

Stock Code: 6016

康和綜合證券股份有限公司
Concord Securities Co. Ltd

**Handbook for 2021 Annual
Shareholders' Meeting**
(Translations)

Time and Date: 9:00 a.m., Friday, June 4, 2021

Location: No. 8, Zhifu Rd., Zhongshan Dist., Taipei City, Taipei City
(The assembly room of Denwell Dazhi)

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Concord Securities Co. Ltd

2021 Annual Shareholders' Meeting Agenda

Time : 9:00 a.m., Friday, June 4, 2021

Location: No. 8, Zhifu Rd., Zhongshan Dist., Taipei City, Taipei City
(The assembly room of Denwell Dazhi)

Opening announcement

Chairperson remarks

The reporting subjects

1. 2020 Operating Report.
2. 2020 Audit Committee's Report.
3. 2020 distribution plan for employees' compensation and directors' remuneration
4. The Amendment of "The Codes of Ethics"
5. Other reporting subjects.

The recognition of subjects

1. 2020 Business Report and Financial Statements
2. Earnings Distribution in 2020

Issues to be discussed

1. The Amendment of "Rules of Procedure for Shareholders Meeting"
2. The Amendment of "Procedures for Directors Elections "
3. The Amendment of "Articles of Incorporation".
4. The 12th Election of Directors
5. Proposal of Release the Prohibition on Directors from Participation in Competitive Business

Extempore motions

Adjournment

The reporting subjects

I. The 2020 Business Report

Explanation:

The 2020 Business Report is attached as Appendix 1(pp.12~13).

II. Audit Committee's Review Report on the 2020 Financial Statements

Explanation:

Audit Committee's Review Report on the 2019 Financial Statements is attached as Appendix 2~3(pp.14~22).

III.2020 Distribution Plan for Employees' Compensation and Directors' remuneration

Explanation :

1. According to article 25 of the Articles of Incorporation, if the company is profitable for the year, it shall pay 1% to 2% of the employee's compensation, and not more than 5% of the directors' remuneration.
2. According to the resolution of the Company, employee bonus is NTD 12,669,000, remuneration to directors is NTD 56,435,000 in 2020.
3. The amount mentioned above was reviewed and passed by the Remuneration Committee.

IV. The Amendment of “The Codes of Ethics”

Explanation:

1. In compliance with the “Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/GTSM Listed Companies”.
2. Please refer to Appendix 5 (pp. 40~41) for a reference table of the amendments of “The Codes of Ethics”
- 3.

V. Other reporting subjects

The recognition of subjects:

Proposal 1: Proposed by the Board of Directors

Proposal: 2020 Business Report and Financial Statements

Explanation:

1. Concord Securities Co. Ltd's Financial Statements, including the balance sheet, income statement, statement of changes in shareholders' equity, and statement of cash flows, were audited by independent auditors, Chuang, Pi-Yu and Huang, Xiu-Chun of Deloitte & Touche. Also Business Report and Financial Statements have been approved by the Board and examined by the Audit Committee.
2. The 2020 Business Report, Audit Committee's audit report, and the above-mentioned Financial Statements are attached in the Meeting Handbook, pp. (12-39).

Resolution:

Proposal 2: Proposed by the Board of Directors

Proposal: Earnings Distribution in 2020

Explanation:

1. Please refer to the Earnings Distribution Table as follows:

Concord Securities Co., Ltd. Earnings Distribution Table 2020

Unit:NTD

Items	Total
Unappropriated earnings, beginning	5,983,428
Retained earnings due to actuarial losses	(50,376,979)
Unappropriated earnings after adjustment	(44,393,551)
Net profit for the year ended December 31, 2020	1,084,976,397
10% legal reserve	(103,459,942)
20% special reserve	(206,919,884)
Distributable earnings	730,203,020
Distributable items: NT\$1.22 cash dividend per share	(725,235,083)
Unappropriated earnings, ending	4,967,937

Chairman: Cheng, Ta-Yu President: Chiu, Jung-Chen Accountant: Chen, Hong-Chein

2. It is proposed that the Company's 2020 earnings distribution plan be adopted as follows: Cash Dividend: NT\$ 725,235,083, distributed pro rata to the shareholders on the shareholder register as of ex-dividend date at NT\$ 1.22 per share;
3. The Board of Directors is authorized by the shareholders to fix ex-dividend date and conduct dividend distribution;

Resolution:

Issues to be discussed

Proposal 1: Proposed by the Board of Directors

Proposal : The Amendment of “Rules of Procedure for Shareholders Meeting ”

Explanation:

1. In compliance with Taipei Exchange’s letter zhèng-guì-jiān No. 10900582662 of June 12, 2020 and “Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings” amended by TWSE on Feb.9, 2021.
2. Please refer to Appendix 6 (pp. 42 – 43) for a reference table of the proposed amendments of “Procedures for Director and Supervisor Elections ”
3. Your decision is appreciated.

Resolution:

Proposal 2: Proposed by the Board of Directors

Proposal : The Amendment of “Procedures for Director elections ”

Explanation:

1. In compliance with “Sample Template for XXX Co., Ltd. Procedures for Election of Directors and Supervisors” amended by TWSE on Jun.12, 2020.
2. Please refer to Appendix 7 (pp. 44) for a reference table of the proposed amendments of “Procedures for Director Elections ”
3. Your decision is appreciated.

Resolution:

Proposal 3: Proposed by the Board of Directors

Proposal : The Amendment of “Articles of Incorporation”

Explanation:

1. To meet the actual needs of the company.
2. Please refer to Appendix 8 (pp. 45) for a reference table of the proposed amendments of “Articles of Incorporation”.
3. Your decision is appreciated.

Resolution:

Proposal 4: Proposed by the Board of Directors

Proposal : The 12th Election of Directors (including Independent Directors)

Explanation:

1. The term of the 11th board will expire on June 7, 2021. Accordingly, the Company shall re-elect the board members.
2. According to Article 16 of the Company's Articles of Incorporation, we propose a 11-member board for the tenth board, including 3 independent board members. The duration of the term is from June 4, 2021 to June 3, 2024.
3. Please refer to the List of candidates for the Board of Directors as follow. The candidates' qualifications are listed in the Appendix 9(pp. 46-50).
4. Please cast your vote

(1) Candidates nominated by the Board of Directors

NO	Position	Name	
1	Director	Zhongyang Investment Co., Ltd.	Representative : Cheng, Ta-Yu
2	Director	Zhongyang Investment Co., Ltd.	Representative : Jinnder Chang
3	Director	Zhongyang Investment Co., Ltd.	Representative : Lee, Chin-Shen
4	Director	Taiming Development Co., Ltd.	
5	Director	Sky Investment Corporation	Representative : Chen, Qiong-Ling
6	Director	Jia Yi Corp.	Representative : Tsai, Sung-Po
7	Director	De Ye Investment Co., Ltd	Representative : Yang, Min-Wan
8	Director	Yuan Long Development Co., Ltd	Representative : Ma, Pei-Chun
9	Independent Director	Huang, Tien-Chang	
10	Independent Director	Chang, Yao-Ren	
11	Independent Director	Huang, Hsiu-Hui	

(2) Candidates nominated by shareholders holding more than 1% of the total issued shares of the company

NO	Position	Name	
1	Director	Qian Kun Management Consulting Co., Ltd.	Representative : Hsiao, Lee Ming
2	Director	Qian Kun Management Consulting Co., Ltd.	Representative : Huang, Chin Shun
3	Director	Qian Kun Management Consulting Co., Ltd.	Representative : Sum, Mui Ping

4	Director	Qian Kun Management Consulting Co., Ltd.	Representative : Pan, Lan Hsin
5	Independent Director	Wu, Huo Sheng	
6	Independent Director	Lin, Cheng Chiang	
7	Independent	Sun, Tsu Wei	

Resolution:

Proposal 5: Proposed by the Board of Directors

Proposal :Proposal of Release the Prohibition on Directors from Participation in Competitive Business

Explanation:

1. Pursuant to Article 209 of the Company Act, a director acting on his/her own or on behalf of another person to engage in business overlapping with our Company's scope of business shall be required to explain such act to the shareholders' meeting and request for permission prior to such act.
2. As business need, the shareholders' approval to release the prohibition on directors, provided no damage is made to our Company's interest, is kindly requested.
3. More content will be supplemented before discussing the case at the shareholders meeting.
4. Your decision is appreciated.

Resolution:

Extempore motions

Adjournment

Appendices

1. The 2020 Business Report

【Macro Environment and Management Policy】

In retrospect, COVID-19 had spread gradually around the world by late 2019. After entering a fast epidemic in February and March of 2020, it caused panic in the global financial market and made stock price down in less than a month. The global stock market value had evaporated by nearly \$3 trillion. U.S. shares had triggered a market wide circuit breaker four times in March 2020. This was a fastest and largest stock market crash in history. TWSE index collapsed all the way from the closing 11997 points in 2019 to the lowest 8523 points on 19 March 2020 with a swing drop of 29%, entering the so-called bear market. However, the United States began conducting its unlimited quantitative easing operation, purchasing treasury bonds, corporate bonds, and financial bonds to inject liquidity into the banking system through open market operations, to avoid economic recession or even the Great Depression. After that, except the United States, all countries have promoted large-scale rescue and economic revitalization measures. The National Financial Stabilization Fund has activated stabilization mechanism since March 19, 2020. After the global financial market sentiment was changed, the global stock market began rising since the second quarter in 2020, and even stock markets hit a historical record high in many countries, and TWSE index only reached the lowest 8523 points. Overall, Taiwan shares performed well with increasing volumes and prices in 2020 due to good fundamentals and well control of epidemic in Taiwan. TWSE index rose 2735.39 points, or 22.8%, closing at 14732.53 points and total market value achieved the historical high 44.90 trillion in 2020.

Our management policy is adhered to our operating principles 「 Integrity, Steadiness, Service and Sustainability 」。 Especially, integrity is the most important guidance in our business operation. This year we will continually extend our strengths to create more diversified revenue via concentrating on our core businesses. We will strengthen our information system via our professional technical R&D capabilities to assist our four major profit engines including 「 Brokerage Business 」、 「 Proprietary Trading Business 」、 「 Bond Business 」、 and 「 Financial Derivatives Business 」。 Our business philosophy is to provide superior 、 professional and differentiated services as our core value. We enhance our internal control and risk management mechanism to strengthen our fundamentals and our competitive competences to grow our businesses steadily.

【Implementation Overview and Results】

In our brokerage business, the market share of stock brokerage was 1.01% and the market share of margin debt balance was 1.81% in 2020. The trading value of TWSE and TPEX was 253.462 billion, increasing 62% compared to 2019. Brokerage business made a good profit in 2020 and continued to drive its transformation via expanding wealth management business actively and optimizing the cost structure and the human resource structure.

In our underwriting business, off-shore IPO business was difficult to explore because of the regional epidemic in 2020. We focused on the domestic cases and completed the fund raising of KY-SUN MAX, the primary listing of KY-YONGGU and the CB case of Winmate.

In our proprietary trading business, although we suffered and made a loss in the first quarter because of the impact of the stock market turmoil caused by the Covid-19 epidemic, we created an excellent profit at the end of year eventually.

In our bond business, we devoted ourselves in trading government bonds and obtained the award of distinguished market maker for government bond granted by Taipei Exchange in 2020.

In our financial derivatives business, we issued 389 warrants, NT\$3.24 billion issuing amount in 2020. We developed several kinds of arbitrage trading strategies and financial products such as ETF arbitrage and stock option etc.

In recent years, our company has continued to require business units to actively develop diversified income and improve profitability stability, and it has also shown fruitful results in 2020.

【Budget, Execution and Profitability Analysis】

We made NT\$3.34 billion in consolidated revenue, NT\$1.06 billion in consolidated after-tax profits and earnings per share NT\$1.78. Our shareholders' equity was NT\$8.23 billion and net worth per share NT\$13.76. The current ratio was 112.68% and the liability ratio was 76.87%. Our financial structure is robust. Regarding to credit rating, although Fitch Ratings downgraded our outlook from stable to negative at the beginning of the year due to the regional epidemic, after the global quantitative easing to inject money into the stock market and the stock market rebounded sharply, our company was affirmed the national long-term rating A-(tw), national short-term rating 'F2(twn)' and the outlook from negative to stable by Fitch Ratings in the fourth quarter.

