

Concord Securities Co., Ltd. 2021 Annual Report



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Notice to Readers

For the convenience of readers, the annual report has 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 annual report shall prevail.

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Kaohsiung Branch

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Pingtung Branch

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I. Letter to Shareholders

Overview of Business Operation for 2021

Looking back at the end of 2020, the coronavirus pandemic has begun to affect the global economy and trade for more than a year. After countries set to vaccinate people in 2021, the pandemic has slowed down for a while, and countries have gradually loosened their COVID-19 prevention and control measures. However, the coronavirus continues to mutate into delta and omicron variants; as a result, the global economy and trade and international exchanges are still unable to return to normal, causing problems such as shortages in supply chains and energy and price increases to emerge one after the other. As the world's major advanced countries believe that inflation is a temporary phenomenon and have not taken action against it, and loose monetary policies and massive fiscal stimulus programs have constantly driven each country's economy to recover from the COVID-19 pandemic, with real yields still at historically low levels, investors continue to prefer to invest in risky assets, which has contributed to double-digit growth in the global stock market in 2021 for three consecutive years. In addition, with the restart of the economy in the post-pandemic era, corporate profits have risen, which has also led to a continuous increase in the stock market returns. Although the pandemic situation in Taiwan eased in 2020, the number of local confirmed cases soared in May 2021. Taiwan stock market plunged 1,417 points on May 12, marking the worst intraday drop in history. Since then, the country moved to the pandemic alert level 3, which once caused the market panic. However, with companies reporting profits and the bargaining chip and funds favoring continuous stabilization of Taiwan stocks, the stock index started to rebound. To summarize the performance of Taiwan stocks in 2021, because of strong industrial fundamentals and a slowdown in pandemic cases after the country started its mass vaccination, it only took two months more to lower the pandemic alert to Level 2, leading up to Taiwan stocks performing well, both price and volume going up, and the annual index rising by 3486.31 points or 23.66% and closing at 18,218.84. The total market value of TWSE/TPEX listed companies has hit a record high for three years in a row since 2019, reaching NT\$62.1 trillion, another record high after 2020. Benefited from shares in Taiwan rising sharply by more than 20% throughout the year, shipping and electronics shares performing well, plus Taiwanese stocks fluctuated dramatically throughout the year due to the pandemic's impact, the average daily turnover in the centralized market was NT\$391.461 billion, up 95% from 2020, and that in the over-the-counter market (excluding bonds) was NT\$86.346 billion, up 63% from 2020, both hitting historic high. The total trading value (excluding bonds) of the centralized and over-the-counter market reached NT\$115.8 trillion, which is also an all-time high record.

The Company reported 2021 annual consolidated sales of NT\$4,298,845 thousand, net income after tax of NT\$1,390,102 thousand, and earnings per share of NT\$2.33. At the end of 2021, the total equity was NT\$8,929,980 thousand and the net value per share was NT\$14.93. In terms of financial ratios, the Company has a current ratio of 113.06% and a debt ratio of 77.33%, showing a stable overall financial structure. It obtained a national long-term rating of A- (tw) and a national short-term rating of F2(tw) affirmed by Fitch Ratings in 2021. The outlook remains stable.

Overview of Operating Results for 2021

With respect to brokerage business, in 2021, the Company owned a market share of 1.01% in brokerage business and 2.1% in margin trading, with a total of daily average volume at the centralized and over-the-counter markets of NT\$477.807 billion, an increase of 88% compared

with 2020, bringing its brokerage business remarkable profits. At present, in addition to actively transforming and expanding its wealth management business, the Company also continues to develop new type businesses to gain profits. With respect to underwriting business, in 2021, as it was still difficult to expand overseas business in Taiwan because of the pandemic, the Company's revenue mainly came from the capital gains on the emerging market and the SPO position. It was designated as the lead advisory recommending securities firm for LINKCOM MANUFACTURING and OFUNA TECH, and as the co-advisory recommending securities firm for Forward Tek, JET OPTO, and GFS where cases had also been closed. As for dealing business, despite profit-taking in May due to the turmoil in the stock market caused by the local coronavirus outbreak, thanks to the investment portfolio management and risk control mechanism, the Company could gradually accumulate profits when the market began to recover, and again bore fruit in terms of revenue quite impressively during the entire year. With respect to bond business, the year 2021 has been a tough year for the bond market. Taiwan bond yields have entered the winter period since rebounded in February. As a result of liquidity contraction and 7-month oscillation within a narrow range affecting investors' willingness to trade, there was only limited room for the Company's profit. With respect to new financial products, in 2021, the Company issued a total of 979 warrants, an increase of 590 warrants compared with 2020, with a total amount of NT\$6.665 billion. In addition to expanding the scale of warrant issuance, it also continued to optimize multiple trading strategy modules and commodities. The Company has continued to require business units to proactively create diversified revenue and improve profit stability in recent years. Therefore, it recorded an all-time high profit result once again in 2021.

Concord Futures' net profit after tax in 2021 was NT\$97,888 thousand. Its' total sales volume of domestic and foreign futures and options contracts reached 23.32 million and 1.7 million contracts in 2021, ranked 6th among futures commission merchants in Taiwan. Overseas futures are one of Concord 'futures' key promotion business for 2021. It held the "Welcome Golden Ox, Rich All the Way", "Your Gold Medal Finish Line", and other promotion campaigns one after another, through which the new customers have willingness to open accounts and old customers have willingness to trade.

Concord Capital Management's business strategies for year 2021 emphasized establishing diversified business development and integrated marketing as well as multiple channels. In addition to constantly extending the offshore fund general agency business, the Company has established a research team to conduct in-depth investigation and analysis on the market, and developed private placement of offshore funds conforming to regulatory easing. It also has strived to act as an administrative assistant role in Taiwan for offshore fund companies, and built business partnerships with a number of offshore fund companies in the past year. Concord Capital Management reported its net loss before and after tax was NT\$6,333 thousand for 2021.

Due to a significant drop in the life insurance market declared interest rate and the impact of the coronavirus pandemic in 2021, Concord Insurance Agency's overall premium income and commission income fell by 41% and 51%, respectively, compared with 2020. Concord Insurance Agency has made a loss of NT\$3,257 thousand for 2021. Concord Insurance Agency's insurance sales model is mainly based on channel services for wealth management. After non-life insurance business is added, the double-track marketing of non-life and life insurance will provide comprehensive insurance products to meet the needs of customers for personal insurance and property protection, creating a win-win situation for customers and the company's operations.

Con Lian Asset Management Service's net loss before and after tax in 2021 was NT\$10,228

thousand. In the future, it will strengthen its profit momentum and steadily develop its existing business.

The Company's award-winning results in 2021 are as follows:

- Won the Annual Excellent R&D Alternative Service Employer Award of 2021 by the Ministry of the Interior.
- Won the "Badge of Accredited Healthy Workplace" of 2020 by the Health Promotion Administration, MOHW.
- The Company participated in the TCSA Taiwan Corporate Sustainability Awards for the first time in 2021 and won the "Corporate Social Responsibility Report Category" - Finance and Insurance Industry - Silver Prize.
- The Company Won double awards of the "Best Corporate Social Responsibility Award" and the "Best Digital Financial Service Award" in the non-financial holding securities category of the "2021 Excellence Securities Evaluation".

In 2021, the Company's consolidated net income after tax reached NT\$1.39 billion, with profits hitting record highs for the second consecutive year. Looking forward to 2022, the year that the Company is positioned as the first year of ESG for Concord Securities Group in a bid to instill the spirit and action of ESG into each employee and implement it into daily life and grow the seeds of ESG within the company. In addition to continuing to focus on core businesses, making good use of the company's operational advantages to create differentiated asset management services, and assisting customers in making the most comprehensive investment and financial planning, we will strengthen our supervision and management over the implementation results of each business and entity, and optimize risks control and reduce the impacts on the company's profit and loss from the fluctuations in risk investment returns. In addition, we put many efforts into risk management and legal compliance for the company's business developments, and strictly require supervisors and staff of all departments and subsidiaries to carry out according to the highest standards. As for digital financial services, the Company has made great efforts to recruit information and technology professionals in recent years, showing its emphasis on information security, Fintech, and information innovation. Meanwhile, the Company makes advances in its capabilities of Fintech, providing customers with more diversified and high-quality products and customized services. Looking into the future, for business diversification development, the Company will not rule out any opportunity for, cooperation and will provide investors with all-inclusive wealth management services through reciprocity and win-win with strategic partners. Our management team and all staff also pay attention to the influence of the professional competence in finance. Starting with fair treatment of customers, inclusive finance, and enhancing ESG responsible investment, we move step by step towards the goals of ESG sustainability management by promoting green finance, friendly environment, social responsibility, and due diligence governance.

Concord Securities Group's business policy always adheres to the business principles of "Ethics, Stability, Service, Sustainability", especially ethical management is the critical cornerstone of the company's operations, provides high-quality, professional and differentiated services as the business philosophy and core value, strengthens internal control and risk control mechanisms, and enhances the corporate constitution and competitiveness, so that all business can steadily grow. This year, the Group will sustain existing advantages and build diversified income by focusing on the key areas so as to improve the company's enterprise constitution and competitiveness, with long-lasting efforts to become a Cross Strait Tri-Regional benchmark enterprise with high-quality financial services as its goal. All shareholders please continue to support and encourage the board

of directors and the management team. The management team and all colleagues will work together to bring benefits for shareholders, implement corporate social responsibility, and create corporate value to give back to all shareholders. Thank you!

Concord Securities Co., Ltd.

Chairman: Cheng, Ta-Yu

President: Chiu, Jung-Chen

II. Company Profile

2.1 Date of Incorporation: July 25, 1990.

2.2 Company History

1990	July	Established Concord with a paid-in capital of One Billion Three Hundred and Fifty Six Million New Taiwan Dollars (NT \$1,356,000,000)
1991	November	Established the Fixed Income Dept. engaging in developing the bond business in the OTC market
1992	October	Established Taichung Branch
1993	April	Commenced securities trading margin purchase and short sale operations
1994	May	Established Chiayi Branch
	November	Established Kaohsiung Branch
1995	May	Established Hong Kong subsidiary in response to internationalization and expansion of international business
	August	Established Yanping Branch
1996	April	Established Tainan Branch
	August	Established Chunghsiao Branch
	December	Became an OTC company
1997	March	Established Hsinying Branch
	April	Established Wanhua Branch
	May	Established Concord Capital Holdings (Cayman) Limited, an overseas holdings company to manage overseas investment
	May	Established Hsinchu Branch
	May	Established the International Business Department to manage futures brokerage and warrant issuance business
	July	Established Neihu and Yonghe Branches
1998	May	Established Taichung Taiping Branch
	June	Established Miaoli Branch
	July	Established Banqiao Branch
1999	August	Established Hsinyi Branch
2000	May	Established Concord Futures Company through investment
	October	Merged with Da Yuan Securities Corp and established Renai, Sanchong, and Songshan Branch Offices
	December	Established Penghu Branch
2001	July	Renamed the Brokerage Department and Hsinyi Branch Office to Taipei Branch Office and Brokerage Department of the Headquarters, respectively
	September	Closed Wanhua and Miaoli Branches
	October	Assigned to Ho Tai Securities Company and established Shipai, Shetzze, and Nankan Branch Offices
2002	September	Added futures proprietary merchant business
	December	Relocated from Chunghsiao Branch and renamed Xindian Branch
2003	March	Established Concord Asset Management Co, Ltd. through investment
	April	Accepted orders to trade foreign securities
	April	Established North-Kaohsiung Branch
2003	September	Established Con Lian Asset Management Service Co., Ltd. through investment
	December	Established Concord Futures Brokerage Co., Ltd. through investment
2004	April	Established STSP Branch
2005	June	Established Banhsin Branch
	June	Established of Yuanlin Branch
	November	Relocated Shezih Branch and established Chengchung Branch
	December	Merged STSP Branch into Tainan Branch
	December	Merged North-Kaohsiung Branch into Kaohsiung Branch
2007	November	Established Wealth Management Dept. for wealth management business

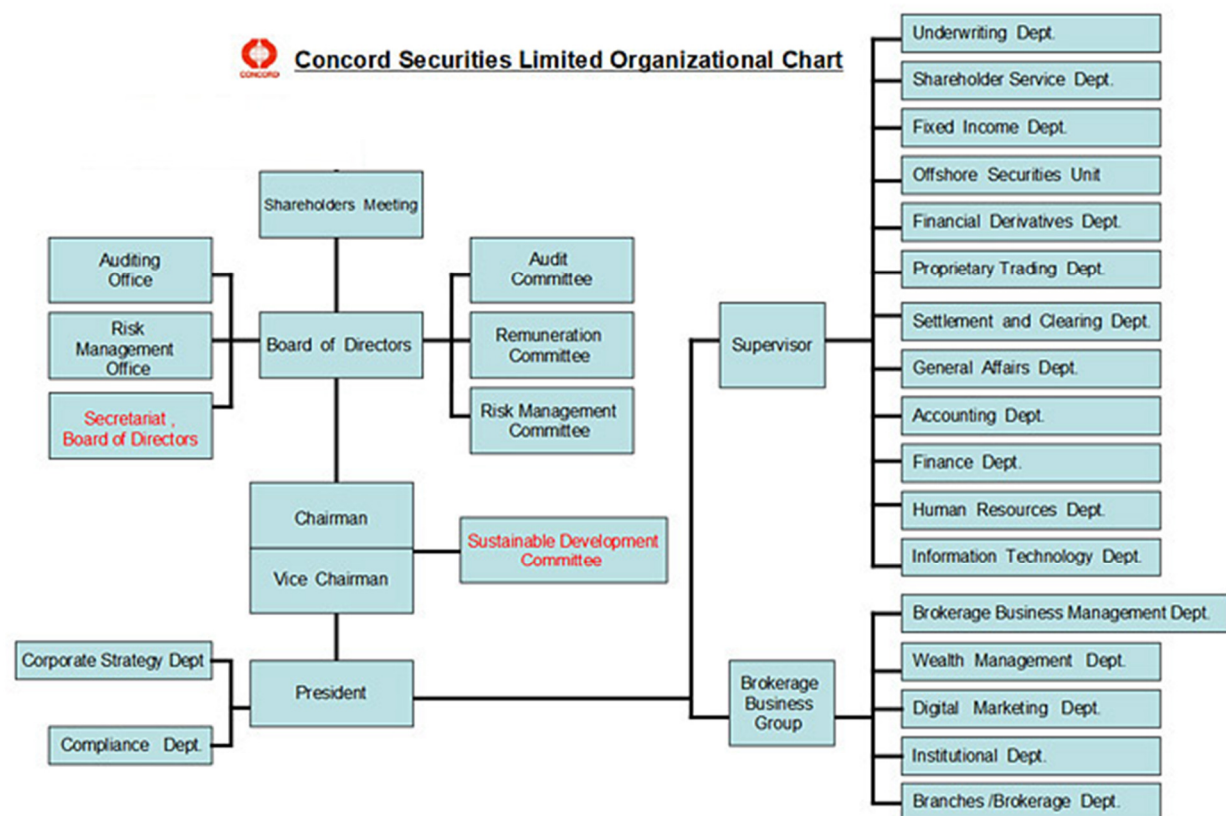
	December	Co-merged "Sunrises Investment Trust Corp." with KBC Group
2008	March	Renamed the invested Sunrises Investment Trust Corp. to KBC Concord Asset Management Co., Ltd.
2011	March	Value Partners Group, a listed company on the Hong Kong Stock Exchange (Stock code: 806 HK), acquired stake in KBC Concord Asset Management Co., Ltd. of KBC Asset Management N.V., which was officially renamed to "Value Partners Concord Asset Management Corp." upon approval by the FSC on September 1, 2011.
	June	Established Xinzhuang Branch
2012	May	Established Pingtung Branch
2013	January	Relocated Xindian Branch to Taipei City and renamed to Guting Branch
	February	Chengchong Branch merged into Yanping Branch
	March	Concord Managed Futures approved to concurrently operate a futures trust enterprise
	September	Established Concord Insurance Agency Co., Ltd.
2014	March	Concord Securities obtaining approval to establish the Offshore Securities Unit (OSU)
	August	Conducted a transfer of business of Yuanlin Branch
2015	January	Merged Banhsin Branch into Banchiao Branch
	December	Concord Futures acquired ownership interest in Guoyuan Futures (China)
2016	April	Merged Guting Branch into Renai Branch, Tunghu Branch into Neihsu Branch
	May	Merged Taiping Branch into Taichung Branch
	October	Merged Xinzhuang Branch into Taipei Branch
2017	February	Merged Xinying Branch into Chiayi Branch
	June	The Julius Baer Funds under the master agent of Concord Capital Management Corp, have been successfully rebranded as GAM funds. Meanwhile, the Financial Supervisory Commission (FSC) has approved GAM Health Innovation Fund for public distribution in Taiwan.
	August	Completed the transactions of Taiwan Concord Capital Securities (HK) Limited and Value Partners Concord Asset Management
2021	January	Completed the liquidation procedure of Concord Managed Futures Corp.
	March	Completed the liquidation procedure of Concord Capital Holdings (Cayman) Limiteds

- 2.3 Information on merger and acquisition activities for the most recent fiscal year as well as the current fiscal year up to the date of publication of the annual report: None.**
- 2.4 Information on strategic investments in affiliated enterprises for the most recent fiscal year as well as the current fiscal year up to the date of publication of the annual report: None.**
- 2.5 Information on corporate reorganization for the most recent fiscal year as well as the current fiscal year up to the date of publication of the annual report: None.**
- 2.6 Information on instances in which a major quantity of shares belonging to directors, supervisors, or shareholders holding greater than a 10 percent stake in the company is transferred or otherwise changes hands for the most recent fiscal year as well as the current fiscal year up to the date of publication of the annual report: None.**
- 2.7 Information on any change in managerial control; any material change in operating methods or type of business; and any other matters of material significance that could affect shareholders' equity for the most recent fiscal year as well as the current fiscal year up to the date of publication of the annual report: None.**

III. Corporate Governance Report

3.1 Organization

3.1.1 Organizational Chart



3.1.2 Major Corporate Functions

Department	Main Responsibility
Auditing Office	<ul style="list-style-type: none"> ◦ Undertaking the command and supervision of the board of directors, conducting the company's internal audit task ◦ Preparing annual audit plan and implementation ◦ Reporting regularly to the audit committee and the board of directors on the implementation status of the audit activities ◦ Continuing to follow up any defects, irregularities, and the status of corrections of internal control systems found in the course of internal and external audit operations ◦ Supervising and managing subsidiaries' audit management: ◦ Handling other matters related to internal audit
Risk Management Office	<ul style="list-style-type: none"> ◦ Assisting in formulating risk management policies and methods ◦ Assisting in formulating risk limits and risk allocation of each department ◦ Ensuring the implementation of risk management policies approved by the board of directors ◦ Building risk measurement models, estimating risk exposure of different types of risks ◦ Assessing and monitoring risk exposure and the degree of risk concentration ◦ Examining the commodity pricing model and valuation system employed by the business unit ◦ Produce regularly risk management reports and report them to the management according to the workflow ◦ Reporting the regulatory capital adequacy ratio
Secretariat, Board of Directors	<ul style="list-style-type: none"> ◦ Convening the shareholders meeting, board of directors, and audit committee, having discussions therein, and implementing relevant matters ◦ Handle the execution of the company's stock affairs relevant matters ◦ Corporate governance related business
Corporate Strategy Dept.	<ul style="list-style-type: none"> ◦ Responsible for the planning of the company's short-, mid-, and long-term development policies, evaluating group strategic cooperation and reinvestments, researching designated projects, etc. ◦ Corporate advocacy media relations, public relations, and CIS planning ◦ Group policy announcement, business assessment, external evaluation, and maintenance of disclosure matters ◦ Overseas business planning and budget performance monitoring ◦ New business preparation
Regulation Compliance Dept.	<ul style="list-style-type: none"> ◦ Establishing an understandable and appropriate regulatory delivery, consultation, coordination, and communication system ◦ Ensuring all operational and management rules being updated in a timely manner according to relevant regulations to have all operating activities carried out under laws and regulations ◦ Formulating compliance evaluation content and procedures, and guiding each unit to regularly perform a self-assessment on the implementation status. ◦ Providing proper regulatory training for the personnel at all units ◦ Guiding domestic and foreign branches to follow the laws and regulations of the country where they are located ◦ Offering consultation and handling litigation, non-litigation or legal dispute ◦ Reviewing external contract and make suggestions for revision ◦ Assisting the business units in contractual and legal negotiations with foreign parties ◦ Establishing anti-money laundering related regulations and being the dedicated unit ◦ Other matters required by the competent authority
Brokerage Business Group	<ul style="list-style-type: none"> ◦ Coordinating the all affairs of the Company's brokerage business and wealth management business, under which there are Brokerage Business Management Dept., Brokerage Dept., Branches, Institutional Dept., Wealth Management Dept., and Digital Marketing Dept.
Brokerage Business Management Dept.	<ul style="list-style-type: none"> ◦ Business management regulatory system planning and revision ◦ Establishing a variety of financial product marketing channels, applying multiple marketing on products, and creating diversified income ◦ Business risk (market risk, credit risk, and operational risk) control and implementation ◦ Operations management and cost analysis
Brokerage Dept. & Branches	<ul style="list-style-type: none"> ◦ Brokerage business development and product sales

Department	Main Responsibility
Institutional Dept.	<ul style="list-style-type: none"> ◦ Product integration and marketing planning and execution ◦ Developing cross-departmental collaboration and providing services for institutions ◦ Providing institutions and professional investors with diversified international investment products and services
Wealth Management Dept.	<ul style="list-style-type: none"> ◦ Providing customers with professional financial advice on wealth management ◦ Provide customer with asset allocation and financial planning services ◦ Providing professional investor customers with diversified international investment products and services
Digital Marketing Dept.	<ul style="list-style-type: none"> ◦ Digital platform planning, connecting, and promotion ◦ Trading system evaluation, planning, and implementation ◦ Marketing and advertising campaign planning and execution ◦ 0800 customer service ◦ Digital salesperson recruitment and training
Underwriting Dept.	<ul style="list-style-type: none"> ◦ Counseling services and application delivery for domestic and foreign issuing companies going public ◦ Fundraising planning and application delivery after going public and deliver ◦ Financial advisory services on corporate reorganization, merger, acquisition, and division ◦ Underwriting and placing of securities
Shareholder Service Dept.	<ul style="list-style-type: none"> ◦ Shareholders and equity related matters management ◦ Planning, convening, and implementation of relevant operations of the shareholders meeting ◦ Shareholder service ◦ Proxy solicitation, proxy agent, and proxy matters handling
Fixed Income Dept.	<ul style="list-style-type: none"> ◦ Engaging fixed income product dealership, underwriting, and brokerage business ◦ RP/RS trade of bonds ◦ Convertible bonds dealership business ◦ Interest rate derivatives and structured products related business
Offshore Securities Branches	<ul style="list-style-type: none"> ◦ Foreign currency securities and financial product dealership and brokerage business ◦ Off-shore securities underwriting business ◦ Foreign currency derivatives business ◦ Business of securities related foreign exchange business as an Agent
Proprietary Trading Dept.	<ul style="list-style-type: none"> ◦ Using the company's own funds to engage in proprietary trading of domestic and foreign exchange/OTC listed and emerging market stocks, bonds, beneficiary certificate, and other securities, futures and options trading, etc. ◦ Through the world economic cycle and future trends industrial research, and from the industrial value chain deconstruction to corporate competitiveness analysis, planning and investing the related trading strategies development for engaging in global spot trading and derivatives to the extent permitted by law and regulations ◦ According to the principle of risk reduction and portfolio diversification, carrying out asset allocation management through global political and economic environment analysis and industrial research surveys.
Financial Derivatives Dept.	<ul style="list-style-type: none"> ◦ Derivatives issuing and trading ◦ Call (put) warrants issuing and trading ◦ Exchange traded funds (ETFs) trading ◦ Strategic proprietary trading
IT Dept.	<ul style="list-style-type: none"> ◦ Cross-departmental and related affiliated enterprise information integration planning, evaluation and support ◦ System process reengineering, developing strategic policies ◦ IT products technology research and introduction ◦ Application system planning, design, and development ◦ Information, system, and network security planning and control ◦ Computer network resources collaboration and planning ◦ Education and training in information system planning and implementation ◦ Software and hardware procurement evaluation ◦ Information systems outsourcing evaluation and planning ◦ Financial technology (FinTech) R&D and intellectual property rights development and management

Department	Main Responsibility
Settlement and Clearing Dept.	<ul style="list-style-type: none"> ◦ Commodities trading payment settlement and reporting of relevant matters ◦ Assisting in formulating the relevant rules on launching a new type of business and back-end accounting process design and system development ◦ Revising the regulations on brokerage business general credit granting, and assisting customers in controlling risks of securities lending and borrowing ◦ Assisting branches formulating the back-office operation specifications and personnel management and training ◦ Working with the pan-proprietary units to complete customer trading account opening matters ◦ Assisting in formulating the relevant regulations on anti-money laundering and countering terrorism financing and developing operation management systems ◦ Providing income tax information of the relevant trading products for the responsible unit reporting purpose ◦ Carrying out the company's FATCA, CRS, property of public servants, customer inheritance inquiry related reporting and declaration ◦ Customer trading data analysis
Finance Dept.	<ul style="list-style-type: none"> ◦ Short-, mid-, and long-term financing plan and short-term capital management ◦ Financial institution credit facility application and control ◦ Handling cash receipts and payments, keeping custody of cash and securities
Accounting Dept.	<ul style="list-style-type: none"> ◦ Accounting treatment and tax matters handling ◦ Accounting system development and implementation ◦ Preparing management reports and financial analysis reports on a regular basis ◦ Compiling the company's annual budget ◦ Publicly announcing and uploading the financial statements
General Affairs Dept.	<ul style="list-style-type: none"> ◦ Procurement, maintenance, and management of property equipment at the head office and branch ◦ Business location and company office space planning and placement at the head office and branch ◦ General expenses control, review, and suggestions for the head office and branch ◦ General affairs related management regulations formulation and review ◦ Equipment maintenance and management within the group ◦ Procurement bargaining and review for the head office and branch ◦ Company self-owned assets selling, leasing, and management ◦ Receiving/sending and managing official documents of the head office ◦ Application and change of license for the head office and branch ◦ Supporting the company's major projects
Human Resource Dept.	<ul style="list-style-type: none"> ◦ Human resource management, strategy development and research ◦ Formulation and revision of the personnel rules and working rules of the company ◦ Staff recruitment, training and development, and certificate management ◦ Employee benefits administration and working relationship maintenance ◦ Bonus system review; bonus application review and bonus distribution for each department ◦ Handling personnel appointment and removal, change, dismissal, retirement, assessment, reward and penalty, and other matters ◦ Paying monthly salary to employees and handling all insurance matters ◦ Convening the remuneration committee, having discussions therein, and implementing relevant matters ◦ Arranging health examination and implementing the four plans for labor health protection

3.2 Directors, Supervisors and Management Team

3.2.1 Directors

April 10, 2021

Title	Nationality or Place of Registration	Name	Gender & Age	Date on which Current Position was Assumed	Term of Office	Commencement Date of the First Term	Shares Held When Assuming Office		Number of Shares Held Presently		Number of Shares Held by His or Her Spouses, Children of Minor Age		Number of Shares Held through Nominees		Principal Work Experience and Academic Qualifications	Position(s) Held Concurrently in the Company and in Any Other Company	Other Supervisors, Directors, or Supervisors within the Second Degree of Kinship			Remark
							Number of Shares	Shareholding Percentage %	Number of Shares	Shareholding Percentage %	Number of Shares	Shareholding Percentage %	Number of Shares	Shareholding Percentage %			Title	Name	Relationship	
Chairperson	Taiwan, R.O.C.	Zhong Yang Investment Co., Ltd.	-	July 12, 2021	3 years	July 12, 2021	9,868,603	1.66	9,518,603	1.60	-	-	-	-	-	None	-	-	-	None
	Taiwan, R.O.C.	Representative: Cheng, Ta-Yu	Male 46~50	July 12, 2021	3 years	May 30, 2003	-	-	5,013,369	0.82	206,240	0.03	-	-	Fairleigh Dickinson Master of Science in Management Information Systems from University Chairperson of Concord Futures Corp.	Director of Concord Futures Corp. Director of Concord Insurance Agency Co., Ltd. Governor of Taiwan Private Equity Association Convener of Research and Development Committee, Taiwan Securities Association Convener of Education and Training Committee, Taiwan Securities Association	Director	Cheng, Kuo-Hwa	Father and Son	None
Director	Taiwan, R.O.C.	Zhong Yang Investment Co., Ltd.	-	July 12, 2021	3 years	July 12, 2021	9,868,603	1.66	9,518,603	1.60	-	-	-	-	-	None	-	-	-	None
	Taiwan, R.O.C.	Representative: Jinnder Chang	Male 71~75	July 12, 2021	3 years	June 19, 2009 (Note 1)	-	-	0	0	0	0	0	0	PhD in Accounting, Commonwealth International University, U.S.A. PhD in Law, National Chung Cheng University, Taiwan Director of CROWN&CO., CPAs Chairperson of the Certified Public Accountant Association of the Republic of China Chair, Dept. of Accounting, Chinese Cultural University Dean, Chair Professor of College of Management, Chaoyang University of Technology Chair Professor, Dept. of Accounting and Information System, Asia University, Taiwan Independent Director of Concord Securities Corp.	Director of CROWN&CO., CPAs Adjunct Professor, Dept. of Law, National Chung Hsing University, Taiwan Arbitrator, the Arbitration Association of the Republic of China & Taiwan Construction Arbitration Association Chairperson of Taiwan Institute of Business Director of Academic Foundation Chungcheng University Independent Director of PharmaEssentia Corporation Independent Director of HUA ENG WIRE & CABLE CO., LTD. Independent Director of JU-KAO ENGINEERING CO., LTD. Chairperson of Kuan Pao International Consulting Co., Ltd.	None	None	None	None
Director	Taiwan, R.O.C.	Zhong Yang Investment Co., Ltd.	-	July 12, 2021	3 years	July 12, 2021	9,868,603	1.66	9,518,603	1.60	-	-	-	-	-	None	-	-	-	None
	Taiwan, R.O.C.	Representative: Lee, Chin-Shen	Male 56~60	July 12, 2021	3 years	June 12, 2015	-	-	0	0	0	0	0	0	PhD, Institute of Management Science (Finance), National Chiao Tung University	Dean, School of Financial Technology, Ming Chuan University Professor of Department	None	None	None	None

Title	Nationality or Place of Registration	Name	Gender & Age	Date on which Current Position was Assumed	Term of Office	Commencement Date of the First Term	Shares Held When Assuming Office		Number of Shares Held Presently		Number of Shares Held by His or Her Spouses, Children of Minor Age		Number of Shares Held through Nominees		Principal Work Experience and Academic Qualifications	Position(s) Held Concurrently in the Company and in Any Other Company	Other Supervisors, Directors, or Supervisors within the Second Degree of Kinship			Remark
							Number of Shares	Shareholding Percentage %	Number of Shares	Shareholding Percentage %	Number of Shares	Shareholding Percentage %	Number of Shares	Shareholding Percentage %			Title	Name	Relationship	
															Associate Professor and Dean of Finance and Institute of Finance, Ming Chuan University Professor of Department & Graduate Institute of Banking & Finance, Tamkang University Professor of Department & Graduate Institute of Management Science, National Chiao Tung University Independent Director of Concord Securities Corp.	of Finance, Ming Chuan University Supervisor of Moai Green Power Corporation Supervisor of YAPP MARKETING CO., LTD. Director of Hung Pao Asset Management Consultant Co., Ltd. Director of YUNGCHIY INTERNATIONAL DEVELOPMENT CO., LTD. Supervisor of Aomshow Co., Ltd. Director of Pin Bao Construction Co., Ltd. Supervisor of Concord Capital Management Corp.				
Director	Taiwan, R.O.C.	Sky Investment Corp.	-	July 12, 2021	3 years	July 12, 2021	8,441,281	1.42	8,441,281	1.42	-	-	-	-	-	None	-	-	-	None
	Taiwan, R.O.C.	Representative: Chen, Qiong-Ling	Female 66~70	July 12, 2021	3 years	April 7, 2021	-	-	0	0	0	0	0	0	Bachelor's Degree in Statistics, Fu Jen Catholic University Vice President of Hwang Chang General Contractor Co., Ltd.	Director of Hwang Chang General Contractor Co., Ltd. Supervisor of Ho Chang International Contractor Co., Ltd.	None	None	None	None
Director	Taiwan, R.O.C.	Jia Yi Corp.	-	July 12, 2021	3 years	June 22, 2012	973,015	0.16	973,015	0.16	-	-	-	-	-	None	-	-	-	None
	Taiwan, R.O.C.	Representative: Tsai, Sung-Po	Male 71~75	July 12, 2021	3 years	June 22, 2012	-	-	0	0	0	0	0	0	Insurance, Tatung Institute of Commerce and Technology Chairperson of Ming Yi Investment Co., Ltd. Chairperson of Ming Chao Investment Co., Ltd.	Chairperson of Li Chin Management Consulting Limited Chairperson of Tai Li Management Consulting Limited Chairperson of Double Brighten Limited Chairperson of Sun-Chuan Publishing Co., Ltd. Chairperson of Ming Yi Investment Co., Ltd. Chairperson of Ming Chao Investment Co., Ltd. Chairperson of Tzu Chuan Investment Co., Ltd. Director of Dong Hong Investment Co., Ltd. Director of Hong Yuan Investment Co., Ltd. Director of Ching Hua Hotel Co., Ltd. Director of KOMPHORT ROYAL LIFE ENTERPRISE CO., LTD. Director of Chuan Hui	None	None	None	None

Title	Nationality or Place of Registration	Name	Gender & Age	Date on which Current Position was Assumed	Term of Office	Commencement Date of the First Term	Shares Held When Assuming Office		Number of Shares Held Presently		Number of Shares Held by His or Her Spouses, Children of Minor Age		Number of Shares Held through Nominees		Principal Work Experience and Academic Qualifications	Position(s) Held Concurrently in the Company and in Any Other Company	Other Supervisors, Directors, or Supervisors within the Second Degree of Kinship			Remark
							Number of Shares	Shareholding Percentage %	Number of Shares	Shareholding Percentage %	Number of Shares	Shareholding Percentage %	Number of Shares	Shareholding Percentage %			Title	Name	Relationship	
																Investment Co., Ltd. Director of RIGUAN CO., LTD. Director of Jia Yi Corp. Supervisor of Hui Min Investment Co., Ltd. Supervisor of Concord Investment Co., Ltd. Supervisor of Tzu Hui Enterprise Co., Ltd. Supervisor of San Hua Ying Industrial Co., Ltd.				
Director	Taiwan, R.O.C.	Te Yeh Investment Co., Ltd.	-	July 12, 2021	3 years	June 22, 2012	164,137	0.03	164,137	0.03	-	-	-	-	-	None	-	-	-	None
	Taiwan, R.O.C.	Representative: Yang, Ming-Wang	Male 66~70	July 12, 2021	3 years	January 3, 2017	-	-	0	0	0	0	0	0	Bachelor Degree in Public Finance, Feng Chia University Chief Administrative Officer of Yuanta Financial Holdings	Chairperson of Ho Yi Investment Co., Ltd. Chairperson of Te Yeh Investment Co., Ltd. Chairperson of Te Chan Investment Co., Ltd.	None	None	None	None
Director	Taiwan, R.O.C.	Yuan Long Construction and Development Co., Ltd.	-	July 12, 2021	3 years	June 22, 2012	875,405	0.15	875,405	0.15	-	-	-	-	-	None	-	-	-	None
	Taiwan, R.O.C.	Representative: Ma, Pei-Chun	Female 41~45	July 12, 2021	3 years	December 12, 2000	-	-	0	0	0	0	0	0	CARNEGIE MELLON UNIVERSITY ECONOMICS Director of FEDERAL CORPORATION	Supervisor of LOHAS Social Enterprise Co., Ltd. Director of Yuan Long Development Co., Ltd. Director of Ta Tien Investment Co., Ltd. Director of Da Yuan Construction Co., Ltd. Director of Chinese Culture and Social Welfare Fund Director of Taiwan LOHAS Service Development Association Supervisor of Chun Tung Asset Management Co., Ltd.	None	None	None	None
Director	Taiwan, R.O.C.	Tai Ming Development Co., Ltd.	-	July 12, 2021	3 years	July 12, 2021	20,629,881	3.78	21,475,881	3.61	-	-	-	-	-	None	-	-	-	None
	Taiwan, R.O.C.	Representative: Cheng, Kuo-Hwa (Note 2)	Male 76~80	July 12, 2021	3 years	March 10, 2020	-	-	0	0	3,594,902	0.60	0	0	Bachelor's Degree in International Trade, National Chengchi University Supervisor of Concord Investment Co., Ltd.	Chairperson of Cheng Chun Shen Social Welfare Charity Foundation Supervisor of Concord Investment Co., Ltd.	Director	Cheng, Ta-Yu	Father and Son	None
	Taiwan, R.O.C.	Representative: Li, Chuang-Yuan (Note 2)	Male 71~75	August 01, 2021	3 years	August 01, 2021	-	-	0	0	0	0	0	0	Bachelor's Degree in Law, National Taiwan University Senior Executive Vice President of Shinkong Company Ltd. Senior Executive Vice President of Shinkong	Chairperson of BIOCHINA Director of Kang-Ning General Hospital Director of JU-KAO ENGINEERING CO., LTD. Supervisor of Asia Hepato Gene Co. Chairperson of Ta Yeh	None	None	None	None

Title	Nationality or Place of Registration	Name	Gender & Age	Date on which Current Position was Assumed	Term of Office	Commencement Date of the First Term	Shares Held When Assuming Office		Number of Shares Held Presently		Number of Shares Held by His or Her Spouses, Children of Minor Age		Number of Shares Held through Nominees		Principal Work Experience and Academic Qualifications	Position(s) Held Concurrently in the Company and in Any Other Company	Other Supervisors, Directors, or Supervisors within the Second Degree of Kinship			Remark
							Number of Shares	Shareholding Percentage %	Number of Shares	Shareholding Percentage %	Number of Shares	Shareholding Percentage %	Number of Shares	Shareholding Percentage %			Title	Name	Relationship	
															Textile Co., Ltd. Chairperson of Jih Chuan Machinery Industry Co., Ltd. Director of China Airlines Co.,LTD. Chairperson of Fortune Information System Co.,Ltd. Independent Director of IBF Financial Holdings Co.,Ltd. Convener of Independent Director of Concord Securities Corp. Director of Sumagh High Tech Corp. Supervisor of Paradigm Asset Management Co., Ltd. Supervisor of JKO Asset Management Co., Ltd.	International Investment Co., Ltd.				
Independent Director	Taiwan, R.O.C.	Chang, Yao-Ren	Male 66~70	July 12, 2021	3 years	June, 8, 2018	0	0	0	0	0	0	0	0	Department of Civil and Construction Engineering, National Taiwan University of Science and Technology Assistant Engineer, Department of Public Housing, Taipei City Government President of Pao Ku Construction Co., Ltd. President of Rotary Club of Taipei Chung Shing Senior Technician of SGM STONE CO., LTD.	Partnership Accountant of Yun Cheng CPA Firm Senior Technician of Ching Fu Construction Co., Ltd.	None	None	None	None
Independent Director	Taiwan, R.O.C.	Huang, Tien-Chang	Male 71~75	July 12, 2021	3 years	June 5, 2020	0	0	0	0	0	0	0	0	MS in Finance, National Chengchi University Chairperson of Taiwan Business Bank Chairman of Trust Association of R.O.C. Independent Director of Mega Securities Co., Ltd. Managing Independent Director of Mega International Commercial Bank Adjunct Professor, Department of Business Administration, National Changhua	Independent Director of HERAN Co., Ltd. Independent Director of Yi Jinn Industrial Co., Ltd. Director of Concord Capital Management Corp.	None	None	None	None

Title	Nationality or Place of Registration	Name	Gender & Age	Date on which Current Position was Assumed	Term of Office	Commencement Date of the First Term	Shares Held When Assuming Office		Number of Shares Held Presently		Number of Shares Held by His or Her Spouses, Children of Minor Age		Number of Shares Held through Nominees		Principal Work Experience and Academic Qualifications	Position(s) Held Concurrently in the Company and in Any Other Company	Other Supervisors, Directors, or Supervisors within the Second Degree of Kinship			Remark
							Number of Shares	Shareholding Percentage %	Number of Shares	Shareholding Percentage %	Number of Shares	Shareholding Percentage %	Number of Shares	Shareholding Percentage %			Title	Name	Relationship	
															University of Education					
Independent Director	Taiwan, R.O.C.	Huang, Hsiu-Hui	Female 51~55	July 12, 2021	3 years	June 5, 2020	0	0	0	0	0	0	0	0	PhD, College of Law, National Chung-Cheng University Master's Degree from Graduate Institute of Science and Technology Law, National Yunlin University of Science and Technology Master's Degree in Finance, Chaoyang University of Technology Adjunct Lecturer of Securities and Exchange Act and Financial Regulations, Asia University	Chairperson of GREEN SYNERGY BIOTECH TRADE CO., LTD. Managing Partner of Yung Lu Ke Ssu Law Firm Member of the Committee of Employment Discrimination, Central Taiwan Science Park, National Science Council, Executive Yuan Member of the Taichung City Election Commission Member of the Gender Equity and Sexual Harassment Investigation Panel, Taichung Customs, Customs Administration, Ministry of Finance	None	None	None	None

Note 1: Jinnder Chang served as an Independent Director of the Company from June 19, 2009 to December 31, 2019 and was elected as a representative of the corporate director on July 12, 2021.

Note 2: The corporate director Tai Ming Development Co., Ltd. replaced its representative Cheng, Kuo-Hwa to Li, Chuang-Yuan.

Major shareholders of the institutional shareholders

March 31, 2022

Name of Institutional Shareholder	Major Shareholder of Institutional Shareholder
Zhong Yang Investment Co., Ltd.	Tai Ming Development Co., Ltd. 34.71%、Tai Yang Development Co., Ltd. 28.71%、Kang He Development Co., Ltd. 24.09%、Zhong Kang Investment Co., Ltd. 10.67%、Su, Hui-Fen 1.73%、Wu, Chiung-Wei 0.09%
Sky Investment Corp.	Chen, Chiung-Chu 51.43%、Cheng, Ta-Chen 47.71%、Chen, I-Ping 0.86%
Jia Yi Corp.	Tsai, Yueh-Lin 4%、Tsai, Sung-Po 9.28%、Tsai, Yueh-Chuan 4%、Huang, Yu-Chen 9.43%、Huang, Yu-Po 9.43%、Huang, Yu-Hua 9.43%、Roger Huang 9.86%、Yu, Shu-Ting 1.70%
Te Yeh Investment Co., Ltd.	Huang, Chih-Lin 37.125%、Chang, Pei-Yao 25%、Te Chih Wei Enterprise Co., Ltd. 19.5%、Te Chan Investment Co., Ltd. 12.075%、Chen, Tzu-E 6.3%
Yuan Lung Construction and Development Co., Ltd.	Ma, Jui-Chen 42%、Ma, Pei-Chun 34%、Hsiao, Hsiang-Ling 24%
Tai Ming Development Co., Ltd.	Chang, Pei-Li 64.19%、Cheng, Ta-Yu 17.24%、Su, Hui-Fen 9.72%、Cheng, Ying-Hua 5.43%、Tai Yang Development Co., Ltd. 2.86%、Wu, Chiung-Wei 0.14%、Chang, Yi 0.14%、He, Chi-Jui 0.14%、Lin, Ching-Lien 0.14%

Major shareholders of the Company's major institutional shareholders

March 31, 2022

Name of Institutional Shareholder	Major Shareholder of Institutional Shareholder
Tai Yang Development Co., Ltd.	Chang, Pei-Li 28.09%、Su, Hui-Fen 27.33%、Cheng, Ta-Yu 15.65%、Cheng, Tai-Yang 10.44%、Cheng, Tai-Hsin 9%、Cheng, Tai-Ming 8.19%、Tai Ming Development Co., Ltd. 1%、Chang, Yi 0.1%、He, Chi-Jui 0.1%、Lin, Ching-Lien 0.1%
Kang He Development Co., Ltd.	He, Chi-Jui 34.65%、Tai Yang Development Co., Ltd. 19.65%、Chang, Yi 15.91%、Tai Ming Development Co., Ltd. 14.93%、Cheng, Shih-Hua 11.45%、Chang, Hung-Chien 1.13%、Wu, Jui-Jung 0.09%
Zhong Kang Investment Co., Ltd.	Hwa-Ho asset management Corp. 45.45%、Kang He Development Co., Ltd. 45.26%、Wan-Fang Development Co., Ltd. 8.11%、Tai Yang Development Co., Ltd. 1.18%
Te Chih Wei Enterprise Co., Ltd.	Eagle Sharp Global Limited 50%、Huang, Chih-Lin 25%、Chang, Pei-Yao 23.55%、Chang, Feng-Wen 1.45%
Te Chan Investment Co., Ltd.	Eagle Sharp Global Limited 99.59%、Chang, Pei-Yao 0.23%、Huang, I-Ning 0.16%、Lin, Li-Hua 0.02%

Information Disclosure of Professional Qualifications of Directors and Supervisors and Independence of Independent Directors

In accordance with Article 20 of the “Corporate Governance Practice Principles”, the Company shall pay attention to gender equality in the composition of the board of directors, and each board member shall generally possess the knowledge, skills, and experiences required to perform their duties.

To achieve the ideal goal of corporate governance, the board of directors shall have the following abilities:

- I. ability to make operational judgment;
- II. ability to perform accounting and financial analysis;
- III. ability to conduct management administration;
- IV. ability to conduct crisis management;
- V. possession of securities and financial derivatives products professional knowledge;
- VI. possession of perspective of international market;
- VII. ability to lead;
- VIII. ability to make decisions; and
- IX. possession of knowledge of and ability for risk management.

The implementation of the diversity policy by the Company’s current board members is described in the following table:

Cores of Diversification	Basic Background											Industrial Experience								Professional Abilities					
	Name	Nationality	Gender	Who serves as an employee of the Company	Who is the spouse or a relative within the second degree of kinship of another	Number of other public companies of which the director concurrently serves as an independent director	Age			Independent Director	Audit Committee			Finance & Banking	Investment & Accounting	Public Welfare & Social Enterprise	Administration & Management	Marketing & Creativity	Information Technology & Management Consulting	Law	Construction & Machinery	Others	Accounting	Finance and Risk Management	Others
							Age 45-55	Age 56-65	Age 66-75	Years of service as an Independent Director of the Company	Independence Status	Member of the Audit Committee	Whether to have expertise in finance and accounting												
	Cheng, Ta-Yu	Taiwan, R.O.C.	Male	-	-	0	✓	-	-	-	-	-	-	✓	✓	o	✓		o			✓	✓		
	Jinnder Chang	Taiwan, R.O.C.	Male	-	-	3	-	-	✓	10 (Note2)	-	-	-	✓	✓	✓	✓	o	o	✓	o	✓	✓		
	Lee, Chin-Shen	Taiwan, R.O.C.	Male	-	-	0	-	✓	-	6 (Note2)	-	-	-	✓	✓	o	✓	o	o		o	o	✓		
	Chen, Qiong-Ling	Taiwan, R.O.C.	Female	-	-	0	-	-	✓	-	-	-	-	✓	✓	o	✓		o	o		o	✓	✓	
	Tsai, Sung-Po	Taiwan, R.O.C.	Male	-	-	0	-	-	✓	-	-	-	-	✓	o	✓	o		o			o	✓	✓	
	Yang, Ming-Wang	Taiwan, R.O.C.	Male	-	-	0	-	-	✓	-	-	-	-				✓								
	Ma, Pei-Chun	Taiwan, R.O.C.	Female	-	-	0	✓	-	-	-	-	-	-	✓	✓	o	✓						o		
	Li, Chuang-Yuan	Taiwan, R.O.C.	Male	-	-	0	-	-	✓	-	-	-	-	✓	o	✓	✓	o	✓	o	✓	✓	✓		

Cores of Diversification	Basic Background											Industrial Experience							Professional Abilities								
	Name	Nationality	Gender	Who serves as an employee of the Company	Who is the spouse or a relative within the second degree of kinship of another	Number of other public companies of which the director concurrently serves as an independent director	Age			Independent Director	Audit Committee			Finance & Banking	Investment & Accounting	Public Welfare & Social Enterprise	Administration & Management	Marketing & Creativity	Information Technology & Management Consulting	Law	Construction & Machinery	Others	Accounting	Finance and Risk Management	Others		
							Age 45-55	Age 56-65	Age 66-75		Years of service as an independent Director of the Company	Independence Status	Member of the Audit Committee													Whether to have expertise in finance and accounting	Not under any of the circumstances set forth in Article 30 of the Company Act
	Chang, Yao-Ren	Taiwan, R.O.C.	Male	-	-	0	-	-	✓	4	✓	✓	✓	✓	○	✓	✓	○	✓	○	✓	✓	○	✓	○		
	Huang, Tien-Chang	Taiwan, R.O.C.	Male	-	-	2	-	-	✓	2	✓	✓	✓	✓	✓	✓	✓	✓	○	○	✓	○	✓	✓	✓		
	Huang, Hsiu-Hui	Taiwan, R.O.C.	Female	-	-	0	✓	-	-	2	✓	✓	✓	✓			✓	✓	✓			✓					

Note 1: “✓” means having full ability and “○” means having partial ability.

Note 2: Jinnder Chang served as an Independent Director of the Company from June 19, 2009 to December 31, 2019 and was elected as a director on July 12, 2021. Lee, Chin-Shen served as an Independent Director of the Company from June 12, 2015 to July 11, 2021 and was elected as a director on July 12, 2021.

Diversification and Independence of the Board of Directors

Diversification of the Board of Directors

The Company has held a shareholders' meeting on July 12, 2021 and re-elected members of the 12th Term Board of Directors. With strong capabilities, the Board members not only oversees the management team on behalf of shareholders, but also assists the company in the evaluation and judgment on making material decisions. The election of the Company's directors shall be resolved at the board of directors and submitted to the shareholders' meeting. The Company pays attention to diverse backgrounds of board members, including a wide diversity of age, gender, industrial experience, professional knowledge and skills, the board members having the extensive experience and expertise in the fields of finance, law, accounting, IT, business, social enterprise, merger, and management.

As for Independent Directors, the Company's 12th Term Independent Directors all have professional knowledge and extensive practical experience in finance, law, and accounting, enabling the Company to significantly improve its implementation of risk management and internal control as well as internal audit. All the Independent Directors are impartial and forward-looking and fully undertake functions of supervision and guidance to continuously promote the Company's long-term development in strategic operations.

Especially in the financial service industry, the business is running with special permission, making it even more dependent on the implementation of the independent director mechanism, thereby enhancing the function of the board of directors. The Company has set up an audit committee, a risk management committee, and a remuneration committee, all with an Independent Director acting as a convener. Through the three functional committees of the audit committee, the risk management committee, and the remuneration committee, the Company's Independent Directors can deeply take part in the company's operation, implement corporate governance, and protect public interests.

The Company's 12th Term Board of Directors has a total of 11 Directors (including 3 Independent Directors). They all

have multiple capabilities of business judgment, leadership and decision-making, operational management, international market perspective, crisis management, and others, and equip themselves with profound industrial experience and professional abilities. Among them, those with industrial experience in investments and accounting include Chairman Cheng, Ta-Yu; Director Jinnder Chang; Director Lee, Chin-Shen; Director Chen, Qiong-Ling; Director Ma, Pei-Chun; Independent Director Huang, Tien-Chang, and those with professional expertise in law and rich practical experience are Director Jinnder Chang; Director Li, Chuang-Yuan; Independent Director Huang, Hsiu-Hui. Director Jinnder Chang; Director Lee, Chin-Shen; Director Chen, Qiong-Ling; Director Li, Chuang-Yuan; Independent Director Chang, Yao-Ren not only specialize in finance related subjects, but also have a wide range of knowledge of construction, architecture, and machinery. Chairman Cheng, Ta-Yu; Director Jinnder Chang; Director Lee, Chin-Shen; Director Li, Chuang-Yuan; Director Chang, Yao-Ren; Director Huang, Tien-Chang have experience in information technology and management consulting. Director Jinnder Chang; Director Tsai, Sung-Po; Director Yang, Ming-Wang; Director Li, Chuang-Yuan; Independent Director Chang, Yao-Ren; Independent Director Huang, Tien-Chang all dedicate themselves to public welfare and social enterprise. Director Cheng, Ta-Yu; Director Lee, Chin-Shen; Director Chen, Qiong-Ling; Director Ma, Pei-Chun also actively participate in public welfare and social enterprises. Director Jinnder Chang and Independent Director Chang, Yao-Ren playing key roles in the accounting firm have been revered for their practical experience of as professional accountants. All directors have extensive industrial experience in finance/banking and administration/management.

In terms of academic achievements, Director Jinnder Chang holds dual doctorate degrees in Accounting, Commonwealth International University, U.S.A. and Law, National Chung Cheng University, Taiwan. Director Lee, Chin-Shen has a PhD from the Institute of Management Science (Finance), National Chiao Tung University. Independent Director Huang, Hsiu-Hui, in addition to dual master's degrees in Finance and Law, she also obtained a doctorate degree from the College of Law, National Chung-Cheng University in January 2022.

The average term of office for the Company's 12th Term Board of Directors is approximately 7.5 years. Among which, the average term of office for 8 Directors is approximately 9 years, and for Independent Directors approximately 3 years. The two Directors Jinnder Chang and Lee, Chin-Shen originally served as the Company's Independent Directors but were transferred to be Directors in line with the continuation of tenure of corporate governance.

For Independent Directors, two Independent Directors Huang, Tien-Chang and Huang, Hsiu-Hui have a term of office of less than 3 years, and Independent Director Chang, Yao-Ren's term of office is 4 years. All Independent Directors can have no more than three consecutive terms of office.

All board members have Taiwan ROC nationality and the average age of is 64 years old, with an age distribution of 3 Directors aged 45-55, 1 Director aged 56-65, and 7 Directors aged 66-75.

The board composition also emphasizes gender equality. One out of the three Independent Directors of the Company is a female (accounting for 33%). Among the eight non-Independent Directors, two are females (accounting for 25%), which conforms to the principle of gender diversity for the Board of Directors. In general, the current board members include 3 females (one of them is an Independent Director), accounting for as high as 27%. In the future, we will continue to work on gender equality in the composition of the board of directors.

There are 3 members of the Company's audit committee, consisting of 3 Independent Directors: Huang, Tien-Chang; Chang, Yao-Ren; Huang, Hsiu-Hui. Independent Director Huang, Tien-Chang is elected as the convener of the current audit committee.

Professional qualifications and requirements of the members of the audit committee

Requirement Name	Whether to have accounting or financial background	Relevant work experience	Not under any of the circumstances set forth in Article 30 of the Company Act (Note)						
			1	2	3	4	5	6	7
Huang, Tien-Chang	Yes. MS in Finance, National Chengchi University obtained in 1975	Chairperson of Taiwan Business Bank Chairman of Trust Association of R.O.C. Independent Director of Mega Securities Co., Ltd. Managing Independent Director of Mega International Commercial Bank Adjunct Professor, Department of Business Administration, National Changhua University of Education	✓	✓	✓	✓	✓	✓	✓
Chang, Yao-Ren	Yes. Accountant certification obtained in 2009	President of Pao Ku Construction Co., Ltd. Partnership Accountant of Yun Cheng CPA Firm	✓	✓	✓	✓	✓	✓	✓
Huang, Hsiu-Hui	Yes. Master's Degree in Finance & Banking, College of Management, Chaoyang University of Technology and the Certificate of Financial Management Consultant, Small and Medium Enterprise Administration, Ministry of Economic Affairs obtained in 2013; the mergers and acquisitions professional certificate of the Taiwan Mergers & Acquisitions and Private Equity Council (MAPECT) obtained in 2017	Adjunct Lecturer of the Commercial Law, Chaoyang University of Technology Adjunct Lecturer of Securities and Exchange Act and Financial Regulations, Asia University Chairperson of Sheng Ta Lung Co., Ltd. Certified lawyer handling relevant commercial cases	✓	✓	✓	✓	✓	✓	✓

Note: Where a member of the audit committee, during the year before elected or during the term of office, is not under any of the circumstances set forth in Article 30 of the Company Act, please fill in the blank below each circumstance code with "✓" for each member:

- I. Having committed an offence as specified in the Statute for Prevention of Organizational Crimes and subsequently convicted of a crime, and has not started serving the sentence, has not completed serving the sentence, or five years have not elapsed since completion of serving the sentence, expiration of the probation, or pardon;
- II. Having committed the offence in terms of fraud, breach of trust or misappropriation and subsequently convicted with imprisonment for a term of more than one year, and has not started serving the sentence, has not completed serving the sentence, or two years have not elapsed since completion of serving the sentence, expiration of the probation, or pardon;
- III. Having committed the offense as specified in the Anti-corruption Act and subsequently convicted of a crime, and has not started serving the sentence, has not completed serving the sentence, or two years have not elapsed since completion of serving the sentence, expiration of the probation, or pardon;
- IV. Having been adjudicated bankrupt or adjudicated of the commencement of liquidation process by a court, and having not been reinstated to his rights and privileges;
- V. Having been dishonored for unlawful use of credit instruments, and the term of such sanction has not expired yet;
- VI. Having no or only limited disposing capacity; or

VII. Having been adjudicated of the commencement of assistantship and such assistantship having not been revoked yet.

Independence of the board of directors

The Company has 3 Independent Directors, accounting for 27% of the total Directors. Among the three Independent Directors, except for Huang, Tien-Chang, who serves as a Director at Concord Capital Management Corp., an affiliated enterprise of the Company, the other two Independent Directors do not serve as Directors, Supervisors, or Employees of the Company or its affiliated enterprise of the Company.

For all Independent Directors, their spouse or relative within the second degree of kinship does not serve as a director, supervisor, employee of the Company or any affiliate of the Company; they or their spouse, relative within the second degree of kinship (or under others' names) neither hold shares of the Company nor serve as a director, supervisor, or employee of the company that has a specific relationship with the Company; or they do not provide commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the past 2 years has received compensation.

The Company's Board of Directors conforms to the principle of independence. Among the 11 Directors (including 8 Directors and 3 Independent Directors), neither a spousal relationship nor a familial relationship within the second degree of kinship exists, and thus none of the circumstances referred to in Paragraph 3 and 4 of Article 26 - 3 of the Securities and Exchange Act have occurred.

3.2.2 Management Team
March 10, 2022

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remark(s) (Note)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
President	Taiwan, R.O.C.	Chiu, Jung-Chen	Male	2016.06.27	151,050	0.03	0	0	0	0	EMBA, National Chengchi University of Finance Vice Executive General Manager, Yuanta Securities Co., Ltd. Vice Executive General Manager, Department of Financial Markets, Polaris Securities Co., Ltd.	Director of Concord Futures Corp.	None	None	None	None
Chief Investment Officer Senior Executive Vice President	Taiwan, R.O.C.	Chen, Chih-Hao	Male	2018.03.15	130,910	0.02	0	0	0	0	Drexel University MS Finance Head Of Investment Dept., Concord Securities Co., Ltd./Senior Executive Vice President Head Of Research Dept., Capital Securities Corp. /Senior Vice President	None	None	None	None	None
Chief Investment Officer Senior Executive Vice President	Taiwan, R.O.C.	Liao, Chi -Hung	Male	2015.07.01	50,000	0.01	0	0	0	0	Master of Business Administration, National Chengchi University Head of Proprietary Trading Dept., Concord Securities Co., Ltd. / Chief Investment Officer Senior Vice President of Financial Investment Division, President International Development Corp.	None	None	None	None	None
Proprietary Trading Dept. Assistant Vice President	Taiwan, R.O.C.	Yao, Yi-Shan	Female	2020.01.01	80,560	0.01	0	0	0	0	National Taipei University of Technology EMBA Head of Research Dept., Concord Securities Co., Ltd. / Assistant Vice President Deputy Manager of Research Dept., Capital Securities Corp.	None	None	None	None	None
Proprietary Trading Dept. Assistant Vice President	Taiwan, R.O.C.	Fu, Kun-Tai	Male	2020.01.01	0	0	0	0	0	0	Master's Program in Finance, Fu Jen Catholic University Assistant Vice President of Research Dept., Concord Securities Co., Ltd. Deputy Manager of Research Dept., Capital Securities Corp.	None	None	None	None	None
Proprietary Trading Dept. Assistant Vice President	Taiwan, R.O.C.	Tsao, Po-Hsuan	Male	2020.05.01	0	0	0	0	0	0	Graduate Institute of Business Administration, National Taiwan University Senior Manager of Research Dept., Concord Securities Co., Ltd. Senior Manager of Research Division of Research Dept., Capital Securities Corp.	None	None	None	None	None

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remark(s) (Note)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Financial Derivatives Dept. Vice President	Taiwan, R.O.C.	Liu, Pi-Yin	Male	2016.08.01	109,700	0.02	0	0	0	0	Master of Science in Finance, NTU Assistant Vice President of Financial Trading Dept., Yuanta Securities Co., Ltd.	None	None	None	None	None
Financial Derivatives Dept. Senior Assistant Vice President	Taiwan, R.O.C.	Ho, Chen-Che	Male	2018.11.01	490	0	0	0	0	0	Master Degree of Finance, CCU Assistant Vice President of Proprietary Dept Yuanta Securities	None	None	None	None	None
Fixed Income Dept. Senior Vice President	Taiwan, R.O.C.	Chiu, Chao-Shan	Female	2013.07.01	95,549	0.02	0	0	0	0	MBA, Baruch College, CUNY VP, Treasury/Cathay United Bank	None	None	None	None	None
Fixed Income Dept. Vice President	Taiwan, R.O.C.	Chen, Wei-Tung	Male	2016.06.01	70,490	0.01	0	0	0	0	Master 's Program in Applied Statistics, Fu Jen Catholic University Manager of Fixed Income Dept., Concord Securities Co., Ltd.	None	None	None	None	None
Fixed Income Dept. Senior Assistant Vice President	Taiwan, R.O.C.	Lin, Szu-Yu	Male	2015.05.01	0	0	0	0	0	0	Master of Arts in Economics at the National Taiwan University Manager of Fixed Income Dept., Concord Securities Co., Ltd. Project Manager of China Bills Finance Co., Ltd.	None	None	None	None	None
Fixed Income Dept. Assistant Vice President	Taiwan, R.O.C.	Wang, Hung -Chun	Male	2018.05.01	0	0	0	0	0	0	National Taiwan University of Science and Technology, MBA Manager of Bond Department, Taiwan Cooperative Securities	None	None	None	None	None
Underwriting Dept. Vice President	Taiwan, R.O.C.	Leu, Suh-Ling	Female	2019.01.16	110,770	0.02	0	0	0	0	University of Texas at Arlington MBA in Finance Assistant Vice President of Capital Securities Corp.	None	None	None	None	None
Underwriting Dept. Senior Assistant Vice President	Taiwan, R.O.C.	Lee, Yu-Ju	Male	2015.05.01	70,490	0.01	0	0	0	0	Department of Accounting Shih Chien University Senior Manager of Investment Banking Dept., Capital Securities Corp.	None	None	None	None	None
Underwriting Dept. Senior Assistant Vice President	Taiwan, R.O.C.	Yeh, I-Lin	Female	2021.04.01	0	0	0	0	0	0	Finance, National Taiwan University Senior Vice President of Investment Banking Dept., Capital Securities Corp.	None	None	None	None	None
Underwriting Dept. Senior Assistant Vice President	Taiwan, R.O.C.	Liang, Kai-Chieh	Male	2018.05.01	0	0	0	0	0	0	Accounting Dept., Soochow University Manager of Underwriting Dept., Concord Securities Co., Ltd. Deloitte Touche Tohmatsu Deputy manager of Assurance	None	None	None	None	None

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remark(s) (Note)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Shareholder Service Dept. Senior Assistant Vice President	Taiwan, R.O.C.	Yang, Yung-Sheng	Male	2018.07.01	0	0	0	0	0	0	Nanshan Business and Industry Vocational School Manager of Shareholder Service Dept., Concord Securities Co., Ltd. Registrar Agency Dept., Capital Securities Corp.	None	None	None	None	None
Auditing Office Vice President	Taiwan, R.O.C.	Shih, Shu-Chen	Female	2017.01.04	100,700	0.02	0	0	0	0	Ming Chuan University Executive Master of Business Administration in Department of Finance. Executive Vice President / Head of Legal & Compliance Dept., IBT Securities Co., Ltd.	None	None	None	None	None
Risk Management Office Senior Manager	Taiwan, R.O.C.	Hsu, Shu-Wen	Female	2015.09.01	80,560	0.01	0	0	0	0	Institute of Finance, NCTU Senior Specialist of Financial Institution Dept., TC Bank	None	None	None	None	None
Corporate Strategy Dept. Vice President	Taiwan, R.O.C.	Cheng, Hung-Tai	Male	2018.03.15	121,227	0.02	0	0	0	0	Master of Finance, NCU Senior AVP of Chairman Office, Concord Securities Co., Ltd. Manager of Brokerage Dept., President Securities Corp.	Director, Concord Futures Corp. Director, Concord Asset Management Corp.	None	None	None	None
Corporate Strategy Dept. Assistant Vice President	Taiwan, R.O.C.	Chen, Ming-Wei	Male	2015.03.19	70,490	0.01	0	0	0	0	Hofstra University MBA Finance Manager of Oversea Division, President Securities Corp.	None	None	None	None	None
Corporate Strategy Dept. Assistant Vice President	Taiwan, R.O.C.	Shou, Ning-Ning	Female	2017.05.16	0	0	0	0	0	0	Master of Journalism, National Taiwan University Manager of Printing Dept., Chinatimes	None	None	None	None	None
General Affairs Dept. Senior Assistant Vice President	Taiwan, R.O.C.	Huang, Kai-Ming	Male	2016.07.01	32,000	0.01	0	0	0	0	Department of Architecture and Urban Design , PCCU Manager of GuJu Construction Ltd.	None	None	None	None	None
Human Resource Dept. Senior Assistant Vice President	Taiwan, R.O.C.	Huang, Mei-Ling	Female	2014.02.20	114,703	0.02	0	0	0	0	National Taipei University of Technology EMBA Vice President of Human Resource Division of Administration Dept., Capital securities Corp.	None	None	None	None	None

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remark(s) (Note)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Regulation Compliance Dept. Vice President (MLRO)	Taiwan, R.O.C.	Ding, Yong-Kang	Male	2021.01.01	103,308	0.02	0	0	0	0	Department of Law, Chinese Culture University. Assistant Vice President of Regulation Compliance Office, Concord Securities Co., Ltd. Administration Department Assistant Manager, New Fortune Enterprise Co., Ltd.	None	None	None	None	None
Accounting Officer Senior Manager	Taiwan, R.O.C.	Chen, Hong-Chien	Female	2019.03.16	80,560	0.01	0	0	0	0	Master of Business and Management, National Chiao Tung University Manager of Accounting Dept., Concord Securities Co., Ltd. Audit Dept. of Deloitte	Supervisor, Concord Insurance Agent Corp.	None	None	None	None
Financial Officer Assistant Vice President (Company Secretary)	Taiwan, R.O.C.	Tsai, Wan-Chi	Female	2020.05.08	80,560	0.01	119,221	0.02	0	0	Department of Finance, Chinese Culture University Assistant Vice President of Finance Dept., Concord Futures Corp.	None	None	None	None	None
Settlement and Clearing Dept. Vice President	Taiwan, R.O.C.	Wang, Hsiu-Ching	Female	2013.06.01	110,770	0.02	0	0	0	0	Department of Business Management, Chinese Culture University Head of Settlement & Clearing Dept. /Senior Vice President, Capital Securities Corp.	None	None	None	None	None
Chief Information Officer Senior Executive Vice President	Taiwan, R.O.C.	Chang, Jyh-Chian	Male	2018.03.15	0	0	0	0	0	0	PhD in Computer Science, Northwestern University Head of IT Department/Vice President of Concord Securities Co., Ltd. Associate Professor, Department of Information Engineering, School of Engineering, Chinese Culture University	None	None	None	None	None
IT Dept. Assistant Vice President	Taiwan, R.O.C.	Pai, Cheng-Hsien	Male	2015.09.01	223,972	0.04	0	0	0	0	EMBA, National Chengchi University Assistant Vice President of E-Commerce Dept., Concord Securities Co., Ltd. Assistant Vice President of E-Commerce Dept., Masterlink Securities	None	None	None	None	None
Brokerage Business Group Senior Executive Vice President	Taiwan, R.O.C.	Tseng, Li-Kuo	Male	2017.03.27	117,611	0.02	0	0	0	0	Department of Industrial Education, National Changhua University of Education Vice President of Brokerage Dept., Yuanta Securities	None	None	None	None	None

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remark(s) (Note)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Brokerage Business Group Vice President	Taiwan, R.O.C.	Yen, Chih-Lung	Male	2019.07.02	26,902	0	0	0	0	0	Department of Business Administration of National Kaohsiung First University of Science and Technology Senior Assistant Vice President of Brokerage Business Group, Concord Securities Co., Ltd. Senior Manager of Zhongzheng Branch, Fubon Securities Co., Ltd.	Director, Concord Insurance Agent Corp.	None	None	None	None
Brokerage Business Group Vice President	Taiwan, R.O.C.	Lin, Hsu-Sheng	Male	2012.09.01	80,560	0.01	0	0	0	0	M.B.A Ming Chuan University Manager of Banqiao Branch, Concord Securities Co., Ltd. Manager of Yonghe Branch, President Securities Corp.	None	None	None	None	None
Brokerage Business Management Dept. Senior Assistant Vice President	Taiwan, R.O.C.	Yang, Kuang-Cheng	Male	2018.10.01	50,000	0.01	0	0	0	0	Department of Money And Banking, NCCU Manager of Taipei Branch, Concord Securities Co., Ltd. Assistant Manager Of Dunnan Branch, President Securities Corp.	None	None	None	None	None
Brokerage Business Management Dept. Project Vice President	R.O.C.	Chang, Chia-Chia	Male	2022.01.03	90,000	0.02	0	0	0	0	Master of Business Administration in Executive Management, Royal Roads University Senior Vice President of Marketing & Customer Service Dept., SinoPac Securities.	None	None	None	None	None
Wealth Management Dept. Senior Manager	Taiwan, R.O.C.	Hsu, Wei-Lun	Male	2019.05.10	25,280	0	0	0	0	0	Finance Department, Shih Chien University Deputy Manager of Taipei Branch, Concord Securities Co., Ltd.	None	None	None	None	None
Digital Marketing Dept. Senior Manager	Taiwan, R.O.C.	Lin, Shih-Nung	Male	2018.03.15	0	0	0	0	0	0	Department of Information Management, Jinwen University of Science and Technology Manager of Guting Branch, Concord Securities Co., Ltd. Business Junior Manager of Fuxing Branch, JihSun Securities	None	None	None	None	None
Brokerage Dept. Senior Assistant Vice President	Taiwan, R.O.C.	Yang, Chun-Cheng	Male	2020.05.12	0	0	0	0	0	0	Department of Soil and Water Conservation, National Chung Hsing University Assistant Vice President of Ren-Ai Branch, President Securities Corp.	None	None	None	None	None

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remark(s) (Note)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Branches Senior Assistant Vice President	Taiwan, R.O.C.	Huang, Yun-Chieh	Male	2018.04.01	23	0	5,000	0	0	0	Department of Economics, Tamkang University Senior Assistant Vice President of Brokerage Dept., Concord Securities Co., Ltd. Manager of Grand Cathay Securities Corp.	None	None	None	None	None
Branches Senior Assistant Vice President	Taiwan, R.O.C.	Yu, Chiung-Chang	Male	2021.01.15	0	0	0	0	0	0	Master of Department of Finance, National Yunlin University of Science and Technology Vice President of APEX International Financial Engineering Res.	None	None	None	None	None
Branches Assistant Vice President	Taiwan, R.O.C.	Huang, Shih-Chang	Male	2016.05.28	59,875	0.01	0	0	0	0	Department of Cooperative Economics, Feng Chia University Manager of Taiping Branch, Concord Securities Co., Ltd. Manager of Yuan-Lin Securities Co., Ltd.	None	None	None	None	None
Branches Assistant Vice President	Taiwan, R.O.C.	Ho, Po-Ming	Male	2018.10.01	60,441	0.01	0	0	0	0	Department of Statistics, National Chung Hsing University Assistant Vice President of Brokerage Business Group, Concord Securities Co., Ltd. The Capital Group War Center Manager	None	None	None	None	None
Branches Assistant Vice President	Taiwan, R.O.C.	Wu, Chin-Chiu	Male	2017.04.05	35,245	0.01	0	0	0	0	International Trade Division, Tamsui Oxford College Yuanta Polaris Securities Brokerage Department Business Associate	None	None	None	None	None
Branches Assistant Vice President	Taiwan, R.O.C.	Hsu, Chun-Yang	Male	2020.04.06	0	0	0	0	0	0	Department of Tourism Management, Chinese Culture University Manager of Nan Sanchong Branch, Brokerage Dept., Capital securities Corp.	None	None	None	None	None
Branches Assistant Vice President	Taiwan, R.O.C.	Lai, Chueh-An	Female	2020.06.02	0	0	0	0	0	0	Department of Japanese Language and Literature, College of International Studies and Foreign Languages, Chinese Culture University Manager of International Business Department, IBF Securities Co. Ltd.	None	None	None	None	None
Branches Assistant Vice President	Taiwan, R.O.C.	Chen, Ju-Chuan	Female	2022.03.01	0	0	0	0	0	0	Department of Business Administration, Chaoyang University of Technology Manager of Brokerage Sales Department II, Taishin Securities Co., Ltd.	None	None	None	None	None

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remark(s) (Note)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Branches Senior Manager	Taiwan, R.O.C.	Yang, Yu-Hung	Male	2007.04.01	0	0	0	0	0	0	Department of Agricultural Production Technology, National Pingtung University Deputy Manager of Penghu Branch, Concord Securities Co., Ltd.	None	None	None	None	None
Branches Senior Manager	Taiwan, R.O.C.	Chen, Chien-Hsun	Male	2018.08.01	35,245	0.01	0	0	0	0	Ming Chuan University, Department of Finance, Master of Science in Finance Manager of Wealth Management Department, Concord Managed Futures Corp.	None	None	None	None	None
Branches Senior Manager	Taiwan, R.O.C.	Wang, Mei-Chuan	Female	2019.07.02	15,000	0	0	0	0	0	Master of Ming Chuan University Senior Deputy Manager of Banqiao Branch, Concord Securities Co., Ltd.	None	None	None	None	None
Branches Manager	Taiwan, R.O.C.	Tseng, Li-Hung	Male	2018.02.01	20,245	0	0	0	0	0	Electronic Engineering of Fu Jen Catholic University Deputy Manager of Nankan Branch, Concord Securities Co., Ltd. Taichung Bank Securities Business Manager	None	None	None	None	None
Branches Manager	Taiwan, R.O.C.	Liao, Min-Hsiu	Female	2021.05.10	42,000	0.01	0	0	0	0	Department of Business Administration, National Kaohsiung University of Science and Technology Deputy Manager of Chaozhou Branch, Hua Nan Securities Co., Ltd.	None	None	None	None	None
Branches Manager	Taiwan, R.O.C.	Huang, Ying-Jen	Male	2022.03.07	0	0	0	0	0	0	Department of Finance and Banking, Shih Chien University Assistant Manager of Brokerage Sales Department II, Taishin Securities Co., Ltd.	None	None	None	None	None

3.2.3 Remuneration of Directors, Independent Directors, Supervisors, President, and Vice Presidents

1. Remuneration of Directors and Independent Directors

December 31, 2021; Expressed in thousands of NT\$

Title	Name	Remuneration to Directors								Total Remuneration (A + B + C + D) and the Percentage of Net Income				Relevant Remuneration Received by Directors Who Are Also Employees								Total Remuneration (A + B + C + D + E + F + G) and the Percentage of Net Income				Remuneration Received from An Invested Company Other than the Corporation's Subsidiary
		Compensation (A)		Severance (B)		Compensation to Directors (C)		Allowance (D)						Salary, Bonus, Allowance (E)		Severance (F)		Compensation to Employees (G)								
		The Corporation	All Companies Listed in the Financial Reports	The Corporation	All Companies Listed in the Financial Reports	The Corporation	All Companies Listed in the Financial Reports	The Corporation	All Companies Listed in the Financial Reports	The Corporation	All Companies Listed in the Financial Reports	The Corporation	All Companies Listed in the Financial Reports	The Corporation		All Companies Listed in the Financial Reports		The Corporation	All Companies Listed in the Financial Reports							
	Zhong Yang Investment Co., Ltd.	-	-	-	-	19,238	19,238	-	-	19,238	1.39%	19,238	1.39%	-	-	-	-	-	-	-	-	19,238	1.39%	19,238	1.39%	None
Chairperson	Representative: Cheng, Ta-Yu (Note 1)	29,719	29,872	-	-	-	-	1,260	1,270	30,979	2.24%	31,142	2.25%	-	-	-	-	-	-	-	-	30,979	2.24%	31,142	2.25%	None
Director	Representative: Lee, Chin-Shen (Note 1)	497	510	-	-	-	-	34	38	531	0.04%	548	0.04%	-	-	-	-	-	-	-	-	531	0.04%	548	0.04%	None
Director	Representative: Jinnder Chang (Note 1)	497	497	-	-	-	-	30	30	527	0.04%	527	0.04%	-	-	-	-	-	-	-	-	527	0.04%	527	0.04%	None
Corporate Director	Tai Ming Development Co., Ltd.	52	52	-	-	3,847	3,847	10	10	3,909	0.28%	3,909	0.28%	-	-	-	-	-	-	-	-	3,909	0.28%	3,909	0.28%	None
	Representative: Cheng, Kuo-Hwa (Note 2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	None	
	Representative: Li, Chuang-Yuan (Note 2)	445	445	-	-	-	-	15	15	460	0.03%	460	0.03%	-	-	-	-	-	-	-	-	460	0.03%	460	0.03%	None
	Yuan Lung Construction and Development Co., Ltd.	650	650	-	-	8,118	8,118	55	55	8,823	0.64%	8,823	0.64%	-	-	-	-	-	-	-	-	8,823	0.64%	8,823	0.64%	None
Director	Representative: Ma, Pei-Chun (Note 1)	575	575	-	-	-	-	-	-	575	0.04%	575	0.04%	-	-	-	-	-	-	-	-	575	0.04%	575	0.04%	None
	Sky Investment Corp.	-	-	-	-	3,847	3,847	-	-	3,847	0.28%	3,847	0.28%	-	-	-	-	-	-	-	-	3,847	0.28%	3,847	0.28%	None
Director	Representative: Chen, Qiong-Ling (Note 1)	497	497	-	-	-	-	30	30	527	0.04%	527	0.04%	-	-	-	-	-	-	-	-	527	0.04%	527	0.04%	None
	Te Yeh Investment Co., Ltd.	1,210	1,210	-	-	8,118	8,118	-	-	9,328	0.67%	9,328	0.67%	-	-	-	-	-	-	-	-	9,328	0.67%	9,328	0.67%	None
Director	Representative: Yang, Ming-Wang (Note 1)	15	15	-	-	-	-	55	55	70	0.01%	70	0.01%	-	-	-	-	-	-	-	-	70	0.01%	70	0.01%	None
	Jia Yi Corp.	-	-	-	-	8,118	8,118	-	-	8,118	0.59%	8,118	0.59%	-	-	-	-	-	-	-	-	8,118	0.59%	8,118	0.59%	None
Director	Representative: Tsai, Sung-Po (Note 1)	1,225	1,225	-	-	-	-	50	50	1,275	0.09%	1,275	0.09%	-	-	-	-	-	-	-	-	1,275	0.09%	1,275	0.09%	None
	Te Sheng Development Co., Ltd.	728	728	-	-	25,621	25,621	-	-	26,349	1.90%	26,349	1.90%	-	-	-	-	-	-	-	-	26,349	1.90%	26,349	1.90%	None
Chairperson	Representative: Cheng, Ta-Yu (Note 3)	3,910	4,037	-	-	-	-	25	32	3,935	0.28%	4,069	0.29%	-	-	-	-	-	-	-	-	3,935	0.28%	4,069	0.29%	None
Director	Representative: Cheng, Kuo-Hwa (Note 3)	728	728	-	-	-	-	20	20	748	0.05%	748	0.05%	-	-	-	-	-	-	-	-	748	0.05%	748	0.05%	None
Director	Representative: Lin, Hsiu-Cheng (Note 3)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	None	
	Representative: Chen, Qiong-Ling (Note 3)	-	-	-	-	-	-	20	20	20	-	20	-	-	-	-	-	-	-	-	-	20	-	20	-	None
Director	Representative: Chao, Kao-Shen (Note 3)	728	770	-	-	-	-	25	31	753	0.05%	801	0.06%	-	-	-	-	-	-	-	-	753	0.05%	801	0.06%	None
Corporate Director	Chih Wei Development Co., Ltd.	259	259	-	-	4,270	4,270	-	-	4,529	0.33%	4,529	0.33%	-	-	-	-	-	-	-	-	4,529	0.33%	4,529	0.33%	None
	Representative: Lin, You-He (Note 3)	229	229	-	-	-	-	15	15	244	0.02%	244	0.02%	-	-	-	-	-	-	-	-	244	0.02%	244	0.02%	None
	Representative: Chen, Tang-Sheng (Note 3)	240	264	-	-	-	-	10	14	250	0.02%	278	0.02%	-	-	-	-	-	-	-	-	250	0.02%	278	0.02%	None
	Hong Chi Investment Co., Ltd.	30	30	-	-	-	-	-	-	30	-	30	-	-	-	-	-	-	-	-	-	30	-	30	-	None
Director	Representative: Chen, Tang-Sheng (Note 3)	459	477	-	-	-	-	15	17	474	0.03%	494	0.04%	-	-	-	-	-	-	-	-	474	0.03%	494	0.04%	None
Independent Director	Lee, Chin-Shen (Note 3)	812	812	-	-	-	-	73	73	885	0.06%	885	0.06%	-	-	-	-	-	-	-	-	885	0.06%	885	0.06%	None
Independent Director	Chang, Yao-Ren (Note 1)	1,365	1,365	-	-	-	-	152	152	1,517	0.11%	1,517	0.11%	-	-	-	-	-	-	-	-	1,517	0.11%	1,517	0.11%	None
Independent Director	Huang, Tien-Chang (Note 1)	1,365	1,378	-	-	-	-	144	148	1,509	0.11%	1,526	0.11%	-	-	-	-	-	-	-	-	1,509	0.11%	1,526	0.11%	None
Independent Director	Huang, Hsiu-Hui (Note 1)	1,365	1,365	-	-	-	-	144	144	1,509	0.11%	1,509	0.11%	-	-	-	-	-	-	-	-	1,509	0.11%	1,509	0.11%	None
1. The Corporation's remuneration policy for independent directors shall be handled by the Corporation's Regulations for Compensation of Directors. When an independent director performs his/her duties, regardless of profit or loss in the Corporation's operation, the maximum annual compensation by the Corporation is NT\$1,800,000 divided into separate payments, which may be adjusted as appropriate by the remuneration committee based on his/her participation in the Corporation's operation and value of contribution. In addition, the allowance for conducting business shall include attendance pay at the committees, which is NT\$2,000-5,000 each time, as transportation expenses and travel expenses may be reimbursed based on actual needs when performing the Corporation duties. No additional director allowance, severance, bonuses, pension, the profit distribution as remuneration to directors, special disbursement, and other allowance for independent directors.																										
2. In addition to the disclosures in the above table, the total amount of remuneration received during the most recent fiscal year by the directors providing services (such as serving as non-employee consultants, etc.) for all of the companies listed in the financial reports: None.																										

