiaries is presented, valued and adjusted in accordance with the “Investment under the equity method” as defined in Article 25 of the Regulations Governing the Preparation of Financial Reports by Securities Firms in order to have had the current profit and loss and other comprehensive profit and loss in the financial statements equivalent to the amortization amount of the current profit and loss and other comprehensive profit and loss in the consolidated financial statements that is attributable to the shareholders of the parent company; also, the shareholder’s equity amount in the financial statements is same as the equity attributable to the shareholders of the parent company in the consolidated financial statements. Such adjustments are mainly based on the difference between having the “investment in subsidiaries” processed in accordance with IFRSs 10 “Consolidated Financial Statements” and IFRSs that are for different reporting entities; also, the said difference is debited or credited to the account of “Investment under the equity method,” “Profit and loss of the subsidiaries under the equity method, associates, and Joint Ventures” or “Other comprehensive profit and loss of the subsidiaries under the equity method, associates and Joint Ventures.”

The Company has the investment in an affiliated company handled in accordance with the equity method. Affiliated companies refer to companies that have a significant influence on the Company.

Under the equity method, the investment in associates is booked in the balance sheet for an amount equivalent to the cost plus the amount of the change in the associate’s net assets recognized proportionally to the shareholding ratio. When the book value of the investment in associates and other related long-term equity under the equity method is with a zero balance, additional loss and liability is recognized within the scope of the statutory obligations, constructive obligations, or payments on behalf of associates incurred. Unrealized gains and losses arising from transactions between the Company and affiliated companies are eliminated according to the proportion of its equity in affiliated companies or joint ventures.

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

When the change in the equity of an associate does not occur as a result of profit or loss and other comprehensive profit and loss, and also such change does not affect the Company's shareholding ratio, the Company recognizes the relevant changes in equity ownership proportionally to the shareholding ratio. Therefore, the recognized additional paid-in capital will be transferred to profit or loss proportionally to the disposal amount when the associate is subsequently disposed.

When the associate issued new shares, the Company did not subscribe it proportionally to the shareholding ratio, causing the Company's investment ratio and net asset ratio in the associate changed, so, such change is adjusted to the "additional paid-in capital" and "investment under the equity method." When the change in the investment ratio is reduced, the relevant items previously recognized in other comprehensive profit or loss should be reclassified to "profit or loss" or other appropriate accounts proportionally to the reduction ratio. The previously recognized additional paid-in capital is transferred to the profit or loss proportionally to the disposal ratio when the associate is disposed.

The financial statements of associates are prepared for the same reporting period as the Company and adjusted to have its accounting policies in line with the Company's accounting policies.

The Company confirms whether or not there is objective evidence indicating impairment of the investment in associates in accordance with the requirements of IAS 28 "Investment in Associates and Joint Ventures" at the end of each reporting period. If there is objective evidence of impairment, the Company shall calculate the impairment amount based on the difference between the recoverable amount and the book value of the associate in accordance with the requirements of IAS 36 "Assets impairment" and recognize such amount in the profit or loss from the associate. If the aforementioned recoverable amount is the investment value, the Company will determine the investment value according to the following estimates:

- (1) The present value of the estimated future cash flow of the associate attributable to the Company includes the cash flow generated by the associate in business operations and the proceeds from the investment disposed; or
- (2) The present value of the expected dividends and future cash flows generated from the investment disposed ultimately.

As the items that constitute the book value of the associate or a joint venture's goodwill are not separately recognized, it is not subject to the requirements of IAS 36 "Asset impairment" goodwill impairment test.

Upon the loss of significant impact on associates, the Company has the retained investment amount measured and recognized at fair value. Upon the loss of significant impact, the difference between the book value of the investment in associate and the fair value of the retained investment plus the proceeds from the disposal is recognized as profit or loss. In addition, when an investment in an

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

affiliated company becomes an investment in a joint venture, the Company continues to apply the equity method without remeasuring the retained equity.

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 Company 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:

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 Company 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 Company 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

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

- 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 Company 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 Company 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 Company maximizes the use of observable information to estimate the standalone price.

The Company is the lessee.

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

The Company 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 Company 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 Company 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.

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

On the commencement date, the Company 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 Company when the lease period expires, or if the cost of the right-of-use assets reflects that the Company 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 Company 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 company 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 Company 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 Company 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.

The Company is the lessor.

The Company 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 Company 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.

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

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

The Company 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 Company'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 Company 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 Company 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 Company 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 Company 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 Company 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.

Liability reserve for decommissioning, restoration, and rehabilitation costs

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

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 Company 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 Company 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 Company, so it is not included in the individual financial statements in the preceding paragraph.

For the defined contribution pension plan, the monthly pension payable rate of the Company shall not be less than 6% of the employee's 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:

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

- (1) When the plan revision or reduction occurs; and
- (2) When the Company 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 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;
- (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;

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

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) It is related to the deductible temporary difference 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.
- (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 Company 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

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

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 Company; 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.

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 individual financial statements are prepared by the Company, 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.

The Company has included the economic impact caused by the COVID-19 pandemic into the consideration of major accounting estimates. The management will continue to evaluate its financial position, financial performance, ability to continue as a going concern, asset impairment, and disclosure of financing risks, and other matters.

Estimation and assumption

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

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

	<u>2022.12.31</u>	<u>2021.12.31</u>
Petty cash	\$430	\$370
Check deposits	3,965	6,507
Current deposits	201,886	227,436
Time deposits	702,550	491,075
Cash equivalents – short-term notes and bills	1,298,040	1,951,363
Cash equivalents – futures excess margin	103,268	77,160
Total	<u>\$2,310,139</u>	<u>\$2,753,911</u>

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, 2022 and 2021 was 0.910%–2.750% and 0.130%–0.780%, respectively.

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 Company are listed below:

	<u>2022.12.31</u>	<u>2021.12.31</u>
<u>Current items</u>		
<u>Measured at fair value through income under compulsion</u>		
Open-end funds and money market instruments	\$15,350	\$7,774
Securities – proprietary	2,130,789	4,054,407

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

	<u>2022.12.31</u>	<u>2021.12.31</u>
Securities – underwriting	41,889	54,890
<u>Derivatives</u>		
Futures trading margin – proprietary capital	65,843	31,600
Call option - non-hedging	144	-
Call option - others	-	1,787
Total	<u>\$2,254,015</u>	<u>\$4,150,458</u>

Non-current items

Measured at fair value through income under compulsion

Open-end funds and money market instruments	\$82,579	\$82,151
Securities – proprietary	3,496	6,130
Total	<u>\$86,075</u>	<u>\$88,281</u>

(1) Open-end funds and money market instruments

	<u>2022.12.31</u>	<u>2021.12.31</u>
<u>Current items</u>		
Open-type fund	\$20,000	\$10,000
Add (less): Valuation adjustment	(4,650)	(2,226)
Net value	<u>\$15,350</u>	<u>\$7,774</u>
<u>Non-current items</u>		
Open-type fund	\$121,400	\$119,000
Add (less): Valuation adjustment	(38,821)	(36,849)
Net value	<u>\$82,579</u>	<u>\$82,151</u>

(2) Securities – proprietary

	<u>2022.12.31</u>	<u>2021.12.31</u>
<u>Current items</u>		
Government bonds	\$313,792	\$619,896
Corporate bonds	1,407,640	1,711,087
Convertible corporate bonds	40,000	407,260
TWSE-listing companies stock	111,238	713,966
GTSM-listing companies stock	25,645	78,120
Companies stock in emerging stock market	247,606	394,999
Non-TWSE/GTSM-listing companies stock	5,300	34,720
Overseas stocks	39,236	-
Subtotal	2,190,457	3,960,048
Add (less): Valuation adjustment	(59,668)	94,359
Net value	<u>\$2,130,789</u>	<u>\$4,054,407</u>
<u>Non-current items</u>		

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

	<u>2022.12.31</u>	<u>2021.12.31</u>
Non-TWSE/GTSM-listing companies stock	\$2,666	\$4,362
Add (less): Valuation adjustment	830	1,768
Net value	<u>\$3,496</u>	<u>\$6,130</u>

(3) Securities – underwriting

	<u>2022.12.31</u>	<u>2021.12.31</u>
Convertible corporate bonds	\$39,885	\$43,705
TWSE-listing companies stock	4,130	4,473
GTSM-listing companies stock	-	3,022
Subtotal	44,015	51,200
Add (less): Valuation adjustment	(2,126)	3,690
Net value	<u>\$41,889</u>	<u>\$54,890</u>

(4) Futures trading margin – proprietary capital

	<u>2022.12.31</u>	<u>2021.12.31</u>
Futures trading margin – proprietary capital	<u>\$65,843</u>	<u>\$31,600</u>

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

(5) Call option - non-hedging

	<u>2022.12.31</u>	<u>2021.12.31</u>
Index options	\$198	\$-
Loss on unsettled positions	(54)	-
Net value	<u>\$144</u>	<u>\$-</u>

(6) Call option - others

	<u>2022.12.31</u>	<u>2021.12.31</u>
Call option - others	<u>\$-</u>	<u>\$1,787</u>

The Company's call options are embedded derivatives identified from the issuance of convertible corporate bonds. Please refer to Note 6.21 for relevant information.

For the details of government bonds, corporate bonds, and convertible corporate bonds, which are 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 Company's financial assets

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

measured at fair value through profit and loss, please refer to Notes 6.25, 6.30, and 12.17.

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

	<u>2022.12.31</u>	<u>2021.12.31</u>
<u>Current items</u>		
Investment of equity instruments at fair value through other comprehensive income		
TWSE-listing companies stock	<u>\$50,040</u>	<u>\$70,380</u>
<u>Non-current items</u>		
Investment of equity instruments at fair value through other comprehensive income		
Non-TWSE/GTSM-listing companies stock	<u>\$103,205</u>	<u>\$92,460</u>

The Company did not provide any security for financial assets at fair value through other comprehensive income.

4. Financial assets based on cost after amortization

	<u>2022.12.31</u>	<u>2021.12.31</u>
<u>Non-current items</u>		
Corporate bonds	\$200,000	\$200,000
Less: Allowance for losses	(1)	-
Total	<u>\$199,999</u>	<u>\$200,000</u>

The Company classifies certain financial assets as financial assets measured at amortized cost. Please refer to Note 6.25 for information on allowance for losses and Note 12 for information on credit risk.

