

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

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

Time and Date: 9:00 a.m., Monday, July 12, 2021

Location: No.176, Sec. 1, Keelung Rd., Hsin-Yi Dist., Taipei City
(The assembly room of Concord Securities Co. Ltd)

Concord Securities Co. Ltd

2021 Annual Shareholders' Meeting

The total outstanding eligible number of shares is 594,454,986 shares. Of those shares, 91.6% or 544,530,581 shares were represented (33,193,139 shares were voted electronically) at the meeting either in person or by a representative for the respective shareholders.

Attendance of directors: Cheng, Ta-yun

Attendance of independent directors: Chang, Yao-Ren

Chairman: Cheng, Ta-Yu , Chairman of the Board of Directors

Recorder: Chang, Chia-Hui.

1. Chairman of the Meeting announced that the shareholding of shareholders present has met the regulatory requirement so that the Meeting begins.
2. Opening speech of the Chairman (Omitted)

The reporting subjects

1. 2020 Operating Report.

Shareholders were acknowledged.

2. 2020 Audit Committee's Report.

Shareholders were acknowledged.

3. 2020 distribution plan for employees' compensation and directors' remuneration

Shareholders were acknowledged.

4. The Amendment of "The Codes of Ethics"

Shareholders were acknowledged.

5. Other reporting subjects.

None

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.

Voting Results:

approval votes: 412,082,588(10,967,300 voted electronically)/91.36%;

disapproval votes: 11,250 (11,250 voted electronically)/0%;

abstention votes/no votes: 38,978,611(22,214,589 voted electronically)/8.64%

RESOLVED, that the above proposal be and hereby was approved as proposed.

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;

Voting Results:

approval votes: 412,626,709(11,512,421 voted electronically)/91.48%;

disapproval votes: 8,604 (8,604 voted electronically)/0%;

abstention votes/no votes: 38,437,136(21,672,114 voted electronically)/8.52%

RESOLVED, that the above proposal be and hereby was approved as proposed.

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 for a reference table of the proposed amendments of “Procedures for Director and Supervisor Elections ”
3. Your decision is appreciated.

Voting Results:

approval votes: 454,510,455(11,359,904 voted electronically)/95.41%;

disapproval votes: 11,331 (11,331 voted electronically)/0%;

abstention votes/no votes: 21,833,719(21,821,904 voted electronically)/4.58%

RESOLVED, that the above proposal be and hereby was approved as proposed.

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 for a reference table of the proposed amendments of “Procedures for Director Elections ”
3. Your decision is appreciated.

Voting Results:

approval votes: 454,508,155(11,357,244 voted electronically)/98.41%;

disapproval votes: 11,991 (11,991 voted electronically)/0%;

abstention votes/no votes: 21,835,359(21,823,904 voted electronically)/4.58%

RESOLVED, that the above proposal be and hereby was approved as proposed.

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 for a reference table of the proposed amendments of “Articles of Incorporation”.
3. Your decision is appreciated.

Voting Results:

approval votes: 454,499,946(11,349, 035voted electronically)/95.41%;

disapproval votes: 22,203 (22,203 voted electronically)/0%;

abstention votes/no votes: 21,833,356(21,821,901 voted electronically)/4.58%

RESOLVED, that the above proposal be and hereby was approved as proposed.

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 July 12, 2021 to July 11, 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.
4. Please cast your vote

Election result:

Position	Name	Election Weights	Whether elected
Director	Representative of Zhongyang Investment Co., Ltd. : Cheng,Ta-Yu	268,109,090	Elected
Director	Representative of Zhongyang Investment Co., Ltd. : Jinnder Chang	268,145,010	Elected
Director	Representative of Zhongyang Investment Co., Ltd. : Lee,Chin-Shen	1,162,969	Elected
Director	Taiming Development Co., Ltd.	228,888,165	Elected
Director	Representative of Sky Investment Corporation : Chen, Qiong-Ling	268,339,817	Elected
Director	Representative of De Ye Investment Co., Ltd.: Yang Ming-wang	268,063,036	Elected
Director	Representative of Yuan Long Development Co.,Ltd : Ma,Pei-Chun	267,212,462	Elected
Director	Representative of Jia Yi Corp. : Tsai,Sung-Po	1,304,885	Elected
Director	Representative of Qian Kun Management Consulting Co., Ltd.: Hsiao, Lee Ming	31,738	Not elected
Director	Representative of Qian Kun Management Consulting Co., Ltd.: Huang, Chin Shun	27,582	Not elected
Director	Representative of Qian Kun Management Consulting Co., Ltd.: Sum, Mui Ping	44,030	Not elected
Director	Representative of Qian Kun Management Consulting Co., Ltd.: Pan, Lan Hsin	94,445	Not elected
Independent Director	Huang, Tien-Chang	1,048,245,718	Elected
Independent Director	Chang, Yao-Ren	1,046,115,665	Elected
Independent Director	Huang, Hsiu-Hui	1,046,352,521	Elected
Independent Director	Wu, Huo Sheng	109,887	Not elected
Independent Director	Lin, Cheng Chiang	1,034,793,580	Not elected
Independent Director	Sun, Tsu Wei	57,553	Not elected

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.

Voting Results:

approval votes: 473,835,915(5,032,604voted electronically)/87.02%;

disapproval votes: 6,336,850 (6,336,850 voted electronically)/1.16%;

abstention votes/no votes: 64,357,816(21,823,685 voted electronically)/ 11.82%

RESOLVED, that the above proposal be and hereby was approved as proposed.

Extempore motions

None

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(tw)' 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	<u>1,683,518</u>	<u>5</u>	<u>843,726</u>	<u>4</u>
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	30,316,641	85	21,296,819	83
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	5,287,658	15	4,356,146	17
TOTAL	\$ 35,604,299	100	\$ 25,652,965	100
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	26,899,910	76	17,917,687	70
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	437,015	1	438,286	2
Total liabilities	27,336,925	77	18,355,973	72
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	8,267,374	23	7,296,992	28
TOTAL	\$ 35,604,299	100	\$ 25,652,965	100

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	19,200	1	31,686	1
Total revenue	3,338,989	100	2,173,539	100
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	(498,485)	(15)	(467,048)	(22)
Total costs and expenses	(2,362,327)	(71)	(1,953,177)	(90)
OPERATING PROFIT	976,662	29	220,362	10

(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	\$ 5,944,550	\$ 175,307	\$ 28,684	\$ 614,251	\$ 1,040,583	\$ (11,116)	\$ 420,538	\$ -	\$ 8,212,797	\$ 54,577	\$ 8,267,374	

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 style="text-align: center;">(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 style="text-align: center;">(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, paragraph 1 of the Company Act</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 style="text-align: center;">(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 style="text-align: center;">(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)</p> <p>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></p> <p>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.</p> <p>(Omitted below)</p>	<p>Article 9 (item 1 omitted)</p> <p>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.</p> <p>(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</p> <p>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.</p> <p>(item 2 omitted)</p>	<p>Article 14</p> <p>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.</p> <p>(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</p> <p>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 July 12, 2021, as the 7th amendment.</u></p>	<p>Article 20</p> <p>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 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.</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 July 12, 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</p> <p>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</p> <p>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</p> <p>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 July 12, 2021, as the 22st amendment.</u></p>	<p>Article 27</p> <p>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