Note 1: The corporate re-elected the 12th board of directors on July 12, 2021, and the term of office was from July 12, 2021 to July 11, 2024.

Note 2: The corporate director Tai Ming Development Co., Ltd. changed its representative to Lee, Chuang-Yuan in place of Cheng, Kuo-Hwa on August 1, 2021.

Note 3: The 11th term of directors of the Corporation was dismissed on July 11, 2021. The director Te Sheng Development Co., Ltd. changed its representative to Chen, Qiong-Ling in place of Lin, Hsiu-Cheng on April 7, 2021. The director Hong Chi Investment Co., Ltd. resigned on April 22, 2021. The direct Chih Wei Development Co., Ltd. change its representative to Lin, You-He in place of Cheng, Tang-Sheng.

Note 4: NT\$1,355 thousand paid as compensation to the driver, without accounting in remuneration.

Note 5: The allowance of the chairman, including the rental of the vehicle, fuel and other related payment, totaled \$1,230 thousand.

2. Remuneration to President and Vice President

December 31, 2021; Expressed in thousands of NT\$

December 31, 2021, Expressed in thousands of NT\$

Title	Name	Salary (A)		Severance (B)		Bonus and Special Disbursement (C)		Amount of Employee Compensation (D)				Total remuneration (A+B+C+D) as a percentage of net income		Remuneration received from an invested company other than the company's subsidiary
		The Company	All companies listed in the financial reports	The Company	All companies listed in the financial reports	The Company	All companies listed in the financial reports	The Company		All companies listed in the financial reports		The Company	All companies listed in the financial reports	
								Cash	Stock	Cash	Stock			
President	Chiu, Jung-Chen	35,392	35,392	1,644	1,644	118,064	118,717	5,036	0	5,036	0	160,136 11.55%	160,789 11.60%	None
Senior Executive Vice President	Liao, Chi-Hung													
Senior Executive Vice President	Tseng, Li-Kuo													
Senior Executive Vice President	Chen, Chih-Hao													
Senior Executive Vice President	Chang, Jyh-Chian													
Senior Vice President	Chiu, Chao-Shan													
Vice President	Cheng, Hung-Tai													
Vice President	Shih, Shu-Chen													
Vice President	Lee, Ai-Chen													
Vice President	Wang, Hsiu-Ching													
Vice President	Leu, Suh-Ling													
Vice President	Liu, Pi-Yin													
Vice President	Yen, Chih-Lung													
Vice President	Lin, Hsu-Sheng													
Vice President	Ding, Yong-Kang (Note 1)													
Vice President	Chen, Wei-Tung (Note 2)													

Note 1: Vice President Ding, Yong-Kang assumed office on January 1, 2021.

Note 2: Vice President Chen, Wei-Tung assumed office on July 1, 2021.

Note 3: NT\$1,093 thousand paid as compensation to the driver.

Note 4: The bonus and special disbursement of the President and the Vice President, including the vehicle amortization, depreciation, fuel, and other related payment, totaled \$2,571 thousand; and the book value of the vehicle totaled \$242 thousand, without accounting in remuneration.

Remuneration Range Table

Range of Remuneration to Presidents and Vice Presidents of the Company	Name of President or Vice President	
	The Company	All companies listed in the financial reports
Less than NT\$1,000,000	—	—
NT\$1,000,000 (inclusive) ~ NT\$2,000,000 (exclusive)	—	—
NT\$2,000,000 (inclusive) ~ NT\$3,500,000 (exclusive)	Liu, Pi-Yin 、Chen, Wei-Tung	Liu, Pi-Yin 、Chen, Wei-Tung
NT\$3,500,000 (inclusive) ~ NT\$5,000,000 (exclusive)	Chiu, Chao-Shan 、Cheng, Hung-Tai 、Shih, Shu-Chen 、Lee, Ai-Chen 、Ding, Yong-Kang	Chiu, Chao-Shan 、Cheng, Hung-Tai 、Shih, Shu-Chen 、Lee, Ai-Chen 、Ding, Yong-Kang
NT\$5,000,000 (inclusive) ~ NT\$10,000,000 (exclusive)	Wang, Hsiu-Ching 、Leu, Suh-Ling 、Yen, Chih-Lung 、Lin, Hsu-Sheng	Wang, Hsiu-Ching 、Leu, Suh-Ling 、Yen, Chih-Lung 、Lin, Hsu-Sheng
NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (exclusive)	Liao, Chi-Hung 、Tseng, Li-Kuo 、Chang, Jyh-Chian	Liao, Chi-Hung 、Tseng, Li-Kuo 、Chang, Jyh-Chian
NT\$15,000,000 (inclusive) ~ NT\$30,000,000 (exclusive)	—	—
NT\$30,000,000 (inclusive) ~ NT\$50,000,000 (exclusive)	Chiu, Jung-Chen 、Chen, Chih-Hao	Chiu, Jung-Chen 、Chen, Chih-Hao
NT\$50,000,000 (inclusive) ~ NT\$100,000,000 (exclusive)	—	—
More than NT\$100,000,000	—	—
Total	16 persons	16 persons

3. Name of managerial officers who are distributed employee compensation and distribution status:

March 10, 2022; Expressed in thousands of NT\$

Title	Name	Stock	Cash	Total	Total compensation as a percentage of net income (%)
President	Chiu, Jung-Chen	0	10,197	10,197	0.74
Senior Executive Vice President	Chen, Chih-Hao 、 Liao, Chi-Hung 、 Chang, Jyh-Chian 、 Tseng, Li-Kuo				
Senior Vice President	Chiu, Chao-Shan				
Vice President	Ding, Yong-Kang 、 Liu, Pi-Yin 、 Chen, Wei-Tung 、 Leu, Suh-Ling 、 Shih, Shu-Chen 、 Cheng, Hung-Tai 、 Wang, Hsiu-Ching 、 Yen, Chih-Lung 、 Lin, Hsu-Sheng				
Senior Assistant Vice President	Ho, Chen-Che 、 Lin, Szu-Yu 、 Lee, Yu-Ju 、 Yeh, I-Lin 、 Liang, Kai-Chieh 、 Yang, Yung-Sheng 、 Huang, Kai-Ming 、 Huang, Mei-Ling 、 Yang, Kuang-Cheng 、 Yang, Chen-Cheng 、 Huang, Yun-Chieh 、 Yu, Chung-Chang				
Assistant Vice President	Yao, Yi-Shan 、 Fu, Kun-Tai 、 Tsao, Po-Hsuan 、 Wang, Hung-Chun 、 Chen, Ming-Wei 、 Shou, Ning-Ning 、 Tsai, Wan-Chi 、 Pai, Cheng-Hsien 、 Huang, Shih-Chang 、 Ho, Po-Ming 、 Wu, Chin-Chiu 、 Hsu, Chun-Yang 、 Lai, Chueh-An 、 Chen, Ju-Chuan				
Project Vice President	Chang, Chia-Chia				
Senior Manager	Hsu, Shu-Wen 、 Chen, Hong-Chien 、 Hsu, Wei-Lun 、 Lin, Shih-Nung 、 Yang, Yu-Hung 、 Chen, Chien-Hsun 、 Wang, Mei-Chuan				
Manager	Tseng, Li-Hung 、 Liao, Min-Hsiu 、 Huang, Ying-Jen				

3.2.4 Separately compare and describe total remuneration, as a percentage of net income stated in the parent company only financial reports, as paid by this company and by each other company included in the consolidated financial statements during the past 2 fiscal years to directors, supervisors, presidents, and vice presidents, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure:

1. Compare and describe total remuneration, as a percentage of net income stated in the parent company only financial reports, as paid by this company and by each other company included in the consolidated financial statements during the past 2 fiscal years to directors, supervisors, presidents, and vice presidents, and analyze:

Item		2020	2021	Description
Total remuneration to directors as a percentage of net income (%)	The Company	9.06	9.45	As the profit increased significantly in 2021, the related remuneration as a percentage of net income increased compared with that of 2020.
	All of the companies listed in the financial reports	9.14	9.48	
Total remuneration to presidents and vice presidents as a percentage of net income (%)	The Company	10.73	11.55	
	All of the companies listed in the financial reports	10.78	11.60	

2. Describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure:

The Company's remuneration policies and standards shall be implemented in accordance with the Articles of Incorporation, the relevant provisions of dividend policy, and relevant personnel management rules.

According to Article 21 of the Articles of Incorporation

The board of directors shall be authorized to determine the remuneration paid to all directors based on the degree of their participation in the Company's operations and value of contribution and by taking into account the general pay levels in the industry.

According to Article 25 of the Articles of Incorporation

If there is profit at the end of each fiscal year, the Company shall have 1% to 2% of profit distributable as employees' compensation, which may be distributed in the form of shares or in cash by a resolution to be adopted by the board of directors. the employees entitled to receive shares or cash include the employees of parents or subsidiaries of the company meeting certain specific requirements. The company shall appropriate not more than 5% of the above profit for remuneration to directors by a resolution to be adopted by the board of directors. The distribution of employees' compensation and remuneration to directors shall be reported to the shareholders meeting.

If there are accumulated losses in the previous years, the Company's accumulated losses shall have been covered first, and then the remaining shall be appropriated to employees' compensation and remuneration to directors according to the ratios as mentioned above.

Except as otherwise provided by law or regulation or by the Articles of Incorporation, matters in connection with the Company's compensation of the directors shall be handled by the Company's Regulations for Compensation of Directors.

The standards for the compensation of the Company's president and vice president are stated as follows:

(1) Salary: The Company shall determine the salary with reference to the individual's education, working experience, background, the salary levels in the market or industry, and the Company's salary standards while regularly review the individual's work performance and contribution and also adjust it by taking into consideration the general pay levels in the industry.

(2) Performance bonus: To boost profit, the Company has established the Annual Bonus Allocation Rules

and different bonus plans, allowing its employees to participate in the bonus distribution based on annual business performance and individual assessment results and contributions, etc. to share the company's operating results.

(3) Employees' compensation: To participate in the distribution of employees' compensation in accordance with the Company's regulations for distribution of employees' compensation and with reference to the time spent and responsibilities, job performance and contribution as well as performance achievement status in each position.

Linkage to operating performance and future risk exposure:

To ensure a sound system for compensation of the directors and managerial officers of the Company, the remuneration committee is established pursuant to the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter". The Committee are to professionally and objectively evaluate the policies and systems for compensation of the directors and managerial officers of the Company, and submit recommendations to the board of directors for its reference in decision making.

The remuneration committee perform its duties to establish and periodically reviewing the annual and long-term performance goals, and the policies, systems, standards, and structure for the compensation of the directors and managerial officers of the Corporation, and periodically assess the degree to which performance goals for the directors, supervisors, and managerial officers of the Company have been achieved, and take into account the general pay levels in the industry, job performance, and the company's salary level. Also, to be evaluated are the reasonableness of the correlation between the individual's performance and the Company's operational performance and future risk exposure, with respect to the achievement of short-term and long-term business goals and the financial position of the Company.

3.3 Implementation of Corporate Governance

3.3.1 The Company has held a total of 11 sessions of the board of directors meeting in 2021, which are described as follows:

3.3.1.1 The 11th Term Directors (term of office: from June 8, 2018 to July 11, 2021)

A total of 5 sessions (A) of the Board of Directors meeting for the current term have been held during the period from January 1, 2021 to July 11, 2021. The status of directors attending or attending as a non-voting participant at the board meeting is shown as follows:

Title	Name	Frequency of actual attendance (or attendance as a non-voting participant) B	Frequency of appointing proxies to attend	Rate of actual attendance (or attendance as a non-voting participant) (%) 【 B / A 】	Remark
Chairperson	Te Sheng Development Co., Ltd. Representative: Cheng, Ta-Yu	5	0	100	Retired on July 11, 2021
Director	Te Sheng Development Co., Ltd. Representative: Cheng, Kuo-Hwa	4	0	80	Retired on July 11, 2021
Director	Te Sheng Development Co., Ltd. Representative: Chao, Kao-Shen	5	0	100	Retired on July 11, 2021
Director	Te Sheng Development Co., Ltd. Representative: Lin, Hsiu-Cheng	0	0	0	Retired on April 7, 2021
	Te Sheng Development Co., Ltd. Representative: Chen, Qiong-Ling	4	0	100	Re-elected on April 7, 2021, retired on July 11, 2021 (4 sessions of the board of directors meeting being held during the term of office)
Director	Yuan Long Construction and Development Co., Ltd. Representative: Ma, Pei-Chun	5	0	100	Retired on July 11, 2021
Director	Jia Yi Corp. Representative: Tsai, Sung-Po	4	1	80	Retired on July 11, 2021
Director	Te Yeh Investment Co., Ltd. Representative: Yang, Ming-Wang	5	0	100	Retired on July 11, 2021
Director	Hong Chi Investment Co., Ltd. Representative: Chen, Tang-Sheng	3	0	100	On April 22, 2021, Hong CHI Investment resigned as a Corporate

					Director. There were 3 sessions of the board of directors meeting being held during the term of office.
Director	Chih Wei Development Co., Ltd. Representative: Lin, You-Heng	3	0	100	Reappointed on April 23, 2021, 3 sessions of the board of directors meeting being held during the term of office
	Chih Wei Development Co., Ltd. Representative: Chen, Tang-Sheng	2	0	100	Reappointed on April 23, 2021, retired on July 11, 2021, 2 sessions of the board of directors meeting being held during the term of office
Independent Director	Chang, Yao-Ren	5	0	100	Retired on July 11, 2021
Independent Director	Huang, Tien-Chang	5	0	100	Retired on July 11, 2021
Independent Director	Huang, Hsiu-Hui	5	0	100	Retired on July 11, 2021
Independent Director	Lee, Chin-Shen	5	0	100	Retired on July 11, 2021
<p>Other matters that require reporting:</p> <p>I. If any of the following circumstances occurs in the operations of the board of directors, the date of the board of directors meeting, the term, the content of the agenda, all independent directors' opinions, and the reaction to the independent directors' opinions shall be specified:</p> <p>(I) Matters referred to in Article 14-3 of the Securities and Exchange Act: There were 5 sessions being held for the 11th Board of Directors in 2021. Please refer to pages 55-58 of the annual report for the details of the resolutions. The matters referred to in Article 14-3 of the Securities and Exchange Act as proposed were unanimously approved by all Independent Directors.</p> <p>(II) Except for the previously described matters, other matters relating the circumstance that an independent director has expressed an adverse or qualified opinion, which has been stated in the meeting minutes or described in a written statement: None.</p> <p>II. For the implementation status of directors' avoidance of conflict of interest, the names of directors, the content of the agenda, the reasons for avoiding conflicts of interest, and their participation in voting shall be specified:</p> <p><u>(i) The 21st Meeting of the 11th Term Board of Directors (March 11, 2021)</u></p> <p>Case No. 23 Proposal for 2020 Annual Performance Bonus and Compensation to the Chairman Chairman Cheng, Ta-Yu has interest in the discussion of Case No. 23. Since Director Cheng, Kuo-Hwa is the father of Chairman Cheng, Ta-Yu, so they did not participate in the discussion and recused themselves from the voting. Chairman Cheng, Ta-Yu appointed Director Ma,</p>					

<p>Pei-Chun as the acting chairperson.</p> <p>Voting result: The proposal was passed without objection after the chairperson soliciting opinions of all the directors present at the meeting.</p> <p><u>(ii) The 22nd Meeting of the 11th Term Board of Directors (April 15, 2021)</u></p> <p>Case No. 8: Proposal for Distribution of 2020 Remuneration to Directors The remuneration to Chairman paid to Cheng, Ta-Yu is more than other directors, which has interest in the discussion of Case No.8. Since Director Cheng, Kuo-Hwa is the father of Chairman Cheng, Ta-Yu, so they did not participate in the discussion and recused themselves from the voting. Chairman Cheng, Ta-Yu appointed Director Ma, Pei-Chun as the acting chairperson.</p> <p>Voting result: The proposal was passed without objection after the chairperson soliciting opinions of all the directors present at the meeting.</p> <p><u>(iii) The 25th Meeting of the 11th Term Board of Directors (June 25, 2021)</u></p> <p>Case No. 8: Official Car Rental for the Company's Management Chairman CHENG, TA-YU has related interests in Case No. 8. Since Director Cheng, Kuo-Hwa is the father of Chairman Cheng, Ta-Yu, so they did not participate in the discussion and recused themselves from the voting. Chairman Cheng, Ta-Yu appointed Director Ma, Pei-Chun as the acting chairperson.</p> <p>Voting result: The proposal was passed without objection after the chairperson soliciting opinions of all the directors present at the meeting.</p> <p>III. A TWSE/TPEx listed company shall disclose how the board performance evaluation (self-evaluation or peer evaluation) has been conducted each year, including information covering at least evaluation cycle, evaluation period, scope of evaluation, evaluation method, and what is to be evaluated. Please refer to the status of implementation of the board performance evaluation for details.</p> <p>IV. An evaluation of targets for strengthening of the functions of the board during the current and immediately preceding fiscal years (such as establishing an audit committee, enhancing information transparency, etc.), and measures taken toward achievement thereof: The Company has set up an audit committee and a remuneration committee. To enhance the information transparency of the board resolutions, the Company discloses material resolutions of a board of directors meeting on its official website to strengthen corporate governance and investors' recognition of the Company.</p>

3.3.1.2 The 12th Term Directors (term of office: from July 12, 2021 to July 11, 2024)

A total of 6 sessions (A) of the current Board of Directors meeting have been held from July 12, 2021 to December 31, 2021. The status of directors attending or attending as a non-voting participant at the board meeting is shown as follows:

Title	Name	Frequency of actual attendance (or attendance as a non-voting participant) B	Frequency of appointing proxies to attend	Rate of actual attendance (or attendance as a non-voting participant) (%) 【 B / A 】	Remark
Chairperson	Zhong Yang Investment Co., Ltd. Representative: Cheng, Ta-Yu	6	0	100	Reappointed (re-elected on July 12, 2021)
Director	Zhong Yang Investment Co., Ltd. Representative: Jinnder Chang	6	0	100	Newly appointed(re-elected on July 12, 2021)
Director	Zhong Yang Investment Co., Ltd. Representative: Lee, Chin-Shen	6	0	100	Newly appointed(re-elected on July 12, 2021)
Director	Yuan Lung Construction and Development Co., Ltd. Representative: Ma, Pei-Chun	6	0	100	Reappointed (re-elected on July 12, 2021)
Director	Jia Yi Corp.	6	0	100	Reappointed

	Representative: Tsai, Sung-Po				(re-elected on July 12, 2021)
Director	Te Yeh Investment Co., Ltd. Representative: Yang, Ming-Wang	6	0	100	Reappointed (re-elected on July 12, 2021)
Director	Sky Investment Corp. Representative: Chen, Qiong-Ling	6	0	100	Reappointed (re-elected on July 12, 2021)
Director	Tai Ming Development Co., Ltd. Representative: Cheng, Kuo-Hwa	2	0	100	Newly appointed(re-elected on July 12, 2021) retired on August 01, 2021 (2 sessions of the board of directors meeting being held during the term of office)
Director	Tai Ming Development Co., Ltd. Representative: Li, Chuang-Yuan	3	0	75	Newly appointed(re-elected on August 01, 2021)
Independent Director	Chang, Yao-Ren	6	0	100	Reappointed (re-elected on July 12, 2021)
Independent Director	Huang, Tien-Chang	6	0	100	Reappointed (re-elected on July 12, 2021)
Independent Director	Huang, Hsiu-Hui	6	0	100	Reappointed (re-elected on July 12, 2021)

Other matters that require reporting:

- I. If any of the following circumstances occurs in the operations of the board of directors, the date of the board of directors meeting, the term, the content of the agenda, all independent directors' opinions, and the reaction to the independent directors' opinions shall be specified:
 - (i) Matters referred to in Article 14-3 of the Securities and Exchange Act: There were 6 sessions being held for the 12th Board of Directors in 2021. Please refer to pages 55-58 of the annual report for the details of the resolutions. The matters referred to in Article 14-3 of the Securities and Exchange Act as proposed were unanimously approved by all Independent Directors.
 - (ii) Except for matters under the preceding paragraph, the decisions made by the board of directors in the circumstance where an independent director has a dissenting or qualified opinion which is on record or stated in a written statement:
The 6th Meeting of the 12th Term Board of Directors (December 16, 2021)
 Case No. 15: Proposal for Share Investment in Guoyuan Futures Co., Ltd. (China) This case will be held off according to the resolution of the 5th Meeting of the 3rd Term Audit Committee.
 The Company's reaction to the Independent Directors' opinions: The proposal was consented to be withdrawn after the chairperson soliciting opinions of all the directors present at the meeting.
- II. For the implementation of directors' recusal of conflicts of interest, the names of directors, the content of the agenda, the reasons for avoiding conflicts of interest, and their participation in voting shall be specified.
 - (i) The 2nd Meeting of the 12th Term Board of Directors (July 29, 2021)
 Case No. 6: Proposal for the Appointment of Directors and Supervisors of the Invested Subsidiary
 Independent Directors Huang, Tien-Chang and Lee, Chin-Shen have related interests in Case No. 23, so they did not participate in the discussion and recused themselves from the voting.
 Voting result: The proposal was passed without objection after the chairperson soliciting opinions of

all the directors present at the meeting.

(ii) The 3rd Meeting of the 12th Term Board of Directors (August 26, 2021)

Case No. 8: Proposal for Remuneration to Directors of the 12th Term Board Independent Directors Huang, Tien-Chang; Chang, Yao-Ren; Huang, Hsiu Hui have interest in Case No. 8, so they did not participate in the discussion and recused themselves from the voting.

Voting result: The proposal was passed without objection after the chairperson soliciting opinions of all the directors present at the meeting.

(iii) The 4th Meeting of the 12th Term Board of Directors (September 29, 2021)

Case No. 9: Approval of the Remuneration to the 12th Term Chairman Chairman Cheng, Ta-Yu has interest in Case No. 9, so he did not participate in the discussion and recused himself from the voting. Chairman Cheng, Ta-Yu appointed Director Jinnder Chang as the acting chairperson.

Voting result: The proposal was passed without objection after the chairperson soliciting opinions of all the directors present at the meeting.

(iv) The 5th Meeting of the 12th Term Board of Directors (November 4, 2021)

Case No. 4: Distribution of 2020 Retention Bonus Chairman Cheng, Ta-Yu has interest in Case No. 4, so he did not participate in the discussion and recused himself from the voting. Chairman Cheng, Ta-Yu appointed Director Jinnder Chang as the acting chairperson.

Voting result: The proposal was passed without objection after the chairperson soliciting opinions of all the directors present at the meeting.

(v) The 6th Meeting of the 12th Term Board of Directors (December 16, 2021)

Case No. 7: Renewal of the House Lease Agreement between the Company and Cheng, Tien-Hua and Cheng, Ta-Cheng Director Chen, Qiong-Ling has interest in Case No. 4, so she did not participate in the discussion and recused herself from the voting.

Voting result: The proposal was passed without objection after the chairperson soliciting opinions of all the directors present at the meeting.

Case No. 8: The Company's Parking Space for Rent Chairman Cheng, Ta-Yu, Independent Director Huang, Tien-Chang, and Director Lee, Chin-Shen have interest in Case No. 4, so they did not participate in the discussion and recused themselves from the voting. Chairman Cheng, Ta-Yu appointed Director Jinnder Chang as the acting chairperson.

Voting result: The proposal was passed without objection after the chairperson soliciting opinions of all the directors present at the meeting.

Case No. 12: Change in the Contract Fee for the Investment Consulting Service of Concord Capital Management Corp. Commissioned by the Company Independent Directors Huang, Tien-Chang and Lee, Chin-Shen have interest in Case No. 12, so they did not participate in the discussion and recused themselves from the voting.

Voting result: The proposal was passed without objection after the chairperson soliciting opinions of all the directors present at the meeting.

Case No. 25: Proposal for Appointment of Consultants Director Ma, Pei-Chun has interest in Case No. 25, so she did not participate in the discussion and recused herself from the voting.

Voting result: The proposal was passed without objection after the chairperson soliciting opinions of all the directors present at the meeting.

- III. A TWSE/TPEx listed company shall disclose how the board performance evaluation (self-evaluation or peer evaluation) has been conducted each year, including information covering at least evaluation cycle, evaluation period, scope of evaluation, evaluation method, and what is to be evaluated, and fill in the attached Table II (2) for the implementation of the evaluation of the board of directors. An evaluation of targets for strengthening of the functions of the board during the current and immediately preceding fiscal years (such as establishing an audit committee, enhancing information transparency, etc.), and measures taken toward achievement thereof: The Company has set up an audit committee and a remuneration committee. To enhance the information transparency of the board resolutions, the Company discloses material resolutions of a board of directors meeting on its official website to strengthen corporate governance and investors' recognition of the Company.

Status of implementation of the board performance evaluation

Evaluation Cycle	Evaluation Period	Scope of Evaluation	Evaluation Method	What is to be Evaluated
Once a year	Performance evaluations conducted for the period from January 1, 2021 to December 31, 2021	<ol style="list-style-type: none"> 1. Board of Directors 2. Individual Board Member 3. Audit Committee 4. Remuneration Committee 	<ol style="list-style-type: none"> 1. Questionnaire of Self-Evaluation of Performance of Individual Board Members 2. Questionnaire of Self-Evaluation of Performance of the Board 3. Questionnaire of Self-Evaluation of Performance of the Audit Committee 4. Questionnaire of Self-Evaluation of Performance of the Remuneration committee 	<p>I. The scope of board performance evaluation is as below:</p> <ol style="list-style-type: none"> 1. Participation in the operation of the company 2. Improvement of the quality of the board of directors' decision making 3. Composition and structure of the board of directors 4. Election and continuing education of the directors 5. Internal control <p>II. Evaluation of Performance of Individual Board Members</p> <ol style="list-style-type: none"> 1. Alignment of the goals and missions of the company 2. Awareness of the duties of a director 3. Participation in the operation of the company 4. Management of internal relationship and communication 5. The director's professionalism and continuing education 6. Internal control <p>III. Evaluation of Performance of the functional committees</p> <ol style="list-style-type: none"> 1. Participation in the operation of the company 2. Awareness of the duties of the functional committee 3. Improvement of the quality of the board of directors' decision making 4. Makeup of the functional committee and election of its members 5. Internal control <p>IV. Evaluation Results</p> <ol style="list-style-type: none"> 1. The evaluation results of the board of directors showed that each measurement item scored 4.8 on average, between "4 (Good) to 5 (Excellent)", which meets the standard. 2. For the functional committees, the "Questionnaire of Self-Evaluation of Performance of the Remuneration Committee" and "Questionnaire of Self-Evaluation of Performance of the Remuneration Committee" were both conducted by the convener. The evaluation result for 2021 is "Excellent", which meets the standard.

3.3.2 The Company has held a total of 9 sessions of the Audit Committee meeting in 2021, which are described as follows:

3.3.2.1 The 2nd Term Audit Committee (term of office: from June 8, 2018 to July 11, 2021)

A total of 4 sessions (A) of the Audit Committee meeting for the current term were held during the period from January 1, 2021 to July 11, 2021. The status of Independent Directors attending or attending as a non-voting participant at the Audit Committee meeting is as follows:

Title	Name	Frequency of actual attendance (or attendance as a non-voting participant) B	Frequency of appointing proxies to attend	Rate of actual attendance (or attendance as a non-voting participant) (%) 【 B/A 】	Remark
Independent Director (Convener)	Chang, Yao-Ren	4	0	100	Retired on July 11, 2021
Independent Director	Lee, Chin-Shen	4	0	100	Retired on July 11, 2021
Independent Director	Huang, Tien-Chang	4	0	100	Retired on July 11, 2021
Independent Director	Huang, Hsiu-Hui	4	0	100	Retired on July 11, 2021

Other matters that require reporting:

- I. If any of the following circumstances occurs in the operations of the audit committee, the date of the meeting of the audit committee, the term, the content of the agenda, the adverse opinion or qualified opinion expressed by independent director, the content of important proposals, the results of the audit committee's resolutions, and the company's reaction to the audit committee's opinions shall be specified:

(I) Matters listed in Article 14-5 of the Securities and Exchange Act

The 20th Meeting of the 2nd Term Audit Committee (on March 10, 2021)

Case No. 1: 2020 Individual Financial Statements and Consolidated Financial Statements

Case No. 2: 2020 Business Report

Case No. 3: Proposal for Distribution of 2020 Profits

Case No. 4: Amendment to the "Rules of Procedure for Shareholders' Meetings"

Case No. 5: Amendment to the "Procedures for Election of Directors"

Case No. 6: Submission of the CPA Audit Report Issued by PwC Taiwan's CPAs on the Company's Internal Control System

Case No. 7: Amendment to the Internal Control Systems of the Company's Securities Business

Case No. 8: The Company's Internal Control System Statement, Anti-money Laundering and Countering Terrorism Financing Internal Control System Statement, and Overall Information Security Implementation Statement for the Year 2020

Case No. 9: The Company's Parking Space for Rent

Case No. 10: Amendment to the Regulations for the Organization of the Company

The results of the audit committee's resolutions: Approved with the consent of all the members attending the meeting.

The company's reaction to the audit committee's opinions: Approved with the consent of all the directors attending the 21st Meeting of the 11th Term Board of Directors meeting on May 11, 2021.

The 21st Meeting of the 2nd Term Audit Committee (on April 14, 2021)

Case No. 1: Amendment to the "Procedures for Board of Directors Meetings"

Case No. 2: Lifting the Non-Compete Restriction on Directors

Case No. 3: Internal Control System Statement for the Year 2020 (The case was withdrawn by the Auditing Office.)

Case No. 4: Amendment to the "Articles of Incorporation"

Case No. 5: Report of Implementation Status and Self Evaluation Table of the Principles of Fair Treatment of Consumers for the Year 2021

Results of the audit committee's resolutions: Case No. 1 will be reconsidered as resolved by all the members attending at the meeting. Case No. 3 will be withdrawn by the consent of all the members attending the meeting. Other cases are approved with the

consent of all the members attending the meeting.

The company's reaction to the audit committee's opinions: Approved with the consent of all the directors attending the 22nd Meeting of the 11th Term Board of Directors meeting on April 15, 2021.

The 22nd Meeting of the 2nd Term Audit Committee (on May 5, 2021)

Case No. 1: 2021 Q1 Consolidated Financial Statements

Case No. 2: Amendment to the Internal Control Systems of the Company

Case No. 3: Amendment to the "Operational Guidelines for the Use of Funds Related to Structured Products"

Case No. 4: Amendment to the "Corporate Governance Best Practice Principles"

Case No. 5: Amendment to the "Procedures for Board of Directors Meetings"

Case No. 6: Amendment to the "Regulations for the Organization of Audit Committee"

Case No. 7: Renewal of the House Lease Agreement between the Company and Concord Futures Corp.

The results of the audit committee's resolutions: Approved with the consent of all the members attending the meeting.

The company's reaction to the audit committee's opinions: Approved with the consent of all the directors attending the 24th Meeting of the 11th Term Board of Directors meeting on May 6, 2021.

The 23rd Meeting of the 2nd Term Audit Committee (on June 24, 2021)

Case No. 1: Amendment to the "Brokerage Business Group Affairs Delegation of Authority"

Case No. 2: Amendment to the Internal Control Systems of the Company's Securities Business

Case No. 3: Official Car Rental for the Company's Management

The results of the audit committee's resolutions: Approved with the consent of all the members attending the meeting.

The company's reaction to the audit committee's opinions: Approved with the consent of all the directors attending the 25th Meeting of the 11th Term Board of Directors meeting on June 25, 2021.

(II) Except for the above-mentioned, any matter that has not been passed by the audit committee but has been adopted with the approval of two-thirds or more of all board directors without having been passed by the audit committee: None.

II. For the implementation status of independent directors' avoidance of conflict of interest, the names of independent directors, the content of the agenda, the reasons for avoiding conflict of interest, and their participation in voting shall be specified: None.

III. The communications between members of the independent directors and chief internal auditors and CPAs (including significant matter, methods, and results of communications on the company's financial and business status, etc.):

Please refer to the company's official website:

<https://www.concords.com.tw/about/download/Company/110> 審計委員會與內部稽核主管溝通情形(20211221).pdf

3.3.2.2 The 3rd Term Audit Committee (term of office: from July 12, 2018 to July 11, 2024)
A total of 5 sessions (A) of the Audit Committee meeting for the current term were held during the period from July 12, 2021 to December 31, 2021. The status of Independent Directors attending or attending as a non-voting participant at the Audit Committee meeting is as follows:

Title	Name	Frequency of actual attendance (or attendance as a non-voting participant) B	Frequency of appointing proxies to attend	Rate of actual attendance (or attendance as a non-voting participant) (%) 【 B / A 】	Remark
Independent Director (Convener)	Chang, Yao-Ren	5	0	100	Reappointed (re-elected on July 12, 2021)
Independent Director	Huang, Tien-Chang	5	0	100	
Independent Director	Huang, Hsiu-Hui	5	0	100	
<p>Other matters that require reporting:</p> <p>I. If any of the following circumstances occurs in the operations of the audit committee, the date of the meeting of the audit committee, the term, the content of the agenda, the adverse opinion or qualified opinion expressed by independent director, the content of important proposals, the results of the audit committee's resolutions, and the company's reaction to the audit committee's opinions shall be specified:</p> <p>(I) Matters listed in Article 14-5 of the Securities and Exchange Act</p> <p><u>The 1st Meeting of the 3rd Term Audit Committee (on July 29, 2021)</u></p> <p>Case No. 1: Procurement and Construction of RAYIN Trading System</p> <p>Case No. 2: Amendment to the Internal Control Systems of the Company's Securities Business</p> <p>The results of the audit committee's resolutions: Approved with the consent of all the members attending the meeting.</p> <p>The company's reaction to the audit committee's opinions: Approved with the consent of all the directors attending the 2nd Meeting of the 12th Term Board of Directors meeting on July 29, 2021.</p> <p><u>The 2nd Meeting of the 3rd Term Audit Committee (on August 25, 2021)</u></p> <p>Case No. 1: 2021 Q2 Individual Financial Statements and Consolidated Financial Statements</p> <p>Case No. 2: Amendment to the Internal Control Systems of the Company</p> <p>Case No. 3: Amendment to the "Brokerage Business Group Affairs Delegation of Authority"</p> <p>Case No. 4: Formulation of the Company's "Stewardship Principles for Institutional Investors" and signing the Compliance Statement of the "Stewardship Principles for Institutional Investors"</p> <p>Case No. 5: Proposal for "Cathay Private Equity Smart Technology Limited Partnership Fund"</p> <p>Case No. 6: Amendment to the Organizational Chart, Regulations for the Organization of the Company, and abolition of the Operational Management Committee</p> <p>Case No. 7: Change of the Company Secretary</p> <p>The results of the audit committee's resolutions: Approved with the consent of all the members attending the meeting.</p> <p>The company's reaction to the audit committee's opinions: Approved with the consent of all the directors attending the 3rd Meeting of the 12th Term Board of Directors meeting on August 26, 2021.</p> <p><u>The 3rd Meeting of the 3rd Term Audit Committee (on September 29, 2021)</u></p> <p>Case No. 1: Amendment to the "Brokerage Business Group Affairs Delegation of Authority"</p> <p>Case No. 2: Procurement of the Replacement of Accounting Host System</p> <p>The results of the audit committee's resolutions: Approved with the consent of all the members attending the meeting.</p> <p>The company's reaction to the audit committee's opinions: Approved with the consent of all the directors attending the 4th Meeting of the 12th Term Board of Directors meeting on September 29, 2021.</p> <p><u>The 4th Meeting of the 3rd Term Audit Committee (on November 3, 2021)</u></p> <p>Case No. 1: 2021 Q3 Consolidated Financial Statements</p>					

Case No. 2: Amendment to the "Procedures for Board of Directors Meetings"

The results of the audit committee's resolutions: Approved with the consent of all the members attending the meeting.

The company's reaction to the audit committee's opinions: Approved with the consent of all the directors attending the 5th Meeting of the 12th Term Board of Directors meeting on November 4, 2021.

The 5th Meeting of the 3rd Term Audit Committee (on December 15, 2021)

Case No. 1: Proposal for 2022 Budget

Case No. 2: Evaluation on Independence and Suitability of the CPA

Case No. 3: Renewal of the House Lease Agreement between the Company and Cheng, Tien-Hua and Cheng, TA-Cheng

Case No. 4: The Company's Parking Space for Rent

Case No. 5: Report of 2022 Internal Audit Operation Inspection Plan

Case No. 6: Application for Reinvestment to Set up A Start-up Company

Case No. 7: Amendment to the "Standard Operating Procedures for Handling Requests from Directors"

Case No. 8: Change in the Contract Fee for the Investment Consulting Service of Concord Capital Management Corp. Commissioned by the Company

Case No. 9: Amendment to the "Affairs Delegation of Authority"

Case No. 10: Policy and Strategy for Fair Treatment of Consumers

Case No. 11: Proposal for Share Investment in Guoyuan Futures Co., Ltd. (China)

Case No. 12: Report of the Business Risk Early Warning Operation Improvement Plan in August and September, 2021

Case No. 13: Application for the Listing of Stock at TWSE

Results of the audit committee's resolutions: Except that No. 11 will be held off as resolved by all the members attending at the meeting, other cases are approved with the consent of all the members attending the meeting.

The company's reaction to the audit committee's opinions: Approved with the consent of all the directors attending the 6th Meeting of the 12th Term Board of Directors meeting on December 16, 2021.

(II) Except for the above-mentioned, any matter that has not been passed by the audit committee but has been adopted with the approval of two-thirds or more of all board directors without having been passed by the audit committee: None.

- II. For the implementation status of independent directors' avoidance of conflict of interest, the names of independent directors, the content of the agenda, the reasons for avoiding conflict of interest, and their participation in voting shall be specified:

The 5th Meeting of the 3rd Term Audit Committee (on December 15, 2021)

Case No. 4: The Company's Parking Space for Rent Huang, Tien-Chang, the Independent Director of Concord Capital Management, has interest in this case and should recuse himself from the meeting. Independent Director Huang, Tien-Chang appointed Independent Director Huang, Hsiu-Hui as the acting chairperson. The case was approved after the chairperson soliciting opinions of all the members present at the meeting.

- III. The communications between members of the independent directors and chief internal auditors and CPAs (including significant matter, methods, and results of communications on the company's financial and business status, etc.):

Please refer to the company's official website:

<https://www.concords.com.tw/about/download/Company/110> 審計委員會與內部稽核主管溝通情形(20211221).pdf

3.3.3 The state of the company's implementation of corporate governance, any discrepancy from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such discrepancy:

Evaluation Item	State of Implementation			Any discrepancy from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such discrepancy
	Yes	No	Summary Description	
I. Does the Company formulate and disclose the Corporate Governance Practice Principles in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies?	V		The Company formulates the "Corporate Governance Practice Principles" in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and "Corporate Governance Best-Practice Principles for Securities Firms" to implement the Company's corporate governance and sound operation and discloses its own Principles on the company's website and MOPS.	None
II. Ownership structure and the rights and interests of shareholders				
(I) Does the company formulate internal operating procedures to handle shareholders' suggestions, questions, disputes, and litigation matters, and implement them in accordance with the procedures?	V		(I) The Company has the spokesperson and deputy spokesperson responsible for handling shareholders' suggestions, questions, disputes, and other matters. In addition, the Company has established designated sections for "Investors" and "Investors Window" on the company website, which will be handled by the spokesperson and dedicated personnel, and then sent to relevant departments for further actions depending on suggestions or disputes.	None
(II) Does the company retain a register of major shareholders who have controlling power, and of the persons with ultimate control over those major shareholders?	V		(II) The Company to retain the register of major shareholders and changes in shareholding according to the shareholders' register and shareholding reporting materials.	None
(III) Does the company establish and implement risk assessments and the firewall mechanism between it and its affiliated enterprises?	V		(III) Except for independent finances and operations by the Company and its affiliated enterprises, the Company also clearly identifies the division of management authority and responsibility between it and its affiliated enterprises. Any communication or transaction between the Company and its affiliated enterprises shall be handled in accordance with the laws and regulations. In addition, the "Operational Rules for Supervision of Subsidiaries" and the "Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises" have been formulated for	None

Evaluation Item	State of Implementation			Any discrepancy from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such discrepancy
	Yes	No	Summary Description	
(IV) Does company adopt internal rules prohibiting company insiders from trading securities using information not disclosed to the market?	V		regulations on control of subsidiaries. (IV) In order to build good internal control procedures for material inside information and prevent improper information disclosures and insider trading, the Company has formulated the “Insider Trading Prevention Management Operating Procedures” and “Procedures for Handling Material Inside Information”. The Company prohibited the insiders from using non-public information on the market to purchase/sell securities and conducted education and propaganda for all employees on April 12, 2021.	None
III. Composition and operation of the board of directors (I) Has the board of directors formulated any policy on diversity and specific management objectives, and ensured implementation?	V		(I) These matters shall be conducted in accordance with Company’s “Corporate Governance Practice Principles”. The Company stresses gender equality in the composition of the board of directors, and each board member generally has the necessary knowledge, skill, and experience to perform their duties. The Company’s Board of Directors is composed of 11 Directors (including 3 Independent Directors) with considerable expertise in business, law, finance, accounting, etc. and rich experience. Among them, there are 8 males and 3 females.	None
(II) Except for the remuneration committee and audit committee being established according to law, does the company voluntarily set up other functional committees?	V		(II) The Company has established the risk management committee, which is composed of the board members, whose function is to assist the board of directors in planning and supervision related risk management affairs.	None
(III) Does the company formulate the Regulations for Board Performance Evaluation and evaluation methods thereof, periodically conduct the performance evaluation every year, and report the evaluation results to the board of directors, and use them as a reference for compensation of individual director and	V		(III) The Company has established the “Regulations for Board performance Evaluation” by a resolution adopted by the board of directors; it shall perform board performance evaluation at the end of each year. The Company’s board performance evaluation for the year 2021 has been performed by the board members by self-evaluation, and the evaluation results have been	None

Evaluation Item	State of Implementation			Any discrepancy from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such discrepancy
	Yes	No	Summary Description	
<p>nomination for re-election?</p> <p>(IV) Does the company regularly evaluate the independence of CPAs who are engaged by the company?</p>	V		<p>submitted to the Board of Directors on March 17, 2022.</p> <p>According to Article 25 of the Articles of Incorporation, the Company shall appropriate not more than 5% of the profit of the fiscal year for remuneration to directors by a resolution to be adopted by the board of directors, and according to Article 4 of the Company's "Regulations for Compensation of Directors", the Directors are given reasonable compensation by taking into account the company's operating results and with reference to their degree of contribution to the company's performance.</p> <p>(IV) The Company has selected professional and independent CPAs to conduct the audit and the audit committee evaluate the independence and suitability of the CPAs at least once every year in accordance with the "Bulletin of Norm of Professional Ethics for Certified Public Accountant of the Republic of China No.10". The assessment materials and the claims of independence issued by the CPA were submitted for approval by the Board of Directors on December 16, 2021.</p> <p>If after the evaluation, the CPA is subject to disciplinary action or other circumstances prejudicial to the CPA's independence, the company shall evaluate the necessity of replacing the CPA and submit its conclusion to the board of directors.</p>	None
<p>IV. Does the TWSE/TPEx listed company have an adequate number of corporate governance personnel with appropriate qualifications and appoint a Company Secretary as the most senior officer to be in charge of corporate governance affairs (including, without being limited to furnishing information required for business execution by directors and supervisors, assisting directors and supervisors with legal compliance, handling matters relating to board meetings and shareholders' meetings according to laws, producing minutes of board meetings and shareholders' meetings, and other matters)?</p>	V		<p>According to the "Directions for Compliance Requirements for the Appointment and Exercise of Powers of the Boards of Directors of TPEx Listed Companies", Assistant Vice President Tsai, Wan-Chi has served as the chief corporate governance officer of the Company since October 2021, and the stock affairs office staff has concurrently served as the corporate governance personnel responsible for board of directors and shareholders' meeting related matters. The Company's corporate governance affairs are handled according to the division of labor in the organization and completed with the assistance of staff from all related departments. The corporate governance affairs include handling matters relating to board meetings and shareholders' meetings</p>	None

Evaluation Item	State of Implementation			Any discrepancy from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such discrepancy
	Yes	No	Summary Description	
			according to laws, producing minutes of board meetings and shareholders' meeting, assisting in onboarding and continuous development of directors, furnishing information required for business execution by directors, assisting directors and supervisors with legal compliance, and other matters set out in the articles or corporation or contracts.	
V. Does the company maintain channels of communication with its stakeholders (including without being limited to shareholders, employees, consumers, suppliers, etc.), and establish a designated section for stakeholders on the company website, and appropriately response to important corporate social responsibility issues of concern to stakeholders?	V		The Company has established a designated section for stakeholders on the company website to clearly list all channels of communication, directly communicates with relevant stakeholders, and appropriately responds to important corporate social responsibility issues that stakeholders are concerned about. Meanwhile, it periodically reports the information regarding finances and operations through the Market Observation Post System (MOPS) to maintain information transparency and protect the rights and interests of investors.	None
VI. Does the company engage a professional shareholder services agent to handle shareholders' meeting matters?	V		The Company's shareholders' meeting matters are handled by the Shareholder Service Dept. of the Company, which is a professional shareholder services agent. It treats all shareholders equally and protect its shareholders' rights and interests as the meeting procedures of the shareholders' meeting are conducted in accordance with the laws and regulations, so that shareholders can participate in the shareholders' meeting and obtain an opportunity to vote as its principle.	None
VII. Information disclosure (I) Does the company set up a website to disclose the information regarding the company's finances, operations, and corporate governance?	V		(I) The Company has established designated sections for "Investors" and "Corporate Governance" on the company website to disclose the information regarding the company's finances, operations, and corporate governance, and reports the information regarding finances and operations through the "Market Observation Post System" (MOPS) on a regular or irregular basis. 1. The URL of the Company's Investors Designated Section https://www.concords.com.tw/about/financial/index.htm?mnu=02&submnu=01	None

Evaluation Item	State of Implementation			Any discrepancy from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such discrepancy
	Yes	No	Summary Description	
(II) Does the company adopt other information disclosure methods (such as setting up a website in English, appointing personnel responsible for gathering and disclosing the information, implementing the spokesperson system, disclosing the process of an investor conference on the company's website, etc.)?	V		<p>2. The URL of the Company's Corporate Governance Designated Section https://www.concords.com.tw/about/Company/bod.htm?mnu=03&submnu=01</p> <p>(II) The Company has a spokesperson who provides information services for shareholders and investors. In addition, the Company has established a designated section for "Investors" on the company website to provide the following information for reference by shareholders, investors, and customers:</p> <ol style="list-style-type: none"> 1. Setting up a website in both Chinese and English and providing relevant Chinese and English company profiles 2. Disclosing the information regarding the company's finances, operations, and corporate governance 3. Setting up the Investors Window to disclose the contact window and contact information and provide investors channels of communication in a convenient way 4. Disclosing the investor conference information on the company's website; As of the end of 2021, the Company has not held an investor conference. 	None
(III) Does the company publish and report its annual financial report within two months after the end of a fiscal year, and publish and report its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline?	V		<p>(III) The Company published and reported its financial reports for the quarters as per Taiwan-Stock-Listing-Audit-1020500225 of the Taiwan Stock Exchange Corporation, and its semi-annual and annual financial reports within two months after the end of a fiscal year; the financial reports for the first and third quarters shall be done within 45 days after the end of a fiscal year. For operating status for each month, the financial statements are published according to a specified time and sent to the competent authority before the specified deadline.</p>	None
VIII. Does the company have other significant information that will provide a better understanding of the state of the company's implementation of corporate governance (including without being limited to	V		<p>(I) Employees' rights and interests:</p> <ol style="list-style-type: none"> 1. For the purpose of improving work efficiency and solidarity of the employees, the Company pays special attention to welfare measures and harmonious 	None

Evaluation Item	State of Implementation			Any discrepancy from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such discrepancy
	Yes	No	Summary Description	
employees' rights and interests, caring for employees, investor relations, supplier relationship, rights of stakeholders, directors' and supervisors' continuing education, status of implementation of risk management policies and risk measurement standards, status of implementation of customer policies, and the state of the company taking out directors and supervisors liability insurance, etc.)?			<p>labor-management relations so as to provide comprehensive care for employees.</p> <p>2. The Company has formulated the Regulations for Human Resource Rules in accordance with the labor-related laws and regulations and established the Regulations for Measures of Prevention, Correction, Complaint and Punishment of Sexual Harassment at Workplace to protect employees' rights and interests. And to improve the employee relations, the employees can express their opinions at any time through communication channels such as the hotline, emails, or the "Whistle-blower Mailbox" specially set up on the company's website.</p> <p>3. The Company conducts education and training to advocate relevant laws and regulations, providing sufficient information for employees to improve their knowledge and compliance awareness while strengthening professional skills of the employees to improve their work efficiency and service quality.</p> <p>(II) Care for employees: Treasuring talented people is core value and competitiveness of Concord Securities Group. The company improves its employees' professional skills, keeps them learning and growing, accumulates intellectual capital, and builds a career development plan through a systematic, goal-oriented, and comprehensive cultivation approach. It also often holds activities such as singing contests, athletic games, birthday parties, various kinds of tutorial seminars to increase staff cohesion and care more for employees while creating welfare measures and build a warm and happy working environment for them to strike a healthy work-life balance. In addition to providing labor and health insurance in accordance with the law to protect the rights and interests of labors, the Company also provides the comprehensive group insurance and medical protection plan, making employees feel reassured without worries for the future.</p> <p>(III) Investor relations: The Company has a spokesperson who not only provides information services for</p>	

Evaluation Item	State of Implementation			Any discrepancy from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such discrepancy
	Yes	No	Summary Description	
			<p>shareholders and investors, but also reports the information regarding finances and operations through the "Market Observation Post System" (MOPS) on a regular or irregular basis. In addition, the Company has established a designated section for "Investors" on the company website, providing various information for reference by shareholders, investors, and customers. In the future, the company will continue to strengthen investor relations and maintain good communication between it and investors.</p> <p>(IV) Rights of stakeholders: The Company respects the rights of stakeholders to express their opinions and has establish a designated section for "Stakeholders" on the company website to build channels of communication with stakeholders as a way for stakeholders to reflect their opinions to the company and related information exchange.</p> <p>(V) Status of implementation of the directors recusing themselves from proposals in which a potential conflict of interest exists: The Company's directors have all recusing themselves from proposals in which a potential conflict of interest exists.</p> <p>(VI) The progress of training of directors: Please refer to the attached table on the next page for the information disclosure of the progress of training of directors.</p> <p>(VII) Status of implementation of risk management policies and risk measurement standards: The Company's risk management policies, risk management regulations, and operating guidelines for products shall be formulated after soliciting opinions from departments by the responsible unit, and then proposed to the risk management committee for discussion and brought into force by a resolution adopted by the board of directors.</p> <p>The board of directors is the highest risk management unit, under which, there is a</p>	

Evaluation Item	State of Implementation			Any discrepancy from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such discrepancy
	Yes	No	Summary Description	
			<p>risk management committee responsible for strengthening overall risk control and setting goals and risk relationships to determine the capital distribution and business policy. The responsibility of the Risk Management Office is to clarify the source of the risk and to evaluate and quantify the impact of the risk. It should also report the implementation of risk management to the Board of Directors, including the status of legal control ratios, the use of risk limits, an overview of changes in capital adequacy ratios, and exception management and tracking. The supervisors of the business unit shall be responsible for management and reporting of daily risk the subordinate unit. The Risk Management Committee shall convene a meeting twice annually and determine the authorization and trading limits based on market risk, credit risk, liquidity risk, operational risk, and legal risk. The head of each business unit shall perform risk management of the unit based on his/her authorized limits. In the future, loosening or adjust the risk limits shall be reported to the Risk Management Committee for approval after submitting to President for determination.</p> <p>(VIII) Status of implementation of customer policy</p> <p>1. The Company handles brokerage business default and transaction disputes in accordance with relevant regulations of the competent authority on the management of securities firms and has the multitrack recording system in place to protect the rights and interests of the company, consumers, and customers. At the same time, the Company has a dedicated customer service line for customer advisory services and channeling complaints, and the related product risk warning has been put on the customers' billing statements.</p> <p>2. In 2018, the Company made the policy and strategy of the principles of fair treatment of consumers by a resolution adopted by the board of directors, and amended the policy and strategy of the principles of fair treatment of consumers by a resolution adopted by the board of director on December 16, 2021, setting up a</p>	

Evaluation Item	State of Implementation			Any discrepancy from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such discrepancy
	Yes	No	Summary Description	
			<p>promotion committee for the principles of fair treatment of consumers, and including the organization and responsibilities in the policy and strategy of the principles of fair treatment of consumers to ensure the implementation of the policy of the principles of fair treatment of consumers.</p> <p>(IX) Details of the company taking out directors and supervisors liability insurance: The Company has taken out all directors and important staff liability insurance from Shinkong Insurance Co., Ltd. with an insured amount of US\$8,000,000 and a period of insurance from December 23, 2020 to December 23, 2021.</p>	
<p>IX. Please describe the status of improvement with respect to the evaluation results of corporate governance issued by the Corporate Governance Center of Taiwan Stock Exchange Co., Ltd. in the most recent year, and propose priority matters and measures to be carried out for those have not yet been improved (not applicable if the company is not included in the companies under evaluation):</p> <p>In the 8th Corporate Governance Evaluation in 2021, the Company ranked 6%~20% of all TPEx listed companies.</p> <p>The Company has arranged the schedule in 2022 for obtaining the certification of ISO 14001 Environmental Management System, ISO 45001 Occupational Safety and Health Management Standard (in the years of 2022, 2023), and ISO 14064-1 Greenhouse Gas Inventory (in the years of 2022, 2023) to implement the board's responsibility of sustainable development and to achieve carbon reduction goals.</p>				

Progress of continuing education of directors							December 31, 2021	
Title	Name	Election Date	Training Date		Organizer	Course Name	Hours of Training	Whether the training meets the requirements (Note 1)
			From	To				
Chairperson	Zhong Yang Investment Co., Ltd. Representative: Cheng, Ta-Yu	July 12, 2021	September 01, 2021	September 01, 2021	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum	3.0	Yes
			September 23, 2021	September 23, 2021	Taiwan Securities Association	Corporate Governance and Money Laundering Control Course	3.0	
			November 18, 2021	November 18, 2021	Taiwan Securities Association	2021 Corporate Governance - Corporate Sustainability and ESG Development Trends	3.0	
Director	Zhong Yang Investment Co., Ltd. Representative: Jinnder Chang	July 12, 2021	August 16, 2021	August 16, 2021	CPA Association Professional Education	IFRS 15	3.0	Yes
			September 23, 2021	September 23, 2021	Taiwan Securities Association	Corporate Governance and Money Laundering Control Course	3.0	
Director	Zhong Yang Investment Co., Ltd. Representative: Lee, Chin-Shen	July 12, 2021	August 31, 2021	August 31, 2021	Taipei Exchange	Decoding the DNA for Sustainability of SMEs	2.0	Yes
			September 01, 2021	September 01, 2021	Taipei Exchange	The Key to Sustainability for SMEs	2.0	
			September 23, 2021	September 23, 2021	Taiwan Securities Association	Corporate Governance and Money Laundering Control Course	3.0	
Director	Sky Investment Corp. Representative: Chen, Qiong-Ling	July 12, 2021	September 01, 2021	September 01, 2021	Taipei Exchange	The Key to Sustainability for SMEs	2.0	Yes
			September 23, 2021	September 23, 2021	Taiwan Securities Association	Corporate Governance and Money Laundering Control Course	3.0	
			December 15, 2021	December 15, 2021	Taiwan Corporate Governance Association	The Trend of ESG, Sustainable Governance, and Corporate Legal Compliance	3.0	
			December 21, 2021	December 21, 2021	Taiwan Corporate Governance Association	Audit Committee Advanced Practice Sharing - How to Ensure the Effective Operation and Legal Compliance of the Audit Committee	3.0	
Corporate Director	Yuan Long Construction Development Co., Ltd. Representative: Ma, Pei-Chun	July 12, 2021	August 31, 2021	August 31, 2021	Taipei Exchange	Decoding the DNA for Sustainability of SMEs	2.0	Yes
			September 23, 2021	September 23, 2021	Taiwan Securities Association	Corporate Governance and Money Laundering Control Course	3.0	
			November 18, 2021	November 18, 2021	Taiwan Securities Association	2021 Corporate Governance - Corporate Sustainability and ESG Development Trends	3.0	
Corporate Director	Jia Yi Corp. Representative: Tsai, Sung-Po	July 12, 2021	August 31, 2021	August 31, 2021	Taipei Exchange	Decoding the DNA for Sustainability of SMEs	2.0	Yes
			September 01, 2021	September 01, 2021	Taipei Exchange	The Key to Sustainability for SMEs	2.0	

Title	Name	Election Date	Training Date		Organizer	Course Name	Hours of Training	Whether the training meets the requirements (Note 1)
			From	To				
			September 23, 2021	September 23, 2021				
			November 18, 2021	November 18, 2021	Taiwan Securities Association	2021 Corporate Governance - Corporate Sustainability and ESG Development Trends	3.0	
Director	Te Yeh Investment Co., Ltd. Representative: Yang, Ming-Wang	July 12, 2021	September 01, 2021	September 01, 2021	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum	6.0	Yes
			September 14, 2021	September 14, 2021	Chinese National Futures Association	Money Laundering Control International Trends and Practices	3.0	
Director	Tai Ming Development Co., Ltd. Representative: Li, Chuang-Yuan	August 01, 2021	August 31, 2021	August 31, 2021	Taipei Exchange	Decoding the DNA for Sustainability of SMEs	2.0	Yes
			September 01, 2021	September 01, 2021	Taipei Exchange	The Key to Sustainability for SMEs	2.0	
Independent Director	Chang, Yao-Ren	July 12, 2021	August 31, 2021	August 31, 2021	Taipei Exchange	Decoding the DNA for Sustainability of SMEs	2.0	Yes
			September 23, 2021	September 23, 2021	Taiwan Securities Association	Corporate Governance and Money Laundering Control Course	3.0	
			November 18, 2021	November 18, 2021	Taiwan Securities Association	2021 Corporate Governance - Corporate Sustainability and ESG Development Trends	3.0	
Independent Director	Huang, Tien-Chang	July 12, 2021	August 31, 2021	August 31, 2021	Taipei Exchange	Decoding the DNA for Sustainability of SMEs	2.0	Yes
			September 01, 2021	September 01, 2021	Taipei Exchange	The Key to Sustainability for SMEs	2.0	
			September 23, 2021	September 23, 2021	Taiwan Securities Association	Corporate Governance and Money Laundering Control Course	3.0	
			November 18, 2021	November 18, 2021	Taiwan Securities Association	2021 Corporate Governance - Corporate Sustainability and ESG Development Trends	3.0	
Independent Director	Huang, Hsiu-Hui	July 12, 2021	April 14, 2021	April 14, 2021	Independent Director Association Taiwan	M&A Strategies and Recipes for Enterprise Transformation Methods from the Board's Perspective	3.0	Yes
			August 10, 2021	August 10, 2021	Independent Director Association Taiwan	How Should A Director Read up Financial Statements and hold onto Enterprise Risk Management	3.0	
			September 23, 2021	September 23, 2021	Taiwan Securities Association	Corporate Governance and Money Laundering Control Course	3.0	

Note 1: It refers to whether to meet the continuing education hours, continuing education scope, continuing education system, continuing education arrangements and information disclosure set forth in the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies".

Organizer	Trained Department/Title/Name			Training Date	Topic of Corporate Governance Course	Hours
Financial Supervisory	Chairperson	Chairperson	Cheng, Ta-Yu	September 01, 2021	The 13th Taipei Corporate Governance Forum	3
TAIWAN SECURITIES ASSOCIATION	Chairperson	Chairperson	Cheng, Ta-Yu	September 23, 2021	2021 Corporate Governance - Money Laundering Control Education and Training	3
	President	President	Chiu, Jung-Chen	September 23, 2021	2021 Corporate Governance - Money Laundering Control Education and Training	3
	Chief Information	Senior Executive Vice President	Chang, Jyh-Chian	September 23, 2021	2021 Corporate Governance - Money Laundering Control Education and Training	3
	Brokerage Business	Vice President	Yen, Chih-Lung	September 23, 2021	2021 Corporate Governance - Money Laundering Control Education and Training	3
	Settlement and Clearing	Vice President	Wang, Hsiu-Ching	September 23, 2021	2021 Corporate Governance - Money Laundering Control Education and Training	3
	Fixed Income Dept.	Vice President	Chen, Wei-Tung	September 23, 2021	2021 Corporate Governance - Money Laundering Control Education and Training	3
	Auditing Office	Vice President	Shih, Shu-Chen	September 23, 2021	2021 Corporate Governance - Money Laundering Control Education and Training	3
	Auditing Office	Manager	Wang, I-Ping	September 23, 2021	2021 Corporate Governance - Money Laundering Control Education and Training	3
	Proprietary Trading Dept.	Senior Manager	Cheng, Tai-Cheng	September 23, 2021	2021 Corporate Governance - Money Laundering Control Education and Training	3
	Risk Management	Senior Manager	Hsu, Shu-Wen	September 23, 2021	2021 Corporate Governance - Money Laundering Control Education and Training	3
	Finance Dept.	Assistant Vice President	Tsai, Wan-Chi	September 23, 2021	2021 Corporate Governance - Money Laundering Control Education and Training	3
	Accounting Dept.	Senior Manager	Chen, Hong-Chien	September 23, 2021	2021 Corporate Governance - Money Laundering Control Education and Training	3
	Accounting Dept.	Manager	Huang, Chun-Lan	September 23, 2021	2021 Corporate Governance - Money Laundering Control Education and Training	3
	Digital Marketing	Senior Manager	Lin, Shih-Nung	September 23, 2021	2021 Corporate Governance - Money Laundering Control Education and Training	3
	General Affairs Dept.	Senior Assistant Vice President	Huang, Kai-Ming	September 23, 2021	2021 Corporate Governance - Money Laundering Control Education and Training	3
	Chairperson	Chairperson	Cheng, Ta-Yu	November 18, 2021	Corporate Sustainability and ESG Development Trends	3
	President	President	Chiu, Jung-Chen	November 18, 2021	Corporate Sustainability and ESG Development Trends	3
	Proprietary Trading Dept.	Senior Executive Vice President	Liao, Chi-Hung	November 18, 2021	Corporate Sustainability and ESG Development Trends	3
	Proprietary Trading Dept.	Senior Manager	Cheng, Tai-Cheng	November 18, 2021	Corporate Sustainability and ESG Development Trends	3
	Underwriting Dept.	Vice President	Leu, Suh-Ling	November 18, 2021	Corporate Sustainability and ESG Development Trends	3
	Regulation Compliance	Vice President	Ding, Yong-Kang	November 18, 2021	Corporate Sustainability and ESG Development Trends	3
	Human Resource	Senior Assistant Vice President	Huang, Mei-Ling	November 18, 2021	Corporate Sustainability and ESG Development Trends	3
	Human Resource	Manager	Wei, Pei-Ling	November 18, 2021	Corporate Sustainability and ESG Development Trends	3
	Risk Management	Senior Manager	Hsu, Shu-Wen	November 18, 2021	Corporate Sustainability and ESG Development Trends	3
	Corporate Strategy Dept.	Vice President	Cheng, Hung-Tai	November 18, 2021	Corporate Sustainability and ESG Development Trends	3
	Wealth Management	Senior Manager	Hsu, Wei-Lun	November 18, 2021	Corporate Sustainability and ESG Development Trends	3
	Corporate Strategy Dept.	Assistant Vice President	Chen, Ming-Wei	November 18, 2021	Corporate Sustainability and ESG Development Trends	3
	Corporate Strategy Dept.	Senior Manager	Wang, Yu-Jen	November 18, 2021	Corporate Sustainability and ESG Development Trends	3
	Corporate Strategy Dept.	Assistant Vice President	Shou, Ning-Ning	November 18, 2021	Corporate Sustainability and ESG Development Trends	3

Organizer	Trained Department/Title/Name			Training Date	Topic of Corporate Governance Course	Hours
TAIWAN SECURITIES ASSOCIATION	Settlement and Clearing	Vice President	Wang, Hsiu-Ching	November 18, 2021	Corporate Sustainability and ESG Development Trends	3
	Fixed Income Dept.	Senior Vice President	Chiu, Chao-Shan	November 18, 2021	Corporate Sustainability and ESG Development Trends	3
	Financial Derivatives	Vice President	Liu, Pi-Yin	November 18, 2021	Corporate Sustainability and ESG Development Trends	3
	Accounting Dept.	Senior Manager	Chen, Hong-Chien	November 18, 2021	Corporate Sustainability and ESG Development Trends	3
	Brokerage Business	Senior Assistant Vice President	Yang, Kuang-Cheng	November 18, 2021	Corporate Sustainability and ESG Development Trends	3
	Brokerage Business	Vice President	Yen, Chih-Lung	November 18, 2021	Corporate Sustainability and ESG Development Trends	3
	Brokerage Business	Senior Executive Vice President	Tseng, Li-Kuo	November 18, 2021	Corporate Sustainability and ESG Development Trends	3
	Digital Marketing	Senior Manager	Lin, Shih-Nung	November 18, 2021	Corporate Sustainability and ESG Development Trends	3
	Auditing Office	Vice President	Shih, Shu-Chen	November 18, 2021	Corporate Sustainability and ESG Development Trends	3
	General Affairs Dept.	Senior Assistant Vice President	Huang, Kai-Ming	November 18, 2021	Corporate Sustainability and ESG Development Trends	3
	Underwriting Dept.	Vice President	Leu, Suh-Ling	September 15, 2021	Corporate Governance 3.0 - Sustainable Development Roadmap	3
	Underwriting Dept.	Vice President	Leu, Suh-Ling	August 3, 2021	Corporate Governance and Transparency of Corporate Financial Information	3
	Underwriting Dept.	Senior Assistant Vice President	Lee, Yu-Ju	August 3, 2021	Corporate Governance and Transparency of Corporate Financial Information	3
	Underwriting Dept.	Manager	Chang, Yung-Han	August 3, 2021	Corporate Governance and Transparency of Corporate Financial Information	3
	Underwriting Dept.	Senior Assistant Vice President	Yeh, I-Ling	August 3, 2021	Corporate Governance and Transparency of Corporate Financial Information	3
	Underwriting Dept.	Manager	Hsu, Ching-Hua	August 3, 2021	Corporate Governance and Transparency of Corporate Financial Information	3
	Underwriting Dept.	Manager	Cheng, Shih-Wei	August 3, 2021	Corporate Governance and Transparency of Corporate Financial Information	3
	Underwriting Dept.	Manager	Lin, Ke-Wei	August 3, 2021	Corporate Governance and Transparency of Corporate Financial Information	3
	Underwriting Dept.	Manager	Hsu, Ching-Hua	April 19, 2021	A Model of Wealth Inheritance - Case Study on Stock and Real Estate Transfer	3
	Underwriting Dept.	Manager	Lin, Ke-Wei	March 03, 2021	Digital Technology and Artificial Intelligence Trends and Risk Management	3
	Underwriting Dept.	Manager	Cheng, Shih-Wei	March 03, 2021	Digital Technology and Artificial Intelligence Trends and Risk Management	3
	Underwriting Dept.	Manager	Chi, Hsiu-Feng	March 03, 2021	Digital Technology and Artificial Intelligence Trends and Risk Management	3
Financial Supervisory Commission	Supervisor of Corporate Governance Supervisor of Corporate Governance	Assistant Vice President	Tsai, Wan-Chi	September 01, 2021	The 13th Taipei Corporate Governance Forum	3
Securities and Futures Institute		Assistant Vice President	Tsai, Wan-Chi	November 09, 2021	Corporate Governance 3.0 from the Perspective of the Prosecution and Investigation	3
		Assistant Vice President	Tsai, Wan-Chi	November 18, 2021	Corporate Sustainability and ESG Development Trends	3
		Assistant Vice President	Tsai, Wan-Chi	November 16, 2021	Technological Development and Business Model of Blockchain	3
		Assistant Vice President	Tsai, Wan-Chi	November 29, 2021	Discussion on Responsibilities of Directors and Supervisors and the Securities Investor and Futures Trader Protection Act	3
		Assistant Vice President	Tsai, Wan-Chi	November 30, 2021	The Significance of Information Security in the Post-pandemic Era and under the U.S.-China Trade War	

3.3.4 If the company has a compensation committee in place, the composition, duties, and operation of the compensation committee shall be disclosed:

3.3.4.1 Information on the Remuneration Committee members:

Requirement Position (Note 1) Name		Professional Qualifications and Experience (Note 2)	Independence Status (Note 3)	Number of other public companies he/she concurrently serves as the remuneration committee member
Convener/Independent Director	Huang, Hsiu-Hui	Attached Table 1 Information of Directors and Supervisors (I) for details		None
Committee Member/Independent Director	Chang, Yao-Ren			None
Committee Member/Independent Director	Huang, Tien-Chang			2

3.3.4.3 Information on the operation of the remuneration committee:

(1) The Company's remuneration committee consists of 3 members

(2) The term of the current committee members: From July 29, 2021 to July 11, 2024. Meetings of the Committee were held 8 times in the most recent year. The qualifications of the committee members and Attendance details are as follows:

Title	Name	Frequency of actual attendance (B)	Frequency of appointing proxies to attend	Rate of actual attendance (%) (B/A)	Remark
Convener	Huang, Hsiu-Hui	8	0	100	reappointed (July 29, 2021)
Convener	Lee, Chin-Shen	4	0	100	predecessor
Member	Chang, Yao-Ren	8	0	100	reappointed (July 29, 2021)
Member	Huang, Tien-Chang	8	0	100	reappointed (July 29, 2021)

Any other matters that require reporting:

- 一、 If the board of directors does not adopt or amend the recommendations of the compensation committee, The date and period of the board of directors meeting, the term, the content of the agenda, the results of the board of directors' resolutions, and the company's actions to the opinions of the remuneration committee shall be stated (If the remuneration approved by the board of directors is higher than the recommendation of the remuneration committee, the difference and the reason for any such difference shall be stated): None.
- 二、 For the resolutions adopted by the remuneration committee, if a committee member has a dissenting or qualified opinion which is on record or stated in a written statement, the date of the remuneration committee meeting, the term, the content of the agenda, the opinions of the members, and the actions to the opinions of the members shall be stated: None.