【Operation Prospect】

We made NT\$1.06 billion in consolidated after-tax profits and achieved a historical record since our establishment. In 2021, we will keep concentrating on our core businesses, improving our products and services, utilizing our strength to create differentiated asset management services and assisting clients to make the best investment and financial planning. We sustainably oversee and review the business results of all business units regularly in order to increase the stable income and decrease the profit swing from the volatility of risk premiums. In addition, we do require the risk management and the fulfillment of compliance in all businesses, units, and subsidiaries including our executives, department heads and staffs. We are committing to develop Fintech, optimize electronic trading platforms and strengthen our digital functions. We uphold our company philosophy in seeking the best interest of clients and move forward to the vision of inclusive finance by providing diversified and superior product choices and customized services to serve more investment population groups. Looking forward to the future, in the diversified business development, we will not rule out various cooperation opportunities, through mutual assistance and mutual benefit through strategic partners, to provide investors with a full range of financial management services. Our management team and all employees will work together to create benefits for our shareholders, implement our social responsibility, and create corporate value to all of our shareholders.

Concord Securities Co., Ltd.

Chairman Cheng, Ta-Yu

President Chiu, Jung-Chen

Chief Accountant Chen, Hong-Chien

2. Audit Committee's Review Report on the 2020 Financial Statements

Concord Securities Co., Ltd. Audit Committee's Review Report

The Board of Directors has prepared the Corporation's 2020 Business Report, Financial Statements and Earnings Distribution Table. The financial statements have been audited by Deloitte & Touche, for which they issued an auditors' report. The above reports have been reviewed and complied with regulations by the Audit Committee. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Law, we hereby submit this report.

Sincerely,
2021 Annual Shareholders' Meeting

Concord Securities Co., Ltd.
Convener of the Audit Committee
Chang, Yao-Ren

March 11, 2021

3. INDEPENDENT AUDITORS' REPORT

The Board of Directors and the Shareholders
Concord Securities Co., Ltd.

Opinion

We have audited the accompanying financial statements of Concord Securities Co., Ltd. (the "Corporation"), which comprise the balance sheets as of December 31, 2020 and 2019, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to the Other Matter paragraph), the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as of December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Firms and other regulations.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Corporation in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion based on our audits and the reports of other auditors.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Corporation's financial statements for the year ended December 31, 2020 is as follows:

Accuracy of Brokerage Handling Fee Revenue

Brokerage handling fee revenue of the Corporation amounted to \$871,519 thousand in 2020. The calculation of discounts on brokerage handling fee revenue is complicated since it varies based on counterparties, ways of placing orders and transaction volume, and any calculation errors in the discounts will affect the accuracy of brokerage handling fee revenue. Therefore, the accuracy of brokerage handling fee revenue was identified as the key audit matter for the year ended December 31, 2020.

Refer to Notes 4, 23 and 28 to the financial statements for the accounting policies and disclosures related to brokerage handling fee revenue.

Brokerage handling fee revenue is mainly dependent on automatic calculation through information processing systems, where the control procedures for the input of discount rates and automatic calculation logic have a material impact on the calculation accuracy of brokerage handling fee revenue. We performed tests of controls to assess the process of recognition of brokerage handling fee revenue, evaluated the design of the related controls, determined whether the controls have been implemented, and tested the operating effectiveness of the controls. Moreover, we verified the correctness of the recorded brokerage handling fee revenue by performing our own calculations on sampled transactions.

Other Matter

We did not audit the financial statements of some investments accounted for using equity method included in the financial statements for the years ended December 31, 2020 and 2019, but such financial statements were audited by other auditors. Therefore, our opinion, insofar as it relates to the amounts and other relevant information of the aforementioned investee companies as disclosed in the notes, is based solely on the report of other auditors. As of December 31, 2020 and 2019, the total investments in subsidiaries amounted to \$577,414 thousand and \$547,836 thousand, accounting for 1.84% and 2.51% of total assets, respectively; for the years ended December 31, 2020 and 2019, the share of the comprehensive income or loss of these subsidiaries amounted to a gain of \$29,578 thousand and a loss of \$57,434 thousand, which accounted for 2.51% and (14.02%) of the total comprehensive income, respectively.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Pi-Yu Chuang and Hsiu-Chun Huang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 11, 2021

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2020 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

CONCORD SECURITIES CO., LTD.

By

March 11, 2021

INDEPENDENT AUDITORS' REPORT

The Board of Directors and the Shareholders
Concord Securities Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Concord Securities Co., Ltd. and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to the other matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, other regulations, International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion based on our audits and the reports of other auditors.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Group's consolidated financial statements for the year ended December 31, 2020 is as follows:

Accuracy of Brokerage Handling Fee Revenue

Brokerage handling fee revenue of the Group amounted to \$1,607,378 thousand in 2020. The calculation of discounts on brokerage handling fee revenue is complicated since it varies based on counterparties, ways of placing orders and transaction volume, and any calculation errors in the discounts will affect the accuracy of brokerage handling fee revenue. Therefore, the accuracy of brokerage handling fee revenue was identified as the key audit matter for the year ended December 31, 2020.

Refer to Notes 4, 27 and 32 to the consolidated financial statements for the accounting policies and disclosures related to brokerage handling fee revenue.

Brokerage handling fee revenue is mainly dependent on automatic calculation through information processing systems, where the control procedures for the input of discount rates and automatic calculation logic have a material impact on the calculation accuracy of brokerage handling fee revenue. We performed tests of controls to assess the process of recognition of brokerage handling fee revenue, evaluated the design of the related controls, determined whether the controls have been implemented, and tested the operating effectiveness of the controls. Moreover, we verified the correctness of the recorded brokerage handling fee revenue by performing our own calculations on sampled

transactions.

Other Matter

We did not audit the financial statements of some of the Group's subsidiaries and investments accounted for using equity method included in the Group's consolidated financial statements for the years ended December 31, 2020 and 2019, but such financial statements were audited by other auditors. Therefore, our opinion, insofar as it relates to the amounts and other relevant information of the aforementioned investee companies as disclosed in the notes, is based solely on the report of other auditors. As of December 31, 2020 and 2019, the total assets of these subsidiaries and investments in associates amounted to \$578,034 thousand and \$548,074 thousand, accounting for 1.62% and 2.14% of consolidated total assets, respectively; for the years ended December 31, 2020 and 2019, no operating revenue was recognized, and the share of the comprehensive income or loss of these subsidiaries and associates accounted for using equity method amounted to a gain of \$29,578 thousand and a loss of \$57,434 thousand, which accounted for 2.50% and (13.86%) of the consolidated total comprehensive income, respectively.

We have also audited the parent company only financial statements of Concord Securities Co., Ltd. as of and for the years ended December 31, 2020 and 2019 on which we have issued an unmodified opinion with other matter paragraph.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, and other regulations, IFRS, IAS, IFRIC and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and

related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Pi-Yu Chuang and Hsiu-Chun Huang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 11, 2021

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

4.2019 Financial Statement

CONCORD SECURITIES CO., LTD.

BALANCE SHEETS DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

ASSETS	2020		2019	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents	\$ 2,895,595	9	\$ 1,416,855	7
Financial assets at fair value through profit or loss - current	10,172,525	32	6,765,067	31
Financial assets at fair value through other comprehensive income - current	15,808	-	-	-
Bond investments under resale agreements	-	-	697,687	3
Margin loans receivable	4,695,748	15	3,435,417	16
Refinancing margin	17,314	-	27	-
Refinancing collateral receivable	14,462	-	23	-
Security borrowing collateral price	429,612	1	101,794	1
Security borrowing margin	389,179	1	92,551	-
Notes receivable	64	-	83	-
Accounts receivable	5,915,650	19	3,762,316	17
Prepayments	6,507	-	7,460	-
Other receivables	6,450	-	7,359	-
Other financial assets - current	198,798	1	20,000	-
Current tax assets	11,402	-	19,983	-
Restricted assets - current	225,150	1	372,704	2
Other current assets	268,873	1	65,971	-
Total current assets	<u>25,263,137</u>	<u>80</u>	<u>16,765,297</u>	<u>77</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current	-	-	10,049	-
Financial assets at fair value through other comprehensive income - non-current	1,944,419	6	1,060,316	5
Investments accounted for using the equity method	2,093,751	7	1,934,775	9
Property and equipment	785,072	2	782,853	4
Right-of-use assets	65,533	-	99,055	-
Investment property	561,717	2	566,143	3
Intangible assets	10,443	-	6,749	-
Deferred tax assets	197,332	1	114,816	-
Other non-current assets	482,694	2	481,895	2
Total non-current assets	<u>6,140,961</u>	<u>20</u>	<u>5,056,651</u>	<u>23</u>
TOTAL	<u>\$ 31,404,098</u>	<u>100</u>	<u>\$ 21,821,948</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings	\$ 390,000	1	\$ -	-
Commercial paper payable	6,557,680	21	5,386,999	25
Financial liabilities at fair value through profit or loss - current	1,736,118	6	876,119	4
Liabilities for bonds with attached repurchase agreements	4,879,368	16	3,187,258	14
Securities financing refundable deposits	395,326	1	354,357	2
Deposits payable for securities financing	435,170	1	412,022	2
Security lending refundable deposits	-	-	2,780	-
Accounts payable	7,487,122	24	3,633,224	17
Other payables	463,837	2	178,348	1
Current tax liabilities	99,101	-	19,285	-
Provisions - current	19,447	-	19,280	-
Lease liabilities - current	43,559	-	44,751	-
Other current liabilities	251,206	1	31,346	-
Total current liabilities	<u>22,757,934</u>	<u>73</u>	<u>14,145,769</u>	<u>65</u>
NON-CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss - non-current	215,244	1	203,623	1
Provisions - non-current	12,880	-	13,245	-
Lease liabilities - non-current	20,809	-	53,088	-
Deferred tax liabilities	666	-	154	-
Guarantee deposits received	3,784	-	4,375	-
Net defined benefit liabilities - non-current	179,984	-	154,669	1
Total non-current liabilities	<u>433,367</u>	<u>1</u>	<u>429,154</u>	<u>2</u>
Total liabilities	<u>23,191,301</u>	<u>74</u>	<u>14,574,923</u>	<u>67</u>
EQUITY				
Share capital	5,944,550	19	6,103,227	28
Capital surplus	175,307	1	180,208	1
Retained earnings				
Legal reserve	28,684	-	-	-
Special reserve	614,251	2	556,882	3
Unappropriated retained earnings	1,040,583	3	286,844	1
Total retained earnings	1,683,518	5	843,726	4
Other equity	409,422	1	266,179	1
Treasury shares	-	-	(146,315)	(1)
Total equity	<u>8,212,797</u>	<u>26</u>	<u>7,247,025</u>	<u>33</u>
TOTAL	<u>\$ 31,404,098</u>	<u>100</u>	<u>\$ 21,821,948</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated March 11, 2021)

CONCORD SECURITIES CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
REVENUE				
Brokerage handling fee revenue	\$ 903,706	35	\$ 615,420	43
Income from securities lending	30,438	1	42,704	3
Revenue from underwriting commission	41,178	2	11,623	1
Gains (losses) on sale of operating securities, net	1,270,402	49	(34,271)	(2)
Revenue from providing agency service for stock affairs	22,066	1	22,364	1
Interest income	219,521	8	234,166	16
Dividend income	478,240	19	366,710	25
Valuation gains on operating securities at fair value through profit or loss, net	456,151	18	144,924	10
Gains (losses) on covering of borrowed securities and bonds with resale agreements - short sales, net	29,011	1	(17,130)	(1)
Valuation losses on borrowed securities and bonds with resale agreements - short sales at fair value through profit or loss, net	(96,473)	(4)	(17,052)	(1)
Gains on issuance of share warrants, net	7,386	-	26,093	2
Futures commission income	14,878	1	11,406	1
Gains (losses) on derivative instruments - futures, net	(321,958)	(13)	48,874	3
Losses on derivative instruments - OTC, net	(465,875)	(18)	(17,645)	(1)
Expected credit loss	(1,195)	-	(867)	-
Other operating loss	(7,678)	-	(4,122)	-
Total revenue	2,579,798	100	1,433,197	100
COSTS AND EXPENSES				
Brokerage handling fee expenses	(66,962)	(3)	(45,976)	(3)
Dealing handling fee expenses	(8,774)	-	(6,130)	(1)
Refinancing handling fee expenses	(689)	-	(579)	-
Finance costs	(51,761)	(2)	(59,735)	(4)
Futures commission expenses	(5,055)	-	(3,529)	-
Clearing and settlement expenses	(3,422)	-	(3,225)	-
Other operating costs	(28,279)	(1)	(15,506)	(1)
Employee benefits expense	(1,071,269)	(42)	(725,169)	(51)
Depreciation and amortization	(75,779)	(3)	(81,641)	(6)
Other operating expenses	(398,439)	(15)	(348,323)	(24)
Total costs and expenses	(1,710,429)	(66)	(1,289,813)	(90)
OPERATING PROFIT	869,369	34	143,384	10