5. Bond investment under reverse repurchase agreement

	<u>2022.12.31</u>	<u>2021.12.31</u>
Government bonds	\$301,700	\$1,150,580
Corporate bonds	50,097	-
Total	<u>\$351,797</u>	<u>\$1,150,580</u>

The bond investments under reverse repurchase agreement conducted by the Company as of December 31, 2022 and 2021 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\$352,033 thousand and NT\$1,150,758 thousand, respectively, with the annual interest rates of 1.0755%–1.1295% and 0.1890%–0.2880%, respectively.

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

6. Securities borrowings receivable

	<u>2022.12.31</u>	<u>2021.12.31</u>
Securities borrowings receivable - securities or other products bought by clients as collateral	\$59,993	\$1,106
Less: Allowance for losses	<u>(1)</u>	<u>-</u>
Total	<u>\$59,992</u>	<u>\$1,106</u>

The Company assesses impairment in accordance with IFRS 9. For information on allowance for losses, please refer to Note 6.25, and for information related to credit risk, please refer to Note 12.

7. Loan receivable – non-restricted purpose

	<u>2022.12.31</u>	<u>2021.12.31</u>
Loan receivable – non-restricted purpose	\$591,818	\$478,928
Less: Allowance for losses	<u>(3)</u>	<u>(1)</u>
Total	<u>\$591,815</u>	<u>\$478,927</u>

The aforementioned accounts 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.

The Company assesses impairment in accordance with IFRS 9. For information on allowance for losses, please refer to Note 6.25, and for information related to credit risk, please refer to Note 12.

8. Customers' margin accounts

	<u>2022.12.31</u>	<u>2021.12.31</u>
Bank deposits	\$436,953	\$363,736
Settlement institution settlement balance	140,199	155,881
Total	<u>\$577,152</u>	<u>\$519,617</u>

9. Note receivable and account receivable – net

	<u>2022.12.31</u>	<u>2021.12.31</u>
Notes receivable		
Stock affairs agency fee receivable	\$277	\$100
Consultation fees receivable	50	50
Less: Allowance for losses	<u>-</u>	<u>-</u>
Subtotal	<u>327</u>	<u>150</u>
Accounts receivable		
Accounts receivable – related parties	400	448

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

	<u>2022.12.31</u>	<u>2021.12.31</u>
Accounts receivable – non-related parties		
Settlement receivable – brokerage	1,628,782	3,869,873
Settlement receivable – non-brokerage	2,242	80,605
Settlement price	106,520	126,385
Interests receivable	20,329	18,936
Others	10,753	16,325
Less: Allowance for losses	(12)	(29)
Subtotal	<u>1,769,014</u>	<u>4,112,543</u>
Total	<u>\$1,769,341</u>	<u>\$4,112,693</u>

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

The Company assesses impairment in accordance with IFRS 9. For information on allowance for losses, please refer to Note 6.25, and for information related to credit risk, please refer to Note 12.

10. Other receivables

	<u>2022.12.31</u>	<u>2021.12.31</u>
Other receivables – related parties	\$2,386	\$2,407
Less: Allowance for losses	-	-
Subtotal	<u>2,386</u>	<u>2,407</u>
Other receivables – non-related parties		
Stock affairs agency fee receivable	9,061	12,360
Interests receivable	668	263
Others	5,415	1,918
Less: Allowance for losses	(203)	(363)
Subtotal	<u>14,941</u>	<u>14,178</u>
Total	<u>\$17,327</u>	<u>\$16,585</u>

The Company did not provide security for other receivables.

The Company assesses impairment in accordance with IFRS 9. For information on allowance for losses, please refer to Note 6.25, and for information related to credit risk, please refer to Note 12.

11. Investment under the equity method

	<u>2022.12.31</u>	
Name of investee	Amount	Percentage of shareholding
<u>Investment in subsidiaries</u>		
Horizon SICE Co., Ltd.	\$123,261	100.00%

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

Horizon Venture Capital Co., Ltd.	503,140	100.00%
Horizon Venture Management Co., Ltd.	24,098	100.00%
Total	<u>\$650,499</u>	

Name of investee	2021.12.31	
	Amount	Percentage of shareholding
<u>Investment in subsidiaries</u>		
Horizon SICE Co., Ltd.	\$121,020	100.00%
Horizon Venture Capital Co., Ltd.	517,029	100.00%
Horizon Venture Management Co., Ltd.	21,503	100.00%
Total	<u>\$659,552</u>	

Investee subsidiaries are presented in the individual financial statements as “investments using the equity method,” and necessary evaluation adjustments are made.

Horizon SICE Co., Ltd. was approved by the competent authority to increase its capital by NT\$65,000 thousand in cash on October 24, 2014, and issued 50,000 thousand new shares, which were fully subscribed to by the Company. As of December 31, 2022, the Company had accumulated investment in the total amount of NT\$114,282 thousand.

Horizon Venture Capital Co., Ltd. was approved by the competent authority to increase its capital by NT\$150,000 thousand in cash on November 10, 2021, and issued 15,000 thousand new shares, which were fully subscribed to by the Company. As of December 31, 2022, the Company had accumulated investment in the total amount of NT\$579,420 thousand.

Horizon Venture Management Co., Ltd. was approved to be established by the competent authority with the investment amount of NT\$20,000 thousand on December 3, 2018, and 2,000 thousand new shares were issued, which were fully subscribed to by the Company. As of December 31, 2022, the Company had accumulated investment in the total amount of NT\$20,000 thousand.

The Company’s investments using the equity method have no contingent liabilities or capital commitments, and no security has been provided.

12. Property and equipment

	Office equipment	Leasehold improvement	Total
Cost:			
2022.1.1	\$160,642	\$60,356	\$220,998
Additions	29,285	33,431	62,716
Disposition	(3,033)	(3,462)	(6,495)

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

	Office equipment	Leasehold improvement	Total
Other changes	-	(725)	(725)
2022.12.31	\$186,894	\$89,600	\$276,494
2021.1.1	\$141,929	\$60,663	\$202,592
Additions	22,123	635	22,758
Disposition	(6,892)	-	(6,892)
Other changes	(18)	(942)	(960)
Reclassification	3,500	-	3,500
2021.12.31	\$160,642	\$60,356	\$220,998
	Office equipment	Leasehold improvement	Total
Accumulated depreciation and impairment:			
2022.1.1	\$116,398	\$55,004	\$171,402
Depreciation	15,029	7,245	22,274
Disposition	(3,033)	(3,462)	(6,495)
Other changes	-	(725)	(725)
2022.12.31	\$128,394	\$58,062	\$186,456
2021.1.1	\$111,446	\$50,961	\$162,407
Depreciation	11,862	4,985	16,847
Disposition	(6,892)	-	(6,892)
Other changes	(18)	(942)	(960)
2021.12.31	\$116,398	\$55,004	\$171,402
Net book value:			
2022.12.31	\$58,500	\$31,538	\$90,038
2021.12.31	\$44,244	\$5,352	\$49,596

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

13. Intangible assets

	Goodwill	Business right	Computer software	Total
Cost:				
2022.1.1	\$52	\$64,321	\$135,771	\$200,144
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	\$163,146	\$227,519

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

	Goodwill	Business right	Computer software	Total
2021.1.1	\$52	\$32,488	\$111,800	\$144,340
Additions – separate acquisition	-	10,833	16,663	27,496
Disposition	-	-	(700)	(700)
Transfer (Note)	-	21,000	7,708	28,708
Other changes	-	-	300	300
2021.12.31	<u>\$52</u>	<u>\$64,321</u>	<u>\$135,771</u>	<u>\$200,144</u>
	Goodwill	Business right	Computer software	Total
Cumulative amortization and impairment:				
2022.1.1	\$52	\$32,488	\$93,381	\$125,921
Amortization	-	-	16,839	16,839
Disposition	-	-	(158)	(158)
Other changes	-	-	(87)	(87)
2022.12.31	<u>\$52</u>	<u>\$32,488</u>	<u>\$109,975</u>	<u>\$142,515</u>
2021.1.1	\$52	\$32,488	\$82,371	\$114,911
Amortization	-	-	11,710	11,710
Disposition	-	-	(700)	(700)
2021.12.31	<u>\$52</u>	<u>\$32,488</u>	<u>\$93,381</u>	<u>\$125,921</u>
Net book value:				
2022.12.31	<u>\$-</u>	<u>\$31,833</u>	<u>\$53,171</u>	<u>\$85,004</u>
2021.12.31	<u>\$-</u>	<u>\$31,833</u>	<u>\$42,390</u>	<u>\$74,223</u>

Note: It is reclassified from other prepayments.

14. 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, and the Regulations Governing Futures Advisory Enterprises. The Company deposits guarantees in financial institutions designated by the Securities and Futures Bureau, FSC, with certificates of deposit. The details are as follows:

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

	<u>2022.12.31</u>	<u>2021.12.31</u>
Brokerage business guarantee	\$105,000	\$95,000
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
Total	<u>\$245,000</u>	<u>\$235,000</u>

15. 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:

	<u>2022.12.31</u>	<u>2021.12.31</u>
Clearance fund in Taiwan Stock Exchange	\$30,682	\$49,031
Clearance fund in Taipei Exchange	37,545	39,664
Clearance fund in Taiwan Futures Exchange	22,073	21,320
Total	<u>\$90,300</u>	<u>\$110,015</u>

16. Short-term borrowings

	<u>2022.12.31</u>	<u>2021.12.31</u>
Secured bank borrowings	\$50,000	\$50,000
Interest rate collars	1.990%	0.995%

As of December 31, 2022 and 2021, the unused loan facilities where the Company has signed agreements with financial institutions were NT\$2,805,000 thousand and NT\$2,690,000 thousand, respectively.

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

17. Commercial papers payable

	<u>2022.12.31</u>	<u>2021.12.31</u>
Commercial papers payable	\$-	\$150,000
Less: Discounted commercial paper payable	-	(5)
Net value	<u>\$-</u>	<u>\$149,995</u>
Interest rate collars	-	0.45%~0.50%

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

As of December 31, 2022 and 2021, the unused commercial paper facilities where the Company has signed agreements with financial institutions were NT\$1,600,000 thousand and NT\$1,220,000 thousand, respectively.