3.3.5 The state of the company's promotion of sustainable development, any variance from the Sustainable Development Best Practice Principles, and the reason for any such variance

Promotion Event	Status of Implementation (Note 1)			Any discrepancy from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such discrepancy
	Yes	No	Summary Description	
I. Does the company establish the corporate governance frameworks to promote sustainable development and an exclusively (or concurrently) dedicated unit to promote sustainable development, and have the board of directors appoint executive-level positions to handle the issues, with the supervision status of the Board of Directors?	V		<p>The establishment of the Company's "Sustainable Development Committee" has been approved by the resolution adopted by the 9th Meeting of the 12th Term Board of Directors on March 17, 2022, which consists of Responsible Investment Group, Green Products Group, Sustainable Governance Group, Green Operations Group, Social Welfare Group, and Employee Benefit Group to be in charge of proposing and enforcing the corporate social responsibility policies, systems, or relevant management guidelines, and concrete promotional plans.</p> <p>The Committee shall convene at least once a year and may call a meeting at its discretion whenever necessary. Corporate Strategy Dept. shall serve as the discussion affairs unit responsible for assisting the Committee in exercising its powers and other relevant matters.</p> <p>The main responsibilities of the Committee are as follows:</p> <p>(I) Establishment of the Environmental, Social and governance (ESG) strategies, annual plans, and project plans relating to corporate social responsibility policies</p> <p>(II) Performance evaluation and review on the implementation of the corporate social responsibility plan and project plan</p> <p>(III) Other decisions on the matters relating to corporate social responsibility initiatives</p> <p>The responsibilities of each task group are as follows:</p> <p>(I) Responsible Investment Group: Responsible for formulating responsible investment strategies, finding the companies adopting sustainable operations to invest in, and</p>	None

Promotion Event	Status of Implementation (Note 1)			Any discrepancy from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such discrepancy
	Yes	No	Summary Description	
			<p>advancing and improving the ESG investment processes to sustain long-term stable investment performance</p> <p>(II) Green Products Group: Responsible for promoting the launch of investment products aimed at sustainability, energy saving and carbon reduction, and environmental protection</p> <p>(III) Sustainable Governance Group: Responsible for promoting the formulation of the regulations for sustainable governance to protect the rights and interests of all stakeholders and enhance information transparency</p> <p>(IV) Green Operations Group: Responsible for promoting the measures for green resources and supply chain management to reach the goal of reducing carbon emissions from the business operations</p> <p>(V) Social Welfare Group: Responsible for promoting public welfare activities and providing care and assistance to underprivileged groups and public interest groups</p> <p>(VI) Employee Benefit Group: Responsible for promoting diverse employee benefit measures, including bonus and subsidy, recreational activities, and other preferential services to create a quality working environment</p> <p>In response to the "Sustainable Development Roadmap for TWSE/TPEX Listed Companies" issued by the FSC in January 2022, the Company has scheduled to conduct the ISO 140 64-1:2018 Greenhouse Gas Inventory Counselling, ISO 14001:2015+ISO 45001 : 2018 Environmental and Occupational Safety and Health Management System construction in 2022 to fulfill the responsibility of the board of directors to supervise the sustainable development and achieve the goal of carbon reduction.</p>	

Promotion Event	Status of Implementation (Note 1)			Any discrepancy from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such discrepancy
	Yes	No	Summary Description	
			The Company shall, in accordance with the materiality principle, conduct risk assessments of environmental, social and corporate governance issues pertaining to company operations. For the identified materiality issues, the Company shall establish relevant policies. Please refer to the designated section for Sustainability Report (previously Corporate Social Responsibility) on the Company's website: https://www.concords.com.tw/about/csr/csr-report.htm?mnu=04	
II. Does the company in accordance with the materiality principle, conduct risk assessments of environmental, social and corporate governance issues pertaining to company operations and establish the relevant risk management policy or strategy?	V		<p>Every year the Company collects and organizes environmental, social and governance (ESG) issues pertaining to company operations with reference to the international sustainability standards and international initiatives as well as the Company's sustainable development strategies. The Company identifies various types of stakeholders in compliance with the AA1000 Stakeholder Engagement Standard. After the questionnaire survey on the stakeholders' degree of concern over each issue has been conducted, the issues will be ranked according to the degree of concern and the level of influence on the Company's operations. The materiality issues on the Company's operations in terms of ESG are determined and the risks and opportunities thereof to the Company's core business are identified. The Company shall establish relevant policies and management guidance to lower the Company's operational risks and grasp business opportunities accordingly.</p> <p>For the Company's standards, processes, results, and strategies of risk assessments through identifying the materiality issues relating to environmental, social and corporate governance, please refer to Corporate Social Responsibility Report - Stakeholder Communication and Engagement</p>	None

Promotion Event	Status of Implementation (Note 1)			Any discrepancy from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such discrepancy
	Yes	No	Summary Description	
			https://www.concords.com.tw/about/csr/csr-report.htm?mnu=04	
III. Environmental issues (I) Does the company establish proper environment management systems based on the characteristics of their industries?	V		<p>The Company runs business in the financial service industry and produces no pollutants or waste as from the manufacturing industry, with the use of electricity as the major source of greenhouse gas emissions. To implement environmental protection, energy saving and carbon reduction, the Company has proactively made replacement of multiple energy-consuming equipment by electronic official documents and customer e-statements to effectively reduce and control paper usage and regularly promoted the concept of environmental protection with internal e-mails.</p> <p>In order to adequately protect the natural environment and demonstrate the improvement in the environmental performance of the organization and achieve the balance of the environment, society, and economy, the ISO 14001:2015+ISO 45001 : 2018 Environmental and Occupational Health and Safety Management System construction will be scheduled in 2022 by the Company.</p>	None
(II) Does the company endeavor to utilize energy more efficiently and use renewable materials which have a low impact on the environment?	V		<p>The Company spares no effort in compliance and support for green environmental protection. To implement the sustainability policy of reducing waste in the environment, it has placed the resource recycling bins on each floor of the company with strict and thorough implementation. The Company also purchases products conforming to an energy-saving mark, Eco-label, and green building label to reduce the impact of company operations on the environment and society and to further enhance the Company's goal of pursuing environmental protection, energy saving and carbon</p>	None

Promotion Event	Status of Implementation (Note 1)			Any discrepancy from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such discrepancy
	Yes	No	Summary Description	
			reduction.	
III) Does the company assess the current and future potential risks and opportunities that climate change may present to enterprises and to adopt relevant measures?	V		<p>In view of the global warming problem becoming more and more serious, the issue of climate change has been highly concerned by global companies. The Company focuses on how to reduce the impact on the environment in the customer service process and actively implements the tasks of pollution control, energy saving and carbon reduction, and environmental protection.</p> <p>The goal of the Company's environmental sustainability policy is "E-transformation of Energy Saving and Carbon Reduction". The Company also complies with the government's policies and regulations relating to energy and environment and implement environmental sustainability and enforce regular reviews to constantly improve environmental performance. The Company's response measures for the "E-transformation of Energy Saving and Carbon Reduction" are described as follows:</p> <p>1. Energy Saving Actions: Strictly control the electricity consumption and expenses incurred by each unit, and develop digital finance to reduce carbon footprint</p> <p>2. Replacement of old equipment: Purchase equipment and products conforming to green environmental protection and environmental protection labels</p> <p>3. Energy Saving Advocacy: Promote the concept of electricity saving, environmental protection and energy saving on a periodic basis</p> <p>In response to the "Sustainable Development Roadmap for TWSE/TPEX Listed Companies" issued by the FSC in January 2022, the Company will conduct the ISO 14064-1:2018 Greenhouse Gas Inventory in 2022 to fulfill the corporate social</p>	None

Promotion Event	Status of Implementation (Note 1)			Any discrepancy from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such discrepancy
	Yes	No	Summary Description	
			responsibility of the board of directors and achieve the goal of carbon reduction.	
(IV) Does the company compile statistics on greenhouse gas emissions, volume of water consumption and total weight of waste and to establish policies for greenhouse gas reduction, reduction of water consumption or management of other wastes?	V		<p>To implement energy conservation and carbon reduction, the Company has established the “Management Measures for Corporate Environment, Energy Conservation and Carbon Reduction”, and actively participate in the government's energy saving environmental protection policy, integrating the concept of environmental protection into the business policies at all levels of the organization. Meanwhile, it regularly advocates the concepts to achieve the effect of carbon reduction, integrating the concept of environmental protection into the business policies at all levels of the organization, such as increasing the utilization rate of customers' electronic orders, electronization of the company's administrative process, using environmentally friendly materials for office equipment, utility bills energy-saving promotion, and reducing paper consumption.</p> <p>In 2022, the water consumption at the office area of the headquarters building was 7,784,000 liters, a decrease of 598,000 liters compared to 2020, the electricity usage of the headquarters building was 1,644,917 kWh, a decrease of 45,181 kWh compared to 2020, and the carbon emission of 826 tons, a decrease of 34 tons compared to 2020.</p> <p>Although running business in the financial service industry, the Company conducts annual inspections on environment and equipment at the headquarters and branches and constantly advocates the concept of environmental protection to the employees, with the target set to a 1~2% reduction every year with respect to energy consumption and greenhouse gas emissions.</p>	None

Promotion Event	Status of Implementation (Note 1)			Any discrepancy from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such discrepancy
	Yes	No	Summary Description	
			For the Company's promotion measures relating to environmental issues, the status of achievement, and statistics on greenhouse gas management data, please refer to the Company's Corporate Social Responsibility Reports - Environmental Sustainability. https://www.concords.com.tw/about/csr/csr-report.htm?mnu=04	
IV. Social issues (I) Does the company comply with relevant laws and regulations and the International Bill of Human Rights, and adopt relevant management policies and processes?	V		<p>According Article 18 of the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies", the Company shall comply with relevant laws and regulations for human rights of labor, such as gender equality, the right to work, prohibition of discrimination, the freedom of association, the right of collective bargaining, caring for vulnerable groups, prohibiting the use of child labor, eliminating all forms of forced labor, eliminating recruitment and employment discrimination, and shall clearly specify in the Company's "Work Rules" that discrimination in employment decisions on the basis of race, class, language, religious belief, political party, place of origin, gender, marital status, appearance, features, age, place of birth, sexual orientation, or disability status shall be prohibited. All human resource policies shall not contain differential treatments based on gender, race, socioeconomic status, age, or marital and family status, so as to achieve equality and fairness in employment, hiring conditions, remuneration, benefits, training, evaluation, and promotion opportunities.</p> <p>The Company shall provide an effective and appropriate grievance mechanism with respect to matters adversely impacting the rights and interests of the labor force to ensure equality and transparency of the grievance process. Channels through which a</p>	None

Promotion Event	Status of Implementation (Note 1)			Any discrepancy from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such discrepancy
	Yes	No	Summary Description	
			<p>grievance may be raised shall be clear, convenient, and unobstructed. The Company shall respond to any employee's grievance in an appropriate manner.</p> <p>The Company gives due consideration to the rights and interests of employees and environmental safety, conducting various related human rights education and training and activities, such as personal data protection, occupational safety, introduction to the intellectual property system and current status of Fintech and intellectual property, introduction and response to Financial Consumer Protect Act, and so on, and assists employees in maintaining a healthy work-life balance through providing diverse activities, measures, and welfare facilities.</p>	
(II) Does the company establish and implement reasonable employee welfare measures (including remuneration, leave and other welfare etc.) and appropriately reflect the business performance or achievements in the employee remuneration?	V		<p>The Company has worked hard to pursue the welfare of all shareholders and employees since its establishment. With humanistic management, two-way Communication, and participative management, it ties up personal goals closely with company strategies, and brings employees with security and protection through a wage system conforming to the market structure. Also, it provides comprehensive group insurance and benefits for employees, and sets up the "Employee Welfare Committee", allocating employee welfare funds according to the law, and provides recreations, clubs, child education subsidies, emergency aids, staff outings, and other benefits.</p> <p>In addition, the company also encourage employees to further education by offering the on-the-job training subsidies. The Company emphasizes diversity and equality in the workplace. Women account for 61.7% of the workforce and men account for</p>	None

Promotion Event	Status of Implementation (Note 1)			Any discrepancy from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such discrepancy
	Yes	No	Summary Description	
			<p>38.3% at the company.</p> <p>The Company grants leaves to employees in accordance with the Labor Standards Act and encourages employees to take proper breaks to take care of themselves and their families. Furthermore, the Company reflects its operating performance and results in the employees' compensation and based on the contributions made by departments or employees to the company, establishes different bonus plans to encourage co-workers to work hard for making profits of the company as a common goal.</p>	
<p>(III) Does the company provide safe and healthful work environments for its employees, and organize training on safety and health for its employees on a regular basis?</p>	V		<p>Protective measures for the working environment and personal safety of the employees: The Company shall file with the competent authority the public safety equipment inspection on the buildings and firefighting equipment according to laws and regulations. In addition, the Company shall advise its employees to obtain the firefighting management personnel certificate and establish the workplace fire plan to keep the firefighting equipment well maintained in the workplace.</p> <p>The company has taken out public accident liability insurance for all its workplaces to protect the rights and interests of customers, and employer's accident liability insurance and occupational accident insurance to safeguard the rights and interests of employees. The Company has formulated the "Safety and Health Work Rules" in accordance with the Occupational Safety and Health Act and the relevant laws and regulations to prevent occupational accidents and ensure safety and health of employees. The Company has provided the nursery personnel to conduct health management in accordance with the "Employees Health Management Regulations", and also established four big programs including "Maternal Worker Health Protection</p>	None

Promotion Event	Status of Implementation (Note 1)			Any discrepancy from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such discrepancy
	Yes	No	Summary Description	
			<p>Program”, “Ergonomics Hazard Prevention Program”, “Preventing and Managing Abnormal Workload-triggered Disorders Program”, and “Preventing and Managing Unlawful Infringement While Performing Duties at Work Program”, conducting employee health examinations and safety and safety and health education and training on a regular basis. The Company has established the labor safety and health management specialist and first-aid personnel at the business places according to the law. The on-site advisory services are provided on a regular basis every year. The health and first aid facilities (AED) are provided as necessary, and the nursing room is also available.</p> <p>This year, the company held 3 seminars, including the Seminar on Creating a Happy Workplace - Making Employees Feel Secure, Fire Safety and Tobacco Hazards Prevention, Office Human Factors for Prevention and Stretching Exercises.</p> <p>In 2021, the Company won the Badge of Accredited Healthy Workplace - Health Promotion issued by the Health Promotion Administration, Ministry of Health and Welfare.</p>	
(IV) Does the company establish effective training programs to foster career skills for its employees?	V		<p>(IV) The Company has been dedicated to creating a learning environment for all employees, encouraging them in self-learning and specified in the Employee Education and Training Regulations that the education and training system shall include the orientation training for newcomers, and the internal training and external training for employees’ continuous and professional education. For internal training, the function-based training is provided according to the category of function of the employee, and the level-based training and project-based training are provided</p>	None

Promotion Event	Status of Implementation (Note 1)			Any discrepancy from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such discrepancy
	Yes	No	Summary Description	
			depending on the level of the supervisor. Not only in-person training, but there is also a digital learning platform offering a variety of courses, enabling all employees to constantly improve their professional capabilities and competitiveness to always meet the challenges of the workplace, and help them march toward the peak of their careers.	
V) Does the company follow relevant laws, regulations and international guidelines in regard to issues such as customer health and safety and customer privacy involved in, and marketing and labeling of its products and services, and establish relevant policies on consumer or customer rights and interests and procedure for accepting consumer complaints?	V		<p>The Company provides customers with appropriate products and services in accordance with legal requirements by the competent authority and relevant regulations of the industry, and formulated the following regulations to protect consumer rights and interests:</p> <p>(1) The Company has established the “Management Measures for Advertisements and Solicitation or Promotional Activities Conducted by the Company” and engages in relevant acts in accordance with the laws and regulations to protect the rights and interests of investors.</p> <p>(2) In addition to the “Operational Regulations for Collection, Processing, or Use of Personal Information Files” and “Operational Rules for Collection, Processing, or Use of Personal Information” to ensure that the procedures for collection, processing, and use of personal information are in compliance with the regulations, for confidentiality measures adopted on customer information, the Company has also set up an internal control mechanism in accordance with the relevant laws and regulations to implement the principle of confidentiality of customer information.</p> <p>(3) The Company has established the “Regulations for Handling Financial Consumption Disputes” to act for its emphasis on the handling of consumer disputes, improving the</p>	None

Promotion Event	Status of Implementation (Note 1)			Any discrepancy from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such discrepancy
	Yes	No	Summary Description	
			<p>efficiency and quality of consumer dispute resolutions, thereby protecting the rights and interests of financial consumers.</p> <p>(4) The Company has set up a "Whistle-blower Mailbox" to provide customers with a complaint channel in a smooth manner.</p> <p>https://www.concords.com.tw/about/relationship/reportMail.htm?mnu=05</p>	
<p>(VI) Does the company establish supplier management policies and request suppliers to comply with rules governing issues such as environmental protection, occupational safety and health or labor rights, and the implementation status thereof?</p>	V		<p>The Company has built a good relationship with suppliers and other trading counterparties, with an unobstructed communication channel in place, while respecting and safeguarding their legitimate rights and interests, adding trust between the Company and its suppliers.</p> <p>(1) Establish supplier management policies:</p> <p>The Company has formulated the "Human Rights and Environmental Sustainability Commitment Letter" and it invites partners and suppliers to jointly sign the Letter, with the contents including no child labor allowed, environmental safety and health management, environmental protection and energy saving management system, corporate social responsibility policy, basic human rights and labor management, and commitment to establishing a specific environmental protection and energy saving management system, adopting the best pollution prevention and control technology, appropriately protecting the natural environment, devoting to achievement of environmental sustainability goals. The contract may be terminated or rescinded any time, or a fine or suspension may be imposed by the Company if any violation has caused significant negative impact on the environment and society of the community of the supply source and makes no improvement or incomplete improvement after an</p>	None

Promotion Event	Status of Implementation (Note 1)			Any discrepancy from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such discrepancy
	Yes	No	Summary Description	
			<p>improvement is required within a time limit. If the situation has been considered serious, such supplier may be eliminated from the list of qualified suppliers or other action may be taken.</p> <p>(2) Status of Implementation: To make the suppliers implement environmental protection, with a continuous adoption rate reaching 100% by local suppliers</p> <p>(3) There were no occurrences of poor delivery quality or major environmental impact caused by suppliers in 2021.</p>	
V. Does the company produce corporate social responsibility reports and other reports that disclose the company's non-financial information with reference to internationally widely adopted standards or guidelines? Does the company obtain a third-party assurance or verification opinion for the above-mentioned reports?	V		<p>The Company has obtained a third-party verification for the "Corporate Social Responsibility Report" by BSI Taiwan in accordance with AA1000AS v3 Type 1 moderate-level assurance and has obtained the opinion issued in the Standards released by CPAs for investors information. (2021 Corporate Social Responsibility Sustainability Report to be updated)</p> <p>To download the Concord Securities Corporate Social Responsibility Report, please go to the following URL:</p> <p>https://www.concords.com.tw/about/csr/csr-report.htm?mnu=04</p>	None
<p>VI. If the company has formulated its own "Sustainable Development Best Practice Principles" in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies", please specify the state of the company's performance, any variance from its own Principles:</p> <p>No discrepancy.</p>				

VII. Other significant information that will provide a better understanding of the state of the company's implementation of fulfilling corporate social responsibility initiatives:

(I) Environmental protection measures:

The Company runs business in the securities service industry and produces no pollution; however, but it is still necessary to adequately protect the natural environment, reduce the impact on the environment, and fulfill the responsibility of environmental sustainability.

In order to adequately protect the natural environment and demonstrate the improvement in the environmental performance of the organization and achieve the balance of the environment, society, and economy, the ISO 14001 Environmental Management Systems and ISO 45001 Occupational Health and Safety Management Standard verification will be scheduled in 2022 by the Company.

(II) Public welfare and social contribution:

Social contribution:

- The Company participated in the TCSA Taiwan Corporate Sustainability Awards for the first time in 2021 and won the "Corporate Social Responsibility Report Category" - Finance and Insurance Industry - Silver Prize.
- The 2020 Concord Securities Corporate Social Responsibility (CSR) Report was certified by the British Standards Institution (BSI) for the first time.
- The Company Won double awards of the "Best Corporate Social Responsibility Award" and the "Best Digital Financial Service Award" in the non-financial holding securities category of the "2021 Excellence Securities Evaluation".

Public welfare:

1. Continue to engage in the 1919 Love to Move - Family Emergency Financial Aid Program

Led by Chairman Cheng, Ta-Yu, the colleagues of Concord Securities take action to support public welfare, forming a convoy of Concord warriors for fundraising in relay around Taiwan. Under the impact of the COVID-19 pandemic, many families have fallen into difficult living situations due to a reduction of work. In view of the families suffering the loss being in urgent need of material resources, Concord Securities in the meanwhile donated NT\$2 million to the "1919 Love to Move" project of the Chinese Christian Relief Association, with a donation of NT\$1 million donated from Chairman Cheng, Ta-Yu and NT\$100 from the company. To encourage employees to participate in charity and social care activities, the Company provides employees with two days of paid charity leave every year to encourage employees to participate in social services and charity activities after work, making it part of the company culture.

- In 2021, Concord Securities raised a total of more than NT\$2,890,000 in the "1919 Love to Move - Family Emergency Financial Aid Program".

2. Concord Securities' support of national sports, making donations to Daojiang High School

Concord Securities supports the baseball team, one of the national sports, and makes constant donations to Daojiang High School Junior Baseball Team. It hopes that itself would serve as a springboard for appealing to more enterprises for their support and recognition and having the opportunity to make Taiwan's baseball shine like no other around the world in the future. The Daojiang High School Junior Baseball Team hit a remarkable record last year and won the first place in Group A of the High School Hard Aluminum Rod regional final, the third place of Aluminum Bat, Group A of the Student Baseball Autumn League Match, and the third place of Wooden Bat, Group A of the Student Baseball Fall League Match in the school year of 2020. To encourage the ball players to continue to practice hard; in 2021, Concord Securities donated another NT\$300,000 to sponsor the Daojiang High School Junior Baseball Team, in the hope that the students give full play to their talents on the field, serving as the backbone and bringing more positivity to the society.

3. In 2021, Concord Securities made donations at a total of NT\$1,750,000.

- Donated NT\$300,000 to Daojiang High School Baseball Team
- Donated NT\$50,000 to National Cheng Kung University 2021 Fintech Forum
- Donated NT\$300,000 to Pumen Senior Home
- Supported the Taipei Civic Symphonic Band at NT\$200,000
- Donated NT\$500,000 to the Chinese Christian Relief Association for family relief fund
- Donated NT\$100,000 to the Chinese Nations Association for War of Resistance against Japan
- Donated NT\$100,000 to the association affairs of the Industrial and Commercial Construction Research Association
- Donated NT\$200,000 to Sayling Wen Cultural and Educational Foundation

(III) Consumer rights and interests:

The Company not only has its spokesperson who provides information services for shareholders and investors, but also periodically discloses the information regarding finances and operations on its website and reports financial and business information through the "Market Observation Post System (MOPS)". The Company has designated the "Investors Section" on its website to provide the information concerning the Company's investor information for reference by shareholders, investors, and customers.

(IV) Rights of stakeholders:

The Company respects the rights of stakeholders to express their opinions and has designated the "Stakeholders Section" on its website to build channels of communication with stakeholders as a way for stakeholders to reflect their opinions to the company and related information exchange. The Company has set up a "Whistle-blower Mailbox" for major stakeholders such as customers, employees, investors, competent authorities, suppliers, and communities and designated personnel exclusively dedicated to answering.

(V) Employees' rights and interests and caring for employees:

1. To improve work efficiency and solidarity of the employees, the Company pays special attention to providing welfare measures for employees to maintain harmonious labor-management relations and provide comprehensive care for employees.
2. The Company has taken out public accident liability insurance for all the branches and workplaces to protect the rights and interests of customers and purchased the employer accident liability insurance to safeguard the rights and interests of employees.
3. The Company conducts employee training at all levels and cultivates talented leaders on a regular basis to improve the Company's overall quality of work force and enhance professional knowledge and skills of workers. It provides employees assistance in their career planning and encourages them to develop potential, hoping to have the right person in the right place and further achieve the company's business development strategic goals.

The total training hours conducted by the Company in 2021 was 29,019.85 hours.

(VI) Safety and health:

1. The Company has established the labor safety and health management specialist and first-aid personnel. It arranges employee health examination every year and holds on-site clinician consultation services and health seminars every quarter for the co-workers to understand how to adjust their daily dietary habits and to improve their health.

2. In 2021, there has been a total of 510 persons attending the seminars and 3 on-site clinician consultation services being held.

(VII) Consumer rights and interests:

1. The Company has designated the channel of communication with stakeholders on its website, providing information services for shareholders and investors. It also discloses the information regarding the company's finances and operations and reports various information through the "Market Observation Post System" (MOPS) on a regular or irregular basis.

2. The Company has designated the "Investors Section" on its website, providing more information for reference by shareholders, investors, and customers. For details please refer to the Company's "Investors Section" via <https://www.concords.com.tw/about/financial/index.htm?mnu=02&submnu=01>

(VIII) For more details on the status of our implementation of corporate social responsibility initiatives, please refer to the designated section for Corporate Social Responsibility Section on the Company's website:

<https://www.concords.com.tw/about/csr/csr-report.htm?mnu=04>

3.3.6 The state of the company's performance in the area of ethical corporate management, any variance from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance:

Evaluation Item	State of Implementation			Any discrepancy from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such discrepancy
	Yes	No	Summary Description	
I. Establishing the ethical management policies and prevention programs				
(I) Does the company formulate ethical corporate management policies and obtain approval from the board of directors, and clearly specify in their rules and external documents and on the company website the ethical corporate management policies and practices as well as the commitment by the board of directors and senior management on rigorous and thorough implementation of such policies?	V		(I) The Company has obtained approval from the board of directors to formulate the "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct". Both board of directors and senior management rigorously and thoroughly implement the commitments on ethical management and scrupulously carry out the policies in internal management and in commercial activities. The company advocates the items listed in the "Declaration of Employee Code of Conduct" which shall be followed by new employees and asks for their signatures to show their responsibility. In addition, the company clearly specifies on the company website the ethical corporate management policies for the trading counterparties, clients, and other institutions and personnel related to business to understand the Company's ethical management philosophies and regulations.	None
(II) Does the company establish a risk assessment mechanism against unethical conduct, regularly analyze and assess business activities within their business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, which shall at least include preventive measures against the acts set forth in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?	V		(II) The Company has formulated the "Reporting Guidelines for Reporting Operational Risk Events", if an employee is found to commit unethical acts (such as embezzlement of company funds, manipulation of account/fictitious transaction, bribery/kickback, insider transactions in non-company accounts, etc.), such acts shall be reported to the Risk Management Office, and a review shall be conducted on the related operating procedures and personnel management with the improvement plan being developed to strengthen the prevention of such unethical acts.	None
(III) Does the company set out in the programs to prevent unethical conduct the	V		(III) The Company has established the "Ethical Corporate Management Best	None

Evaluation Item	State of Implementation			Any discrepancy from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such discrepancy
	Yes	No	Summary Description	
standard operating procedures, conduct guidelines, disciplinary and appeal system, and put them into action, and review and modify the above-mentioned programs on a regular basis?			Practice Principles” and “Procedures for Ethical Management and Guidelines for Conduct” and clearly specified that unethical acts are not allowed, and that when conducting business, the company or its employees shall not directly or indirectly offer, accept, promise to offer, or request any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty for purposes of acquiring or maintaining benefits. Furthermore, the Company applies the policies of ethical corporate management when creating its employee performance appraisal system and human resource policies to establish a clear and effective reward and discipline as well as appeal system. If the personnel have been in serious violation of ethical acts, he/she shall be dismissed in accordance with the relevant laws and regulations or the company's personnel regulations.	
<p>II. Implementing ethical management</p> <p>(I) Does the company assess the records of ethical acts of the counterparties and include in the contracts with the trading counterparties terms requiring compliance with ethical acts?</p>	V		<p>(I) With reference to the Company’s “Ethical Corporate Management Best Practice Principles” and “Procedures for Ethical Management and Guidelines for Conduct”, the details are described as follows:</p> <p>The Company shall engage in commercial activities in a fair and transparent manner based on the principle of ethical management. Prior to any commercial transactions, the Company shall assess the legality of the trading counterparties and whether there is a record of them involved in unethical conduct. When entering into a contract with the above-mentioned trading counterparties, the Company shall include in such contracts terms requiring compliance with ethical corporate management policy and that in the event the trading counterparties are involved in unethical conduct, the Company may at any time terminate or rescind the contracts. Currently the "Ethical Management Terms" are added in all external contracts of the entire group</p>	None

Evaluation Item	State of Implementation			Any discrepancy from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such discrepancy
	Yes	No	Summary Description	
(II) Does the company establish a dedicated unit that is under the board of directors and report its ethical management policies and the prevention programs against unethical acts to the board of directors on a regular basis (at least once a year) and supervising the implementation status?	V		and are scrupulously carried out the terms accordingly. (II) To achieve sound ethical corporate management, the Corporate Strategy Dept. of the Company shall serve as a dedicated unit responsible for coordinating each unit to implement ethical corporate management. Each unit shall avail itself of adequate resources and staff itself with competent personnel according to the matters for which it is responsible, working with each other to take their responsibility for establishing and supervising the implementation of the ethical corporate management policies and prevention programs. The dedicated unit shall report the ethical corporate management policies and implementation results to the board of directors at least once a year. The ethical corporate management policies and implementation results for 2021 were reported to the board of directors on March 17, 2022.	None
(III) Does the company adopt policies for preventing conflicts of interest, provide proper channels for communication, and have them properly implemented?	V		(III) According to the Company's "Ethical Corporate Management Best Practice Principles". The directors of the Company shall practice self-discipline, when a proposal at a given board of directors meeting concerns the personal interest of, or the interest of the juristic person represented by, the concerned person shall state the important aspects of the relationship of interest at the given board meeting. If his or her participation is likely to prejudice the interest of the company, the concerned person may not participate in discussion of or voting on the proposal and shall recuse himself or herself from the discussion or the voting. And such concerned person may not exercise voting rights as proxy for another director. The directors must not support one another in improper dealings.	None

Evaluation Item	State of Implementation			Any discrepancy from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such discrepancy
	Yes	No	Summary Description	
(IV) Has the company established effective accounting systems and internal control systems for implementing ethical management, and the internal audit unit of the company based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans and examine accordingly the compliance with the prevention programs, or engage a certified public accountant to carry out the audit?	V		Furthermore, the Company's directors, supervisors, managers, employees, mandataries, and substantial controllers shall not take advantage of their positions or influence in the companies to obtain improper benefits for themselves, their spouses, parents, children, or any other person. (IV) To facilitate ethical corporate management, the Company has designed and established the accounting systems and internal control systems (including internal audit implementation rules) in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Firms" and "Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets". In addition, all accounting procedures are handled in accordance with the requirements of the Company's Accounting Systems. The Company's auditors shall perform audit matters in accordance with the company's internal control systems.	None
(V) Does the company organize on-job and off-job training with respect to ethical management on a regular basis?	V		(V) The Company shall plan and organize training courses related to ethical management on a regular basis. In 2021, it held online courses including legal advocacy on financial consumer protection and the principles of fair treatment of consumers, legal advocacy on ethical management, and legal advocacy on acts prohibited for the personnel of securities business, with approximately 2,583 persons participating in the training and approximately 3,615.8 total accumulated hours.	None
III. The state of implementation of the company's whistleblowing system: (I) Does the company adopt a concrete whistleblowing and reward system and establish a convenient reporting channel, and appoint dedicated personnel or	V		(I) The Company has established the "Whistleblowing System" which provides a reporting channel for whistle-blowers and builds a whistle-blower	None

Evaluation Item	State of Implementation			Any discrepancy from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such discrepancy
	Yes	No	Summary Description	
unit to handle the whistleblowing system?			<p>protection system. To effectively operate the whistleblowing system, the company has designated the Auditing Office with independence in exercise its powers to be the unit responsible for case acceptance and investigation.</p> <p>1. Where the evidence provided by the whistle-blower has been verified to be true, the rewards are as follows:</p> <p>(1) External individual: Depending on the situation, the President shall determine to give appropriate rewards; for bonuses or gifts worth more than NT\$10,000 (exclusive), the consent of the board of directors is required additionally.</p> <p>(2) Internal personnel: The rewards shall be given according to the company's personnel management rules.</p> <p>(3) Anonymous report: No reward shall be given.</p> <p>2. The Company discloses the whistle-blower mailbox (Official Website-Stakeholders-Whistle-blower Mailbox) and whistle-blower hotline on its website for external individuals and reporting forms on the Company's Intra as whistle-blower reporting channels.</p> <p>The above dedicated whistle-blower mailbox and whistle-blower hotline shall be managed under the overall management of the chief of the Auditing Office, and a proxy shall be set up.</p>	
(II) Does the company adopt standard operating procedures for accepting the investigation of reported misconduct, follow-up measures to be adopted after investigations of cases reported are completed, and relevant confidentiality mechanism?	V		<p>(II) The Company has formulated the standard operating procedures for the investigation and follow-up measures to be adopted after investigations of cases reported are completed in Article 6, and the relevant confidentiality mechanism in Article 5 of the "Whistleblowing System. It shall keep the whistle-blowers' identity confidential and not disclose information sufficient to distinguish their identity. The information and files provided by the</p>	None

Evaluation Item	State of Implementation			Any discrepancy from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such discrepancy
	Yes	No	Summary Description	
(III) Does the company adopt the measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistleblowing?	V		whistle-blowers shall be treated as confidential and encrypted for protection. The acceptance unit shall report the actions taken, follow-up measures, and response measures to the chairperson with the investigation report of the case. (III) The Company's relevant reporting rules and system have all specified the responsibility for absolute secrecy in the complaint case and the identity of the whistle-blower.	None
IV. Strengthening information disclosure Does the company disclose its ethical corporate management best practice principles and the effectiveness of promotion on the company website and the Market Observation Post System?	V		The Company's "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct" are all disclosed on the company website and the Market Observation Post System. (https://www.concords.com.tw/about/Company/announcements.htm)	None
V. If the Company has formulated its own Ethical Corporate Management Best Practice Principles in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies," please specify the state of the company's performance and any variance from its own Principles: None.				
VI. Other significant information that will provide a better understanding of the state of the company's implementation of ethical management: None.				

3.3.7 If the company has formulated the Corporate Governance Best Practice Principles and related regulations, it shall disclose how to look it up:

1. Market Observation Post System:

Corporate Governance\Formulating relevant procedures and rules for corporate governance\TPEx listed Companies, Stock Code: 6016

2. Company website:

he rules have been provided in the relevant rules and regulations of the “Corporate Governance Section” of the company website for investors inquiry and download.

Please refer to: <https://www.concords.com.tw/about/Company/announcements.htm>

3.3.8 Other significant information that will provide a better understanding of the state of the company's implementation of corporate governance may also be disclosed:

To establish sound procedures for internal control of material information and prevent improper data leakage and insider trading, the Company has formulated the “Internal Material Information Processing Procedures”, and has a dedicated unit regularly conduct awareness and educational activities for the company’s internal personnel. It also uploads these procedures to the company website for compliance by the company’s entire internal personnel to avoid any occurrence of insider trading.

Please refer to: <https://www.concords.com.tw/about/Company/announcements.htm>

3.3.9 The state of implementation of the company's internal control system:

1. A Statement on Internal Control:

Concord Securities Co., Ltd.
Internal Control System Statement
March 17, 2022

Base on the results of self-assessment of the Company's internal control system for the year of 2021, we hereby declare as follows:

- I. The Company acknowledge that the establishment, implementation and maintenance of an internal control system are the responsibility of its Board of Directors and management. The Company has established such a system for purpose of reasonably ensuring the objectives of the effectiveness and efficiency of operations (including profits, performance and safeguarding of asset security), reliability, timeliness, transparency, and regulatory compliance of reporting, and compliance with applicable laws, regulations, and bylaws.
- II. An internal control system, no matter how well designed, has inherent limitations and therefore can provide only reasonable assurance with respect to the accomplishment of the above objectives. Furthermore, because of changing conditions and circumstances, the effectiveness of an internal control system may vary over time. Notwithstanding, the internal control system of the Company contains self-monitoring mechanisms, and actions are taken to correct deficiencies as they are identified.
- III. The Company examined the design and effective implementation of its internal control system according to the criteria prescribed in "Guidelines for Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets" (hereinafter referred to the "Guidelines"). The criteria for an internal control system adopted in the "Guidelines" divide internal control into five constituents in line with the process of management control: 1. control environment, 2. risk assessment, 3. control activities, 4. information and communication, and 5. monitoring activities. Each constituent contains several criteria. Please refer to the "Guidelines" for details.
- IV. The Company has evaluated the design and effectiveness implementation of its internal control system in accordance with the above criteria.
- V. Based on the results of assessment as stated in Item IV, the Company believes, until December 31, 2021, that the design and implementation of its internal control system (including supervision and management of subsidiaries, and the whole implementation of cyber security), such as understanding the degree of achievement of operational effectiveness and efficiency objectives, the reporting of the company being reliable, timely, transparent, and complying with applicable rules, and applicable laws, regulations, and bylaws having been complied with, are effective except matters that list in the attachment, thereby reasonably ensuring the achievement of the above-mentioned objectives.
- VI. The Statement will be provided as the main content of the Company's annual report and prospectus and will be made public. Any false representation or concealment in the above content being made public shall be subjected to legal consequences as stipulated in Articles 20, 32, 171, 174 of the Securities and Exchange Act and Article 115 of the Futures Trading Act.
- VII. We also hereby declare that the Statement has been approved by the Board of Directors at the meeting held on March 17, 2022. Among the 11 directors attended, 0 person held objection, and the rest all agreed on the content of the Statement.

Concord Securities Co., Ltd.

Chairman: Cheng, Ta-Yu

President: Chiu, Jung-Chen

Internal auditing officer: Shih, Shu-Chen

Chief Information Officer: Chang, Jyh-Chian

Attachment

Concord Securities Co., Ltd. Internal Control System Matters to be Improved and Corrective Measures

(Record Date: December 31, 2021)

Matters to be Improved	Corrective Measures	Estimated Completion Time
<p>Taipei Exchange conducted audits on the Company on July 17, September 9, and September 10, 2020 and found deficiencies in the information security including the Company's Co-location (hereinafter referred to as the "Co-Lo") service only available to a specific person who was highly related to the system vendor without substantial control over the Co-Lo transaction host and retaining complete time records for accepting the customer's order, and loose settings for log and access control on the firewall set by the system. (A disciplinary warning and a fine of NT\$1,440,000 were imposed on the company as per Sanction No. Financial-Supervisory-Securities-Futures-Penalties-Zi-1100360648 dated March 4, 2021 of the Financial Supervisory Commission.)</p>	<ol style="list-style-type: none"> 1. The company currently suspends the Co-Lo service. If the business will be resumed in the future, it will be handled in accordance with the Company's "Guidelines for Using the Host Co-location Service", and the relevant visit records will be retained by quarters for the eligible customers. In the future, if there is a customer applying for Co-Lo service, the Company will also carefully evaluate the suitability for the customer to use Co-Lo service. 2. Review the company's current DMA business, all customer instruction records have been kept for five years in accordance with the regulations; 3. Review again the relevant logs of all important transaction hosts (including DMA, electronic trading systems, etc.), all the logs have been set to enable; 4. Review again the important transaction hosts (including DMA, electronic trading systems, etc.) within the domain, the requirement for changing the password regularly every three months has been met; 5. Review the current DMA business, the vendor has been requested to provide the source code security declaration; 6. Review again the firewall (including OA, electronic trading, B2B, etc.), all the access records have been enabled; 7. All hosts related to important transactions have been included in the vulnerability scanning and repair operations. 	<p>These improvements have been completed.</p>

Matters to be Improved	Corrective Measures	Estimated Completion Time
<p>Taiwan Stock Exchange along with Taipei Exchange sent officers to the Company for auditing on December 30 and 31, 2020, and found the following shortcomings:</p> <p>(I) The subsidiary Con Lian Asset Management Services Co., Ltd. (hereinafter referred to as the "CLAM") invested by the Company after participating in the establishment and cash capital increase of Hwa Ho Asset Management Co., Ltd. (formerly known as Concord Securities Asset Management Co., Ltd., the company name changed in 2013, hereinafter referred to as "Hwa Ho") in 2003 to 2019, the profit and loss of CLAM is recognized mainly from the profit and loss on investments of Hwa Ho, and the main business item of Hwa Ho are real estate development and trading, which was found in violation of the business scope of the invested investment asset management service company requested when the former Securities and Futures Commission, Ministry of Finance approved the Company's application for investment in CLAM, which should be in compliance with the Letter No. Taiwan-Finance-Securities-(II)-001501 dated March 7, 2002 (91), and had gone against the scope of the investments in domestic business by securities firms approved as per Order No. Financial-Supervisory-Securities-Zi-107032 0901 dated June 01, 2018 of the Financial Supervisory Commission.</p> <p>(II) The Company did not disclose its investment in Hwa Ho in the 2003 financial reports, did not disclose in detail the main business item of Hwa Ho it invested in the 2004 ~ 2010 Financial Report, and did not disclose the fact that in 2004 CLAM had engaged in loaning of funds to Hwa Ho in the Section of between Related-party Transactions and Loans to Others of the 2004 Financial Report.</p> <p>(III) The Company has the following</p>	<ol style="list-style-type: none"> 1. The subsidiary CLAM has reported to the Company with the Business Report, the Statement of Cash Flows, and the material for loaning of fund on a monthly basis since March 2021 and replied that no loans of funds or endorsements/guarantees were made. 2. By far, the Company has made no loans of funds to others; therefore, the Procedures for Loaning Funds to Others has not been made. It also requires all its subsidiaries to comply with the relevant regulations of the Company, so the subsidiary CLAM shall also not engage in making loans of funds to others. The Company proposed not to formulate the Procedures for Loaning Funds to Others accordingly. 3. The Company has assisted the subsidiary CLAM in completing the establishment of the necessary internal control system and relevant regulations before June 30. 4. The subsidiary CLAM has set up dedicated personnel for executing its finance or business, and the finance and business have been differentiated independently from those of Hwa Ho. 5. The Company's internal auditor has in accordance with the Internal audit Implementation Rules AM-19100, conducted annual audits on the supervision of the subsidiaries and the examination on the related parties for the parties of equity transactions, further strengthened the investigation on the related-party list generated from the "Related Party Register Data File" in the Company's system, and retrieved the "Related Party Identification Checklist" as the attachment. 	<p>The defect items listed on the left have all been improved, but the part of hiring a non-certified accountant to issue a special audit report, which is expected to be done in the second quarter of 2022.</p>

Matters to be Improved	Corrective Measures	Estimated Completion Time
<p>circumstance that it does not implement supervision and management on the subsidiary CLAM verified and found to be true:</p> <ol style="list-style-type: none"> 1. It did not acquire the Business Report, Cash Flow Monthly Report, and Loaning of Funds and Making of Endorsements/Guarantees Monthly Report of the subsidiary CLAM. 2. CLAM made loans to others, and the Company did not ask CLAM to formulate the Procedures for Loaning Funds to Others, document retention, and other necessary internal control systems. 3. The finance or business of CLAM and Hwa Ho cannot be differentiated independently from each other. 4. When the internal auditors conducted supervision on a subsidiary and other internal auditing procedures, they did not discover defects therein and supervise the subsidiary to build the internal control system. <p>(As per Letter No. Financial-Supervisory-Securities-Zi-11003639491 , Sanction No. Financial-Supervisory-Securities-Penalties-Zi-1100363949 dated October 06, 2021 of the Financial Supervisory Commission, the FSC imposed a fine of NT\$ 240,000 as a corrective measure, and the Company was asked to hire a non-certified accountant to issue a special audit report.)</p>		

Note: Any sanction with a warning or more severe punishment or a fine of NTD 240,000 or more imposed by the Financial Supervisory Commission for the current year should also be listed.

2. Where a CPA has been hired to carry out a special audit of the internal control system, furnish the CPA audit report.

INTERNAL CONTROL SYSTEM SPECIAL AUDIT

PWCR21019251

We have audited the accompanying statement of Concord Securities Co., Ltd. as at April 14, 2022 that it believed that the improved internal control systems of supervision and management of subsidiaries, investment in investee companies, and procedures for the acquisition or disposal of assets were effectively designed and implemented from Decemebr 1, 2021 to Feburary 28, 2022 after its own evaluation. Maintaining an effective internal control system and evaluating its effectiveness are the responsibility of the Company's management. Our responsibility is to express an opinion on the effectiveness of the Company's internal control systems and the above Company's Internal Control System Statements based on the special audits.

We conducted our special audits in accordance with the "Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets" and generally accepted auditing standards in the Republic of China to reasonably assure, in all material respects, whether the Company's foresaid internal control system maintains effectively. The special audits includes understanding the Company's internal control system, assessing the evaluation process for effectiveness of the internal control system by the Company's management, testing and evaluating the effectiveness of the design and implementation of internal control system, and other audit procedures that we deem necessary. We believe that our special audits provide a reasonable basis for our opinion.

Any internal control system has its inherent limitations so the Company's internal control systems described above may still be unable to prevent or detect mistakes or frauds that have occurred. In addition, the environment may change in the future and the degree of compliance with the internal control system may also decreased; therefore, the internal control system that is effective for the current period does not mean that it will be effective in the future.

As there were matters to be improved for Concord Securities Co., Ltd. during the special audits and the above findings were not materially defective, the attached recommendations were made for reference by Concord Securities Co., Ltd. to take corrective measures, and to serve as the basis for the management of Concord Securities Co., Ltd. to express an opinion.

In our opinion, the results of the special audits in accordance with the "Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets" show that the design and implementation of the internal control systems of supervision and management of subsidiaries, investment in investee companies, and procedures for the acquisition or disposal of assets from December 1, 2021 to Feburary 28, 2022, in all material respects, are maintained effectively. The statement of Concord Securities Co., Ltd. as at April 14, 2022 that the internal control systems of supervision and management of subsidiaries, investment in investee companies, and procedures for the acquisition or disposal of assets were effectively designed and implemented after its own evaluation, in all material respects, are deemed fair.

The purpose of the special audit report is only for reference by Concord Securities Co., Ltd. and the competent authority to the information required for understanding and assessing the internal control systems of supervision and management of subsidiaries, investment in investee companies, and procedures for the acquisition or disposal of assets.

WU, SHANG-TUN

For and on behalf of PricewaterhouseCoopers, Taiwan

April 20, 2022

3.3.10 If there has been any legal penalty against the company or its internal personnel, or any disciplinary penalty by the company against its internal personnel for violation of the internal control system, during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report, where the result of such penalty might have a material impact on shareholders' rights and interests or securities prices, the annual report shall disclose the penalty, the main shortcomings, and condition of improvement: None.

3.3.11 Material resolutions of a shareholders meeting or a board of directors meeting during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:

1. Summary and implementation of material resolutions of a regular shareholders meeting:

Material resolutions of the regular shareholders meeting on July 12, 2021:		
Proposal	Resolution Result	Implementation Status
Proposal for 2020 Financial Statements	The voting results showed 412,082,588 votes in favor (among which 10,967,300 votes in electronic form) accounted for 91.36% of the total attending shareholders' votes, 11,250 votes against (among which 11,250 votes in electronic form) accounted for 0.00% of the total attending shareholders' votes, and 38,978,611 abstention votes/no votes (among which 22,214,589 votes in electronic form) accounted for 8.64% of the total attending shareholders' votes, so the proposal was approved as the number of votes in favor exceeded the statutory number.	The relevant statements have been published and reported as required
Proposal for Distribution of 2020 Profits	The voting results showed 412,626,709 votes in favor (among which 11,512,421 votes in electronic form) accounted for 91.48% of the total attending shareholders' votes, 8,604 votes against (among which 8,604 votes in electronic form) accounted for 0.00% of the total attending shareholders' votes, and 38,437,136 abstention votes/no votes (among which 21,672,114 votes in electronic form) accounted for 8.52% of the total attending shareholders' votes, so the proposal was approved as the number of votes in favor exceeded the statutory number.	As the resolution adopted by the board of directors on July 29, 2021 the ex-dividend date and the distribution date of cash dividend were set on August 22, 2021 and September 10, 2021, respectively, with cash dividend of NT\$1.22 per share.
Amendment to the "Rules of Procedure for Shareholders' Meetings"	The voting results showed 454,510,455 votes in favor (among which 11,359,904 votes in electronic form) accounted for 95.41% of the total attending shareholders' votes, 11,331 votes against (among which 11,331 votes in electronic form) accounted for 0.00% of the total attending shareholders' votes, and 21,833,719 abstention votes/no votes (among which 21,821,904 votes in electronic form) accounted for 4.58% of the total attending shareholders' votes, so the proposal was approved as the number of votes in favor exceeded the statutory number.	The amendments have been published on the Company's website, and the company will operate in accordance with the amended "Rules of Procedure for Shareholders' Meetings".
Amendment to the "Procedures for Election of Directors"	The voting results showed 454,508,155 votes in favor (among which 11,357,244 votes in electronic form) accounted for 98.41% of the total attending shareholders' votes, 11,991 votes against (among which 11,991 votes in electronic form) accounted for	The amendments have been published on the Company's website, and the company will

Material resolutions of the regular shareholders meeting on July 12, 2021:		
Proposal	Resolution Result	Implementation Status
	0.01% of the total attending shareholders' votes, and 21,835,359 abstention votes/no votes (among which 21,823,904 votes in electronic form) accounted for 4.58% of the total attending shareholders' votes, so the proposal was approved as the number of votes in favor exceeded the statutory number.	operate in accordance with the amended "Procedures for Election of Directors".
Amendment to the "Articles of Incorporation"	The voting results showed 454,499,946 votes in favor (among which 11,349,035 votes in electronic form) accounted for 95.41% of the total attending shareholders' votes, 22,203 votes against (among which 22,203 votes in electronic form) accounted for 0.00% of the total attending shareholders' votes, and 21,833,356 abstention votes/no votes (among which 21,821,901 votes in electronic form) accounted for 4.58% of the total attending shareholders' votes, so the proposal was approved as the number of votes in favor exceeded the statutory number.	The amendments have been published on the Company's website, and the company will operate in accordance with the amended "Articles of Incorporation".
The 12th Election of Directors	<p>Director Election result:</p> <p>Zhong Yang Investment Co., Ltd. Representative: Cheng, Ta-Yu Elected with 268,109,090 votes</p> <p>Zhong Yang Investment Co., Ltd. Representative: Jinnder Chang Elected with 268,145,010 votes</p> <p>Zhong Yang Investment Co., Ltd. Representative: Lee, Chin-Shen Elected with 1,162,969 votes</p> <p>Tai Ming Development Co., Ltd. Elected with 228,888,165 votes</p> <p>SHIH KAI Investment Co., Ltd. Representative: Chen, Qiong-Ling Elected with 268,339,817 votes</p> <p>Te Yeh Investment Co., Ltd. Representative: Yang, Ming-Wang Elected with 268,063,036 votes</p> <p>Yuan Long Development Co., Ltd. Representative: Ma, Pei-Chun Elected with 267,212,462 votes</p> <p>Jia Yi Corp.: Tsai, Sung-Po Elected with 1,304,885 votes</p> <p>Huang, Tien-Chang was elected with 1,048,245,718 votes.</p> <p>Chang, Yao-Ren was elected with 1,046,115,665 votes.</p> <p>Huang, Hsiu Hui was elected with 1,046,352,521 votes.</p>	Has assumed office on July 12, 2021, and new directors have elected from among themselves the Chairman Cheng, Ta-Yu.
Lifting the Non-Compete Restriction on A Director	The voting results showed 473,835,915 votes in favor (among which 5,032,604 votes in electronic form) accounted for 87.02% of the total attending shareholders' votes, 6,336,850 votes against (among which 6,336,850 votes in electronic form) accounted for 1.16% of the total attending shareholders' votes,	The material information was also published on the MOPS.

Material resolutions of the regular shareholders meeting on July 12, 2021:		
Proposal	Resolution Result	Implementation Status
	and 64,357,816 abstention votes/no votes (among which 21,823,685 votes in electronic form) accounted for 11.82% of the total attending shareholders' votes, so the proposal was approved as the number of votes in favor exceeded the statutory number.	
Proposal for 2020 Financial Statements	The voting results showed 412,082,588 votes in favor (among which 10,967,300 votes in electronic form) accounted for 91.36% of the total attending shareholders' votes, 11,250 votes against (among which 11,250 votes in electronic form) accounted for 0.00% of the total attending shareholders' votes, and 38,978,611 abstention votes/no votes (among which 22,214,589 votes in electronic form) accounted for 8.64% of the total attending shareholders' votes, so the proposal was approved as the number of votes in favor exceeded the statutory number.	The relevant statements have been published and reported as required

2. Material resolutions of a board of directors meeting:

Meeting Session/Convening Date	Material Resolutions of Board of Directors Meeting
The 21st Meeting of the 11th Term Board of Directors March 11, 2021	<p>Case No. 1: 2020 Distribution of Remuneration to Employees and Directors</p> <p>Case No. 2: 2020 Individual Financial Statements and Consolidated Financial Statements</p> <p>Case No. 3: 2020 Business Report</p> <p>Case No. 4: Proposal for Distribution of 2020 Profits</p> <p>Case No. 5: Amendment to the "Rules of Procedure for Shareholders' Meetings"</p> <p>Case No. 6: Amendment to the "Procedures for Election of Directors"</p> <p>Case No. 7: The 12th Election of Directors</p> <p>Case No. 8: The Acceptance of Shareholder' Proposals by the Regular Shareholders' Meeting and Nomination of Director (Including Independent Director) Candidates</p> <p>Case No. 9: Matters on Convening 2021 Regular Shareholders' Meeting</p> <p>Case No. 10: Submission of the CPA Audit Report Issued by PwC Taiwan's CPAs on the Company's Internal Control System</p> <p>Case No. 11: Amendment to the Internal Control Systems of the Company's Securities Business</p> <p>Case No. 12: Internal Control System Statement, Anti-money Laundering and Countering Terrorism Financing Internal Control System Statement, and Overall Information Security Implementation Statement for the Year 2020</p> <p>Case No. 13: Reporting the Risk Management Qualitative Information for the Year 2020</p> <p>Case No. 14 Amendment to the "Regulations for Call (Put) Warrants Risk Management"</p> <p>Case No. 15 Financial Derivatives Department Business Locations Expansion</p> <p>Case No. 16 Amendment to the "Management Strategy and Operational Guidelines for Equity Derivatives Business"</p> <p>Case No. 17: Adding New Overseas Trading Securities Firm for Sub-brokerage Business</p> <p>Case No. 18: The Company's Parking Space for Rent</p> <p>Case No. 19: Amendment to the Regulations for the Organization of the Company</p>

Meeting Session/Convening Date	Material Resolutions of Board of Directors Meeting
	<p>Case No. 20: The Company's Financial Institution Loan Limits</p> <p>Case No. 21: Amendment to the "Regulations for the Distribution of Bonuses for Derivatives Business of the Fixed Income Department"</p> <p>Case No. 22: Proposal for ETF Products Investment To Be Included in the Original 2021 Authorized Risk Limits</p> <p>Case No. 23: Proposal for 2020 Annual Performance Bonus and Compensation to the Chairman</p> <p>Case No. 24: Adjustments to the Company's Meal Allowance</p> <p>Case No. 25: Personnel affairs</p>
The 22nd Meeting of the 11th Term Board of Directors April 15, 2021	<p>Case No. 1: Proposal for Adding 2021 Authorized Risk Limits of the Financial Derivatives Department</p> <p>Case No. 4: Proposal for the Change of Place for Convening 2021 Regular Shareholders' Meeting</p> <p>Case No. 8: Proposal for Distribution of 2020 Remuneration to Directors</p> <p>Case No. 9: Amendment to the "Articles of Incorporation"</p> <p>Case No. 10: Report of Implementation Status and Self Evaluation Table of the Principles of Fair Treatment of Consumers for the Year 2021</p> <p>Case No. 11: Proposal for Requesting the Board of Directors to Authorize the Chairman to on Behalf of the Company and Subsidiary Con Lian Asset Management Service Corp. Conduct Hwa Ho Asset Management Corp. Equity Sale</p> <p>Case No. 12: Personnel affairs</p>
The 23rd Meeting of the 11th Term Board of Directors April 21, 2021	<p>Case No. 1: Review on the Roster of Director and Independent Director Candidates Nominated by the Shareholders Holding 1% or More of the Total Number of Outstanding Shares Issued by the Company</p> <p>Case No. 2: Nomination of the Roster of Director (Including Independent Director) Candidates for the 2021 Election</p> <p>Case No. 3: Lifting the Non-Compete Restriction on Directors</p>
The 24th Meeting of the 11th Term Board of Directors May 6, 2021	<p>Case No. 1: 2021 Q1 Consolidated Financial Statements</p> <p>Case No. 2: Amendment to the Internal Control Systems of the Company</p> <p>Case No. 3: Amendment to the "Regulations for Call (Put) Warrants Risk Management" and Adjustment to 2021 Authorized Risk Limits of the Financial Derivatives Department</p> <p>Case No. 4: Amendment to the "Operational Guidelines for the Use of Funds Related to Structured Products"</p> <p>Case No. 5: Amendment to the "Regulations for Use of Foreign Currency Funds and Liquidity Risk Management"</p> <p>Case No. 6: The Company's Financial Institution Loan Limits</p> <p>Case No. 7: Amendment to the "Corporate Governance Best Practice Principles"</p> <p>Case No. 8: Amendment to the "Procedures for Board of Directors Meetings"</p> <p>Case No. 9: Amendment to the "Regulations for the Organization of Audit Committee"</p> <p>Case No. 10: Proposal for the Appointment of Directors and Supervisors of the Invested Subsidiary</p> <p>Case No. 11: Renewal of the House Lease Agreement between the Company and Concord Futures Corp.</p> <p>Case No. 12: Personnel affairs</p>
The 25th Meeting of the 11th Term Board of Directors June 25, 2021	<p>Case No. 1: The Company's Financial Institution Loan Limits</p> <p>Case No. 2: Amendment to the "Information Security Policy"</p> <p>Case No. 3: Extension of the Convening Date of the 2021 Regular Shareholders' Meeting</p> <p>Case No. 4: Amendment to the "Regulations Governing the Total Limit of</p>

Meeting Session/Convening Date	Material Resolutions of Board of Directors Meeting
	<p>Funds and Securities Loans”</p> <p>Case No. 5: Amendment to the “Regulations for Exchange Traded Fund Strategic Trading Risk Management”</p> <p>Case No. 6: Application for Working from Home</p> <p>Case No. 7: Amendment to the Internal Control Systems of the Company’s Securities Business</p> <p>Case No. 8: Official Car Rental for the Company’s Management</p> <p>Case No. 9: Application for the Total Limit of Single Customer Account at the Brokerage Dept.</p> <p>Case No. 10: Amendment to the “Principles for the Remuneration System of Brokerage Business Group Business Personnel”</p> <p>Case No. 11: Amendment to the “Brokerage Business Group Affairs Delegation of Authority”</p> <p>Case No. 12: Personnel affairs</p> <p>Case No. 13: Appointment of New Consultant</p> <p>Case No. 14: Remuneration to the 7th Term Chairman of the Subsidiary Con Lian Asset Management Service Corp.</p>
The 1st Meeting of the 12th Term Board of Directors July 12, 2021	Case No. 1: Election of the 12th Term Chairman of the Company
The 2nd Meeting of the 12th Term Board of Directors July 29, 2021	<p>Case No. 1: Appointment of the 5th Term Remuneration Committee Members</p> <p>Case No. 2: Appointment of the 7th Term Risk Management Committee Members</p> <p>Case No. 3: Procurement of RAYIN Trading System</p> <p>Case No. 4: Amendment to the Internal Control Systems of the Company’s Securities Business</p> <p>Case No. 5: Determining the Ex-dividends date and Distribute Date for Cash Dividends</p> <p>Case No. 6: Proposal for the Appointment of Directors and Supervisors of the Invested Subsidiary</p>
The 3rd Meeting of the 12th Term Board of Directors August 26, 2021	<p>Case No. 1: 2021 Q2 Individual Financial Statements and Consolidated Financial Statements</p> <p>Case No. 2: Amendment to the Internal Control Systems of the Company</p> <p>Case No. 3: Amendment to the “Brokerage Business Group Affairs Delegation of Authority”</p> <p>Case No. 4: Formulation of the Company’s “Stewardship Principles for Institutional Investors” and Signing the Compliance Statement of the “Stewardship Principles for Institutional Investors”</p> <p>Case No. 5: Proposal for “Cathay Private Equity Smart Technology Limited Partnership Fund”</p> <p>Case No. 6: Amendment to the Organizational Chart, Regulations for the Organization of the Company, and abolition of the Operational Management Committee</p> <p>Case No. 7 Supervisors of the Company’s Invested Subsidiary</p> <p>Case No. 8: Proposal for Remuneration to Directors of the 12th Term Board</p> <p>Case No. 9: Change of the Supervisor of Corporate Governance</p> <p>Case No. 10: Change of President of Concord Capital Management</p> <p>Case No. 11: Personnel affairs</p> <p>Case No. 12: Amendment to the “Regulations for Distribution of Employees’ Compensation”</p>
The 4th Meeting of the 12th Term Board of Directors September 29, 2021	<p>Case No. 1: Proposal for Increasing Notional Principal Not Held for Trading (FVOCI) Limit of the Fixed Income Dept.</p> <p>Case No. 2: Amendment to the Regulations Governing the Total Limit of Funds and Securities Loans</p> <p>Case No. 3: The Company’s Financial Institution Loan Limits</p>

Meeting Session/Convening Date	Material Resolutions of Board of Directors Meeting
	<p>Case No. 4: Amendment to the “Brokerage Business Group Affairs Delegation of Authority”</p> <p>Case No. 5: Adding New Overseas Trading Securities Firm for Sub-brokerage Business</p> <p>Case No. 6: Change of Branch Managerial Officer</p> <p>Case No. 7: Accounting Host Updates</p> <p>Case No.8: Change of Company Registered Address at the Ministry of Economic Affairs</p> <p>Case No. 9: Approval of the Remuneration to the 12th Term Chairman</p> <p>Case No. 10: Amendment to the “Appointed Managerial Officer Retirement Regulations”</p>
<p>The 5th Meeting of the 12th Term Board of Directors November 4, 2021</p>	<p>Case No. 1: 2021 Q3 Consolidated Financial Statements</p> <p>Case No. 2: Application for the Total Limit of Brokerage Dept. Customer’s Single Account</p> <p>Case No. 3: Amendment to the “Procedures for Board of Directors Meetings”</p> <p>Case No. 4: Distribution of 2020 Retention Bonus</p>
<p>The 6th Meeting of the 12th Term Board of Directors December 16, 2021</p>	<p>Case No. 1: Proposal for 2022 Budget</p> <p>Case No. 2: Evaluation on Independence and Suitability of the CPA</p> <p>Case No. 3: The Company’s Financial Institution Loan Limits</p> <p>Case No. 4: Application for 2022 Trading Limits and Risk Limits Allocation of Each Unit of Trading</p> <p>Case No. 5: Credit Limit of A Single Trading Counterparty for the Year 2022</p> <p>Case No. 6: Application for the Total Limit of Single Customer Account at the Brokerage Dept.</p> <p>Case No. 7: Renewal of the Company’s House Lease Agreement</p> <p>Case No. 8: The Company’s Parking Space for Rent</p> <p>Case No. 9: Report of 2022 Internal Audit Operation Inspection Plan</p> <p>Case No. 10: Application for Setting up A Start-up Company</p> <p>Case No. 11: Amendment to the “Standard Operating Procedures for Handling Requests from Directors”</p> <p>Case No. 12: Change in the Contract Fee for the Investment Consulting Service of Concord Capital Management Corp. Commissioned by the Company</p> <p>Case No. 13: Amendment to the “Affairs Delegation of Authority”</p> <p>Case No. 14: Policy and Strategy for Fair Treatment of Consumers</p> <p>Case No. 16: Report of the Business Risk Early Warning Operation Improvement Plan in August and September, 2021</p> <p>Case No. 17: Application for Stocks Listed from TPEx to TWSE for Trading</p> <p>Case No. 18: Proposal for Entrusting Stock Affairs to Grand Fortune Securities Co., Ltd.</p> <p>Case No. 19: Amendment to the “Principles for the Remuneration System of Brokerage Business Group Business Personnel”</p> <p>Case No. 20: Amendment to the “Principles for the Remuneration System of Wealth Management Department Business Personnel”</p> <p>Case No. 21: Amendment to the “Regulations for Distribution of Bonuses for Accepting, Handling, and Placing of Securities at the Underwriting Dept.”</p> <p>Case No. 22: Amendment to the “Regulations for the Distribution of Bonuses for Derivatives Business of the Fixed Income Department” and the “Regulations for the Development Expenses for Derivatives Business of the Fixed Income Department”</p> <p>Case No. 23: Amendment to the “Channel Consultation Bonuses for Discretionary Leverage Equity Options of the Financial Derivatives Dept.”</p>

Meeting Session/Convening Date	Material Resolutions of Board of Directors Meeting
	Case No. 24: Personnel affairs Case No. 25: Proposal for Appointment of Consultants Case No. 26: Consultant Bonuses
The 7th Meeting of the 12th Term Board of Directors January 12, 2022	Case No. 1: Application for the Ceiling on the Amount of Principal Guarantee Note (PGN) in 2022 for the Financial Derivatives Dept. and Fixed Income Dept. Case No. 2: The Company's Financial Institution Loan Limits
The 8th Meeting of the 12th Term Board of Directors February 9, 2022	Case No. 1: Proposal for the Appointment of Directors of the Invested Subsidiary Case No. 2: Compensation of the New Deputy Chairman of the Subsidiary Concord Futures
The 9th Meeting of the 12th Term Board of Directors March 17, 2022	Case No. 1: 2021 Distribution of Remuneration to Employees and Directors Case No. 2: 2021 Individual Financial Statements and Consolidated Financial Statements Case No. 3: 2021 Business Report Case No. 4: Proposal for Distribution of 2021 Profits Case No. 5: Amendment to the "Articles of Incorporation" Case No. 6: Amendment to the "Procedures for Acquisition and Disposal of Assets" Case No. 7: Matters on Convening 2022 Regular Shareholders' Meeting Case No. 8: Application for Non-Restricted Purpose Loan Business Case No. 9: Internal Control System Statement and Anti-money Laundering and Countering Terrorism Financing Internal Control System Statement for the Year 2021 Case No. 10: Amendment to the Internal Control Systems of the Company Case No. 11: Proposal for the Risk Management Qualitative Information for the Year 2021 to be Reported on the "Market Observation Post System" Case No. 12: The Company's Financial Institution Loan Limits Case No. 13: Report of Implementation Status and Self Evaluation Table of the Principles of Fair Treatment of Consumers for the Year 2022 Case No. 14: Amendment to the "Subsidiary Supervisory Operating Procedures" Case No. 15: Amendment to the "Regulations Governing Appraisals of Directors and Supervisors Appointed for Subsidiaries" Case No. 16: Amendment to the Regulations for Organizational Chart and the Regulations for the Organization of the Company Case No. 17: Proposal for Establishment of the Sustainable Development Committee and Formulation of the Organization Case No. 18: Amendment to the "Procedures for Board of Directors Meetings" Case No. 19: Amendment to the "Standard Operating Procedures for Handling Requests from Directors" Case No. 20: Amendment to the "Internal Material Information Processing Procedures" Case No. 21: Amendment to the "Procedures for Related-party Transactions" Case No. 23: Renewal of the House Lease Agreement between the Company and the Subsidiary Con Lian Asset Management Co, Ltd. Case No. 24: Compensation of Consultants Case No. 25: Personnel affairs

3.3.12 Where, during the most recent fiscal year or during the current fiscal year up to the

date of publication of the annual report, a director or supervisor has expressed a dissenting opinion with respect to a material resolution passed by the board of directors, and said dissenting opinion has been recorded or prepared as a written declaration, disclose the principal content thereof:

The 6th Meeting of the 12th Term Board of Directors (December 16, 2021)

Case No. 15: Proposal for Share Investment in Guoyuan Futures Co., Ltd. (China) This case will be held off according to the resolution of the 5th Meeting of the 3rd Term Audit Committee.

The Company's reaction to the Independent Directors' opinions: The proposal was consented to be withdrawn after the chairperson soliciting opinions of all the directors present at the meeting.

3.3.13 A summary of resignations and dismissals, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, of the company's Chairman, President, Accounting Officer, Financial Officer, chief internal auditor, Company Secretary, and chief research and development officer:

February 28, 2022

Title	Name	Date of Effective	Date of Publication	Remark
Company Secretary	Huang, Yi-Chen	May 8, 2019	October 1, 2021	resignation

3.4 Information Regarding the Company's Audit Fee and Independence

3.4.1 When non-audit fees paid to the certified public accountant, to the accounting firm of the certified public accountant, and/or to any affiliated enterprise of such accounting firm are one quarter or more of the audit fees paid thereto, the amounts of both audit and non-audit fees as well as details of non-audit services shall be disclosed:

Name of Accounting Firm	Name of CPA	CPA Audit Period	Audit Fees	Non-audit Fees	Total	Remark
Deloitte Taiwan	Chuang, Pi-Yu	Full-year of 2021	NT\$2,550 thousand	NT\$200 thousand	NT\$2,750 thousand	Note 1
	Huang, Hsiu-Chun					
Deloitte Taiwan	Jang, Yu-Wei	Full-year of 2021	—	NT\$300 thousand	NT\$300 thousand	Note 2
PwC Taiwan	Hsu, Lin-Shun	September and October in 2020	—	NT\$289 thousand	NT\$289 thousand	Note 3
	Yao, Ching-Ju					

Note 1: Non-audit Fees including Tax Compliance Audit.

Note 2: Non-audit Fees including CRS compliance operation and other professional fees.

Note 3: Non-audit Fees including internal control system special audit.