(Continued)

CONCORD SECURITIES CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
NON-OPERATING INCOME AND EXPENSES				
Share of profit or loss of subsidiaries accounted for using equity method	\$ 138,544	5	\$ 22,215	1
Other gains and losses	<u>101,313</u>	<u>4</u>	<u>112,051</u>	<u>8</u>
Total non-operating income and expenses	<u>239,857</u>	<u>9</u>	<u>134,266</u>	<u>9</u>
PROFIT BEFORE INCOME TAX	1,109,226	43	277,650	19
INCOME TAX BENEFIT (EXPENSE)	<u>(24,250)</u>	<u>(1)</u>	<u>6,702</u>	<u>1</u>
NET PROFIT FOR THE YEAR	<u>1,084,976</u>	<u>42</u>	<u>284,352</u>	<u>20</u>
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans	(65,336)	(3)	3,547	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	79,568	3	97,411	7
Share of comprehensive income of subsidiaries accounted for using equity method	64,151	3	26,736	2
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>13,067</u>	<u>1</u>	<u>(709)</u>	<u>-</u>
	<u>91,450</u>	<u>4</u>	<u>126,985</u>	<u>9</u>
Items that may be reclassified subsequently to profit or loss				
Exchange differences on the translation of foreign operations	(6,856)	-	(2,951)	-
Unrealized gains on investments in debt instruments at fair value through other comprehensive income	8,087	-	1,115	-
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>185</u>	<u>-</u>	<u>44</u>	<u>-</u>
	<u>1,416</u>	<u>-</u>	<u>(1,792)</u>	<u>-</u>
Other comprehensive income for the year, net of income tax	<u>92,866</u>	<u>4</u>	<u>125,193</u>	<u>9</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,177,842</u>	<u>46</u>	<u>\$ 409,545</u>	<u>29</u>

(Continued)

CONCORD SECURITIES CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
EARNINGS PER SHARE				
Basic	<u>\$ 1.83</u>		<u>\$ 0.47</u>	
Diluted	<u>\$ 1.82</u>		<u>\$ 0.47</u>	

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

(With Deloitte & Touche auditors' report dated March 11, 2021)

(Concluded)

CONCORD SECURITIES CO., LTD.

**STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)**

	Retained Earnings					Other Equity		Treasury Shares	Total
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Retained Earnings (Accumulated Deficits)	Exchange Differences on the Translation of Foreign Operations	Unrealized Gain on Financial Assets at Fair Value Through Other Comprehensive Income		
BALANCE AT JANUARY 1, 2019	\$ 6,260,803	\$ 259,269	\$ 63,335	\$ 770,146	\$ (276,599)	\$ (1,538)	\$ 145,016	\$ (184,101)	\$ 7,036,331
Offset of 2018 deficits									
Offset of accumulated deficits by legal reserve	-	-	(63,335)	-	63,335	-	-	-	-
Offset of accumulated deficits by special reserve	-	-	-	(179,467)	179,467	-	-	-	-
Reversal of special reserve	-	-	-	(33,797)	33,797	-	-	-	-
Other changes in capital surplus									
Issuance of share dividends from capital surplus	176,424	(176,424)	-	-	-	-	-	-	-
Unpaid dividends	-	126	-	-	-	-	-	-	126
Net profit for the year ended December 31, 2019	-	-	-	-	284,352	-	-	-	284,352
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	2,492	(2,907)	125,608	-	125,193
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	286,844	(2,907)	125,608	-	409,545
Purchase of treasury shares	-	-	-	-	-	-	-	(232,393)	(232,393)
Retirement of treasury shares	(334,000)	94,227	-	-	-	-	-	239,773	-
Treasury stock transferred to employees	-	3,010	-	-	-	-	-	30,406	33,416
BALANCE AT DECEMBER 31, 2019	6,103,227	180,208	-	556,882	286,844	(4,445)	270,624	(146,315)	7,247,025
Appropriation of 2019 earnings									
Legal reserve	-	-	28,684	-	(28,684)	-	-	-	-
Special reserve	-	-	-	57,369	(57,369)	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(194,807)	-	-	-	(194,807)
Other changes in capital surplus									
Issuance of share dividends from capital surplus	41,323	(41,323)	-	-	-	-	-	-	-
Net profit for the year ended December 31, 2020	-	-	-	-	1,084,976	-	-	-	1,084,976
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	(50,377)	(6,671)	149,914	-	92,866
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	1,034,599	(6,671)	149,914	-	1,177,842
Purchase of treasury shares	-	-	-	-	-	-	-	(17,263)	(17,263)
Retirement of treasury shares	(200,000)	36,422	-	-	-	-	-	163,578	-
BALANCE AT DECEMBER 31, 2020	<u>\$ 5,944,550</u>	<u>\$ 175,307</u>	<u>\$ 28,684</u>	<u>\$ 614,251</u>	<u>\$ 1,040,583</u>	<u>\$ (11,116)</u>	<u>\$ 420,538</u>	<u>\$ -</u>	<u>\$ 8,212,797</u>

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

(With Deloitte & Touche auditors' report dated March 11, 2021)

CONCORD SECURITIES CO., LTD.

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)**

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 1,109,226	\$ 277,650
Adjustments for:		
Depreciation	69,589	74,169
Amortization	6,190	7,472
Expected credit loss	1,195	867
Net gain on financial assets and liabilities at fair value through profit or loss	(367,709)	(129,835)
Finance costs	51,761	59,735
Interest income (including financial income)	(228,278)	(264,688)
Dividend income	(489,078)	(378,892)
Compensation costs of employee share options	-	2,646
Share of profit or loss of subsidiaries accounted for using equity method	(138,544)	(22,215)
Loss on disposal of property and equipment	16	173
Loss on disposal of investments	1,030	-
Gain on lease modifications	(13)	-
Changes in operating assets and liabilities		
Increase in financial assets at fair value through profit or loss	(2,934,257)	(2,132,288)
Decrease (increase) in bond investments under resale agreements	697,687	(697,687)
Increase in margin loans receivable	(1,260,517)	(173,590)
Decrease (increase) in refinancing margin	(17,287)	16,541
Decrease (increase) in refinancing collateral receivable	(14,439)	14,956
Decrease (increase) in security borrowing collateral price	(327,818)	157,678
Decrease (increase) in security borrowing margin	(296,628)	148,473
Decrease (increase) in notes receivable	19	(5)
Increase in accounts receivable	(2,145,336)	(1,658,846)
Decrease (increase) in prepayments	953	(582)
Decrease in other receivables	780	600
Increase in other financial assets	(178,798)	-
Decrease (increase) in other current assets	(55,348)	14,130
Increase in liabilities for bonds with repurchase agreements	1,692,110	761,883
Increase in financial liabilities at fair value through profit or loss	775,147	284,288
Increase (decrease) in securities financing refundable deposits	40,969	(67,096)
Increase (decrease) in deposits payable for securities financing	23,148	(404,118)
Increase (decrease) in security lending refundable deposits	(2,780)	2,780
Increase in accounts payable	3,853,929	1,641,199
Increase in other payables	285,414	36,277
Decrease in net defined benefit liabilities	(40,021)	(9,943)
Decrease in provisions	(198)	(1,054)
Increase (decrease) in other current liabilities	219,860	(2,461)
Cash generated from (used in) operations	331,974	(2,441,783)

(Continued)

CONCORD SECURITIES CO., LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
Interest received	\$ 221,415	\$ 300,105
Dividends received	477,065	365,440
Interest paid	(50,447)	(59,611)
Income tax refund (paid)	<u>(4,606)</u>	<u>14,087</u>
Net cash generated from (used in) operating activities	<u>975,401</u>	<u>(1,821,762)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(819,760)	(767,215)
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	6,600	-
Increase in investments accounted for using equity method	(19,500)	-
Acquisition of property and equipment	(19,021)	(6,654)
Proceeds from disposal of property and equipment	-	635
Decrease (increase) in clearing and settlement fund	(101)	11,198
Increase in refundable deposits	(1,291)	(1,803)
Acquisition of intangible assets	(6,445)	(1,185)
Increase in other non-current assets	(5,966)	(7,068)
Dividends received	<u>73,130</u>	<u>17,447</u>
Net cash used in investing activities	<u>(792,354)</u>	<u>(754,645)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	390,000	-
Decrease in short-term borrowings	-	(272,000)
Increase in commercial paper payable	1,170,000	2,760,000
Increase in guarantee deposits received	-	319
Decrease in guarantee deposits received	(591)	-
Payments of lease liabilities	(45,782)	(49,925)
Cash dividends paid	(194,807)	-
Exercise of employee share options	-	30,406
Payments to acquire treasury shares	(17,263)	(232,393)
Unpaid dividends	<u>-</u>	<u>126</u>
Net cash generated from financing activities	<u>1,301,557</u>	<u>2,236,533</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>(5,864)</u>	<u>(2,733)</u>

(Continued)

CONCORD SECURITIES CO., LTD.

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)**

	2020	2019
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 1,478,740	\$ (342,607)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,416,855</u>	<u>1,759,462</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 2,895,595</u>	<u>\$ 1,416,855</u>

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

(With Deloitte & Touche auditors' report dated March 11, 2021)

(Conclude)

CONCORD SECURITIES CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

ASSETS	2020		2019	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents	\$ 3,434,150	10	\$ 1,678,341	7
Financial assets at fair value through profit or loss - current	10,198,915	29	6,782,651	27
Financial assets at fair value through other comprehensive income - current	15,808	-	-	-
Bond investments under resale agreements	-	-	697,687	3
Margin loans receivable	4,695,748	13	3,435,417	13
Refinancing margin	17,314	-	27	-
Refinancing collateral receivable	14,462	-	23	-
Customer margin account	4,017,180	11	3,668,531	14
Futures exchanges margins receivable	-	-	-	-
Security borrowing collateral price	429,612	1	101,794	-
Security borrowing margin	389,179	1	92,551	-
Notes and accounts receivable	5,918,439	16	3,765,749	15
Prepayments	7,448	-	8,929	-
Other receivables	60,464	-	45,674	-
Other financial assets - current	606,899	2	556,485	2
Current tax assets	14,790	-	22,176	-
Restricted assets - current	227,150	1	374,704	2
Other current assets	269,083	1	66,080	-
Total current assets	<u>30,316,641</u>	<u>85</u>	<u>21,296,819</u>	<u>83</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current	-	-	10,049	-
Financial assets at fair value through other comprehensive income - non-current	2,248,458	6	1,306,145	5
Investments accounted for using the equity method	570,130	2	537,605	2
Property and equipment	1,035,116	3	1,028,534	4
Right-of-use assets	69,554	-	104,993	1
Investment property	323,273	1	330,829	1
Intangible assets	51,486	-	48,633	-
Deferred tax assets	224,183	1	170,210	1
Other non-current assets	765,458	2	819,148	3
Total non-current assets	<u>5,287,658</u>	<u>15</u>	<u>4,356,146</u>	<u>17</u>
TOTAL	<u>\$ 35,604,299</u>	<u>100</u>	<u>\$ 25,652,965</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings	\$ 390,000	1	\$ 3,300	-
Commercial paper payable	6,557,680	19	5,386,999	21
Financial liabilities at fair value through profit or loss - current	1,738,107	5	876,119	4
Liabilities for bonds with attached repurchase agreements	4,879,368	14	3,187,258	13
Securities financing refundable deposits	395,326	1	354,357	1
Deposits payable for securities financing	435,170	1	412,022	2
Security lending refundable deposits	-	-	2,780	-
Futures traders equity	4,002,673	11	3,639,355	14
Accounts payable	7,507,964	21	3,659,518	14
Other payables	544,617	2	248,642	1
Current tax liabilities	99,101	-	19,285	-
Provisions - current	23,722	-	23,404	-
Lease liabilities - current	46,716	-	48,242	-
Other current liabilities	279,466	1	56,406	-
Total current liabilities	<u>26,899,910</u>	<u>76</u>	<u>17,917,687</u>	<u>70</u>
NON-CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss - non-current	215,244	1	203,623	1
Provisions - non-current	12,880	-	13,245	-
Lease liabilities - non-current	21,531	-	55,575	-
Deferred tax liabilities	666	-	154	-
Guarantee deposits received	2,458	-	3,060	-
Net defined benefit liabilities - non-current	184,236	-	162,629	1
Total non-current liabilities	<u>437,015</u>	<u>1</u>	<u>438,286</u>	<u>2</u>
Total liabilities	<u>27,336,925</u>	<u>77</u>	<u>18,355,973</u>	<u>72</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION				
Share capital	5,944,550	17	6,103,227	24
Capital surplus	175,307	-	180,208	1
Retained earnings				
Legal reserve	28,684	-	-	-
Special reserve	614,251	2	556,882	2
Unappropriated retained earnings	1,040,583	3	286,844	1
Total retained earnings	1,683,518	5	843,726	3
Other equity	409,422	1	266,179	1
Treasury shares	-	-	(146,315)	(1)
Total equity attributable to owners of the Corporation	8,212,797	23	7,247,025	28
NON-CONTROLLING INTERESTS	54,577	-	49,967	-
Total equity	<u>8,267,374</u>	<u>23</u>	<u>7,296,992</u>	<u>28</u>
TOTAL	<u>\$ 35,604,299</u>	<u>100</u>	<u>\$ 25,652,965</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated March 11, 2021)