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

18. Financial liabilities at fair value through profit and loss

Financial liabilities at fair value through profit and loss by the Company is listed below:

	<u>2022.12.31</u>	<u>2021.12.31</u>
<u>Derivatives</u>		
Put option - others	<u>\$12,034</u>	<u>\$-</u>

The Company's put options are embedded derivatives identified from the issuance of convertible corporate bonds. Please refer to Note 6.21 for relevant information.

19. Call loans to banks

	<u>2022.12.31</u>	<u>2021.12.31</u>
Government bonds	\$622,818	\$1,750,206
Corporate bonds	1,456,493	1,700,561
Convertible corporate bonds	20,135	353,625
Total	<u>\$2,099,446</u>	<u>\$3,804,392</u>

The bond liabilities investments under repurchase agreement conducted by the Company as of December 31, 2022 and 2021 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\$2,100,819 thousand and NT\$3,805,139 thousand, respectively, with the annual interest rates of 0.6750%–1.1520% and 0.1710%–0.2970%, respectively.

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

20. Accounts payable

	<u>2022.12.31</u>	<u>2021.12.31</u>
Accounts payable – related parties	\$1	\$-
Accounts payable – non-related parties		
Settlement price	161,606	990,753
Settlement payable – brokerage	1,556,916	2,978,943
Settlement payable – non-brokerage	1,637	387
Processing fee payable discounts	38,007	69,831
Interest payable	683	423
Others	13,404	6,593

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

Total	<u>\$1,772,254</u>	<u>\$4,046,930</u>
-------	--------------------	--------------------

21. Corporate bonds payable

	<u>2022.12.31</u>	<u>2021.12.31</u>
Domestic convertible corporate bonds payable	\$674,201	\$763,524
Less: Current portion	-	-
Net value	<u>\$674,201</u>	<u>\$763,524</u>

Domestic convertible corporate bonds payable

	<u>2022.12.31</u>	<u>2021.12.31</u>
Liability elements:		
Face value of domestic convertible corporate bonds payable	\$622,900	\$689,400
Premium payable on domestic convertible corporate bonds	51,301	74,124
Subtotal	<u>674,201</u>	<u>763,524</u>
Less: Current portion	-	-
Net value	<u>\$674,201</u>	<u>\$763,524</u>
Embedded derivative financial instruments- Assets	<u>\$-</u>	<u>\$1,787</u>
Embedded derivative financial instruments- Liabilities	<u>\$12,034</u>	<u>\$-</u>
Equity elements	<u>\$36,297</u>	<u>\$40,172</u>

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

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

- 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, 2022 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, 2022, the Company redeemed and canceled domestic unsecured convertible bonds in the amount of NT\$66,500 thousand, and the remaining balance of the outstanding bonds was NT\$622,900 thousand, and the amount of those converted was NT\$10,600 thousand.

22. Retirement benefits plan

Defined contribution pension plan

The Company 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 monthly labor pension contribution rate shall not be less than 6% of the monthly salary of employees.

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

The Company 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 Company for 2022 and 2021 was NT\$24,602 thousand and NT\$23,777 thousand, respectively.

Defined benefit plan

The employee pension plan stipulated by the Company 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 Company contributes 2% of the total salary 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 Company 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 Company 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, 2022, the Company's defined benefit plan is expected to appropriate NT\$1,407 thousand in the next year.

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

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

	<u>2022.12.31</u>	<u>2021.12.31</u>
Weighted average duration of defined benefit obligations	12 years	14 years

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

	<u>2022</u>	<u>2021</u>
Current service cost	\$-	\$-
Net interest on net defined benefit liabilities (assets)	233	76
Total	<u>\$233</u>	<u>\$76</u>

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

	<u>2022.12.31</u>	<u>2021.12.31</u>	<u>2021.1.1</u>
Present value of the defined benefit obligations	\$59,508	\$93,914	\$78,504
The fair value of plan assets	(64,601)	(62,799)	(59,843)
Net determined benefit liability (asset) – non-current	<u>\$(5,093)</u>	<u>\$31,115</u>	<u>\$18,661</u>

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)
2021.1.1	\$78,504	\$(59,843)	\$18,661
Current service cost	-	-	-
Interest expenses (revenues)	322	(246)	76
Subtotal	<u>78,826</u>	<u>(60,089)</u>	<u>18,737</u>
Defined benefit liabilities/assets remeasurement amount			
Actuarial gains and losses resulting from changes in demographic assumption	288	-	288
Actuarial gains and losses resulting from changes in financial assumption	18,862	-	18,862

Notes to the individual financial statements of Horizon Securities Co., Ltd. (continued)
(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)
Experience adjustments	(4,062)	-	(4,062)
Defined benefit assets remeasurement amount	-	(829)	(829)
Subtotal	15,088	(829)	14,259
Contributions of employer	-	(1,881)	(1,881)
2021.12.31	93,914	(62,799)	31,115
Current service cost	-	-	-
Interest expenses (revenues)	704	(471)	233
Subtotal	94,618	(63,270)	31,348
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)

The following key assumptions are used to determine the Company's defined benefit plan:

	2022.12.31	2021.12.31
Discount rate	1.32%	0.75%
Expected salary increase rate	2.00%	3.00%

Sensitivity analysis of each major actuarial hypothesis:

2022		2021	
Increase of	Decrease of	Increase of	Decrease of

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

	defined benefit obligations	defined benefit obligations	defined benefit obligations	defined benefit obligations
Discount rate increased by 0.5%	\$-	\$3,216	\$-	\$6,273
Discount rate decreased by 0.5%	4,027	-	6,796	-
Expected salary increase by 0.5%	3,979	-	6,608	-
Expected salary decrease by 0.5%	-	3,212	-	6,170

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.

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

23. Liability reserve

	Employee benefits liability	Decommissi oning liability	Others	Total
2022.1.1	\$613	\$9,357	\$5,578	\$15,548
Increase	313	2,463	210	2,986
Reversed	(613)	(289)	-	(902)
2022.12.31	\$313	\$11,531	\$5,788	\$17,632
2021.1.1	\$501	\$3,478	\$5,369	\$9,348
Increase	613	6,821	209	7,643
Reversed	(501)	(942)	-	(1,443)
2021.12.31	\$613	\$9,357	\$5,578	\$15,548
Current	\$313	\$-	\$5,788	\$6,101
Non-current	-	11,531	-	11,531
2022.12.31	\$313	\$11,531	\$5,788	\$17,632
Current	\$613	\$-	\$5,578	\$6,191
Non-current	-	9,357	-	9,357
2021.12.31	\$613	\$9,357	\$5,578	\$15,548

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

24. Equity

(1) Common stock

As of December 31, 2022 and 2021, the Company's registered capital was NT\$6,000,000 thousand, and the outstanding share capital was NT\$3,512,516 thousand and NT\$3,313,694 thousand, respectively, with par value of NT\$10 per share, i.e. 351,252 thousand shares and 331,369 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

	<u>2022.12.31</u>	<u>2021.12.31</u>
Issuance premium	\$14,750	\$14,750
Treasury stock trade	305,181	304,521
Stock options	36,297	40,172
Total	<u>\$356,228</u>	<u>\$359,443</u>

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

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

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.

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 2022 and 2021 proposed by the Company's board of directors on February 23, 2023 and resolved by the shareholders' meeting on May 27, 2022 are listed as follows:

<u>Earnings appropriation and distribution plan</u>	<u>Dividend Per Share (NTD)</u>
---	-------------------------------------

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

	2022	2021	2022	2021
Legal reserve appropriated	\$-	\$122,501		
Appropriation of special reserve	-	245,003		
Common stock cash dividends	-	596,465	\$-	\$1.80
Common stock dividends	-	198,822	-	0.60

Please refer to Note 6.29 for the relevant information about employee remuneration and directors' remuneration assessment basis and recognized amount.

25. Operating income

(1) Brokerage fee revenue

	2022	2021
Brokerage for centralized securities exchange market	\$467,025	\$798,677
Over-the-counter brokerage	136,709	206,430
Futures brokerage fee revenue	40,546	35,363
Other service fee revenue	51,680	1,676
Total	\$695,960	\$1,042,146

(2) Underwriting business revenue

	2022	2021
Firm commitment underwriting revenue	\$15,519	\$23,081
Underwriting revenue	8,899	14,795
Underwriting consulting revenue	16,900	16,150
Others	35,489	13,710
Total	\$76,807	\$67,736

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

	2022	2021
Gain (loss) on sales of securities - proprietary	\$(121,923)	\$1,408,716
Gain on sale of securities – underwriting	14,935	61,558
Total	\$(106,988)	\$1,470,274

(4) Interest revenue

2022	2021
------	------

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

Bonds interest revenue	\$20,846	\$26,009
Interest revenue – non-restricted purpose loans	13,555	9,420
Others	316	40
Total	<u>\$34,717</u>	<u>\$35,469</u>

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

	2022	2021
Securities – proprietary	\$(154,965)	\$(87,211)
Securities – underwriting	(5,816)	(4,959)
Total	<u>\$(160,781)</u>	<u>\$(92,170)</u>

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

	2022	2021
Futures contract gain (loss) – net	\$47,249	\$(17,309)
Net loss from options trade	(3,399)	(453)
Total	<u>\$43,850</u>	<u>\$(17,762)</u>

(7) Expected credit impairment loss and reversal benefit

	2022	2021
Note receivable and account receivable	\$17	\$286
Other receivables	(47)	(157)
Others	(4)	5
Total	<u>\$(34)</u>	<u>\$134</u>

Please refer to Note 12 for credit risk related information.