3.4.2 When the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year: None.

3.4.3 When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more: None.

3.5 Information on replacement of certified public accountant: None.

3.6 Where the company's chairperson, president, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm: None.

3.7 Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders

Title	Name	2021		The Current Year up to April 10	
		Increase (Decrease) in the Number of Shares Held	Increase (Decrease) in Shares Pledged	Increase (Decrease) in the Number of Shares Held	Increase (Decrease) in Shares Pledged
Director	Zhong Yang Investment Co., Ltd. (Note 1)	150,000	0	0	0
	Representative: Cheng, Ta-Yu	2,350,000	0	180,000	0
	Representative: Jinnder Chang (Note 1)	0	0	0	0
	Representative: Lee, Chin-Shen	0	0	0	0
Director	Tai Ming Development Co., Ltd. (Note 1)	3,319,000	0	140,000	0
	Representative: Li, Chuang-Yuan (Note 1)	0	0	0	0
Director	Sky Investment Corp. (Note 1)	0	0	0	0
	Representative: Chen, Qiong-Ling	0	0	0	0
Director	Jia Yi Corp.	0	0	0	0
	Representative: Tsai, Sung-Po	0	0	0	0
Director	Te Yeh Investment Co., Ltd.	0	0	0	0
	Representative: Yang, Ming-Wang	0	0	0	0
Director	Yuan Lung Construction and Development Co., Ltd.	0	0	0	0
	Representative: Ma, Pei-Chun	0	0	0	0
Independent Director	Chang, Yao-Ren	0	0	0	0
Independent Director	Huang, Hsiu-Hui	0	0	0	0
Independent Director	Huang, Tien-Chang	0	0	0	0
President	Chiu, Jung-Chen	0	0	0	0
Vice President	Ding, Yong-Kang	0	0	0	0
Vice President	Chen, Wei-Tung	0	0	0	0
Vice President	Chen, Chih-Hao	0	0	0	0
Vice President	Leu, Suh-Ling	0	0	0	0
Vice President	Wang, Hsiu-Ching	0	0	0	0
Vice President	Chiu, Chao-Shan	(11,000)	0	(5,000)	0
Vice President	Liao, Chi-Hung	(30,910)	0	(50,000)	0

Title	Name	2021		The Current Year up to April 10	
		Increase (Decrease) in the Number of Shares Held	Increase (Decrease) in Shares Pledged	Increase (Decrease) in the Number of Shares Held	Increase (Decrease) in Shares Pledged
Vice President	Chang, Jyh-Chian	(130,000)	0	0	0
Vice President	Liu, Pi-Yin	9,000	0	0	0
Vice President	Shih, Shu-Chen	0	0	0	0
Vice President	Tseng, Li-Kuo	(6,000)	0	(13,000)	0
Vice President	Cheng, Hung-Tai	0	0	0	0
Vice President	Yen, Chih-Lung	(59,000)	0	0	0
Vice President	Lin, Hsu-Sheng	0	0	0	0
Vice President	Tai, Tzu-Ling (Note 2)	-	-	0	0
Assistant Vice President	Yang, Kuang-Cheng	(18,446)	0	0	0
Assistant Vice President	Huang, Shih-Chang	0	0	0	0
Assistant Vice President	Ho, Po-Ming	0	0	0	0
Assistant Vice President	Huang, Yun-Chieh	(61,000)	0	0	0
Assistant Vice President	Pai, Cheng-Hsien	(18,000)	0	(53,000)	0
Assistant Vice President	Chen, Shu-Ling (Note 3)	(17,000)	0	(38,385)	0
Assistant Vice President	Lee, Yu-Ju	0	0	0	0
Assistant Vice President	Lin, Yin-Lung	(54,000)	0	(6,000)	0
Assistant Vice President	Chen, Ming-Wei	0	0	0	0
Assistant Vice President	Huang, Mei-Ling	0	0	0	0
Assistant Vice President	Lin, Szu-Yu	0	0	0	0
Assistant Vice President	Huang, Kai-Ming	(58,630)	0	0	0
Assistant Vice President	Wu, Chin-Chiu	0	0	0	0
Assistant Vice President	Shou, Ning-Ning	0	0	0	0
Assistant Vice President	Fu, Kun-Tai	0	0	0	0
Assistant Vice President	Wang, Hung-Chun	0	0	0	0
Assistant Vice President	Liang, Kai-Chieh	0	0	0	0
Assistant Vice President	Yang, Yung-Sheng	0	0	0	0
Assistant Vice President	Yao, Yi-Shan	0	0	0	0
Assistant Vice President	Ho, Chen-Che	(70,000)	0	0	0

Title	Name	2021		The Current Year up to April 10	
		Increase (Decrease) in the Number of Shares Held	Increase (Decrease) in Shares Pledged	Increase (Decrease) in the Number of Shares Held	Increase (Decrease) in Shares Pledged
Assistant Vice President	Hsu, Chun-Yang	0	0	0	0
Assistant Vice President	Tsao, Po-Hsuan	0	0	0	0
Assistant Vice President	Yang, Chen-Cheng	0	0	0	0
Assistant Vice President	Tsai, Wan-Chi	0	0	0	0
Assistant Vice President	Lai, Chueh-An	(20,000)	0	0	0
Assistant Vice President	Yu, Chung-Chang	0	0	0	0
Assistant Vice President	Yeh, I-Lin	0	0	0	0
Assistant Vice President	Chang, Chia-Chia (Note 4)	-	-	0	0
Assistant Vice President	Chen, Ju-Chuan (Note 5)	-	-	0	0
Manager	Yang, Yu-Hung	(45,315)	0	0	0
Manager	Hsu, Shu-Wen	0	0	0	0
Manager	Tseng, Li-Hung	(15,000)	0	0	0
Manager	Yang, Wen-Chung (Note 6)	(55,385)	0	0	0
Manager	Lin, Shih-Nung	(16,000)	0	(24,280)	0
Manager	Wang, Shiau-Perng (Note 7)	0	0	0	0
Manager	Chen, Chien-Hsun	0	0	0	0
Manager	Chen, Hong-Chien	0	0	0	0
Manager	Hsu, Wei-Lun	(15,000)	0	0	0
Manager	Wang, Mei-Chuan	0	0	(20,000)	0
Manager	Liao, Min-Hsiu (Note 8)	0	0	0	0
Manager	Huang, Ying-Jen (Note 9)	-	-	0	0

The counterparty of a share transfer or share pledge is a related party: None.

Note 1: Newly appointed on July 12, 2021.

Note 2: Newly appointed on April 1, 2022.

Note 3: Newly appointed on February 28, 2022.

Note 4: Newly appointed on January 3, 2022.

Note 5: Newly appointed on March 1, 2022.

Note 6: Discharge on March 6, 2022.

Note 7: Discharge on February 28, 2022.

Note 8: Newly appointed on May 10, 2021.

Note 9: Newly appointed on March 17, 2022.

3.8 Relationship among the Top Ten Shareholders

Record Date: April 10, 2022

Name	Number of Shares Held by the Person		Number of Shares Held by His/her Spouses, Children of Minor Age		Number of Shares Held through Nominees		If among the 10 largest shareholders any one is a related party, or is the spouse or a relative within the second degree of kinship of another, the company or personal names and their relationship		Remark
	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Company or Personal Names	Relationship	
Tai Yang Development Co., Ltd. Representative: Hsieh, Shu-Fu	29,453,406	4.96	-	-	0	0	None	None	None
	1,000	0	0	0	0	0	Kang Yu Investment Co., Ltd.	Chairman	None
Tai Ming Development Co., Ltd. Representative: Chang, Pei-Li	21,565,881	3.63	-	-	0	0	None	None	None
	5,491,902	0.92	0	0	0	0	None	None	None
Ta Tien Investment Co., Ltd. Representative: Hsiao, Hsiang-Ling	17,871,789	3.01	-	-	0	0	None	None	None
	14,132,060	2.38	0	0	0	0	Hsiao, Hsiang-Ling	The person herself	None
Hsiao, Hsiang-Ling	14,132,060	2.38	0	0	0	0	Ta Tien Investment Co., Ltd.	Chairman	None
Ting Yuan Investment Co., Ltd. Representative: Tsail, Chien-Chien	11,700,000	1.97	-	-	0	0	None	None	None
	0	0	0	0	0	0	None	None	None
Chang, Yi	11,591,839	1.95	0	0	0	0	None	None	None
Hong Chi Investment Co., Ltd. Representative: Lin, You-Heng	9,825,598	1.65	-	-	0	0	None	None	None
	491,139	0.08	0	0	0	0	None	None	None
Kang Lian Investment Co., Ltd. Representative: He, Chi-Jui	9,560,082	1.61	-	-	0	0	None	None	None
	992,068	0.17	0	0	0	0	None	None	None
Zhong Yang Investment Co., Ltd. Representative: Huang, Yao-Tung	9,518,603	1.60	-	-	0	0	None	None	None
	179,563	0.03	0	0	0	0	None	None	None
Kang Yu Investment Co., Ltd. Representative: Hsieh, Shu-Fu	8,854,122	1.49	-	-	0	0	None	None	None
	1,000	0	0	0	0	0	Tai Yang Development Co., Ltd.	Chairman	None

3.9 Ownership of Shares in Affiliated Enterprises:

As of March 31, 2022

Per Share ; %

Affiliated Enterprises	Ownership by the Company		Direct or Indirect Ownership by Directors, Supervisors, Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
Concord Capital Management Corp.	7,000,000	100.00	0	0	7,000,000	100.00
Concord Futures Corp.	78,005,571	95.71	496,214	0.61	78,501,785	96.32
Con Lain Asset Management Service Co., Ltd.	54,900,000	100.00	0	0	54,900,000	100.00
Hwa-Ho Asset Management Corp.	0	0	56,472,021	46.59	56,472,021	46.59
Concord Insurance Agency Co., Ltd.	2,500,000	100.00	0	0	2,500,000	100.00

Note: Refers to long-term Investments accounted for using equity method by the company

IV. Capital Overview

4.1 Capital and Shares

4.1.1 Capital and Shares:

Expressed in shares or NT\$

Year and Month	Issue Price	Authorized Capital		Paid-in Capital		Remark		
		Number of Shares	Amount	Number of Shares	Amount	Source of capital stock	Payments for shares by property other than cash	others
July 1990	10	200,000,000	2,000,000,000	135,600,000	1,356,000,000	The establishment	None	
June 1995	10	200,000,000	2,000,000,000	149,160,000	1,491,600,000	Capital increase through capitalization of earnings by 13,560,000 shares	None	
June 1996	10	200,000,000	2,000,000,000	152,143,200	1,521,432,000	Capital increase through capitalization of earnings by 1,789,920 shares Capital increase transferred from additional paid-in capital by 1,193,280 shares	None	
April 1997	17	200,000,000	2,000,000,000	200,000,000	2,000,000,000	Cash capital increase by 47,856,800 shares	None	
August 1997	10	264,000,000	2,640,000,000	216,000,000	2,160,000,000	Capital increase through capitalization of earnings by 16,000,000 shares	None	
June 1998	10	370,000,000	3,700,000,000	291,600,000	2,916,000,000	Capital increase through capitalization of earnings by 54,000,000 shares Capital increase transferred from additional paid-in capital by 21,600,000 shares	None	
August 1999	10	370,000,000	3,700,000,000	309,096,000	3,090,960,000	Capital increase through capitalization of earnings by 6,123,600 shares Capital increase transferred from additional paid-in capital by 11,372,400 shares	None	
May 2000	12	370,000,000	3,700,000,000	370,000,000	3,700,000,000	Cash capital increase by 60,904,000 shares	None	Per 2 February 2000 Issue No. Taiwan-Finance-Securities-(II)-11436
October 2000	10	605,000,000	6,050,000,000	429,400,000	4,294,000,000	Cash capital increase by 59,400,000 shares	None	Per 20 September 2000 Issue No. Taiwan-Finance-Securities-(II)-78118
February 2001	10	805,000,000	8,050,000,000	450,870,000	4,508,700,000	Capital increase through capitalization of earnings by 21,470,000 shares	None	Per 5 January 2001 Issue No. Taiwan-Finance-Securities-(II)-104787
July 2001	10	805,000,000	8,050,000,000	495,957,000	4,959,700,000	Capital increase through capitalization of earnings by 9,874,053 shares Capital increase transferred from additional paid-in capital by 35,212,947 shares	None	Per 20 June 2001 Issue No. Taiwan-Finance-Securities-(II)-139265
September 2001	10	805,000,000	8,050,000,000	478,506,000	4,785,060,000	Capital reduction via buyback treasury stocks nullifying by 17,451,000 shares	None	Per 10 September 2001 Issue No. Taiwan-Finance-Securities-(III)-154279
October 2001	10	805,000,000	8,050,000,000	459,006,000	4,590,060,000	Capital reduction via buyback treasury stocks nullifying by 19,500,000 shares	None	Per 19 October 2001 Issue No. Taiwan-Finance-Securities-(III)-164781
January 2002	10	805,000,000	8,050,000,000	447,326,000	4,473,260,000	Capital reduction via buyback treasury stocks nullifying by 11,680,000 shares	None	Per 2 January 2002 Issue No. Taiwan-Finance-Securities-(III)-177130

Year and Month	Issue Price	Authorized Capital		Paid-in Capital		Remark		
		Number of Shares	Amount	Number of Shares	Amount	Source of capital stock	Payments for shares by property other than cash	others
June 2002	10	805,000,000	8,050,000,000	445,419,000	4,454,190,000	Capital reduction via buyback treasury stocks nullifying by 1,907,000 shares	None	Per 2 April 2002 Issue No. Taiwan-Finance-Securities-(III)-109651
August 2002	10	805,000,000	8,050,000,000	477,900,675	4,779,006,750	Capital increase through capitalization of earnings by 32,481,675 shares	None	Per 10 July 2002 Issue No. Taiwan-Finance-Securities-II-0910137803
October 2002	10	805,000,000	8,050,000,000	472,900,675	4,729,006,750	Capital reduction via buyback treasury stocks nullifying by 5,000,000 shares	None	Per 18 October 2002 Issue No. Taiwan-Finance-Securities-III-091015671
November 2002	10	805,000,000	8,050,000,000	467,900,675	4,679,006,750	Capital reduction via buyback treasury stocks nullifying by 5,000,000 shares	None	Per 11 November 2002 Issue No. Taiwan-Finance-Securities-III-0910160880
August 2003	10	805,000,000	8,050,000,000	486,493,975	4,864,939,750	Capital increase transferred from additional paid-in capital by 18,593,300 shares	None	Per 1 July 2003 Issue No. Taiwan-Finance-Securities-(II)-0920129195
October 2003	10	805,000,000	8,050,000,000	482,747,975	4,827,479,750	Capital reduction via buyback treasury stocks nullifying by 3,746,000 shares	None	Per 11 November 2003 Issue No. Jing-Shou-Shang-Zi-09201332290
December 2003	10	805,000,000	8,050,000,000	478,058,975	4,780,589,750	Capital reduction via buyback treasury stocks nullifying by 4,689,000 shares	None	Per 11 November 2003 Issue No. Jing-Shou-Shang-Zi-09201306110
March 2004	10	805,000,000	8,050,000,000	477,343,975	4,773,439,750	Capital reduction via buyback treasury stocks nullifying by 715,000 shares	None	Per 26 March 2004 Issue No. Jing-Shou-Shang-Zi-09301051720
September 2004	10	805,000,000	8,050,000,000	500,421,875	5,004,218,750	Capital increase through capitalization of earnings by 15,231,414 shares Capital increase transferred from additional paid-in capital by 7,846,486 shares	None	Per 10 August 2004 Issue No. Financial-Supervisory-Securities-(II)-Zi-0930135581
December 2004	10.5	805,000,000	8,050,000,000	505,517,104	5,055,171,040	Concord I Convertible Bond convertible into 5,095,229 shares	None	Per 17 January 2005 Issue No. Jing-Shou-Shang-Zi-09401008390
June 2005	10	885,000,000	8,850,000,000	505,117,104	5,051,171,040	Capital reduction via buyback treasury stocks nullifying by 400,000 shares	None	Per 7 July 2005 Issue No. Jing-Shou-Shang-Zi-09401119740
August 2005	10	885,000,000	8,850,000,000	525,266,404	5,252,664,040	Capital increase through capitalization of earnings by 20,149,300 shares	None	Per 21 July 2005 Issue No. Financial-Supervisory-Securities-II-Zi-0940129683
July 2007	10	885,000,000	8,850,000,000	525,645,890	5,256,458,900	Concord I Convertible Bond convertible into 379,486 shares	None	Per 21 July 2007 Issue No. Jing-Shou-Shang-Zi-09601176590
October 2007	10	885,000,000	8,850,000,000	546,656,586	5,466,565,860	Capital increase through capitalization of earnings by 21,010,696 shares	None	Per 8 August 2007 Issue No. Financial-Supervisory-Securities-II-Zi-0960042207
November 2007	10	885,000,000	8,850,000,000	614,358,228	6,143,582,280	Concord I Convertible Bond convertible into 67,701,642 shares	None	Per 20 November 2007 Issue No. Jing-Shou-Shang-Zi-09601283760
December 2008	10	1,500,000,000	15,000,000,000	655,425,090	6,554,250,900	Capital increase through capitalization of earnings by 33,098,665 shares Capital increase transferred from additional paid-in capital by 7,968,197 shares	None	Per 6 November 2008 Issue No. Financial-Supervisory-Securities-II-Zi-0970058942
September 2010	10	1,500,000,000	15,000,000,000	681,642,190	6,816,421,900	Capital increase through capitalization of earnings by 26,217,100 shares	None	Per 20 July 2010 Issue No. Financial-Supervisory-Securities-Zi-0990037797
September 2011	10	1,500,000,000	15,000,000,000	691,866,890	6,918,668,900	Capital increase through capitalization of earnings by 5,453,200 shares Capital increase transferred from additional paid-in capital by 4,771,500 shares	None	18 July 2011 Issue No. Financial-Supervisory-Securities-II-Zi-1000033360

Year and Month	Issue Price	Authorized Capital		Paid-in Capital		Remark		
		Number of Shares	Amount	Number of Shares	Amount	Source of capital stock	Payments for shares by property other than cash	others
November 2011	10	1,500,000,000	15,000,000,000	691,803,792	6,918,037,920	Capital reduction via buyback treasury stocks nullifying by 63,098 shares	None	Per 7 November 2011 Issue No. Jing-Shou-Shang-Zi-10001252050
May 2013	10	1,500,000,000	15,000,000,000	688,336,792	6,883,367,920	Capital reduction via buyback treasury stocks nullifying by 3,467,000 shares	None	Per 17 June 2013 Issue No. Jing-Shou-Shang-Zi-10201109000
March 2016	10	1,500,000,000	15,000,000,000	658,336,792	6,583,367,920	Capital reduction via buyback treasury stocks nullifying by 30,000,000 shares	None	Per 31 March 2016 Issue No. Jing-Shou-Shang-Zi-10501062990
September 2016	10	1,500,000,000	15,000,000,000	633,336,792	6,333,367,920	Capital reduction via buyback treasury stocks nullifying by 25,000,000 shares	None	Per 26 September 2016 Issue No. Jing-Shou-Shang-Zi-10501232630
November 2017	10	1,500,000,000	15,000,000,000	613,336,792	6,133,367,920	Capital reduction via buyback treasury stocks nullifying by 20,000,000 shares	None	Per 1 November 2017 Issue No. Jing-Shou-Shang-Zi-10601148290
October 2018	10	1,500,000,000	15,000,000,000	646,080,316	6,460,803,160	Capital increase through capitalization of earnings by 31,552,850 shares Capital increase transferred from additional paid-in capital by 1,190,674 shares	None	Per 3 October 2018 Issue No. Jing-Shou-Shang-Zi-10701125440
January 2019	10	1,500,000,000	15,000,000,000	626,080,316	6,260,803,160	Capital reduction via buyback treasury stocks nullifying by 20,000,000 shares	None	Per 9 January 2019 Issue No. Jing-Shou-Shang-Zi-10801002250
March 2019	10	1,500,000,000	15,000,000,000	606,080,316	6,060,803,160	Capital reduction via buyback treasury stocks nullifying by 20,000,000 shares	None	Per 25 March 2019 Issue No. Jing-Shou-Shang-Zi-10801033380
August 2019	10	1,500,000,000	15,000,000,000	623,722,726	6,237,227,260	Capital increase transferred from additional paid-in capital by 17,642,410 shares	None	Per 13 August 2019 Issue No. Jing-Shou-Shang-Zi-10801106980
January 2020	10	1,500,000,000	15,000,000,000	610,322,726	6,103,227,260	Capital reduction via buyback treasury stocks nullifying by 13,400,000 shares	None	Per 8 January 2020 Issue No. Jing-Shou-Shang-Zi-10901001190
March 2020	10	1,500,000,000	15,000,000,000	590,322,726	5,903,227,260	Capital reduction via buyback treasury stocks nullifying by 20,000,000 shares	None	Per 19 March 2020 Issue No. Jing-Shou-Shang-Zi-10901047100
September 2020	10	1,500,000,000	15,000,000,000	594,454,986	5,944,549,860	Capital increase transferred from additional paid-in capital by 4,132,260 shares	None	Per 10 September 2020 Issue No. Jing-Shou-Shang-Zi-10901162860

Types of Shares	Authorized Capital			Remark
	Outstanding Shares (TPEX listed)	Unissued Shares	Total	
Registered Common Shares	594,454,986 shares	905,545,014 shares	1,500,000,000 shares	None

Relevant information on shelf registration: None.

4.1.2 Shareholder structure

April 10, 2022

Shareholder Structure Quantity	Government Agency	Financial Institution	Other Legal Person	Natural Person	Foreign Institution or Foreigner	Total
Number of Persons	0	1	204	55,787	79	56,071
Number of Shares Held	0	1,806	157,018,031	418,764,019	18,671,130	594,454,986
Shareholding Percentage %	0	0	26.41	70.45	3.14	100.00

4.1.3 Dispersion of equity ownership

April 10, 2022

Shareholding Group	Number of Shareholders	Number of Shares Held	Shareholding Percentage %
1 to 999	27,300	2,828,911	0.48
1,000 to 5,000	18,082	42,563,528	7.16
5,001 to 10,000	4,819	38,318,617	6.45
10,001 to 15,000	1,657	20,875,081	3.51
15,001 to 20,000	1,163	21,586,751	3.63
20,001 to 30,000	1,084	27,932,746	4.70
30,001 to 40,000	487	17,309,483	2.91
40,001 to 50,000	349	16,235,302	2.73
50,001 to 100,000	616	44,250,622	7.44
100,001 to 200,000	252	35,074,162	5.90
200,001 to 400,000	131	35,539,669	5.98
400,001 to 600,000	57	28,418,540	4.78
600,001 to 800,000	17	12,226,149	2.06
800,001 to 1,000,000	9	8,316,898	1.40
1,000,001 or more	48	242,978,527	40.87
Total	56,071	594,454,986	100.00

Note: The Company did not issue preferred shares.

4.1.4 List of the top 10 major shareholders

April 10, 2022

Share Name of Principal Shareholder	Number of Shares Held	Shareholding Percentage %
Tai Yang Development Co., Ltd.	29,453,406	4.96
Tai Ming Development Co., Ltd.	21,565,881	3.63
Ta Tien Investment Co., Ltd.	17,871,789	3.01
Hsiao, Hsiang-Ling	14,132,060	2.38
Ting Yuan Investment Co., Ltd.	11,700,000	1.97
Chang, Yi	11,591,839	1.95
Hong Chi Investment Co., Ltd.	9,825,598	1.65
Kang Lian Investment Co., Ltd.	9,560,082	1.61
Zhong Yang Investment Co., Ltd.	9,518,603	1.60
Kang Yu Investment Co., Ltd.	8,854,122	1.49

4.1.5 Provide share prices for the past 2 fiscal years, together with the company's net worth per share, earnings per share, dividends per share, and related information:

Item \ Year		2020 (Distribution in 2021)	2021 (Distribution in 2022)	The Current Fiscal Year up to March 31, 2022
Price Per Share (Note 1)	Highest	NT\$14.70	NT\$19.65	NT\$15.35
	Lowest	NT\$5.80	NT\$11.10	NT\$12.60
	Average	NT\$10.27	NT\$16.21	NT\$14.32
Net Worth Per Share (Note 2)	Before distribution	NT\$13.82	NT\$14.93	NT\$14.49
	After distribution	NT\$12.60	Note 8	Not Applicable
Earnings Per Share	Weighted average number of shares (thousand shares)		594,455	594,455
	Earnings (Loss) per share (Note 3)	Before adjustment	NT\$1.83	NT\$2.33
		After adjustment	NT\$1.83	Note 8
Dividend Per Share	Cash dividend		NT\$1.22	Note 8
	Stock dividend distribution	Stock dividend from retained earnings	None	Note 8
		Stock dividend from additional paid-in capital	None	Note 8
	Accumulated dividend in arrears (Note 4)		None	Note 8
Return on Investment Analysis	Price-to-earnings ratio (Note 5)		5.61	6.96
	Price-to-dividend ratio (Note 6)		8.42	Note 8
	Cash dividend yield ratio (Note 7)		12%	Note 8

Note 1: The highest, lowest and the average market price per share: Setting forth the highest and lowest market price per share of common stock for each fiscal year. And calculating each fiscal year's average market price based upon each fiscal year's actual transaction prices and volume.

Note 2: Using the number of the outstanding issued shares at year end as the basis and the result of distribution adopted at the shareholders' meeting in the next year for calculation.

Note 3: If any retroactive adjustment as a result of stock dividend distribution and other situations is necessary, the earnings per share before and after adjustment shall be provided.

Note 4: If the terms and conditions of issuance of the equity securities stipulate that the dividends not distributed for the then current year may be accumulated and not distributed until the year in which profits are earned, the Accumulated dividend in arrears up to the then current fiscal year.

Note 5: Price-to-earnings ratio = Average closing price per share of the then current fiscal year / earnings per share

Note 6: Price-to-dividend ratio = Average closing price per share of the then current fiscal year / cash dividend per share

Note 7: Cash dividend yield ratio = Cash dividend per share / average closing price per share of the then current fiscal year

Note 8: The proposal for distribution of 2021 profits has not been resolved by the shareholders' meeting up to the date of publication of the annual report for that year

4.1.6 Company's dividend policy and implementation thereof:

1. Dividend policy:

After closing of accounts, if there is any surplus, the Company shall first pay tax, make up losses for the preceding years, and then set aside reserve as follows:

- I. 10% for legal reserve
- II. 20% for special reserve

Where such legal reserve amounts to the total paid-in capital, this provision shall not apply. After setting aside or reversing another sum as special reserve in accordance with the law and regulation, the remaining if any together with the accumulated unappropriated earnings in the preceding years shall be distributed as shareholders' dividends after the board of directors prepares the proposal for distribution of profits and submits it to the shareholders meeting for review and approval by a resolution on distribution of dividends to shareholders.

The Company's dividend policy conforms to current and future development plans, taking both into consideration the investment environment, future capital needs, domestic and foreign competition, and shareholders' rights and interests, not less than 50% of the distributable profit for the current year shall be appropriated as distribution of dividends to shareholders. Where the accumulated distributable earnings are less than 0.5% of the paid-up capital, the dividends may not be distributed. The dividends to shareholders may be distributed in cash or stock, among which, the cash dividends shall not be less than 10% of the total dividends.

2. Implementation status:

The Company's distribution of 2021 profits is proposed as follows:

Cash dividend: An appropriation of NT\$921,405,230 is proposed, at NT\$1.55 per share.

3. If a material change in dividend policy is expected, provide an explanation: None.

4.1.7 Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting: None.

4.1.8 Compensation of employees and directors:

1. The percentages or ranges with respect to employee and director compensation, as set forth in the company's articles of incorporation.

If there is profit at the end of each fiscal year, the Company shall have 1% to 2% of profit distributable as employees' compensation, which may be distributed in the form of shares or in cash by a resolution to be adopted by the board of directors. The employees entitled to receive shares or cash include the employees of parents or subsidiaries of the company meeting certain specific requirements. The company shall appropriate not more than 5% of the above profit for remuneration to directors by a resolution to be adopted by the board of directors. The distribution of employees' compensation and remuneration to directors shall be reported to the shareholders meeting.

If there are accumulated losses in the previous years, the Company's accumulated losses shall have been covered first, and then the remaining shall be appropriated to employees' compensation and remuneration to directors according to the ratios as mentioned above.

2. The basis for estimating the amount of employee and director compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

The basis for estimating the amount of employee and director compensation is as follows:

The Company appropriated 1% to 2% and not more than 5% of the net income before tax for the current year before deduction of employees' and directors' compensation as the employees' and directors' compensation, respectively.

3. Information on any approval by the board of directors of distribution of compensation:

The employees' and directors' compensation for the year of 2021 were NT\$31,477,000 and NT\$81,177,000, respectively, by a resolution adopted by the board of directors meeting on

March 17, 2022, which were both distributed in cash.

4. The actual distribution of employee and director compensation for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee, director, or supervisor compensation, additionally the discrepancy, cause, and how it is treated:

There is no discrepancy between the amount for employee and directors' compensation for 2020 by resolution of the board of directors and the recognized amount in the parent company only financial statement for 2020.

Any change occurred in the amount after date of publication of the annual parent company only financial statement will be treated according to the changes in accounting estimates and recorded after adjustments in the next year.

For information on the Company's employees' and directors' compensation by resolution of the board of directors, please visit the "Market Observation Post System" of the Taiwan Stock Exchange.

4.1.9 Status of a company repurchasing its own shares: None.

4.2 Bonds: None.

4.3 The status of issue and private placement of preferred shares: None.

4.4 Global Depository Receipts: None.

4.5 Employee Stock Options: None.

4.6 Status of New Shares Issuance in Connection with Mergers and Acquisitions: None.

4.7 Financing Plans and Implementation: None.

V. Operational Highlights

5.1 Business Activities

5.1.1 Scope of business

1. Description of major lines of business

- Brokerage trading of securities on a centralized securities exchange market
- Proprietary trading of securities on a centralized securities exchange market
- Brokerage trading of securities at its place of business
- Proprietary trading of securities at its place of business
- Underwriting of securities
- Securities borrowing and lending business
- Securities margin purchase and short sale business
- Brokerage trading of foreign securities
- Operation of securities related futures introducing broker business
- Securities stock affairs agency business
- Wealth management business
- Derivatives business approved by the competent authority
- Other securities-related business approved by the competent authority
- For details about the main lines of business of each subsidiary, please refer to P. 112-114.

2. The percentage out of the entire company business

Percentages of the consolidated company's operating revenues during the past 2 fiscal years are listed as follows: (Expressed in thousands of NT\$)

Department	2021		2020	
	Amount	Percentage %	Amount	Percentage %
Brokerage Department	2,500,335	58.16	1,844,109	55.23
Proprietary Trading Department	1,686,784	39.24	1,401,316	41.97
Underwriting Department	89,201	2.08	64,182	1.92
Other Departments	22,525	0.52	29,382	0.88
Total	4,298,845	100.00	3,338,989	100.00

3. Services of major lines of business

(1) Brokerage Department

- Brokerage trading of securities on a centralized securities exchange market
- Brokerage trading of securities on an over-the-counter market
- Securities borrowing and lending business
- Proprietary margin purchase and short sale business
- Brokerage trading of foreign securities
- Futures Trading Assistance business
- Sale of foreign funds

(2) Underwriting Department

- TWSE/TPEX listing planning and counseling services
- Securities commissioning or underwriting services
- Planning, evaluation, and underwriting of the offering and issuance of securities
- Corporate financial strategy planning and consulting services
- Business mergers and acquisitions
- Emerging stock recommending securities firms business
- GISA expert business
- Other underwriting related business

(3) Proprietary Trading Department

- Proprietary trading of securities on a centralized securities exchange market
- Proprietary trading of securities on the TPEX
- Futures hedging

- (4) Fixed Income Dept.
 - Outright trading of bonds
 - Repurchase agreement/reverse repurchase agreement of bonds
 - Bond investment advisory services
- (5) Financial Derivatives Department
 - Issuance of call (put) warrants and hedging
 - Issuance of equity derivatives and hedging
 - Derivatives R&D and trading
- (6) Wealth Management Department
 - Providing customers with professional financial advice on wealth management
 - Providing customer with asset allocation and financial planning services
- 4. New products (services) planned for development:

The Company will apply for separate account ledgers to provide customers with diversified services.

5.1.2 The overall business environment and trends for the industry the company is in:

1. Analysis of the overall business environment:

In 2021, thanks to the ultra-low interest rates, extremely loose monetary policies, and the forces of fiscal stimulus, the global economy is bidding farewell to the economic slowdown affected by the pandemic in 2020 and seeing the fastest growth since 2015 in 2021. Among which, the U.S. and emerging markets have fully recovered the economic losses brought about by the pandemic in 2020, mainly driven by China's economic growth. On the other hand, in 2021, Taiwan's economy has benefited from vigorous exports and investments and the high growth trend has continued since the second half of the 2020, with economic growth expecting to rise by 6%, the fastest growth since 2013.

Looking forward to 2022, markets are paying close attention on COVID-19 becoming like the influenza, the global major central banks signaling to tighten monetary policy under rising pressure from inflation, and the force of which the Chinese government's steady growth under the economy downturn. At the beginning of 2022, Omicron raged around the world, and the number of confirmed cases in the world repeatedly hit new highs. Thanks to significantly improved vaccine coverage and the lower severity of Omicron, the severity and mortality rates have not significantly increased. However, the absolute number of cases is too high, resulting in a large increase in the number of hospitalizations and forcing European countries to implement strict blockade measures. With the rapid administration of the third dose of the COVID-19 vaccine, this pandemic wave should be better controlled in the first quarter of 2022. The WHO predicts that the new coronavirus pandemic will end in 2022, and people around the world can expect to return to their pre-pandemic lives.

In terms of monetary policies of the world's major central banks, with supply chain bottlenecks and rising energy prices, the annual growth rate of the U.S. CPI soared recently; in January 2022, the U.S. CPI rose to 7.5% year-on-year, hitting a new high in nearly 40 years. The Fed worries that excessive inflation will jeopardize the steady recovery of the economy and the job market. Fed Chairman J. Powell said at the congressional testimony meeting on January 11 that if inflation accelerates, the Fed has to increase the number of times it raises interest rates, adding that it may start shrinking the balance sheet later this year, indicating that the Fed is significantly accelerating its pace of monetary policy tightening this year. Nevertheless, we think that before the Fed starts shrinking the balance sheet, there are some variables needed to be observed: 1. whether the new coronavirus pandemic can officially become like the flu; 2. China's economic slowdown has been blamed for dragging down the pace of U.S. interest rate increases in 2015~2016, which also happens today, so it remains to be seen whether China's economic growth will stabilize in the second quarter of 2022 or even after that. Therefore, we believe that the time when the Fed will start shrinking the balance sheet is more likely to fall in the second half of 2022. Regarding the ECB, the ECB's statement issued after its meeting in early February 2022 has not seen much change. However, ECB President Lagarde at the press conference implied she would no longer insist on the note that

it is unlikely to raise interest rates in 2022, showing that the ECB is likely to start the cycle of raising interest rates in the fourth quarter of 2022.

As for China's economy, with the launch of "Three Red Lines" in the second half of 2020, the real estate industry accounting for 20-30% of China's total economic output faced severe downturn pressure in the second half of 2021, and on top of that, with "Common Prosperity" goal, the Chinese government has tightened regulations on e-commerce, education, and other industries, dragging down China's economic growth. However, at a time when China's economy is facing severe downward pressure, in December 2021, the Central Economic Work Conference set the tone for the economic work in 2022: "maintaining stability is of top priority; seeking progress while maintaining stability; all regions and units should take responsibility for stabilizing the macro economy; actively introducing policies that are conducive to economic stability in all aspects". The Central Financial and Economic Affairs Commission Deputy Director even explained that "stabilizing the macro economy is not only an economic issue but also a political issue". We expect that under the influence of the policy, China is expected to stabilize its economic growth in the second quarter of 2022.

In Taiwan's economy, which has benefited from the proper control of coronavirus, Taiwanese businessmen returning to invest in Taiwan, TSMC's heavy investment in capital expenditure, and with the global chip shortage, the demand for chips shipments from Taiwan's semiconductor factories surging, the Directorate-General of Budget, Accounting and Statistics said that Taiwan's economy is expected to grow 4.15% in 2022, down from 6.09% in 2021 though, it still constantly remains higher economic growth within the late 10 years. However, it is necessary to pay attention to the impact on the economy and financial markets from monetary policies being tightened too soon by major central banks in the world because of rising inflationary pressure.

Overview of industrial trends

Looking back at 2021, although the pandemic slowed down for a while as countries began to administer vaccines, countries also gradually loosened the prevention and control measures. However, affected by the constant mutation of coronavirus and the emergence of new variants of Delta and Omicron, the world still cannot have a full recovery in economic and trade and international exchanges. Although the pandemic situation in Taiwan eased in 2020, the number of local confirmed cases soared in May 2021. Taiwan stock market plunged 1,417 points on May 12, marking the worst intraday drop in history. Since then, the country moved to the pandemic alert level 3, which once caused the market panic. However, with companies reporting profits and the bargaining chip and funds favoring continuous stabilization of Taiwan stocks, the stock index started to rebound, with the annual index rising by 3486.31 points or 23.66%, closing at 18,218.84. The total stock market value of TWSE/TPEx listed companies hit a record high again for three years in a row, reaching NT\$62.1 trillion. The daily average trading volume in the centralized market increased significantly by 95% compared with 2020, reaching NT\$391.461 billion, and the daily average trading volume (exclusive of bonds) in the OCT market increased by 63% to NT\$86.346 billion, both setting all-time highs. The total trading value (exclusive of bonds) of the centralized and OTC markets reached NT\$115.8 trillion, which was also a record breaker. In terms of MSCI Value Weighted Indexes, Taiwan's weight was 16.37% in the MSCI Emerging Markets Index, 18.56% in the MSCI Asia Pacific (exclusive of Japan) Index, and 1.91% in the MSCI World Market Index. Last year, although the total amount of TWSE/TPEx listed stocks oversold by foreign investors exceeded NT\$454 billion during the whole year, significantly oversold for two consecutive years, the Taiwan stock market, which was still mainly affected by changes in the overall international situation and industry fundamentals, saw a consolidated sales revenue of the TWSE/TPEx listed companies of NT\$40.91 trillion in 2021, an annual increase of 16.2%, hitting a record high. Therefore, in terms of domestic industry fundamentals, the momentum was quite strong, with the support of the overall domestic capital injection and investors' confidence in the future, Taiwan stocks remained an outstanding performance.

Looking forward to 2022, after the global economic growth rebounded by 5.9% last year, this year, because of the rapid spread of the variant virus Omicron hanging over the globe, coupled with inflation, increased geopolitical tensions, and shortages of goods and materials. The pace of recovery is expected to slow down this year. Therefore, the International Monetary Fund (IMF) has projected the global economic growth rate in 2022 is expected to be around 4.9%. In December 2020, the FSC has officially launched the five strategies of the "Capital Market Roadmap". In 2022, in addition to continuously promoting the securities firms to develop investment banking business, including advancing the role of direct finance for securities firms, driving asset management business, loosening regulations on sub-brokerage and OSU business, improving the effect of the use of funds by securities firms, and promoting securities firms to develop diversified financial products, it also plans information sharing among financial institutions, pushes the information and communication security management strengthening measures of the TWSE/TPEX listed companies and securities firms, opens up for the securities firms to conduct the other-interest-oriented securities trust business, and strengthening disclosure of ESG information with the Corporate Governance 3.0 -Sustainable Development Roadmap, all will make the business development of securities firms more diversified and provide more products and services for investors in an effort to build sustainable development and international competitiveness.

2. The status and development of the industry

As of the end of December 2021, there were 959 companies listed on the TWSE, with a market capitalization of approximately NT\$7,385.3 billion and 788 companies listed on the TPEX, with a market capitalization of approximately NT\$760.9 billion in Taiwan's securities market. The TWSE-listed securities market has a P/E ratio of 14.94 and a turnover rate of 176.6%, and the TPEX-listed securities market has a P/E ratio of 23.93 and a turnover rate of 397.01%. In Taiwan's futures and options market, there were a total of 392,202,371 contracts traded in 2021.

Number of Securities Business Service Providers for the Three Most Recent Years

Item	Number of Securities Firms		Securities Dealers	Securities Underwriters	Securities Brokers	Investment Trust Enterprises	Investment Consulting Enterprises	Taiwanese Branches of Foreign Securities Firms	
	Headquarters	Branches						Branches	Offices
2019	106	853	75	58	71	39	84	24	0
2020	105	848	74	58	70	39	85	23	0
2021	105	849	74	58	70	39	86	24	0

Overview of Securities Trading for the Three Most Recent Years

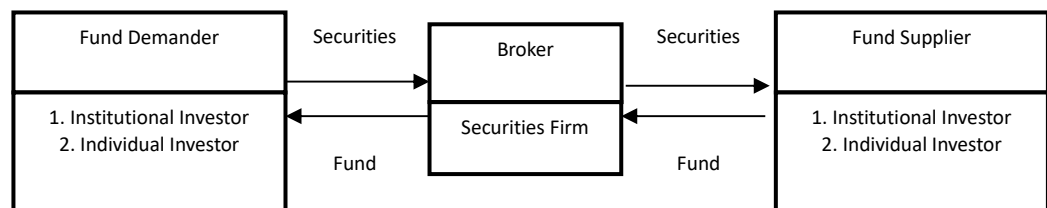
Expressed in 100 million of NT\$.

Year	TWSE-listed Company			TPEX-listed Company			Trading Value of Beneficiary Certificates	Trading Value of Bonds
	Number of Companies	Trading Value	Trading Volume (100 million shares)	Number of Companies	Trading Value	Trading Volume (100 million shares)		
2019	942	264,646	5,202	775	76,075	1031.79	100	446,771
2020	948	456,543	9,068	782	120,871	1611.53	116	406,042
2021	959	922,900	14,975	788	202,760	2,427.68	53	291,714

In 2021, the nation's securities firms reported net profit of NT\$105.427 billion, an increase of NT\$46.971 billion compared with the same period in 2020, up 80.35%. Although the Taiwan stock market tumbled at one time in May due to the impact of the COVID-19 pandemic on the country, with strong performance of shipping stocks and overall technology stocks driven by the pandemic, Taiwan stocks had been going up all the way since the second quarter. The stock trading volume in the market increased significantly; in 2021, the index had surged by

more than 20% again since 2020. At the end of the year, the stock market closed at a new record high of 18218.84 points, making it the largest bull market in the past decade, and leading to substantial amount of profit from the dealership and brokerage business. The net income of the dealership business has increased by NT\$15.385 billion (around 111.61%) compared with the same period last year. In 2021, the Taiwan stock market created a number of records: the annual trading volume reached NT\$95.51 trillion at the centralized securities exchange market and NT\$20.06 trillion at the over-the-counter market, the monthly day trading accounted for more than 30% at both markets, the daily number of day trading accounts exceeded 100,000, the number of newly opened accounts increased to 770,000 persons in the whole year, and the number of traders rose to NT\$5.5 million, all setting new historical records. Looking forward to 2022, the Legislative Yuan has passed the third reading on the Securities Transaction Tax and extended the halving of securities transaction tax for day trading shares to December 13, 2024. The TWSE loosening the revenue calculation criteria on applying for the listing of stocks on the Innovation Board, the Securities Association launching the tax for risk-hedging warrant, and fight for opening up sub-brokerage financing, securities lending, optimizing separate account ledgers and building the one-account management mechanism, strengthening information security and other measures will contribute to the overall momentum in the Taiwan stock market, achieving the effect of the active market and helping securities firms increase the sources and opportunities for making profit.

3. The links between the upstream, midstream, and downstream segments of the industry supply chain:



4. Development trends and competition for the company's products.

(1) Brokerage business

Looking back at the growth of the overall market trading volume in 2021, the daily average volume of the TWSE-listed stocks in 2021 was NT\$391.461 billion on average, a 95% increase from NT\$200.743 billion in 2020, and the daily average volume of the TPEx-listed stocks was NT\$86.346 billion on average, a 63% increase from NT\$52.719 billion in 2020. In 2021, the Company's brokerage market share rate reached 1.01%, with an average margin purchase of NT\$6.709 billion and a margin purchase market share of 2.1%, and the total income of the four wealth management businesses in 2021 was NT\$29,021 thousand. The brokerage business made a profit of NT\$0.583 billion, a record high in the last decade. The Company takes innovation as the core strategy for its brokerage business. It conducts R&D on the electronic trading system with increased computing speed, and the state-of-the-art "Fast Earn" system gradually evolved and updated year after year, to significantly reduce the process and time for customers to place orders. The trading volume of customers using such function to place an order has grown from NT\$0.012 billion with the "Fast Earn 1.0" in January 2018 to NT\$10.5 billion with the "Fast Earn 4.0" in December 2021. Meanwhile, the Company also launched the "Dr. Securities" mobile long-term order and "Thousand Dollar Stock Depositor" odd-lot deposit advanced order, enabling customers to have more flexibility in investments without keeping an eye on stock quotes and the fear of missing out on good prices. With innovative functions and services, coupled with organizational reengineering and digital marketing, the business can have a better grasp of investment trends and customer needs, bringing in younger salespersons and customers to enhance the company's competitiveness across the board.

(2) Dealership business

Looking back at 2021, the weighted index rose by 3486.31 points from 14732.53 points at the end of 2020, and closed at 18218.84 points, an increase of 23.7%. The TPEx index also rose from 184.1 points closed at the end of 2020 to 237.55 points closed at the end of 2021, an increase of 53.45 points and about 29%.

In 2021, with the trend of ultra-low interest rates pushing up asset valuation, the Proprietary Trading Dept. adopted the flexible approach of positive principle adjusting investment strategy, actively review the individual stocks with low valuation and the industry trend showing signs of bottoming out and examine quarterly the influence of risk variables and changes in profit and loss in the position on the company's profits, adopting a high price with low purchase trading strategy. It strengthens the risk management of treasury stocks and overall shareholding levels to avoid the impact of risks and uncertainties in market fluctuations and international political and economic situations and adjusts the risk exposure to an acceptable level; as a result, the profit in 2021 has steadily increased and the company's profit target has been achieved.

(3) Underwriting business

There were a total of 28 companies in listed for the first time on TWSE/TPEx in 2021. The TWSE/TPEx-listed companies raised a total of NT\$160.2 billion all year in 2021; among which, NT\$29.8 billion raised in IPOs (initial public offerings), NT\$44 billion from cash capital increase, and NT\$86.4 billion from convertible bonds. In 2021, despite the challenges of recurrent COVID-19 waves, supply chain crises, and sharply rising inflation, Taiwan's capital market has shown resilience and stable growth. Small- and medium-sized securities firms should develop their own competitive niches and combine external resources to maintain their competitive advantage in the capital market. The underwriting business will continuously strive for high-quality domestic and foreign customers to provide them with counseling services for going public while obtaining stable profits from the perspective of investment banks and assist in raising funds in the capital market for customers who have been listed on the TWSE/TPEx. It will explore the targets with investment value in the emerging market to create profit.

(4) Financial derivatives business

In 2021, there were a total of 52,824 warrants issued in the warrant market, an increase of 10,793 warrants compared with 42,031 warrants in 2020. The Company issued 979 warrants in 2021, an increase of 590 warrants compared with 389 warrants in 2020.

In 2021, the total trading amount of the warrant market was NT\$844.7 billion, an increase of 28.86% compared with NT\$655.5 billion in 2020. The Company's trading amount was NT\$11.874 billion in 2021, a massive increase of 94.94% compared with NT\$6.901 billion in 2020.

In 2021, the discretionary leverage equity options business brought in an annual contract trading amount of NT\$15.501 billion, accounting for 24.4% of the overall market, an increase of 0.9% compared with NT\$15.35 billion in 2020.

(5) Bond business

- a. Market overview: The actual issuance amount of central government bonds in 2021 was NT\$617 billion, an increase of approximately NT\$82 billion compared with NT\$535 billion issued in 2020. In addition, Taiwan's central bank maintained its interest rate policy in 2021 due to the stable economic growth after the pandemic, with a rediscount rate of 1.125%, a rate on accommodations with collateral of 1.5%, and a short-term accommodation rate of 3.375%, and at the December meeting raised its 2021 forecast for gross domestic product growth to 6.03%. In 2022, the COVID-19 cases have slowed down, and the global economy has continued to expand. At the end of 2022, the Directorate General of Budget, Accounting and Statistics forecast Taiwan's GDP growth to 4.15% in 2022.
- b. Industry analysis: In 2021, the global economy rebounded from the pandemic, tight supply chains and rising energy prices further increased inflation. The international bond market faced pressure, followed by the Taiwan's bond market in response, with a bid yield of 1.15% on Taiwan 30-year government bonds. The auction result was

higher than expected as banking industry accounted for 54.5%, securities industry accounted for 11.17%, bill finance industry accounted for 2%, and insurance industry accounted for 32.33%. Although the demand for investment portfolio allocation still existed; however, the overseas bond yields rebounded, followed by Taiwan bond yields with different maturity periods also rising. The 10-year bond yield closed at 0.7225%, and the 5-year yield increased to 0.63%. For now, the central banks in many countries tend to tighten monetary policies, and the expectation to raise interest rates are going up, which lead more pressure faced by the bond market.

- c. Market positioning: in 2021, the financial market was still struck by COVID-19, with the global vaccination coverage increasing; however, the economy was expanding. The risks of inflation and Fed policy tightening because of the ever-changing pandemic would bring pressure to bear on the bond market. The adoption of loose monetary policy by global central banks has reached the end, and the risk of a potential rise in interest rates is getting higher. The proprietary trading of the Fixed Income Dept. will focus on changes in the yield curve, cautiously control the risk, and fulfill the responsibility of the securities firm to create market liquidity.

(6) Concord Futures

The development of digital finance has become a famous study in the financial sector, which provides customers with a better and friendly experience when opening an account. The Company is expected to complete the establishment of digital account opening over the counter in 2022, using electronic entry instead of handwriting work and papers to save the time required for customers to open an account at the counter, thereby improving service quality and efficiency for customers.

(7) Concord Capital Management

Concord Capital Management's business strategies for 2021 emphasized diversified business development and integrated marketing as well as multiple channels. In addition to constantly extending the offshore fund general agency business, it began to conduct private placement of offshore funds conforming to regulatory easing. It also strived to act as an administrative assistant role in Taiwan for offshore fund companies and built business partnerships with a number of offshore fund companies in the past year. In the traditional offshore fund general agency business, Concord Capital Management actively establishes new distribution channels including banks, life insurance companies, securities firms, online platforms, and institutional investors. Among them, online platforms sales momentum increased significantly, showing that the business strategies of Concord Capital Management meet e-generation customers' preference for investment. In addition, to expand its breadth of customer services, Concord Capital Management built the investment research department in early 2020 to provide high-quality research reports to customers with the perspective of gaining a foothold Taiwan and the whole world in view.

In 2021, Concord Capital Management invested considerable resources in the development of new types of business and channel expansion, resulting in an increase in operating costs and losses in the company's business. Looking ahead to 2022, As the professional offshore funds general agent, of Concord Capital Management will continue to develop a comprehensive brand fund product line, increase distribution channels, and serve as an administrative assistant for foreign asset management companies in the hope of regaining profitability as soon as possible.

(8) Con Lian Asset Management Asset

The company is mainly engaged in business management consulting and asset management services, and will steadily develop existing business.

(9) Concord Insurance Agency

Life insurance:

Life insurance environment:

The capital market has been a big bull market since 2020, which supports the strong buying of investment-linked policies. Under the influence of the decrease in the interest rate used for liability reserves, the increase in the threshold of life insurance death coverage, and implementation of the declared interest rate stabilization mechanism, plus

the condition that the Contractual Service Margin (CSM) should not be negative, the domestic insurance market has been forced to raise the premiums for all types of insurance. The "premium cliff" phenomenon has begun to appear in the market the year before last year. With the Level 3 alert for COVID-1 implemented by the government in May 2021 placing insurance agents in-person meetings with customers at a disadvantage followed by a weak performance of traditional insurance policies, the overall "First Year Premium" of the life insurance industry in 2021 was only NT\$731.53, an annual decrease of 6.7%, which has declined for two consecutive years.

2022 Business development plans:

- a. Looking forward to 2022, the performance of investment-linked products has reached a peak in 2021 and is facing the requirement for improving investment targets rating upgrade. As the U.S. Fed's interest rate hike is approaching, the U.S. interest rate sensitivity policies have become new popular products in the market. With the main products of U.S. interest rate sensitivity policies supplemented by participating policies, in addition to continuing to retain existing customers, the company provides asset inheritance and retirement planning products for high-asset customers group to help our customers in inheriting assets and ensuring a high-quality retirement life in order for a stable business operation.
- b. We will continuously promote medical insurance to cover the risks of medical expenses of the customers, providing customers with comprehensive insurance plans by strengthening colleagues' competence in medical insurance planning,
- c. and introduce financial inclusion insurance products in compliance with the FSC and enhancing the nationals' insurance protection via small amount whole life insurance, enable insurance to form the backbone of social stability

Non-life insurance:

Despite the raging COVID-19 pandemic in 2021, the annual growth rate of the cumulative written premiums in the non-life insurance industry in 2021 was still exceeding 10%. In addition to voluntary insurance, COVID insurance and vaccine insurance are also one of the main types of insurance driving premium growth.

The non-life insurance industry is devoted to using AI technology to provide innovative services. The non-life insurance company which the Company acts as an agency has integrated AI technology into the service line, and first creates the customer service "AI Voice Robot". Some companies also have launched the "Real-time Living Text Service Platform" and the "Digital Complaint System". In addition to service mobility and insurance claim mobility, as the industrial environment and demand in the market are constantly changing, the scenario-based and fragmented insurance have emerged, and non-life insurance accelerates the digital transformation, thereby further enhancing service quality and strengthening competitive advantage.

The Company specializes in securities channels and has begun to sell non-life insurance since September 1, 2021. Our sales focus on basic products such as automobile insurance and personal accident insurance, with hot sales of COVID policies and vaccine insurance in response to the market environment. Residential earthquake insurance is supplemented to increase basic protection for customers, followed by the launch of pet insurance and other emerging products in expectation of developing different customer groups through marketing activities.

In addition, given the advent of the Internet era and the rapid development of digital technology, the enterprises are more vulnerable to cyber hacking. In response to increasing cyber security threats, the Company provides cyber security insurance to assist customers in effectively strengthening corporate governance and transferring risks.

2022 Business development plans:

In view of the one-year coverage period and the premiums normally paid on a one-time basis for non-life insurance policies With the determination of working hard to increase securities customer stickiness and quality of service, Concord Insurance Agency will provide insurance renewal/expiration notification in a systematic manner, combined with

local services, we expect to continue to deep plough new (renewal) insurance business services and create a regular income. The company will strengthen insurance competencies and solicitation quality of the overall sales personnel through education and training, supplemented by easy-to-understand propaganda. It expects itself to become the most trusted insurance service brand for customers.

The Company will take innovation as the core strategy for its brokerage business and conducts R&D on the electronic trading system to increase computing speed. The “Dr. Securities” mobile long-term order and “Thousand Dollar Stock Depositor” odd-lot deposit advanced order will enable customers to have more flexibility in investments without keeping an eye on stock quotes and the fear of missing out on good prices. The Fixed Income Dept. plans to increase the options position of convertible bonds, which can not only expand the breadth of investment targets, but also reduce credit risk and improve the linkage between the overall position and the major index. The Underwriting Dept. as the lead underwriter has signed contracts with FLAME DRAGON and FAR EAST MEDICAL ELECTRONICS for domestic IPO, as co-underwriter has completed cases for IPO with Forward Science, JET OPTO, and Grand Fortune Securities, and has guided OFUNA TECH for listing on the emerging stock market, which has been approved by the Taipei Exchange Review Committee in February 2021. In 2021, the market share of underwriting business (IPO, SPO) was 0.63%, ranking 22nd, and in December 2020, the market share of the emerging stock recommended securities firms trading market was 0.98%, ranking 13th. The Company will continue to cultivate relationships with TWSE/TPEx listed companies (including emerging market companies and Go-incubation Board for Startup and Acceleration Firms) to provide customers with comprehensive services. Facing the advent of the digital era, the Company will continue to actively improve financial services and innovative technology, extend the depth and breadth of digital marketing, develop across-the-board financial products and services based on collaboration across business including securities, futures, investment advisory, and insurance agency, and assist business development and risk control by utilizing the system R&D advantage and professional capabilities. In the future, the Company will also look for multiple strategic partners to create diversified income and strengthen the capital structure. This year it will continuously require all business units to adjust their business structure and improve profitability to gradually build up a stable and profitable Concord.

5.1.3 An overview of the company's technologies and its research and development work:

The securities industry is a financial franchise industry. New types of products can only be launched after obtaining approval a license in accordance with the regulations of the competent authority, so the disclosure matters on technologies and R&D work does not apply to the securities industry.

5.1.4 The company's long- and short-term business development plans:

1. long- and mid-term business development plans

- (1) Improve revenue and profitability: Continue to focus on core business, make good use of the company's operating advantages to create differentiated asset management services, and help customers make the most comprehensive investment and financial planning
- (2) Develop Fintech strength: Actively recruit professional IT talents, emphasize financial technology innovation, and provide customers with more diversified and quality product selection and customized services
- (3) Strengthen risk management capabilities: Ensure risk management, information security, and legal compliance to ensure the effective implementation of internal control
- (4) Improve management effectiveness: Strengthen personnel education and training, optimize operational processes, to reach the company's optimum operating scale
- (5) Upgrade services: Provide customers with digital financial services
- (6) Fulfill the responsibility of sustainable development: Build the company's ESG culture, fulfill the corporate social responsibility and sustainable development, and display enterprise value

2. Short-term business development plans

Brokerage business: Regard risk control, wealth management, digital marketing, and

organization re-engineering as the four development focuses; expand the growth and transformation of each business; increase high-quality financing assets; focus on the development of four main business of wealth management: insurance business, securities lending, sub-brokerage, and funds; strengthen bank and securities cross-industry alliance to develop new accounts, form a group of youth warriors, in expectation of the profits of brokerage business reaching the pinnacle

Digital marketing: Launch a platform exclusive for novice investors (Concord Fun Investment), through a vivid and easy-to-understand interface make order placement simpler, significantly reduce the time spent on exploring functions on the interface through intuitive operation, and continue the 【New Golden Diamond - Dollar-cost Averaging Triple Investments】 and further advance it, first create the “Dollar-cost Averaging - Smart Allocation”, provide corresponding investment methods by monitoring price rise and fall And through a user-friendly interface, help investors to quickly understand, within the extent of their expected return on investment, what are the right individual stocks to invest in, and exit in a timely manner as risks rise to strengthen risk control; participate in the evaluation of professional digital financial awards with Concord Fun Investment, and raise the share of voice in the market by award winning, highlighting the company’s unique values

Underwriting business: Conduct IPO & SPO dual business, in the case of IPOs from abroad, actively develop niche markets such as Japan, Vietnam and other areas; in the case of domestic IPOs, integrate ESG concepts to win over domestic and foreign high-quality customers for them to go public with our counseling services, and explore the targets with investment value in the emerging market to obtain stable profits For fundraising and financial advisory businesses, continue to focus on core customers and their invested companies, and provide comprehensive services to maintain the company’s position in the underwriting market and become the best financing partner for enterprise transformation and development

Dealership business: As global interest rates are expected to rise apparently in 2022, the Proprietary Trading Dept. will proactively examine whether there are overvalued stocks vulnerable to rising interest rates under its investment portfolios, and continue to include them in the cyclical group, and implement reverse ETF hedging, in order to control the market risk exposure in pursuit of optimizing the return, and to reduce future damage to the company’s profits from market fluctuations or major domestic and foreign accidents, and when the economy turns around and the stock market is going up, the company's profits can be steadily increased.

Fixed income business: Based on the existing bond business, develop the platforms for new types of products, in order to expand profit-making sources and diversify business risks Considering the international reality, as the global economy gets rid of shadows of COVID-19, and in many countries central banks are tightening policy, the risk of rising interest rates has increased. The company thus will diversify its products to effectively control the risk. Therefore, in addition to keeping stable and profitable proprietary trading of bonds, the company will gradually expand the asset pool of foreign currency product to improve the overall return and continue to develop the platforms for new types of business. In the future, it will participate in domestic and overseas bond underwriting business, open RP/RS trade of foreign currencies, hedging through futures, establishing positions in foreign currency bonds, and implementing business risk management.

Financial derivatives business: Warrant market making business, ETF market making business, and discretionary leverage options market making business are development focuses of the Financial Derivatives Department this year. Ever since the Company’s self-developed warrant market making new system was put into operation, in addition to significant improvement in market-making quality, this

year it will continue to strengthen system defense and automatic hedging function to increase the profit of warrant business. Regarding the ETF market-making business, the company will actively sign participant agreements and liquidity provider contracts with multiple securities investment trust enterprises and develop relevant trading systems to improve order placement efficiency. Through ETF market-making and discount/premium transactions, the company can reduce the fluctuations in proprietary trading income and generate more stable revenue. As for the discretionary leverage options business, the company will focus on expanding the customer base of general investors and legal entities. In addition to staying at the top of the trading volume, it will also launch the "FUN Investment Website New Golden Diamond Stock Depositor" to actively expand channel promotion, and thereby doubling the trading volume. Looking forward to the future, the company will continue to strengthen R&D and services of the financial derivatives business. In addition to warrants business, it will also actively expand the market scale of the discretionary leverage equity options business and ETF strategic transactions. With the business philosophy of focusing on the R&D of derivatives and the development of low-risk strategic transactions, accompanied by a sound risk control system, it is expected to become a stable and profitable business for the company.

Wealth management business: The company engages in the business items including the basic "Domestic and Foreign Funds", "Securities Lending", and "Sub-brokerage " services; besides, it works with Concord Insurance Agent Corporation to conduct marketing, adding "Insurance" as the main promoting business, so as to provide customers with one-stop shopping, full-service, and robust financial services.

Offshore Securities Unit business: In the future, the OSU will expand the business of foreign currency bonds and derivatives business, provide customers with multiple product choices, and increase stable sources of income while strengthening the quality of positions it holds, reducing the risk of volatility, and achieving concrete results through diversified business and system platforms.

Logistics administrative unit: Improving work efficiency of colleagues, providing the most comprehensive, support services with effectively cost control to maintain the stability of the company's operations.

Concord Futures: Perform inspections on internal control system, education and training of supervisors, and personnel cultivation-regulatory system, fair treatment of consumers, anti-money laundering, etc., account opening reform-developing digital account opening over the counter, preparing rules and regulations as well as SOP improvement and exercise, optimize KYC, digitalize money laundering control act supporting operations, fully update the official website, optimize the salesperson self entry system, develop risk control and order placement functions of brokerage Flash, host activities to support IB's promotion of overseas futures, organize the business challenge competition to boost business momentum, hold promotional campaigns with philanthropic activities and public welfare for ESG implementation practice.

Concord Capital Management: The four major programs will be adopted by Concord Capital Management to raising the existing fund sales amount and raise the company's operating income sources and stability.

- a. Expand fund product line, continuously apply for approval of new funds; also strive to be the general agent of other fund companies and progressively involve privately offered funds and other consulting services
- b. Develop multiple distribution channels and products, continuously add new distribution channels and products, and strengthen cooperation plans with e-commerce and new technology sales agency
- c. Increase brand awareness of agency funds in Taiwan through innovative marketing strategies
- d. Boost fund sales through effective external and internal incentive programs

- e. Actively seek the recommendation of consultants on the public offering or private placement products by local investment trust companies for the first time
- f. Strengthen the life insurance's and the bank's own funds linking to the funds of which Concord Capital Management is the agency

Concord Insurance Agency: Adapting to environmental changes and market trends, adjust the product portfolio, enhance personnel cultivation and develop a more user-friendly insurance operating system; follow the established information security management system and personal information management system to continuously advance internal control indicators, provide customers with sound insurance plans from multiple perspectives base on the interest rate sensitivity personal insurance products supplemented by participating personal insurance products, medical insurance, and non-life insurance, build a solid safety net for customers to achieve operational stability and make profits

5.2 Market and Sales Overview

5.2.1 Market analysis

1. The geographic areas where the services of the company are provided and supplied

- (1) Main service items and service targets:

A. Main service items:

Providing investors broker services on a centralized securities trading market or an over-the-counter market

Providing counseling services for companies to go public and assisting companies in utilizing the capital market to raise funds needed for business development

Providing investors to engage in repurchase agreement/reverse repurchase agreement of bonds

Providing investors with securities lending and borrowing services

Other business approved by the authority

B. Service targets:

The company's service targets are mainly domestic and foreign corporate bodies and general investing public with business locations in Taiwan's major metropolitan areas.

- (2) Regions where the operating revenue of the Company's brokerage business for 2021 come from and market share

Region	Operating Revenue		Market Share (%)
	Amount (thousands of NT\$)	Percentage (%)	
North Region	1,244,800	67.64	0.72
Central & South Regions	595,560	32.36	0.29
Total	1,840,360	100.00	1.01

2. The company's market share, demand and supply conditions for the market in the future, the market's growth potential

Currently, the FSC plans to allow domestic securities and futures institutions to set up subsidiaries in mainland China, and the Taipei Exchange has relaxed qualifications for emerging Pioneer Stock Board stocks natural persons qualified investors at the beginning of the year to invigorate the trading of stocks on the Pioneer Stock Board, and has relaxed the qualification requirements for natural person qualified investors in the new board stocks on the emerging strategic board at the beginning of the year. And in addition to continuing to conducting financial business-driven optimizations in accordance with the "Capital Market Roadmap" announced in 2020, the FSC also promotes "Corporate Governance 3.0 - Sustainable Development Roadmap" based on corporate sustainability as the core, plan to set up the Sustainability Board, establish a complete sustainable development bond market, and develop ESG financial products (ESG related: Indices, ETNs and futures derivatives) to push forward ESG investments and promote green and sustainable investments and

fundraising. For business promotion of securities firms, Taiwan Securities Association has put forward three suggestions, which will also contribute to the future supply and demand as well as growth of the market.

- (1) Activate the use of fund in a separate account ledger: The separate account ledger can be used to grasp the customer's fund position, strengthening the management of the daily trading limit of investors, and reducing the default risk. However, by far the fund in a separate account ledger can only be saved in term deposits, and securities firm can only make deposits with a single bank, now that the funds in a separate account ledger will continue to grow, which is advised to take proper control of risks. It is suggested that the funds in a separate accounts ledger can be opened to be used for financial products with high security, such as government bonds and treasury bills, and the term deposits where the funds in a separate account ledger are saved can be relaxed to made at several banks to avoid over-concentration of risk.
- (2) Build the one-account mechanism for financing business risks: In Taiwan stock market, the collateral maintenance ratio of each financing business, such as margin trading (margin purchases and short sales), securities business money lending, securities lending, and borrowing and lending of funds for unrestricted purposes should be calculated separately in accordance with the law; as a result, despite the value of the overall collateral is sufficient, the investor may need to cover a collateral shortfall for a single financing business due to its insufficient collateral maintenance ratio. It is suggested that the investors apply for One-Account for all financing businesses, and an aggregate collateral maintenance ratio should be calculated. The investors only need to cover the collateral shortfall if the aggregate collateral maintenance ratio is insufficient. The types of collateral, the criteria for calculation of the value of the collateral, and the scope of utilization thereof should be integrated to facilitate investors' efficient use of funds efficiently and control of market risks.
- (3) Open sub-brokerage for product diversification: At present, if a securities firm operates the business of sub-brokerage, the scope of foreign bonds is limited for investors, professional investors: bonds with ratings of A- and above only for general investors and bonds with ratings of BB and above only for professional investors; in addition, financing transactions and borrowing or lending foreign securities are not opened, which has hindered the growth of sub-brokerage business. It is suggested that securities firms accepting orders to trade foreign securities should be opened to operate the business of financing business as soon as possible, set the upper limit for the proper financing percentage of each financing collateral, open the nationals holding foreign securities to lend in foreign markets, and relax investments for general investors to invest in foreign bonds with investment grade ratings of BBB- and above.

3. Competitive niche

The Company is under a concentrated ownership and simple structure and pursuing a differentiation strategy for business with the focus on niche markets. Therefore, it has great flexibility and potential for business development. In addition, the Company has diverse trading strategies, transaction varieties, cross-market transactions, and make all efforts to develop products and asset management business, with enhancement of business associates' wealth management capabilities as the core of our development. In the aspect of product services, the company builds up e-commerce functions, increases the diversification of service contents, and develops its own information system, which has obtained multiple patents. It increases the proportion of strategic trading positions for pan-proprietary units and integrates directional investments to complete market diversified investment allocation and risk diversification. The customized asset management solutions are provided for high-asset customers, and with the customer-oriented diversion services, new value can be found at service locations. The branch has transformed from a place for placing orders in a single dimension to a miniature financial service center with features and low operating costs. With a transformation of the physical site, it engages more young people in the activities it holds, emphasizing local services and starting from the heart to create Concord's brand image.

4. Positive and negative factors for future development, and the company's response to such

factors

- (1) Having a diversified business team and a complete securities business structure
- (2) Having a simple organizational structure and a clear division of powers and responsibilities, the business decision-making process is quite quick compared with large financial institutions, with accessible communication channels at all levels; it is also easier to implement the operational tactics.
- (3) The ownership of shares by directors and supervisors is concentrated. The board of directors and major shareholders agree on the company's concept of sustainable operation, with strong determination. The management has a clearer view of the company's mid- and long-term development plan.
- (4) The Company continues to carry out "qualitative improvement" in the securities industry. It is in alliance with quality financial same industry, life insurance companies, and banks to create the cross-industry business synergy.
- (5) The supervisors of all units have extensive experience and professional expertise in the industry. In compliance with the company's business strategies, the optimal workforce can be utilized to create the steadiest profit performance.

Negative factors:

Compared with the trend of capitalization of financial institutions getting large in scale, the Company' business volume and profitability are easily affected by changes in the general environment due to smaller amount of capital.

The company's response:

- (1) In response to rapid changes in the industrial environment, the Company maintains its operation in the optimal scale.
- (2) With "research" and "information" as the core, the Company builds diversified income through focusing on core areas, improves the information system with professional research and development capabilities, supports the profitability of main businesses of "brokerage", "underwriting", and "dealership", provides high-quality, professional and differentiated services as the business philosophy and core value, strengthens internal control and risk control mechanisms, and enhances the corporate constitution and competitiveness.
- (3) Re-build new value ag business locations with customer-oriented diversion services, promote "Mobile First", "Platform Value-added Services", and other strategies, develop Fintech innovative services, and enhance business associates' wealth management capabilities.
- (4) Integrate directional investments, carry out market diversified investment allocation and risk diversification.

5.2.2 Usage and manufacturing processes for the company's main products:

Main products	Usage
Brokerage Department	<ul style="list-style-type: none"> ● Brokerage trading of securities on a centralized securities exchange market ● Brokerage trading of securities on an over-the-counter market ● Securities borrowing and lending business ● Proprietary margin purchase and short sale business ● Brokerage trading of foreign securities ● Futures Trading Assistance business ● Sale of foreign funds
Proprietary Trading Department	<ul style="list-style-type: none"> ● Proprietary trading of securities on a centralized securities exchange market ● Proprietary trading of securities on the TPEX ● Futures hedging
Underwriting Department	<ul style="list-style-type: none"> ● Handling merger and acquisition activities, initial public offering on TWSE/TPEX, fundraising, underwriting and sales of securities of domestic and foreign issuing companies
Fixed Income Department	<ul style="list-style-type: none"> ● Proprietary trading of convertible bonds on a centralized securities exchange market ● Proprietary trading of bonds and convertible bonds on an over-the-counter market and TPEX ● Brokerage trading of bonds and convertible bonds on an over-the-counter market
Financial Derivatives Dept.	<ul style="list-style-type: none"> ● Issuance of warrants on a centralized securities exchange market and an over-the-counter market ● Issuance of derivatives

5.2.3 Supply situation for the company's major raw materials:

The Company belongs to the securities service industry, and has no demand for raw material and production as those in the general manufacturing industry.

5.2.4 A list of any suppliers and clients accounting for 10 percent or more of the company's total procurement (sales) amount in either of the 2 most recent fiscal years, the amounts bought from (sold to) each, the percentage of total procurement (sales) accounted for by each:

The Company does not have any suppliers and clients accounting for 10 percent or more of the company's total procurement (sales) amount in either of the 2 most recent fiscal years.

5.2.5 An indication of the production volume for the 2 most recent fiscal years: The Company belongs to the securities service industry and not general manufacturing industry, and has no physical product portfolio for business and services it provides.

The number and amount of issuance of the Company's self-developed products are hereby shown in the following table:

Self-developed products	Issuance Volume (Production Volume)		Issuance Amount (Production Value)	
	2020	2021	2020	2021
Call Warrant	329	889	NT\$2,738,245 thousand	NT\$5,992,060 thousand
Put Warrant	60	90	NT\$503,490 thousand	NT\$672,805 thousand
Discretionary Leverage Equity Options	-	-	NT\$15,349,260 thousand	NT\$15,501,961 thousand

5.2.6 An indication of the volume of units sold for the 2 most recent fiscal years:

Please refer to the above-mentioned operating revenue and percentages.

5.2.7 Specific key performance indicators (KPI indicators):

The Company's key performance indicators for major lines of business are listed as follows:

Business	2019		2020		2021	
	Performance Indicator	Ranking	Performance Indicator	Ranking	Performance Indicator	Ranking
Brokerage Market Share/Ranking	1.13%	17	1.01%	19	1.01%	18
Underwriting Market Share/Ranking	0.49%	14	0.86%	22	0.63%	22
Fixed Income Market Share/Ranking	4.59%	5	3.40%	9	2.62%	15
Financing Market Share/Ranking	1.84%	17	1.78%	18	2.1%	17
Call Warrant Volume/Ranking	436	14	389	13	979	12
Electronic Trading Market Share/Ranking	0.67%	20	0.62%	20	0.68%	20
Credit Rating	A-(tw)		A-(tw)		A-(tw)	
Earnings (Loss) Per Share	NT\$0.47		NT\$1.83		NT\$2.33	

5.3 Human Resources

Year		2020	2021	The Current Year up to January 31, 2022
Number of Employees	Brokerage	412	434	436
	Dealership	19	18	18
	Underwriter	30	32	32
	Fixed Income	11	12	12
	Financial Derivatives	16	13	13
	others	145	148	149
	Subsidiary	164	170	170
	Total	797	827	830
Average Age		44.16	44.14	44.14
Average Year of Service		10.07	10.06	10.10
Levels of Educational Attainment	PhD	0.13%	0.12%	0.12%
	Master	16.19%	15.60%	15.66%
	College / University	69.75%	70.50%	70.36%
	Senior High School	13.80%	13.78%	13.86%
	Senior High School Level or Below	0.13%	0.00%	0.00%

5.4 Environmental Protection Expenditure

The Company belongs to the securities service industry and not a manufacturing company, so ISO 14001 is not applicable.

5.5 Labor Relations

The Company has worked hard to seek the welfare of all shareholders and employees since its establishment. Its humanistic management, two-way Communication, and participative management closely ties up personal goals with company strategies, bringing employees with security and protection through a wage system in line with the market structure. In addition, it provides comprehensive insurance and benefits for employees, and organizes education and training for employees, staff outings and various subsidies on an irregular basis. It also sets up the Employee Welfare Committee to integrate labor and management into a competitive team in harmony and under consensus on ideas to create a corporate vision together.

5.5.1 Current important labor-management agreements and implementation status

1. Insurance systems:

- (1) Enrolling in labor insurance and national health insurance coverage: To protect the rights and interests of co-workers, the company should enroll employees in labor insurance and national health insurance coverage as required by the regulations since the on-board date for new employees, who are entitled to the rights to labor insurance benefits and health insurance medical protection. The insurance premium should be paid by the company in accordance with the law.
- (2) All employees in the Company should enroll in the company's group insurance since the on-board day, and are entitled to insurance protection including accident insurance, term life insurance, severe illness, cancer medical treatment, and hospitalization. the company also takes out high-value accident insurance for employees on business travel and occupational accident insurance to ensure employees' safety when performing duties or on the way to and back from work.

2. Employee Welfare Committee:

The employee welfare funds shall be appropriated according to the law to provide employees with benefits including recreation, clubs, child education subsidy, emergency aid, and company trip, and provide employees with services such as dining, travel, purchase discounts from third-party vendors manufacturers.

3. Retirement mechanism

The Company has formulated the Employee Retirement Regulations in accordance with the Labor Pension Act, and shall inquire in writing with employees about their options between the new or old pension systems in accordance with Labor Pension Act. The pension system of this Act shall apply to the employees who joined the company after July 2005. The company shall on a monthly basis file the application for contribution to the Bureau of Labor Insurance for appropriating 6% of the total monthly wages of the employees to their individual labor pension accounts. For employees who choose the retirement mechanism, the company shall appropriate 2% of the total monthly wages as the labor pension reserve fund each month, and deposit such amount in a designated account of Bank of Taiwan. The Supervisory Committee of Workers' Retirement Reserve Fund shall be set up in accordance with the law.

4. The status of labor-management agreements:

The "Labor-management Meeting" shall be convened by the elected representatives for the labor and management sides to encourage the exchange of opinions between labor and management. The labor-management meeting resolutions shall also be distributed to the departments concerned to be implemented within a certain time limit.