CONCORD SECURITIES CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
REVENUE				
Brokerage handling fee revenue	\$ 1,639,647	49	\$ 1,319,432	61
Income from securities lending	30,438	1	42,704	2
Revenue from underwriting commission	41,178	1	11,623	1
Gains (losses) on sale of operating securities, net	1,270,402	38	(34,271)	(2)
Revenue from providing agency service for stock affairs	22,030	1	22,328	1
Interest income	219,521	6	234,166	11
Dividend income	478,240	14	366,710	17
Valuation gains on operating securities at fair value through profit or loss, net	456,151	14	144,924	7
Gains (losses) on covering of borrowed securities and bonds with resale agreements - short sales, net	29,011	1	(17,130)	(1)
Valuation losses on borrowed securities and bonds with resale agreements - short sales at fair value through profit or loss, net	(96,473)	(3)	(17,052)	(1)
Gains on issuance of share warrants, net	7,386	-	26,093	1
Gains (losses) on derivative instruments - futures, net	(305,652)	(9)	60,440	3
Losses on derivative instruments - OTC, net	(465,875)	(14)	(17,645)	(1)
Expected credit loss	(6,215)	-	(469)	-
Other operating income	<u>19,200</u>	<u>1</u>	<u>31,686</u>	<u>1</u>
Total revenue	<u>3,338,989</u>	<u>100</u>	<u>2,173,539</u>	<u>100</u>
COSTS AND EXPENSES				
Brokerage handling fee expenses	(201,021)	(6)	(160,254)	(7)
Dealing handling fee expenses	(9,793)	-	(8,314)	-
Refinancing handling fee expenses	(689)	-	(579)	-
Finance costs	(52,055)	(2)	(60,011)	(3)
Futures commission expenses	(93,668)	(3)	(117,207)	(5)
Clearing and settlement expenses	(92,876)	(3)	(80,927)	(4)
Other operating costs	(35,798)	(1)	(27,334)	(1)
Employee benefits expense	(1,287,167)	(38)	(933,506)	(43)
Depreciation and amortization	(90,775)	(3)	(97,997)	(5)
Other operating expenses	<u>(498,485)</u>	<u>(15)</u>	<u>(467,048)</u>	<u>(22)</u>
Total costs and expenses	<u>(2,362,327)</u>	<u>(71)</u>	<u>(1,953,177)</u>	<u>(90)</u>
OPERATING PROFIT	<u>976,662</u>	<u>29</u>	<u>220,362</u>	<u>10</u>

(Continued)

CONCORD SECURITIES CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
NON-OPERATING INCOME AND EXPENSES				
Share of profit or loss of associates accounted for using equity method	\$ 25,999	1	\$ (61,668)	(3)
Other gains and losses	<u>139,193</u>	<u>4</u>	<u>149,767</u>	<u>7</u>
Total non-operating income and expenses	<u>165,192</u>	<u>5</u>	<u>88,099</u>	<u>4</u>
PROFIT BEFORE INCOME TAX	1,141,854	34	308,461	14
INCOME TAX EXPENSE	<u>(52,040)</u>	<u>(1)</u>	<u>(20,094)</u>	<u>(1)</u>
NET PROFIT FOR THE YEAR	<u>1,089,814</u>	<u>33</u>	<u>288,367</u>	<u>13</u>
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans	(62,865)	(2)	3,095	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	137,778	4	118,841	6
Share of other comprehensive income of associates accounted for using equity method	6,526	-	6,525	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>12,573</u>	<u>1</u>	<u>(619)</u>	<u>-</u>
	<u>94,012</u>	<u>3</u>	<u>127,842</u>	<u>6</u>
Items that may be reclassified subsequently to profit or loss				
Exchange differences on the translation of foreign operations	(6,856)	-	(2,951)	-
Unrealized gains on investments in debt instruments at fair value through other comprehensive income	8,087	-	1,115	-
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>185</u>	<u>-</u>	<u>44</u>	<u>-</u>
	<u>1,416</u>	<u>-</u>	<u>(1,792)</u>	<u>-</u>
Other comprehensive income for the year, net of income tax	<u>95,428</u>	<u>3</u>	<u>126,050</u>	<u>6</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,185,242</u>	<u>36</u>	<u>\$ 414,417</u>	<u>19</u>

(Continued)

CONCORD SECURITIES CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 1,084,976	33	\$ 284,352	13
Non-controlling interests	<u>4,838</u>	<u>-</u>	<u>4,015</u>	<u>-</u>
	<u>\$ 1,089,814</u>	<u>33</u>	<u>\$ 288,367</u>	<u>13</u>
TOTAL COMPREHENSIVE INCOME				
ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 1,177,842	36	\$ 409,545	19
Non-controlling interests	<u>7,400</u>	<u>-</u>	<u>4,872</u>	<u>-</u>
	<u>\$ 1,185,242</u>	<u>36</u>	<u>\$ 414,417</u>	<u>19</u>
EARNINGS PER SHARE				
Basic	<u>\$ 1.83</u>		<u>\$ 0.47</u>	
Diluted	<u>\$ 1.82</u>		<u>\$ 0.47</u>	

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

(With Deloitte & Touche auditors' report dated March 11, 2021)

(Concluded)

CONCORD SECURITIES CO., LTD. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Owners of the Corporation											
	Retained Earnings					Other Equity			Treasury Shares	Total	Non-controlling Interests	Total Equity
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Retained Earnings(Accumulated Deficits)	Exchange Differences on the Translation of Foreign Operations	Unrealized Gain on Financial Assets at Fair Value Through Other Comprehensive Income					
BALANCE AT JANUARY 1, 2019	\$ 6,260,803	\$ 259,269	\$ 63,335	\$ 770,146	\$ (276,599)	\$ (1,538)	\$ 145,016	\$ (184,101)	\$ 7,036,331	\$ 45,331	\$ 7,081,662	
Offset of 2018 deficits												
Offset of accumulated deficits by legal reserve	-	-	(63,335)	-	63,335	-	-	-	-	-	-	
Offset of accumulated deficits by special reserve	-	-	-	(179,467)	179,467	-	-	-	-	-	-	
Reversal of special reserve	-	-	-	(33,797)	33,797	-	-	-	-	-	-	
Other changes in capital surplus												
Issuance of share dividends from capital surplus	176,424	(176,424)	-	-	-	-	-	-	-	-	-	
Unpaid dividends	-	126	-	-	-	-	-	-	126	-	126	
Net profit for the year ended December 31, 2019	-	-	-	-	284,352	-	-	-	284,352	4,015	288,367	
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	2,492	(2,907)	125,608	-	125,193	857	126,050	
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	286,844	(2,907)	125,608	-	409,545	4,872	414,417	
Purchase of treasury shares	-	-	-	-	-	-	-	(232,393)	(232,393)	-	(232,393)	
Retirement of treasury shares	(334,000)	94,227	-	-	-	-	-	239,773	-	-	-	
Treasury stock transferred to employees	-	3,010	-	-	-	-	-	30,406	33,416	-	33,416	
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	(236)	(236)	
BALANCE AT DECEMBER 31, 2019	6,103,227	180,208	-	556,882	286,844	(4,445)	270,624	(146,315)	7,247,025	49,967	7,296,992	
Appropriation of 2019 earnings												
Legal reserve	-	-	28,684	-	(28,684)	-	-	-	-	-	-	
Special reserve	-	-	-	57,369	(57,369)	-	-	-	-	-	-	
Cash dividends of ordinary shares	-	-	-	-	(194,807)	-	-	-	(194,807)	-	(194,807)	
Other changes in capital surplus												
Issuance of share dividends from capital surplus	41,323	(41,323)	-	-	-	-	-	-	-	-	-	
Net profit for the year ended December 31, 2020	-	-	-	-	1,084,976	-	-	-	1,084,976	4,838	1,089,814	
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	(50,377)	(6,671)	149,914	-	92,866	2,562	95,428	
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	1,034,599	(6,671)	149,914	-	1,177,842	7,400	1,185,242	
Purchase of treasury shares	-	-	-	-	-	-	-	(17,263)	(17,263)	-	(17,263)	
Retirement of treasury shares	(200,000)	36,422	-	-	-	-	-	163,578	-	-	-	
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	(2,790)	(2,790)	
BALANCE AT DECEMBER 31, 2020	<u>\$ 5,944,550</u>	<u>\$ 175,307</u>	<u>\$ 28,684</u>	<u>\$ 614,251</u>	<u>\$ 1,040,583</u>	<u>\$ (11,116)</u>	<u>\$ 420,538</u>	<u>\$ -</u>	<u>\$ 8,212,797</u>	<u>\$ 54,577</u>	<u>\$ 8,267,374</u>	

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

(With Deloitte & Touche auditors' report dated March 11, 2021)

CONCORD SECURITIES CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 1,141,854	\$ 308,461
Adjustments for:		
Depreciation	78,706	83,468
Amortization	12,069	14,529
Expected credit loss	6,215	469
Net gain on financial assets and liabilities at fair value through profit or loss	(367,743)	(129,832)
Finance costs	52,055	60,011
Interest income (including financial income)	(255,632)	(299,399)
Dividend income	(494,782)	(383,003)
Compensation costs of employee share options	-	3,010
Share of profit or loss of associates accounted for using equity method	(25,999)	61,668
Loss on disposal of property and equipment	542	396
Loss on disposal of intangible assets	-	51
Loss (gain) on disposal of investments	1,049	(808)
Gain on lease modifications	(16)	(5)
Changes in operating assets and liabilities		
Increase in financial assets at fair value through profit or loss	(2,943,048)	(2,091,931)
Decrease (increase) in bond investments under resale agreements	697,687	(697,687)
Increase in margin loans receivable	(1,260,517)	(173,590)
Decrease (increase) in refinancing margin	(17,287)	16,541
Decrease (increase) in refinancing collateral receivable	(14,439)	14,956
Increase in customer margin account	(348,649)	(13,312)
Decrease (increase) in futures exchanges margins receivable	(5,020)	398
Decrease (increase) in security borrowing collateral price	(327,818)	157,678
Decrease (increase) in security borrowing margin	(296,628)	148,473
Decrease (increase) in notes receivable	19	(5)
Increase in accounts receivable	(2,144,708)	(1,659,230)
Decrease (increase) in prepayments	1,481	(371)
Decrease (increase) in other receivables	(15,384)	84,616
Increase in other financial assets	(50,414)	(18,940)
Decrease (increase) in other current assets	(55,449)	14,083
Increase in liabilities for bonds with repurchase agreements	1,692,110	761,883
Increase in financial liabilities at fair value through profit or loss	777,136	284,288
Increase (decrease) in securities financing refundable deposits	40,969	(67,096)
Increase (decrease) in deposits payable for securities financing	23,148	(404,118)
Increase (decrease) in security lending refundable deposits	(2,780)	2,780
Increase in futures traders equity	363,318	4,883
Increase in accounts payable	3,848,477	1,645,203
Increase (decrease) in other payables	295,904	(34,908)
Decrease in net defined benefit liabilities	(28,770)	(13,182)
Decrease in provisions	(47)	(1,657)
Increase in other current liabilities	223,060	1,318
Cash generated from (used in) operations	600,669	(2,319,911)