The Company'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, 2022 and 2021 are as follows:

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, 2022

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

	Not overdue (Note)	Number of days overdue			Total
		Within 30		Over 61	
		days	31–60 days	days	
Total book value	\$2,637,434	\$151	\$191	\$918	\$2,638,694
Loss rate	0.0006%	4.0660%	7.4850%	20.0000%~ 100.0000%	
Anticipated credit loss within the perpetuity of the financial assets	(15)	(6)	(15)	(184)	(220)
Subtotal	\$2,637,419	\$145	\$176	\$734	\$2,638,474

December 31, 2021

	Not overdue (Note)	Number of days overdue			Total
		Within 30		Over 61	
		days	31–60 days	days	
Total book value	\$4,807,214	\$1,347	\$-	\$1,143	\$4,809,704
Loss rate	0.0001%	1.0250%	2.1724%	20.0000%~ 100.0000%	
Anticipated credit loss within the perpetuity of the financial assets	(7)	(14)	-	(372)	(393)
Subtotal	\$4,807,207	\$1,333	\$-	\$771	\$4,809,311

Note: The Company'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 Company's and notes receivable, accounts receivable, other receivables, and other allowances for losses for the years 2022 and 2021 are as follows:

	Note receivable and account receivable	Other receivables	Others	Total
	2022.1.1	\$29	\$363	\$1
Increase (reversed)	(17)	47	4	34
Write-off due to the inability to recover	-	(207)	-	(207)
2022.12.31	\$12	\$203	\$5	\$220
2021.1.1	\$315	\$247	\$6	\$568
Increase (reversed)	(286)	157	(5)	(134)
Write-off due to the inability to recover	-	(41)	-	(41)
2021.12.31	\$29	\$363	\$1	\$393

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

26. Other operating revenue

	2022	2021
Consultancy fee income	\$40	\$6
Net loss on out-trades	(450)	(942)
Account maintenance fee income	5,071	4,949
Foreign exchange gain (loss) – net	8,671	(2,190)
Others	68	53
Total	<u>\$13,400</u>	<u>\$1,876</u>

27. Financial costs

	2022	2021
Repo bond interest	\$20,295	\$9,921
Funding interest	52	390
Interest from commercial paper	26	445
Interest on lease liabilities	1,338	1,037
Interest on convertible corporate bonds	(16,914)	(9,941)
Others	136	3
Total	<u>\$4,933</u>	<u>\$1,855</u>

28. Leases

(1) The Company is the lessee.

The Company 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 Company'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

	2022.12.31	2021.12.31
Buildings and structures	\$118,918	\$79,142
Transportation equipment	5,300	5,476
Total	<u>\$124,218</u>	<u>\$84,618</u>

The Company increased the right-of-use assets in the amount of

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

NT\$122,973 thousand and NT\$21,595 thousand in 2022 and 2021, respectively.

(b) Lease liabilities

	<u>2022.12.31</u>	<u>2021.12.31</u>
Lease liabilities		
Current	\$35,703	\$45,643
Non-current	78,650	21,272
Total	<u>\$114,353</u>	<u>\$66,915</u>

Please refer to Note 6.27 for the interest expenses of the Company's lease liabilities in 2022 and 2021; please refer to Note 12.4—liquidity risk management—for the maturity analysis of lease liabilities as of December 31, 2022 and 2021.

B. Amount recognized in the statement of comprehensive income

Depreciation of right-of-use assets

	<u>2022</u>	<u>2021</u>
Buildings and structures	\$73,231	\$57,537
Transportation equipment	4,002	3,318
Total	<u>\$77,233</u>	<u>\$60,855</u>

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

	<u>2022</u>	<u>2021</u>
Short-term lease expense	<u>\$191</u>	<u>\$266</u>
Lease of low-value assets (excluding the expenses of short-term lease of low-value assets)	<u>\$474</u>	<u>\$661</u>

D. Lessee's cash outflow from leasing activities

The Company's total cash outflow from the leases in 2022 and 2021 was NT\$67,043 thousand and NT\$65,771 thousand, respectively.

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

<u>Items</u>	<u>2022</u>	<u>2021</u>
Employee benefits expenses		
Salaries and wages	\$498,629	\$772,322
Labor insurance and national health insurance	48,490	44,245
Pension expenses	24,835	23,854

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

Remuneration to Directors	11,334	58,052
Other employee benefits expenses	18,467	18,962
Total	<u>\$601,755</u>	<u>\$917,435</u>
Depreciation and amortization expenses		
Depreciation expenses	\$99,507	\$77,702
Amortization expenses	16,839	11,710
Total	<u>\$116,346</u>	<u>\$89,412</u>

Because of the characteristics of the industry, the employment, depreciation, and amortization expenses incurred by the Company 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.

The Company suffered a loss in 2022, so it did not estimate employee remuneration and director and supervisor remuneration. In the year of 2021, the Company's employee remuneration and the director remuneration were estimated at NT\$30,000 thousand and NT\$41,000 thousand, respectively, and the employee remuneration of NT\$30,000 thousand and the remuneration to directors of NT\$41,000 thousand were recognized under salaries and wages, respectively.

The Company paid out the 2021 remuneration to employees and directors in the amounts of NT\$30,000 thousand and NT\$41,000 thousand, respectively, which have no significant difference from the amounts estimated in the 2021 financial report.

30. Other profits and losses

	<u>2022</u>	<u>2021</u>
Financial income	\$23,934	\$8,563
Net gain on investment disposal	-	2,353
Net loss on open-end funds and money market instruments at fair value through profit or loss	(4,396)	(8,634)
Dividend income	3,077	2,835

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

Rent revenue	31,519	24,407
Agency fee income	108,169	118,927
Gain on redemption of corporate bonds	14,172	-
Others	2,065	5,607
Total	<u>\$178,540</u>	<u>\$154,058</u>

31. Other comprehensive income

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	<u>\$25,302</u>	<u>\$-</u>	<u>\$25,302</u>	<u>\$-</u>	<u>\$25,302</u>

2021

	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	\$(14,259)	\$-	\$(14,259)	\$-	\$(14,259)
Unrealized valuation gains or losses of equity instruments investments in financial assets measured at FVTOCI	57,056	-	57,056	-	57,056
Total current period other comprehensive income	<u>\$42,797</u>	<u>\$-</u>	<u>\$42,797</u>	<u>\$-</u>	<u>\$42,797</u>

32. Income tax

The main composition of income tax expenses is as follows:

Income tax recognized in profit or loss

	2022	2021
Current income tax expenses:		
Payable income tax for the current period	\$35,287	\$130,663
Previous income taxes adjusted into the current year	(3,621)	530
Deferred tax (benefit) expense:		

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

Deferred tax (benefit) expense related to the original generation of the temporary difference and its reversal	<u>(765)</u>	<u>(1,291)</u>
Income tax expenses	<u>\$30,901</u>	<u>\$129,902</u>

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

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

	<u>2022</u>	<u>2021</u>
Net income before tax of the continuing business units	<u>\$(189,283)</u>	<u>\$1,369,175</u>
Income tax calculated at the Company's statutory income tax rate	\$(37,856)	\$273,835
Income tax effect of the tax-free income	73,701	(237,051)
Income tax effect of non-deductible expenses on tax returns	(2,627)	(1,984)
Income tax effect of deferred income tax assets/liabilities	(765)	(1,291)
Surtax of profit-seeking enterprise income tax on undistributed earnings	2,656	3,615
Previous income taxes adjusted into the current year	(3,621)	530
Other Income tax effects adjusted according to tax laws	(587)	92,248
Total income tax expense recognized in profit and loss	<u>\$30,901</u>	<u>\$129,902</u>

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

2022

	<u>Opening balance</u>	<u>Recognized in the profit or loss</u>	<u>Balance, ending</u>
Temporary difference			
Unrealized allowance for bad debts	\$(1,118)	\$1,118	\$-
Unrealized decommissioning cost liability	1,003	694	1,697
Unrealized short-term employee benefits	123	(60)	63
Unrealized net defined benefit liability	2,935	47	2,982
Unrealized foreign exchange loss or gain	1,111	(1,468)	(357)
Unrealized valuation gains on financial assets	-	393	393
Unrealized estimated litigation indemnity	1,116	41	1,157
Deferred income tax expenses		<u>\$765</u>	
Deferred income tax assets (liabilities), net	<u>\$5,170</u>		<u>\$5,935</u>

The information expressed on the balance sheet is as follows:

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

	Opening balance	Recognized in the profit or loss	Balance, ending
Deferred income tax assets	\$6,288		\$6,292
Deferred tax liabilities	\$(1,118)		\$(357)

2021

	Opening balance	Recognized in the profit or loss	Balance, ending
Temporary difference			
Unrealized allowance for bad debts	\$(678)	\$(440)	\$(1,118)
Unrealized decommissioning cost liability	546	457	1,003
Unrealized short-term employee benefits	100	23	123
Unrealized net defined benefit liability	2,920	15	2,935
Unrealized foreign exchange loss or gain	(83)	1,194	1,111
Unrealized estimated litigation indemnity	1,074	42	1,116
of the temporary difference and its reversal		\$1,291	
Deferred income tax assets (liabilities), net	\$3,879		\$5,170
The information expressed on the balance sheet is as follows:			
Deferred income tax assets	\$4,640		\$6,288
Deferred tax liabilities	\$(761)		\$(1,118)

Unrecognized deferred income tax asset

As of December 31, 2022 and 2021, the total amount of the Company's unrecognized deferred income tax assets was NT\$25,315 thousand.

Income tax declaration and audit

As of December 31, 2022, the filings of the Company's profit-seeking enterprise income tax up to 2020 were approved by the tax collection authority.

33. 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

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

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.

	<u>2022</u>	<u>2021</u>
(1) Basic earnings per share		
Current net income	<u>\$(220,184)</u>	<u>\$1,239,273</u>
Weighted average number of common stock shares (thousand shares) of the earnings per share	<u>351,252</u>	<u>350,863</u>
Base earnings per share (\$)	<u>\$(0.63)</u>	<u>\$3.53</u>
	<u>2022</u>	<u>2021</u>
(2) Diluted earnings per share		
Net income attributable to the holders of common stock of the parent company	\$(220,184)	\$1,239,273
Interest on convertible corporate bonds	-	<u>(9,941)</u>
Net income attributable to the holders of common stock of the parent company after adjustment to the dilution effect	<u>\$(220,184)</u>	<u>\$1,229,332</u>
Weighted average number of common stock shares (thousand shares) of the earnings per share	351,252	350,863
Dilution effect:		
Employee remuneration – stock (thousand shares)	-	1,617
Convertible corporate bonds (thousand shares)	-	<u>22,239</u>
Weighted average number of common stock shares (thousand shares) after adjusting the dilution effect	<u>351,252</u>	<u>374,719</u>
Diluted earnings per share (NT\$)	<u>\$(0.63)</u>	<u>\$3.28</u>

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.