5. Measures for preserving employees' rights and interests: In response to the Sexual Harassment Prevention Act and Act of Gender Equality in Employment, the Company shall establish the Measures of Prevention, Correction, Complaint and Punishment of Sexual Harassment "at Workplace", and organize a committee for handling sexual harassment complaints to take charge of sexual harassment complaints, investigation, and resolutions. The appeal channel is listed as below:

Complaint Hotline: 02-8787-5488 Complaint Fax No.: 02-2766-1704

Complaint E-mail: complaint.hr@concorde.com.tw

6. Continuing education and training:

- (1) To improve the employees' professional quality and skills and to take into account both the career development of employees and compliance with laws and regulations, the Company has formulated relevant education and training regulations and supplementary measures to provide employees with learning and development opportunities. The Company's training policy is as follows:

Organization Side	Individual Side
1. Shaping good organizational culture and working environment 2. Improving workforce quality 3. Accumulation and inheritance of experience and technology	1. Increasing employees' adaptability and confidence 2. Enabling employees to exercise mobilization capability 3. Safety at work 4. Raising awareness of solidarity, lowering employee turnover and absence 5. Growing employees' competence

- (2) The employees shall take part in regulatory training courses in compliance with the competent authorities and laws and regulations. The Company takes the initiative to send staff to participate in professional training courses and encourages co-workers to progressively obtain professional qualification certificates. And also, for use of multiple learning channels, in addition to arranging physical (internal and external) education and training courses, it builds an online tutoring system "Enterprise e-Learning" on the company's internal webpage to provide multimedia training courses for employees to learn online, so that employees and the company can grow together.

- (3) The company's efforts in talent cultivation have won the Bronze Medal Award of the Talent Quality-management System of the Workforce Development Agency, Ministry of Labor for many times during the period from 2014 to 2021.

- (4) The achievements of relevant education and training for the year 2021 are as follows:

Category	Item	Total Attendance	Total Hours (H)	Total Amount (NT\$)
Internal Training	Professional Competency Training	15,638	9,628.95	33,915
	Supervisors' Competency Training	97	483	320,041
	General Training	7,429	7,731.3	31,500
	Corporate Governance	69	207	50,060
	Financial Principles of Fair Treatment of Consumers	635	1,905	0
	Subtotal	23,868	19,955.25	435,516
External Training	Fire Fighting Personnel and Occupational Safety Training	38	247.5	52,700
	Professional Training	49	753.5	670,202
	Qualification Acquisition and Continuing Education	174	1,148.5	236,173
	Securities and Futures Pre-service, On-the-job, and Other Relevant Training	1,096	6,915.1	532,627
	Subtotal	1,357	9,064.6	1,491,702
Other Training Expenses: Travel Expenses, Education Subsidies				79,524
Total		25,225	29,019.85	2,006,742

(5) The status of the Company's personnel related to financial information transparency acquiring relevant certificates: (as of February 18, 2022)

The personnel of the Company's Finance Department, Accounting Department, Risk Management Office, and Auditing Office obtain the following certificates:

Name of Certificate	Auditing Office (Including Branch Auditing Personnel) (25 Persons)	Finance Dept. (6 Persons)	Accounting Dept. (13 Persons)	Risk Management Office (4 Persons)
Securities Specialist	21	1	5	1
Senior Securities Specialist	20	4	9	4
Training for Personnel Conducting of Securities Trading Margin Purchase and Short Sale Operations by Securities Firms	17	1	3	0
Futures Specialist	23	1	3	3
Professional Certification of Finance and Accounting Supervisors of the Public Companies	0	1	1	0
Securities Firms Internal Audit	25	0	0	0
Capital Adequacy Advanced Calculation Method Reporting Qualification	3	0	6	4
Proficiency Test for Financial Risk Management Personnel	0	0	0	1

7. Employee Code of Conduct and Ethics:

The Company has established the Work Rules and Personnel Management Regulations, and formulated the Employee Code of Conduct as the basis of compliance for employees' regular work and acts.

(1) Obedience at work:

- A. All employees of the Company shall abide by all regulations set by the company and obey the reasonable command and supervision of supervisors at all levels.
- B. Employees shall complete the tasks according to their job description, and achieve the performance goals and work standards set by the company.
- C. Supervisors at all levels shall treat their subordinates in the spirit of hierarchical responsibility appropriately guide employees to complete their work, and must not violate work rules and laws and regulations.
- D. Except for emergencies or special situations, employees shall reflect their opinions on work to direct supervisors level by level, and shall not bypass the immediate leadership to report or have any concealment.

(2) Workplace management:

- A. Employees entering and leaving the workplace shall clock in themselves. When going out on business during working hours, they shall need permission from the accountable supervisor before going out.
- B. Without permission of the accountable supervisor, employees shall not bring their relatives and friends to the company's workplace. In the case of emergency or special circumstances, employees shall meet their relatives or friends at the designated place.

- C. No firearms, ammunition, flammable or explosive materials or other dangerous goods, and contraband can be brought in the workplace.
 - D. No smoking or drinking is permitted at the workplace of the Company.
 - E. Employees shall take good care of public property and shall not cause any waste or damage, and shall pay the full price for any public property damaged or lost due to negligence.
 - F. Employees shall keep the environment clean during working hours. They shall clean up and put in order the tools and articles being used before leaving the workplaces.
 - G. Without the permission of the company, it is strictly forbidden to take out the company's property. Once such behavior has been found, severe punishment shall be imposed in accordance with the law.
 - H. Employees shall abide by the principle of salary secrecy, and shall not give away and discuss salary on purpose, resulting in management problems.
 - I. To promote gender equality at work and provide employees with a working and service environment free from sexual harassment, the Company has formulated the Regulations for Prevention and Handling of Incidents of Sexual Harassment for compliance by all employees.
- (3) Conducting business management:
- A. Employees shall handle their tasks in accordance with relevant management regulations, keep good custody of the documents, property, and articles in use, and shall not bring them out of the company, causes damage or loss. In case of an extraordinary accident, they shall put every effort to make appropriate arrangement.
 - B. Employees shall use the company's equipment in accordance with relevant management regulations, and properly use vehicles, office equipment, computers, telephones, and other income-generating facilities.
 - C. Employees shall have the obligation to keep the confidentiality of the business handled personally and company business.
 - D. Employees shall not engage in any work that is competitive with the company's business, including the work they do at their own time, and shall use neither the company's equipment, resources, or insider information to hold two or more posts outside the company concurrently nor the company's information to engage in personal business or look for their own customers.
 - E. Employees shall not hold two or more posts outside the company concurrently during working hours without the written consent of the company.
 - F. Employees shall not disclose any business secrets after they take office or leave the office. Otherwise, the company has the right to remove employees and to make a retrospect effect in the law and claim compensation for the company's loss.
 - G. Employees who have been employed by the Company shall also not disclose or use the business secrets owned by the former employers.
 - H. Employees shall not borrow money from or lend money to customers or vendors.
 - I. Due to job requirements, employees shall travel to and from workplaces or relocate to other workplaces.
 - J. Employees should have honesty and code of conduct in performing business to maintain the company's reputation, and shall neither use the relationship of the position to ask customers or vendors to give a treat or gift nor take the opportunity to collect any commissions or seek other unjust benefits.
 - K. The Company has formulated the "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct" and also signed the Declaration of Employee Code of Conduct.
- (4) Personal computer software usage management:
- A. Making unauthorized copies of computer software or use of pirated software are regarded as illegal acts, and individuals and the company may thus bear the civil and criminal liabilities stipulated by the Copyright Act.
 - B. Without the permission of the Company's IT Department, no software may be installed on the company's personal computer for any reason or purpose, or the software installed on the personal computer may be copied for use by a third party other than the company, including individuals or the company's customers. Once the above

circumstance is verified and found to be true, severe punishment may be imposed by the company.

- (5) Relevant regulations on employee code of conduct and ethics have also been disclosed on the company's website:

<https://www.concords.com.tw/about/Company/integrity.htm?mnu=03>

8. Protection measures for working environment and personal safety:

The Company reports to the competent authority for public safety equipment inspections of buildings and fire-fighting equipment according to laws and regulations. In addition, employees are selected to obtain a certificate of firefighting management personnel and the fire plan for the workplace is formulated to maintain the safety of firefighting equipment in the workplace. The company has taken out public accident liability insurance for all its workplaces to protect the rights and interests of customers, and employer's accident liability insurance and occupational accident insurance to safeguard the rights and interests of employees.

The Company has formulated the "Safety and Health Work Rules" in accordance with the Occupational Safety and Health Act and the relevant laws and regulations to prevent occupational accidents and ensure safety and health of employees. The Company has the labor safety and health management specialist and first-aid personnel at business places and branches. It arranges employee health examination and safety and health education and training every year.

To keep and encourage employees' health, the Company has the nurses and on-site physician services in accordance with the Regulations for Occupational Safety and Hygiene, adopts employee hierarchical health management and conducts health seminars to ensure the implementation of the concept of protective measures for the working environment and personal safety.

The company was awarded the "Health Launch Badge" in 2017, and further awarded the highest honor of health certification "Health Promotion Badge" certification in 2021, which embodied Concord Securities' determination and achievement in strengthening care for its employees.

5.5.2 Any losses suffered by the company in the most recent 2 fiscal years: None.

5.5.3 Results of labor inspection:

The Company has participated in the business unit labor conditions self-management Inspection of the Taipei City Labor Inspection Office since June, 2017, and is complied with key provisions of inspection every quarter.

5.6 Cyber Security Management

5.6.1 Describe the cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management

The Company has implemented the Information Security Management System (ISMS) since 2011, and established the information and communication security implementation force, with the President acting as the general convener. In addition to formulating information security policies and specific management regulations and rules, the company continuously make amendments and improvements to relevant regulations and rules in response to the development of information security threats, the demand for business changes, or the requirements of the competent authority. The company conducts regular evaluations on information security risks every year and reports the collected information security overall implementation statement to the Board of Directors. The latest date of reporting to the Board of Directors is March 17, 2022. The key points of the Company's information security evaluation are as follows:

- Information architecture review
- Internet activity review
- Network equipment, server, and terminal equipment testing
- Website security detection
- Security settings review
- Email social engineering exercise

The assessment points and specific management plan are respectively described as follows:

1. Information architecture review

(1) Review the suitability of relevant measures taken for continuous operation

Review the architecture of relevant measures and maintenance mechanism to see if any risk of single-point failure exists conducting risk analysis on the suitability for continuous business operation, and provide the results and recommendations of the information architecture security assessment.

(2) Review the maximum impact and risk tolerance capacity of single-point failure

Evaluate whether the impact is within the risk tolerance, if not, discuss and implement the improvement plan.

2. Internet activity review

Review the access records and account permissions of the equipment, review the access records of network equipment, information security equipment, and servers, and whether granting account permissions and monitoring mechanism conform to the internal control operation regulations; inspect the account permissions and access records of the equipment based on the principle of least privilege, identify abnormal records, and verify warning mechanisms.

3. Network equipment, server, and terminal equipment testing

Perform vulnerability scan and repair operations; regularly conduct vulnerability scanning for network equipment, servers, and terminals every six months, and conduct the improvement and repair operations for the vulnerability found.

Evaluate the scope of the vulnerability scanning operation, mode of operation, and the vulnerability improvement plan and repair status, provide evaluation suggestions for the scanning results, aiming at identifying the vulnerability and flaws that possibly exist in the architecture for improvement and repair, reduce the overall information security risk.

4. Website security detection

Conducting penetration testing on the website; penetration testing is divided into three steps: data collection, information analysis, and target penetration; the way it is implemented is to simulate hacker attacks, using security detection tools (such as Qualys or Nmap), and conducting penetration testing on websites with outbound links to discover and repair the vulnerability of the website as early as possible.

5. Security settings review

For server security policy settings, review the "Password Setting Policy" and "Account Lockout Policy" settings on the server (such as Domain Services Active Directory), and through tool analysis and manual operations, review whether the relevant domain security policy settings conform to internal control regulations.

6. Email social engineering drill

Within the scope of internal security monitoring, send exercise emails to all personnel of the group; test, promote, and strengthen information security learning. The steps taken for exercise are as follows:

- (1) Exercises are held every April and October regularly.
- (2) The unit holding the exercise sends phishing emails to induce users to click or download from an external link.
- (3) Statistics of Email open rate and click through rate are obtained, and the email notification on the list of the staff who have touched by accident is sent to the supervisor of the relevant unit.
- (4) Collect the exercise results of all units after exercise and submit them to President for approval in May and November every year
- (5) The follow-up improvement mechanism mainly focuses on co-workers' better understanding of the risk of using emails, enhancing co-workers' awareness of a crisis to prevent social engineering attacks, and constantly exercising to reduce the risk of social engineering attacks to further achieve the purpose of protecting customer data and important operational information as well as services.

5.6.2 List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.

5.7 Important Contracts

The Company is an integrated securities firm. Due to business, it has entered into the general contracts including brokerage trading contracts, underwriting contracts, and lease contracts for business places, and has no other important contracts that will affect shareholders' equity yet.

5.7.1 Short-term loan contracts with financial institutions:

Facilities	Short-term Secured Loan (Real Property)	Short-term Loan	Note Issuance Facility
Contracting Party	Contracts entered into with a total of 3 financial institutions including First Commercial Bank, Cathay United Bank, and Mega International Commercial Bank	Contracts entered into with dozens of financial institutions including Bank of Taiwan and other financial institutions	Contracts entered with several financial institutions including International Bills Finance Corporation
Credit Limit	NT\$526,000 thousand only	NT\$5,684,000 thousand only	NT\$7,900,000 thousand only
Interest Rate	Call loan	Call loan	Call loan
Contract start/end date	One year after the contract signing date	One year after the contract signing date	One year after the contract signing date
Major Content	Loan Agreements	Loan Agreements	Loan Agreements

5.7.2 Refinancing Contracts:

Facilities	Refinancing Contracts
Contracting Party	Yuanta Securities finance Co.Ltd.
Credit Limit	NT\$1,800,000 thousand only
Interest Rate	Call loan
Contract start/end date	Effective from April 17, 1993
Major Content	Refinancing may be applied if margin purchase and short sale business has demand for securities or funds.
Restrictive Covenants	According to the "Regulations Governing the Conduct of Securities Trading Margin Purchase and Short Sale Operations by Securities Firm"

5.7.3 Reinvestments in the company's financial institutions' short-term loan contracts:

Facilities	Short-term Loan	Short-term Loan	Short-term Loan
Contracting Party	First Commercial Bank	Sunny Bank	First Commercial Bank
Credit Limit	NT\$200,000 thousand only	NT\$400,000 thousand only	NT\$10,000 thousand only
Interest Rate	Call loan	Call loan	Call loan
Contract start/end date	One year after the contract signing date	One year after the contract signing date	One year after the contract signing date
Major Content	Loan Agreements	Loan Agreements	Loan Agreements

VI. Financial Information

6.1 Five-Year Financial Summary

6.1.1 Condensed Balance Sheet

Condensed Consolidated Comprehensive Balance Sheet

Expressed in thousands of NT\$

Item		Financial Data for the Past 5 Fiscal Years (Note 1)				
		2021	2020	2019	2018	2017
Current Assets		33,503,764	30,316,641	21,296,819	17,313,061	31,284,423
Property and Equipment (Note 2)		1,033,293	1,035,116	1,028,534	1,109,573	1,107,813
Intangible Assets		49,734	51,486	48,633	55,729	64,296
Other Assets (Note 2)		4,802,057	4,201,056	3,278,979	2,201,153	1,905,414
Total Assets		39,388,848	35,604,299	25,652,965	20,679,516	34,361,946
Current Liabilities	Before distribution	29,632,811	26,899,910	17,917,687	13,207,710	26,511,712
	After distribution	Note 3	27,625,145	18,112,494	13,207,710	26,660,546
Non-current Liabilities		826,057	437,015	438,286	390,144	294,588
Total Liabilities	Before distribution	30,458,868	27,336,925	18,355,973	13,597,854	26,806,300
	After distribution	Note 3	28,062,160	18,550,780	13,597,854	26,955,134
Equity Attributable to Owners of the Parent		8,874,995	8,212,797	7,247,025	7,036,331	7,509,811
Capital Stock		5,944,550	5,944,550	6,103,227	6,260,803	6,133,368
Additional Paid-In Capital		175,320	175,307	180,208	259,269	221,062
Retained Earnings	Before distribution	2,291,877	1,683,518	843,726	556,882	1,308,083
	After distribution	Note 3	958,283	648,919	556,882	843,721
Other Equity		463,248	409,422	266,179	143,478	(33,796)
Treasury Stock		0	0	(146,315)	(184,101)	(118,906)
Non-controlling Interest		54,985	54,577	49,967	45,331	45,835
Total Equity	Before distribution	8,929,980	8,267,374	7,296,992	7,081,662	7,555,646
	After distribution	Note 3	7,542,139	7,102,185	7,081,662	7,406,812

Note 1: The above financial data are all audited and attested by CPAs.

Note 2: The company has not revalued assets from 2017 to December 31, 2021.

Note 3: As of the date of publication of the annual report, the proposal for distribution of 2021 profits is pending resolution by the shareholders meeting.

Condensed Parent Company Only Balance Sheet

Expressed in thousands of NT\$

Item		Financial Data for the Past 5 Fiscal Years (Note 1)				
		2021	2020	2019	2018	2017
Current Assets		27,407,600	25,263,137	16,765,297	12,696,117	25,318,258
Property and Equipment (Note 2)		786,949	785,072	782,853	801,781	800,931
Intangible Assets		9,181	10,443	6,749	10,526	16,718
Other Assets (Note 2)		5,777,717	5,345,446	4,267,049	3,247,878	3,386,523
Total Assets		33,981,447	31,404,098	21,821,948	16,756,302	29,522,430
Current Liabilities	Before distribution	24,286,798	22,757,934	14,145,769	9,338,453	21,730,001
	After distribution	Note 3	23,483,169	14,340,576	9,338,453	21,878,835
Non-current Liabilities		819,654	433,367	429,154	381,518	282,618
Total Liabilities	Before distribution	25,106,452	23,191,301	14,574,923	9,719,971	22,012,619
	After distribution	Note 3	23,916,536	14,769,730	9,719,971	22,161,453
Capital Stock		5,944,550	5,944,550	6,103,227	6,260,803	6,133,368
Additional Paid-In Capital		175,320	175,307	180,208	259,269	221,062
Retained Earnings	Before distribution	2,291,877	1,683,518	843,726	556,882	1,308,083
	After distribution	Note 3	958,283	648,919	556,882	843,721
Other Equity		463,248	409,422	266,179	143,478	(33,796)
Treasury Stock		0	0	(146,315)	(184,101)	(118,906)
Total Equity	Before distribution	8,874,995	8,212,797	7,247,025	7,036,331	7,509,811
	After distribution	Note 3	7,487,562	7,052,218	7,036,331	7,360,977

Note 1: The above financial data are all audited and attested by CPAs.

Note 2: The Company has not revalued assets from 2017 to December 31, 2021.

Note 3: As of the date of publication of the annual report, the proposal for distribution of 2021 profits is pending resolution by the shareholders meeting.

6.1.2 Condensed Statements of Comprehensive Income

Condensed Consolidated Statements of Comprehensive Income

Expressed in thousands of NT\$, except for EPS expressed by NT\$

<div> <div>Year</div> <div>Item</div> </div>	Financial Data for the Past 5 Fiscal Years (Note 1)				
	2021	2020	2019	2018	2017
Operating Revenue	4,298,845	3,338,989	2,173,539	1,395,315	2,844,022
Operating Income (Loss)	1,470,228	976,662	220,362	(546,622)	435,397
Non-operating Income and Expenses	98,119	165,192	88,099	281,068	285,598
Profit (Loss) before Tax	1,568,347	1,141,854	308,461	(265,554)	720,995
Profit (Loss) from Continuing Operations	1,390,102	1,089,814	288,367	(277,748)	690,038
Net Income (Loss)	1,390,102	1,089,814	288,367	(277,748)	690,038
Other Comprehensive Income (Loss) (Net Value after Tax)	1,172	95,428	126,050	11,405	(18,594)
Total Comprehensive Income (Loss)	1,391,274	1,185,242	414,417	(266,343)	671,444
Net Income Attributed to Shareholders of the Parent Company	1,385,923	1,084,976	284,352	(278,067)	686,615
Net Income Attributed to Non-controlling Interest	4,179	4,838	4,015	319	3,423
Comprehensive Net Income (Loss) Attributed to Shareholders of the Parent Company	1,387,420	1,177,842	409,545	(266,464)	668,040
Comprehensive Net Income (Loss) Attributed to Non-controlling Interest	3,854	7,400	4,872	121	3,404
Earnings (Loss) Per Share (Note 2)	2.33	1.83	0.47	(0.43)	1.09

Note 1: The above financial data are all audited and attested by CPAs.

Note 2: Earnings (Loss) per share is calculated based on the weighted average number of ordinary shares outstanding during the period. Where there is capital increase through capitalization of earnings or capital increase transferred from additional paid-in capital, retrospective adjustments shall be made in proportion to capital increase.

Condensed Parent Company Only Statements of Comprehensive Income

Expressed in thousands of NT\$, except for EPS expressed by NT\$

Year Item	Financial Data for the Past 5 Fiscal Years (Note 1)				
	2021	2020	2019	2018	2017
Operating Revenue	3,608,529	2,579,798	1,433,197	814,036	2,017,826
Operating Income (Loss)	1,379,250	869,369	143,384	(507,267)	418,915
Non-operating Income and Expenses	164,785	239,857	134,266	241,404	280,386
Profit (Loss) before Tax	1,544,035	1,109,226	277,650	(265,863)	699,301
Profit (Loss) from Continuing Operations	1,385,923	1,084,976	284,352	(278,067)	686,615
Net Income (Loss)	1,385,923	1,084,976	284,352	(278,067)	686,615
Other Comprehensive Income (Loss) (Net Value after Tax)	1,497	92,866	125,193	11,603	(18,575)
Total Comprehensive Income (Loss)	1,387,420	1,177,842	409,545	(266,464)	668,040
Earnings (Loss) Per Share (Note 2)	2.33	1.83	0.47	(0.43)	1.09

Note 1: The above financial data from are all audited and attested by CPAs.

Note 2: Earnings per share (loss) is calculated based on the weighted average number of ordinary shares outstanding during the period. Where there is capital increase through capitalization of earnings or capital increase transferred from additional paid-in capital, retrospective adjustments shall be made in proportion to capital increase.

6.1.3 The name of the certified public accountant and the auditor's opinion given for the past 5 fiscal years

Year	Name of Accounting Firm	Name of CPA	Auditor's Opinion
2017	Deloitte Taiwan	CHEN, CHUN-HUNG; KUO, CHENG-HUNG	Unqualified opinion
2018	Deloitte Taiwan	CHEN, CHUN-HUNG; CHUANG, PI-YU	Unqualified opinion
2019	Deloitte Taiwan	CHUANG, PI-YU; SHIH, CHING-PIN	Unqualified opinion
2020	Deloitte Taiwan	CHUANG, PI-YU; HUANG, HSIU-CHUN	Unqualified opinion
2021	Deloitte Taiwan	CHUANG, PI-YU; HUANG, HSIU-CHUN	Unqualified opinion

6.2 Five-Year Financial Analysis

Financial Analysis - Consolidated

Fiscal Year (Note 1) Items for Analysis		Financial Analyses for the Most Recent Five Years				
		2021	2020	2019	2018	2017
Financial Structure (%)	Debt-asset ratio	77.33	76.78	71.55	65.76	78.01
	Ratio of long-term capital to property and equipment	938.85	835.64	747.21	669.31	704.49
Solvency (%)	Current ratio	113.06	112.70	118.86	131.08	118.00
	Quick ratio	113.03	112.67	118.81	131.02	117.23
Profitability	Return on assets (%)	3.71	3.56	1.24	(1.01)	2.19
	Return on shareholders' equity (%)	16.17	14.00	4.01	(3.80)	9.56
	Ratio of income before tax to paid-in capital (%)	26.38	19.21	5.05	(4.24)	11.76
	Profit margin (loss) before tax (%)	32.34	32.64	13.27	(19.91)	24.26
	Earnings (Loss) per share (NT\$) (Note 2)	2.33	1.83	0.47	(0.43)	1.09
Cash Flow (%)	Cash flow ratio	2.52	4.68	Note 3	23.40	Note 3
	Cash flow adequacy ratio	187.72	368.47	832.50	906.47	Note 3
	Cash flow reinvestment ratio	0.22	11.91	Note 3	38.08	Note 3
Special regulations ratio (%)	Ratio of total liabilities to net capital	270.82	239.37	186.87	141.73	231.85
	Ratio of property and equipment to total assets	3.21	3.54	4.91	6.59	3.95
	Ratio of total amount of underwriting to the balance of current assets minus current liabilities	5.75	6.47	2.90	2.95	28.69
	Ratio of total margin purchase to net value	85.99	57.19	47.42	46.37	63.72
	Ratio of total short sale to net value	5.68	5.30	5.69	11.60	8.35
Please state the causes of changes in each financial ratio for the preceding two fiscal years: 1. Income before tax to paid-in capital: Mainly due to the increase in Income before tax for the year compared with the same period last year. 2. Earnings per share: Mainly due to the increase in Income after tax for the year compared with the same period last year. 3. Cash flow adequacy ratio: Mainly due to the decrease in net cash in-flows from operating activities for the current fiscal year. 4. Ratio of total margin purchase to net value: Mainly due to the increase in total margin purchase for the current period compared with the same period last year.						

Note 1: The above financial data from are all audited and attested by CPAs.

Note 2: Earnings per share is calculated based on the weighted average number of ordinary shares outstanding during the period after retrospective adjustments.

Note 3: Where net cash flow from operating activities is negative, cash flow ratio and cash flow reinvestment ratio are not calculated; where the total net cash flow from operating activities during the 5 most recent fiscal years are negative, cash flow ratio is not calculated.

Financial Analysis - Parent Company Only

Fiscal Year (Note 1) Items for Analysis		Financial Analyses for the Most Recent Five Years				
		2021	2020	2019	2018	2017
Financial Structure (%)	Debt-asset ratio	73.88	73.85	66.79	58.01	74.56
	Ratio of long-term capital to property and equipment	1,231.93	1,101.32	980.54	925.17	972.92
Solvency (%)	Current ratio	112.85	111.01	118.52	135.96	116.51
	Quick ratio	112.82	110.98	118.47	135.88	115.58
Profitability	Return on assets (%)	4.24	4.08	1.47	(1.20)	2.61
	Return on shareholders' equity (%)	16.22	14.04	3.98	(3.82)	9.57
	Ratio of income before tax to paid-in capital (%)	25.97	18.66	4.55	(4.25)	11.40
	Profit margin (loss) before tax (%)	38.41	42.06	19.84	(34.16)	34.03
	Earnings (Loss) per share (NT\$) (Note 2)	2.33	1.83	0.47	(0.43)	1.09
Cash Flow (%)	Cash flow ratio	2.28	4.29	Note 3	34.58	Note 3
	Cash flow adequacy ratio	186.87	221.42	624.93	811.46	Note 3
	Cash flow reinvestment ratio	Note 3	8.88	Note 3	40.73	Note 3
Special regulations ratio (%)	Ratio of total liabilities to net capital	210.51	188.89	134.70	86.61	168.02
	Ratio of property and equipment to total assets	2.73	2.94	4.22	5.65	3.19
	Ratio of total amount of underwriting to the balance of current assets minus current liabilities	7.13	8.82	3.75	3.60	38.17
	Ratio of total margin purchase to net value	85.99	57.19	47.42	46.37	63.72
	Ratio of total short sale to net value	5.68	5.30	5.69	11.60	8.35
Please state the causes of changes in each financial ratio for the preceding two fiscal years: 1. Income before tax to paid-in capital: Mainly due to the increase in Income before tax for the year compared with the same period last year. 2. Earnings per share: Mainly due to the increase in Income after tax for the year compared with the same period last year. 3. Cash flow adequacy ratio: Mainly due to the decrease in net cash in-flows from operating activities for the current fiscal year. 4. Ratio of total margin purchase to net value: Mainly due to the increase in total margin purchase for the current period compared with the same period last year.						

Note 1: The above financial data are all audited and attested by CPAs.

Note 2: Earnings per share is calculated based on the weighted average number of ordinary shares outstanding during the period after retrospective adjustments.

Note 3: Where net cash flow from operating activities is negative, cash flow ratio and cash flow reinvestment ratio are not calculated; where the total net cash flow from operating activities during the 5 most recent fiscal years are negative, cash flow ratio is not calculated.

Financial Analysis Calculation Formulas

1. Financial Structure:

(1) Debt-asset ratio = total liabilities / total assets

(2) Ratio of long-term capital to property and equipment = (shareholders' equity + non-current liabilities) / net worth of property and equipment

2. Solvency:

(1) Current ratio = current assets / current liabilities

(2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities

3. Profitability:

(1) Return on assets = net income / average total assets

(2) Return on shareholders' equity = net income / average shareholder's equity

(3) Profit margin before tax = net income / net sales

(4) Earnings per share = (net profit after tax - dividends on preferred shares) / weighted average number of issued shares

4. Cash flow:

(1) Cash flow ratio = Net cash flow from operating activities / current liabilities

(2) Net cash flow adequacy ratio = Net cash flow from operating activities for the most recent five years / (capital expenditures + inventory increase + cash dividend) for the most recent five years

(3) Cash flow reinvestment ratio = (Net cash flow from operating activities - cash dividend) / gross value of property and equipment + long-term investment + other non-current assets + working capital

5. Special regulations ratio:

(1) Ratio of liabilities to net capital = (Total liabilities - the liabilities arising from trading of government bonds) / shareholder's equity

(2) Ratio of property and equipment to total assets = Total property and equipment / total assets

(3) Ratio of total amount of underwriting to the balance of current assets minus current liabilities = Total amount of underwritten securities / (current assets - current liabilities)

(4) Ratio of total margin purchase to net value = Total margin purchase / shareholder's equity

(5) Ratio of short sale purchase to net value = Total margin purchase / shareholder's equity

6.3 Supervisors' or Audit Committee's Report in the Most Recent Year

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

The Board of Directors has prepared the Corporation's 2021 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,
2022 Annual Shareholders' Meeting

Concord Securities Co., Ltd.
Convener of the Audit Committee
Huang, Tien-Chang

March 17, 2022

6.4 Consolidated Financial Statements for the Years Ended December 31, 2021 and 2020, and Independent Auditors' Report Independent Auditors' Report

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, 2021 and 2020, 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, 2021 and 2020, 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, 2021. 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, 2021 is as follows:

Accuracy of Brokerage Handling Fee Revenue

Brokerage handling fee revenue of the Group amounted to \$2,073,416 thousand in 2021. 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 is identified as the key audit matter for the year ended December 31, 2021.

Refer to Notes 4, 27 and 32 to the consolidated financial statements for 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 discount on 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, 2021 and 2020, 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, 2021 and 2020, the total assets of these subsidiaries and investments in associates amounted to \$565,763 thousand and \$578,034 thousand, accounting for 1.44% and 1.62% of consolidated total assets, respectively; for the years ended December 31, 2021 and 2020, no operating revenue was recognized, and the share of the comprehensive income or loss of these associates accounted for using equity method amounted to a loss of \$11,886 thousand and a gain of \$29,578 thousand, which accounted for (0.85%) and 2.50% 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, 2021 and 2020 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, 2021 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 17, 2022

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.

CONCORD SECURITIES CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

ASSETS	2021		2020	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 1,655,266	4	\$ 3,434,150	10
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	8,609,633	22	10,198,915	29
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	27,802	-	15,808	-
Margin loans receivable (Notes 4, 11 and 32)	7,629,748	20	4,695,748	13
Refinancing margin (Notes 4 and 11)	6,910	-	17,314	-
Refinancing collateral receivable (Notes 4 and 11)	6,732	-	14,462	-
Customer margin account (Notes 4 and 9)	5,203,109	13	4,017,180	11
Futures exchanges margins receivable (Notes 4 and 10)	26	-	-	-
Security borrowing collateral price (Notes 4 and 11)	523,023	1	429,612	1
Security borrowing margin (Notes 4 and 11)	474,557	1	389,179	1
Notes and accounts receivable (Notes 4 and 11)	6,864,196	18	5,918,439	16
Prepayments	9,179	-	7,448	-
Other receivables (Notes 4 and 11)	85,574	-	60,464	-
Other financial assets - current (Notes 4 and 12)	388,760	1	606,899	2
Current tax assets (Notes 4 and 28)	1,261	-	14,790	-
Restricted assets - current (Note 33)	319,157	1	227,150	1
Other current assets	<u>1,698,831</u>	<u>4</u>	<u>269,083</u>	<u>1</u>
Total current assets	<u>33,503,764</u>	<u>85</u>	<u>30,316,641</u>	<u>85</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 5 and 8)	2,851,904	7	2,248,458	6
Investments accounted for using equity method (Notes 4 and 14)	561,421	2	570,130	2
Property and equipment (Notes 4, 15 and 33)	1,033,293	3	1,035,116	3
Right-of-use assets (Notes 4, 16 and 32)	123,136	-	69,554	-
Investment property (Notes 4, 17 and 33)	322,787	1	323,273	1
Intangible assets (Notes 4 and 18)	49,734	-	51,486	-
Deferred tax assets (Notes 4 and 28)	132,596	-	224,183	1
Other non-current assets (Notes 4 and 19)	<u>810,213</u>	<u>2</u>	<u>765,458</u>	<u>2</u>
Total non-current assets	<u>5,885,084</u>	<u>15</u>	<u>5,287,658</u>	<u>15</u>
TOTAL	<u>\$ 39,388,848</u>	<u>100</u>	<u>\$ 35,604,299</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 20 and 33)	\$ 1,650,000	4	\$ 390,000	1
Commercial paper payable (Notes 20 and 33)	4,164,759	11	6,557,680	19
Financial liabilities at fair value through profit or loss - current (Notes 4, 7 and 32)	2,761,630	7	1,738,107	5
Liabilities for bonds with attached repurchase agreements (Notes 4, 21 and 32)	4,098,467	10	4,879,368	14
Securities financing refundable deposits (Note 4)	313,901	1	395,326	1
Deposits payable for securities financing (Note 4)	503,833	1	435,170	1
Refinancing borrowings (Note 4)	1,800,556	5	-	-
Futures traders' equity (Notes 4 and 9)	5,145,251	13	4,002,673	11
Accounts payable (Note 22)	5,739,177	15	7,507,964	21
Other payables	805,802	2	544,617	2
Other financial liabilities - current (Note 23)	756,678	2	-	-
Current tax liabilities (Notes 4 and 28)	119,459	-	99,101	-
Provisions - current (Notes 4 and 24)	25,092	-	23,722	-
Lease liabilities - current (Notes 4, 16 and 32)	39,898	-	46,716	-
Other current liabilities	<u>1,708,308</u>	<u>4</u>	<u>279,466</u>	<u>1</u>
Total current liabilities	<u>29,632,811</u>	<u>75</u>	<u>26,899,910</u>	<u>76</u>
NON-CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss - non-current (Notes 4 and 7)	520,297	1	215,244	1
Provisions - non-current (Notes 4 and 24)	12,080	-	12,880	-
Lease liabilities - non-current (Notes 4, 16 and 32)	82,426	-	21,531	-
Deferred tax liabilities (Notes 4 and 28)	776	-	666	-
Guarantee deposits received (Note 32)	2,468	-	2,458	-
Net defined benefit liabilities - non-current (Notes 4 and 25)	<u>208,010</u>	<u>1</u>	<u>184,236</u>	<u>-</u>
Total non-current liabilities	<u>826,057</u>	<u>2</u>	<u>437,015</u>	<u>1</u>
Total liabilities	<u>30,458,868</u>	<u>77</u>	<u>27,336,925</u>	<u>77</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Notes 4, 8, 14, 25, 26, 28 and 31)				
Share capital	<u>5,944,550</u>	<u>15</u>	<u>5,944,550</u>	<u>17</u>
Capital surplus	<u>175,320</u>	<u>1</u>	<u>175,307</u>	<u>-</u>
Retained earnings				
Legal reserve	132,144	-	28,684	-
Special reserve	821,171	2	614,251	2
Unappropriated retained earnings	<u>1,338,562</u>	<u>4</u>	<u>1,040,583</u>	<u>3</u>
Total retained earnings	<u>2,291,877</u>	<u>6</u>	<u>1,683,518</u>	<u>5</u>
Other equity	<u>463,248</u>	<u>1</u>	<u>409,422</u>	<u>1</u>
Treasury shares	-	-	-	-
Total equity attributable to owners of the Corporation	8,874,995	23	8,212,797	23
NON-CONTROLLING INTERESTS	<u>54,985</u>	<u>-</u>	<u>54,577</u>	<u>-</u>
Total equity	<u>8,929,980</u>	<u>23</u>	<u>8,267,374</u>	<u>23</u>
TOTAL	<u>\$ 39,388,848</u>	<u>100</u>	<u>\$ 35,604,299</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated March 17, 2022)

CONCORD SECURITIES CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
REVENUE (Notes 4 and 27)				
Brokerage handling fee revenue (Note 32)	\$ 2,126,601	49	\$ 1,639,647	49
Income from securities lending	29,987	1	30,438	1
Revenue from underwriting commission	41,303	1	41,178	1
Gains on sale of operating securities, net	1,565,238	36	1,270,402	38
Revenue from providing agency service for stock affairs	24,963	1	22,030	1
Interest income (Note 32)	390,181	9	219,521	6
Dividend income	277,662	6	478,240	14
Valuation gains on operating securities at fair value through profit or loss, net	205,003	5	456,151	14
Gains (losses) on covering of borrowed securities and bonds with resale agreements - short sales, net	(145,953)	(3)	29,011	1
Valuation gains (losses) on borrowed securities and bonds with resale agreements - short sales at fair value through profit or loss, net	22,430	-	(96,473)	(3)
Gains (losses) on issuance of call (put) warrants, net	(163,570)	(4)	7,386	-
Gains (losses) on derivative instruments - futures, net	8,507	-	(305,652)	(9)
Losses on derivative instruments - OTC, net (Note 32)	(106,235)	(2)	(465,875)	(14)
Expected credit loss (Notes 8, 10 and 11)	(2,935)	-	(6,215)	-
Other operating income (Note 32)	<u>25,663</u>	<u>1</u>	<u>19,200</u>	<u>1</u>
Total revenue	<u>4,298,845</u>	<u>100</u>	<u>3,338,989</u>	<u>100</u>
COSTS AND EXPENSES (Notes 4 and 27)				
Brokerage handling fee expenses	(265,285)	(6)	(201,021)	(6)
Proprietary handling fee expenses	(11,472)	-	(9,793)	-
Refinancing handling fee expenses	(630)	-	(689)	-
Finance costs (Note 32)	(61,729)	(2)	(52,055)	(2)
Loss from securities borrowing transactions	(6,982)	-	-	-
Futures commission expenses	(62,427)	(2)	(93,668)	(3)
Clearing and settlement expenses	(96,780)	(2)	(92,876)	(3)
Other operating costs	(42,110)	(1)	(35,798)	(1)
Employee benefits expense (Notes 25 and 32)	(1,619,899)	(38)	(1,287,167)	(38)
Depreciation and amortization expense (Notes 15, 16, 17 and 18)	(90,891)	(2)	(90,775)	(3)
Other operating expenses	<u>(570,412)</u>	<u>(13)</u>	<u>(498,485)</u>	<u>(15)</u>
Total costs and expenses	<u>(2,828,617)</u>	<u>(66)</u>	<u>(2,362,327)</u>	<u>(71)</u>
OPERATING PROFIT	<u>1,470,228</u>	<u>34</u>	<u>976,662</u>	<u>29</u>

(Continued)

CONCORD SECURITIES CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
NON-OPERATING INCOME AND EXPENSES (Notes 4 and 27)				
Share of profit (loss) of associates accounted for using equity method (Note 14)	\$ (7,050)	-	\$ 25,999	1
Other gains and losses	<u>105,169</u>	<u>2</u>	<u>139,193</u>	<u>4</u>
Total non-operating income and expenses	<u>98,119</u>	<u>2</u>	<u>165,192</u>	<u>5</u>
PROFIT BEFORE INCOME TAX	1,568,347	36	1,141,854	34
INCOME TAX EXPENSE (Notes 4 and 28)	<u>(178,245)</u>	<u>(4)</u>	<u>(52,040)</u>	<u>(1)</u>
NET PROFIT FOR THE YEAR	<u>1,390,102</u>	<u>32</u>	<u>1,089,814</u>	<u>33</u>
OTHER COMPREHENSIVE INCOME (Notes 4, 14, 25, 26, 28 and 31)				
Items that will not be reclassified subsequently to profit or loss				
Losses on remeasurement of defined benefit plans	(65,425)	(1)	(62,865)	(2)
Unrealized gains on investments in equity instruments measured at fair value through other comprehensive income	58,708	1	137,778	4
Share of other comprehensive income or loss of associates accounted for using equity method	(1,659)	-	6,526	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>13,085</u>	<u>-</u>	<u>12,573</u>	<u>1</u>
	<u>4,709</u>	<u>-</u>	<u>94,012</u>	<u>3</u>
Items that may be reclassified subsequently to profit or loss				
Exchange differences on the translation of foreign operations	5,464	-	(6,856)	-
Unrealized gains (losses) on investments in debt instruments measured at fair value through other comprehensive income	(7,221)	-	8,087	-
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>(1,780)</u>	<u>-</u>	<u>185</u>	<u>-</u>
	<u>(3,537)</u>	<u>-</u>	<u>1,416</u>	<u>-</u>
Other comprehensive income for the year, net of income tax	<u>1,172</u>	<u>-</u>	<u>95,428</u>	<u>3</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,391,274</u>	<u>32</u>	<u>\$ 1,185,242</u>	<u>36</u>

(Continued)

CONCORD SECURITIES CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 1,385,923	32	\$ 1,084,976	33
Non-controlling interests	<u>4,179</u>	<u>-</u>	<u>4,838</u>	<u>-</u>
	<u>\$ 1,390,102</u>	<u>32</u>	<u>\$ 1,089,814</u>	<u>33</u>
TOTAL COMPREHENSIVE INCOME				
ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 1,387,420	32	\$ 1,177,842	36
Non-controlling interests	<u>3,854</u>	<u>-</u>	<u>7,400</u>	<u>-</u>
	<u>\$ 1,391,274</u>	<u>32</u>	<u>\$ 1,185,242</u>	<u>36</u>
EARNINGS PER SHARE (Note 29)				
Basic	<u>\$ 2.33</u>		<u>\$ 1.83</u>	
Diluted	<u>\$ 2.32</u>		<u>\$ 1.82</u>	

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

(With Deloitte & Touche auditors' report dated March 17, 2022)

(Concluded)

CONCORD SECURITIES CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Corporation (Notes 4, 8, 14, 25, 26, 28 and 31)										
	Retained Earnings					Other Equity		Treasury Shares	Total	Non-controlling Interests	Total Equity
						Exchange Differences on the Translation of Foreign Operations	Unrealized Gains on Financial Assets Measured at Fair Value Through Other Comprehensive Income				
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Retained Earnings (Accumulated and Deficits)						
BALANCE AT JANUARY 1, 2020	\$ 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
Appropriation of 2020 earnings											
Legal reserve	-	-	103,460	-	(103,460)	-	-	-	-	-	-
Special reserve	-	-	-	206,920	(206,920)	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(725,235)	-	-	-	(725,235)	-	(725,235)
Other changes in capital surplus											
Exercise of disgorgement	-	13	-	-	-	-	-	-	13	-	13
Net profit for the year ended December 31, 2021	-	-	-	-	1,385,923	-	-	-	1,385,923	4,179	1,390,102
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	(52,329)	3,684	50,142	-	1,497	(325)	1,172
Total comprehensive income for the year ended December 31, 2021	-	-	-	-	1,333,594	3,684	50,142	-	1,387,420	3,854	1,391,274
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	(3,446)	(3,446)
BALANCE AT DECEMBER 31, 2021	<u>\$ 5,944,550</u>	<u>\$ 175,320</u>	<u>\$ 132,144</u>	<u>\$ 821,171</u>	<u>\$ 1,338,562</u>	<u>\$ (7,432)</u>	<u>\$ 470,680</u>	<u>\$ -</u>	<u>\$ 8,874,995</u>	<u>\$ 54,985</u>	<u>\$ 8,929,980</u>

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

(With Deloitte & Touche auditors' report dated March 17, 2022)

CONCORD SECURITIES CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 1,568,347	\$ 1,141,854
Adjustments for:		
Depreciation expense	80,840	78,706
Amortization expense	10,051	12,069
Expected credit loss	2,935	6,215
Net gain on financial assets and liabilities at fair value through profit or loss	(227,423)	(367,743)
Finance costs	61,729	52,055
Interest income (including financial income)	(410,286)	(255,632)
Dividend income	(303,219)	(494,782)
Share of loss (profit) of associates accounted for using equity method	7,050	(25,999)
Loss (gain) on disposal of property and equipment	(324)	542
Loss on disposal of investments	8,476	1,049
Gain on lease modifications	-	(16)
Changes in operating assets and liabilities		
Decrease (increase) in financial assets at fair value through profit or loss	1,785,517	(2,943,048)
Decrease in bond investments under resale agreements	-	697,687
Increase in margin loans receivable	(2,934,946)	(1,260,517)
Decrease (increase) in refinancing margin	10,404	(17,287)
Decrease (increase) in refinancing collateral receivable	7,730	(14,439)
Increase in customer margin account	(1,185,929)	(348,649)
Decrease (increase) in futures exchanges margins receivable	120	(5,020)
Increase in security borrowing collateral price	(93,411)	(327,818)
Increase in security borrowing margin	(85,378)	(296,628)
Decrease (increase) in notes receivable	(82)	19
Increase in accounts receivable	(946,034)	(2,144,708)
Decrease (increase) in prepayments	(1,731)	1,481
Increase in other receivables	(27,583)	(15,384)
Decrease (increase) in other financial assets	218,139	(50,414)
Increase in other current assets	(1,521,755)	(55,449)
Increase (decrease) in liabilities for bonds with attached repurchase agreements	(780,901)	1,692,110
Increase in financial liabilities at fair value through profit or loss	1,351,261	777,136
Increase (decrease) in securities financing refundable deposits	(81,425)	40,969
Increase in deposits payable for securities financing	68,663	23,148
Increase in refinancing borrowings	1,800,556	-
Decrease in security lending refundable deposits	-	(2,780)
Increase (decrease) in futures traders' equity	1,142,578	363,318
Increase (decrease) in accounts payable	(1,768,633)	3,848,477
Increase in other payables	260,556	295,904
Decrease in net defined benefit liabilities	(28,555)	(28,770)
Increase (decrease) in provisions	570	(47)

(Continued)

CONCORD SECURITIES CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
Increase in other financial liabilities	\$ 756,678	\$ -
Increase in other current liabilities	<u>1,428,842</u>	<u>223,060</u>
Cash generated from operations	173,427	600,669
Interest received	410,431	249,231
Dividends received	278,976	477,065
Interest paid	(60,792)	(50,667)
Income tax paid	<u>(54,441)</u>	<u>(18,114)</u>
Net cash generated from operating activities	<u>747,601</u>	<u>1,258,184</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(584,825)	(819,759)
Proceeds from disposal of financial assets at fair value through other comprehensive income	15,781	-
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	4,329	6,600
Acquisition of property and equipment	(23,684)	(25,505)
Proceeds from disposal of property and equipment	675	8
Decrease in operation guarantee deposits	-	52,000
Increase in clearing and settlement fund	(20,044)	(3,693)
Increase in refundable deposits	(17,833)	-
Decrease in refundable deposits	-	5,120
Acquisition of intangible assets	(7,782)	(11,483)
Increase in other non-current assets	(12,625)	(6,296)
Dividends received	<u>25,557</u>	<u>16,542</u>
Net cash used in investing activities	<u>(620,451)</u>	<u>(786,466)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	1,260,000	386,700
Increase in commercial paper payable	-	1,170,000
Decrease in commercial paper payable	(2,393,000)	-
Increase in guarantee deposits received	10	-
Decrease in guarantee deposits received	-	(602)
Payments of lease liabilities	(49,856)	(50,439)
Cash dividends paid	(725,235)	(194,807)
Payments to acquire treasury shares	-	(17,263)
Change in non-controlling interests	(3,446)	(2,790)
Exercise of disgorgement	<u>13</u>	<u>-</u>
Net cash generated from (used in) financing activities	<u>(1,911,514)</u>	<u>1,290,799</u>

(Continued)

CONCORD SECURITIES CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	\$ <u>5,480</u>	\$ <u>(6,708)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,778,884)	1,755,809
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>3,434,150</u>	<u>1,678,341</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,655,266</u>	<u>\$ 3,434,150</u>

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

(With Deloitte & Touche auditors' report dated March 17, 2022)

(Concluded)

CONCORD SECURITIES CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Concord Securities Co., Ltd. (the “Corporation”) was incorporated on July 25, 1990 and started operations on December 4, 1990. It engages in transactions such as (a) securities proprietary and brokerage; (b) underwriting; (c) financing customers’ acquisition and short-sales; (d) providing agency services for share affairs; (e) assisting in futures trading; (f) other business as approved by relevant authorities. Its shares began trading on the Taipei Exchange, formerly called the GreTai Securities Market (the over-the-counter Securities Exchange of the Republic of China, or the “ROC OTC”), in December 1996.

The Corporation was further authorized to engage in futures brokerage business on February 2, 1998. However, when its subsidiary, Concord Futures Corp., commenced operations on May 1, 2000, the Corporation transferred all its futures trading business to its subsidiary and provided necessary professional assistance. In addition, the Corporation, according to the ruling numbered Tai-Tsai-Cheng (7) 0910147503 from the Ministry of Finance, was authorized to engage in dealing of futures contracts. Nevertheless, the Corporation terminated dealing of futures contracts on May 2, 2014, according to Rule No. 1030014785 issued by the Financial Supervisory Commission (FSC).

As of December 31, 2021, the Corporation had 15 branches and an offshore securities unit supporting its head office.

The consolidated financial statements are presented in the Corporation’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Corporation’s Board of Directors and issued on March 17, 2022.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC).

Except for the following, the initial application of the IFRSs endorsed and issued into effect by the FSC did not have a material impact on the Group’s accounting policies:

- Amendments to IFRS 16 “Covid-19-Related Rent Concessions” and “Covid-19-Related Rent Concessions beyond 30 June 2021”

The Group elected to apply the practical expedient provided in the amendments to IFRS 16 with respect to rent concessions negotiated with the lessor as a direct consequence of the COVID-19. The related accounting policies are stated in Note 4.

The Group applies the amendments from January 1, 2021 and since the abovementioned rent concessions is applicable from 2021, the recognition of the cumulative effect of retrospective application does not affect retained earnings on January 1, 2021.

- b. The IFRSs endorsed by the FSC for application starting from 2022

New, Revised or Amended Standards and Interpretations	Effective Date Announced by IASB
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 1)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 2)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 3)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 4)

Note 1: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

The Group assessed that the application of the IFRSs would not have a material impact on the Group’s accounting policies.

- c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New, Revised or Amended Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 2)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 3)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 4)

- Note 1: Unless stated otherwise, the above New, Revised or Amended Standards and Interpretations are effective for annual reporting periods beginning on or after their respective effective dates.
- Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.
- Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.
- Note 4: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of the above standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The consolidated financial statements have been prepared 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 and IFRSs as endorsed and issued into effect by the FSC.

Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- a. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- b. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- c. Level 3 inputs are unobservable inputs for the asset or liability.

Classification of Current and Non-current Assets and Liabilities

Current assets include:

- a. Assets held primarily for the purpose of trading;
- b. Assets expected to be realized within 12 months after the reporting period; and
- c. Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- a. Liabilities held primarily for the purpose of trading;
- b. Liabilities due to be settled within 12 months after the reporting period; and
- c. Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Corporation and the entities controlled by the Corporation (i.e., its subsidiaries). When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Corporation. All intra-group transactions, balances, income and expenses are eliminated upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Corporation and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Corporation.

See Note 13 and Table 1 for the detailed information of subsidiaries (including the percentage of ownership and main business).

Foreign Currencies

In preparing the financial statements of each individual entity in the Group, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the translation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which fair value changes are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

For the purposes of presenting the consolidated financial statements, assets and liabilities of the Group's foreign operations (including subsidiaries in other countries or those that use currencies that are different from that used by the Corporation) are translated into New Taiwan dollars using the exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences are recognized in other comprehensive income.

Investments in Associates

An associate is an entity over which the Group has significant influence and that is not a subsidiary.

The Group uses the equity method to account for its investments in associates.

Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of equity of associates attributable to the Group.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition at the acquisition date is recognized immediately in profit or loss.

When the Group subscribes for additional new shares of the associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus. If the Group's ownership interest is reduced due to the additional subscription of the new shares of associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for equity method is insufficient, the shortage is debited to retained earnings.

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing the recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, which forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

Property and Equipment

Property and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Except for freehold land which is not depreciated, property and equipment are depreciated on a straight-line basis over their estimated useful lives. Each significant part is depreciated separately. The estimated useful lives, residual value and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

On derecognition of an item of property and equipment, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

Investment Property

Investment properties are properties held to earn rental and/or for capital appreciation.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

For a transfer of classification from investment property to property, the deemed cost of the property for subsequent accounting is its carrying amount at the commencement of owner-occupation.

For a transfer of classification from property to investment property, the deemed cost of an item of property for subsequent accounting is its carrying amount at the end of owner-occupation.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

Intangible Assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis over estimated useful lives. The estimated useful life, residual value, and amortization method are reviewed by the Group at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives are measured at cost less accumulated impairment loss.

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

Impairment of Property and Equipment, Investment Property, Right-of-use assets and Intangible Assets

At the end of each reporting period, the Group reviews the carrying amounts of its property and equipment, investment property, right-of-use assets and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of individual asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit should be reduced to its recoverable amount and the impairment loss is recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount (after deducting depreciation or amortization) that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Financial Instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

When financial assets and financial liabilities are initially not recognized at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

a. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

1) Measurement category

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in debt instruments and equity instruments at FVTOCI.

a) Financial assets at FVTPL

Financial assets are measured at FVTPL when such a financial asset is mandatorily measured at FVTPL. Financial assets mandatorily measured at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends, interest earned and remeasurement gains or losses on such financial assets are recognized in profit or loss. Fair value is determined in the manner described in Note 31.

b) Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, accounts receivable at amortized cost, other receivables and other financial assets, are measured at amortized cost, which equals the gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for:

- i. Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit adjusted effective interest rate to the amortized cost of such financial assets; and
- ii. Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred: Significant financial difficulty of the issuer or the borrower; breach of contract such as a default; it is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or the disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits, excess future trading margin and short-term bills with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

c) Investments in debt instruments at FVTOCI

Investments in debt instruments that meet the following conditions are subsequently measured at FVTOCI:

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

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

d) Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

2) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable) and investments in debt instruments that are measured at FVTOCI at the end of each reporting period.

The Group always recognizes lifetime expected credit losses (ECLs) for accounts receivable. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

3) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial assets and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without reclassifying to profit or loss.

b. Equity instruments

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

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Corporation's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Corporation's own equity instruments.

c. Financial liabilities

1) Subsequent measurement

Except for financial liabilities are measured at FVTPL, all financial liabilities are measured at amortized cost using the effective interest method.

Financial liabilities are classified as at FVTPL when such financial liabilities are either held for trading or are designated as at FVTPL.

Financial liabilities held for trading are stated at fair value, and any interest paid on such financial liabilities is recognized in finance costs; any remeasurement gains or losses on such financial liabilities are recognized in profit or loss. Fair value is determined in the manner described in Note 31.

A financial liability may be designated as at FVTPL upon initial recognition when doing so results in more relevant information and if:

- a) Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- b) The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and has performance evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- c) The contract contains one or more embedded derivatives so that the entire combined contract (asset or liability) can be designated as at FVTPL.

For a financial liability designated as at FVTPL, the amount of changes in fair value attributable to changes in the credit risk of the liability is presented in other comprehensive income and will not be subsequently reclassified to profit or loss. The gain or loss accumulated in other comprehensive income will be reclassified to retained earnings when the financial liability is derecognized. The remaining amount of changes in the fair value of that liability is presented in profit or loss. If the fair value changes recognized in other comprehensive are attributable to credit risk, and this accounting treatment would create or enlarge an accounting mismatch, all changes in fair value of the liability are presented in profit or loss. Fair value is determined in the manner described in Note 31.

2) Derecognition of financial liabilities

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

d. Derivative financial instruments

Derivative financial instruments the Group engaged in include call (put) warrants, futures, options, convertible bond asset swaps, structured instruments, bond options, etc.

Derivative financial instruments are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. For a derivative that is designated and effective as a hedging instrument, the timing of the recognition of gain or loss in profit or loss depends on the nature of the hedging relationship. When the fair value of derivative financial instruments is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instruments is negative, the derivative is recognized as a financial liability.

The margin deposits paid on purchase or sale of futures contracts are recognized as assets. Any valuation gain or loss on opening positions calculated using the settlement price announced by the futures exchanges and any gain or loss on settlement is recognized in profit or loss at the end of each reporting period. The margins are adjusted accordingly.

Premiums paid (received) on purchase (sale) of options contracts are recognized as assets (liabilities). Any valuation gain or loss calculated using the settlement price announced by the futures exchanges and any gain or loss on settlement is recognized in profit or loss at the end of each reporting period.

Repurchase and Resale Transactions

Resale and repurchase bond transactions with financing are recognized as "bond investments under resale agreements" and "liabilities for bonds with attached repurchase agreements", respectively, and the related interest income and finance cost are accounted on the basis of the contracted interest rate.

Margin Loans and Securities Financing

Margin loans pertain to the provision of funds to customers for them to buy securities and are recognized as “margin loans receivable.” The securities bought by customers are used to secure these loans and are recorded through memo entries. The collateral securities are returned when the loans are repaid.

The refinancing of margin loans with securities finance companies is recorded as “refinancing borrowings,” which are collateralized by securities bought by customers.

The collateral securities are disposed of by the Group when their fair value falls below a pre-agreed level and the customer fails to maintain this level. If the proceeds of the disposal of collateral security cannot cover the balance of the loan and the customer cannot timely settle the deficiency, the balance of the margin loan is reclassified as “overdue receivables.” If a collateral security cannot be sold in the open market, the balance of the loan is reclassified as “other receivables” or “overdue receivables.” Allowance for impairment loss will be recognized after evaluating the uncollectible amounts.

Stock loans are securities lent to customers for short selling. The deposits received from customers on securities lent out are credited to “securities financing refundable deposits.” The securities sold short are recorded using memo entries. The proceeds of the sales of securities lent to customers less any dealer’s commission, financing charges and securities exchange tax are recorded under “deposits payable for securities financing”. When the customers return the stock certificates to the Group, the Group gives the deposits received and the proceeds of the sales of securities back to customers.

Securities Business Money Lending and Securities Lending

The securities used in the securities business money lending and securities lending are operating securities, borrowed securities from the Taiwan Stock Exchange (TWSE) or refinancing collateral. Operating securities will be transferred to the account “securities lent” if they are used to lend to others. Securities lent should be measured at fair value at the end of each reporting period. Valuation gains or losses of securities lent are recorded in the same accounts used before the reclassification. If borrowed securities from the TWSE are used to lend to others, the Group will recognize the transaction through a memo entry. If the refinancing collateral are used to lend to others, the Group will not recognize any asset on the ground the collateral belong to the customers.

The Group recognizes the amount lent to investors in the securities business as “receivables of securities business money lending” two business days after the transaction date, and accrues bad debt expense for the assessed uncollectible receivables at the end of the reporting period. The related collateral is recognized through memo entry and returned when the transactions are settled. The revenue from customers on securities business money lending and securities lending are accounted for as handling fee revenues from securities business money lending.

Securities collateral received in the lending and borrowing business are recognized through memo entry otherwise cash collateral received are recognized as “securities lending refundable deposits.” The amount deposited in TWSE for securities lending and borrowing business is accounted as “security borrowing margin.” Security borrowing margin or security lending refundable deposits are returned or paid when the borrowing securities are returned. The related service revenues are accounted as income from securities lending.

Customer Margin Account and Futures Traders Equity

The subsidiary, Concord Futures, engages in futures brokerage and receives margin deposits from customers as required under existing regulations. The proceeds are deposited in banks and debited to “customer margin account” and credited to “futures traders equity”. The fair value is adjusted daily according to the difference between the carrying amount and the settlement price. When losses result in futures traders equity to have debit balance, the debit balance is recognized as futures exchanges margins receivable. Futures traders equity accounts cannot be offset against each other unless the equity accounts are of the same type and belong to the same trader.

Operation Guarantee Deposits

According to the Rules Governing Securities Firms and Rules Governing Futures Commission Merchants, operation guarantee deposits should be made to the specific account designated by the Securities and Futures Bureau (SFB), FSC when a corporation registers to engage in the securities or futures business or when an existing corporation sets up new branches. The Corporation may elect to deposit in the form of cash, government bonds or financial bonds.

Clearing and Settlement Fund

As required by the Rules Governing Securities Firms, securities firms engaged in the proprietary and brokerage business are required to make clearing and settlement fund deposits with the TWSE or the Taipei Exchange before or after operations.

Provisions

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the estimated cash flows needed to settle the present obligation, its carrying amount is the present value of those cash flows. The Group’s provisions are primarily short-term paid vacation entitlements and lease restoration costs.

Revenue Recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

Service income is recognized when services are provided.

Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

a. The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

b. The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and accumulated impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in future lease payments resulting from a change in a lease term, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

The Group negotiates with the lessor for rent concessions as a direct consequence of the Covid-19 to change the lease payments originally due by June 30, 2022, that results in the revised consideration for the lease less than the consideration for the lease immediately preceding the charge. There is no substantive change to other terms and conditions. The Group elects to apply the practical expedient to all of these rent concessions and, therefore, does not assess whether the rent concessions are lease modifications. Instead, the Group recognizes the reduction in lease payment in profit or loss as a deduction of depreciation of right-of-use assets, in the period in which the events or conditions that trigger the concession occur, and makes a corresponding adjustment to the lease liability.

Employee Benefits

a. Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services rendered by employees.

b. Retirement benefits

Payments to defined contribution retirement plans are recognized as an expense when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses, and the return on plan assets excluding interest, is recognized in other comprehensive income in the period in which they occur. It is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities represent the actual deficit in the Group's defined benefit retirement plans.

Employee Share Options

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. It is recognized as an expense in full at the grant date if vested immediately. The grant date of treasury shares transferred to employees is the date on which the Board of Directors approves the transaction.

At the end of each reporting period, the Group revises its estimate of the number of employee share options that are expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - employee share options.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

a. Current tax

Income tax payable (refundable) is based on taxable profit (loss) for the year determined in accordance with the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated retained earnings is recognized in the year the shareholders approve the appropriation of earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

b. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for deductible temporary differences to the extent that it is probable that taxable profit will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the timing of reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. Deferred tax asset which originally not recognized is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

c. Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income, in which case, the current and deferred taxes are also recognized in other comprehensive income.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations, and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Group considers the possible impact of the recent development of the COVID-19 in Taiwan and its economic environment implications when making its critical accounting estimates on cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Key Sources of Estimation and Uncertainty

Fair value of financial instruments with no public quotes in an active market

The Group determines the fair value of financial instruments with no public quotes in an active market using valuation methods. Refer to Note 31 for the related assumptions, estimates and book value.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2021	2020
Cash on hand and working fund	\$ 218	\$ 218
Checking and demand deposits	1,056,892	1,784,727
Foreign currency deposits	304,854	981,572
Cash equivalents		
Time deposits with original maturities within three months	-	20,790
Excess futures trading margin	293,302	296,938
Short-term bills	-	349,905
	<u>\$ 1,655,266</u>	<u>\$ 3,434,150</u>

The market rates of time deposits with original maturities within three months and short-term bills at the end of each reporting period were summarized as follows:

	December 31	
	2021	2020
Time deposits with original maturities within three months	-	0.20%
Short-term bills	-	0.17%-0.19%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2021	2020
<u>Financial assets at FVTPL - current</u>		
Financial assets mandatorily measured at FVTPL		
Open-end funds and money market instruments	\$ 3,647	\$ 6,738
Operating securities - proprietary	6,613,343	9,282,809
Operating securities - underwriting	24,538	22,380
Operating securities - hedging	1,315,716	498,898
Futures margin - own funds	126,463	166,760
Call options - non-hedging	-	19,463
Derivative assets - OTC		
Value of asset swap IRS contracts	5,967	6,380
Asset swap options	<u>519,959</u>	<u>195,487</u>
	<u>\$ 8,609,633</u>	<u>\$ 10,198,915</u>
<u>Financial liabilities at FVTPL - current</u>		
Financial liabilities held for trading		
Warrants liabilities	\$ 4,083,550	\$ 2,067,535
Warrants redeemed	(3,905,570)	(1,993,765)
Put options - TAIFEX	-	15,954
Settlement coverage bonds payable of short sale	346,869	-
Liabilities on sale of borrowed securities - hedging	695,972	531,508
Liabilities on sale of borrowed securities - non-hedging	13,233	-
Derivative liabilities - OTC		
Value of asset swap IRS contracts	51,365	32,015
Asset swap options	1,224,650	773,814
Structured instruments	2,191	-
Equity derivatives	<u>74,498</u>	<u>39,740</u>
	2,586,758	1,466,801
Financial liabilities designated as at FVTPL		
Structured instruments	<u>174,872</u>	<u>271,306</u>
	<u>\$ 2,761,630</u>	<u>\$ 1,738,107</u>
<u>Financial liabilities at FVTPL - non-current</u>		
Financial liabilities designated as at FVTPL		
Structured instruments	<u>\$ 520,297</u>	<u>\$ 215,244</u>

a. Open-end funds and money market instruments

	December 31	
	2021	2020
Open-end funds and money market instruments	\$ 3,619	\$ 6,700
Valuation adjustments	<u>28</u>	<u>38</u>
	<u>\$ 3,647</u>	<u>\$ 6,738</u>

b. Operating securities - proprietary

	December 31	
	2021	2020
<u>Current</u>		
Government bonds	\$ 658,315	\$ 1,873,435
Corporate bonds	200,256	200,256
Listed shares	669,909	2,068,569
Shares and convertible bonds traded in the OTC market	3,857,272	3,125,971
Emerging shares	219,023	213,993
Foreign shares and bonds	262,505	368,213
Beneficiary securities	<u>97,693</u>	<u>960,358</u>
	5,964,973	8,810,795
Valuation adjustments	<u>648,370</u>	<u>472,014</u>
	<u>\$ 6,613,343</u>	<u>\$ 9,282,809</u>

The ranges of coupon rates of government bonds and corporate bonds at the end of each reporting period were summarized as follows:

	December 31	
	2021	2020
Government bonds	0.5%-1.75%	0.25%-1.75%
Corporate bonds	1.04%	1.04%

As of December 31, 2021 and 2020, the face values of the Group's proprietary securities and bond investments under resale agreements were \$4,055,529 thousand and \$4,672,760 thousand, respectively, were provided for repurchase agreements.

c. Operating securities - underwriting

	December 31	
	2021	2020
Listed and OTC shares and convertible bonds	\$ 20,946	\$ 22,093
Valuation adjustments	<u>3,592</u>	<u>287</u>
	<u>\$ 24,538</u>	<u>\$ 22,380</u>

d. Operating securities - hedging

	December 31	
	2021	2020
Listed shares and warrants	\$ 1,009,536	\$ 332,591
Shares, warrants and convertible bonds traded in the OTC market	<u>253,633</u>	<u>138,820</u>
	1,263,169	471,411
Valuation adjustments	<u>52,547</u>	<u>27,487</u>
	<u>\$ 1,315,716</u>	<u>\$ 498,898</u>

e. Warrants

	December 31	
	2021	2020
Warrants liabilities	\$ 4,097,368	\$ 1,803,865
Losses (gains) on changes in fair value	<u>(13,818)</u>	<u>263,670</u>
	<u>4,083,550</u>	<u>2,067,535</u>
Warrants redeemed	3,954,353	1,749,226
Gains (losses) on changes in fair value	<u>(48,783)</u>	<u>244,539</u>
	<u>3,905,570</u>	<u>1,993,765</u>
Net warrants liabilities	<u>\$ 177,980</u>	<u>\$ 73,770</u>

f. Settlement coverage bonds payable of short sale

	December 31	
	2021	2020
Government bonds	\$ 347,124	\$ -
Valuation adjustments	<u>(255)</u>	<u>-</u>
	<u>\$ 346,869</u>	<u>\$ -</u>

g. Liabilities on sale of borrowed securities

	December 31	
	2021	2020
Hedging		
Listed and OTC shares and beneficiary certificates	\$ 619,284	\$ 431,292
Valuation adjustments	<u>76,688</u>	<u>100,216</u>
	<u>\$ 695,972</u>	<u>\$ 531,508</u>
Non-hedging		
Beneficiary certificates	\$ 12,135	\$ -
Valuation adjustments	<u>1,098</u>	<u>-</u>
	<u>\$ 13,233</u>	<u>\$ -</u>

h. Futures and options

	December 31	
	2021	2020
Call options - non-hedging		
Index options	\$ -	\$ 17,056
Gains on open positions	<u>-</u>	<u>2,407</u>
Fair value	<u>\$ -</u>	<u>\$ 19,463</u>
Put options - TAIFEX		
Index options	\$ -	\$ (8,734)
Losses on open positions	<u>-</u>	<u>(7,220)</u>
Fair value	<u>\$ -</u>	<u>\$ (15,954)</u>

Open contracts and fair values at the end of each reporting period were as follows:

December 31, 2021					
Item	Transaction Type	Open Position		Carrying Amount/ Premium Paid (Received)	Fair Value
		Buyer/ Seller	Volume		
Futures	TAIEX futures	Buyer	72	\$ 253,523	\$ 261,778
Futures	TAIEX futures	Seller	17	61,896	61,911
Futures	MTX	Seller	288	253,675	261,778
Futures	Share futures	Buyer	4,731	436,732	466,194
Futures	Share futures	Seller	930	96,114	97,878
Futures	NYMEX-CL	Buyer	2	3,998	4,164
Futures	SCN	Seller	5	2,176	2,173
Futures	LCO	Seller	13	28,471	27,988
Futures	GC	Buyer	1	4,983	5,062
Futures	CBOT-UB	Seller	9	47,992	49,108
December 31, 2020					
Item	Transaction Type	Open Position		Carrying Amount/ Premium Paid (Received)	Fair Value
		Buyer/ Seller	Volume		
Futures	TAIEX futures	Buyer	86	\$ 238,981	\$ 250,703
Futures	TAIEX futures	Seller	2	5,676	5,871
Futures	MTX	Seller	240	167,769	175,314
Futures	Share futures	Buyer	5,044	396,270	473,956
Futures	Share futures	Seller	272	20,726	20,990
Futures	NYMEX-CL	Seller	1	1,376	1,382
Futures	SCN	Seller	81	39,820	40,860
Futures	LCO	Seller	82	117,247	120,973
Futures	SI	Seller	12	42,045	45,133
Futures	CFE-VX	Seller	1	701	674
Futures	HG	Seller	13	32,850	32,572
Futures	S	Seller	463	769,923	864,367
Futures	GC	Seller	3	16,233	16,192
Options	TAIEX options - call	Buyer	150	5,910	17,280
Options	TAIEX options - put	Buyer	615	11,146	2,183
Options	TAIEX options - call	Seller	239	(6,870)	(15,077)
Options	TAIEX options - put	Seller	213	(1,864)	(877)

The fair value is calculated based on the closing price of each futures and options contract multiplied by the number of open contracts on each futures exchange at the end of the reporting period.

As of December 31, 2021 and 2020, futures margin arising from futures and options contracts amounted to \$126,463 thousand and \$166,760 thousand, respectively.

i. Derivative instruments - OTC

The outstanding contracts and nominal amounts of derivative financial instruments were as follows:

	Nominal Amount	
	December 31	
	2021	2020
Convertible bond asset swaps	\$ 6,072,700	\$ 5,852,900
Structured instruments	1,458,828	488,200
Equity derivatives	345,188	157,412

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2021	2020
<u>Current</u>		
Investments in debt instruments	\$ <u>27,802</u>	\$ <u>15,808</u>
<u>Non-current</u>		
Investments in equity instruments	\$ 841,057	\$ 786,678
Investments in debt instruments	<u>2,010,847</u>	<u>1,461,780</u>
	<u>\$ 2,851,904</u>	<u>\$ 2,248,458</u>

a. Investments in equity instruments

	December 31	
	2021	2020
<u>Non-current</u>		
Non-public ordinary shares		
Taiwan Futures Exchange	\$ 388,730	\$ 418,939
Taiwan Stock Exchange	241,632	182,397
Taiwan Depository & Clearing Corporation	133,443	115,308
Guoyuan Futures Co., Ltd.	55,589	44,555
Asia Pacific Emerging Industry Venture Capital Co., Ltd.	16,248	20,686
FundRich Securities Co., Ltd.	5,415	4,793
Foursun Tech. Inc.	<u>-</u>	<u>-</u>
	<u>\$ 841,057</u>	<u>\$ 786,678</u>

These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

In October 2021, the Corporation participated in the cash capital increase of Taiwan Stock Exchange, and obtained 62 shares at the issue price of \$10 per share.

In December 2021 and 2020, Asia Pacific Emerging Industry Venture Capital Co., Ltd. implemented cash capital reduction, in which the Corporation reduced its number of shares by 432,900 and 660,000 shares, receiving the capital reduction of \$4,329 thousand and \$6,600 thousand, respectively.

The Group recognized dividend revenue of \$25,557 thousand and \$16,542 thousand during 2021 and 2020, which generated from the investments held as of December 31, 2021 and 2020, respectively.

b. Investments in debt instruments

	December 31	
	2021	2020
<u>Current</u>		
Foreign bonds	\$ 27,802	\$ 15,808
<u>Non-current</u>		
Government bonds	\$ 301,475	\$ 301,941
Corporate bonds	601,652	403,152
Foreign bonds	1,107,720	756,687
	<u>\$ 2,010,847</u>	<u>\$ 1,461,780</u>

Information about investments in debt instruments classified as at FVTOCI was as follows:

	December 31	
	2021	2020
Gross carrying amount	\$ 2,038,703	\$ 1,469,659
Less: Allowance for impairment loss	(1,972)	(1,210)
Amortized cost	2,036,731	1,468,449
Adjustment to fair value	1,918	9,139
	<u>\$ 2,038,649</u>	<u>\$ 1,477,588</u>

In determining the impairment loss for debt instruments classified as at FVTOCI, the Group considers the credit rating, default rate and recovery rate for these investments as supplied by external rating agencies to assess whether there has been a significant increase in credit risk since initial recognition, and measures the 12-month or lifetime expected credit losses for these debt instruments.