(Continued)

CONCORD SECURITIES CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
Interest received	\$ 249,231	\$ 334,842
Dividends received	477,065	365,440
Interest paid	(50,667)	(59,772)
Income tax paid	<u>(18,114)</u>	<u>(54,630)</u>
Net cash generated from (used in) operating activities	<u>1,258,184</u>	<u>(1,734,031)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(819,759)	(856,215)
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	6,600	-
Proceeds from disposal of investments accounted for using equity method	-	12,240
Acquisition of property and equipment	(25,505)	(7,655)
Proceeds from disposal of property and equipment	8	637
Decrease in operating deposits	52,000	-
Decrease (increase) in clearing and settlement fund	(3,693)	16,385
Decrease (increase) in refundable deposits	5,120	(2,174)
Acquisition of intangible assets	(11,483)	(4,152)
Increase in other non-current assets	(6,296)	(7,372)
Dividends received	<u>16,542</u>	<u>16,293</u>
Net cash used in investing activities	<u>(786,466)</u>	<u>(832,013)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	386,700	-
Decrease in short-term borrowings	-	(272,200)
Increase in commercial paper payable	1,170,000	2,760,000
Increase in guarantee deposits received	-	505
Decrease in guarantee deposits received	(602)	-
Payments of lease liabilities	(50,439)	(54,204)
Cash dividends paid	(194,807)	-
Exercise of employee share options	-	30,406
Payments to acquire treasury shares	(17,263)	(232,393)
Change in non-controlling interests	(2,790)	(236)
Unpaid dividends	<u>-</u>	<u>126</u>
Net cash generated from financing activities	<u>1,290,799</u>	<u>2,232,004</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>(6,708)</u>	<u>(2,953)</u>

(Continued)

CONCORD SECURITIES CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 1,755,809	\$ (336,993)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,678,341</u>	<u>2,015,334</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 3,434,150</u>	<u>\$ 1,678,341</u>

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

(With Deloitte & Touche auditors' report dated March 11, 2021)

(Concluded)

5. The Table for Amended Articles of “The Codes of Ethics”

Revised Article	Current Version	Explanation
<p>Article 2 Content of the code</p> <p>1.Prevention of conflicts of interest: Conflicts of interest occur when personal interest intervenes or is likely to intervene in the overall interest of the company, as for example when Company employees are unable to perform their duties in an objective and efficient manner, or when a person in such a position takes advantage of their position in the company to obtain improper benefits for either themselves or their spouse, or relatives within the third degree of kinship. The company shall pay special attention to loans of funds, provisions of guarantees, and major asset transactions or the purchase (or sale) of goods involving the affiliated enterprise at which a Company employee works. The company shall establish a policy aimed at preventing conflicts of interest, and shall offer appropriate means for Company employees to voluntarily explain whether there is any potential conflict between them and the company.</p> <p style="text-align: center;">2~6 omitted</p> <p>7.Encouraging reporting on illegal or unethical activities: The company shall raise awareness of ethics internally and encourage employees to report to appropriate individual upon suspicion or discovery of any activity in violation of a law or regulation or the code of ethical conduct. To encourage employees to report illegal conduct, it is advisable that the company adopt relevant procedures or mechanisms for such reporting and make employees aware that the company will use its best efforts to ensure the safety of informants and protect them from <u>whistleblower</u>.</p> <p>8.Disciplinary measures: When the Company employees violates the code of ethical conduct, the company shall <u>submit to the Reward and Punishment Committee for comment in accordance with the Reward and Punishment Committee Charter</u> , and shall without delay disclose on the Market Observation Post System (MOPS) the name and title of the violator, the date of the violation, reasons for the violation, the provisions of the code violated, and the disciplinary actions taken. It is advisable that the company establish a relevant complaint system to provide the violator with remedies.</p> <p style="text-align: center;">9 omitted</p>	<p>Article 2 Content of the code1.</p> <p>1.Prevention of conflicts of interest: Conflicts of interest occur when personal interest intervenes or is likely to intervene in the overall interest of the company, as for example when Company employees are unable to perform their duties in an objective and efficient manner, or when a person in such a position takes advantage of their position in the company to obtain improper benefits for either themselves or their spouse, parents, children, or relatives within the third degree of kinship. The company shall pay special attention to loans of funds, provisions of guarantees, and major asset transactions or the purchase (or sale) of goods involving the affiliated enterprise at which a Company employee works. The company shall establish a policy aimed at preventing conflicts of interest, and shall offer appropriate means for Company employees to voluntarily explain whether there is any potential conflict between them and the company.</p> <p style="text-align: center;">2~6 omitted</p> <p>7.Encouraging reporting on illegal or unethical activities: The company shall raise awareness of ethics internally and encourage employees to report to appropriate individual upon suspicion or discovery of any activity in violation of a law or regulation or the code of ethical conduct. To encourage employees to report illegal conduct, it is advisable that the company adopt relevant procedures or mechanisms for such reporting and make employees aware that the company will use its best efforts to ensure the safety of informants and protect them from <u>reprisals</u>.</p> <p>8.Disciplinary measures: When the Company employees violates the code of ethical conduct, the company shall handle the matter <u>in accordance with the disciplinary measures prescribed in the code</u>, and shall without delay disclose on the Market Observation Post System (MOPS) the name and title of the violator, the date of the violation, reasons for the violation, the provisions of the code violated, and the disciplinary actions taken. It is advisable that the company establish a relevant complaint system to provide the violator with remedies.</p> <p style="text-align: center;">9 omitted</p>	<p>Considering that the parents and children are relatives within the second class, the text may be simplified.</p> <p>Text adjustments</p>

6. The Table for Amended Articles of “Rules of Procedure for Shareholders Meeting”

Revised Article	Current Version	Explanation
<p>Article 3 (item 1~3 omitted)</p> <p>Election or dismissal of directors , amendments to the articles of incorporation, the dissolution, merger, or demerger of the corporation, or any matter under <u>Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act or Article 56-1 and Article 60-2 Regulations Governing the Offering and Issuance of Securities by Securities Issuers</u> shall be set out in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion.</p> <p>(item 5 omitted)</p> <p>A shareholder holding one percent or more of the total number of issued shares may submit to The Company a written proposal for discussion at a regular shareholders meeting. The number of items so proposed, however, is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the Board of Directors may exclude it from the agenda.</p> <p><u>Shareholders may propose to urge the Company to promote public interests or fulfill its social responsibilities. The procedure shall be in accordance with Article 172-1 of the Company Act. The number of items is limited to one only, and no proposal containing more than one item will be included in the meeting agenda.</u></p> <p>(Omitted below)</p>	<p>Article 2 (item 1~3 omitted)</p> <p>Election or dismissal of directors , amendments to the articles of incorporation, the dissolution, merger, or demerger of the corporation, or any matter under <u>Article 185</u>, paragraph 1 of the Company Act, shall be set out in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion.</p> <p>(item 5 omitted)</p> <p>A shareholder holding one percent or more of the total number of issued shares may submit to The Company a written proposal for discussion at a regular shareholders meeting. The number of items so proposed, however, is limited to one only, and no proposal containing more than one item will be included in the meeting agenda, <u>provided a shareholder proposal for urging the corporation to promote public interests or fulfill its social responsibilities may still be included in the agenda by the board of directors.</u> In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.</p> <p>(Omitted below)</p>	<p>Include other statutory provisions other than the Company Act listed in the original provisions before the amendment that cannot be proposed by means of ad hoc motions.</p>

<p>Article 9 (item 1 omitted) The chair shall call the meeting to order at the appointed meeting time <u>and announce relevant information such as the number of non-voting rights and the number of shares present at the same time.</u> However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned. (Omitted below)</p>	<p>Article 9 (item 1 omitted) The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned. (Omitted below)</p>	<p>In order to improve corporate governance and safeguard the rights and interests of shareholders, the second item is amended.</p>
<p>Article 14 The election of directors or supervisors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by The Company, and the voting results shall be announced on-site immediately, including the names of those elected and <u>unsuccessfully elected</u> as directors and the numbers of votes with which they were elected. (item 2 omitted)</p>	<p>Article 14 The election of directors or supervisors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by The Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected. (item 2 omitted)</p>	<p>In order to improve corporate governance and safeguard the rights and interests of shareholders, the first item is amended.</p>
<p>Article 20 These Rules, and any amendments hereto, shall be implemented after adoption by shareholders meetings. These Rules of Procedure for Shareholders Meeting were enacted on June 13th, 2008, and were amended on June 15th, 2011, as the 1st amendment; on June 22th, 2012, as the 2nd amendment; on June 14th, 2013, as the 3rd amendment; on June 20, 2014, as the 4th amendment; on June 12, 2015, as the 5th amendment; on June 5, 2020, as the 6th amendment; <u>on June 4, 2021, as the 7th amendment.</u></p>	<p>Article 20 These Rules, and any amendments hereto, shall be implemented after adoption by shareholders meetings. These Rules of Procedure for Shareholders Meeting were enacted on June 13th, 2008, and were amended on June 15th, 2011, as the 1st amendment; on June 22th, 2012, as the 2nd amendment; on June 14th, 2013, as the 3rd amendment; on June 20, 2014, as the 4th amendment; on June 12, 2015, as the 5th amendment ; on June 5, 2020, as the 6th amendment.</p>	<p>Update the number and date of revisions.</p>

7. The Table for Amended Articles of “Procedures for Directors Elections”

Revised Article	Current Version	Explanation
<p>Article 6 Delete this article</p>	<p>Article 6 A voter shall specify the account name and account number of the candidate on ballot if the said candidate is a shareholder, or name and Citizen ID number of the said candidate is a non-shareholder. – However, if a corporate shareholder is to be voted, such a candidate’s government name or corporate name, or the government name or corporate name and the name of the representative of the said government or corporate, shall be specified on the name field on the ballot. In case of several representatives, specify all names.</p>	<p>The election has fully adopted the candidate nomination system. This article is not necessary.</p>
<p>Article <u>6</u> A ballot shall be regarded as null and void if any of the followings applies: 1. No ballot paper prepared by the <u>convener</u> ; 2. A bank ballot is deposited into the ballot box; 3. Writing on the ballot is beyond reasonable recognition or has been altered or modified; 4. Candidates being specified on the ballot are inconsistent to List of Director Candidates; 5. Any writing other than the number of suffrage is found on the ballot; 6. (deleted) 7. (deleted)</p>	<p>Article <u>7</u> A ballot shall be regarded as null and void if any of the followings applies: 1. No ballot paper prepared by the <u>board</u> ; 2. A bank ballot is deposited into the ballot box; 3. Writing on the ballot is beyond reasonable recognition or has been altered or modified; 4. The name and shareholder account number of a shareholder candidate being specified on the ballot are inconsistent to the shareholder list; 5. Any writing other than candidate’s name, shareholder account number (Citizen ID) or the number of suffrage is found on the ballot; 6. The candidate’s name specified on the ballot is identical to other shareholder and no shareholder account number or Citizen ID number is specified for valid identification; or 7. Ballot found null and void in accordance with the laws.</p>	<p>Unnecessary articles are deleted.</p>
<p>Article <u>11</u> This Rules are promulgated on June 15, 2004. First revision on June 22, 2012. Second revision on June 20, 2014. Third revision on June 12, 2015, Fourth revision on June 5, 2020, <u>Fifth revision on June 4, 2021.</u></p>	<p>Article <u>12</u> This Rules are promulgated on June 15, 2004. First revision on June 22, 2012. Second revision on June 20, 2014. Third revision on June 12, 2015, Fourth revision on June 5, 2020.</p>	<p>Update the number and date of revisions</p>