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

	<u>2022.12.31</u>	<u>2021.12.31</u>
Margin accounts – bank deposits	\$436,953	\$363,736
Margin accounts – settlement institution settlement	<u>140,199</u>	<u>155,881</u>

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

balance		
Customer margin account balance	577,152	519,617
Less: Processing fee income pending reclassification	(103)	(89)
Futures transaction tax to be transferred out	(68)	(80)
Temporary receipts	(696)	(15)
Futures traders' equity	<u>576,285</u>	<u>519,433</u>

35. Business combination

The Company obtained the FSC's approval for business transfer on December 2, 2020 to acquire the business rights and relevant assets of Kunglon Securities Co., Ltd. (hereinafter referred to as Kunglon Securities) and set up a branch at the original site of Kunglon Securities. The transaction amount was NT\$35,000 thousand, plus the consideration for the relevant rights on the record date of the business transfer as per the price adjustment mechanism agreed by both parties. The record date of business transfer agreed by both parties was February 17, 2021, and the relevant handover matters have been completed on the day.

The information on the consideration paid for the acquisition of Kunglon Securities' business and the fair value of the assets acquired on the acquisition date is as follows:

	<u>2021.2.17</u>
Acquisition consideration	
Paid in cash	<u>\$35,000</u>
Fair value of identifiable assets acquired	
Property and equipment	
Office equipment	\$357
Intangible assets	
Computer software	2,809
Business right	31,834
Subtotal	<u>34,643</u>
Total amount of identifiable assets	<u>\$35,000</u>

From February 17, 2021 (the Company acquired Kunglon Securities) to December 31, 2021, the operating income and pre-tax net income contributed by Kunglon Securities were NT\$100,840 thousand and NT\$68,712 thousand, respectively. If it is assumed that Kunglon Securities had been consolidated into the Company in 2021, the Group's operating income and pre-tax net income since January 1, 2021

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

would have increased by NT\$14,904 thousand and NT\$10,156 thousand, respectively.

7. Related party transactions

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

Name and relationship of related parties

Name	Affiliation
Horizon SICE CO., LTD.	Subsidiary of the Bank
Horizon Venture Capital Co., Ltd.	Subsidiary of the Bank
Horizon Venture Management Co., Ltd.	Subsidiary of the Bank
Mercuries & Associates Holding, LTD.	Entities with joint control or significant influence on the Company
Mercuries Life Insurance Co. Ltd.	Entities with joint control or significant influence on the Company
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 Company and other related parties engaged in the securities brokerage business is as follows:

	2022	2021
Subsidiaries		
Others	\$1	\$4
Entities with joint control or significant influence on the Company		
Others	5,677	3,432
Other related parties		
Others	236	29
Total	<u>\$5,914</u>	<u>\$3,465</u>

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

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

	<u>2022.12.31</u>	<u>2021.12.31</u>
<u>Accounts payable</u>		
Other related parties		
Others	<u>\$1</u>	<u>\$-</u>

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 Company conducts the underwriting advisory business for the related parties. The transaction situation is as follows:

	<u>2022</u>	<u>2021</u>
Entities with joint control or significant influence on the Company		
Others	\$1,200	\$1,356
Other related parties		
Others	-	3,024
Total	<u>\$1,200</u>	<u>\$4,380</u>

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

3. Stock affairs agency revenue

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

	<u>2022</u>	<u>2021</u>
Entities with joint control or significant influence on the Company		
Others	\$4,342	\$3,459
Other related parties		
Others	2,359	2,287
Total	<u>\$6,701</u>	<u>\$5,746</u>

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

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

	<u>2022.12.31</u>	<u>2021.12.31</u>
<u>Other receivables</u>		
Entities with joint control or significant influence on the Company		
Others	\$84	\$84
Other related parties		
Others	259	280
Total	<u>\$343</u>	<u>\$364</u>

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

	<u>2022</u>	<u>2021</u>
<u>Account maintenance fee income</u>		
Entities with joint control or significant influence on the Company		
Mercuries Life Insurance Co. Ltd.	<u>\$5,071</u>	<u>\$4,949</u>

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

	<u>2022.12.31</u>	<u>2021.12.31</u>
<u>Accounts receivable</u>		
Entities with joint control or significant influence on the Company		
Mercuries Life Insurance Co. Ltd.	<u>\$400</u>	<u>\$448</u>

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

5. Asset trade

2022

<u>Counterparties</u>	<u>Transaction object</u>	<u>Trade value</u>
<u>Stock purchase</u>		
Subsidiaries		
Others	TDCC stocks	\$10,400

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

Counterparties	Transaction object	Trade value
Entities with joint control or significant influence on the Company		
Mercuries Life Insurance Co. Ltd.	TDCC stocks	269,036
Mercuries & Associates Holding, LTD.	TDCC stocks	27,548
Total		\$306,984

Stock sale

Entities with joint control or significant influence on the Company

Mercuries Life Insurance Co. Ltd.	TDCC stocks	\$276,862
Mercuries & Associates Holding, LTD.	TDCC stocks	56,249
Other related parties		
Others	TDCC stocks	24,767
Total		\$357,878

Equipment

Other related parties

Others	Office equipment	\$2,800
--------	------------------	---------

2021

Counterparties	Transaction object	Trade value
<u>Stock purchase</u>		
Subsidiaries		
Others	TDCC stocks	\$66,540
Entities with joint control or significant influence on the Company		
Others	TDCC stocks	45,457
Other related parties		
Others	TDCC stocks	12,928
Total		\$124,925

Stock sale

Entities with joint control or significant influence on the Company

Others	TDCC stocks	\$17,564
Other related parties		
Others	TDCC stocks	19,797
Total		\$37,361

Bond purchase

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

Counterparties	Transaction object	Trade value
<u>Entities with joint control or significant influence on the Company</u>		
Mercuries Life Insurance Co. Ltd.	Over-the-counter bonds	\$200,000
Mercuries & Associates Holding, LTD.	Over-the-counter bonds	51,255
Total		<u>\$251,255</u>
 <u>Bond sale</u>		
<u>Entities with joint control or significant influence on the Company</u>		
Mercuries & Associates Holding, LTD.	Over-the-counter bonds	\$56,950
 <u>Note purchase</u>		
<u>Other related parties</u>		
Others	Short term bills	\$11,491
 <u>Note sale</u>		
<u>Other related parties</u>		
Others	Short term bills	\$11,491
 <u>Equipment</u>		
<u>Other related parties</u>		
Others	Office equipment	\$1,480

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 Company's disposal of the stocks held from the above-mentioned related parties are as follows:

	2022	2021
<u>Entities with joint control or significant influence on the Company</u>		
Mercuries & Associates Holding, LTD.	\$449	\$1,124
Mercuries Life Insurance Co. Ltd.	7,826	295
<u>Other related parties</u>		
Others	(15,174)	492
Total	<u>\$(6,899)</u>	<u>\$1,911</u>

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

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

	<u>2022</u>	<u>2021</u>
Entities with joint control or significant influence on the Company		
Mercuries & Associates Holding, LTD.	<u>\$-</u>	<u>\$5,695</u>

The details of interest on the bonds held by the company and the above related parties are as follows:

	<u>2022</u>	<u>2021</u>
Other related parties		
Others	<u>\$-</u>	<u>\$1</u>

6. The details of other operating expenses paid by the Company to related parties and the relationship between claims and debts are as follows:

	<u>2022</u>	<u>2021</u>
<u>Other operating expenses – service expense</u>		
Subsidiaries		
Horizon SICE Co., Ltd.	<u>\$37,500</u>	<u>\$41,000</u>

	<u>2022</u>	<u>2021</u>
<u>Other operating expenses – entertainment expense</u>		
Other related parties		
Others	<u>\$-</u>	<u>\$11</u>

	<u>2022</u>	<u>2021</u>
<u>Other operating expenses – advertising expense</u>		
Other related parties		
Others	<u>\$900</u>	<u>\$700</u>

	<u>2022</u>	<u>2021</u>
<u>Other operating expenses – miscellaneous expenses</u>		
Other related parties		
Others	<u>\$57</u>	<u>\$8</u>

	<u>2022.12.31</u>	<u>2021.12.31</u>
<u>Other payables</u>		
Subsidiaries		
Horizon SICE Co., Ltd.	<u>\$-</u>	<u>\$5,000</u>

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

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

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

	2022.12.31		2021.12.31	
	Number of shares (thousand shares)	Amount	Number of shares (thousand shares)	Amount
Subsidiaries				
Horizon SICE CO., LTD.	12,000	\$123,261	12,000	\$121,020
Horizon Venture Capital Co., Ltd.	60,000	503,140	60,000	517,029
Horizon Venture Management Co., Ltd.	2,000	24,098	2,000	21,503
Total		<u>\$650,499</u>		<u>\$659,552</u>
Entities with joint control or significant influence on the Company				
Others	70	<u>\$1,061</u>	1,400	<u>\$31,710</u>
Other related parties				
Others	-	<u>\$-</u>	428	<u>\$30,303</u>

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

	2022	2021
Subsidiaries		
Horizon Venture Management Co., Ltd.	\$960	\$-
Entities with joint control or significant influence on the Company		
Others	300	2,000
Other related parties		
Others	-	1,297
Total	<u>\$1,260</u>	<u>\$3,297</u>

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

	2022.12.31		2021.12.31	
	Face value	Market price	Face value	Market price
Entities with joint control or significant influence on the Company				
Mercuries Life Insurance Co. Ltd.	<u>\$200,000</u>	<u>\$199,999</u>	<u>\$200,000</u>	<u>\$200,000</u>

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

	2022	2021
Entities with joint control or significant influence on the Company		
Mercuries Life Insurance Co. Ltd.	<u>\$6,600</u>	<u>\$2,043</u>

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

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

	<u>2022.12.31</u>	<u>2021.12.31</u>
<u>Other receivables</u>		
Entities with joint control or significant influence on the Company		
Mercuries Life Insurance Co. Ltd.	\$2,043	\$2,043

9. Remuneration of key management personnel of the Company

	<u>2022</u>	<u>2021</u>
Short-term employee benefits	\$115,264	\$197,399
Retirement benefits	6,148	3,998
Total	<u>\$121,412</u>	<u>\$201,397</u>

8. Pledged assets

The Company has the following assets provided as collateral:

Items	Secured debt or restricted content	2022.12.31	2021.12.31
<u>Financial assets at fair value through profit and loss</u>			
Securities – proprietary (government bonds)	Call loans to banks	\$301,161	\$610,355
Securities – proprietary (corporate bonds)	Call loans to banks	1,390,803	1,707,894
Securities – proprietary (convertible bonds)	Call loans to banks	19,750	402,610
<u>Other current assets</u>			
Restricted assets (certificate of deposit)	Short-term borrowings and commercial paper	87,000	126,000
Restricted assets (certificate of deposit)	Settlement advance	215,000	270,000
Restricted assets (Current deposits)	Short-term borrowings (compensating balance)	16,000	15,000