The Group's current credit risk grading mechanism and the gross carrying amounts of debt instruments by credit category are as follows:

Category	Description	Basis for Recognizing Expected Credit Losses (ECLs)	Expected Loss Rate	Gross Carrying Amount on December 31, 2021
Stage 1	The credit rating on the base date is investment grade and above, and credit risk has not significantly increased	12-month ECLs	0.00%-0.51%	\$ 2,038,703

Category	Description	Basis for Recognizing Expected Credit Losses (ECLs)	Expected Loss Rate	Gross Carrying Amount on December 31, 2020
Stage 1	The credit rating on the base date is investment grade and above, and credit risk has not significantly increased	12-month ECLs	0.00%-0.53%	\$ 1,469,659

The movements of the allowance for impairment loss of investments in debt instruments at FVTOCI were as follows:

	Credit Rating		
	12-month ECLs	Lifetime ECLs - Not Credit Impaired	Lifetime ECLs - Credit Impaired
Balance at January 1, 2021	\$ 1,210	\$ -	\$ -
Recognized expected credit loss	<u>762</u>	<u>-</u>	<u>-</u>
Balance at December 31, 2021	<u>\$ 1,972</u>	<u>\$ -</u>	<u>\$ -</u>
Balance at January 1, 2020	\$ 370	\$ -	\$ -
Recognized expected credit loss	<u>840</u>	<u>-</u>	<u>-</u>
Balance at December 31, 2020	<u>\$ 1,210</u>	<u>\$ -</u>	<u>\$ -</u>

9. CUSTOMER MARGIN ACCOUNT AND FUTURES TRADERS' EQUITY

	December 31	
	2021	2020
Customer margin account		
Cash in banks	\$ 3,651,150	\$ 2,879,979
Futures clearing institution	1,267,111	870,549
Other futures commission merchant	<u>284,848</u>	<u>266,652</u>
Customer margin account	5,203,109	4,017,180
Adjustment		
Brokerage handling fee revenue and futures transactions tax	(44,993)	(52,601)
Timing differences in receiving customers' deposits	<u>(12,865)</u>	<u>38,094</u>
Futures traders' equity	<u>\$ 5,145,251</u>	<u>\$ 4,002,673</u>

10. FUTURES EXCHANGES MARGINS RECEIVABLE

The volatility of the global share markets in February and October 2018 caused some customers of the Corporation's subsidiary, Concord Futures to exceed their loss limits. The customers' obligation for the loss in excess of limit amounted to \$265,890 thousand, of which the customers have paid \$2,471 thousand as of December 31, 2020. The subsidiary, Concord Futures had recognized the unrecovered margin of \$263,419 thousand as expected credit loss. Part of the loss in the amount of \$198,421 thousand was incurred by the customers who were assisted in their futures transactions by the Corporation; therefore, the Corporation negotiated with the subsidiary, Concord Futures in April 2018 and based on their lawyer's suggestion, the

Corporation agreed to bear 50% of the loss amount, i.e. \$99,210 thousand. The amount was paid in May 2018. In addition, as of December 31, 2020, as part of the unrecovered margin of \$263,419 thousand was outstanding for more than two years, Concord Futures has written off the futures exchanges margins receivable and allowance for doubtful accounts, but will still continue to actively recover the bad debt from customers. As of December 31, 2021, \$498 thousand was recovered.

The customers' obligation for the loss in excess of limit increased by \$5,862 thousand in March and April 2020. As of December 31, 2021, \$576 thousand was recovered, and Concord Futures had recognized the unrecovered margin of \$5,286 thousand as expected credit loss, and has been actively recovering the bad debt from customers.

The customer's obligation for the loss in excess of limit increased by \$30 thousand in June 2021. Concord Futures has recognized the unrecovered margin of \$30 thousand as expected credit loss, and has been actively recovering the bad debt from customers.

As of December 31, 2021 and 2020, futures exchanges margins receivable and allowance for doubtful accounts were as follows:

	December 31	
	2021	2020
Futures exchanges margins receivable	\$ 5,342	\$ 5,462
Less: Allowance for impairment loss	<u>(5,316)</u>	<u>(5,462)</u>
	<u>\$ 26</u>	<u>\$ -</u>

11. MARGIN LOANS RECEIVABLE, NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	December 31	
	2021	2020
Margin loans receivable	\$ 7,631,788	\$ 4,696,842
Less: Allowance for impairment loss	<u>(2,040)</u>	<u>(1,094)</u>
	<u>\$ 7,629,748</u>	<u>\$ 4,695,748</u>

The securities bought by customers are used to secure margin loans receivable.

Some of the Group's customers used the shares of Pihsiang as collateral securities. Since Pihsiang had been suspended in May 2017, the value of the collateral securities could not cover the balance of the loan. In June 2017, the Group had recognized impairment loss of \$73,147 thousand (these amounts are recognized in margin loans receivables amounted to \$67,910 thousand, accounts receivable amounted to \$4,056 thousand and other receivables amounted to \$1,181 thousand). Furthermore, in the fourth quarter of 2017, the balance of the related receivables was reclassified as other receivables. In 2018, the Group had recognized an impairment loss of \$5,000 thousand when assessing the recoverability of the receivables. The Group recovered a portion of the receivables in 2021, which was recognized as gains on reversal of impairment loss of \$212 thousand.

	December 31	
	2021	2020
Notes receivable	\$ 146	\$ 64
Accounts receivable		
Accounts receivable for settlement - brokerage	5,724,414	5,458,677
Accounts receivable for settlement - proprietary	985,847	373,736
Brokerage handling fee revenue and refinancing interest receivable	129,290	60,945
Bond interest receivable	16,337	15,382
Others	8,162	9,635
	<u>6,864,050</u>	<u>5,918,375</u>
	<u>\$ 6,864,196</u>	<u>\$ 5,918,439</u>

The aging of notes receivable and accounts receivable were as follows:

	December 31	
	2021	2020
0 to 120 days	\$ 6,864,115	\$ 5,918,146
121 to 180 days	81	93
Over 180 days	<u>-</u>	<u>200</u>
	<u>\$ 6,864,196</u>	<u>\$ 5,918,439</u>

The above aging schedule was based on the number of past due days from the invoice date.

	December 31	
	2021	2020
Other receivables	\$ 172,140	\$ 145,657
Less: Allowance for impairment loss	<u>(86,566)</u>	<u>(85,193)</u>
	<u>\$ 85,574</u>	<u>\$ 60,464</u>

The Group adopted a policy of only dealing with entities and investors that have sound credit ratings and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for irrecoverable receivables. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group recognizes expected credit losses for its trade receivables based on lifetime expected credit losses. The expected credit losses on trade receivables are estimated using a provision matrix by reference to the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance is not further distinguished according to the Group's different customer base.

The following table details the loss allowance of financial assets at amortized cost such as margin loans receivable and trade receivables based on the Group's provision matrix:

December 31, 2021

	Notes and Accounts Receivable	Margin Loans Receivable	Refinancing Collateral Receivable	Refinancing Margin, Security Borrowing Collateral Price and Security Borrowing Margin	Other Receivables	Total
Expected credit loss rate	0%	0.03%	0%	0%	0%; 100%	
Gross carrying amount	\$ 6,864,196	\$ 7,631,788	\$ 6,732	\$ 1,004,490	\$ 172,140	\$ 15,679,346
Loss allowance (Lifetime ECLs)	-	(2,040)	-	-	(86,566)	(88,606)
Amortized cost	<u>\$ 6,864,196</u>	<u>\$ 7,629,748</u>	<u>\$ 6,732</u>	<u>\$ 1,004,490</u>	<u>\$ 85,574</u>	<u>\$ 15,590,740</u>

December 31, 2020

	Notes and Accounts Receivable	Margin Loans Receivable	Refinancing Collateral Receivable	Refinancing Margin, Security Borrowing Collateral Price and Security Borrowing Margin	Other Receivables	Total
Expected credit loss rate	0%	0.03%	0%	0%	0%; 100%	
Gross carrying amount	\$ 5,918,439	\$ 4,696,842	\$ 14,462	\$ 836,105	\$ 145,657	\$ 11,611,505
Loss allowance (Lifetime ECLs)	-	(1,094)	-	-	(85,193)	(86,287)
Amortized cost	<u>\$ 5,918,439</u>	<u>\$ 4,695,748</u>	<u>\$ 14,462</u>	<u>\$ 836,105</u>	<u>\$ 60,464</u>	<u>\$ 11,525,218</u>

The movements of the loss allowance of trade receivables for the years ended December 31, 2021 and 2020, respectively, were as follows:

	Notes and Accounts Receivable	Margin Loans Receivable	Other Receivables	Total
Balance at January 1, 2021	\$ -	\$ 1,094	\$ 85,193	\$ 86,287
Add: Net remeasurement of loss allowance	-	946	1,373	2,319
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 2,040</u>	<u>\$ 86,566</u>	<u>\$ 88,606</u>

	Notes and Accounts Receivable	Margin Loans Receivable	Other Receivables	Total
Balance at January 1, 2020	\$ -	\$ 908	\$ 85,024	\$ 85,932
Add: Net remeasurement of loss allowance	-	186	169	355
Balance at December 31, 2020	<u>\$ -</u>	<u>\$ 1,094</u>	<u>\$ 85,193</u>	<u>\$ 86,287</u>

12. OTHER FINANCIAL ASSETS - CURRENT

	December 31	
	2021	2020
Time deposits	\$ 388,760	\$ 606,899

The market rates of time deposits with original maturities of more than three months at the end of each reporting period were summarized as follows:

	December 31	
	2021	2020
Time deposits	0.090%-0.815%	0.09%-2.50%

13. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements were summarized as follows:

Investor	Investee	Main Business	Percentage of Ownership (%)		Remarks
			December 31		
			2021	2020	
The Corporation	Concord Futures Corp. (Concord Futures)	Foreign and domestic futures proprietary, brokerage and consulting services	95.71	95.71	
The Corporation	Concord Capital Management Corp (Concord Capital Management)	Securities investment advisory services	100.00	100.00	Note a
The Corporation	Con Lian Asset Management Service Co., Ltd. (Con Lian AMC)	Investment, business management advisory services and asset management services	100.00	100.00	
The Corporation	Concord Managed Futures Corp. (Concord Managed Futures)	Note b	-	100.00	Note b
The Corporation	Concord Insurance Agency Co., Ltd. (Concord Insurance)	Life insurance agency and property insurance agency	100.00	100.00	
The Corporation	Concord Capital Holdings (Cayman) Limited (Concord Cayman)	Note c	-	100.00	Note c

Note a: In December 2020, the subsidiary, Concord Capital Management, implemented a capital reduction of \$25,000 thousand to offset deficits, and also issued 1,500 thousand ordinary shares at \$13 per share for a total amount of \$19,500 thousand, which were fully subscribed by the Corporation.

Note b: The Corporation's direct shareholding is 60%, while the combined shareholding is 100%. Concord Managed Futures terminated its futures management and trust services on February 1, 2019, which was approved by the relevant authorities in January 2019. In addition, in March 2019, Concord Managed Futures obtained approval for liquidation based on letter No. 1080304430 issued by the FSC. The subsidiary has completed its liquidation procedures in January 2021, and returned the remaining liquidation funds to the Corporation and the subsidiary, Concord Futures of \$159,452 thousand and \$106,302 thousand, respectively.

Note c: On November 30, 2020, the subsidiary, Concord Cayman received letter No. 1090373948 issued by the FSC and completed its liquidation procedures in March 31, 2021, and returned the remaining liquidation fund to the Corporation of US\$744 thousand.

14. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Investment in Associates	December 31			
	2021		2020	
	Carrying Amount	Percentage of Shareholding (%)	Carrying Amount	Percentage of Shareholding (%)
Individually immaterial associates:				
HWA-HO Asset Management Corp.	<u>\$ 561,421</u>	46.59	<u>\$ 570,130</u>	46.59

The summarized information of individually immaterial associates was as follows:

	For the Year Ended December 31	
	2021	2020
The Group's share of:		
Net profit (loss) for the year	\$ (7,050)	\$ 25,999
Other comprehensive income	<u>(1,659)</u>	<u>6,526</u>
Total comprehensive income (loss) for the year	<u>\$ (8,709)</u>	<u>\$ 32,525</u>

The Group's share of profit or loss and other comprehensive income or loss of associates accounted for using equity method was calculated based on the audited financial statements for the years ended December 31, 2021 and 2020.

15. PROPERTY AND EQUIPMENT

	For the Year Ended December 31, 2021			
	Balance at January 1, 2021	Additions	Reductions	Balance at December 31, 2021
<u>Cost</u>				
Land	\$ 805,137	\$ -	\$ -	\$ 804,351
Buildings	317,656	-	-	317,133
Equipment	104,307	16,539	(20,744)	100,102
Leasehold improvements	<u>35,008</u>	<u>12,375</u>	<u>(5,541)</u>	<u>41,842</u>
	<u>1,262,108</u>	<u>\$ 28,914</u>	<u>\$ (26,285)</u>	<u>1,263,428</u>
<u>Accumulated depreciation</u>				
Buildings	140,386	\$ 5,627	\$ -	145,874
Equipment	66,441	16,362	(20,687)	62,116
Leasehold improvements	<u>18,481</u>	<u>7,227</u>	<u>(5,247)</u>	<u>20,461</u>
	<u>225,308</u>	<u>\$ 29,216</u>	<u>\$ (25,934)</u>	<u>228,451</u>
<u>Accumulated impairment</u>				
Buildings	<u>1,684</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1,684</u>
Net book value	<u>\$ 1,035,116</u>			<u>\$ 1,033,293</u>

	For the Year Ended December 31, 2020				
	Balance at January 1, 2020	Additions	Reductions	Reclassifi- cations	Balance at December 31, 2020
<u>Cost</u>					
Land	\$ 801,209	\$ -	\$ -	\$ 3,928	\$ 805,137
Buildings	315,038	-	-	2,618	317,656
Equipment	104,798	21,782	(22,273)	-	104,307
Leasehold improvements	<u>38,216</u>	<u>6,843</u>	<u>(10,051)</u>	<u>-</u>	<u>35,008</u>
	<u>1,259,261</u>	<u>\$ 28,625</u>	<u>\$ (32,324)</u>	<u>\$ 6,546</u>	<u>1,262,108</u>
<u>Accumulated depreciation</u>					
Buildings	134,113	\$ 5,623	\$ -	\$ 650	140,386
Equipment	72,639	16,058	(22,256)	-	66,441
Leasehold improvements	<u>22,291</u>	<u>5,708</u>	<u>(9,518)</u>	<u>-</u>	<u>18,481</u>
	<u>229,043</u>	<u>\$ 27,389</u>	<u>\$ (31,774)</u>	<u>\$ 650</u>	<u>225,308</u>
<u>Accumulated impairment</u>					
Buildings	<u>1,684</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1,684</u>
Net book value	<u>\$ 1,028,534</u>				<u>\$ 1,035,116</u>

Property and equipment are depreciated on straight-line basis over their estimated useful lives as follows:

Buildings	55 years
Equipment	2-6 years
Leasehold improvements	1-5 years

The significant component of the Group's buildings is the main building. Some property and equipment were pledged as collateral for loans (refer to Note 33 for the details).

16. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2021	2020
<u>Carrying amount</u>		
Buildings	\$ 117,108	\$ 67,201
Equipment	<u>6,028</u>	<u>2,353</u>
	<u>\$ 123,136</u>	<u>\$ 69,554</u>
	<u>For the Year Ended December 31</u>	
	2021	2020
Additions to right-of-use assets	<u>\$ 104,003</u>	<u>\$ 22,317</u>
Depreciation charge for right-of-use assets		
Buildings	\$ 48,475	\$ 49,191
Equipment	<u>1,493</u>	<u>466</u>
	<u>\$ 49,968</u>	<u>\$ 49,657</u>

b. Lease liabilities

	December 31	
	2021	2020
<u>Carrying amount</u>		
Current	<u>\$ 39,898</u>	<u>\$ 46,716</u>
Non-current	<u>\$ 82,426</u>	<u>\$ 21,531</u>

Ranges of discount rates for lease liabilities were as follows:

	December 31	
	2021	2020
Buildings	0.514%-1.410%	0.514%-1.410%
Equipment	0.521%-1.300%	0.521%-1.300%

The Group leases buildings for operational uses with lease terms of 1 to 5 years. The Group does not have bargain purchase options to acquire the leasehold buildings at the end of the lease terms. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

c. Material leasing activities and terms

Due to the severe impact of COVID-19 on the market economy in 2021 and 2020, the lessor agreed to provide unconditional rent reductions of 20%-100% from May 1 to June 30, 2021, August 1 to December 31, 2021, and September 1 to December 31, 2020. The Group recognized the impact of rent concessions at \$453 thousand (recognized as deduction of depreciation) for both the years ended December 31, 2021 and 2020.

d. Other lease information

	For the Year Ended December 31	
	2021	2020
Expenses relating to low-value asset leases	<u>\$ 1,924</u>	<u>\$ 2,986</u>
Total cash outflow for leases	<u>\$ 51,780</u>	<u>\$ 53,425</u>

The Group's leases of certain office equipment qualify as low-value asset leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

All lease commitments (the Group as a lessee) with lease terms commencing after the balance sheet dates were as follows:

	December 31	
	2021	2020
Lease commitments	<u>\$ 8,623</u>	<u>\$ -</u>

17. INVESTMENT PROPERTY

	For the Year Ended December 31, 2021				Balance at December 31, 2021
	Balance at January 1, 2021	Additions	Reductions	Reclassifi- cations	
<u>Cost</u>					
Land	\$ 278,835	\$ -	\$ -	\$ 786	\$ 279,621
Buildings	<u>92,317</u>	<u>-</u>	<u>-</u>	<u>523</u>	<u>92,840</u>
	371,152	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,309</u>	372,461
<u>Accumulated depreciation</u>					
Buildings	47,645	<u>\$ 1,656</u>	<u>\$ -</u>	<u>\$ 139</u>	49,440
<u>Accumulated impairment</u>					
Buildings	<u>234</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>234</u>
Net book value	<u>\$ 323,273</u>				<u>\$ 322,787</u>
	For the Year Ended December 31, 2020				Balance at December 31, 2020
	Balance at January 1, 2020	Additions	Reductions	Reclassifi- cations	
<u>Cost</u>					
Land	\$ 282,763	\$ -	\$ -	\$ (3,928)	\$ 278,835
Buildings	<u>94,935</u>	<u>-</u>	<u>-</u>	<u>(2,618)</u>	<u>92,317</u>
	377,698	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,546)</u>	371,152
<u>Accumulated depreciation</u>					
Buildings	46,635	<u>\$ 1,660</u>	<u>\$ -</u>	<u>\$ (650)</u>	47,645
<u>Accumulated impairment</u>					
Buildings	<u>234</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>234</u>
Net book value	<u>\$ 330,829</u>				<u>\$ 323,273</u>

The Group's investment properties are land and buildings. The buildings are depreciated on straight-line basis over their estimated useful lives of 55 years.

As of December 31, 2021 and 2020, the fair value of the Group's investment properties amounted to \$404,044 thousand and \$407,311 thousand, respectively. The fair value was quoted based on the market price of similar properties.

Some investment properties were pledged as collateral for loans and loan credit line (refer to Note 33 for the details).

The abovementioned investment properties are leased out for 7 months to 5 years under operating leases. The lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.

Due to the impact of the COVID-19 pandemic on the market economy in 2020, the Group agreed to provide an unconditional rent reduction of 20% for some of the leases for the period from May 1 to July 31, 2020. As there is no contractual mechanism to adjust rent in the original lease contract, the rent concessions will be accounted for as adjustments to rental income over the remaining lease term.

The maturity analysis of the total lease payments receivable from investment properties leased under operating leases was as follows:

	December 31	
	2021	2020
Year 1	\$ 9,753	\$ 2,628
Year 2	<u>648</u>	<u>1,980</u>
	<u>\$ 10,401</u>	<u>\$ 4,608</u>

18. INTANGIBLE ASSETS

	December 31	
	2021	2020
Computer software	\$ 16,342	\$ 18,094
Memberships in foreign futures exchanges	<u>33,392</u>	<u>33,392</u>
	<u>\$ 49,734</u>	<u>\$ 51,486</u>

	For the Year Ended December 31, 2021			
	Balance at January 1, 2021	Additions	Reductions	Balance at December 31, 2021
<u>Cost</u>				
Computer software	\$ 35,143	\$ 8,062	\$ (14,179)	\$ 29,026
Memberships in foreign futures exchanges	<u>33,392</u>	<u>-</u>	<u>-</u>	<u>33,392</u>
	<u>68,535</u>	<u>\$ 8,062</u>	<u>\$ (14,179)</u>	<u>62,418</u>
<u>Accumulated amortization</u>				
Computer software	<u>17,049</u>	<u>\$ 9,814</u>	<u>\$ (14,179)</u>	<u>12,684</u>
Net book value	<u>\$ 51,486</u>			<u>\$ 49,734</u>

	For the Year Ended December 31, 2020			
	Balance at January 1, 2020	Additions	Reductions	Balance at December 31, 2020
<u>Cost</u>				
Computer software	\$ 40,052	\$ 14,736	\$ (19,645)	\$ 35,143
Memberships in foreign futures exchanges	<u>33,392</u>	<u>-</u>	<u>-</u>	<u>33,392</u>
	<u>73,444</u>	<u>\$ 14,736</u>	<u>\$ (19,645)</u>	<u>68,535</u>
<u>Accumulated amortization</u>				
Computer software	<u>24,811</u>	<u>\$ 11,883</u>	<u>\$ (19,645)</u>	<u>17,049</u>
Net book value	<u>\$ 48,633</u>			<u>\$ 51,486</u>

The above-mentioned intangible assets with definite useful lives are amortized on a straight-line basis over their estimated useful lives as follows:

Computer software	3 years
Website construction expenses	5 years

For the purpose of business development, the subsidiary, Concord Futures, acquired memberships in foreign futures exchanges - CME, CBOT and COMEX. The subsidiary treats the memberships as intangible assets with an indefinite useful life with estimated net cash inflows over an indefinite time span. Memberships in foreign futures exchanges will not be amortized until the memberships turn into intangible assets with definite useful life. Memberships are tested for impairment at least annually whether there is an indication that the asset may be impaired.

19. OTHER NON-CURRENT ASSETS

	December 31	
	2021	2020
Operation guarantee deposits	\$ 520,000	\$ 520,000
Clearing and settlement fund	213,162	193,118
Refundable deposits	63,607	45,774
Prepayments for equipment	12,089	5,841
Deferred expense	<u>1,355</u>	<u>725</u>
	<u>\$ 810,213</u>	<u>\$ 765,458</u>

20. BORROWINGS

a. Short-term borrowings

	December 31	
	2021	2020
Secured borrowings	\$ 950,000	\$ 210,000
Unsecured borrowings	<u>700,000</u>	<u>180,000</u>
	<u>\$1,650,000</u>	<u>\$ 390,000</u>

The market rates of the short-term borrowings at the end of each reporting period were summarized as follows:

	December 31	
	2021	2020
Short-term borrowings	0.80%-1.50%	0.95%-1.05%

Some demand deposits, time deposits, property and equipment, and investment properties were provided as collateral for bank borrowings and credit line (refer to Note 33 for the details).

b. Commercial paper payable

	December 31	
	2021	2020
Commercial paper payable	\$ 4,167,000	\$ 6,560,000
Less: Discount of commercial paper payable	<u>(2,241)</u>	<u>(2,320)</u>
	<u>\$ 4,164,759</u>	<u>\$ 6,557,680</u>

The discount rates of the commercial paper payable at the end of each reporting period were summarized as follows:

	December 31	
	2021	2020
Commercial paper payable	0.30%-0.95%	0.20%-0.48%

All commercial paper payable mentioned above were underwritten by bills finance companies or banks.

21. LIABILITIES FOR BONDS WITH ATTACHED REPURCHASE AGREEMENTS

	December 31	
	2021	2020
Government bonds	\$ 922,880	\$ 2,263,283
Corporate bonds	<u>3,175,587</u>	<u>2,616,085</u>
	<u>\$ 4,098,467</u>	<u>\$ 4,879,368</u>

The market rates of the liabilities for bonds with attached repurchase agreements at the end of each reporting period were as follows:

	December 31	
	2021	2020
Government bonds	0.16%-0.17%	0.17%-0.20%
Corporate bonds	0.27%-0.41%	0.24%-3.26%

Liabilities for bonds with attached repurchase agreements that were outstanding as of December 31, 2021 had been repurchased for \$4,099,585 thousand by February 14, 2022.

Liabilities for bonds with attached repurchase agreements that were outstanding as of December 31, 2020 had been repurchased for \$4,881,026 thousand by February 25, 2021.

22. ACCOUNTS PAYABLE

	December 31	
	2021	2020
Accounts payable for settlement - brokerage	\$ 5,500,948	\$ 5,414,551
Accounts payable for settlement - proprietary	70,753	1,980,285
Others	<u>167,476</u>	<u>113,128</u>
	<u>\$ 5,739,177</u>	<u>\$ 7,507,964</u>

23. OTHER FINANCIAL LIABILITIES - CURRENT

	December 31	
	2021	2020
<u>Principle value of structured notes - current</u>		
Principal guaranteed notes	<u>\$756,678</u>	<u>\$ -</u>

24. PROVISIONS

	December 31	
	2021	2020
<u>Current</u>		
Employee benefits	<u>\$ 25,092</u>	<u>\$ 23,722</u>
<u>Non-current</u>		
Decommissioning provision	<u>\$ 12,080</u>	<u>\$ 12,880</u>

25. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The Corporation and its subsidiaries in the ROC adopted a pension plan under the Labor Pension Act (the “LPA”), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees’ individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plan

The Corporation and its subsidiaries in the ROC adopted the pension plan under the Labor Standards Act, which is a state-managed defined benefit plan. Pension costs are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Group makes monthly contributions to a pension fund based on a fixed percentage of gross salaries. Pension contributions are deposited in several banks in the pension fund committee’s name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund deposited in the Bank of Taiwan is managed by the Bureau of Labor Funds, Ministry of Labor (the “Bureau”); the Group has no right to influence the investment policy and strategy.

The amounts included in the accompanying consolidated balance sheets in respect of the Group’s defined benefit plans are as follows:

	December 31	
	2021	2020
Present value of defined benefit obligation	\$ 361,696	\$ 303,385
Fair value of plan assets	<u>(153,686)</u>	<u>(119,149)</u>
Net defined benefit liabilities	<u>\$ 208,010</u>	<u>\$ 184,236</u>

Movements in net defined benefit liabilities were as follows:

	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2020	<u>\$ 252,980</u>	<u>\$ (90,351)</u>	<u>\$ 162,629</u>
Service cost			
Current service cost	3,272	-	3,272
Net interest expense (income)	<u>1,771</u>	<u>(639)</u>	<u>1,132</u>
Recognized in profit or loss	<u>5,043</u>	<u>(639)</u>	<u>4,404</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(10,647)	(10,647)
Actuarial loss			
Changes in financial assumptions	10,480	-	10,480
Experience adjustments	<u>63,032</u>	<u>-</u>	<u>63,032</u>
Recognized in other comprehensive (income) loss	<u>73,512</u>	<u>(10,647)</u>	<u>62,865</u>

(Continued)

	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Liabilities
Contributions from the employer	\$ <u>-</u>	\$ (44,402)	\$ (44,402)
Corporation paid	<u>(1,260)</u>	<u>-</u>	<u>(1,260)</u>
Benefits paid	<u>(26,890)</u>	<u>26,890</u>	<u>-</u>
Balance at December 31, 2020	<u>\$ 303,385</u>	<u>\$ (119,149)</u>	<u>\$ 184,236</u>
Service cost			
Current service cost	\$ 3,345	\$ -	\$ 3,345
Net interest expense (income)	918	(347)	571
Expected return on plan assets	<u>-</u>	<u>(18)</u>	<u>(18)</u>
Recognized in profit or loss	<u>4,263</u>	<u>(365)</u>	<u>3,898</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(4,373)	(4,373)
Actuarial (income) loss			
Changes in financial assumptions	(11,295)	-	(11,295)
Experience adjustments	<u>81,093</u>	<u>-</u>	<u>81,093</u>
Recognized in other comprehensive (income) loss	<u>69,798</u>	<u>(4,373)</u>	<u>65,425</u>
Contributions from the employer	<u>-</u>	<u>(45,549)</u>	<u>(45,549)</u>
Benefits paid	<u>(15,750)</u>	<u>15,750</u>	<u>-</u>
Balance at December 31, 2021	<u>\$ 361,696</u>	<u>\$ (153,686)</u>	<u>\$ 208,010</u> (Concluded)

Through the defined benefit plans under the Labor Standards Act, the Group is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on debt investments of plan assets.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the Group's defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31, 2021	
	The Corporation	Concord Futures
Discount rate	0.7%	0.7%
Expected incremental rate of salaries	1.5%	1.5%
Expected rate of return on plan assets	0.7%	0.7%

	December 31, 2020	
	The Corporation	Concord Futures
Discount rate	0.3%	0.4%
Expected incremental rate of salaries	1.5%	1.0%
Expected rate of return on plan assets	0.3%	0.4%

If possible and reasonable change in each of the significant actuarial assumptions occurs and all other assumptions were held constant, the present value of defined benefit obligation would increase (decrease) as follows:

	December 31	
	2021	2020
Discount rate		
0.1% increase	\$ (2,874)	\$ (2,692)
0.1% decrease	\$ 2,907	\$ 2,726
Expected incremental rate of salaries		
0.1% increase	\$ 2,522	\$ 2,390
0.1% decrease	\$ (2,501)	\$ (2,368)

The sensitivity analysis presented above may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that changes in assumptions will occur in isolation of one another as some of the assumptions may be correlated.

	December 31, 2021	
	The Corporation	Concord Futures
Expected contributions to the plan for the next year	\$ 1,960	\$ 108
Average duration of the defined benefit obligation	7.7 years	10.4 years

	December 31, 2020	
	The Corporation	Concord Futures
Expected contributions to the plan for the next year	\$ 2,000	\$ 108
Average duration of the defined benefit obligation	8.5 years	11.1 years

26. EQUITY

a. Share capital

	December 31	
	2021	2020
Number of shares authorized (in thousands)	<u>1,500,000</u>	<u>1,500,000</u>
Share capital authorized	<u>\$ 15,000,000</u>	<u>\$ 15,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>594,455</u>	<u>594,455</u>
Share capital issued	<u>\$ 5,944,550</u>	<u>\$ 5,944,550</u>

Every issued ordinary share with a par value of \$10 entitles its holder to one vote on matters requiring such vote and to receive dividends.

The change in the Corporation's share capital for the years 2020 was mainly due to purchase and retirement of the treasury shares.

It was resolved in the shareholders' meeting on June 5, 2020 to increase the Corporation's capital by transferring from the capital surplus the amount of \$41,323 thousand, which increased the share capital issued by 4,132 thousand ordinary shares.

b. Capital surplus

	December 31	
	2021	2020
Treasury share transactions	\$ 173,203	\$ 173,203
Gain on sale of fixed assets	682	682
Unclaimed dividends	126	126
Others	<u>1,309</u>	<u>1,296</u>
	<u>\$ 175,320</u>	<u>\$ 175,307</u>

The capital surplus arising from shares issued in excess of par (including additional paid-in capital, premium from mergers and treasury share transactions, etc.) and donations may be used to offset deficits; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Corporation's paid-in capital each year).

The capital surplus arising from the gain on sale of fixed assets, unclaimed dividends, and exercise of disgorgement can only be used to offset deficits.

The capital surplus arising from investments accounted for using equity method and employee share options may not be used for any purpose.

The changes in capital surplus in the year 2021 resulted from recognizing the exercise of disgorgement as capital surplus - others.

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the amended Articles, where the Corporation made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, and as special reserve 20% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Corporation's Board of Directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors, refer to "Compensation of employees and remuneration of directors" in Note 27.

In line with the current and future development plans, the Corporation's dividend policy takes into consideration the investment environment, funding needs, and domestic and foreign competition, at the same time taking into account shareholders' interests. Annually, the total amount of dividends and bonuses distributed to shareholders shall not be lower than 50% of the earnings available for distribution, except when the cumulative earnings available for distribution are lower than 0.5% of the share capital in which case, no dividends or bonuses may be distributed. The dividends can be distributed in the form of cash or shares, of which the cash portion shall be no less than 10% of the total amount of dividends distributed.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Corporation's paid-in capital. The legal reserve may be used to offset deficits. If the Corporation has no deficit and the legal reserve has exceeded 25% of the Corporation's paid-in capital, the excess may be transferred to capital or distributed in cash.

According to the Regulations Governing Securities Firms, a securities firm should set aside 20% of their annual after-tax profit as special reserve until the special reserve equals the firm's paid-in capital. In addition, the special reserve shall not be used for purposes other than offsetting the deficit of the Corporation, or when the accumulated special reserve reaches 25% of the amount of paid-in capital, the portion in excess of the 25% of paid-in capital may be used for capitalization.

Under Rule No. 1100365484 issued by the FSC, the Corporation should make appropriations to or reversals from the special reserve.

The appropriations of earnings for 2020 and 2019 approved in the shareholder's meeting on July 12, 2021 and June 5, 2020, were as follows:

	For the Year Ended December 31	
	2020	2019
Legal reserve	<u>\$ 103,460</u>	<u>\$ 28,684</u>
Special reserve	<u>\$ 206,920</u>	<u>\$ 57,369</u>
Cash dividends	<u>\$ 725,235</u>	<u>\$ 194,807</u>
Cash dividends per share (NT\$)	\$ 1.22	\$ 0.33

In addition, on June 5, 2020, it was approved for transferring \$41,323 thousand from the capital surplus to ordinary shares in the shareholders' meeting.

The appropriation of earnings for 2021, which was proposed by the Corporation's Board of Directors on March 17, 2022, was as follows:

	For the Year Ended December 31, 2021
Legal reserve	<u>\$ 133,359</u>
Special reserve	<u>\$ 266,719</u>
Cash dividends	<u>\$ 921,405</u>
Cash dividends per share (NT\$)	<u>\$ 1.55</u>

The appropriation of earnings for 2021 is subject to the resolution of the shareholders in the shareholders' meeting to be held on June 8, 2022.

d. Other equity

1) Exchange differences on the translation of the financial statements of foreign operations

	For the Year Ended December 31 2021	2020
Balance at January 1	\$ (11,116)	\$ (4,445)
Recognized for the year		
Exchange differences on the translation of the financial statements of foreign operations	(3,400)	(6,856)
Income tax expense related to exchange differences on the translation of the financial statements of foreign operations	(1,780)	185
Reclassification adjustments		
Disposal of subsidiaries	<u>8,864</u>	<u>-</u>
Balance at December 31	<u>\$ (7,432)</u>	<u>\$ (11,116)</u>

2) Unrealized gains on financial assets at FVTOCI

	For the Year Ended December 31 2021	2020
Balance at January 1	<u>\$ 420,538</u>	<u>\$ 270,624</u>
Recognized for the year		
Unrealized gains (losses) - debt instruments	(7,221)	8,087
Unrealized gains - equity instruments	<u>57,363</u>	<u>141,827</u>
Other comprehensive income recognized for the year	<u>50,142</u>	<u>149,914</u>
Balance at December 31	<u>\$ 470,680</u>	<u>\$ 420,538</u>

- e. Treasury shares (for the year ended December 31, 2021: None)

Unit: Number of Shares (In Thousands)

Reason for Purchasing Treasury Shares	Shares Transferred to Employees	Maintaining Credit-worthiness and Shareholders' Equity	Total
Number of shares at January 1, 2020	-	17,837	17,837
Increase during the year	-	2,163	2,163
Decrease during the year	<u>-</u>	<u>(20,000)</u>	<u>(20,000)</u>
Number of shares at December 31, 2020	<u>-</u>	<u>-</u>	<u>-</u>

Under the Securities and Exchange Act, the Corporation shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote.

On November 8, 2019, the Corporation's Board of Directors resolved to purchase and cancel a total of 20,000 thousand treasury shares for the purpose of maintaining creditworthiness and shareholders' equity. Accordingly, as of January 10, 2020 (the last day of the share buyback period), the Corporation purchased 20,000 thousand treasury shares for \$163,578 thousand and cancelled the treasury shares on March 13, 2020.

27. ANALYSIS OF STATEMENT OF COMPREHENSIVE INCOME ITEMS

- a. Brokerage handling fee revenue

	For the Year Ended December 31	
	2021	2020
Handling fee revenue from brokered trading - TWSE	\$ 1,129,224	\$ 664,334
Handling fee revenue from brokered trading - OTC	272,080	207,185
Handling fee revenue from brokered futures trading	672,112	735,859
Handling fee revenue from securities financing	8,130	5,537
Others	<u>45,055</u>	<u>26,732</u>
	<u>\$ 2,126,601</u>	<u>\$ 1,639,647</u>

- b. Revenue from underwriting business

	For the Year Ended December 31	
	2021	2020
Processing fee revenue from underwriting operations	\$ 21,766	\$ 21,825
Revenue from underwriting securities on a firm commitment basis	11,637	10,596
Revenue from underwriting consultation	5,540	8,210
Others	<u>2,360</u>	<u>547</u>
	<u>\$ 41,303</u>	<u>\$ 41,178</u>

c. Gains on sale of operating securities, net

	For the Year Ended December 31	
	2021	2020
Proprietary	\$ 1,650,261	\$ 1,693,980
Underwriting	19,619	(994)
Hedging	<u>(104,642)</u>	<u>(422,584)</u>
	<u>\$ 1,565,238</u>	<u>\$ 1,270,402</u>

d. Interest income

	For the Year Ended December 31	
	2021	2020
Financing interest	\$ 344,168	\$ 179,393
Bond interest	45,284	39,628
Others	<u>729</u>	<u>500</u>
	<u>\$ 390,181</u>	<u>\$ 219,521</u>

e. Valuation gains on operating securities at FVTPL, net

	For the Year Ended December 31	
	2021	2020
Proprietary	\$ 176,383	\$ 431,110
Underwriting	3,305	845
Hedging	25,060	24,196
Settlement coverage bonds payables of short sale	<u>255</u>	<u>-</u>
	<u>\$ 205,003</u>	<u>\$ 456,151</u>

f. Gains (losses) on issuance of call (put) warrants, net

	For the Year Ended December 31	
	2021	2020
Gains on change in fair value of warrant liabilities	\$ 4,679,954	\$ 2,940,101
Gains (losses) on exercise of warrants before maturity	12,073	(1,226)
Losses on change in fair value of warrants redeemed - realized	(4,764,973)	(3,158,550)
Gains (losses) on change in fair value of warrants redeemed - unrealized	(48,784)	244,539
Call (put) warrants issuance expenses	<u>(41,840)</u>	<u>(17,478)</u>
	<u>\$ (163,570)</u>	<u>\$ 7,386</u>

g. Gains (losses) on derivative instruments, net

	For the Year Ended December 31	
	2021	2020
<u>Gains (losses) on derivative instruments - futures, net</u>		
Futures contract	\$ 28,281	\$ (323,711)
Options trading	<u>(19,774)</u>	<u>18,059</u>
	<u>\$ 8,507</u>	<u>\$ (305,652)</u>
<u>Losses on derivative instruments - OTC, net</u>		
Asset swap options	\$ (100,044)	\$ (408,669)
Equity derivatives	29,061	(33,284)
Structured instruments	(10,230)	(7,096)
Value of asset swap IRS contracts	(25,037)	(16,826)
Gains from when-issued trading of government bonds	<u>15</u>	<u>-</u>
	<u>\$ (106,235)</u>	<u>\$ (465,875)</u>

h. Expected credit loss

	For the Year Ended December 31	
	2021	2020
Financial assets at amortized cost	\$ (2,173)	\$ (5,375)
Financial assets at fair value through other comprehensive income	<u>(762)</u>	<u>(840)</u>
	<u>\$ (2,935)</u>	<u>\$ (6,215)</u>

i. Other operating income

	For the Year Ended December 31	
	2021	2020
Processing revenue	\$ 27,170	\$ 20,456
Management revenue	13,467	14,045
Commission revenue	7,977	13,901
Advisory revenue	4,534	4,998
Loss on error trading, net	(1,914)	(2,647)
Foreign exchange loss, net	(26,613)	(32,190)
Others	<u>1,042</u>	<u>637</u>
	<u>\$ 25,663</u>	<u>\$ 19,200</u>

j. Finance costs

	For the Year Ended December 31	
	2021	2020
Interest of commercial paper payable	\$ 40,388	\$ 29,322
Interest of liabilities for bonds with attached repurchase agreements	11,817	16,929
Bank loan interest	5,059	2,262
Interest of securities financing	1,738	1,247
Interest of lease liabilities	383	667
Others	<u>2,344</u>	<u>1,628</u>
	<u>\$ 61,729</u>	<u>\$ 52,055</u>

k. Employee benefits expense

	For the Year Ended December 31	
	2021	2020
Retirement benefits		
Defined contribution plan	\$ 39,502	\$ 34,493
Defined benefit plan	<u>3,898</u>	<u>4,404</u>
	43,400	38,897
Short-term employee benefits		
Salaries	1,460,539	1,154,126
Labor and health insurance	78,952	62,739
Others	<u>37,008</u>	<u>31,405</u>
	<u>\$ 1,619,899</u>	<u>\$ 1,287,167</u>

l. Compensation of employees and remuneration of directors

The Corporation accrues compensation of employees and remuneration of directors at rates of 1% to 2% and no higher than 5%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and the remuneration of directors for the years ended December 31, 2021 and 2020, which were approved by the Corporation's Board of Directors on March 17, 2022 and March 11, 2021, respectively, are as follows:

	For the Year Ended December 31	
	2021	2020
Compensation of employees	<u>\$ 31,477</u>	<u>\$ 12,669</u>
Remuneration of directors	<u>\$ 81,177</u>	<u>\$ 56,435</u>

If there is a change in the estimated amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate in the next year.

There is no difference between the actual amount of compensation of employees and remuneration of directors resolved by the Board of Directors for 2020 and 2019 and the amounts recognized in the consolidated financial statements for the year ended December 31, 2020 and 2019.

The information of the compensation of employees and remuneration of directors resolved by the Corporation's Board of Directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

m. Depreciation and amortization expense

	For the Year Ended December 31	
	2021	2020
<u>Depreciation expense</u>		
Property and equipment	\$ 29,216	\$ 27,389
Right-of-use assets	449,968	49,657
Investment property	<u>1,656</u>	<u>1,660</u>
	<u>\$ 80,840</u>	<u>\$ 78,706</u>
<u>Amortization expense</u>		
Intangible assets	\$ 9,814	\$ 11,883
Deferred expense	<u>237</u>	<u>186</u>
	<u>\$ 10,051</u>	<u>\$ 12,069</u>

n. Other operating expenses

	For the Year Ended December 31	
	2021	2020
Taxes	\$ 238,034	\$ 192,964
Information technology expenses	75,748	85,887
Custody fees	41,494	23,636
Postage expenses	34,794	35,597
Professional service fees	28,011	18,151
Repair and maintenance expenses	27,053	24,693
Securities borrowing fees	25,234	28,272
Others	<u>100,044</u>	<u>89,285</u>
	<u>\$ 570,412</u>	<u>\$ 498,485</u>

o. Other gains and losses

	For the Year Ended December 31	
	2021	2020
Rental revenue from the use of venue and equipment	\$ 44,668	\$ 43,505
Dividend income	25,557	16,542
Financial income	20,105	36,111
Other rental income from investment properties	9,904	10,560
Valuation gains (losses) on non-operating financial assets at fair value through profit or loss, net	(10)	8,065
Losses on disposal of investments	(8,476)	(1,049)
Exchange losses, net	(1,655)	(2,224)
Others	<u>15,076</u>	<u>27,683</u>
	<u>\$ 105,169</u>	<u>\$ 139,193</u>

28. INCOME TAX

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Year Ended December 31	
	2021	2020
Current tax		
In respect of the current year	\$ 101,870	\$ 88,662
Income tax on unappropriated retained earnings	-	299
Adjustment for prior year	<u>(26,627)</u>	<u>3,782</u>
	<u>75,243</u>	<u>92,743</u>
Deferred tax		
In respect of the current year	101,560	(40,703)
Adjustment for prior year	<u>1,442</u>	<u>-</u>
	<u>103,002</u>	<u>(40,703)</u>
Income tax expense recognized in profit or loss	<u>\$ 178,245</u>	<u>\$ 52,040</u>

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2021	2020
Profit before tax from continuing operations	<u>\$ 1,568,347</u>	<u>\$ 1,141,854</u>
Income tax expense calculated at the statutory rate	\$ 330,493	\$ 248,933
Nondeductible expenses in determining taxable income	(49,296)	(112,895)
Tax-exempt income	(279,735)	(216,940)
Adjustments for prior years' tax expense	(25,185)	3,782
Income tax on unappropriated retained earnings	-	299
Others	<u>201,968</u>	<u>128,861</u>
Income tax expense recognized in profit or loss	<u>\$ 178,245</u>	<u>\$ 52,040</u>

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2021	2020
<u>Deferred tax</u>		
In respect of the current year		
Translation of foreign operations	\$ 1,780	\$ (185)
Remeasurement of defined benefit plans	<u>(13,085)</u>	<u>(12,573)</u>
Total income tax benefit recognized in other comprehensive income	<u>\$ (11,305)</u>	<u>\$ (12,578)</u>

c. Current tax assets and liabilities

	December 31	
	2021	2020
Current tax assets		
Tax refund receivable	\$ <u>1,261</u>	\$ <u>14,790</u>
Current tax liabilities		
Income tax payable	\$ <u>119,459</u>	\$ <u>99,101</u>

d. Deferred tax assets and liabilities

The movements of deferred tax assets and liabilities were as follows:

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Losses on foreign subsidiary accounted for using equity method	\$ 53,233	\$ (53,233)	\$ -	\$ -
Defined benefit plans	37,536	(8,538)	13,085	42,083
Unrealized losses	1,092	(29)	-	1,063
Payables for annual leave	4,126	256	-	4,382
Unrealized exchange losses	23,254	4,966	-	28,220
Exchange differences on the translation of foreign operations	1,780	-	(1,780)	-
Valuation losses on foreign futures	20,396	(20,314)	-	82
Losses on derivative financial instruments	58,892	(6,133)	-	52,759
Others	<u>23,874</u>	<u>(19,867)</u>	<u>-</u>	<u>4,007</u>
	<u>\$ 224,183</u>	<u>\$ (102,892)</u>	<u>\$ 11,305</u>	<u>\$ 132,596</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Valuation gains on foreign operating securities	\$ <u>666</u>	\$ <u>110</u>	\$ <u>-</u>	\$ <u>776</u>

For the year ended December 31, 2020

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Losses on foreign subsidiary accounted for using equity method	\$ 55,874	\$ (2,641)	\$ -	\$ 53,233
Defined benefit plans	33,215	(8,252)	12,573	37,536
Unrealized losses	52,772	(51,680)	-	1,092
Payables for annual leave	4,062	64	-	4,126
Unrealized exchange losses	16,816	6,438	-	23,254
Exchange differences on the translation of foreign operations	1,595	-	185	1,780
Valuation losses on foreign futures	2,764	17,632	-	20,396
Losses on derivative financial instruments	3,076	55,816	-	58,892
Others	<u>36</u>	<u>23,838</u>	<u>-</u>	<u>23,874</u>
	<u>\$ 170,210</u>	<u>\$ 41,215</u>	<u>\$ 12,758</u>	<u>\$ 224,183</u>

Deferred tax liabilities

Temporary differences				
Valuation gains on foreign operating securities	<u>\$ 154</u>	<u>\$ 512</u>	<u>\$ -</u>	<u>\$ 666</u>

- e. Deductible temporary differences and unused loss carryforwards that have not been recognized as deferred tax assets in the consolidated balance sheets

	December 31	
	2021	2020
Asset impairment	<u>\$ 1,918</u>	<u>\$ 1,918</u>
Loss carryforwards		
Expiry in 2021	\$ -	\$ 5,404
Expiry in 2022	4,164	4,164
Expiry in 2023	8,747	8,747
Expiry in 2024	3,974	3,974
Expiry in 2025	4,605	4,605
Expiry in 2026	9,225	9,225
Expiry in 2027	7,024	7,024
Expiry in 2028	714	714
Expiry in 2029	4,105	4,105
Expiry in 2030	6,211	6,181
Expiry in 2031	<u>9,357</u>	<u>-</u>
	<u>\$ 58,126</u>	<u>\$ 54,143</u>

f. Income tax assessments

The income tax returns of the Corporation, Concord Futures and Con Lian AMC through 2019 have been examined by the tax authorities.

The income tax returns of Concord Capital Management and Concord Insurance through 2020 have been examined by the tax authorities.

Concord Managed Futures implemented liquidation in March 2019, and the income tax returns from March 21, 2019 to December 7, 2020 have been examined by the tax authorities.

29. EARNINGS PER SHARE

The calculation of earnings per share was as follows:

	Amount (Numerator) After Income Tax	Number of Shares (Denominator) (In Thousands)	Earnings Per Share After Income Tax (In Dollars)
<u>For the year ended December 31, 2021</u>			
Basic earnings per share			
Earnings attributable to ordinary shareholders of the Corporation	\$ 1,385,923	594,455	<u>\$ 2.33</u>
Effect of potentially dilutive ordinary shares			
Compensation of employees	<u>-</u>	<u>2,259</u>	
Diluted earnings per share			
Earnings attributable to ordinary shareholders of the Corporation	<u>\$ 1,385,923</u>	<u>596,714</u>	<u>\$ 2.32</u>
<u>For the year ended December 31, 2020</u>			
Basic earnings per share			
Earnings attributable to ordinary shareholders of the Corporation	\$ 1,084,976	594,455	<u>\$ 1.83</u>
Effect of potentially dilutive ordinary shares			
Compensation of employees	<u>-</u>	<u>993</u>	
Diluted earnings per share			
Earnings attributable to ordinary shareholders of the Corporation	<u>\$ 1,084,976</u>	<u>595,448</u>	<u>\$ 1.82</u>

Since the Corporation offered to settle the compensation paid to employees in cash or shares, the Corporation assumed the entire amount of the compensation was settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect was dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

The impact of outstanding treasury shares had been considered during the calculation of earnings per share.

30. CAPITAL MANAGEMENT

The Corporation manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stockholders through the optimization of the debt and equity balance.

The capital structure of the Corporation consists of net debt and equity.

Key management personnel of the Corporation review the cost of capital of the Group and related risk of the capital structure on a regular basis. They also adjust the overall capital structure by paying dividends, issuing new debts, settling original debts, etc.

The Corporation files the capital adequacy ratio to relevant authorities on a monthly basis in accordance with the Regulations Governing Securities Firms. The Corporation's capital adequacy ratio was 363% and 264% for the years ended December 31, 2021 and 2020, respectively.

31. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments

1) Financial instruments not measured at fair value

The management of the Group believes the carrying amounts of financial assets and financial liabilities not measured at fair value recognized in the financial statements approximate their fair values or their fair values cannot be reliably measured.

2) Financial instruments measured at fair value that are measured at fair value on a recurring basis

Fair value hierarchy

December 31, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Financial assets mandatorily measured at FVTPL	\$ 4,866,780	\$ 3,742,853	\$ -	\$ 8,609,633
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Unlisted shares	-	-	841,057	841,057
Investments in debt instruments				
Government bonds	-	301,475	-	301,475
Corporate bonds	-	601,652	-	601,652
Foreign bonds	-	1,135,522	-	1,135,522
	<u>\$ 4,866,780</u>	<u>\$ 5,781,502</u>	<u>\$ 841,057</u>	<u>\$ 11,489,339</u>
<u>Financial liabilities at FVTPL</u>				
Financial liabilities held for trading	\$ 1,234,054	\$ 1,352,704	\$ -	\$ 2,586,758
Financial liabilities designated as at FVTPL	-	695,169	-	695,169
	<u>\$ 1,234,054</u>	<u>\$ 2,047,873</u>	<u>\$ -</u>	<u>\$ 3,281,927</u>

December 31, 2020

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Financial assets mandatorily measured at FVTPL	\$ 7,595,176	\$ 2,603,739	\$ -	\$ 10,198,915
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Unlisted shares	-	-	786,678	786,678
Investments in debt instruments				
Government bonds	-	301,941	-	301,941
Corporate bonds	-	403,152	-	403,152
Foreign bonds	-	772,495	-	772,495
	<u>\$ 7,595,176</u>	<u>\$ 4,081,327</u>	<u>\$ 786,678</u>	<u>\$ 12,463,181</u>
<u>Financial liabilities at FVTPL</u>				
Financial liabilities held for trading	\$ 621,232	\$ 845,569	\$ -	\$ 1,466,801
Financial liabilities designated as at FVTPL	-	486,550	-	486,550
	<u>\$ 621,232</u>	<u>\$ 1,332,119</u>	<u>\$ -</u>	<u>\$ 1,953,351</u>

Transfers between Levels 1 and 2 for the years ended December 31, 2021 and 2020 were mainly due to the determination of whether part of the Group's investments in emerging market shares and convertible bonds with an active market based on observation of the transaction volume of these investments.

3) Reconciliation of Level 3 fair value measurements of financial instruments

Financial assets at fair value through other comprehensive income - equity instruments

	<u>For the Year Ended December 31</u>	
	2021	2020
Balance at January 1	\$ 786,678	\$ 655,500
Recognized in other comprehensive income (included in unrealized gains on financial assets at FVTOCI)	58,708	137,778
Capital reduction	<u>(4,329)</u>	<u>(6,600)</u>
Balance at December 31	<u>\$ 841,057</u>	<u>\$ 786,678</u>

4) Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instrument	Valuation Techniques and Inputs
Corporate bond investments	Discounted using the market rate announced by the Taipei Exchange or using the credit rating equal or equivalent to the yield rate curve.
Value of asset swap IRS contracts	Discounted cash flow method: Discounted using the risk-adjusted premium based on the short-term commercial paper rate announced by Bloomberg.
Asset swap options	The closing price of the convertible bond on the same day minus straight bond value: Straight bond value is the present value of future cash flows discounted at the risk-adjusted premium based on the zero-risk rate that a convertible bond would provide. The zero-risk rate is the short-term commercial paper rate announced by Bloomberg.
Structured instruments	Discounted cash flow method: Discounted using the risk-adjusted premium based on the short-term commercial paper rate announced by Bloomberg.
Emerging stock	Fair value estimated based on the average transaction price on the base date or the first 20 business days (including the base date).

5) Valuation techniques and inputs applied for Level 3 fair value measurement

The fair values of unlisted equity securities were determined by using the market and asset approaches. In these approaches, the fair value of the unlisted securities is determined based on the share price of comparable companies with doing the same or similar business in an active market, and its price value multiplier and other related information, where the significant unobservable input used is the discount for lack of marketability.

If the discount for lack of marketability used in the valuation model was changed to reflect reasonably possible alternative assumptions while all the other variables were held constant, the fair value of the shares would increase (decrease) as follows:

	December 31	
	2021	2020
Discount for lack of marketability		
10% increase	<u>\$ (14,704)</u>	<u>\$ (13,120)</u>
10% decrease	<u>\$ 14,734</u>	<u>\$ 13,117</u>

b. Categories of financial instruments

	December 31	
	2021	2020
<u>Financial assets</u>		
FVTPL		
Mandatorily measured at FVTPL	\$ 8,609,633	\$ 10,198,915
Financial assets at amortized cost (Note 1)	23,157,058	19,810,597
FVTOCI		
Equity instrument investments	841,057	786,678
Debt instrument investments	2,038,649	1,477,588
Operation guarantee deposits	520,000	520,000
Clearing and settlement fund	213,162	193,118
Refundable deposits	63,607	45,774
<u>Financial liabilities</u>		
FVTPL		
Held for trading	2,586,758	1,466,801
Designated as at FVTPL	695,169	486,550
Financial liabilities at amortized cost (Note 2)	24,978,424	24,712,798
Guarantee deposits received	2,468	2,458

Note 1: The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, margin loans receivable, refinancing margin, refinancing collateral receivable, customer margin account (excluding securities), futures exchanges margins receivable, security borrowing collateral price, security borrowing margin, notes and accounts receivable (including related parties), other receivables, other financial assets - current and restricted assets - current.

Note 2: The balances included financial liabilities measured at amortized cost, which comprise short-term borrowings, commercial paper payable, liabilities for bonds with attached repurchase agreements, securities financing refundable deposits, deposits payable for securities financing, refinancing borrowings, futures traders equity, accounts payable, other payables, and other financial liabilities - current.

The difference between the carrying amount and contractual amount at maturity of financial liabilities designated as at FVTPL was as follows:

	December 31	
	2021	2020
Financial liabilities designated as at FVTPL	\$ 695,169	\$ 486,550
Amount payable at maturity	<u>(729,876)</u>	<u>(506,084)</u>
	<u>\$ (34,707)</u>	<u>\$ (19,534)</u>

The Group designated structured instruments as financial liabilities designated as at FVTPL. The change in fair value was attributable to market risk factors.

c. Financial risk management objectives and policies

1) Risk management system

Policies of risk management

The Corporation's risk management policies in accordance with operating goals are to prevent any possible loss within the bearable risk exposures, maximize stockholders' wealth by balancing risks and returns, and optimize the asset allocation.

Risk management policies are the prime directives of the Group's risk management. They are applied to the Corporation and each subsidiary. All regulations related to risk management should be made in accordance with the risk management policies.

The process of formulating and approving risk management policies

The Corporation's risk management policies, risk management regulations and commodity operation procedures are drafted and revised by the authorized departments based on suggestions and opinions of other departments before reporting them to the risk management committee.

The risk management committee, which is under the Board of Directors (the highest risk management unit), is responsible for strengthening the overall risk management control and setting relationships between goals and risks in order to determine capital allocation and operating policies. The responsibilities of the risk management office are to verify the source of risks and to evaluate and quantify the influence of risks. Managers of business units are responsible for the daily risk management and reporting of their respective units.

The Corporation holds risk management meetings at least twice a year, where the participants are appointed by the chairman. In the meetings, the authorization and investment quotas are determined based on market risk, credit risk, liquidity risk, operational risk and legal risk, and the managers of each business unit should manage the risks according to the authorization and investment quotas. Any revisions of the investment quotas should be approved by the general manager and reported to the risk management committee for approval.

Organizational structure of the risk management system

The Corporation's risk management organizational structure includes the Board of Directors, risk management committee, risk management office, department of finance, department of internal audit, department of compliance and the business units. The duties and functions of each division are as follows:

a) Board of directors

The Corporation's Board of Directors is the highest risk management unit. In compliance with the laws and with the promotion and implementation of the Corporation's overall risk management as the goal, the board of directors takes the ultimate responsibility for risk management and ensures the effectiveness of risk management by understanding the risks faced by its securities operations.

b) Risk management committee

The committee is under the Board of Directors and consists of members of the Board of Directors. Its function is to assist the Board of Directors in the planning and monitoring of the related risk management affairs.

c) Risk management office

The risk management office is under the Board of Directors and independent of other departments. It is in charge of monitoring, measuring and evaluating the daily risks and to ensure the risks of the Corporation and each business unit are within the authorized investment quotas. The head of the risk management office evaluates and monitors the daily risks, and the appointment or removal of the head should be approved by the Board of Directors.

d) Department of finance

The department of finance is independent of other business units, and is responsible for monitoring the use of funds of each business unit. When there is an urgent need for fund procurement, the department of finance can respond based on the emergency response procedures.

e) Department of internal audit

The department of internal audit is under the Board of Directors and independent of other departments, and is responsible for the planning and execution of the audit business. It is responsible for auditing items related to finance, business execution, internal control and implementation of the laws of the Corporation and its subsidiaries, in order to ensure the Corporation manages the operational risk effectively.

f) Department of compliance

The department of compliance is responsible for compliance with the laws and legal review of contracts. In order to mitigate the effect of changes in laws and regulations issued by the authorities, the department examines the internal regulations at announced times and maintains complete audit procedures to assure the appropriateness and legality of all transactions.

g) Business units

The manager of each business unit takes first-line responsibility in analyzing and monitoring all risks and ensures all risks are under control and all risk management procedures are effective.

The risk management office periodically reports the results of the risk management objective, profit or loss of positions, sensitivity analysis, stress tests, etc. to the risk management committee or the Board of Directors. The Corporation also put in place effective reporting procedures, transaction limits and stop-loss strategy. If the transaction meets the stop-loss criteria, the strategy should be immediately executed, otherwise the business unit should report the reason for not executing the stop-loss strategy and the corresponding plan to the management for approval.

2) Market risk

The Corporation had established an effective risk measurement system to identify the effect of market risk factors, such as interest rate, exchange rate and equity and commodity price risks on its trading positions, and measures the potential risks of the Corporation's on- and off- balance sheet positions based on changes in these risk factors.

The Corporation measures market risk using Value at Risk (VaR) and sensitivity analysis. The Corporation executes stress testing at the end of each month to identify the bearable level of tolerance in the face of financial crisis. VaR refers to the maximum potential loss of financial instruments in a given holding period and specified confidence level. To ensure the accuracy of the VaR model, the Corporation performs backtesting regularly.

Historical VaR (Confidence Level 99%, One-day)	For the Year Ended December 31, 2021			December 31	
	Average	Minimum	Maximum	2021	2020
<u>Type of risk</u>					
Equity securities	\$ 128,507	\$ 65,072	\$ 207,863	\$ 91,384	\$ 98,361
Interest rate	14,482	131	43,189	16,804	17,583
Diversification of risks	<u>(15,433)</u>			<u>(15,462)</u>	<u>(13,555)</u>
Total VaR exposure	<u>\$ 127,556</u>			<u>\$ 92,726</u>	<u>\$ 102,389</u>

The Corporation uses sensitivity analysis to measure the sensitivity of its bond investments to individual risk factors. The Corporation controls the upper limit of trading positions based on the impact of a 0.01% change in interest rates on the profit or loss of the investment portfolio. If the market interest rate increased by 0.01%, the fair value of the bond investments would have decreased by \$709 thousand and \$2,346 thousand as of December 31, 2021 and 2020, respectively. The Corporation uses the scenario of the appreciation and depreciation of the New Taiwan dollar to analyze the sensitivity of foreign currency risk. When the New Taiwan dollar appreciates/depreciates 3% against the relevant foreign currencies, there would be a decrease/increase in profit of \$15,544 thousand and \$18,112 thousand for the years ended December 31, 2021 and 2020, respectively.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rate risk at the end of each reporting period were as follows:

	December 31	
	2021	2020
Interest rate risk of fair value		
Financial assets	\$ 11,340,124	\$ 9,476,224
Financial liabilities	13,000,709	12,725,791
Interest rate risk of cash flow		
Financial assets	9,793,746	8,559,102
Financial liabilities	5,145,251	4,002,673

Besides the above-mentioned measurement of market risk, the Corporation also uses scenario analysis to assess the changes in value of its asset portfolio and implements stress testing at the end of each month to measure the abnormal loss under extreme conditions.

3) Credit risk

Credit risk refers to the risk that an issuer, guarantor or counterparty will default on its contractual obligations in securities or derivative instruments trading in the primary and secondary markets, resulting in a financial loss to the Group. The Group has in place a rating system to control the credit risk from counterparties.

The monitoring of brokerage customers is supported by credit check procedures. The credit check procedures are required to be authorized by different levels of management to ensure the settlement risk is effectively reduced.

There is no concentration of credit risk on accounts receivable because of the large number of customers; no transactions are concentrated on one single customer and the operating locations are diversified. To decrease credit risk, the Group evaluates the financial conditions of customers regularly and continuously, and customers are required to provide sufficient collateral before credit is extended.

At the end of each reporting period, the carrying amount of financial assets is the amount of maximum exposure to credit risk.

The financial effect related to the amount of maximum exposure to credit risk of financial assets recognized in the consolidated balance sheets and the collateral held were as follows:

	Maximum Exposure to Credit Risk	
	December 31	
	2021	2020
Margin loans receivable	<u>\$ 7,629,748</u>	<u>\$ 4,695,748</u>

4) Liquidity risk

Liquidity risk and interest rate risk table

The following table details the maturity analysis of the Group's remaining contractual financial liabilities with agreed repayment periods. The table had been drawn up based on the undiscounted cash flows of financial liabilities and the earliest date on which the Group was likely to be required to pay.

December 31, 2021

	Within 1 Year	Between 1 and 2 Years	Between 2 and 5 Years	Over 5 Years	Total
<u>Derivative financial liabilities</u>					
Non-interest bearing	\$ 1,479,319	\$ -	\$ -	\$ -	\$ 1,479,319
Fixed interest rate	3,205,788	-	-	-	3,205,788
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	7,254,184	-	2,468	-	7,256,652
Variable interest rate	5,145,251	-	-	-	5,145,251
Fixed interest rate	12,880,626	-	-	-	12,880,626
Lease liabilities	<u>40,531</u>	<u>35,390</u>	<u>46,745</u>	<u>-</u>	<u>122,666</u>
	<u>\$ 30,005,699</u>	<u>\$ 35,390</u>	<u>\$ 49,213</u>	<u>\$ -</u>	<u>\$ 30,090,302</u>

December 31, 2020

	Within 1 Year	Between 1 and 2 Years	Between 2 and 5 Years	Over 5 Years	Total
<u>Derivative financial liabilities</u>					
Non-interest bearing	\$ 903,278	\$ -	\$ -	\$ -	\$ 903,278
Fixed interest rate	2,287,854	-	-	-	2,287,854
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	8,584,089	-	2,458	-	8,586,547
Variable interest rate	4,002,673	-	-	-	4,002,673
Fixed interest rate	12,659,864	-	-	-	12,659,864
Lease liabilities	47,025	11,712	9,687	-	68,424
	<u>\$ 28,484,783</u>	<u>\$ 11,712</u>	<u>\$ 12,145</u>	<u>\$ -</u>	<u>\$ 28,508,640</u>

The amounts of financial liabilities with variable interest rates listed in the table above were subject to change if variable interest rates differ from those estimates of interest rates determined at the end of each reporting period.

Financing facilities

Financing facilities at the end of each reporting period were as follows:

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Financing facilities	<u>\$ 16,520,000</u>	<u>\$ 16,700,000</u>
Unused amount	<u>\$ 9,672,444</u>	<u>\$ 11,500,000</u>

d. Transfers of financial assets

In the daily transactions of the Group, most of the transferred financial assets which are not eligible for full derecognition are debt securities with repurchase agreements. In such transactions, the cash flows have been transferred to outsiders and the Group has the obligation to recognize the related liabilities of transferred financial assets which have to be repurchased at a fixed amount in the future. In addition, the Group has no right to conduct, sell, or pledge the transferred financial assets during the effective period of transaction, but is still exposed to interest rate risk and credit risk. As a result, the transferred financial assets cannot be fully derecognized. The following table shows the transferred financial assets not qualified for derecognition and its related financial liabilities:

December 31, 2021

Type of Financial Asset	The Book Value of Financial Assets Transferred	The Book Value of Related Financial Liabilities	The Fair Value of Financial Assets Transferred	The Fair Value of Related Financial Liabilities	Fair value of Net Position
Repurchase agreements	\$ 6,461,841	\$ 4,098,467	\$ 6,461,841	\$ 4,098,467	\$ 2,363,374

December 31, 2020

Type of Financial Asset	The Book Value of Financial Assets Transferred	The Book Value of Related Financial Liabilities	The Fair Value of Financial Assets Transferred	The Fair Value of Related Financial Liabilities	Fair value of Net Position
Repurchase agreements	\$ 6,651,160	\$ 4,879,368	\$ 6,651,160	\$ 4,879,368	\$ 1,771,792

e. Offsetting of financial assets and financial liabilities

The tables below present the quantitative information on financial assets and financial liabilities that have been offset in the balance sheets or that are covered by enforceable master netting arrangements or similar agreements.

December 31, 2021

Financial Instrument	Gross Amount of Recognized Financial Assets (Liabilities)	Gross Amount of Recognized and offset Financial Assets/ Liabilities in the Balance Sheet	Net Amount of Financial Assets (Liabilities) Presented in the Balance Sheet	Related Amount Not Offset in the Balance Sheet		Net Amount
				Financial Instruments	Cash Collateral Received	
Accounts receivable	\$ 6,904,951	\$ (40,901)	\$ 6,864,050	\$ (39,295)	\$ -	\$ 6,824,755
Accounts payable	\$ (5,780,078)	\$ 40,901	\$ (5,739,177)	\$ 39,295	\$ -	\$ (5,699,882)
Liabilities for bonds with attached repurchase agreements	\$ (4,098,467)	\$ -	\$ (4,098,467)	\$ 4,098,467	\$ -	\$ -

December 31, 2020

Financial Instrument	Gross Amount of Recognized Financial Assets (Liabilities)	Gross Amount of Recognized and offset Financial Assets/ Liabilities in the Balance Sheet	Net Amount of Financial Assets (Liabilities) Presented in the Balance Sheet	Related Amount Not Offset in the Balance Sheet		Net Amount
				Financial Instruments	Cash Collateral Received	
Accounts receivable	\$ 5,923,305	\$ (4,930)	\$ 5,918,375	\$ (304)	\$ -	\$ 5,918,071
Accounts payable	\$ (7,512,894)	\$ 4,930	\$ (7,507,964)	\$ 304	\$ -	\$ (7,507,660)
Liabilities for bonds with attached repurchase agreements	\$ (4,879,368)	\$ -	\$ (4,879,368)	\$ 4,879,368	\$ -	\$ -

32. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Corporation and its subsidiaries, which are related parties of the Corporation, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of major transactions between the Corporation and other related parties are summarized as below:

Related party names and categories

<u>Related Party Name</u>	<u>Related Party Category</u>
Hwa-Ho Asset Management Corp. CHENG, TAI-CHENG	Associate Supervisor of the subsidiary (related since May 2020)
The Corporation's directors, president, vice presidents, assistant vice presidents, and department heads	Key management personnel

a. Margin loans receivable

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Key management personnel	\$ <u>42,362</u>	\$ <u>6,558</u>

b. Liabilities for bonds with attached repurchase agreements

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Key management personnel	\$ <u>296,117</u>	\$ <u>182,060</u>

The transaction terms of bonds with attached repurchase agreements with related parties were not significantly different compared to those with third parties.

c. Brokerage handling fee revenue

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Key management personnel	\$ <u>3,160</u>	\$ <u>1,543</u>

The terms of the securities brokerage transactions with related parties were not significantly different compared to those with third parties.

d. Interest income

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Key management personnel	\$ <u>1,349</u>	\$ <u>91</u>

e. Finance costs

For the Year Ended December 31
2021 2020

Key management personnel	\$ <u>420</u>	\$ <u>593</u>
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f. Lease agreements

For the Year Ended December 31
2021 2020

Acquisition of right-of-use assets

Supervisor of the subsidiary	\$ <u>13,117</u>	\$ <u>-</u>
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December 31
2021 2020

Lease liabilities

Supervisor of the subsidiary	\$ <u>13,117</u>	\$ <u>4,397</u>
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For the Year Ended December 31
2021 2020

Finance costs

Supervisor of the subsidiary	\$ <u>14</u>	\$ <u>24</u>
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- g. For the years ended December 31, 2021 and 2020, the rental revenue generated by leasing some of the parking spaces to a related party was as follows:

Related Party Category/Name	Lease Term	Underlying Asset	Rental Payment - Timing	Rental Payment - Basis	Rental Amount
<u>For the year ended December 31, 2021</u>					
Associate	2021.01.01-2021.12.31	B3, No. 176, Jilung Rd., Sec. 1, Xinyi Dist., Taipei City	Quarterly	Contract	\$ 108
Associate	2021.03.15-2021.12.31	B3, No. 176, Jilung Rd., Sec. 1, Xinyi Dist., Taipei City	Monthly	Contract	<u>43</u>
					<u>\$ 151</u>
<u>For the year ended December 31, 2020</u>					
Associate	2020.01.01-2020.12.31	B3, No. 176, Jilung Rd., Sec. 1, Xinyi Dist., Taipei City	Quarterly	Contract	<u>\$ 108</u>

As of December 31, 2021 and 2020, the balance of the rental deposits received by the Group from related parties were \$30 thousand and \$20 thousand, respectively.

h. Equity derivative transactions

The Group's key management personnel bought equity derivatives from the Group in 2021 and 2020, and the unexpired amount as of December 31, 2021 and 2020 were \$150 thousand and \$226 thousand, respectively, (recognized as financial liabilities at fair value through profit or loss - current). The related income (loss) in 2021 and 2020, were as follows:

	For the Year Ended December 31	
	2021	2020
Gains (losses) on derivative instruments, net	\$ <u>1,241</u>	\$ <u>(219)</u>
Other operating income (processing revenue)	\$ <u>121</u>	\$ <u>61</u>

i. Remuneration of key management personnel

The remuneration of the Group's directors and key management personnel for their services rendered for the years ended December 31, 2021 and 2020, was as follows:

	For the Year Ended December 31	
	2021	2020
Short-term employee benefits	\$ 308,954	\$ 200,341
Retirement benefits	<u>6,775</u>	<u>1,415</u>
	<u>\$ 315,729</u>	<u>\$ 201,756</u>

The Group determines the remuneration of the directors and key management personnel in accordance with the Corporation's Articles of Incorporation and other regulations, and by reference to the market compensation level and financial performance. The remuneration committee periodically reviews the regulations and makes recommendations for amendments.

33. PLEDGED OR MORTGAGED ASSETS

At the end of each reporting period, the Group pledges the following assets as collateral to financial institutions for the issuance of guaranteed commercial papers, bank loans, credit lines and guarantees for equipment leasing.

	December 31	
	2021	2020
Restricted demand and time deposits	\$ 319,157	\$ 227,150
Property and equipment, net		
Land	715,507	715,507
Buildings	136,249	141,002
Investment property, net		
Land	277,264	277,264
Buildings	<u>35,235</u>	<u>36,650</u>
	<u>\$ 1,483,412</u>	<u>\$ 1,397,573</u>

34. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

- a. On March 3, 2021, the Corporation received a civil complaint in which eight plaintiffs claimed that the Corporation's manager had violated the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies when the Corporation's manager was mandated by Company A to handle the matters regarding voting rights and the solicitation of proxies for attendance at the shareholders' meeting, and requested the Corporation and its manager to be jointly liable for the compensation of \$9,624 thousand for the damages incurred. The case is currently under the trial of Taiwan Taipei District Court. The Corporation's management assessed that there is no significant impact of the aforementioned case on its operations and financial performance.
- b. On August 18, 2021, the Corporation received a civil complaint in which two plaintiffs claimed that Miss Chen, a natural person, and Mr. Chen, a sales representative of the Corporation, deceived them into the fake transaction circumstance. Miss Chen and Mr. Chens' intention of unjust enrichment had harmed the plaintiffs, the plaintiffs therefore filed a civil lawsuit against Miss Chen and Mr. Chen and demanded a joint liability of \$52,000 thousand from the Corporation. The case is currently on trial in Taiwan Taipei District Court. The Corporation's management assessed that there is no significant impact of the aforementioned case on its operations and financial performance.
- c. On February 15, 2022, the Corporation received a civil complaint in which two plaintiffs claimed that Miss Chen, a natural person, and Mr. Chen, a sales representative of the Corporation, deceived them into the fake transaction circumstance. Miss Chen and Mr. Chens' intention of unjust enrichment had harmed the plaintiffs, the plaintiffs therefore filed a civil lawsuit against Miss Chen and Mr. Chen and demanded a joint liability of \$16,000 thousand from the Corporation. The case is currently on trial in Taiwan New Taipei District Court. The Corporation's management assessed that there is no significant impact of the aforementioned case on its operations and financial performance.
- d. As of December 31, 2021, the Corporation applied for a guarantee of \$230,000 thousand from financial institutions, which was for the securities lending and borrowing business.

35. OTHER ITEMS

The management of the Corporation assessed that the COVID-19 has no significant impact on the Corporation's operating performance and financial status.

36. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Other than the information disclosed in other notes, there were no significant subsequent events.