8. The Table for Amended Articles of “Articles of Incorporation”

Revised Article	Current Version	Explanation
<p>Article 16 The Company shall have <u>5</u> to <u>15</u> Directors. The number of independent directors shall be no less than three and shall represent no less than one fifth of the total number of directors. Directors shall be elected on candidate list by the shareholders at a shareholders’ meeting. The total percentage of shareholdings by all Directors must comply with the relevant rules and regulations.</p> <p>The election of directors (including independent directors) shall make use of a candidate nomination system pursuant to the provisions of Article 192-1 of the Company Act. The receipt, announcement etc. of nominations for directorship candidates shall be handled in accordance with the relevant rules and regulations prescribed by the securities governing authorities.</p>	<p>Article 16 The Company shall have <u>11</u> to <u>25</u> Directors. The number of independent directors shall be no less than three and shall represent no less than one fifth of the total number of directors. Directors shall be elected on candidate list by the shareholders at a shareholders’ meeting. The total percentage of shareholdings by all Directors must comply with the relevant rules and regulations.</p> <p>The election of directors (including independent directors) shall make use of a candidate nomination system pursuant to the provisions of Article 192-1 of the Company Act. The receipt, announcement etc. of nominations for directorship candidates shall be handled in accordance with the relevant rules and regulations prescribed by the securities governing authorities.</p>	<p>Adjust the number of directors of the company to 5 to 15.</p>
<p>Article 27 These Articles of Incorporation were enacted on October 7th, 1990, and were amended on June 20th, 1991, as the 1st amendment; on November 17th, 1992, and on June 17th, 2016, as the 20th amendment, and on June 5th, 2020, as the 21st amendment, <u>and on June 4th, 2021, as the 22st amendment.</u></p>	<p>Article 27 These Articles of Incorporation were enacted on October 7th, 1990, and were amended on June 20th, 1991, as the 1st amendment; on November 17th, 1992, and on June 17th, 2016, as the 20th amendment, and on June 5th, 2020, as the 21st amendment.</p>	<p>Update the number and date of revisions</p>

9. The List of candidates for Directors

Candidates nominated by the Board of Directors

Candidates	Names	Education	experience	Current job
Director	Zhongyang Investment Co., Ltd. Representative : Cheng, Ta-Yu	MA in Management Information System, Fairleigh Dickinson University	<ul style="list-style-type: none"> ● Chairman of Concord Securities Co., Ltd. ● Chariman of Concord Futures Corp. 	<ul style="list-style-type: none"> ● Chairman of Concord Securities Co., Ltd. ● Director of Concord Futures Corp. ● Director of Concord Insurance Agency Co., Ltd. ● Director of TPEA ● Vice Convener of the R&D Committee of Taiwan Securities Association ● Convener of Education and Training Committee of Taiwan Securities Association
Director	Zhongyang Investment Co., Ltd. Representative : Jinnder Chang	Doctor of Accounting, United States International University Doctor of Law, National Chung Cheng University	<ul style="list-style-type: none"> ● President of CROWN&CO., CPAs ● Chairman of CPA ASSOCIATIONS R.O.C.(TAIWAN) ● Dean of Dept. of Accounting, Chinese Culture University ● Chair Professor and Dean of School of Management, Chaoyang University of Technology ● Chair Professor, Department of Accounting and Information Science, Asia University ● Independent Director of Concord Securities Co., Ltd. 	<ul style="list-style-type: none"> ● President of CROWN&CO., CPAs ● Professor of Department of Law, National Chung Hsing University ● Arbiter of Chinese Arbitration Association, Taipei ● Arbiter Taiwan Arbitration Association ● Chairman of University Cultural and Educational Foundation ● Director of National Chung Cheng University Academic Foundation ● Independent Director of PharmaEssentia Corporation ● Independent Director Hua Eng Wire & Cable Co., Ltd. ● Independent Director of Ju-kao Engineer Co., Ltd ● Chairman of Guanbao International Consulting Co., Ltd.

Director	Zhongyang Investment Co., Ltd. Representative : Lee, Chin-shen	PHD in Management Science, National Chiao Tung University	<ul style="list-style-type: none"> ● President and Professor of School of Finance of MCU ● Professor of Department of Finance, Tamkang University ● Professor of Department of Management Science, National Chiao Tung University ● PHD in Management Science, National Chiao Tung University ● Independent Director of Concord Securities Co., Ltd. 	<ul style="list-style-type: none"> ● Independent Director of Concord Securities Co., Ltd. ● Dean of the School of Fintech of MCU ● Professor of Department of Finance of MCU ● Supervisor of MOAI green power Corporation ● Supervisor of YAPP MARKETING CO., LTD ● Director of Hongbao Asset Management Consulting Co., Ltd. ● Director of YUNGCHIY INTERNATIONAL DEVELOPMENT CO., LTD. ● Supervisor of Extreme Image Co., Ltd.
Director	Taiming Development Co., Ltd.	-	-	-
Director	Sky Investment Corporation Representative : Chen, Qiong-Ling	Bachelor of Statistics, Fu Jen Catholic University	<ul style="list-style-type: none"> ● Vice President of Hwang Chang General Contractor Co., Ltd 	<ul style="list-style-type: none"> ● Director of Hwang Chang General Contractor Co., Ltd ● Supervisor of Ho Chang International Contractor Co., Ltd
Director	Jia Yi Corp. Representative : Tsai,Sung-Po"	Tatung Institute of Technology	<ul style="list-style-type: none"> ● Director of Concord Securities Co., Ltd ● Chairman of Mingyi Investment Co., Ltd ● Chairman of Min Chao Investment Co., Ltd 	<ul style="list-style-type: none"> ● Director of Concord Securities Co., Ltd ● Chairman of Li Jin Management Consulting Co., Ltd. ● Chairman of Tai Li Management Consulting Co., Ltd. ● Chairman of Xinguang Co., Ltd. ● Chairman of Shengquan Investment Co., Ltd. ● Chairman of Mingyi Investment Co., Ltd. ● Chairman of Mingchao Investment Co., Ltd ● Chairman of Ziquan Investment Co., Ltd. ● Chairman of Donghong Investment Co., Ltd. ● Chairman of Hongyuan Investment Co., Ltd. ● Director of Jinghua Hotel ● Director of Kanghe Royal Life Business Co., Ltd. ● Director of Quanhui Investment Co., Ltd. ● Director of Riguan Construction Co., Ltd. ● Director of Jia Yi Corp. ● Chairman of Huimin Investment Co., Ltd. ● Supervisor of Kang Lian Investment Co., Ltd.

				<ul style="list-style-type: none"> ● Chairman of Ziquan Investment Co., Ltd. ● Supervisor of Zihui Enterprise Co., Ltd. ● Supervisor of Sanhuaying Industrial Co., Ltd.
Director	De Ye Investment Co., Ltd Representative : Yang, Min-Wan	Bachelor of Public Finance, Feng Chia University	<ul style="list-style-type: none"> ● Chief Administration Officer of Yuanta Financial Holdings ● Director of Concord Securities Co., Ltd 	<ul style="list-style-type: none"> ● Director of Concord Securities Co., Ltd ● Chairman of Heyi Investment Co., Ltd. ● Chairman of De Ye Investment Co., Ltd ● Chairman of Dezhan Investment Company
Director	Yuan Long Development Co.,Ltd Representative : Ma,Pei-Chun	BA in Economics, CARNEGIE MELLON UNIVERSITY	<ul style="list-style-type: none"> ● Director of Federal Corporation ● Director of Concord Securities Co., Ltd 	<ul style="list-style-type: none"> ● Director of Concord Securities Co., Ltd ● Supervisor of Lohas Social Enterprise Co., Ltd. ● Director of Federal Corporation ● Director of Yuan Long Development Co.,Ltd ● Director of Ta Tien Investment Co.,Ltd ● Director of Ta Yuan Construction Corp. ● Director of Foundation of Chinese Culture ● Director of Taiwan HappyLife Service Development Association ● Supervisor of Xinyuan International Investment Company ● Supervisor of Junteng Asset Management Co., Ltd
Independent Director	Huang, Tien-Chang	Master of Public Finance, National Chengchi University	<ul style="list-style-type: none"> ● Chairman, Taiwan Business Bank ● Chairman, Trust Association of R.O.C. ● Independent Director, Mega Securities ● Independent Director, Mega Bank ● Professor, Department of Business Administration, National Changhua University of Education. ● Independent Director of Concord Securities Co., Ltd. 	<ul style="list-style-type: none"> ● Independent Director of Concord Securities Co., Ltd. ● Independent Director, Heran Co.,Ltd ● Independent Director, Yi Jinn Industrial Co., Ltd
Independent Director	Chang, Yao-Ren	Bachelor of Civil and Construction Engineering, Taiwan National Taiwan University of Science and Technology	<ul style="list-style-type: none"> ● Worker, National Housing Office, Taipei City Government ● General Manager of Bao Ku Construction Co.,Ltd ● President of Chung Hsin Rotary Club Independent Director of Concord Securities Co., Ltd. 	<ul style="list-style-type: none"> ● Independent Director of Concord Securities Co., Ltd. ● Partner of Yun Cheng United Accounting Firm ● Chief Technician of Xianglian Enterprise Co., Ltd

Independent Director	Huang, Hsiu-Hui	<p>Master, Graduate school of Science and Technology Law National Yunlin University</p> <p>Master, Department of Finance Chaoyang University of Technology</p>	<ul style="list-style-type: none"> ● Counselor, Taichung City Government ● Part-time Lecturer, Chaoyang University of Technology ● Part-time Lecturer, Asia University, Taiwan Independent Director of Concord Securities Co., Ltd. 	<ul style="list-style-type: none"> ● Independent Director of Concord Securities Co., Ltd. ● Chairman of Sandalon Co., Ltd. ● Chairman, YUNG-LIU AND COS-IP LAW OFFICE ● Member of the Employment Discrimination Evaluation Committee of the Central Science and Technology Industrial Park, National Science Committee of the Executive Yuan ● Member of Taichung City Election Committee ● Member of the Taichung Customs Gender Equality and Sexual Harassment Investigation Team, Customs Department, Ministry of Finance
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Candidates nominated by shareholders holding more than 1% of the total issued shares of the company

Candidates	Names	Education	experience	Current job
Director	Qian Kun Management Consulting Co., Ltd. Representative : Hsiao, Lee Ming	Bachelor of Laws, National Chengchi University	<ul style="list-style-type: none"> ● General Manager of Shanghai Dayuan Glass Co., Ltd. 	-
Director	Qian Kun Management Consulting Co., Ltd. Representative : Huang, Chin Shun	National Beimen Senior High School	<ul style="list-style-type: none"> ● Director of Xibao Jade Development Co., Ltd. 	-

Director	Qian Kun Management Consulting Co., Ltd. Representative : Sum, Mui Ping	BA in Chinese Literature, Chinese Culture University	<ul style="list-style-type: none"> ● Director of WILLIAM ELECTRIC & BATTERY CO., LTD. ● Director of T&C Enterprise Co.,Ltd., Hongkong 	-
Director	Qian Kun Management Consulting Co., Ltd. Representative : Pan, Lan Hsin	Double Master of Education and Special Education, University of Kansas	<ul style="list-style-type: none"> ● Education Director of Discovery Development Co., Ltd. 	<ul style="list-style-type: none"> ● Education Director of Yizhong Management Consulting Co., Ltd.
Independent Director	Wu, Huo Sheng	Master of Finance, Tamkang University	<ul style="list-style-type: none"> ● Senior Vice President of Taishin Financial Holding Co., Ltd. ● Chairman of Taishin Securities Investment Advisory Co., Ltd. ● Chairman of Taishin Securities Investment Trust Co., Ltd. 	<ul style="list-style-type: none"> ● Consultant of Public Service Pension Fund Management Board
Independent Director	Lin, Cheng Chiang	Bachelor of Laws, Fu Jen University	<ul style="list-style-type: none"> ● Lawyer of Daxin International Law Firm ● Lawyer of Zhenglu Law Firm ● Lawyer of Haoran Huahan Law Firm ● Lawyer of Ruiqun Law Firm 	<ul style="list-style-type: none"> ● Leading lawyer of Zhaoyun Law Firm
Independent Director	Sun, Tsu Wei	Bachelor of Accounting, Tamkang University	<ul style="list-style-type: none"> ● Full-time teaching assistant of Tamkang University 	<ul style="list-style-type: none"> ● Head of Baiqi Accounting Firm