9. Significant contingent liabilities and unrecognized contractual commitments

No such event

10. Significant disaster loss

No such event

11. Significant subsequent events

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

No such event

12. Others

1. Purpose and policy of financial risk management

(1) Risk management objectives and policies

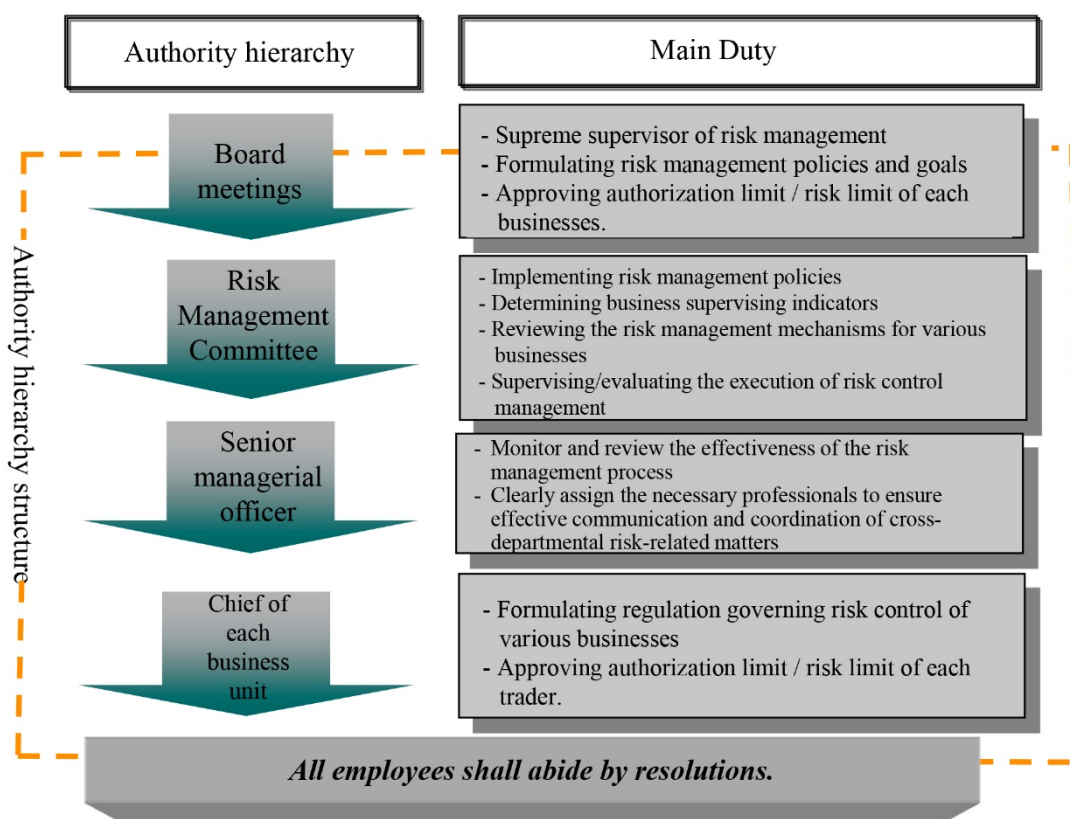
The Company's risk management policy is based on the current capital scale and the risk appetite determined by the board of directors to create the greatest return for shareholders, and to achieve the following goals:

- 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 Company adopts the authorization hierarchy system for risk management. Procedures of formulations and Approval of relevant policies are as follows:

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

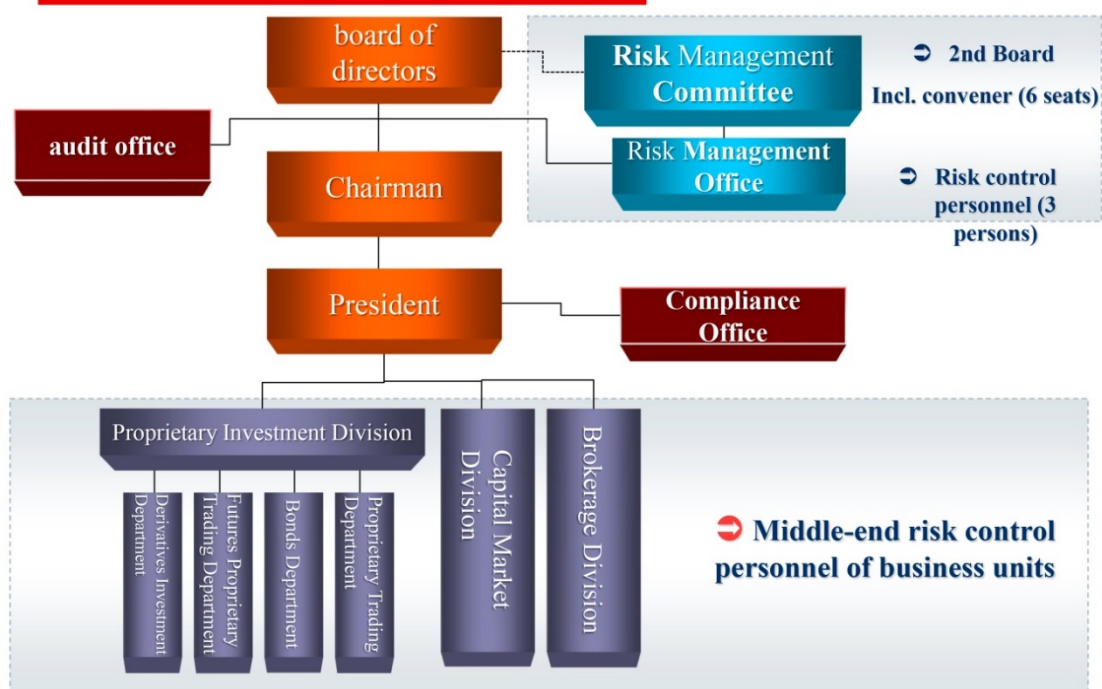


The Company adopts both top-down and bottom-up approaches. First, the Company determines the overall economic capital and risk appetite with the top-down approach. After the overall economic capital is determined, the economic capital of each unit is then determined based on the bottom-up approach to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

(3) Risk management organizations

- A. The Company’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:

Risk management organizational structure



B. The “Risk Management Committee” is the Company’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 Company’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 New 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 Company 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 Company'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 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 Company 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 Company 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 Company 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 Company'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 Company's capital adequacy ratio, interest rate, and exchange rate sensitivity analysis, and VaR over the past two years are as follows:

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

A. Capital adequacy ratio

Date \ Items	Current value	Mean	Max. value	Min. value
2022.12.31	463%	442%	481%	361%
2021.12.31	427%	385%	459%	312%

B. Sensitivity analysis

(a) Interest rate sensitivity analysis

The Company 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

Date \ Items	Average duration	Fluctuation by 1bp Amount of profit or loss affected (DV01)
2022.12.31	2.50	\$426
2021.12.31	3.25	747

Note: Perpetual debentures are not included.

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

Perpetual debentures

Unit: NTD thousand

Date \ Items	Average duration	Fluctuation by 1bp Amount of profit or loss affected (DV01)
2022.12.31	31.3	\$626
2021.12.31	31.3	626

(b) Exchange rate sensitivity analysis

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

Unit: NTD thousand

Date \ Items	Impact on the amount of profit and loss with exchange rate change by 1%
2022.12.31	\$348
2021.12.31	298

- C. The Company'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
2022.12.31	\$30,361	\$16,349	\$82,848	\$231
2021.12.31	67,248	80,506	116,721	32,618

(2) Back test

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

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

(3) Stress test

A. Stress tests are carried out on a regular basis in accordance with the Company'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 Company'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 crashed due to concerns about the accelerated speed of increase in interest rates on February 2, 2018. The Company set the loss ratios of the market values of both

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

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 Company 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 Company'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 Company'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 Company defines the credit risk control methods for each financial product as well as the authorization structure, reporting process, and operations at each level in

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

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 Company 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 Company must meet certain credit rating standards.

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

(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 Company 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.

(2) Capital liquidity risk

The Company 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 Company 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 Company'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

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

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
<u>2022.12.31</u>					
Short-term					
borrowings	\$50,019	\$-	\$-	\$-	\$50,019
Payables	1,885,584	-	-	-	1,885,584
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
	Less than 1 year	2–3 years	4–5 years	Over 5 years	Total
<u>2021.12.31</u>					
Short-term					
borrowings	\$50,010	\$-	\$-	\$-	\$50,010
Commercial papers payable	150,000	-	-	-	150,000
Payables	4,416,637	-	-	-	4,416,637
Call loans to banks	3,805,139	-	-	-	3,805,139
Corporate bonds payable	-	-	689,400	-	689,400
Lease liabilities (Note)	62,087	55,883	39,448	2,466	159,884

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

Derivative financial liabilities

	Less than 1 year	2–3 years	4–5 years	Over 5 years	Total
<u>2022.12.31</u>					
Inflow	\$2,074,397	\$-	\$-	\$-	\$2,074,397
Outflow	(666,918)	-	-	-	(666,918)
Net value	<u>\$1,407,479</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$1,407,479</u>
	Less than 1 year	2–3 years	4–5 years	Over 5 years	Total
<u>2021.12.31</u>					

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

	Less than 1 year	2–3 years	4–5 years	Over 5 years	Total
Inflow	\$307,150	\$-	\$-	\$-	\$307,150
Outflow	(788,283)	-	-	-	(788,283)
Net value	<u>\$ (481,133)</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$ (481,133)</u>

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

5. Operational risk management

The Company 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 Company’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 Company 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 Company has established the Compliance Office, serving as the supervising unit, and providing legal consultation for each business units. The Company 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.

8. Climate Change and Environmental Sustainability Risks Management

The Company adopts the TCFD framework to identify its climate change and

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

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.