37. FINANCIAL RATIOS BASED ON THE FUTURES TRADING LAW

All financial ratios of the subsidiary, Concord Futures, were in conformity with the Futures Trading Law and were summarized as follows:

Calculation Formula		December 31				Benchmark	Conclusion
		2021		2020			
		Equation	Ratio (%)	Equation	Ratio (%)		
1)	<div>Equities</div> <div>Total liabilities - Futures traders equity</div>	<div>\$1,282,428</div> <div>\$240,071</div>	=5.34	<div>\$1,272,893</div> <div>\$142,863</div>	=8.91	≥ 1	Conform with law
2)	<div>Current assets</div> <div>Current liabilities</div>	<div>\$6,159,836</div> <div>\$5,452,832</div>	=1.13	<div>\$4,857,164</div> <div>\$4,283,096</div>	=1.13	≥ 1	Conform with law
3)	<div>Equities</div> <div>Minimum paid-in capital</div>	<div>\$1,282,428</div> <div>\$630,000</div>	=203.56%	<div>\$1,272,893</div> <div>\$630,000</div>	=202.05%	≥ 60% ≥ 40%	Conform with law
4)	<div>Adjusted net capital</div> <div>Amount of customer margin account for open position of futures traders equity</div>	<div>\$992,853</div> <div>\$1,080,030</div>	=91.93%	<div>\$943,035</div> <div>\$797,968</div>	=118.18%	≥ 20% ≥ 15%	Conform with law

38. SPECIFIC RISK OF FUTURES PROPRIETARY, BROKERAGE AND MANAGED FUTURES

Futures Proprietary

When the subsidiary, Concord Futures engages in futures proprietary, the specific risk is the market price risk of the underlying assets. The Group set stop-loss limits for the futures transactions so that any loss incurred can be controlled within the expected range.

Futures Brokerage

Since futures transactions are leveraged transactions with low margin, the risks include the following: When the futures market price is not favorable to the futures contract held by the traders, futures commission merchants can require the traders to top up their margin deposits in order to maintain the margin level; if the traders fail to do so in the required period, futures commission merchants have the duty to offset the futures contracts on behalf of the traders. In addition, there is also the risk of increased losses due to the inability of traders to settle their futures contracts as a result of dramatic changes in the market.

39. SIGNIFICANT FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The significant financial assets and liabilities denominated in foreign currencies were summarized as follows:

Unit: Foreign Currencies/NT\$ in Thousands

	December 31					
	2021			2020		
	Foreign Currency	Exchange Rate	New Taiwan Dollars	Foreign Currency	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>						
Monetary items						
USD	\$ 35,845	27.6800	\$ 992,179	\$ 48,578	28.4800	\$ 1,383,495
CNY	65,084	4.3440	282,725	92,109	4.3770	403,161
JPY	511,903	0.2405	123,113	26,193	0.2763	7,237
HKD	7,902	3.5490	28,045	10,414	3.6730	38,249
EUR	567	31.3200	17,760	325	35.0200	11,398
GBP	70	37.3000	2,621	51	38.9000	1,986
SGD	33	3.5400	117	46	21.5600	985
Non-monetary items						
USD	43,982	27.6800	1,217,410	31,526	28.4800	897,860
CNY	56,739	4.3440	246,473	50,426	4.3770	220,713
HKD	-	-	-	39,536	3.6730	145,216
<u>Financial liabilities</u>						
Monetary items						
USD	18,289	27.6800	506,230	15,518	28.4800	441,959
JPY	78,993	0.2405	18,998	24,753	0.2763	6,839
HKD	4,694	3.5490	16,659	14,306	3.6730	52,545
EUR	266	31.3200	8,320	218	35.0200	7,649
GBP	51	37.3000	1,921	37	38.9000	1,447
CNY	140	4.3440	608	257	4.3770	1,123
SGD	32	3.5490	114	44	21.5600	958
Non-monetary items						
USD	32,329	27.6800	894,874	27,049	28.4800	770,351
CNY	-	-	-	40,709	4.3770	178,182

For the years ended December 31, 2021 and 2020, realized and unrealized net foreign exchange losses were \$28,268 thousand and \$34,414 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions of the entities in the Group.

40. ADDITIONAL DISCLOSURES

a. Following are additional disclosures required by the SFB for the Corporation:

- 1) Financing provided: None.
- 2) Endorsements/guarantees provided: None.
- 3) Acquisition of real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None.
- 4) Disposal of real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
- 5) Total discounts of handling fee to related parties of at least NT\$5 million: None.

- 6) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
 - 7) Intercompany relationships and significant intercompany transactions: Table 2 (attached).
- b. Information of investees
- 1) When the Corporation directly or indirectly exercises significant influence on or obtains control of investees, related information should be disclosed: Table 1 (attached).
 - 2) When the Corporation directly or indirectly obtains control of investees, the following information regarding significant transactions with the investee should be disclosed:
 - a) Financing provided: None.
 - b) Endorsements/guarantees provided: None.
 - c) Acquisition of real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None.
 - d) Disposal of real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
 - e) Total discounts of handling fee to related parties of at least NT\$5 million: None.
 - f) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
- c. Information on foreign branches and representative offices abroad: None.
- d. Information on investments in mainland China:
- Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment gains or losses, carrying amount of the investment at the end of the period, repatriations of investments income, and limit on the amount of investment in the mainland China area: Table 3 (attached).
- e. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: None.

41. DISCLOSURES REQUIRED UNDER RULE NO. 10703209011 ISSUED BY THE FSC DATED JUNE 1, 2018

The foreign entity registered in non-IOSCO MMoU member or without formal permission as securities or futures firm from IOSCO MMoU member in which the Corporation has invested in Concord Capital Holdings (Cayman) Ltd. Concord Capital Holdings (Cayman) Ltd. is a holding company mainly for investments. On November 30, 2020, Concord Capital Holdings (Cayman) Ltd. obtained approval for liquidation based on letter No. 1090373948 issued by the FSC. The subsidiary has completed its liquidation procedures in March 31, 2021. Therefore, there are no supplementary disclosures in the financial statements for the year ended December 31, 2021.

- a. Balance sheets: None.
- b. Statements of comprehensive income: None.

- c. Securities held: None.
- d. Derivative financial instrument transactions and the source of capital: None.
- e. Revenue from assets management business, services and litigation: None.

42. SEGMENT INFORMATION

Information which is provided to the chief operating decision-maker for the purposes of allocating resources and evaluating the segment performance focuses on types of services provided. According to primary revenues, proprietary, brokerage and underwriting departments' information should be reported by the Group.

The proprietary department engages in trading securities and futures transactions for hedging. The brokerage department engages in securities brokerage and margin purchase and short sale. The underwriting department engages in best efforts underwriting or firm commitment underwritings. The financial performance of each reporting segments was as follows:

Segment revenue and results

The following was an analysis of the Group's revenue and operating performance from continuing operations by reporting segments.

Unit: NT\$ Thousand

Item	For the Year Ended December 31, 2021				
	Proprietary	Brokerage	Underwriting	Other	Total
Profit and loss attributed to each segment					
Revenue	\$ 1,686,784	\$ 2,500,335	\$ 89,201	\$ 22,525	\$ 4,298,845
Costs and expenses	<u>(509,617)</u>	<u>(1,621,900)</u>	<u>(72,153)</u>	<u>(40,095)</u>	<u>(2,243,765)</u>
Profit and loss - by segment	<u>\$ 1,177,167</u>	<u>\$ 878,435</u>	<u>\$ 17,048</u>	<u>\$ (15,570)</u>	2,055,080
Profit and loss not attributed to segments					<u>(486,733)</u>
Profit before income tax					1,568,347
Income tax expense					<u>(178,245)</u>
Net profit for the year					1,390,102
Other comprehensive income					<u>1,172</u>
Total comprehensive income for the year					<u>\$ 1,391,274</u>

Item	For the Year Ended December 31, 2020				
	Proprietary	Brokerage	Underwriting	Other	Total
Profit and loss attributed to each segment					
Revenue	\$ 1,401,316	\$ 1,844,109	\$ 64,182	\$ 29,382	\$ 3,338,989
Costs and expenses	<u>(445,046)</u>	<u>(1,346,971)</u>	<u>(55,225)</u>	<u>(36,144)</u>	<u>(1,883,386)</u>
Profit and loss - by segment	<u>\$ 956,270</u>	<u>\$ 497,138</u>	<u>\$ 8,957</u>	<u>\$ (6,762)</u>	1,455,603
Profit and loss not attributed to segments					<u>(313,749)</u>
Profit before income tax					1,141,854
Income tax expense					<u>(52,040)</u>
Net profit for the year					1,089,814
Other comprehensive income					<u>95,428</u>
Total comprehensive income for the year					<u>\$ 1,185,242</u>

TABLE 1

CONCORD SECURITIES CO., LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Date of Incorporation	Rule No. Issued by Financial Supervisory Commission	Main Businesses	Investment Amount		Balance as of December 31, 2021			Operating Income of the Investee	Net Profit (Loss) of the Investee	Share of Profit (Loss)	Cash Dividends	Note
						December 31, 2021	December 31, 2020	Number of Shares	Percentage of Ownership (%)	Carrying Amount					
The Corporation	Concord Futures Corp.	5F, No. 143, Fuhsing N. Rd., Taipei City	July 7, 1999		Foreign and domestic futures proprietary, brokerage and consulting services	\$ 559,654	\$ 559,654	78,005,571	95.71	\$ 1,227,540	\$ 694,484	\$ 97,888	\$ 93,351	\$ 76,913	Subsidiary (Note 1)
	Con Lian Asset Management Service Co., Ltd.	14F, No. 176, Jilung Rd., Sec. 1, Taipei City	September 5, 2003	Aug. 5, 2003 No. Tai-Tsai-Cheng (2) 0920135652	Investment, business management advisory services and asset management services	230,000	230,000	54,900,000	100.00	565,528	-	(10,228)	(10,228)	-	Subsidiary (Note 1)
	Concord Capital Holdings (Cayman) Limited	Cayman Islands	May 12, 1997	Apr. 23, 1997 (1997) No. Tai-Tsai-Cheng (2) 26713	Note 3	-	296,334	-	-	-	-	(77)	(77)	-	Subsidiary (Notes 1 and 3)
	Concord Managed Futures Corp.	14F, No. 176, Jilung Rd., Sec. 1, Taipei City	December 16, 2003		Note 2	-	198,664	-	-	-	-	-	-	-	Subsidiary (Notes 1 and 2)
	Concord Capital Management Corp.	9F, No. 176, Jilung Rd., Sec. 1, Taipei City	May 25, 1988		Securities investment advisory services	81,599	81,599	7,000,000	100.00	85,266	22,710	(6,333)	(6,333)	-	Subsidiary (Note 1)
	Concord Insurance Agency Co., Ltd.	10F, No. 176, Jilung Rd., Sec. 1, Taipei City	October 4, 2013	Jan. 10, 2013 No. Financial-Supervisory -Securities-Firms-101 0056608 and Jun. 23, 2020 No. Jin-Guan-Bao-Zong-Zi-1090421845	Life insurance agency and property insurance agency	5,000	5,000	2,500,000	100.00	23,006	7,977	(3,257)	(3,257)	-	Subsidiary (Note 1)
Concord Futures Corp.	Concord Managed Futures Corp.	14F, No. 176, Jilung Rd., Sec. 1, Taipei City	December 16, 2003		Note 2	-	148,360	-	-	-	-	-	-	-	Subsidiary (Notes 1 and 2)
Con Lian Asset Management Service Co., Ltd.	HWA-HO Asset Management Corp.	14F, No. 176, Jilung Rd., Sec. 1, Taipei City	September 29, 2003		Real estate commerce, development and business management advisory services	195,668	195,668	56,472,021	46.59	561,421	156,386	(15,133)	(7,050)	-	Investments of subsidiary accounted for using equity method

Note 1: Share of profits (losses) of subsidiaries has been fully eliminated upon consolidation.

Note 2: Concord Managed Futures terminated its futures management and trust services on February 1, 2019, which was approved by the relevant authorities in January 2019. In addition, Concord Managed Futures obtained approval for liquidation in March 2019 based on letter No. 1080304430 issued by the FSC. The subsidiary has completed its liquidation procedures in January 2021, and returned the remaining liquidation funds to the Corporation and Concord Futures of \$159,452 thousand and \$106,302 thousand, respectively.

Note 3: On November 30, 2020, Concord Cayman received letter No. 1090373948 issued by the FSC and completed its liquidation procedures in March 31, 2021, and returned the remaining liquidation fund to the Corporation of US\$744 thousand.

TABLE 2**CONCORD SECURITIES CO., LTD. AND SUBSIDIARIES****INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No. (Note 2)	Company	Counterparty	Relationship (Note 3)	Transaction Details			
				Financial Statement Account	Amount (Note 1)	Transaction Terms	% of Total Revenues or Total Assets
0	Concord Securities Co., Ltd.	Concord Futures Corp.	a.	Futures trading margin	\$ 103,899 (Note 6)	Not significantly different from those to third parties	0.26
		Concord Futures Corp.	a.	Guarantee deposits received	1,295 (Note 1)	Not significantly different from those to third parties	-
		Concord Futures Corp.	a.	Futures commission revenue	12,869 (Note 1)	In accordance with the contract, no third-party transactions for comparison	0.30
		Concord Futures Corp.	a.	Securities commission expenses	8,512 (Note 1)	In accordance with the contract, no third-party transactions for comparison	0.20
		Concord Futures Corp.	a.	Clearing and settlement expenses	2,351 (Note 1)	In accordance with the contract, no third-party transactions for comparison	0.06
		Concord Futures Corp.	a.	Other gains and losses	16,608 (Note 1)	In accordance with the contract, no third-party transactions for comparison	0.39
		Concord Capital Management Corp.	a.	Professional service fees	8,160 (Note 1)	In accordance with the contract, no third-party transactions for comparison	0.19
		Concord Insurance Agency Co., Ltd.	a.	Other operating income	2,392 (Note 1)	In accordance with the contract, no third-party transactions for comparison	0.06

Note 1: Intercompany transactions have been eliminated upon consolidation.

Note 2: Intercompany transactions between the parent company and its subsidiaries are numbered as follows:

- a. Parent company: 0.
- b. Subsidiaries are sequentially numbered from 1.

Note 3: The relationships between the parties of the transactions are as follows: (The same transaction between the parent company and its subsidiary or between two subsidiaries is unnecessary to be disclosed again. For example, if the transaction between the parent company and its subsidiary had been disclosed by the parent company, it is unnecessary to be disclosed by the subsidiary. If the transaction between two subsidiaries had been disclosed by a subsidiary, it is unnecessary to be disclosed by the other one).

- a. Transactions from parent company to subsidiary.
- b. Transactions from subsidiary to parent company.
- c. Transactions from subsidiary to subsidiary.

Note 4: The transactional amounts are calculated as a percentage of the consolidated total assets or the consolidated total revenues. For balance sheet accounts, it will be calculated based on the ending balance divided by the consolidated total assets. For income statement accounts, it will be calculated based on the cumulative amount divided by the consolidated total revenues.

Note 5: Disclosure of significant intercompany transactions is determined based on the Corporation's principle of materiality.

Note 6: Including the futures trading excess margin of \$80,963 thousand which was accounted for as cash and cash equivalents.

TABLE 3**CONCORD SECURITIES CO., LTD. AND SUBSIDIARIES****INVESTMENTS IN MAINLAND CHINA****DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars and Foreign Currencies)**

1. Investee company's name, main business and products, total amount of paid-in capital, investment type, investment outflows and inflows, net income (loss) of the investee, % ownership, investment gain (loss), carrying value as of December 31, 2021 and inward remittance of earnings:

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital (Note 2)	Investment Type	Accumulated Outflow of Investment as of December 31, 2020 (Note 1)	Investment Flows		Accumulated Outflow of Investment as of December 31, 2021 (Note 1)	Net Income (Loss) of the Investee (Note 5)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 6)	Carrying Value as of December 31, 2021 (Note 6)	Accumulated Inward Remittance of Earnings as of December 31, 2021
					Outflow	Inflow						
Guoyuan Futures Co., Ltd.	Commodities futures brokerage, financial futures brokerage, futures investment consulting, assets management, and other businesses that CSRC permits or acquired to put on record.	\$ 2,648,513 (CNY 609,695 thousand)	Others	\$ 51,561 (US\$ 1,579 thousand)	\$ -	\$ -	\$ 51,561 (US\$ 1,579 thousand)	\$ 387,226 (CNY 89,196 thousand)	1.59	\$ -	\$ 55,589	\$ -

2. Upper limit of investment in mainland China:

Accumulated Investment in Mainland China as of December 31, 2021 (Note 1)	Investment Amounts Authorized by the Investment Commission, MOEA (Note 3)	Upper Limit of Investment Authorized by the Investment Commission MOEA (Note 4)
\$51,561 (US\$1,579 thousand)	\$44,660 (US\$1,613 thousand)	\$769,457

Note 1: The NTD amount was converted using the USD buying rate when the original investments were transferred from the account.

Note 2: The NTD amount was converted using the average CNY buying and selling rates for the year ended December 31, 2021.

Note 3: The NTD amount was converted using the average USD buying and selling rates for the year ended December 31, 2021.

Note 4: The amount was calculated based on 60% of Concord Futures' net asset value as of December 31, 2021.

Note 5: The NTD amount was converted using the average CNY buying and selling rates during 2021.

Note 6: The investment was accounted for as financial assets at FVTOCI and no investment gains or losses were recognized in the current year.

6.5 Financial Statements for the Years Ended December 31, 2021 and 2020, and Independent Auditors' Report

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, 2021 and 2020, 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, 2021 and 2020, 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, 2021. 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, 2021 is as follows:

Accuracy of Brokerage Handling Fee Revenue

Brokerage handling fee revenue of the Corporation amounted to \$1,401,304 thousand in 2021. 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 is identified as the key audit matter for the year ended December 31, 2021.

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 discount on 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, 2021 and 2020, 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, 2021 and 2020, the total investments in subsidiaries amounted to \$565,528 thousand and \$577,414 thousand, accounting for 1.66% and 1.84% of total assets, respectively; for the years ended December 31, 2021 and 2020, the share of the comprehensive income or loss of these subsidiaries amounted to a loss of \$11,886 thousand and a gain of \$29,578 thousand, which accounted for (0.86%) and 2.51% 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, 2021 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 17, 2022

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.

CONCORD SECURITIES CO., LTD.

BALANCE SHEETS DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

ASSETS	2021		2020	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6 and 28)	\$ 1,197,568	4	\$ 2,895,595	9
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 28)	8,585,042	25	10,172,525	32
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	27,802	-	15,808	-
Margin loans receivable (Notes 4, 9 and 28)	7,629,748	23	4,695,748	15
Refinancing margin (Notes 4 and 9)	6,910	-	17,314	-
Refinancing collateral receivable (Notes 4 and 9)	6,732	-	14,462	-
Security borrowing collateral price (Notes 4 and 9)	523,023	2	429,612	1
Security borrowing margin (Notes 4 and 9)	474,557	1	389,179	1
Notes receivable (Notes 4 and 9)	146	-	64	-
Accounts receivable (Notes 4, 9 and 28)	6,861,166	20	5,915,650	19
Prepayments	8,205	-	6,507	-
Other receivables (Notes 4, 9 and 28)	6,372	-	6,450	-
Other financial assets - current (Notes 4 and 10)	64,360	-	198,798	1
Current tax assets (Notes 4 and 24)	-	-	11,402	-
Restricted assets - current (Note 29)	317,157	1	225,150	1
Other current assets	<u>1,698,812</u>	<u>5</u>	<u>268,873</u>	<u>1</u>
Total current assets	<u>27,407,600</u>	<u>81</u>	<u>25,263,137</u>	<u>80</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 5 and 8)	2,554,574	7	1,944,419	6
Investments accounted for using equity method (Notes 4 and 11)	1,901,340	6	2,093,751	7
Property and equipment (Notes 4, 12 and 29)	786,949	2	785,072	2
Right-of-use assets (Notes 4, 13 and 28)	118,230	-	65,533	-
Investment property (Notes 4, 14 and 29)	559,693	2	561,717	2
Intangible assets (Notes 4 and 15)	9,181	-	10,443	-
Deferred tax assets (Notes 4 and 24)	125,818	-	197,332	1
Other non-current assets (Note 16)	<u>518,062</u>	<u>2</u>	<u>482,694</u>	<u>2</u>
Total non-current assets	<u>6,573,847</u>	<u>19</u>	<u>6,140,961</u>	<u>20</u>
TOTAL	<u>\$ 33,981,447</u>	<u>100</u>	<u>\$ 31,404,098</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 17 and 29)	\$ 1,650,000	5	\$ 390,000	1
Commercial paper payable (Notes 17 and 29)	4,164,759	12	6,557,680	21
Financial liabilities at fair value through profit or loss - current (Notes 4, 7 and 28)	2,761,630	8	1,736,118	6
Liabilities for bonds with attached repurchase agreements (Notes 4, 18 and 28)	4,098,467	12	4,879,368	16
Securities financing refundable deposits (Note 4)	313,901	1	395,326	1
Deposits payable for securities financing (Note 4)	503,833	2	435,170	1
Refinancing borrowings (Note 4)	1,800,556	5	-	-
Accounts payable (Notes 19 and 28)	5,720,837	17	7,487,122	24
Other payables (Note 28)	662,468	2	463,837	2
Other financial liabilities - current (Note 20)	756,678	2	-	-
Current tax liabilities (Notes 4 and 24)	119,458	1	99,101	-
Provisions - current (Note 4)	20,606	-	19,447	-
Lease liabilities - current (Notes 4, 13 and 28)	38,268	-	43,559	-
Other current liabilities	<u>1,675,337</u>	<u>5</u>	<u>251,206</u>	<u>1</u>
Total current liabilities	<u>24,286,798</u>	<u>72</u>	<u>22,757,934</u>	<u>73</u>
NON-CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss - non-current (Notes 4 and 7)	520,297	1	215,244	1
Provisions - non-current (Note 4)	12,080	-	12,880	-
Lease liabilities - non-current (Notes 4, 13 and 28)	79,196	-	20,809	-
Deferred tax liabilities (Notes 4 and 24)	776	-	666	-
Guarantee deposits received (Note 28)	3,794	-	3,784	-
Net defined benefit liabilities - non-current (Notes 4 and 21)	<u>203,511</u>	<u>1</u>	<u>179,984</u>	<u>-</u>
Total non-current liabilities	<u>819,654</u>	<u>2</u>	<u>433,367</u>	<u>1</u>
Total liabilities	<u>25,106,452</u>	<u>74</u>	<u>23,191,301</u>	<u>74</u>
EQUITY (Notes 4, 8, 11, 21, 22, 24 and 27)				
Share capital	<u>5,944,550</u>	<u>17</u>	<u>5,944,550</u>	<u>19</u>
Capital surplus	<u>175,320</u>	<u>1</u>	<u>175,307</u>	<u>1</u>
Retained earnings				
Legal reserve	132,144	-	28,684	-
Special reserve	821,171	3	614,251	2
Unappropriated retained earnings	<u>1,338,562</u>	<u>4</u>	<u>1,040,583</u>	<u>3</u>
Total retained earnings	<u>2,291,877</u>	<u>7</u>	<u>1,683,518</u>	<u>5</u>
Other equity	<u>463,248</u>	<u>1</u>	<u>409,422</u>	<u>1</u>
Treasury shares	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total equity	<u>8,874,995</u>	<u>26</u>	<u>8,212,797</u>	<u>26</u>
TOTAL	<u>\$ 33,981,447</u>	<u>100</u>	<u>\$ 31,404,098</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated March 17, 2022)

CONCORD SECURITIES CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
REVENUE (Notes 4 and 23)				
Brokerage handling fee revenue (Note 28)	\$ 1,454,428	40	\$ 903,706	35
Income from securities lending	29,987	1	30,438	1
Revenue from underwriting commission	41,303	1	41,178	2
Gains on sale of operating securities, net	1,565,238	43	1,270,402	49
Revenue from providing agency service for stock affairs (Note 28)	24,999	1	22,066	1
Interest income (Note 28)	390,181	11	219,521	8
Dividend income	277,662	8	478,240	19
Valuation gains on operating securities at fair value through profit or loss, net	205,003	6	456,151	18
Gains (losses) on covering of borrowed securities and bonds with resale agreements - short sales, net	(145,953)	(4)	29,011	1
Valuation gains (losses) on borrowed securities and bonds with resale agreements - short sales at fair value through profit or loss, net	22,430	1	(96,473)	(4)
Gains (losses) on issuance of call (put) warrants, net	(163,570)	(5)	7,386	-
Futures commission income (Note 28)	12,869	-	14,878	1
Gains (losses) on derivative instruments - futures, net	656	-	(321,958)	(13)
Losses on derivative instruments - OTC, net (Note 28)	(106,235)	(3)	(465,875)	(18)
Expected credit loss (Notes 8 and 9)	(3,081)	-	(1,195)	-
Other operating income (losses) (Note 28)	2,612	-	(7,678)	-
Total revenue	<u>3,608,529</u>	<u>100</u>	<u>2,579,798</u>	<u>100</u>
COSTS AND EXPENSES (Notes 4 and 23)				
Brokerage handling fee expenses	(125,650)	(4)	(66,962)	(3)
Proprietary handling fee expenses	(10,319)	-	(8,774)	-
Refinancing handling fee expenses	(630)	-	(689)	-
Finance costs (Note 28)	(61,523)	(2)	(51,761)	(2)
Loss from securities borrowing transactions	(6,982)	-	-	-
Securities commission expenses (Note 28)	(8,512)	-	(5,055)	-
Clearing and settlement expenses (Note 28)	(4,462)	-	(3,422)	-
Other operating costs (Note 28)	(35,809)	(1)	(28,279)	(1)
Employee benefits expense (Notes 21 and 28)	(1,415,235)	(39)	(1,071,269)	(42)
Depreciation and amortization expense (Notes 12, 13, 14 and 15)	(76,849)	(2)	(75,779)	(3)
Other operating expenses (Note 28)	<u>(483,308)</u>	<u>(14)</u>	<u>(398,439)</u>	<u>(15)</u>
Total costs and expenses	<u>(2,229,279)</u>	<u>(62)</u>	<u>(1,710,429)</u>	<u>(66)</u>

(Continued)

CONCORD SECURITIES CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
OPERATING PROFIT	\$ 1,379,250	38	\$ 869,369	34
NON-OPERATING INCOME AND EXPENSES (Notes 4 and 23)				
Share of profit of subsidiaries accounted for using equity method (Note 11)	73,456	2	138,544	5
Other gains and losses (Note 28)	91,329	3	101,313	4
Total non-operating income and expenses	164,785	5	239,857	9
PROFIT BEFORE INCOME TAX	1,544,035	43	1,109,226	43
INCOME TAX EXPENSE (Notes 4 and 24)	(158,112)	(5)	(24,250)	(1)
NET PROFIT FOR THE YEAR	1,385,923	38	1,084,976	42
OTHER COMPREHENSIVE INCOME (Notes 4, 11, 21, 22 and 24)				
Items that will not be reclassified subsequently to profit or loss				
Losses on remeasurement of defined benefit plans	(65,086)	(2)	(65,336)	(3)
Unrealized gains on investments in equity instruments measured at fair value through other comprehensive income	65,417	2	79,568	3
Share of other comprehensive income or loss of subsidiaries accounted for using equity method	(8,314)	-	64,151	3
Income tax relating to items that will not be reclassified subsequently to profit or loss	13,017	-	13,067	1
	5,034	-	91,450	4

(Continued)

CONCORD SECURITIES CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss				
Exchange differences on the translation of foreign operations	\$ 5,464	-	\$ (6,856)	-
Unrealized gains (losses) on investments in debt instruments measured at fair value through other comprehensive income	(7,221)	-	8,087	-
Income tax relating to items that may be reclassified subsequently to profit or loss	(1,780)	-	185	-
	<u>(3,537)</u>	<u>-</u>	<u>1,416</u>	<u>-</u>
Other comprehensive income for the year, net of income tax	<u>1,497</u>	<u>-</u>	<u>92,866</u>	<u>4</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,387,420</u>	<u>38</u>	<u>\$ 1,177,842</u>	<u>46</u>
EARNINGS PER SHARE (Note 25)				
Basic	<u>\$ 2.33</u>		<u>\$ 1.83</u>	
Diluted	<u>\$ 2.32</u>		<u>\$ 1.82</u>	

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

(With Deloitte & Touche auditors' report dated March 17, 2022)

(Concluded)

CONCORD SECURITIES CO., LTD.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	Other Equity (Notes 4, 8, 11, 22, 24 and 27)								
	Share Capital (Note 22)	Capital Surplus (Note 22)	Retained Earnings (Notes 21, 22 and 24)			Exchange Differences on the Translation of Foreign Operations	Unrealized Gains on Financial Assets Measured at Fair Value Through	Treasury Shares (Note 22)	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Retained Earnings		Other Comprehensive Income		
BALANCE AT JANUARY 1, 2020	\$ 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	5,944,550	175,307	28,684	614,251	1,040,583	(11,116)	420,538	-	8,212,797
Appropriation of 2020 earnings									
Legal reserve	-	-	103,460	-	(103,460)	-	-	-	-
Special reserve	-	-	-	206,920	(206,920)	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(725,235)	-	-	-	(725,235)
Other changes in capital surplus									
Exercise of disgorgement	-	13	-	-	-	-	-	-	13
Net profit for the year ended December 31, 2021	-	-	-	-	1,385,923	-	-	-	1,385,923
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	(52,329)	3,684	50,142	-	1,497
Total comprehensive income for the year ended December 31, 2021	-	-	-	-	1,333,594	3,684	50,142	-	1,387,420
BALANCE AT DECEMBER 31, 2021	\$ 5,944,550	\$ 175,320	\$ 132,144	\$ 821,171	\$ 1,338,562	\$ (7,432)	\$ 470,680	\$ -	\$ 8,874,995

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

(With Deloitte & Touche auditors' report dated March 17, 2022)

CONCORD SECURITIES CO., LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 1,544,035	\$ 1,109,226
Adjustments for:		
Depreciation expense	71,259	69,589
Amortization expense	5,590	6,190
Expected credit loss	3,081	1,195
Net gain on financial assets and liabilities at fair value through profit or loss	(227,433)	(367,709)
Finance costs	61,523	51,761
Interest income (including financial income)	(395,080)	(228,278)
Dividend income	(295,804)	(489,078)
Share of profit of subsidiaries accounted for using equity method	(73,456)	(138,544)
Loss (gain) on disposal of property and equipment	(324)	16
Loss on disposal of investments	8,495	1,030
Gain on lease modifications	-	(13)
Changes in operating assets and liabilities		
Decrease (increase) in financial assets at fair value through profit or loss	1,783,709	(2,934,257)
Decrease in bond investments under resale agreements	-	697,687
Increase in margin loans receivable	(2,934,946)	(1,260,517)
Decrease (increase) in refinancing margin	10,404	(17,287)
Decrease (increase) in refinancing collateral receivable	7,730	(14,439)
Increase in security borrowing collateral price	(93,411)	(327,818)
Increase in security borrowing margin	(85,378)	(296,628)
Decrease (increase) in notes receivable	(82)	19
Increase in accounts receivable	(945,875)	(2,145,336)
Decrease (increase) in prepayments	(1,698)	953
Decrease (increase) in other receivables	(1,996)	780
Decrease (increase) in other financial assets	134,438	(178,798)
Increase in other current assets	(1,521,946)	(55,348)
Increase (decrease) in liabilities for bonds with attached repurchase agreements	(780,901)	1,692,110
Increase in financial liabilities at fair value through profit or loss	1,353,250	775,147
Increase (decrease) in securities financing refundable deposits	(81,425)	40,969
Increase in deposits payable for securities financing	68,663	23,148
Increase in refinancing borrowings	1,800,556	-
Decrease in security lending refundable deposits	-	(2,780)
Increase (decrease) in accounts payable	(1,766,131)	3,853,929
Increase in other payables	198,003	285,414
Decrease in net defined benefit liabilities	(41,559)	(40,021)
Increase (decrease) in provisions	359	(198)
Increase in other financial liabilities	756,678	-
Increase in other current liabilities	<u>1,424,131</u>	<u>219,860</u>
Cash generated from (used in) operations	(15,541)	331,974
Interest received	394,826	221,415

(Continued)

CONCORD SECURITIES CO., LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
Dividends received	\$ 278,976	\$ 477,065
Interest paid	(60,657)	(50,447)
Income tax paid	<u>(43,492)</u>	<u>(4,606)</u>
Net cash generated from operating activities	<u>554,112</u>	<u>975,401</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(584,825)	(819,760)
Proceeds from disposal of financial assets at fair value through other comprehensive income	15,781	-
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	4,329	6,600
Increase in investments accounted for using equity method	-	(19,500)
Proceeds from disposal of investments accounted for using equity method	180,681	-
Acquisition of property and equipment	(20,785)	(19,021)
Proceeds from disposal of property and equipment	675	-
Increase in clearing and settlement fund	(22,259)	(101)
Increase in refundable deposits	(8,040)	(1,291)
Acquisition of intangible assets	(3,811)	(6,445)
Increase in other non-current assets	(10,816)	(5,966)
Dividends received	<u>95,055</u>	<u>73,130</u>
Net cash used in investing activities	<u>(354,015)</u>	<u>(792,354)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	1,260,000	390,000
Increase in commercial paper payable	-	1,170,000
Decrease in commercial papers payable	(2,393,000)	-
Increase in guarantee deposits received	10	-
Decrease in guarantee deposits received	-	(591)
Payments of lease liabilities	(45,362)	(45,782)
Cash dividends paid	(725,235)	(194,807)
Payments to acquire treasury shares	-	(17,263)
Exercise of disgorgement	<u>13</u>	<u>-</u>
Net cash generated from (used in) financing activities	<u>(1,903,574)</u>	<u>1,301,557</u>

(Continued)

CONCORD SECURITIES CO., LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	\$ <u>5,450</u>	\$ <u>(5,864)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,698,027)	1,478,740
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>2,895,595</u>	<u>1,416,855</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,197,568</u>	<u>\$ 2,895,595</u>

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

(With Deloitte & Touche auditors' report dated March 17, 2022)

(Concluded)

CONCORD SECURITIES CO., LTD.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Concord Securities Co., Ltd. (the “Corporation”) was incorporated on July 25, 1990 and started operations on December 4, 1990. It engages in transactions such as (a) securities proprietary and brokerage; (b) underwriting; (c) financing customers’ acquisition and short-sales; (d) providing agency services for share affairs; (e) assisting in futures trading; (f) other business as approved by relevant authorities. Its shares began trading on the Taipei Exchange, formerly called the GreTai Securities Market (the over-the-counter Securities Exchange of the Republic of China, or the “ROC OTC”), in December 1996.

The Corporation was further authorized to engage in futures brokerage business on February 2, 1998. However, when its subsidiary, Concord Futures Corp., commenced operations on May 1, 2000, the Corporation transferred all its futures trading business to its subsidiary and provided necessary professional assistance. In addition, the Corporation, according to the ruling numbered Tai-Tsai-Cheng (7) 0910147503 from the Ministry of Finance, was authorized to engage in dealing of futures contracts. Nevertheless, the Corporation terminated dealing of futures contracts on May 2, 2014, according to Rule No. 1030014785 issued by the Financial Supervisory Commission (FSC).

As of December 31, 2021, the Corporation had 15 branches and an offshore securities unit supporting its head office.

The financial statements are presented in the Corporation’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Corporation’s Board of Directors and issued on March 17, 2022.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC).

Except for the following, the initial application of the IFRSs endorsed and issued into effect by the FSC did not have a material impact on the Corporation’s accounting policies:

- Amendments to IFRS 16 “Covid-19-Related Rent Concessions” and “Covid-19-Related Rent Concessions beyond 30 June 2021”

The Corporation elected to apply the practical expedient provided in the amendments to IFRS 16 with respect to rent concessions negotiated with the lessor as a direct consequence of the COVID-19. The related accounting policies are stated in Note 4.

The Corporation applies the amendments from January 1, 2021 and since the abovementioned rent concessions is applicable from 2021, the recognition of the cumulative effect of retrospective application does not affect retained earnings on January 1, 2021.

- b. The IFRSs endorsed by the FSC for application starting from 2021

New, Revised or Amended Standards and Interpretations	Effective Date Announced by IASB
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 1)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 2)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 3)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 4)

Note 1: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

The Corporation assessed that the application of the IFRSs would not have a material impact on the Corporation’s accounting policies.

- c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New, Revised or Amended Standards and Interpretations	Effective Date Announced by the IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 2)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 3)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 4)

Note 1: Unless stated otherwise, the above New, Revised or Amended Standards and Interpretations are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

As of the date the financial statements were authorized for issue, the Corporation is continuously assessing the possible impact that the application of the above standards and interpretations will have on the Corporation's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Firms and other regulations.

Basis of Preparation

The financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- a. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- b. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- c. Level 3 inputs are unobservable inputs for the asset or liability.

When preparing the parent company only financial statements, the Corporation accounted for subsidiaries and associates by using the equity method. In order to agree with the amount of net profit, other comprehensive income and equity attributable to shareholders of the parent in the consolidated financial statements, the differences of the accounting treatment between the parent company only basis and the consolidated basis are adjusted under the heading of investments accounted for using equity method, share of profits of subsidiaries and associates and share of other comprehensive income of subsidiaries and associates in the parent company only financial statements.

Classification of Current and Non-current Assets and Liabilities

Current assets include:

- a. Assets held primarily for the purpose of trading;
- b. Assets expected to be realized within 12 months after the reporting period; and

- c. Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- a. Liabilities held primarily for the purpose of trading;
- b. Liabilities due to be settled within 12 months after the reporting period; and
- c. Liabilities for which the Corporation does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

Foreign Currencies

In preparing the financial statements of the Corporation, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the translation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which fair value changes are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

For the purposes of presenting the financial statements, assets and liabilities of the Corporation's foreign operations (including subsidiaries in other countries or those that use currencies that are different from that used by the Corporation) are translated into New Taiwan dollars using the exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences are recognized in other comprehensive income.

Investments Accounted for Using Equity Method

Investments accounted for using the equity method include investments in subsidiaries.

A subsidiary is an entity that is controlled by the Corporation.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Corporation's share of profit or loss and other comprehensive income of the subsidiary as well as the distribution received. The Corporation also recognizes its share in the changes in the equity of subsidiaries.

Changes in the Corporation's ownership interests in subsidiaries that do not result in the Corporation losing control over the subsidiaries are accounted for as equity transactions. Any difference between the carrying amount of the subsidiary and the fair value of the consideration paid or received is recognized directly in equity.

When the Corporation's share of loss of a subsidiary equals or exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using equity method and long-term interests that, in substance, form part of the Corporation's net investment in the subsidiary), the Corporation continues recognizing its share of further loss, if any.

Any excess of the cost of acquisition over the Corporation's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Corporation's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business over the cost of acquisition is recognized immediately in profit or loss.

The Corporation assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Corporation recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Corporation loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Corporation accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Corporation directly disposed of the related assets or liabilities.

Property and Equipment

Property and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Except for freehold land which is not depreciated, property and equipment are depreciated on a straight-line basis over their estimated useful lives. Each significant part is depreciated separately. The estimated useful lives, residual value and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

On derecognition of an item of property and equipment, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

Investment Property

Investment properties are properties held to earn rental and/or for capital appreciation.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

For a transfer of classification from investment property to property, the deemed cost of the property for subsequent accounting is its carrying amount at the commencement of owner-occupation.

For a transfer of classification from property to investment property, the deemed cost of an item of property for subsequent accounting is its carrying amount at the end of owner-occupation.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

Intangible Assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis over estimated useful lives. The estimated useful life, residual value, and amortization method are reviewed by the Corporation at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

Impairment of Property and Equipment, Investment Property, Right-of-use Assets and Intangible Assets

At the end of each reporting period, the Corporation reviews the carrying amounts of its property and equipment, investment property, right-of-use assets and intangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Corporation estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of individual asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit should be reduced to its recoverable amount and the impairment loss is recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount (after deducting depreciation or amortization) that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Financial Instruments

Financial assets and financial liabilities are recognized when the Corporation becomes a party to the contractual provisions of the instruments.

When financial assets and financial liabilities are initially not recognized at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

a. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

1) Measurement category

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in debt instruments and equity instruments at FVTOCI.

a) Financial assets at FVTPL

Financial assets are measured at FVTPL when such a financial asset is mandatorily measured at FVTPL. Financial assets mandatorily measured at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends, interest earned and remeasurement gains or losses on such financial assets are recognized in profit or loss. Fair value is determined in the manner described in Note 27.

b) Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, accounts receivable at amortized cost, other receivables and other financial assets, are measured at amortized cost, which equals the gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for:

- i. Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit adjusted effective interest rate to the amortized cost of such financial assets; and
- ii. Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred: significant financial difficulty of the issuer or the borrower; breach of contract such as a default; it is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or the disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits, excess future trading margin and short-term bills with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

c) Investments in debt instruments at FVTOCI

Investments in debt instruments that meet the following conditions are subsequently measured at FVTOCI:

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

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

d) Investments in equity instruments at FVTOCI

On initial recognition, the Corporation may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Corporation's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

2) Impairment of financial assets

The Corporation recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable) and investments in debt instruments that are measured at FVTOCI at the end of each reporting period.

The Corporation always recognizes lifetime expected credit losses (ECLs) for accounts receivable. For all other financial instruments, the Corporation recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Corporation measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

3) Derecognition of financial assets

The Corporation derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial assets and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without reclassifying to profit or loss.

b. Equity instruments

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

Equity instruments issued by the Corporation are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Corporation's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Corporation's own equity instruments.

c. Financial liabilities

1) Subsequent measurement

Except for financial liabilities are measured at FVTPL, all financial liabilities are measured at amortized cost using the effective interest method.

Financial liabilities are classified as at FVTPL when such financial liabilities are either held for trading or are designated as at FVTPL.

Financial liabilities held for trading are stated at fair value, and any interest paid on such financial liabilities is recognized in finance costs; any remeasurement gains or losses on such financial liabilities are recognized in profit or loss. Fair value is determined in the manner described in Note 27.

A financial liability may be designated as at FVTPL upon initial recognition when doing so results in more relevant information and if:

- a) Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- b) The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and has performance evaluated on a fair value basis, in accordance with the Corporation's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- c) The contract contains one or more embedded derivatives so that the entire combined contract (asset or liability) can be designated as at FVTPL.

For a financial liability designated as at FVTPL, the amount of changes in fair value attributable to changes in the credit risk of the liability is presented in other comprehensive income and will not be subsequently reclassified to profit or loss. The gain or loss accumulated in other comprehensive income will be reclassified to retained earnings when the financial liability is derecognized. The remaining amount of changes in the fair value of that liability is presented in profit or loss. If the fair value changes recognized in other comprehensive are attributable to credit risk, and this accounting treatment would create or enlarge an accounting mismatch, all changes in fair value of the liability are presented in profit or loss. Fair value is determined in the manner described in Note 27.

2) Derecognition of financial liabilities

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

d. Derivative financial instruments

Derivative financial instruments the Corporation engaged in include call (put) warrants, futures, options, convertible bond asset swaps, structured instruments, bond options, etc.

Derivative financial instruments are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. For a derivative that is designated and effective as a hedging instrument, the timing of the recognition of gain or loss in profit or loss depends on the nature of the hedging relationship. When the fair value of derivative financial instruments is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instruments is negative, the derivative is recognized as a financial liability.

The margin deposits paid on purchase or sale of futures contracts are recognized as assets. Any valuation gain or loss on opening positions calculated using the settlement price announced by the futures exchanges and any gain or loss on settlement is recognized in profit or loss at the end of each reporting period. The margins are adjusted accordingly.

Premiums paid (received) on purchase (sale) of options contracts are recognized as assets (liabilities). Any valuation gain or loss calculated using the settlement price announced by the futures exchanges and any gain or loss on settlement is recognized in profit or loss at the end of each reporting period.

Repurchase and Resale Transactions

Resale and repurchase bond transactions with financing are recognized as “bond investments under resale agreements” and “liabilities for bonds with attached repurchase agreements”, respectively, and the related interest income and finance cost are accounted on the basis of the contracted interest rate.

Margin Loans and Securities Financing

Margin loans pertain to the provision of funds to customers for them to buy securities and are recognized as “margin loans receivable.” The securities bought by customers are used to secure these loans and are recorded through memo entries. The collateral securities are returned when the loans are repaid.

The refinancing of margin loans with securities finance companies is recorded as “refinancing borrowings,” which are collateralized by securities bought by customers.

The collateral securities are disposed of by the Corporation when their fair value falls below a pre-agreed level and the customer fails to maintain this level. If the proceeds of the disposal of collateral security cannot cover the balance of the loan and the customer cannot timely settle the deficiency, the balance of the margin loan is reclassified as “overdue receivables.” If a collateral security cannot be sold in the open market, the balance of the loan is reclassified as “other receivables” or “overdue receivables.” Allowance for impairment loss will be recognized after evaluating the uncollectible amounts.

Stock loans are securities lent to customers for short selling. The deposits received from customers on securities lent out are credited to “securities financing refundable deposits.” The securities sold short are recorded using memo entries. The proceeds of the sales of securities lent to customers less any dealer’s commission, financing charges and securities exchange tax are recorded under “deposits payable for securities financing”. When the customers return the stock certificates to the Corporation, the Corporation gives the deposits received and the proceeds of the sales of securities back to customers.

Securities Business Money Lending and Securities Lending

The securities used in the securities business money lending and securities lending are operating securities, borrowed securities from the Taiwan Stock Exchange (TWSE) or refinancing collateral. Operating securities will be transferred to the account “securities lent” if they are used to lend to others. Securities lent should be measured at fair value at the end of each reporting period. Valuation gains or losses of securities lent are recorded in the same accounts used before the reclassification. If borrowed securities from the TWSE are used to lend to others, the Corporation will recognize the transaction through a memo entry. If the refinancing collateral are used to lend to others, the Corporation will not recognize any asset on the ground the collateral belong to the customers.

The Corporation recognizes the amount lent to investors in the securities business as “receivables of securities business money lending” two business days after the transaction date, and accrues bad debt expense for the assessed uncollectible receivables at the end of the reporting period. The related collateral is recognized through memo entry and returned when the transactions are settled. The revenue from customers on securities business money lending and securities lending are accounted for as handling fee revenues from securities business money lending.

Securities collateral received in the lending and borrowing business are recognized through memo entry otherwise cash collateral received are recognized as “securities lending refundable deposits.” The amount deposited in TWSE for securities lending and borrowing business is accounted as “security borrowing margin.” Security borrowing margin or security lending refundable deposits are returned or paid when the borrowing securities are returned. The related service revenues are accounted as income from securities lending.

Operation Guarantee Deposits

According to the Rules Governing Securities Firms Commission Merchants, operation guarantee deposits should be made to the specific account designated by the Securities and Futures Bureau (SFB), FSC when a corporation registers to engage in the securities or futures business or when an existing corporation sets up new branches. The Corporation may elect to deposit in the form of cash, government bonds or financial bonds.

Clearing and Settlement Fund

As required by the Rules Governing Securities Firms, securities firms engaged in the proprietary and brokerage business are required to make clearing and settlement fund deposits with the TWSE or the Taipei Exchange before or after operations.

Provisions

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the estimated of the discounted cash flows needed to settle the present obligation, its carrying amount is the present value of those cash flows. The Corporation's provisions are primarily short-term paid vacation entitlements and lease restoration costs.

Revenue Recognition

The Corporation identifies contracts with customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

Service income is recognized when services are provided.

Leases

At the inception of a contract, the Corporation assesses whether the contract is, or contains, a lease.

a. The Corporation as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

b. The Corporation as lessee

The Corporation recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and accumulated impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Corporation uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in future lease payments resulting from a change in a lease term, the Corporation remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the balance sheets.

The Corporation negotiates with the lessor for rent concessions as a direct consequence of the Covid-19 to change the lease payments originally due by June 30, 2022, that results in the revised consideration for the lease less than the consideration for the lease immediately preceding the change. There is no substantive change to other terms and conditions. The Corporation elects to apply the practical expedient to all of these rent concessions and, therefore, does not assess whether the rent concessions are lease modifications. Instead, the Corporation recognizes the reduction in lease payment in profit or loss as a deduction of depreciation of right-of-use assets, in the period in which the events or conditions that trigger the concession occur, and makes a corresponding adjustment to the lease liability.

Employee Benefits

a. Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services rendered by employees.

b. Retirement benefits

Payments to defined contribution retirement plans are recognized as an expense when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses, and the return on plan assets excluding interest, is recognized in other comprehensive income in the period in which they occur. It is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities represent the actual deficit in the Corporation's defined benefit retirement plans.

Employee Share Options

a. Employee share options granted to employees

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Corporation's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. The expense is recognized in full at the grant date if the grants are vested immediately. The grant date of treasury shares transferred to employees is the date on which the Board of Directors approves the transaction.

At the end of each reporting period, the Corporation revises its estimate of the number of employee share options that are expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - employee share options.

b. Employee share options granted to the employees of a subsidiary

The grant by the Corporation of its equity instruments to the employees of a subsidiary under options is treated as a capital contribution. The fair value of employee services received under the arrangement is measured by reference to the grant-date fair value and is recognized over the vesting period as an addition to the investment in the subsidiary, with a corresponding credit to capital surplus - employee share options.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

a. Current tax

Income tax payable (refundable) is based on taxable profit (loss) for the year determined in accordance with the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated retained earnings is recognized in the year the shareholders approve to the appropriation of earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

b. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for deductible temporary differences to the extent that it is probable that taxable profit will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Corporation is able to control the timing of reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. Deferred tax asset which originally not recognized is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Corporation expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

c. Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income, in which case, the current and deferred taxes are also recognized in other comprehensive income.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Corporation's accounting policies, management is required to make judgments, estimations, and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Corporation considers the possible impact of the recent development of the COVID-19 in Taiwan and its economic environment implications when making its critical accounting estimates on cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Key Sources of Estimation and Uncertainty

Fair value of financial instruments with no public quotes in an active market

The Corporation determines the fair value of financial instruments with no public quotes in an active market using valuation methods. Refer to Note 27 for the related assumptions, estimates and book value.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2021	2020
Checking and demand deposits	\$ 719,503	\$ 1,322,119
Foreign currency deposits	256,668	977,425
Cash equivalents		
Excess futures trading margin	221,397	246,146
Short-term bills	-	349,905
	<u>\$ 1,197,568</u>	<u>\$ 2,895,595</u>

The market rates of time deposits with original maturities within three months and short-term bills at the end of each reporting period were summarized as follows:

	December 31	
	2021	2020
Short-term bills	-	0.17%-0.19%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2021	2020
<u>Financial assets at FVTPL - current</u>		
Financial assets mandatorily measured at FVTPL		
Operating securities - proprietary	\$ 6,613,343	\$ 9,282,809
Operating securities - underwriting	24,538	22,380
Operating securities - hedging	1,315,716	498,898
Futures margin - own funds	105,519	149,181
Call options - non-hedging	-	17,390
Derivative assets - OTC		
Value of asset swap IRS contracts	5,967	6,380
Asset swap options	<u>519,959</u>	<u>195,487</u>
	<u>\$ 8,585,042</u>	<u>\$ 10,172,525</u>
<u>Financial liabilities at FVTPL - current</u>		
Financial liabilities held for trading		
Warrants liabilities	\$ 4,083,550	\$ 2,067,535
Warrants redeemed	(3,905,570)	(1,993,765)
Put options - TAIFEX	-	13,965
Settlement coverage bonds payable of short sale	346,869	-
Liabilities on sale of borrowed securities - hedging	695,972	531,508
Liabilities on sale of borrowed securities - non-hedging	13,233	-
Derivative liabilities - OTC		
Value of asset swap IRS contracts	51,365	32,015
Asset swap options	1,224,650	773,814
Structured instruments	2,191	-
Equity derivatives	<u>74,498</u>	<u>39,740</u>
	2,586,758	1,464,812
Financial liabilities designated as at FVTPL		
Structured instruments	<u>174,872</u>	<u>271,306</u>
	<u>\$ 2,761,630</u>	<u>\$ 1,736,118</u>
<u>Financial liabilities at FVTPL - non-current</u>		
Financial liabilities designated as at FVTPL		
Structured instruments	<u>\$ 520,297</u>	<u>\$ 215,244</u>

a. Operating securities - proprietary

	December 31	
	2021	2020
<u>Current</u>		
Government bonds	\$ 658,315	\$ 1,873,435
Corporate bonds	200,256	200,256
Listed shares	669,909	2,068,569
Shares and convertible bonds traded in the OTC market	3,857,272	3,125,971
Emerging shares	219,023	213,993
Foreign shares and bonds	262,505	368,213
Beneficiary securities	<u>97,693</u>	<u>960,358</u>
	5,964,973	8,810,795
Valuation adjustments	<u>648,370</u>	<u>472,014</u>
	<u>\$ 6,613,343</u>	<u>\$ 9,282,809</u>

The ranges of coupon rates of government bonds and corporate bonds at the end of each reporting period were summarized as follows:

	December 31	
	2021	2020
Government bonds	0.50%-1.75%	0.25%-1.75%
Corporate bonds	1.04%	1.04%

As of December 31, 2021 and 2020, the face values of the Corporation's proprietary securities and bond investments under resale agreements were \$4,055,529 thousand and \$4,672,760 thousand, respectively, were provided for repurchase agreements.

b. Operating securities - underwriting

	December 31	
	2021	2020
Listed and OTC shares and convertible bonds	\$ 20,946	\$ 22,093
Valuation adjustments	<u>3,592</u>	<u>287</u>
	<u>\$ 24,538</u>	<u>\$ 22,380</u>

c. Operating securities - hedging

	December 31	
	2021	2020
Listed shares and warrants	\$ 1,009,536	\$ 332,591
Shares, warrants and convertible bonds traded in the OTC market	<u>253,633</u>	<u>138,820</u>
	1,263,169	471,411
Valuation adjustments	<u>52,547</u>	<u>27,487</u>
	<u>\$ 1,315,716</u>	<u>\$ 498,898</u>

d. Warrants

	December 31	
	2021	2020
Warrants liabilities	\$ 4,097,368	\$ 1,803,865
Losses (gains) on changes in fair value	<u>(13,818)</u>	<u>263,670</u>
	<u>4,083,550</u>	<u>2,067,535</u>
Warrants redeemed	3,954,353	1,749,226
Gains (losses) on changes in fair value	<u>(48,783)</u>	<u>244,539</u>
	<u>3,905,570</u>	<u>1,993,765</u>
Net warrants liabilities	<u>\$ 177,980</u>	<u>\$ 73,770</u>

e. Settlement coverage bonds payable of short sale

	December 31	
	2021	2020
Government bonds	\$ 347,124	\$ -
Valuation adjustments	<u>(255)</u>	<u>-</u>
	<u>\$ 346,869</u>	<u>\$ -</u>

f. Liabilities on sale of borrowed securities

	December 31	
	2021	2020
Hedging		
Listed and OTC shares and beneficiary certificates	\$ 619,284	\$ 431,292
Valuation adjustments	<u>76,688</u>	<u>100,216</u>
	<u>\$ 695,972</u>	<u>\$ 531,508</u>
Non - hedging		
Beneficiary certificates	\$ 12,135	\$ -
Valuation adjustments	<u>1,098</u>	<u>-</u>
	<u>\$ 13,233</u>	<u>\$ -</u>

g. Futures and options

	December 31	
	2021	2020
Call options - non-hedging		
Index options	\$ -	\$ 14,945
Gains on open positions	<u>-</u>	<u>2,445</u>
Fair value	<u>\$ -</u>	<u>\$ 17,390</u>
Put options - TAIFEX		
Index options	\$ -	\$ (7,446)
Losses on open positions	<u>-</u>	<u>(6,519)</u>
Fair value	<u>\$ -</u>	<u>\$ (13,965)</u>

Open contracts and fair values at the end of each reporting period were as follows:

		December 31, 2021			
Item	Transaction Type	Open Position		Carrying Amount/ Premium Paid (Received)	Fair Value
		Buyer/ Seller	Volume		
Futures	TAIEX futures	Seller	7	\$ 25,471	\$ 25,493
Futures	Share futures	Buyer	4,731	436,732	466,194
Futures	Share futures	Seller	930	96,114	97,878
Futures	NYMEX-CL	Buyer	2	3,998	4,164
Futures	SCN	Seller	5	2,176	2,173
Futures	LCO	Seller	13	28,471	27,988
Futures	GC	Buyer	1	4,983	5,062
Futures	CBOT-UB	Seller	9	47,992	49,108

		December 31, 2020			
Item	Transaction Type	Open Position		Carrying Amount/ Premium Paid (Received)	Fair Value
		Buyer/ Seller	Volume		
Futures	TAIEX futures	Buyer	18	\$ 48,227	\$ 51,922
Futures	TAIEX futures	Seller	2	5,676	5,871
Futures	Share futures	Buyer	5,044	396,270	473,956
Futures	Share futures	Seller	272	20,726	20,990
Futures	NYMEX-CL	Seller	1	1,376	1,382
Futures	SCN	Seller	81	39,820	40,860
Futures	LCO	Seller	82	117,247	120,973
Futures	SI	Seller	12	42,045	45,133
Futures	CFE-VX	Seller	1	701	674
Futures	HG	Seller	13	32,850	32,572
Futures	S	Seller	463	769,923	864,367
Futures	GC	Seller	3	16,233	16,192
Options	TAIEX options - call	Buyer	106	5,091	15,434
Options	TAIEX options - put	Buyer	494	9,854	1,956
Options	TAIEX options - call	Seller	182	(6,122)	(13,225)
Options	TAIEX options - put	Seller	88	(1,324)	(740)

The fair value is calculated based on the closing price of each futures and options contract multiplied by the number of open contracts on each futures exchange at the end of the reporting period.

As of December 31, 2021 and 2020, futures margin arising from futures and options contracts were \$105,519 thousand and \$149,181 thousand, respectively.

h. Derivative instruments - OTC

The outstanding contracts and nominal amounts of derivative financial instruments were as follows:

	Nominal Amount	
	December 31	
	2021	2020
Convertible bond asset swaps	\$ 6,072,700	\$ 5,852,900
Structured instruments	1,458,828	488,200
Equity derivatives	345,188	157,412

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2021	2020
<u>Current</u>		
Investments in debt instruments	\$ <u>27,802</u>	\$ <u>15,808</u>
<u>Non-current</u>		
Investments in equity instruments	\$ 543,727	\$ 482,639
Investments in debt instruments	<u>2,010,847</u>	<u>1,461,780</u>
	<u>\$ 2,554,574</u>	<u>\$ 1,944,419</u>

a. Investments in equity instruments

	December 31	
	2021	2020
<u>Non-current</u>		
Non-public ordinary shares		
Taiwan Stock Exchange	\$ 241,632	\$ 182,397
Taiwan Futures Exchange	152,404	164,248
Taiwan Depository & Clearing Corporation	133,443	115,308
Asia Pacific Emerging Industry Venture Capital Co., Ltd.	16,248	20,686
Foursun Tech. Inc.	<u>-</u>	<u>-</u>
	<u>\$ 543,727</u>	<u>\$ 482,639</u>

These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Corporation's strategy of holding these investments for long-term purposes.

In October 2021, the Corporation participated in the cash capital increase of Taiwan Stock Exchange, and obtained 62 shares at the issue price of \$10 per share.

In December 2021 and 2020, Asia Pacific Emerging Industry Venture Capital Co., Ltd. implemented cash capital reduction, in which the Corporation reduced its number of shares by 432,900 and 660,000 shares, receiving the capital reduction of \$4,329 thousand and \$6,600 thousand, respectively.

The Corporation recognized dividend revenue of \$18,142 thousand and \$10,838 thousand during 2021 and 2020, which generated from the investments held as of December 31, 2021 and 2020, respectively.

b. Investments in debt instruments

	December 31	
	2021	2020
<u>Current</u>		
Foreign bonds	<u>\$ 27,802</u>	<u>\$ 15,808</u>
<u>Non-current</u>		
Government bonds	\$ 301,475	\$ 301,941
Corporate bonds	601,652	403,152
Foreign bonds	<u>1,107,720</u>	<u>756,687</u>
	<u>\$ 2,010,847</u>	<u>\$ 1,461,780</u>

Information about investments in debt instruments classified as at FVTOCI was as follows:

	December 31	
	2021	2020
Gross carrying amount	\$ 2,038,703	\$ 1,469,659
Less: Allowance for impairment loss	<u>(1,972)</u>	<u>(1,210)</u>
Amortized cost	2,036,731	1,468,449
Adjustment to fair value	<u>1,918</u>	<u>9,139</u>
	<u>\$ 2,038,649</u>	<u>\$ 1,477,588</u>

In determining the impairment loss for debt instruments classified as at FVTOCI, the Corporation considers the credit rating, default rate and recovery rate for these investments as supplied by external rating agencies to assess whether there has been a significant increase in credit risk since initial recognition, and measures the 12-month or lifetime expected credit losses for these debt instruments.

The Corporation's current credit risk grading mechanism and the gross carrying amounts of debt instruments by credit category are as follows:

Category	Description	Basis for Recognizing Expected Credit Losses (ECLs)	Expected Loss Rate	Gross Carrying Amount on December 31, 2021
Stage 1	The credit rating on the base date is investment grade and above, and credit risk has not significantly increased	12-month ECLs	0.00%-0.51%	\$ 2,038,703

Category	Description	Basis for Recognizing Expected Credit Losses (ECLs)	Expected Loss Rate	Gross Carrying Amount on December 31, 2020
Stage 1	The credit rating on the base date is investment grade and above, and credit risk has not significantly increased	12-month ECLs	0.00%-0.53%	\$ 1,469,659

The movements of the allowance for impairment loss of investments in debt instruments at FVTOCI were as follows:

	Credit Rating		
	12-month ECLs	Lifetime ECLs - Not Credit Impaired	Lifetime ECLs - Credit Impaired
Balance at January 1, 2021	\$ 1,210	\$ -	\$ -
Recognized expected credit loss	<u>762</u>	<u>-</u>	<u>-</u>
Balance at December 31, 2021	<u>\$ 1,972</u>	<u>\$ -</u>	<u>\$ -</u>
Balance at January 1, 2020	\$ 370	\$ -	\$ -
Recognized expected credit loss	<u>840</u>	<u>-</u>	<u>-</u>
Balance at December 31, 2020	<u>\$ 1,210</u>	<u>\$ -</u>	<u>\$ -</u>

9. MARGIN LOANS RECEIVABLE, NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	December 31	
	2021	2020
Margin loans receivable	\$ 7,631,788	\$ 4,696,842
Less: Allowance for impairment loss	<u>(2,040)</u>	<u>(1,094)</u>
	<u>\$ 7,629,748</u>	<u>\$ 4,695,748</u>

The securities bought by customers are used to secure margin loans receivable.

Some of the Corporation's customers used the shares of Pihsiang as collateral securities. Since Pihsiang had been suspended in May 2017, the value of the collateral securities could not cover the balance of the loan. In June 2017, the Corporation had recognized impairment loss of \$73,147 thousand (these amounts are recognized in margin loans receivables amounted to \$67,910 thousand, accounts receivable amounted to \$4,056 thousand and other receivables amounted to \$1,181 thousand). Furthermore, in the fourth quarter of 2017, the balance of the related receivables was reclassified as other receivables. In 2018, the Corporation had recognized an impairment loss of \$5,000 thousand when assessing the recoverability of the receivables.

The Corporation has collected parts of the receivables in 2021, and recognized as gains on reversal of impairment loss of \$212 thousand.

	December 31	
	2021	2020
Notes receivable	\$ 146	\$ 64
Accounts receivable		
Accounts receivable for settlement - brokerage	5,724,414	5,458,677
Accounts receivable for settlement - proprietary	985,847	373,736
Brokerage handling fee revenue and refinancing interest receivable	129,290	60,945
Bond interest receivable	16,337	15,382
Others	5,278	6,910
	<u>6,861,166</u>	<u>5,915,650</u>
	<u>\$ 6,861,312</u>	<u>\$ 5,915,714</u>

The aging of notes receivable and accounts receivable were as follows:

	December 31	
	2021	2020
0 to 120 days	\$ 6,861,231	\$ 5,915,421
121 to 180 days	81	93
Over 180 days	<u>-</u>	<u>200</u>
	<u>\$ 6,861,312</u>	<u>\$ 5,915,714</u>

The above aging schedule was based on the number of past due days from the invoice date.

	December 31	
	2021	2020
Other receivables	\$ 92,938	\$ 91,643
Less: Allowance for impairment loss	<u>(86,566)</u>	<u>(85,193)</u>
	<u>\$ 6,372</u>	<u>\$ 6,450</u>

The Corporation adopted a policy of only dealing with entities and investors that have sound credit ratings and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. In order to minimize credit risk, the management of the Corporation has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Corporation reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for irrecoverable receivables. In this regard, the management believes the Corporation's credit risk was significantly reduced.

The Corporation recognizes expected credit losses for its trade receivables based on lifetime expected credit losses. The expected credit losses on trade receivables are estimated using a provision matrix by reference to the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Corporation's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance is not further distinguished according to the Corporation's different customer base.

The following table details the loss allowance of financial assets at amortized cost such as margin loans receivable and trade receivables based on the Corporation's provision matrix:

December 31, 2021

	Notes and Accounts Receivable	Margin Loans Receivable	Refinancing Collateral Receivable	Refinancing Margin, Security Borrowing Collateral Price and Security Borrowing Margin	Other Receivables	Total
Expected credit loss rate	0%	0.03%	0%	0%	0%; 100%	
Gross carrying amount	\$ 6,861,312	\$ 7,631,788	\$ 6,732	\$ 1,004,490	\$ 92,938	\$ 15,597,260
Loss allowance (Lifetime ECLs)	-	(2,040)	-	-	(86,566)	(88,606)
Amortized cost	<u>\$ 6,861,312</u>	<u>\$ 7,629,748</u>	<u>\$ 6,732</u>	<u>\$ 1,004,490</u>	<u>\$ 6,372</u>	<u>\$ 15,508,654</u>

December 31, 2020

	Notes and Accounts Receivable	Margin Loans Receivable	Refinancing Collateral Receivable	Refinancing Margin, Security Borrowing Collateral Price and Security Borrowing Margin	Other Receivables	Total
Expected credit loss rate	0%	0.03%	0%	0%	0%; 100%	
Gross carrying amount	\$ 5,915,714	\$ 4,696,842	\$ 14,462	\$ 836,105	\$ 91,643	\$ 11,554,766
Loss allowance (Lifetime ECLs)	-	(1,094)	-	-	(85,193)	(86,287)
Amortized cost	<u>\$ 5,915,714</u>	<u>\$ 4,695,748</u>	<u>\$ 14,462</u>	<u>\$ 836,105</u>	<u>\$ 6,450</u>	<u>\$ 11,468,479</u>

The movements of the loss allowance of trade receivables for the years ended December 31, 2021 and 2020, respectively, were as follows:

	Notes and Accounts Receivable	Margin Loans Receivable	Other Receivables	Total
Balance at January 1, 2021	\$ -	\$ 1,094	\$ 85,193	\$ 86,287
Add: Net remeasurement of loss allowance	-	946	1,373	2,319
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 2,040</u>	<u>\$ 86,566</u>	<u>\$ 88,606</u>
Balance at January 1, 2020	\$ -	\$ 908	\$ 85,024	\$ 85,932
Add: Net remeasurement of loss allowance	-	186	169	355
Balance at December 31, 2020	<u>\$ -</u>	<u>\$ 1,094</u>	<u>\$ 85,193</u>	<u>\$ 86,287</u>

10. OTHER FINANCIAL ASSETS - CURRENT

	December 31	
	2021	2020
Time deposits	\$ <u>64,360</u>	\$ <u>198,798</u>

The market rates of time deposits with original maturities of more than three months at the end of each reporting period were summarized as follows:

	December 31	
	2021	2020
Time deposits	0.09%-0.23%	0.45%-2.50%

11. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Subsidiaries included in the financial statements were summarized as follows:

	December 31			
	2021		2020	
	Carrying Amount	Percent- age of Owner- ship (%)	Carrying Amount	Percent- age of Owner- ship (%)
<u>Subsidiaries</u>				
Concord Futures Corp. (Concord Futures)	\$ 1,227,540	95.71	\$ 1,218,379	95.71
Con Lian Asset Management Service Co., Ltd. (Con Lian AMC)	565,528	100.00	577,414	100.00
Concord Capital Holdings (Cayman) Limited (Concord Cayman)	-	-	21,265	100.00
Concord Managed Futures Corp. (Concord Managed Futures)	-	-	159,452	60.00
Concord Capital Management Corp. (Concord Capital Management)	85,266	100.00	90,978	100.00
Concord Insurance Agency Co., Ltd. (Concord Insurance)	<u>23,006</u>	100.00	<u>26,263</u>	100.00
	<u>\$ 1,901,340</u>		<u>\$ 2,093,751</u>	

The Corporation's share of profit or loss and other comprehensive income or loss of subsidiaries was calculated based on the audited financial statements for the years ended December 31, 2021 and 2020.

The subsidiary, Concord Managed Futures terminated its futures management and trust services on February 1, 2019, which was approved by the relevant authorities in January 2019. In addition, in March 2019, Concord Managed Futures obtained approval for liquidation based on letter No. 1080304430 issued by the FSC. The subsidiary has completed its liquidation procedures in January 2021, and returned the remaining liquidation funds to the Corporation and the subsidiary, Concord Futures of \$159,452 thousand and \$106,302 thousand, respectively.

In December 2020, the subsidiary, Concord Capital Management, implemented a capital reduction of \$25,000 thousand to offset deficits, and also issued 1,500 thousand ordinary shares at \$13 per share for a total amount of \$19,500 thousand, which were fully subscribed by the Corporation.

On November 30, 2020, the subsidiary, Concord Cayman, received letter No. 1090373948 issued by the FSC and completed its liquidation procedure on March 31, 2021, and returned the remaining liquidation funds to the Corporation of USD\$744 thousand.

12. PROPERTY AND EQUIPMENT

	For the Year Ended December 31, 2021				Balance at December 31, 2021
	Balance at January 1, 2021	Additions	Reductions	Reclassifications	
<u>Cost</u>					
Land	\$ 607,645	\$ -	\$ -	\$ (785)	\$ 606,860
Buildings	230,898	-	-	(523)	230,375
Equipment	55,988	13,640	(18,531)	-	51,097
Leasehold improvements	29,977	12,375	(1,367)	-	40,985
	<u>924,508</u>	<u>\$ 26,015</u>	<u>\$ (19,898)</u>	<u>\$ (1,308)</u>	<u>929,317</u>
<u>Accumulated depreciation</u>					
Buildings	95,007	\$ 4,091	\$ -	\$ (139)	98,959
Equipment	29,451	11,570	(18,473)	-	22,548
Leasehold improvements	13,721	6,957	(1,074)	-	19,604
	<u>138,179</u>	<u>\$ 22,618</u>	<u>\$ (19,547)</u>	<u>\$ (139)</u>	<u>141,111</u>
<u>Accumulated impairment</u>					
Buildings	<u>1,257</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1,257</u>
Net book value	<u>\$ 785,072</u>				<u>\$ 786,949</u>
	For the Year Ended December 31, 2020				Balance at December 31, 2020
	Balance at January 1, 2020	Additions	Reductions	Reclassifications	
<u>Cost</u>					
Land	\$ 606,817	\$ -	\$ -	\$ 828	\$ 607,645
Buildings	230,347	-	-	551	230,898
Equipment	59,576	15,726	(19,314)	-	55,988
Leasehold improvements	23,562	6,415	-	-	29,977
	<u>920,302</u>	<u>\$ 22,141</u>	<u>\$ (19,314)</u>	<u>\$ 1,379</u>	<u>924,508</u>
<u>Accumulated depreciation</u>					
Buildings	90,771	\$ 4,089	\$ -	\$ 147	95,007
Equipment	36,979	11,770	(19,298)	-	29,451
Leasehold improvements	8,442	5,279	-	-	13,721
	<u>136,192</u>	<u>\$ 21,138</u>	<u>\$ (19,298)</u>	<u>\$ 147</u>	<u>138,179</u>
<u>Accumulated impairment</u>					
Buildings	<u>1,257</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1,257</u>
Net book value	<u>\$ 782,853</u>				<u>\$ 785,072</u>

Property and equipment are depreciated on straight-line basis over their estimated useful lives as follows:

Buildings	55 years
Equipment	3-5 years
Leasehold improvements	5 years

The significant component of the Corporation's buildings is the main building.

Some property and equipment were pledged as collateral for loans (refer to Note 29 for the details).

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2021	2020
<u>Carrying amount</u>		
Buildings	\$ 112,988	\$ 64,257
Equipment	<u>5,242</u>	<u>1,276</u>
	<u>\$ 118,230</u>	<u>\$ 65,533</u>
	For the Year Ended December 31	
	2021	2020
Additions to right-of-use assets	<u>\$ 98,598</u>	<u>\$ 19,375</u>
Depreciation charge for right-of-use assets		
Buildings	\$ 44,247	\$ 44,987
Equipment	<u>1,201</u>	<u>270</u>
	<u>\$ 45,448</u>	<u>\$ 45,257</u>

b. Lease liabilities

	December 31	
	2021	2020
<u>Carrying amount</u>		
Current	<u>\$ 38,268</u>	<u>\$ 43,559</u>
Non-current	<u>\$ 79,196</u>	<u>\$ 20,809</u>

Ranges of discount rates for lease liabilities were as follows:

	December 31	
	2021	2020
Buildings	0.514%-0.807%	0.514%-0.807%
Equipment	0.521%-0.753%	0.521%-0.753%

The Corporation leases buildings for operational uses with lease terms of 2 to 5 years. The Corporation does not have bargain purchase options to acquire the leasehold buildings at the end of the lease terms. In addition, the Corporation is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

c. Material leasing activities and terms

Due to the severe impact of COVID-19 on the market economy in 2021 and 2020, the lessor agreed to provide unconditional rent reductions of 20%-100% from May 1 to June 30, 2021, August 1 to December 31, 2021, and September 1 to December 31, 2020. The Corporation recognized the impact of rent concessions at \$453 thousand (recognized as deduction of depreciation) for both the years ended December 31, 2021 and 2020.

d. Other lease information

	For the Year Ended December 31	
	2021	2020
Expenses relating to low-value asset leases	<u>\$ 1,505</u>	<u>\$ 2,539</u>
Total cash outflow for leases	<u>\$ 46,867</u>	<u>\$ 48,321</u>

The Corporation's leases of certain office equipment qualify as low-value asset leases. The Corporation has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

14. INVESTMENT PROPERTY

	For the Year Ended December 31, 2021				
	Balance at January 1, 2021	Additions	Reductions	Reclassifi- cations	Balance at December 31, 2021
<u>Cost</u>					
Land	\$ 476,326	\$ -	\$ -	\$ 785	\$ 477,111
Buildings	<u>179,075</u>	<u>-</u>	<u>-</u>	<u>523</u>	<u>179,598</u>
	655,401	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,308</u>	656,709
<u>Accumulated depreciation</u>					
Buildings	93,023	<u>\$ 3,193</u>	<u>\$ -</u>	<u>\$ 139</u>	96,355
<u>Accumulated impairment</u>					
Buildings	<u>661</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>661</u>
Net book value	<u>\$ 561,717</u>				<u>\$ 559,693</u>

	For the Year Ended December 31, 2020				
	Balance at January 1, 2020	Additions	Reductions	Reclassifi- cations	Balance at December 31, 2020
<u>Cost</u>					
Land	\$ 477,154	\$ -	\$ -	\$ (828)	\$ 476,326
Buildings	<u>179,626</u>	<u>-</u>	<u>-</u>	<u>(551)</u>	<u>179,075</u>
	656,780	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,379)</u>	655,401
<u>Accumulated depreciation</u>					
Buildings	89,976	<u>\$ 3,194</u>	<u>\$ -</u>	<u>\$ (147)</u>	93,023
<u>Accumulated impairment</u>					
Buildings	<u>661</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>661</u>
Net book value	\$ 566,143				\$ 561,717

Investment properties are depreciated on straight-line basis over their estimated useful lives as follows:

Buildings 55 years

As of December 31, 2021 and 2020, the fair value of the Corporation's investment properties amounted to \$677,238 thousand and \$683,556 thousand, respectively. The fair value was quoted based on the market price of similar properties.