10. Articles of Incorporation

Chapter One General Provisions

- Article 1 The Company shall be incorporated as a company limited by shares under *The Company Act* and its name shall be “Concord Securities Co., Ltd.”(hereinafter referred to as the “Company”).
- Article 2 The scope of business of the Company shall be as follows:
- I. H301011 Securities merchant .
 - II. H408011 Futures introducing broker.
 - III. H401011 Futures commission merchants (business is limited by the approval of the competent authorities) .
- Article 2-1 The Company shall engage in the following business activities::
- I. To accept orders to trade securities on the centralized securities exchange market.
 - II. To trade securities on its own account on the centralized securities exchange market.
 - III. To underwrite securities.
 - IV. To accept orders to trade securities at its own business location.
 - V. To trade securities on its own account at its own business location.
 - VI. To act as an agent in stock and equity-related affairs.
 - VII. To take charge of securities margin-purchase and short-sale business.
 - VIII. To engage in securities-related futures brokerage and services.
 - IX. To accept orders to trade foreign securities.
 - X. To engage in securities-related futures proprietary trading.
 - XI. To engage in other business which is approved by the competent authority.
- Article 3 The head office of the Company is established in Taipei and may, subject to business requirement with the resolution of the Board of Directors and the approval of competent authority, set up branch office(s) in/outside Taiwan.
- Article 4 (Deleted)
- ## Chapter Two Shares
- Article 5 The total authorized capital of the Company shall be NT\$15 billion, divided into 1500 million shares with a par value of NT\$10 each, which the Board has been authorized to issue in stages, of which 200 million shares shall be reserved for exercising options.
- Article 5-1 The Company may, with the resolution of the most recent shareholders’ meeting which is attended by shareholders holding at least 50% of the issued capital stock and resolved by more than two-thirds of the voting rights by shareholders attending the meeting, transfer the treasury shares to its employees at a price lower than the average repurchased price.
- Article 5-2 The Company may, with the resolution of a shareholders’ meeting which is attended by shareholders holding at least 50% of the issued capital stock and resolved by more than two-thirds of the voting rights by shareholders attending the meeting, issue employee stock options to its employees at a price below the market price and by installments within one year of the said shareholders’ meeting.
- Article 6 The share certificates issued and printed by The Company shall be affixed with the signatures or personal seals of the director representing the company, and shall be duly certified or authenticated by the bank which is competent to certify shares under the laws before issuance.
- For the shares to be issued by a company, the Company may be exempted from printing any share certificate for the shares issued.

The Company not printing its share certificate in accordance with the provision of the preceding paragraph shall register the issued shares with a centralized securities depository enterprise and follow the regulations of that enterprise.

Article 7 The Company's stock affairs shall be governed by *Regulations Governing the Administration of Shareholder Services of Public Companies*.

Article 8 (Deleted)

Article 9 (Deleted)

Article 10 (Deleted)

Article 11 Registration of share transfers shall be suspended in the following circumstances: for a 60-day period prior to an annual meeting of the shareholders; for a 30-day period prior to a special meeting of the shareholders; and for a 5-day period prior to the record date for distribution of dividend, bonuses or other benefits.

Chapter Three Shareholders' Meetings

Article 12 Shareholders' meetings of the Company are of two types, namely: (1) annual meetings and (2) special meetings. Annual meetings shall be convened, by the Board of Directors, within six (6) months after the close of each fiscal year. Special meetings shall be convened at such time as necessary in accordance with the relevant laws, rules and regulations.

Article 13 If a shareholder is unable to attend a meeting, he or she may appoint a proxy to attend and vote on behalf of the shareholder at the shareholders' meeting by completing and submitting to the Company, a form prescribed by the Company stating the scope of authorization. All proxy appointments must comply with Article 177 of The Company Act and Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies.

Article 14 Except where other legal requirements apply, shareholders of the Company shall be entitled to one vote for each share held at the shareholders' meeting.

Article 15 Unless otherwise required by *The Company Act*, all resolutions of a shareholders' meeting of the Company shall be passed at a meeting attended by shareholders holding at least 50% of the issued capital stock and resolved by more than 50% of the shareholders attending the meeting.

Chapter Four Directors and the board of directors

Article 16 The Company shall have 11 to 25 Directors. The number of independent directors shall be no less than three and shall represent no less than one fifth of the total number of directors. Directors shall be elected on candidate list by the shareholders at a shareholders' meeting. The total percentage of shareholdings by all Directors must comply with the relevant rules and regulations.

The election of directors (including independent directors) shall make use of a candidate nomination system pursuant to the provisions of Article 192-1 of the Company Act. The receipt, announcement etc. of nominations for directorship candidates shall be handled in accordance with the relevant rules and regulations prescribed by the securities governing authorities.

Article 17 The tenure of offices for Directors shall be three years and the Directors shall be eligible for re-election and re-appointment.

Article 18 Where vacancies of the Board of Directors exceed one-third of the total number of the Directors or all the independent directors are dismissed, the Board shall convene a special shareholders' meeting within 60 days to elect new Directors to fill the vacancies until the incumbent term expires. With respect to a director appointed by a corporate shareholder or its representative, the corporate shareholder may re-appoint its representative at any time due to a change in official functions and duties of the original representative until the incumbent term

expires.

- Article 19 The Board shall be formed by the directors. A Chairman and a Vice Chairman shall be elected from the Directors by a majority vote of the Directors at a Board meeting attended by at least two thirds of all the Directors. The Chairman shall have the right to execute the resolutions of the Board of Directors and the shareholders' meeting. The Chairman of the Board shall chair all shareholders' and directors' meetings internally and represent the Company externally.
- Article 19-1 The resolutions of the Board, unless otherwise required by *The Company Act*, shall be resolved by a simple majority of the Directors at a Board meeting attended by at least 50% of all the Directors. If any director or a juristic person represented by a director is an interested party with respect to any agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. If the Board meeting is held in the form of a video conference, participation via video conference is deemed as participation in person.
- Article 19-2 Board meetings shall be convened in accordance with The Company Act. The notice of the Board meetings may be made and delivered by writing, email or facsimile to the Directors.
- Article 19-3 The Company shall establish an Audit Committee pursuant to the provisions of Article 14-4 of the Securities and Exchange Act. The Audit Committee and its members shall fulfill their supervisory duties pursuant to the relevant provisions of the Company Act, the Securities and Exchange Act, and other relevant laws and regulations.
- The number and tenure of office of audit committee members, powers of the audit committee, rules of procedure for meetings of the audit committee shall be defined in an audit committee charter in accordance with Regulations Governing the Exercise of Powers by Audit Committees of Public Companies.
- Article 20 When the Chairman of the Board is on leave or unable to perform his duties, the designation proxy shall be made in accordance with Article 208 of *The Company Act*. When a director is unable to attend the Board Meeting, the designation proxy shall be made in accordance with Article 205 of *The Company Act*.
- Article 21 The Board is authorized to determine the remuneration of the Directors of the Company (including independent directors) according to individual degrees of participation and value of contribution in business operation of the Company, as well as levels of remuneration generally adopted in the industry.
- Article 21-1 The Company may purchase liability insurance for Directors to cover legal obligations and liabilities arisen from performing their duties during their terms of occupancy.
- Chapter Five Managerial Officers**
- Article 22 The Company shall have one President, several Vice Presidents, Assistant Vice Presidents and Managers pursuant to Article 29 of *The Company Act*.
- Chapter Six Accounting**
- Article 23 The fiscal year for The Company must start on January 1st of each year and end on December 31st of the same year.
- Article 24 After the close of each fiscal year, The Board shall prepare the following financial statements and documents:
- I. Business report
 - II. Financial statements
 - III. Proposal of allocation of profit or covering of losses.
- Article 25 If making any profits in a fiscal year, the Company shall set aside from 1% to 2% of the profits for employees' compensation following the board resolution to distribute in stock or cash dividend for eligible employees of the Company and subsidiaries. The board resolution in remuneration to directors may not exceed five percent of the profit. The employees' compensation and remuneration to directors shall be proposed by the Board of Directors and

resolved in the shareholders' meeting

If the Company has cumulated losses, the profit shall be first utilized for making up losses for previous years and then following the afore-mentioned percentage to distribute the employees' compensation and remuneration to directors.

Article 25-1

Where the Company made profit after the close of a fiscal year after the yearly settlement of accounts, the profit shall be first utilized for paying taxes, making up losses for previous years, setting aside reserves as follow:

一、Statutory surplus reserves (Legal reserve): 10% of the profit

二、Special reserve: 20% of the profit

However, if the accumulated amount of reserves reaches or exceeds the paid-in capital amount, no further fund needs to be set aside. The reminders shall be set aside according to the regulation or reverse to special reserve. IF there is a balance in the remaining of the profit combining with the cumulated un-appropriated retained earnings, the board may stipulate the distribution plan and propose to distribute the shareholders' dividend bounce in the resolution of the shareholders' meeting.

Our dividend policy, considering the necessity, future business development plan, investment environment, funding need, competitiveness in international wide and the interest of shareholders, The un-appropriated retained earnings shall be used as the basis for the distribution of dividends and bonus to shareholders, subject to no less than 50% of the basis.

The board of directors is authorized to make no distribution of dividends and bonus to shareholders when the un-appropriated retained earnings are less than 0.5% of paid-in capital. The board may resolve to distribute dividends and bonus to shareholders in stock or cash dividend. Cash dividend may not be less than 10% of total dividend.

Chapter Seven Bylaws

Article 26

Matters not specifically provided for in these Articles of Incorporation shall be governed by *The Company Act, The Securities and Exchange Act* and other relevant legislations.

Article 27

These Articles of Incorporation were enacted on October 7th, 1990, and were amended on June 20th, 1991, as the 1st amendment; on November 17th, 1992, as the 2nd amendment; on March 30th, 1995, as the 3rd amendment; on May 22, 1997, as the 4th amendment; on April 24th, 1998, as the 5th amendment; on May 15th, 1999, as the 6th amendment; on June 29th, 2000, as the 7th amendment; on December 12th, 2000, as the 8th amendment; on May 31st, 2002, as the 9th amendment; on May 30th, 2003, as the 10th amendment; on May 27th, 2004, as the 11th amendment; on June 17th, 2005, as the 12th amendment; on June 9th, 2006, as the 13th amendment; on June 15th, 2007, as the 14th amendment; on June 13th, 2008, as the 15th amendment; on June 15th, 2010, as the 16th amendment and on June 22th, 2012, as the 17th amendment, and on June 20th, 2014, as the 18th amendment, on June 12th, 2015, as the 19th amendment and on June 17th, 2016, as the 20th amendment, and on June 5th, 2020, as the 21st amendment..

11. Rules of Procedure for Shareholders Meeting

- Article 1 To establish a strong governance system and sound supervisory capabilities for The Company's shareholders meetings, and to strengthen management capabilities, these Rules are adopted pursuant to Article 5 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.
- Article 2 The rules of procedures for The Company's shareholders meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.
- Article 3 Unless otherwise provided by law or regulation, The Company's shareholders meetings shall be convened by the board of directors.
- The Company shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors or supervisors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. The Company shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting. In addition, before 15 days before the date of the shareholders meeting, The Company shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at The Company and the professional shareholder services agent it entrusted as well as being distributed on-site at the meeting place.
- The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.
- Matters pertaining to election or discharge of directors, alteration of the Articles of InCompany, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, dissolution, merger, spin-off, or any matters as set forth in Paragraph I, Article 185 hereof shall be itemized in the causes or subjects to be described and the essential contents shall be explained in the notice to convene a meeting of shareholders, and shall not be brought up as extemporary motions; the essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the company, and such website shall be indicated in the above notice.
- If the cause(s) or subject(s) of the shareholders' meeting has been indicated the full re-election of directors and the date of appointment, the appointment date may not be changed by extemporary motions or other means after the re-election of the shareholders' meeting in the same meeting.
- A shareholder holding 1 percent or more of the total number of issued shares may submit to this Company a written proposal for discussion at a regular shareholders meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. However, the shareholders' proposal is a proposal to urge the company to promote the public interest or fulfill its social responsibility, and the board of directors still has to include it in the proposal. In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put

forward by a shareholder, the board of directors may exclude it from the agenda.

Prior to the book closure date before a regular shareholders meeting is held, this Company shall publicly announce that it will receive shareholder proposals, and the location and time period for their submission, written or electronic; the period for submission of shareholder proposals may not be less than 10 days.

Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal.

Prior to the date for issuance of notice of a shareholders meeting, this Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

Article 4 For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by The Company and stating the scope of the proxy's authorization.

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to The Company before 5 days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.

After a proxy form has been delivered to The Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronic means, a written notice of proxy cancellation shall be submitted to The Company before 2 business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

Article 5 The venue for a shareholders meeting shall be the premises of The Company, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.