The four core elements of the TCFD framework are as follows:

(1) Governance: Governance of climate change risks and opportunities

- A. The Company has included the environmental protection and sustainable governance in its CSR in the form of a GRI table in accordance with guidelines and framework of the Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TPEX Listed Companies, the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies, and the Global Reporting Initiative (GRI) since 2014.
- B. As the impact of climate change on the environment, ecology, and economic industry poses a significant threat to the Company's sustainable development, to attach importance to climate change issues and management, it amended the Guidelines for Risk Management Policies in 2021 to include climate change risks and submitted it to the board of directors for approval after deliberation by the Risk Management Committee.

(2) Strategy: Assess the actual and potential impacts of climate risks and opportunities and their financial impact on the Company and devise countermeasures.

Risk	Description of risk	Financial impact	Countermeasures
Climate change risk	Physical risk Natural disasters, such as typhoons, floods, droughts, and other extreme climate events bear a risk of operational interruption	<ul style="list-style-type: none"> ● Revenue loss ● Increase in costs 	<ul style="list-style-type: none"> ● Crisis response regulations: remote work mechanism ● Regular stress tests to examine changes in the ratios of the Company's shareholders' equity to total assets and capital adequacy ratio
	Transition risk Changes in energy conservation, carbon reduction, and resource use strategies	<ul style="list-style-type: none"> ● Increase in operating expenses 	<ul style="list-style-type: none"> ● Adoption of energy efficient equipment ● Development of digital finance ● Implementation of green energy procurement

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

	Corporate carbon footprint and greenhouse gas emissions control	<ul style="list-style-type: none"> ● Carbon tax to be levied in the future, the impact of carbon credit trading, or the increase in the operating cost due to fines for the excess of the maximum quantity. 	<ul style="list-style-type: none"> ● Inventory and disclosure of carbon footprints and greenhouse gas emission data ● Setting of emission reduction targets
--	---	--	---

Risk	Description of risk	Financial impact	Countermeasures
Climate change opportunities Improvement to the business image and increased opportunities for business development and proprietary trading investment	Improvement to the transparency of corporate environmental sustainability to meet clients' requirements on brokers and underwriters selection	<ul style="list-style-type: none"> ● Increased brokerage income from government funds, professional investment institutions, and orders in investment trust ● Increased underwriting cases from green energy enterprises to increase underwriting income 	<ul style="list-style-type: none"> ● Support for climate change carbon reduction and adaptation policies, disclosure of financial-related information under the TCFD framework, and increased communication with the public. ● Collection of industry information to assess whether each underwriting client's industry and business are vulnerable to the impact of climate change risks, leading to a negative impact, and use of a green finance assessment form to conduct an in-depth KYC process as an indicator to strive for the underwriting business.
	Emerging futures or financial product investment	<ul style="list-style-type: none"> ● Increased proprietary trading income 	<ul style="list-style-type: none"> ● Support for TCFD; proprietary traders understand the connection between the operational development of each investment target and climate change and environmental sustainability through regular interviews and review of financial reports. It is hoped that companies will use the climate-related financial information disclosed in financial reports to guide proprietary trading in the green energy industry.

(3) Risk management: A risk mechanism of identifying and measuring climate change

A. To implement climate change management with reference to the reports and information released by relevant institutions at home and abroad, the Company manages to keep abreast of the international standards and responds and makes adjustments accordingly in real time. In addition, it should include the impact factors of climate change in the operational strategy planning and decision-making process, evaluate the relevant impacts,

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

countermeasures, and business opportunities in daily business activities, and include it in the Company's risk management executive report and submit it to the Risk Management Committee and the board of directors.

- B. For the climate change-related scenarios, the Company identifies short-, medium-, and long-term climate change risks and opportunities. The Risk Management Office considers the potential physical and transition risks and performs stress tests on the main impact of typhoons, floods, and other disasters on the Company's financial business and the inventory of greenhouse gas emissions based on the potential impact and potential vulnerability every year, to simulate the impact of an event on the Company and devise countermeasures and relevant mitigation measures.
- C. External disclosure and communication: Discloses are made in the CSR report and the Company's website.

(4) Indicators and goals: The indicators used in the evaluation as per the strategies and the management process and the results of achieving the goals.

- A. From the Kyoto Protocol in 1997 to the Paris Agreement in 2015, the world has been trying to address climate change, with the goal of limiting warming to 2°C by the end of this century or at least the 1.5°C target in a new report by the Intergovernmental Panel on Climate Change (IPCC). To jointly work to address the issue of global warming, the Company has set an energy saving target of at least 1% reduction of power consumption every year through the adjustment of power resources and the improvement to energy efficiency.
- B. Under the trend of automation and paperless office environment, the Company has also transformed various workflows with emerging technologies to improve work efficiency, improve the decision-making analysis model, and reduce operating expenses, such as accelerating the online account opening platform, optimizing the electronic trading platform, regularly working with stock market experts to hold online live seminars, launching the AI stock selection and ordering services, and providing customers with diverse market information and new trading knowledge on the social community, while being committed to continuously upgrading customer services.
- C. In addition to reducing energy costs by updating water and power efficient equipment, the Group strengthens employee training and education, to continue to promote the concept of energy conservation and environmental protection. Further, the Company has established a comprehensive paperless environment, including the e-office administrative procedures, electronic trading statements, and electronic order placement, and upgraded the automated information systems and transformed various workflows to reduce paper consumption and improve work efficiency as well.

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

D. It regularly interviews the investment targets and reviews their financial reports to further understand the connection between the operational development of each investment target and climate change, to guide a certain proportion of investment in enterprises with environmental sustainability and green energy indicators.

9. Other emerging risks management:

In order to cope with the 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 Company has formulated the Information Security Management Regulations and the Personal Data File Maintenance Plan and Personal Data Disposal Method after Business Termination for the critical risk areas of information security and personal data protection, respectively, as a reference for security level assessment in response to the execution of various information security tasks.

10. Reconciliation of liabilities from financing activities

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	\$66,915	\$1,030,434
Cash flows					
- Inflow	66,031,596	29,979	-	-	66,061,575
- Outflow	(66,031,596)	(180,000)	(62,236)	(65,140)	(66,338,972)
Non-cash changes	-	26	(27,087)	112,578	85,517
2022.12.31	\$50,000	\$-	\$674,201	\$114,353	\$838,554

Information on reconciliation of liabilities for the year 2021:

	Short-term borrowings	Commercial papers payable	Corporate bonds payable	Lease liabilities	Total liabilities from financing activities
2021.1.1	\$-	\$199,936	\$-	\$115,948	\$315,884
Cash flows					
- Inflow	137,741,730	1,614,614	822,374	-	140,178,718
- Outflow	(137,691,730)	(1,665,000)	-	(64,844)	(139,421,574)
Non-cash changes	-	445	(58,850)	15,811	(42,594)
2021.12.31	\$50,000	\$149,995	\$763,524	\$66,915	\$1,030,434

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

11. Categories of financial instruments

<u>Financial assets</u>	<u>2022.12.31</u>	<u>2021.12.31</u>
Financial assets measured at fair value through profit or loss		
Measured at fair value through income under compulsion	\$2,340,090	\$4,238,739
Financial assets at fair value through other comprehensive profit or loss	153,245	162,840
Financial assets based on cost after amortization (Note)	6,556,827	10,015,834
Total	<u>\$9,050,162</u>	<u>\$14,417,413</u>
<u>Financial liabilities</u>	<u>2022.12.31</u>	<u>2021.12.31</u>
Financial liabilities at fair value through profit and loss:		
Financial liabilities mandatorily measured at fair value through profit or loss	\$12,034	\$-
Financial liabilities based on cost after amortization:		
Short-term borrowings	50,000	50,000
Commercial papers payable	-	149,995
Call loans to banks	2,099,446	3,804,392
Futures traders' equity	576,286	519,433
Corporate bonds payable	674,201	763,524
Payables	1,882,947	4,394,703
Lease liabilities	114,353	66,915
Total	<u>\$5,409,267</u>	<u>\$9,748,962</u>

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

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

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.

13. Transfer of financial assets

Transferred financial assets not being removed in all

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

In the daily trading activities of the Company, 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 Company's liabilities from repurchasing the obligation of the transferred financial assets at a fixed price in the future. For this type of trade, the Company cannot use, sell, or pledge the transferred financial assets within the effective period of trade. The Company shall still assume related interest risk and credit risk and the assets are not removed.

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

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)

December 31, 2021					
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	\$3,871,439	\$3,804,392	\$3,871,439	\$3,804,392	\$67,047

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

The Company'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:

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

December 31, 2022

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

Financial liabilities subject to offsetting, master netting arrangement, or similar agreements						
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)	Relevant amounts not offset in the balance sheet (d)		Net value (e)= (c)- (d)
				Financial instruments (Note)	Cash collateral received	
Repurchase agreement	\$2,099,446	\$-	\$2,099,446	\$2,099,446	\$-	\$-

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

December 31, 2021

Financial assets subject to offsetting, master netting arrangement, or similar agreements						
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)	Relevant amounts not offset in the balance sheet (d)		Net value (e)= (c)- (d)
				Financial instruments (Note)	Cash collateral received	
Reverse repurchase agreement	\$1,150,580	\$-	\$1,150,580	\$1,150,580	\$-	\$-

Financial liabilities subject to offsetting, master netting arrangement, or similar agreements						
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)	Relevant amounts not offset in the balance sheet (d)		Net value (e)= (c)- (d)
				Financial instruments (Note)	Cash collateral received	
Repurchase agreement	\$3,804,392	\$-	\$3,804,392	\$3,804,392	\$-	\$-

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

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

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 Company 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, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Non-derivatives</u>				
<u>Assets</u>				
Financial assets at fair value through profit and loss				
Stock investment	\$404,595	\$-	\$3,496	\$408,091
Bond investment	1,173,876	594,207	-	1,768,083
Fund investment	15,350	82,579	-	97,929
Unrealized valuation gains or losses of equity instruments investments				
Equity measured at fair value through other comprehensive income	50,040	-	103,205	153,245
<u>Derivatives</u>				
<u>Assets</u>				
Financial assets at fair value through profit and loss				
Futures trading margin – proprietary capital	65,843	-	-	65,843