Article 6 The Company shall specify in its shareholders meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations. Shareholders and their proxies (collectively, "shareholders") shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. Solicitors soliciting proxy forms shall also bring identification documents for verification. The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.

The Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors or supervisors, pre-printed ballots shall also be furnished.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

Article 7 If a shareholders' meeting is called by the board of directors, the board chairman shall preside at the said shareholders' meeting. In case the chairman is on leave of absence, or

cannot exercise his powers and authority, an agent acting on his behalf shall be appointed according to the regulations in the Company Act. It is advisable that shareholders meetings convened by the board of directors be attended by a majority of the directors.

When a managing director or a director serves as chair, as referred to in the preceding paragraph, the managing director or director shall be one who has held that position for six months or more and who understands the financial and business conditions of the company. The same shall be true for a representative of a juristic person director that serves as chair. If a shareholders meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.

Article 8

The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures. The recorded materials of the preceding paragraph shall be retained for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

Article 9

Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.

The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within 1 month.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.

Article 10

If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. Relevant motions, including temporary motions and amendments to the original motions, should be decided on a case-by-case basis. The meeting shall proceed in the order set by the agenda,

which may not be changed without a resolution of the shareholders meeting.

The provisions of the preceding paragraph apply *mutatis mutandis* to a shareholders meeting convened by a party with the power to convene that is not the board of directors.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the attending shareholders may elect a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when

the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote.

Article 11

Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.

After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

Article 12

Voting at a shareholders meeting shall be calculated based the number of shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of The Company, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3 percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

Article 13

A shareholder shall be entitled to one vote for each share held, except where other legal requirements apply.

When The Company holds a shareholder meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting. It is therefore advisable that The Company avoid the submission of extraordinary motions and amendments to original proposals.

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to The Company before 2 days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person, a declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to The Company, by the same means by which the voting rights were exercised,

before 2 business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Except as otherwise provided in the Company Act and in The Company's Articles of Incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

If no attending shareholder voices an objection following an inquiry by the chair, the proposal will be deemed approved. If there is an objection or abstention, which involves in those exercised by correspondence or electronic means, the proposal shall be brought to a vote.

When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of The Company.

Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

Article 14

The election of directors or supervisors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by The Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and supervisors and the numbers of votes with which they were elected.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 15

Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes in accordance with Article 183 of the Company Act.

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results. When there are directors elected, the number of votes for each candidate should be disclosed. The minutes shall be retained for the duration of the existence of this Company.

If no attending shareholder voices an objection following an inquiry by the chair, the proposal will be deemed approved, and the statement "consultation by Chairman without any opposition raised" should be documented in the minutes of meeting. If there is an objection, the meeting minutes shall record the method of voting adopted therefore and the total number of votes for the proposal.

Article 16

On the day of a shareholders meeting, The Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders meeting.

If matters put to a resolution at a shareholders meeting constitute material information under

applicable laws or regulations or under Taipei Exchange (or GreTai Securities Market) regulations, The Company shall upload the content of such resolution to the MOPS within the prescribed time period..

Article 17 Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.

The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."

At the place of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by The Company, the chair may prevent the shareholder from so doing.

When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

Article 18 When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at a shareholders meeting to defer or resume the meeting within 5 days in accordance with Article 182 of the Company Act.

Article 19 These Rules, and any amendments hereto, shall be implemented after adoption by shareholders meetings.

Article 20 These Rules, and any amendments hereto, shall be implemented after adoption by shareholders meetings. These Rules of Procedure for Shareholders Meeting were enacted on June 13th, 2008, and were amended on June 15th, 2011, as the 1st amendment; on June 22th, 2012, as the 2nd amendment; on June 14th, 2013, as the 3rd amendment; on June 20, 2014, as the 4th amendment; on June 12, 2015, as the 5th amendment; on June 5, 2020, as the 6th amendment.

12.Procedures for Director Elections

- Article 1 For fair, just and open selection of directors, this procedure has been established in accordance with the relevant provisions of Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies. The election of directors of the Company shall be conducted in accordance with this procedure, except as otherwise provided by law or Articles of Incorporation.
- Article 2 The election of our Company's directors, including independent directors, shall comply with the due process prescribed in Article 192-1 of the Company Act regarding to the candidate nomination procedure. The election of our Company's directors and shall adopt cumulative voting scheme. Unless otherwise stipulated by the laws, each share shall have the votes equal to the number of the directors to be elected in the election of our Company's directors , and the said votes may be voted all on one candidate or separately on several candidates.
- Article 3 Before the election begins, the chairman shall appoint a number of scrutineers and poll clerks with shareholder status to execute the responsibilities of vote scrutiny and vote counting.. The ballot box was prepared by the board of directors and opened for inspection by scrutineers before the ballot.
- Article 4 The quotas of our Company's director shall be determined in accordance with our Company's Articles of Incorporation and Board Resolution, and the suffrage of independent director and non-independent director shall be calculated separately. The winners of the election shall be determined according to and in the order of the number of suffrage received by the candidates. A tie among two or more candidates with the same number of suffrage shall be resolved by a draw, and an absent candidate not available for the said draw in person shall be substituted by the chairperson for the said draw.
- Article 5 The board of directors shall prepare the same number of voting votes as the number of directors to be elected, add their weights, and distribute to the shareholders present at the shareholders' meeting The elector's name can be replaced by the number printed on the ballot paper
Shareholders who exercise their voting right through electronic voting shall exercise it on the electronic voting platform designated by the Company.
- Article 6 A voter shall specify the account name and account number of the candidate on ballot if the said candidate is a shareholder, or name and Citizen ID number of the said candidate is a non-shareholder. However, if a government or corporate shareholder is to be voted, such a candidate's government name or corporate name, or the government name or corporate name and the name of the representative of the said government or corporate, shall be specified on the name field on the ballot. In case of several representatives, specify all names
- Article 7 A ballot shall be regarded as null and void if any of the followings applies:
1. No ballot paper prepared by the board ;
 2. A bank ballot is deposited into the ballot box;
 3. Writing on the ballot is beyond reasonable recognition or has been altered or modified;
 4. The name and shareholder account number of a shareholder candidate being specified on the ballot are inconsistent to the shareholder list;
 5. Any writing other than candidate's name, shareholder account number (Citizen ID) or the number of suffrage is found on the ballot;
 6. The candidate's name specified on the ballot is identical to other shareholder and no shareholder account number or Citizen ID number is specified for valid identification; or
 7. Ballot found null and void in accordance with the laws.
- Article 8 Ballot box will be opened for counting immediately at the end of voting, and the list and the suffrage of director elected will be announced by the chairperson or his designee on site.
The ballot papers for election matters shall be sealed and signed by the scrutineer, and shall be properly kept for at least one year. However, those who have filed a lawsuit in accordance with Article 189 of the Company Act shall be kept until the end of the lawsuit.
- Article 9 Our Company shall inform the winning directors.
- Article 10 Issues not regulated by this Procedures shall be governed by the Company Act and the competent laws and/or mandates.
- Article 11 This Procedures shall be implemented after being approved by the board of directors. Amendment shall

also require approval from the board of directors.

Article 12 This Rules are promulgated on June 15, 2004. First revision on June 22, 2012. Second revision on June 20, 2014. Third revision on June 12, 2015, Fourth revision on June 5, 2020.

13. The Codes of Ethics

Article 1 Purpose of and basis for adoption

The codes of ethical conduct are established for the purpose of encouraging directors, managerial officers and all of the employees (herein after referred to as Company employees) to act in line with ethical standards, and helping interested parties better understand the ethical standards of the Company.

Article 2 Content of the code

1. Prevention of conflicts of interest:

Conflicts of interest occur when personal interest intervenes or is likely to intervene in the overall interest of the company, as for example when Company employees are unable to perform their duties in an objective and efficient manner, or when a person in such a position takes advantage of their position in the company to obtain improper benefits for either themselves or their spouse, parents, children, or relatives within the third degree of kinship. The company shall pay special attention to loans of funds, provisions of guarantees, and major asset transactions or the purchase (or sale) of goods involving the affiliated enterprise at which a Company employee works. The company shall establish a policy aimed at preventing conflicts of interest, and shall offer appropriate means for Company employees to voluntarily explain whether there is any potential conflict between them and the company.

2. Minimizing incentives to pursue personal gain:

The company shall prevent its directors or managerial officers from engaging in any of the following activities:

(1) Seeking an opportunity to pursue personal gain by using company property or information or taking advantage of their positions. (2) Obtaining personal gain by using company property or information or taking advantage of their positions. (3) Competing with the company.

When the company has an opportunity for profit, it is the responsibility of the Company employees to maximize the reasonable and proper benefits that can be obtained by the company.

3. Confidentiality:

The Company employees shall be bound by the obligation to maintain the confidentiality of any information regarding the company itself or its suppliers and customers, except when authorized or required by law to disclose such information. Confidential information includes any undisclosed information that, if exploited by a competitor or disclosed, could result in damage to the company or the suppliers and customers.

4. Fair trade:

The Company employees shall treat all suppliers and customers, competitors, and employees fairly, and may not obtain improper benefits through manipulation, nondisclosure, or misuse of the information learned by virtue of their positions, or through misrepresentation of important matters, or through other unfair trading practices.

5. Safeguarding and proper use of company assets:

The Company employees have the responsibility to safeguard company assets and to ensure that they can be effectively and lawfully used for official business purposes; any theft, negligence in care, or waste of the assets will all directly impact the company's profitability.

6. Legal compliance:

The Company employees shall strengthen its compliance with the Securities and Exchange Act and other applicable laws, regulations, and bylaws.

7. Encouraging reporting on illegal or unethical activities:

The company shall raise awareness of ethics internally and encourage employees to report to appropriate individual upon suspicion or discovery of any activity in violation of a law or regulation or the code of ethical conduct. To encourage employees to report illegal conduct, it is advisable that the company adopt relevant procedures or mechanisms for such reporting and make employees aware that the company will use its best efforts to ensure the safety of informants and protect them from reprisals.

8. Disciplinary measures:

When the Company employees violates the code of ethical conduct, the company shall handle the matter in accordance with the disciplinary measures prescribed in the code, and shall without delay disclose on the Market Observation Post System (MOPS) the name and title of the violator, the date of the violation, reasons for the violation, the provisions of the code violated, and the disciplinary actions taken. It is advisable that the company establish a relevant complaint system to provide the violator with remedies.

Article 3 Procedures for exemption

The code of ethical conduct adopted by a company must require that any exemption for directors or managerial officers from compliance with the code be adopted by a resolution of the board of directors, and that information on the name and title of the person entitled to such exemption, the date on which the board of directors adopted the resolution for exemption, and the period of, reasons for, and principles behind the application of the exemption be disclosed without delay on the MOPS, in order that the shareholders may evaluate the appropriateness of the board resolution to forestall any arbitrary or dubious exemption from the code, and to safeguard the interests of the company by ensuring appropriate mechanisms for controlling any circumstance under which such an exemption occurs.

Article 4 Method of disclosure

The Company shall disclose the code of ethical conduct it has adopted, and any amendments to it, in its annual reports and prospectuses and on the MOPS.

Article 5 Enforcement

The Company's code of ethical conduct, and any amendments to it, shall enter into force after it has been adopted by the board of directors and submitted to a shareholders meeting.

14.Shareholding of Directors

Title	Name	The recorded shares held until the date of closure
Chairman of the Board	De Sheng Development Corp. Representative : Cheng, Ta-Yu	12,748,934
Director	De Sheng Development Corp. Representative : Chen, Qiong-Ling	
Director	De Sheng Development Corp. Representative : Cheng, Kuo- Hua	
Director	De Sheng Development Corp. Representative : Chao, Kao-Shen	
Director	Hong Chi Investment Corp. Representative : Chen, Dang-Sheng	10,965,598
Director	Chi Wei Development Corp.	3,361,232
Director	De Ye Investment Co., Ltd Representative : Yang, Min-Wan	164,137
Director	Jia Yi Corp. Representative : Tsai, Sung-Po	973,015
Director	Yuan Long Development Co .Ltd Representative : Ma, Pei-Chun	875,405
Independent Director	Lee, Chin-Shen	0
Independent Director	Chang, Yao-Ren	0
Independent Director	Huang, Tien-Chang	
Independent Director	Huang, Hsiu-Hui	
The recorded shares held by Board of Directors until the date of closure (April 6,2021)		29,088,321
The minimum shares legally should hold by Board of Directors		23,778,199