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

	Level 1	Level 2	Level 3	Total
Call option - non-hedging	144	-	-	144
<u>Liabilities</u>				
Financial liabilities at fair value through profit and loss				
Call option - others	-	12,034	-	12,034
 <u>December 31, 2021</u>				
	Level 1	Level 2	Level 3	Total
<u>Non-derivatives</u>				
<u>Assets</u>				
Financial assets at fair value through profit and loss				
Stock investment	\$1,288,117	\$-	\$6,130	\$1,294,247
Bond investment	2,418,051	403,129	-	2,821,180
Fund investment	7,774	82,151	-	89,925
Unrealized valuation gains or losses of equity instruments investments				
Equity measured at fair value through other comprehensive income	70,380	-	92,460	162,840
<u>Derivatives</u>				
<u>Assets</u>				
Financial assets at fair value through profit and loss				
Futures trading margin – proprietary capital	31,600	-	-	31,600
Call option - others	-	1,787	-	1,787

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

For the years 2022 and 2021, the Company'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 Company'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
2022.1.1	\$6,130	\$92,460
Total profit or loss recognized for 2022		
Recognized in the profit or loss	(1,878)	-

Notes to the individual financial statements of Horizon Securities Co., Ltd. (continued)
(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
Recognized in the other comprehensive income	-	10,608
Acquisition	304	137
Disposition	(2,342)	-
Conversion into Level 3	1,282	-
2022.12.31	<u>\$3,496</u>	<u>\$103,205</u>
	Assets	
	Measured at fair values through profit and/or loss	Unrealized valuation gains or losses of equity instruments investments
	Stock	Stock
2021.1.1	\$5,685	\$57,364
Total profit or loss recognized for 2022		
Recognized in the profit or loss	445	-
Recognized in the other comprehensive income	-	35,096
Conversion into Level 3	1	-
Conversion from Level 3	(1)	-
2021.12.31	<u>\$6,130</u>	<u>\$92,460</u>

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

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

December 31, 2022

	Valuation technique	Significant unobservable input value	Quantitative information	Relationship between input value and fair value
<u>Financial assets</u>				
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	Return on investment	7.00%	The higher the return on

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

approach

investment, the lower the estimated fair value.

December 31, 2021

	<u>Valuation technique</u>	<u>Significant unobservable input value</u>	<u>Quantitative information</u>	<u>Relationship between input value and fair value</u>
<u>Financial assets</u>				
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	3.00%~3.50%	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 Company'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 Company'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, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
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

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

December 31, 2021

	Level 1	Level 2	Level 3	Total
Assets with only fair value required to be disclosed:				
Financial assets based on cost after amortization	\$-	\$200,000	\$-	\$200,000
Liabilities with only fair value required to be disclosed:				
Corporate bonds payable	-	661,341	-	661,341

16. Information on foreign currency positions held

The information regarding financial assets and liabilities dominated by foreign currency which might arouse material effect:

	2022.12.31		
	Foreign currency (NT\$)	Exchange rate	NTD
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$3,595,209	30.7080	\$110,402
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
JPY	14,283,720	0.2324	3,320
AUD	15,769	20.8262	328
<u>Non-Currency</u>			
HKD	10,032,000	3.9384	39,510
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	591,700	30.7080	18,170
HKD	245,693	3.9384	968
		2021.12.31	
	Foreign currency (NT\$)	Exchange rate	NTD
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$2,394,883	27.6900	\$66,314
HKD	1,517,338	3.5506	5,387
CNY	621	4.3406	3
GBP	18,190	37.3067	679
EUR	216,327	31.3382	6,779
JPY	19,240,580	0.2406	4,629
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	223,108	27.6900	6,178
HKD	633,746	3.5506	2,250

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

Due to the wide variety of foreign currencies of the Company, 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 Company's net gains (losses) on foreign currency exchange in 2022 and 2021 were NT\$8,671 thousand and NT\$(2,190) thousand, respectively.

17. Derivatives

Derivatives

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

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

Futures brokerage	2022.12.31		
	Account balance	Profit (loss) on open positions	Net value of account
Taiwan Futures Exchange	\$30,395	\$5,633	\$36,028
Yuanta Futures Co., Ltd.	32,053	(2,238)	29,815
Total	\$62,448	\$3,395	\$65,843

Futures brokerage	2021.12.31		
	Account balance	Profit (loss) on open positions	Net value of account
Taiwan Futures Exchange	\$8,194	\$(1,376)	\$6,818
Yuanta Futures Co., Ltd.	24,032	750	24,782
Total	\$32,226	\$(626)	\$31,600

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

	2022	2021
Futures contract gain (loss) – net	\$47,249	\$(17,309)

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

	2022	2021
Net gain (loss) from options trade	\$(3,399)	\$(453)

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

The settlement prices of TAIEX Futures, TAIEX Options, and stock options of Taiwan Futures Exchange are adopted to calculate the fair value of the contracts.

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

Items	type of trade	2022.12.31				Fair value	Remarks
		Unsettled position		Contract amount or premium paid			
		Buyer and sellers	number of contracts	(collected)			
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 EUR and USD	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 contracts	Natural gas	Seller	3	4,284	4,123		
Futures contracts	JP-NKY Nikkei Stock	Buyer	2	8,486	7,914		
Futures contracts	Average 225 Index - USD						
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		

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

		2022.12.31					
Items	type of trade	Unsettled position		Contract amount or premium paid (collected)	Fair value	Remarks	
		Buyer and sellers	number of contracts				
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		
	Micro E-mini Dow Jones	Buyer	1	5,099	5,111		
Futures contracts	Industrial Average Index Futures						
Options trading	P013400	Buyer	20	92	64		
Options trading	P013500	Buyer	20	106	80		
		2021.12.31					
Items	type of trade	Unsettled position		Contract amount or premium paid (collected)	Fair value	Remarks	
		Buyer and sellers	number of contracts				
Futures contracts	Electronics futures (TE)	Buyer	10	\$34,579	\$35,030		
Futures contracts	Financial futures (TF)	Seller	10	16,895	17,136		
Futures contracts	TAIEX Futures	Seller	56	202,354	203,941		
Futures contracts	DAX	Buyer	2	24,663	24,830		
Futures contracts	Mini-DAX	Buyer	2	4,884	4,966		
Futures contracts	Euro 10-year bonds	Seller	1	5,376	5,367		
Futures contracts	Euro 5-year bonds	Seller	4	16,737	16,692		
Futures contracts	FTSE 100 Index	Buyer	4	10,682	10,927		
Futures contracts	UK long-term bonds	Buyer	2	9,471	9,318		
Futures contracts	Hang Seng Index	Seller	2	8,184	8,323		
Futures contracts	SGX Nikkei 225 Index	Buyer	2	6,943	6,917		
Futures contracts	Light crude oil	Buyer	5	9,918	10,409		
Futures contracts	U.S. Dollar Index	Buyer	65	173,040	171,991		
Futures contracts	EUR	Seller	1	3,933	3,945		
Futures contracts	Mini S&P500	Buyer	2	13,199	13,172		
Futures contracts	U.S. 5-year bonds	Buyer	80	267,526	267,891		
Futures contracts	Gold	Buyer	23	115,126	116,416		
Futures contracts	Copper	Seller	9	26,995	27,799		
Futures contracts	Miniature gold coin	Seller	2	1,012	1,012		
Futures contracts	Natural gas	Seller	1	1,014	1,032		
Futures contracts	Mini Nasdaq	Buyer	1	8,871	9,035		
Futures contracts	Platinum	Buyer	2	2,698	2,674		
Futures contracts	Mini light crude oil	Buyer	1	1,043	1,041		
Futures contracts	Unleaded gasoline	Seller	1	2,588	2,586		
Futures contracts	Mini Russell 2000 Index	Buyer	1	3,064	3,104		
Futures contracts	FTSE Xinhua China A50 Index	Buyer	5	2,185	2,173		

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

		2021.12.31				
Items	type of trade	Unsettled position		Contract amount or premium paid (collected)	Fair value	Remarks
		Buyer and sellers	number of contracts			
Futures contracts	Silver	Buyer	2	6,416	6,464	
Futures contracts	BSE SENSEX	Buyer	4	3,832	3,862	
Futures contracts	SGX FTSE Taiwan Index Futures	Buyer	5	8,795	8,877	
Futures contracts	U.S. 10-year bonds	Buyer	17	61,363	61,393	
Futures contracts	U.S. 30-year bonds	Seller	5	22,062	22,205	
Futures contracts	Micro E-mini Dow Jones Futures	Buyer	4	19,985	20,055	
Futures contracts	Industrial Average Index Futures					

(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	\$683,788	300.43 times greater	\$623,930	484.42 times greater	≥ 1	(IX) complied
	Total liabilities – futures merchant's equity	\$2,276		\$1,288			
17	Current assets	\$1,154,963	2.00 times greater	\$1,037,535	1.99 times greater	≥ 1	(X) complied
	Current liabilities	\$578,561		\$520,721			
22	Shareholders' equity	\$683,788	97.68%	\$623,930	89.13%	(1) ≥ 60% (2) ≥ 40%	(XI) complied
	Minimum paid up capital	\$700,000		\$700,000			
22	Adjusted net capital (ANC)	\$644,627	411.09%	\$599,964	407.64%	(1) ≥ 20% (2) ≥ 15%	(XII) complied
	Total margins required for futures traders' outstanding positions	\$156,811		\$147,179			

Embedded derivative instruments

The embedded derivatives identified by the Company 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 6.21 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,

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

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:

	<u>2022.12.31</u>	<u>2021.12.31</u>
Regulatory capital adequacy ratio	<u>463%</u>	<u>427%</u>

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

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.

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

- (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 5,000 thousand: None.
- (6) Amounts receivable from related parties totaling more than NTD100 million or 20% of paid-up capital: none.

2. Information regarding investees:

Name of investees, locations, and other relevant information (excluding the investees in mainland China): See Attached table 1.

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 2.

14. Segment information

The Company is exempted from preparation of such information in accordance with Article 26 of the Regulations Governing the Preparation of Financial Reports by Securities Firms, and has disclosed the segment information in the consolidated financial statements.

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

Attached table 1: Name of investees, locations, and other relevant information (excluding the investees in mainland China):

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%	\$123,261	\$45,095	\$2,241	\$2,241	\$-	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%	503,140	(1,641)	(13,889)	(13,889)	-	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%	24,908	11,429	3,555	3,555	960	Subsidiaries

Notes to the individual financial statements of Horizon Securities Co., Ltd. (continued)

(In thousand New Taiwan dollars, unless otherwise specified)

Attached table 2: 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%

Horizon Securities Co., Ltd.

Chairman: Ke-Chyn Jiang