Some investment properties were pledged as collateral for loans and loan credit line (refer to Note 29 for the details).

The abovementioned investment properties are leased out for 7 months to 5 years under operating leases. The lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.

Due to the impact of the COVID-19 pandemic on the market economy in 2020, the Corporation agreed to provide an unconditional rent reduction of 20% for some of the leases for the period from May 1 to July 31, 2020. As there is no contractual mechanism to adjust rent in the original lease contract, the rent concessions will be accounted for as adjustments to rental income over the remaining lease term.

The maturity analysis of the total lease payments receivable from investment properties leased under operating leases was as follows:

	December 31	
	2021	2020
Year 1	\$ 17,933	\$ 7,839
Year 2	8,665	1,980
Year 3	8,018	-
Year 4	7,773	-
Year 5	<u>5,830</u>	<u>-</u>
	<u>\$ 48,219</u>	<u>\$ 9,819</u>

15. INTANGIBLE ASSETS

	For the Year Ended December 31, 2021		
	Balance at January 1, 2021	Additions	Balance at December 31, 2021
<u>Cost</u>			
Computer software	\$ 16,615	<u>\$ 4,091</u>	<u>\$ (4,628)</u>
			\$ 16,078
<u>Accumulated amortization</u>			
Computer software	<u>6,172</u>	<u>\$ 5,353</u>	<u>\$ (4,628)</u>
			<u>6,897</u>
Net book value	<u>\$ 10,443</u>		<u>\$ 9,181</u>

	For the Year Ended December 31, 2020		
	Balance at January 1, 2020	Additions	Balance at December 31, 2020
<u>Cost</u>			
Computer software	\$ 20,189	<u>\$ 9,698</u>	<u>\$ (13,272)</u>
			\$ 16,615
<u>Accumulated amortization</u>			
Computer software	<u>13,440</u>	<u>\$ 6,004</u>	<u>\$ (13,272)</u>
			<u>6,172</u>
Net book value	<u>\$ 6,749</u>		<u>\$ 10,443</u>

The above-mentioned intangible assets with definite useful lives are amortized on a straight-line basis over their estimated useful lives of 3 years.

16. OTHER NON-CURRENT ASSETS

	December 31	
	2021	2020
Operation guarantee deposits	\$ 330,000	\$ 330,000
Clearing and settlement fund	144,237	121,978
Refundable deposits	32,520	24,480
Prepayments for equipment	9,950	5,511
Deferred expense	<u>1,355</u>	<u>725</u>
	<u>\$ 518,062</u>	<u>\$ 482,694</u>

17. BORROWINGS

a. Short-term borrowings

	December 31	
	2021	2020
Secured borrowings	\$ 950,000	\$ 210,000
Unsecured borrowings	<u>700,000</u>	<u>180,000</u>
	<u>\$ 1,650,000</u>	<u>\$ 390,000</u>

The market rates of the short-term borrowings at the end of each reporting period were summarized as follows:

	December 31	
	2021	2020
Short-term borrowings	0.80%-1.50%	0.95%-1.05%

Some demand deposits, time deposits, property and equipment, and investment properties were provided as collateral for bank borrowings and credit line (refer to Note 29 for the details).

b. Commercial paper payable

	December 31	
	2021	2020
Commercial paper payable	\$ 4,167,000	\$ 6,560,000
Less: Discount of commercial paper payable	<u>(2,241)</u>	<u>(2,320)</u>
	<u>\$ 4,164,759</u>	<u>\$ 6,557,680</u>

The discount rates of the commercial paper payable at the end of each reporting period were summarized as follows:

	December 31	
	2021	2020
Commercial paper payable	0.30%-0.95%	0.20%-0.48%

All commercial paper payable mentioned above were underwritten by bills finance companies or banks.

18. LIABILITIES FOR BONDS WITH ATTACHED REPURCHASE AGREEMENTS

	December 31	
	2021	2020
Government bonds	\$ 922,880	\$ 2,263,283
Corporate bonds	<u>3,175,587</u>	<u>2,616,085</u>
	<u>\$ 4,098,467</u>	<u>\$ 4,879,368</u>

The market rates of the liabilities for bonds with attached repurchase agreements at the end of each reporting period were as follows:

	December 31	
	2021	2020
Government bonds	0.16%-0.17%	0.17%-0.20%
Corporate bonds	0.27%-0.41%	0.24%-3.26%

Liabilities for bonds with attached repurchase agreements that were outstanding as of December 31, 2021 had been repurchased for \$4,099,585 thousand by February 14, 2022.

Liabilities for bonds with attached repurchase agreements that were outstanding as of December 31, 2020 had been repurchased for \$4,881,026 thousand by February 25, 2021.

19. ACCOUNTS PAYABLE

	December 31	
	2021	2020
Accounts payable for settlement - brokerage	\$ 5,500,948	\$ 5,414,551
Accounts payable for settlement - proprietary	70,753	1,980,285
Others	<u>149,136</u>	<u>92,286</u>
	<u>\$ 5,720,837</u>	<u>\$ 7,487,122</u>

20. OTHER FINANCIAL LIABILITIES - CURRENT

	December 31	
	2021	2020
<u>Principle value of structured notes - current</u>		
Principal guaranteed notes	\$ <u>756,678</u>	\$ <u>-</u>

21. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The Corporation adopted a pension plan under the Labor Pension Act (the “LPA”), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees’ individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plan

The Corporation adopted the pension plan under the Labor Standards Act, which is a state-managed defined benefit plan. Pension costs are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Corporation makes monthly contributions to a pension fund based on 2% of gross salaries. Pension contributions are deposited in Banks of Yuanta, First and Taiwan in the pension fund committee’s name. Before the end of each year, the Corporation assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Corporation is required to fund the difference in one appropriation that should be made before the end

of March of the next year. The pension fund deposited in the Bank of Taiwan is managed by the Bureau of Labor Funds, Ministry of Labor (“the Bureau”); the Corporation has no right to influence the investment policy and strategy.

The amounts included in the accompanying balance sheets in respect of the Corporation’s defined benefit plans are as follows:

	December 31	
	2021	2020
Present value of defined benefit obligation	\$ 352,673	\$ 294,790
Fair value of plan assets	<u>(149,162)</u>	<u>(114,806)</u>
Net defined benefit liabilities	<u>\$ 203,511</u>	<u>\$ 179,984</u>

Movements in net defined benefit liabilities were as follows:

	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2020	<u>\$ 240,943</u>	<u>\$ (86,274)</u>	<u>\$ 154,669</u>
Service cost			
Current service cost	3,197	-	3,197
Net interest expense (income)	<u>1,687</u>	<u>(611)</u>	<u>1,076</u>
Recognized in profit or loss	<u>4,884</u>	<u>(611)</u>	<u>4,273</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(10,517)	(10,517)
Actuarial loss			
Changes in financial assumptions	10,192	-	10,192
Experience adjustments	<u>65,661</u>	<u>-</u>	<u>65,661</u>
Recognized in other comprehensive (income) loss	<u>75,853</u>	<u>(10,517)</u>	<u>65,336</u>
Contributions from the employer	<u>-</u>	<u>(44,294)</u>	<u>(44,294)</u>
Benefits paid	<u>(26,890)</u>	<u>26,890</u>	<u>-</u>
Balance at December 31, 2020	<u>294,790</u>	<u>(114,806)</u>	<u>179,984</u>
Service cost			
Current service cost	3,345	-	3,345
Net interest expense (income)	<u>884</u>	<u>(347)</u>	<u>537</u>
Recognized in profit or loss	<u>4,229</u>	<u>(347)</u>	<u>3,882</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(4,318)	(4,318)
Actuarial (income) loss			
Changes in financial assumptions	(11,437)	-	(11,437)
Experience adjustments	<u>80,841</u>	<u>-</u>	<u>80,841</u>
Recognized in other comprehensive (income) loss	<u>69,404</u>	<u>(4,318)</u>	<u>65,086</u>
Contributions from the employer	<u>-</u>	<u>(45,441)</u>	<u>(45,441)</u>
Benefits paid	<u>(15,750)</u>	<u>15,750</u>	<u>-</u>
Balance at December 31, 2021	<u>\$ 352,673</u>	<u>\$ (149,162)</u>	<u>\$ 203,511</u>

Through the defined benefit plans under the Labor Standards Act, the Corporation is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on debt investments of plan assets.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the Corporation's defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations are as follows:

	December 31	
	2021	2020
Discount rate	0.7%	0.3%
Expected incremental rate of salaries	1.5%	1.5%
Expected rate of return on plan assets	0.7%	0.3%

If possible and reasonable change in each of the significant actuarial assumptions occurs and all other assumptions were held constant, the present value of defined benefit obligation would increase (decrease) as follows:

	December 31	
	2021	2020
Discount rate		
0.1% increase	\$ (2,779)	\$ (2,595)
0.1% decrease	\$ 2,811	\$ 2,627
Expected incremental rate of salaries		
0.1% increase	\$ 2,436	\$ 2,300
0.1% decrease	\$ (2,415)	\$ (2,279)

The sensitivity analysis presented above may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that changes in assumptions will occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2021	2020
Expected contributions to the plan for the next year	\$ 1,960	\$ 2,000
Average duration of the defined benefit obligation	7.7 years	8.5 years

22. EQUITY

a. Share capital

	December 31	
	2021	2020
Number of shares authorized (in thousands)	<u>1,500,000</u>	<u>1,500,000</u>
Share capital authorized	<u>\$ 15,000,000</u>	<u>\$ 15,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>594,455</u>	<u>594,455</u>
Share capital issued	<u>\$ 5,944,550</u>	<u>\$ 5,944,550</u>

Every issued ordinary share with a par value of \$10 entitles its holder to one vote on matters requiring such vote and to receive dividends.

The change in the Corporation's share capital for the year 2020 was mainly due to purchase and retirement of the treasury shares.

It was resolved in the shareholders' meeting on June 5, 2020 to increase the Corporation's capital by transferring from the capital surplus the amount of \$41,323 thousand, which increased the share capital issued by 4,132 thousand ordinary shares.

b. Capital surplus

	December 31	
	2021	2020
Treasury share transactions	\$ 173,203	\$ 173,203
Gain on sale of fixed assets	682	682
Unclaimed dividends	126	126
Others	<u>1,309</u>	<u>1,296</u>
	<u>\$ 175,320</u>	<u>\$ 175,307</u>

The capital surplus arising from shares issued in excess of par (including additional paid-in capital, premium from mergers and treasury share transactions, etc.) and donations may be used to offset deficits; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Corporation's paid-in capital each year).

The capital surplus arising from the gain on sale of fixed assets, unclaimed dividends, and exercise of disgorgement can only be used to offset deficits.

The capital surplus arising from investments accounted for using equity method and employee share options may not be used for any purpose.

The changes in capital surplus in the year 2021 resulted from recognizing the exercise of disgorgement as capital surplus - others.

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the amended Articles, where the Corporation made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, and as special reserve 20% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Corporation's Board of Directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors, refer to "Compensation of employees and remuneration of directors" in Note 23.

In line with the current and future development plans, the Corporation's dividend policy takes into consideration the investment environment, funding needs and domestic and foreign competition, at the same time taking into account shareholders' interests. Annually, the total amount of dividends and bonuses distributed to shareholders shall not be lower than 50% of the earnings available for distribution, except when the cumulative earnings available for distribution are lower than 0.5% of the share capital, in which case no dividends or bonuses may be distributed. The dividends can be distributed in the form of cash or shares, of which the cash portion shall be no less than 10% of the total amount of dividends distributed.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Corporation's paid-in capital. The legal reserve may be used to offset deficits. If the Corporation has no deficit and the legal reserve has exceeded 25% of the Corporation's paid-in capital, the excess may be transferred to capital or distributed in cash.

According to the Regulations Governing Securities Firms, a securities firm should set aside 20% of their annual after-tax profit as special reserve until the special reserve equals the firm's paid-in capital. In addition, the special reserve shall not be used for purposes other than for offsetting the deficit of the Corporation, or when the accumulated special reserve reaches 25% of the amount of paid-in capital, the portion in excess of the 25% of paid-in capital may be used for capitalization.

Under Rule No. 1100365484 issued by the FSC, the Corporation should make appropriations to or reversals from the special reserve.

The appropriation of earnings for 2020 and 2019, which was approved in the shareholder's meeting on July 12, 2021 and June 5, 2020, were as follows:

	For the Year Ended December 31	
	2020	2019
Legal reserve	<u>\$ 103,460</u>	<u>\$ 28,684</u>
Special reserve	<u>\$ 206,920</u>	<u>\$ 57,369</u>
Cash dividends	<u>\$ 725,235</u>	<u>\$ 194,807</u>
Cash dividends per share (NT\$)	\$ 1.22	\$ 0.33

In addition, on June 5, 2020, it was approved for transferring \$41,323 thousand from the capital surplus to ordinary shares in the shareholders' meeting.

The appropriation of earnings for 2021, which was proposed by the Corporations' Board of Directors on March 17, 2022, was as follows:

	For the Year Ended December 31, 2021
Legal reserve	<u>\$ 133,359</u>
Special reserve	<u>\$ 266,719</u>
Cash dividends	<u>\$ 921,405</u>
Cash dividends per share (NT\$)	<u>\$ 1.55</u>

The appropriation of earnings for 2021 is subject to the resolution of the shareholders in the shareholders' meeting to be held on June 8, 2022.

d. Other equity items

1) Exchange differences on the translation of the financial statements of foreign operations

	For the Year Ended December 31 2021	2020
Balance at January 1	\$ (11,116)	\$ (4,445)
Recognized for the year		
Exchange differences on the translation of the financial statements of foreign operations	(3,400)	(6,856)
Income tax expense related to exchange differences on the translation of the financial statements of foreign operations	(1,780)	185
Reclassification adjustments		
Disposal of subsidiaries	<u>8,864</u>	<u>-</u>
Balance at December 31	<u>\$ (7,432)</u>	<u>\$ (11,116)</u>

2) Unrealized gains on financial assets at FVTOCI

	For the Year Ended December 31 2021	2020
Balance at January 1	<u>\$ 420,538</u>	<u>\$ 270,624</u>
Recognized for the year		
Unrealized gains (losses) - debt instruments	(7,221)	8,087
Unrealized gains - equity instruments	65,417	79,568
Investments accounted for using equity method	<u>(8,054)</u>	<u>62,259</u>
Other comprehensive income recognized for the year	<u>50,142</u>	<u>149,914</u>
Balance at December 31	<u>\$ 470,680</u>	<u>\$ 420,538</u>

- e. Treasury shares (for the year ended December 31, 2021: None)

Unit: Number of Shares (In Thousands)

Reason for Purchasing Treasury Shares	Shares Transferred to Employees	Maintaining Credit-worthiness and Shareholders' Equity	Total
Number of shares at January 1, 2020	-	17,837	17,837
Increase during the year	-	2,163	2,163
Decrease during the year	<u>-</u>	<u>(20,000)</u>	<u>(20,000)</u>
Number of shares at December 31, 2020	<u>-</u>	<u>-</u>	<u>-</u>

Under the Securities and Exchange Act, the Corporation shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote.

On November 8, 2019, the Corporation's Board of Directors resolved to purchase and cancel a total of 20,000 thousand treasury shares for the purpose of maintaining creditworthiness and shareholders' equity. Accordingly, as of January 10, 2020 (the last day of the share buyback period), the Corporation purchased 20,000 thousand treasury shares for \$163,578 thousand and cancelled the treasury shares on March 13, 2020.

23. ANALYSIS OF STATEMENT OF COMPREHENSIVE INCOME ITEMS

- a. Brokerage handling fee revenue

	For the Year Ended December 31	
	2021	2020
Handling fee revenue from brokered trading - TWSE	\$ 1,129,224	\$ 664,334
Handling fee revenue from brokered trading - OTC	272,080	207,185
Handling fee revenue from securities financing	8,130	5,537
Others	<u>44,994</u>	<u>26,650</u>
	<u>\$ 1,454,428</u>	<u>\$ 903,706</u>

- b. Revenue from underwriting business

	For the Year Ended December 31	
	2021	2020
Processing fee revenue from underwriting operations	\$ 21,766	\$ 21,825
Revenue from underwriting securities on a firm commitment basis	11,637	10,596
Revenue from underwriting consultation	5,540	8,210
Others	<u>2,360</u>	<u>547</u>
	<u>\$ 41,303</u>	<u>\$ 41,178</u>

c. Gains on sale of operating securities, net

	For the Year Ended December 31	
	2021	2020
Proprietary	\$ 1,650,261	\$ 1,693,980
Underwriting	19,619	(994)
Hedging	<u>(104,642)</u>	<u>(422,584)</u>
	<u>\$ 1,565,238</u>	<u>\$ 1,270,402</u>

d. Interest income

	For the Year Ended December 31	
	2021	2020
Financing interest	\$ 344,168	\$ 179,393
Bond interest	45,284	39,628
Others	<u>729</u>	<u>500</u>
	<u>\$ 390,181</u>	<u>\$ 219,521</u>

e. Valuation gains on operating securities at FVTPL, net

	For the Year Ended December 31	
	2021	2020
Proprietary	\$ 176,383	\$ 431,110
Underwriting	3,305	845
Hedging	25,060	24,196
Settlement coverage bonds payable of short sale	<u>255</u>	<u>-</u>
	<u>\$ 205,003</u>	<u>\$ 456,151</u>

f. Gains (losses) on issuance of call (put) warrants, net

	For the Year Ended December 31	
	2021	2020
Gains on change in fair value of warrant liabilities	\$ 4,679,954	\$ 2,940,101
Gains (losses) on exercise of warrants before maturity	12,073	(1,226)
Losses on change in fair value of warrants redeemed - realized	(4,764,973)	(3,158,550)
Gains (losses) on change in fair value of warrants redeemed - unrealized	(48,784)	244,539
Call (put) warrants issuance expenses	<u>(41,840)</u>	<u>(17,478)</u>
	<u>\$ (163,570)</u>	<u>\$ 7,386</u>

g. Gains (losses) on derivative instruments, net

	For the Year Ended December 31	
	2021	2020
<u>Gains (losses) on derivative instruments - futures, net</u>		
Futures contract	\$ 19,127	\$ (341,284)
Options trading	<u>(18,471)</u>	<u>19,326</u>
	<u>\$ 656</u>	<u>\$ (321,958)</u>
<u>Losses on derivative instruments - OTC, net</u>		
Asset swap options	\$ (100,044)	\$ (408,669)
Equity derivatives	29,061	(33,284)
Structured instruments	(10,230)	(7,096)
Value of asset swap IRS contracts	(25,037)	(16,826)
Gain from when - issued trading of government bonds	<u>15</u>	<u>-</u>
	<u>\$ (106,235)</u>	<u>\$ (465,875)</u>

h. Expected credit loss

	For the Year Ended December 31	
	2021	2020
Financial assets at amortized cost	\$ (2,319)	\$ (355)
Financial assets at fair value through other comprehensive income	<u>(762)</u>	<u>(840)</u>
	<u>\$ (3,081)</u>	<u>\$ (1,195)</u>

i. Other operating income (losses)

	For the Year Ended December 31	
	2021	2020
Processing revenue	\$ 27,170	\$ 20,456
Commission revenue	2,392	4,085
Agency revenue	1,303	1,042
Loss on error trading, net	(1,868)	(1,214)
Foreign exchange loss, net	(26,613)	(32,190)
Others	<u>228</u>	<u>143</u>
	<u>\$ 2,612</u>	<u>\$ (7,678)</u>

j. Finance costs

	For the Year Ended December 31	
	2021	2020
Interest of commercial paper payable	\$ 40,388	\$ 29,322
Interest of liabilities for bonds with attached repurchase agreements	11,817	16,929
Bank loan interest	5,059	2,200
Interest of securities financing	1,738	1,247
Interest of lease liabilities	313	589
Others	<u>2,208</u>	<u>1,474</u>
	<u>\$ 61,523</u>	<u>\$ 51,761</u>

k. Employee benefits expense

	For the Year Ended December 31	
	2021	2020
Retirement benefits		
Defined contribution plan	\$ 32,345	\$ 27,331
Defined benefit plan	<u>3,882</u>	<u>4,273</u>
	36,227	31,604
Short-term employee benefits		
Salaries	1,284,017	965,152
Labor and health insurance	65,274	49,774
Others	<u>29,717</u>	<u>24,739</u>
	<u>\$ 1,415,235</u>	<u>\$ 1,071,269</u>

l. Compensation of employees and remuneration of directors

The Corporation accrues compensation of employees and remuneration of directors at rates of 1% to 2% and no higher than 5%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and the remuneration of directors for the years ended December 31, 2021 and 2020, which were approved by the Corporation's Board of Directors on March 17, 2022 and March 11, 2021, respectively, are as follows:

	For the Year Ended December 31	
	2021	2020
Compensation of employees	<u>\$ 31,477</u>	<u>\$ 12,669</u>
Remuneration of directors	<u>\$ 81,177</u>	<u>\$ 56,435</u>

If there is a change in the estimated amounts after the annual parent company only financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate in the next year.

There is no difference between the actual amount of compensation of employees and remuneration of directors resolved by the Board of Directors for 2020 and 2019 and the amounts recognized in the parent company financial statements for the year ended December 31, 2020 and 2019.

The information on the compensation of employees and remuneration of directors resolved by the Corporation's Board of Directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

m. Depreciation and amortization expense

	For the Year Ended December 31	
	2021	2020
<u>Depreciation expense</u>		
Property and equipment	\$ 22,618	\$ 21,138
Right-of-use assets	45,448	45,257
Investment property	<u>3,193</u>	<u>3,194</u>
	<u>\$ 71,259</u>	<u>\$ 69,589</u>
<u>Amortization expense</u>		
Intangible assets	\$ 5,353	\$ 6,004
Deferred expense	<u>237</u>	<u>186</u>
	<u>\$ 5,590</u>	<u>\$ 6,190</u>

n. Other operating expenses

	For the Year Ended December 31	
	2021	2020
Taxes	\$ 216,511	\$ 170,547
Information technology expenses	42,409	47,647
Custody fees	41,436	23,538
Professional service fees	28,568	15,310
Securities borrowing fees	25,234	28,272
Postage expenses	25,110	22,109
Others	<u>104,040</u>	<u>91,016</u>
	<u>\$ 483,308</u>	<u>\$ 398,439</u>

o. Other gains and losses

	For the Year Ended December 31	
	2021	2020
Rental revenue from the use of venue and equipment	\$ 44,668	\$ 43,505
Other rental income from investment properties	17,921	18,591
Dividend income	18,142	10,838
Financial income	4,899	8,757
Valuation gains on non-operating financial assets at fair value through profit or loss, net	-	8,031
Losses on disposals of investments	(8,495)	(1,030)
Others	<u>14,194</u>	<u>12,621</u>
	<u>\$ 91,329</u>	<u>\$ 101,313</u>

24. INCOME TAX FROM CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Year Ended December 31	
	2021	2020
Current tax		
In respect of the current year	\$ 101,870	\$ 88,662
Income tax on unappropriated retained earnings	-	299
Adjustment for prior year	<u>(26,619)</u>	<u>4,041</u>
	75,251	93,002
Deferred tax		
In respect of the current year	<u>82,861</u>	<u>(68,752)</u>
Income tax expense recognized in profit or loss	<u>\$ 158,112</u>	<u>\$ 24,250</u>

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2021	2020
Profit before tax from continuing operations	<u>\$ 1,544,035</u>	<u>\$ 1,109,226</u>
Income tax expense calculated at the statutory rate	\$ 308,807	\$ 221,845
Nondeductible expenses in determining taxable income	(49,516)	(113,175)
Tax-exempt income	(274,619)	(216,600)
Adjustments for prior years' tax expense	(26,619)	4,041
Income tax on unappropriated retained earnings	-	299
Others	<u>200,059</u>	<u>127,840</u>
Income tax expense recognized in profit or loss	<u>\$ 158,112</u>	<u>\$ 24,250</u>

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2021	2020
<u>Deferred tax</u>		
In respect of the current year		
Translation of foreign operations	\$ 1,780	\$ (185)
Remeasurement of defined benefit plans	<u>(13,017)</u>	<u>(13,067)</u>
Total income tax benefit recognized in other comprehensive income	<u>\$ (11,237)</u>	<u>\$ (13,252)</u>

c. Current tax assets and liabilities

	December 31	
	2021	2020
Current tax assets		
Tax refund receivable	\$ <u>-</u>	\$ <u>11,402</u>
Current tax liabilities		
Income tax payable	\$ <u>119,458</u>	\$ <u>99,101</u>

d. Deferred tax assets and liabilities

The movements of deferred tax assets and liabilities were as follows:

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Losses on foreign subsidiary accounted for using equity method	\$ 53,233	\$ (53,233)	\$ -	\$ -
Defined benefit plans	35,997	(8,312)	13,017	40,702
Payables for annual leave	3,889	232	-	4,121
Unrealized exchange losses	23,145	5,009	-	28,154
Exchange differences on the translation of foreign operations	1,780	-	(1,780)	-
Losses on derivative financial instruments	58,892	(6,133)	-	52,759
Valuation losses on foreign futures	<u>20,396</u>	<u>(20,314)</u>	<u>-</u>	<u>82</u>
	<u>\$ 197,332</u>	<u>\$ (82,751)</u>	<u>\$ 11,237</u>	<u>\$ 125,818</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Valuation gains on foreign operating securities	<u>\$ 666</u>	<u>\$ 110</u>	<u>\$ -</u>	<u>\$ 776</u>

For the year ended December 31, 2020

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Losses on foreign subsidiary accounted for using equity method	\$ 55,874	\$ (2,641)	\$ -	\$ 53,233
Defined benefit plans	30,934	(8,004)	13,067	35,997
Payables for annual leave	3,856	33	-	3,889
Unrealized exchange losses	16,717	6,428	-	23,145
Exchange differences on the translation of foreign operations	1,595	-	185	1,780
Losses on derivative financial instruments	3,076	55,816	-	58,892
Valuation losses on foreign futures	<u>2,764</u>	<u>17,632</u>	<u>-</u>	<u>20,396</u>
	<u>\$ 114,816</u>	<u>\$ 69,264</u>	<u>\$ 13,252</u>	<u>\$ 197,332</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Valuation gains on foreign operating securities	<u>\$ 154</u>	<u>\$ 512</u>	<u>\$ -</u>	<u>\$ 666</u>

- e. Deductible temporary differences that have not been recognized as deferred tax assets in the balance sheets

	December 31	
	2021	2020
Asset impairment	<u>\$ 1,918</u>	<u>\$ 1,918</u>

- f. Income tax assessments

The income tax returns of the Corporation through 2019 have been examined by the tax authorities.

25. EARNINGS PER SHARE

The calculation of earnings per share was as follows:

	Amount (Numerator) After Income Tax	Number of Shares (Denominator) (In Thousands)	Earnings Per Share After Income Tax (In Dollars)
<u>For the year ended December 31, 2021</u>			
Basic earnings per share			
Earnings attributable to ordinary shareholders of the Corporation	\$ 1,385,923	594,455	<u>\$ 2.33</u>
Effect of potentially dilutive ordinary shares			
Compensation of employees	<u>-</u>	<u>2,259</u>	
Diluted earnings per share			
Earnings attributable to ordinary shareholders of the Corporation	<u>\$ 1,385,923</u>	<u>596,714</u>	<u>\$ 2.32</u>
<u>For the year ended December 31, 2020</u>			
Basic earnings per share			
Earnings attributable to ordinary shareholders of the Corporation	\$ 1,084,976	594,455	<u>\$ 1.83</u>
Effect of potentially dilutive ordinary shares			
Compensation of employees	<u>-</u>	<u>993</u>	
Diluted earnings per share			
Earnings attributable to ordinary shareholders of the Corporation	<u>\$ 1,084,976</u>	<u>595,448</u>	<u>\$ 1.82</u>

Since the Corporation offered to settle the compensation paid to employees in cash or shares, the Corporation assumed the entire amount of the compensation was settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect was dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

The impact of outstanding treasury shares had been considered during the calculation of earnings per share.

26. CAPITAL MANAGEMENT

The Corporation manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stockholders through the optimization of the debt and equity balance.

The capital structure of the Corporation consists of net debt and equity.

Key management personnel of the Corporation review the cost of capital of the Corporation and related risk of the capital structure on a regular basis. They also adjust the overall capital structure by paying dividends, issuing new debts, settling original debts, etc.

The Corporation files the capital adequacy ratio to relevant authorities on a monthly basis in accordance with the Regulations Governing Securities Firms. The Corporation's capital adequacy ratio is 363% and 264% for the years ended December 31, 2021 and 2020, respectively.

27. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments

1) Financial instruments not measured at fair value

The management of the Corporation believes the carrying amounts of financial assets and financial liabilities not measured at fair value recognized in the financial statements approximate their fair values or their fair values cannot be reliably measured.

2) Financial instruments measured at fair value that are measured at fair value on a recurring basis

Fair value hierarchy

December 31, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Financial assets mandatorily measured at FVTPL	\$ 4,842,189	\$ 3,742,853	\$ -	\$ 8,585,042
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Unlisted shares	-	-	543,727	543,727
Investments in debt instruments				
Government bonds	-	301,475	-	301,475
Corporate bonds	-	601,652	-	601,652
Foreign bonds	-	1,135,522	-	1,135,522
	<u>\$ 4,842,189</u>	<u>\$ 5,781,502</u>	<u>\$ 543,727</u>	<u>\$ 11,167,418</u>
<u>Financial liabilities at FVTPL</u>				
Financial liabilities held for trading	\$ 1,234,054	\$ 1,352,704	\$ -	\$ 2,586,758
Financial liabilities designated as at FVTPL	-	695,169	-	695,169
	<u>\$ 1,234,054</u>	<u>\$ 2,047,873</u>	<u>\$ -</u>	<u>\$ 3,281,927</u>

December 31, 2020

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Financial assets mandatorily measured at FVTPL	\$ 7,568,786	\$ 2,603,739	\$ -	\$ 10,172,525
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Unlisted shares	-	-	482,639	482,639
Investments in debt instruments				
Government bonds	-	301,941	-	301,941
Corporate bonds	-	403,152	-	403,152
Foreign bonds	-	772,495	-	772,495
	<u>\$ 7,568,786</u>	<u>\$ 4,081,327</u>	<u>\$ 482,639</u>	<u>\$ 12,132,752</u>
<u>Financial liabilities at FVTPL</u>				
Financial liabilities held for trading	\$ 619,243	\$ 845,569	\$ -	\$ 1,464,812
Financial liabilities designated as at FVTPL	-	486,550	-	486,550
	<u>\$ 619,243</u>	<u>\$ 1,332,119</u>	<u>\$ -</u>	<u>\$ 1,951,362</u>

Transfers between Levels 1 and 2 for the years ended December 31, 2021 and 2020 were due mainly to the determination of whether part of the Corporation's investments in emerging market shares and convertible bonds with an active market based on observation of the transaction volume of these investments.

3) Reconciliation of Level 3 fair value measurements of financial instruments

Financial assets at fair value through other comprehensive income - equity instruments

	<u>For the Year Ended December 31</u>	
	2021	2020
Balance at January 1	\$ 482,639	\$ 409,671
Recognized in other comprehensive income (included in unrealized gains on financial assets at FVTOCI)	65,417	79,568
Capital reduction	<u>(4,329)</u>	<u>(6,600)</u>
Balance at December 31	<u>\$ 543,727</u>	<u>\$ 482,639</u>

4) Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instrument	Valuation Techniques and Inputs
Corporate bond investments	Discounted using the market rate announced by the Taipei Exchange or using the credit rating equal or equivalent to the yield rate curve.
Value of asset swap IRS contracts	Discounted cash flow method: Discounted using the risk-adjusted premium based on the short-term commercial paper rate announced by Bloomberg.
Asset swap options	The closing price of the convertible bond on the same day minus straight bond value: Straight bond value is the present value of future cash flows discounted at the risk-adjusted premium based on the zero-risk rate that a convertible bond would provide. The zero-risk rate is the short-term commercial paper rate announced by Bloomberg.
Structured instruments	Discounted cash flow method: Discounted using the risk-adjusted premium based on the short-term commercial paper rate announced by Bloomberg.
Emerging stock	Fair value estimated based on the average transaction price on the base date or the first 20 business days (including the base date).

5) Valuation techniques and inputs applied for Level 3 fair value measurement

The fair values of unlisted equity securities were determined by using the market and asset approaches. In these approaches, the fair value of the unlisted securities is determined based on the share price of comparable companies with doing the same or similar business in an active market, and its price value multiplier and other related information, where the significant unobservable input used is the discount for lack of marketability.

If the discount for lack of marketability used in the valuation model was changed to reflect reasonably possible alternative assumptions while all the other variables were held constant, the fair value of the shares would increase (decrease) as follows:

	December 31	
	2021	2020
Discount for lack of marketability		
10% increase	<u>\$ (11,929)</u>	<u>\$ (10,161)</u>
10% decrease	<u>\$ 11,959</u>	<u>\$ 10,158</u>

b. Categories of financial instruments

	December 31	
	2021	2020
<u>Financial assets</u>		
FVTPL		
Mandatorily measured at FVTPL	\$ 8,585,042	\$ 10,172,525
Financial assets at amortized cost (Note 1)	17,087,739	14,788,022
FVTOCI		
Equity instrument investments	543,727	482,639
Debt instrument investments	2,038,649	1,477,588
Operation guarantee deposits	330,000	330,000
Clearing and settlement fund	144,237	121,978
Refundable deposits	32,520	24,480
<u>Financial liabilities</u>		
FVTPL		
Held for trading	2,586,758	1,464,812
Designated as at FVTPL	695,169	486,550
Financial liabilities at amortized cost (Note 2)	19,671,499	20,608,503
Guarantee deposits received	3,794	3,784

Note 1: The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, margin loans receivable, refinancing margin, refinancing collateral receivable, security borrowing collateral price, security borrowing margin, notes and accounts receivable (including related parties), other receivable (including related parties), other financial assets - current and restricted assets - current.

Note 2: The balances included financial liabilities measured at amortized cost, which comprise short-term borrowings, commercial paper payable, liabilities for bonds with attached repurchase agreements, securities financing refundable deposits, deposits payable for securities financing, refinancing borrowings, accounts payable (including related parties), other payables (including related parties), and other financial liabilities - current.

The difference between the carrying amount and contractual amount at maturity of financial liabilities designated as at FVTPL was as follows:

	December 31	
	2021	2020
Financial liabilities designated as at FVTPL	\$ 695,169	\$ 486,550
Amount payable at maturity	<u>(729,876)</u>	<u>(506,084)</u>
	<u>\$ (34,707)</u>	<u>\$ (19,534)</u>

The Corporation designated structured instruments as financial liabilities designated as at FVTPL. The change in fair value was attributable to market risk factors.

c. Financial risk management objectives and policies

1) Risk management system

Policies of risk management

The Corporation's risk management policies in accordance with operating goals are to prevent any possible loss within the bearable risk exposures, maximize stockholders' wealth by balancing risks and returns, and optimize the asset allocation.

Risk management policies are the prime directives of the Corporation's risk management. They are applied to the Corporation and each subsidiary. All regulations related to risk management should be made in accordance with the risk management policies.

The process of formulating and approving risk management policies

The Corporation's risk management policies, risk management regulations and commodity operation procedures are drafted and revised by the authorized departments based on suggestions and opinions of other departments before reporting them to the risk management committee.

The risk management committee, which is under the Board of Directors (the highest risk management unit), is responsible for strengthening the overall risk management control and setting relationships between goals and risks in order to determine capital allocation and operating policies. The responsibilities of the risk management office are to verify the source of risks and to evaluate and quantify the influence of risks. Managers of business units are responsible for the daily risk management and reporting of their respective units.

The Corporation holds risk management meetings at least twice a year, where the participants are appointed by the chairman. In the meetings, the authorization and investment quotas are determined based on market risk, credit risk, liquidity risk, operational risk and legal risk, and the managers of each business unit should manage the risks according to the authorization and investment quotas. Any revisions of the investment quotas should be approved by the general manager and reported to the risk management committee for approval.

Organizational structure of the risk management system

The Corporation's risk management organizational structure includes the Board of Directors, risk management committee, risk management office, department of finance, department of internal audit, department of compliance and the business units. The duties and functions of each division are as follows:

a) Board of directors

The Corporation's Board of Directors is the highest risk management unit. In compliance with the laws and with the promotion and implementation of the Corporation's overall risk management as the goal, the board of directors takes the ultimate responsibility for risk management and ensures the effectiveness of risk management by understanding the risks faced by its securities operations.

b) Risk management committee

The committee is under the Board of Directors and consists of members of the Board of Directors. Its function is to assist the Board of Directors in the planning and monitoring of the related risk management affairs.

c) Risk management office

The risk management office is under the Board of Directors and independent of other departments. It is in charge of monitoring, measuring and evaluating the daily risks and to ensure the risks of the Corporation and each business unit are within the authorized investment quotas. The head of the risk management office evaluates and monitors the daily risks, and the appointment or removal of the head should be approved by the Board of Directors.

d) Department of finance

The department of finance is independent of other business units, and is responsible for monitoring the use of funds of each business unit. When there is an urgent need for fund procurement, the department of finance can respond based on the emergency response procedures.

e) Department of internal audit

The department of internal audit is under the Board of Directors and independent of other departments, and is responsible for the planning and execution of the audit business. It is responsible for auditing items related to finance, business execution, internal control and implementation of the laws of the Corporation and its subsidiaries, in order to ensure the Corporation manages the operational risk effectively.

f) Department of compliance

The department of compliance is responsible for compliance with the laws and legal review of contracts. In order to mitigate the effect of changes in laws and regulations issued by the authorities, the department examines the internal regulations at announced times and maintains complete audit procedures to assure the appropriateness and legality of all transactions.

g) Business units

The manager of each business unit takes first-line responsibility in analyzing and monitoring all risks and ensures all risks are under control and all risk management procedures are effective.

The risk management office periodically reports the results of the risk management objective, profit or loss of positions, sensitivity analysis, stress tests, etc. to the risk management committee or the Board of Directors. The Corporation also put in place effective reporting procedures, transaction limits and stop-loss strategy. If the transaction meets the stop-loss criteria, the strategy should be immediately executed, otherwise the business unit should report the reason for not executing the stop-loss strategy and the corresponding plan to the management for approval.

2) Market risk

The Corporation had established an effective risk measurement system to identify the effect of market risk factors, such as interest rate, exchange rate and equity and commodity price risks on its trading positions, and measures the potential risks of the Corporation's on- and off- balance sheet positions based on changes in these risk factors.

The Corporation measures market risk using Value at Risk (VaR) and sensitivity analysis. The Corporation executes stress testing at the end of each month to identify the bearable level of tolerance in the face of financial crisis. VaR refers to the maximum potential loss of financial instruments in a given holding period and specified confidence level. To ensure the accuracy of the VaR model, the Corporation performs back testing regularly.

Historical VaR (Confidence Level 99%, One-day)	For the Year Ended December 31, 2021			December 31	
	Average	Minimum	Maximum	2021	2020
<u>Type of risk</u>					
Equity securities	\$ 128,507	\$ 65,072	\$ 207,863	\$ 91,384	\$ 98,361
Interest rate	14,482	131	43,189	16,804	17,583
Diversification of risks	<u>(15,433)</u>			<u>(15,462)</u>	<u>(13,555)</u>
Total VaR exposure	<u>\$ 127,556</u>			<u>\$ 92,726</u>	<u>\$ 102,389</u>

The Corporation uses sensitivity analysis to measure the sensitivity of its bond investments to individual risk factors. The Corporation controls the upper limit of trading positions based on the impact of a 0.01% change in interest rates on the profit or loss of the investment portfolio. If the market interest rate increased by 0.01%, the fair value of the bond investments would have decreased by \$709 thousand and \$2,346 thousand as of December 31, 2021 and 2020, respectively. The Corporation uses the scenario of the appreciation and depreciation of the New Taiwan dollar to analyze the sensitivity of foreign currency risk. When the New Taiwan dollar appreciates/depreciates 3% against the relevant foreign currencies, there would be a decrease/increase in profit of \$15,544 and \$18,112 thousand for the years ended December 31, 2021 and 2020, respectively.

The carrying amounts of the Corporation's financial assets and financial liabilities with exposure to interest rate risk at the end of each reporting period were as follows:

	December 31	
	2021	2020
Interest rate risk of fair value		
Financial assets	\$ 11,105,424	\$ 9,226,734
Financial liabilities	12,995,849	12,721,912
Interest rate risk of cash flow		
Financial assets	3,761,623	3,564,283

Besides the above-mentioned measurement of market risk, the Corporation also uses scenario analysis to assess the changes in value of its asset portfolio and implements stress testing at the end of each month to measure the abnormal loss under extreme conditions.

3) Credit risk

Credit risk refers to the risk that an issuer, guarantor or counterparty will default on its contractual obligations in securities or derivative instruments trading in the primary and secondary markets, resulting in a financial loss to the Corporation. The Corporation has in place a rating system to control the credit risk from counterparties.

The monitoring of brokerage customers is supported by credit check procedures. The credit check procedures are required to be authorized by different levels of management to ensure the settlement risk is effectively reduced.

There is no concentration of credit risk on accounts receivable because of the large number of customers; no transactions are concentrated on one single customer and the operating locations are diversified. To decrease credit risk, the Corporation evaluates the financial conditions of customers regularly and continuously, and customers are required to provide sufficient collateral before credit is extended.

At the end of each reporting period, the carrying amount of financial assets is the amount of maximum exposure to credit risk.

The financial effect related to the amount of maximum exposure to credit risk of financial assets recognized in the balance sheets and the collateral held is as follows:

	Maximum Exposure to Credit Risk	
	December 31	
	2021	2020
Margin loans receivable	<u>\$ 7,629,748</u>	<u>\$ 4,695,748</u>

4) Liquidity risk

Liquidity risk and interest rate risk table

The following table details the maturity analysis of the Corporation's remaining contractual financial liabilities with agreed repayment periods. The table had been drawn up based on the undiscounted cash flows of financial liabilities and the earliest date on which the Corporation was likely to be required to pay.

December 31, 2021

	Within 1 Year	Between 1 and 2 Years	Between 2 and 5 Years	Over 5 Years	Total
<u>Derivative financial liabilities</u>					
Non-interest bearing	\$ 1,479,319	\$ -	\$ -	\$ -	\$ 1,479,319
Fixed interest rate	3,205,788	-	-	-	3,205,788
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	7,092,510	-	3,794	-	7,096,304
Fixed interest rate	12,880,626	-	-	-	12,880,626
Lease liabilities	<u>38,860</u>	<u>33,719</u>	<u>45,148</u>	<u>-</u>	<u>117,727</u>
	<u>\$ 24,697,103</u>	<u>\$ 33,719</u>	<u>\$ 48,942</u>	<u>\$ -</u>	<u>\$ 24,779,764</u>

December 31, 2020

	Within 1 Year	Between 1 and 2 Years	Between 2 and 5 Years	Over 5 Years	Total
<u>Derivative financial liabilities</u>					
Non-interest bearing	\$ 901,289	\$ -	\$ -	\$ -	\$ 901,289
Fixed interest rate	2,287,854	-	-	-	2,287,854
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	8,482,467	-	3,784	-	8,486,251
Fixed interest rate	12,659,864	-	-	-	12,659,864
Lease liabilities	<u>43,839</u>	<u>11,496</u>	<u>9,165</u>	<u>-</u>	<u>64,500</u>
	<u>\$ 24,375,313</u>	<u>\$ 11,496</u>	<u>\$ 12,949</u>	<u>\$ -</u>	<u>\$ 24,399,758</u>

The amounts of financial liabilities with variable interest rates listed in the table above were subject to change if variable interest rates differ from those estimates of interest rates determined at the end of each reporting period.

Financing facilities

Financing facilities at the end of each reporting period were as follows:

	December 31	
	2021	2020
Financing facilities	<u>\$ 15,910,000</u>	<u>\$ 16,090,000</u>
Unused amount	<u>\$ 9,062,444</u>	<u>\$ 10,890,000</u>

d. Transfers of financial assets

In the daily transactions of the Corporation, most of the transferred financial assets which are not eligible for full derecognition are debt securities with repurchase agreements. In such transactions, the cash flows have been transferred to outsiders and the Corporation has the obligation to recognize the related liabilities of transferred financial assets which have to be repurchased at a fixed amount in the future. In addition, the Corporation has no right to conduct, sell, or pledge the transferred financial assets during the effective period of transaction, but is still exposed to interest rate risk and credit risk. As a result, the transferred financial assets cannot be fully derecognized. The following table shows the transferred financial assets not qualified for derecognition and its related financial liabilities:

December 31, 2021

Type of Financial Asset	The Book Value of Financial Assets Transferred	The Book Value of Related Financial Liabilities	The Fair Value of Financial Assets Transferred	The Fair Value of Related Financial Liabilities	Fair value of Net Position
Repurchase agreements	\$ 6,461,841	\$ 4,098,467	\$ 6,461,841	\$ 4,098,467	\$ 2,363,374

December 31, 2020

Type of Financial Asset	The Book Value of Financial Assets Transferred	The Book Value of Related Financial Liabilities	The Fair Value of Financial Assets Transferred	The Fair Value of Related Financial Liabilities	Fair value of Net Position
Repurchase agreements	\$ 6,651,160	\$ 4,879,368	\$ 6,651,160	\$ 4,879,368	\$ 1,771,792

e. Offsetting of financial assets and financial liabilities

The tables below present the quantitative information on financial assets and financial liabilities that have been offset in the balance sheets or that are covered by enforceable master netting arrangements or similar agreements.

December 31, 2021

Financial Instrument	Gross Amount of Recognized Financial Assets (Liabilities)	Gross Amount of Recognized and offset Financial Assets/ Liabilities in the Balance Sheet	Net Amount of Financial Assets (Liabilities) Presented in the Balance Sheet	Related Amount Not Offset in the Balance Sheet		Net Amount
				Financial Instruments	Cash Collateral Received	
Accounts receivable	\$ 6,902,067	\$ (40,901)	\$ 6,861,166	\$ (39,295)	\$ -	\$ 6,821,871
Accounts payable	\$ (5,761,738)	\$ 40,901	\$ (5,720,837)	\$ 39,295	\$ -	\$ (5,681,542)
Liabilities for bonds with attached repurchase agreements	\$ (4,098,467)	\$ -	\$ (4,098,467)	\$ 4,098,467	\$ -	\$ -

December 31, 2020

Financial Instrument	Gross Amount of Recognized Financial Assets (Liabilities)	Gross Amount of Recognized and offset Financial Assets/ Liabilities in the Balance Sheet	Net Amount of Financial Assets (Liabilities) Presented in the Balance Sheet	Related Amount Not Offset in the Balance Sheet		Net Amount
				Financial Instruments	Cash Collateral Received	
Accounts receivable	\$ 5,920,580	\$ (4,930)	\$ 5,915,650	\$ (304)	\$ -	\$ 5,915,346
Accounts payable	\$ (7,492,052)	\$ 4,930	\$ (7,487,122)	\$ 304	\$ -	\$ (7,486,818)
Liabilities for bonds with attached repurchase agreements	\$ (4,879,368)	\$ -	\$ (4,879,368)	\$ 4,879,368	\$ -	\$ -

28. TRANSACTIONS WITH RELATED PARTIES

Besides information disclosed elsewhere in the other notes, details of major transactions between the Corporation and other related parties are summarized as below:

Related party names and categories

Related Party Name	Related Party Category
Concord Futures Corp. (Concord Futures)	Subsidiary
Con Lian Asset Management Service Co., Ltd. (Con Lian AMC)	Subsidiary
Concord Capital Holdings (Cayman) Limited (Concord Cayman)	Subsidiary (liquidated in March 2021)
Concord Managed Futures Corp. (Concord Managed Futures)	Subsidiary (liquidated in January 2021)
Concord Capital Management Corp (Concord Capital Management)	Subsidiary
Concord Insurance Agency Co., Ltd. (Concord Insurance)	Subsidiary

(Continued)

Related Party Name	Related Party Category
CHENG, TAI-CHENG	Supervisor of the subsidiary (related since May 2020)
Hwa-Ho Asset Management Corp.	Subsidiary's investment accounted for using equity method
The Corporation's directors, president, vice presidents, assistant vice presidents, and department heads	Key management personnel
	(Concluded)

a. Cash and cash equivalents

	December 31	
	2021	2020
Subsidiary		
Concord Futures	\$ <u>80,963</u>	\$ <u>84,965</u>

b. Futures trading margin

	December 31	
	2021	2020
Subsidiary	\$ <u>22,936</u>	\$ <u>57,568</u>

c. Margin loans receivable

	December 31	
	2021	2020
Key management personnel	\$ <u>42,362</u>	\$ <u>6,558</u>

d. Accounts receivable

	December 31	
	2021	2020
Subsidiary	\$ <u>993</u>	\$ <u>1,673</u>

Accounts receivable are mainly the futures commission revenue, insurance agency commission revenue and fund agency revenue generated by subsidiaries entrusting the Corporation as its fund sales agency.

e. Other receivables

	December 31	
	2021	2020
Subsidiary	\$ <u>151</u>	\$ <u>151</u>

f. Liabilities for bonds with attached repurchase agreements

	December 31	
	2021	2020
Key management personnel	\$ <u>296,117</u>	\$ <u>182,060</u>

The transaction terms of bonds with attached repurchase agreements with related parties are not significantly different compared to those with third parties.

g. Accounts payable

	December 31	
	2021	2020
Subsidiary	\$ <u>850</u>	\$ <u>626</u>

h. Other payables

	December 31	
	2021	2020
Subsidiary	\$ <u>680</u>	\$ <u>500</u>

i. Brokerage handling fee revenue

	For the Year Ended December 31	
	2021	2020
Key management personnel	\$ <u>3,160</u>	\$ <u>1,543</u>

The terms of the securities brokerage transactions with related parties are not significantly different compared to those with third parties.

j. Revenue from providing agency services for stock affairs

	For the Year Ended December 31	
	2021	2020
Subsidiary	\$ <u>36</u>	\$ <u>36</u>

k. Interest income

	For the Year Ended December 31	
	2021	2020
Key management personnel	\$ <u>1,349</u>	\$ <u>91</u>

l. Futures commission income

	For the Year Ended December 31	
	2021	2020
Subsidiary		
Concord Futures	\$ <u>12,869</u>	\$ <u>14,878</u>

m. Other operating income

	<u>For the Year Ended December 31</u>	
	2021	2020
Subsidiary		
Concord Insurance	\$ 2,392	\$ 4,085
Concord Capital Management	<u>488</u>	<u>548</u>
	<u>\$ 2,880</u>	<u>\$ 4,633</u>

Other operating income is mainly the insurance agency commission revenue and fund agency revenue in accordance with the insurance agency and fund sales contracts signed by the Corporation and its subsidiaries.

n. Finance costs

	<u>For the Year Ended December 31</u>	
	2021	2020
Subsidiary	\$ 11	\$ 14
Key management personnel	<u>420</u>	<u>593</u>
	<u>\$ 431</u>	<u>\$ 607</u>

o. Clearing and settlement expenses

	<u>For the Year Ended December 31</u>	
	2021	2020
Subsidiary		
Concord Futures	<u>\$ 2,351</u>	<u>\$ 1,496</u>

p. Securities commission expense

	<u>For the Year Ended December 31</u>	
	2021	2020
Subsidiary		
Concord Futures	<u>\$ 8,512</u>	<u>\$ 5,055</u>

q. Other operating costs

	<u>For the Year Ended December 31</u>	
	2021	2020
Subsidiary	<u>\$ 193</u>	<u>\$ 2</u>

r. Other operating expenses

	<u>For the Year Ended December 31</u>	
	2021	2020
Subsidiary	<u>\$ 8,160</u>	<u>\$ 6,000</u>

s. Other gains and losses

For the Year Ended December 31
2021 2020

Subsidiary	\$ <u>9,291</u>	\$ <u>8,318</u>
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t. Lease agreements

For the Year Ended December 31
2021 2020

Acquisition of right-of-use assets

Supervisor of the subsidiary	\$ <u>13,117</u>	\$ <u>-</u>
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December 31
2021 2020

Lease liabilities

Supervisor of the subsidiary	\$ <u>13,117</u>	\$ <u>4,397</u>
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For the Year Ended December 31
2021 2020

Finance costs

Supervisor of the subsidiary	\$ <u>14</u>	\$ <u>24</u>
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u. For the years ended December 31, 2021 and 2020, the rental revenue generated by leasing some office and parking spaces to related parties were as follows:

Related Party Category/Name	Lease Term	Underlying Asset	Rental Payment - Timing	Rental Payment - Basis	Rental Amount
For the year ended <u>December 31, 2021</u>					
Subsidiary	2018.10.01-2021.09.30	5F, No. 143, Fuxing N. Rd., Taipei City	Monthly	Contract	\$ 2,915
	2021.10.01-2026.09.30	5F, No. 143, Fuxing N. Rd., Taipei City	Monthly	Contract	971
	2016.07.01-2021.06.30	6F, No. 143, Fuxing N. Rd., Taipei City	Monthly	Contract	1,943
	2021.07.01-2026.09.30	6F, No. 143, Fuxing N. Rd., Taipei City	Monthly	Contract	1,943
	2021.01.01-2021.12.31	B3, No. 176, Jilung Rd., Sec. 1, Xinyi Dist., Taipei City	Monthly	Contract	164
	2021.01.01-2021.12.31	B3, No. 176, Jilung Rd., Sec. 1, Xinyi Dist., Taipei City	Monthly	Contract	82
Subsidiary's investment account for using equity method	2021.01.01-2021.12.31	B3, No. 176, Jilung Rd., Sec. 1, Xinyi Dist., Taipei City	Quarterly	Contract	108
	2021.03.15-2021.12.31	B3, No. 176, Jilung Rd., Sec. 1, Xinyi Dist., Taipei City	Monthly	Contract	<u>43</u>

\$ 8,169

(Continued)

Related Party Category/Name	Lease Term	Underlying Asset	Rental Payment - Timing	Rental Payment - Basis	Rental Amount
For the year ended December 31, 2020					
Subsidiary	2018.10.01-2021.09.30	5F, No. 143, Fuxing N. Rd., Taipei City	Monthly	Contract	\$ 3,886
	2016.07.01-2021.06.30	6F, No. 143, Fuxing N. Rd., Taipei City	Monthly	Contract	3,886
	2020.01.01-2020.12.31	B3 and B5, No. 176, Jilung Rd., Sec. 1, Xinyi Dist., Taipei City	Monthly	Contract	163
	2020.01.01-2020.03.31	B3, No. 176, Jilung Rd., Sec. 1, Xinyi Dist., Taipei City	Monthly	Contract	14
	2020.01.01-2020.12.31	B3, No. 176, Jilung Rd., Sec. 1, Xinyi Dist., Taipei City	Monthly	Contract	82
Subsidiary's investment account for using equity method	2020.01.01-2020.12.31	B3, No. 176, Jilung Rd., Sec. 1, Xinyi Dist., Taipei City	Quarterly	Contract	<u>108</u>
					<u>\$ 8,139</u>
					(Concluded)

As of December 31, 2021 and 2020, the balance of the rental deposits received by the Corporation from the related parties were \$1,355 thousand and \$1,345 thousand, respectively.

v. Equity derivative transactions

The Corporation's key management personnel bought equity derivatives from the Corporation, and the unexpired amount as of December 31, 2021 and 2020 were \$150 thousand and \$226 thousand (recognized as financial liabilities at fair value through profit or loss - current). The related gains (losses) in 2021 and 2020 were as follows:

	For the Year Ended December 31	
	2021	2020
Gains (losses) on derivative instruments, net	\$ <u>1,241</u>	\$ <u>(219)</u>
Other operating income (processing revenue)	\$ <u>121</u>	\$ <u>61</u>

w. Remuneration of key management personnel

The remuneration of the Corporation's directors and key management personnel for their services rendered for the years ended December 31, 2021 and 2020 were as follows:

	For the Year Ended December 31	
	2021	2020
Short-term employee benefits	\$ 307,874	\$ 198,977
Retirement benefits	<u>6,775</u>	<u>1,415</u>
	<u>\$ 314,649</u>	<u>\$ 200,392</u>

The Corporation determines the remuneration of the directors and key management personnel in accordance with the Corporation's Articles of Incorporation and other regulations, and by reference to the market compensation level and financial performance. The remuneration committee periodically reviews the regulations and makes recommendations for amendments.

29. PLEDGED OR MORTGAGED ASSETS

At the end of each reporting period, the Corporation pledges the following assets as collateral to financial institutions for the issuance of guaranteed commercial papers, bank loans and credit lines.

	December 31	
	2021	2020
Restricted demand and time deposits	\$ 317,157	\$ 225,150
Property and equipment, net		
Land	521,885	521,885
Buildings	98,699	101,961
Investment property, net		
Land	470,886	470,886
Buildings	<u>72,785</u>	<u>75,691</u>
	<u>\$ 1,481,412</u>	<u>\$ 1,395,573</u>

30. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

- a. On March 3, 2021, the Corporation received a civil complaint in which eight plaintiffs claimed that the Corporation's manager had violated the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies when the Corporation's manager was mandated by Company A to handle the matters regarding voting rights and the solicitation of proxies for attendance at the shareholders' meeting, and requested the Corporation and its manager to be jointly liable for the compensation of \$9,624 thousand for the damages incurred. The case is currently under the trial of Taiwan Taipei District Court. The Corporation's management assessed that there is no significant impact of the aforementioned case on its operations and financial performance.
- b. On August 18, 2021, the Corporation received a civil complaint in which two plaintiffs claimed that Miss Chen, a natural person, and Mr. Chen, a sales representative of the Corporation, deceived them into the fake transaction circumstance. Miss Chen and Mr. Chens' intention of unjust enrichment had harmed the plaintiffs, the plaintiffs therefore filed a civil lawsuit against Miss Chen and Mr. Chen and demanded a joint liability of \$52,000 thousand from the Corporation. The case is currently on trial in Taiwan Taipei District Court. The Corporation's management assessed that there is no significant impact of the aforementioned case on its operations and financial performance.
- c. On February 15, 2022, the Corporation received a civil complaint in which two plaintiffs claimed that Miss Chen, a natural person, and Mr. Chen, a sales representative of the Corporation, deceived them into the fake transaction circumstance. Miss Chen and Mr. Chens' intention of unjust enrichment had harmed the plaintiffs, the plaintiffs therefore filed a civil lawsuit against Miss Chen and Mr. Chen and demanded a joint liability of \$16,000 thousand from the Corporation. The case is currently on trial in Taiwan New Taipei District Court. The Corporation's management assessed that there is no significant impact of the aforementioned case on its operations and financial performance.
- d. As of December 31, 2021, the Corporation applied for a guarantee of \$230,000 thousand from financial institutions, which was for the securities lending and borrowing business.

31. OTHER ITEMS

The management of the Corporation assessed that the COVID-19 has no significant impact on the Corporation's operating performance and financial status.

32. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Other than the information disclosed in other notes, there were no other significant subsequent events.

33. SIGNIFICANT FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The significant financial assets and liabilities denominated in foreign currencies were summarized as follows:

Unit: Foreign Currencies/NT\$ in Thousands

December 31						
2021			2020			
Foreign Currency	Exchange Rate	New Taiwan Dollars	Foreign Currency	Exchange Rate	New Taiwan Dollars	
<u>Financial assets</u>						
Monetary items						
USD	\$ 15,680	27.680	\$ 434,025	\$ 33,791	28.480	\$ 962,362
CNY	64,924	4.344	282,031	91,889	4.377	402,199
JPY	418,891	0.241	100,743	6	0.276	2
HKD	3,233	3.549	11,472	7,222	3.673	26,526
Non-monetary items						
USD	43,982	27.680	1,217,140	31,526	28.480	897,860
CNY	43,942	4.344	190,883	40,246	4.377	176,158
HKD	-	-	-	39,536	3.673	145,216
<u>Financial liabilities</u>						
Monetary items						
USD	345	27.680	9,545	1,617	28.480	46,052
HKD	719	3.549	2,550	11,166	3.673	41,012
CNY	-	-	-	55	4.377	239
Non-monetary items						
USD	32,329	27.680	894,874	27,049	28.480	770,351
CNY	-	-	-	40,709	4.377	178,182

For the years ended December 31, 2021 and 2020, realized and unrealized net foreign exchange losses were \$26,613 thousand and \$32,190 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions of the Corporation.

34. ADDITIONAL DISCLOSURES

a. Following are additional disclosures required by the SFB for the Corporation:

- 1) Financing provided: None.
- 2) Endorsements/guarantees provided: None.
- 3) Acquisition of real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None.
- 4) Disposal of real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
- 5) Total discounts of handling fee to related parties of at least NT\$5 million: None.

- 6) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.

b. Information of investees

- 1) When the Corporation directly or indirectly exercises significant influence on or obtains control of investees, related information should be disclosed: Table 1 (attached).
- 2) When the Corporation directly or indirectly obtains control of investees, the following information regarding significant transactions with the investee should be disclosed:
 - a) Financing provided: None.
 - b) Endorsements/guarantees provided: None.
 - c) Acquisition of real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None.
 - d) Disposal of real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
 - e) Total discounts of handling fee to related parties of at least NT\$5 million: None.
 - f) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.

c. Information on foreign branches and representative offices abroad: None.

d. Information on investments in mainland China:

Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment gains or losses, carrying amount of the investment at the end of the period, repatriations of investments income, and limit on the amount of investment in the mainland China area: Table 2 (attached).

- e. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: None.

35. DISCLOSURES REQUIRED UNDER RULE NO. 10703209011 ISSUED BY THE FSC DATED JUNE 1, 2018

The foreign entity registered in non-IOSCO MMoU member or without formal permission as securities or futures firm from IOSCO MMoU member in which the Corporation has invested in Concord Capital Holdings (Cayman) Ltd. Concord Capital Holdings (Cayman) Ltd. is a holding company mainly for investments. On November 30, 2020, Concord Capital Holdings (Cayman) Ltd. obtained approval for liquidation based on letter No. 1090373948 issued by the FSC. The subsidiary has completed its liquidation procedures in March 31, 2021. Therefore, there are no supplementary disclosures of the financial statements for the year ended December 31, 2021.

- a. Balance sheets: None.
- b. Statements of comprehensive income: None.
- c. Securities held: None.

- d. Derivative financial instrument transactions and the source of capital: None.
- e. Revenue from assets management business, services and litigation: None.

36. SEGMENT INFORMATION

Under Article 26 of the Regulations Governing the Preparation of Financial Reports by Securities Firms, a securities firm preparing its parent company only financial reports is not required to prepare segment information.

TABLE 1

CONCORD SECURITIES CO., LTD.

**NAMES, LOCATIONS, AND RELATED INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investor Company	Investee Company	Location	Date of Incorporation	Rule No. Issued by Financial Supervisory Commission	Main Businesses	Investment Amount		Balance as of December 31, 2021			Operating Income of the Investee	Net Profit (Loss) of the Investee	Share of Profit (Loss)	Cash Dividends	Note
						December 31, 2021	December 31, 2020	Number of Shares	Percentage of Ownership (%)	Carrying Amount					
The Corporation	Concord Futures Corp.	5F, No. 143, Fuhsing N. Rd., Taipei City	July 7, 1999		Foreign and domestic futures proprietary, brokerage and consulting services	\$ 559,654	\$ 559,654	78,005,571	95.71	\$ 1,227,540	\$ 694,484	\$ 97,888	\$ 93,351	\$ 76,913	Subsidiary
	Con Lian Asset Management Service Co., Ltd.	14F, No. 176, Jilung Rd., Sec. 1, Taipei City	September 5, 2003	Aug. 5, 2003 No. Tai-Tsai-Cheng (2) 0920135652	Investment, business management advisory services and asset management services	230,000	230,000	54,900,000	100.00	565,528	-	(10,228)	(10,228)	-	Subsidiary
	Concord Capital Holdings (Cayman) Limited	Cayman Islands	May 12, 1997	Apr. 23, 1997 (1997) No. Tai-Tsai-Cheng (2) 26713	Note 2	-	296,334	-	-	-	-	(77)	(77)	-	Subsidiary (Note 2)
	Concord Managed Futures Corp.	14F, No. 176, Jilung Rd., Sec. 1, Taipei City	December 16, 2003		Note 1	-	198,664	-	-	-	-	-	-	-	Subsidiary (Note 1)
	Concord Capital Management Corp.	9F, No. 176, Jilung Rd., Sec. 1, Taipei City	May 25, 1988		Securities investment advisory services	81,599	81,599	7,000,000	100.00	85,266	22,710	(6,333)	(6,333)	-	Subsidiary
	Concord Insurance Agency Co., Ltd.	10F, No. 176, Jilung Rd., Sec. 1, Taipei City	October 4, 2013	Jan. 10, 2013 No. Financial-Supervisory -Securities-Firms-101 0056608 and Jun. 23, 2020 No. Jin-Guan-Bao-Zong-Zi-1090421845	Life insurance agency and property insurance agency	5,000	5,000	2,500,000	100.00	23,006	7,977	(3,257)	(3,257)	-	Subsidiary
Concord Futures Corp.	Concord Managed Futures Corp.	14F, No. 176, Jilung Rd., Sec. 1, Taipei City	December 16, 2003		Note 1	-	148,360	-	-	-	-	-	-	-	Subsidiary (Note 1)
Con Lian Asset Management Service Co., Ltd.	HWA-HO Asset Management Corp.	14F, No. 176, Jilung Rd., Sec. 1, Taipei City	September 29, 2003		Real estate commerce, development and business management advisory services	195,668	195,668	56,472,021	46.59	561,421	156,386	(15,133)	(7,050)	-	Investments of subsidiary accounted for using equity method

Note 1: Concord Managed Futures terminated its futures management and trust services on February 1, 2019, which was approved by the relevant authorities in January 2019. In addition, Concord Managed Futures obtained approval for liquidation in March 2019 based on letter No. 1080304430 issued by the FSC. The subsidiary has completed its liquidation procedures in January 2021, and returned the remaining liquidation funds to the Corporation and Concord Futures of \$159,452 thousand and \$106,302 thousand, respectively.

Note 2: On November 30, 2020, Concord Cayman received letter No. 1090373948 issued by the FSC and completed its liquidation procedures in March 31, 2021, and returned the remaining liquidation fund to the Corporation of USD\$744 thousand.

TABLE 2**CONCORD SECURITIES CO., LTD.****INVESTMENTS IN MAINLAND CHINA****DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars and Foreign Currencies)**

1. Investee company's name, main business and products, total amount of paid-in capital, investment type, investment outflows and inflows, net income (loss) of the investee, % ownership, investment gain (loss), carrying value as of December 31, 2021 and inward remittance of earnings:

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital (Note 2)	Investment Type	Accumulated Outflow of Investment as of December 31, 2020 (Note 1)	Investment Flows		Accumulated Outflow of Investment as of December 31, 2021 (Note 1)	Net Income (Loss) of the Investee (Note 5)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 6)	Carrying Value as of December 31, 2021 (Note 6)	Accumulated Inward Remittance of Earnings as of December 31, 2021
					Outflow	Inflow						
Guoyuan Futures Co., Ltd.	Commodities futures brokerage, financial futures brokerage, futures investment consulting, assets management, and other businesses that CSRC permits or acquired to put on record.	\$ 2,648,513 (CNY 609,695 thousand)	Others	\$ 51,561 (US\$ 1,579 thousand)	\$ -	\$ -	\$ 51,561 (US\$ 1,579 thousand)	\$ 387,226 (CNY 89,196 thousand)	1.59	\$ -	\$ 55,589	\$ -

2. Upper limit of investment in mainland China:

Accumulated Investment in Mainland China as of December 31, 2021 (Note 1)	Investment Amounts Authorized by the Investment Commission, MOEA (Note 3)	Upper Limit of Investment Authorized by the Investment Commission MOEA (Note 4)
\$51,561 (US\$1,579 thousand)	\$44,660 (US\$1,613 thousand)	\$769,457

Note 1: The NTD amount was converted using the USD buying rate when the original investments were transferred from the account.

Note 2: The NTD amount was converted using the average CNY buying and selling rates for the year ended December 31, 2021.

Note 3: The NTD amount was converted using the average USD buying and selling rates for the year ended December 31, 2021.

Note 4: The amount was calculated based on 60% of Concord Futures' net asset value as of December 31, 2021.

Note 5: The NTD amount was converted using the average CNY buying and selling rates during 2021.

Note 6: The investment was accounted for as financial assets at FVTOCI and no investment gains or losses were recognized in the current year.

6.6 If the company or its affiliates have experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, the annual report shall explain how said difficulties will affect the company's financial situation: None.

6.7 Provisions for the Company's assets and liabilities valuation items:

For short-term financial products, the carrying value is used to estimate the fair value since the present discounted value does little to the valuation. Such method applies to cash and cash equivalents, investments in bonds with reverse repurchase agreements, securities margin loans receivable, deposits for refinancing, collateral for refinancing, collateral for securities borrowed, refundable deposits for securities borrowed, notes receivable and trade receivables, other receivables, restricted assets, operating bond, clearing and settlement fund, refundable deposits, short-term borrowings, commercial paper payable, liabilities for bonds with repurchase agreements, deposits received for short sale, payables for short sale collateral received, notes payable and trade payables, other payables (exclusive of income taxes payable), all collections, and deposits received.

For financial asset or financial liability at fair value through profit or loss which has quoted market prices in active markets, the market prices shall be the fair value. Where there is no market price for reference, the valuation method is used, and the estimates and assumptions used are consistent with those used by market participants when pricing financial products. The fair value of derivatives is the amount expected to be obtained or to be paid if the Company terminates the contract on the reporting date as agreed. Generally, such amount includes the unrealized gains and losses of the contracts unsettled in the current period.

The fair value valuation methods of various financial products are as follows:

1. Equity securities: The fair value of the TWSE/TPEX listed securities refers to the closing price of the day. The valuation of the emerging stock is calculated based on the average trading price of the day or the average trading price of 20 days before the day. For the unlisted stock held, the fair value of which is mainly measured by the TWSE/TPEX-listed comparable company- or asset-based approach. The TWSE/TPEX-listed comparable company-based approach determines the fair value of the valuation item by the stock trading price in the active market and the value multiplier implied by that price and related trading information of the enterprises engaging in the same or similar business. The asset-based approach determines the enterprise value of the evaluated company by evaluating item by item the value of tangible and intangible assets of the evaluated company and liabilities it should bear based on the evaluated company's balance sheet. The fair value of an open-fund refers to the net asset value of the fund on the balance sheet date. For other equity securities that are listed on the market, the market price is based on their listed market quotations or other specific quotations.
2. Fixed Income products: The valuation of a domestic bond or corporate bond is based on the market price calculated at the average yield of that bond publicly announced by the TPEX on the day or the theoretical yield. Foreign bond or corporate bond is evaluated based on the closing price of the day, Bloomberg's valuation, or the yield rate with equal or equivalent credit rating.
3. Futures: The settlement price of such futures at the exchange in the futures market on the day.
4. Options: The settlement price of such options at the exchange in the futures market on the day.
5. Warrants: The closing price of such warrants on the market they are listed is adopted.
6. Convertible bond asset swap: Closing price on the market where the underlying convertible bond is listed, the risk-free rate derived from market interest rate, the volatility derived from closing price, credit risk premium, and other parameters are used to be included in the model for valuation.
7. Structured note: Closing price on the exchange market where the underlying note is listed, the risk-free rate derived from market interest rate, credit risk premium, and other parameters are used to be included in the model for valuation.
8. Other derivatives: Where the derivative has been listed and traded on an exchange market, its quotation on the market it is listed is the market price basis. Where the derivative has not been listed and traded on an exchange market, the average buying or selling price on the quotation platform is the market basis, or other specific quotation is the basis.

According to International Financial Reporting Standards No. 9, the Company adopts the simplified approach to recognize the allowance for loss on receivables based on the lifetime expected credit losses. Basis of allowance for loss: (1) Accounts receivable and other receivables are highly likely to be recovered, so the provision ratio of allowance for loss is 0%; (2) the provision of allowance for loss on securities margin loans receivable are based on the historical default rate and loss given default of the financing balance of customers, such ratio will be re-evaluated every year; (3) Because overdue receivables is overdue and the possibility of recovery is extremely low, the provision ratio of allowance for loss is 100%.

6.8 The Company's hedge accounting treatment:

The Company by far has no derivatives transactions to which hedge account is applicable.

VII. Review of Financial Conditions, Operating Results, and Risk Management

7.1 Analysis of Financial Status

Expressed in
thousands of NT\$

Item \ Year	2021	2020	Change	
			Amount	%
Current Assets	33,503,764	30,316,641	3,187,123	10.51
Property and Equipment	1,033,293	1,035,116	(1,823)	-0.18
Intangible Assets	49,734	51,486	(1,752)	-3.40
Other Assets	4,802,057	4,201,056	601,001	14.31
Total Assets	39,388,848	35,604,299	3,784,549	10.63
Current Liabilities	29,632,811	26,899,910	2,732,901	10.16
Non-current Liabilities	826,057	437,015	389,042	89.02
Total Liabilities	30,458,868	27,336,925	3,121,943	11.42
Equity Attributable to Owners of the Parent	8,874,995	8,212,797	662,198	8.06
Capital Stock	5,944,550	5,944,550	0	0.00
Additional Paid-In Capital	175,320	175,307	13	0.01
Retained Earnings	2,291,877	1,683,518	608,359	36.14
Other Equity	463,248	409,422	53,826	13.15
Treasury Stock	0	0	0	0
Non-controlling Interest	54,985	54,577	408	0.75
Total Equity	8,929,980	8,267,374	662,606	8.01
Note: The reason for the greater percentage of change is analyzed as follows:				
1. Current liabilities: Mainly due to the increase in financial liabilities at fair value through profit and loss and lease liabilities.				
2. Retained earnings: Mainly due to the better operating profit in 2021.				

7.2 Analysis of Operation Results

Expressed in thousands of NT\$

Item \ Year	2021	2020	Increase (decrease) Amount	Percentage of Change (%)
Revenue	\$ 4,298,845	\$ 3,338,989	959,856	28.75
Operating Expenses and Expenditure	<u>2,828,617</u>	<u>2,362,327</u>	466,290	19.74
Operating Income	1,470,228	976,662	493,566	50.54
Share of Profit (Loss) of Associates Accounted for Using Equity Method	(7,050)	25,999	(33,049)	(127.12)
Other Gains and Losses	<u>105,169</u>	<u>139,193</u>	(34,024)	(24.44)
Profit before Tax	1,568,347	1,141,854	426,493	37.35
Tax Expenses	<u>(178,245)</u>	<u>(52,040)</u>	(126,205)	242.52
Profit after Tax	<u>\$ 1,390,102</u>	<u>\$ 1,089,814</u>	300,288	27.55

Analysis and explanation of increases or decreases in the change:

1. Operating Income: The increase in operating income was mainly due to the increase in brokerage handling fee revenue and gains on sale of securities compared with the same period last year.
2. Profit before Tax: The increase in Profit before Tax was mainly due to the increase in brokerage handling fee revenue and gains on sale of securities compared with the same period last year.

7.3 Analysis of Cash Flow

7.3.1 Liquidity analysis for the preceding two fiscal years

Item \ Year	2021	2020	Percentage of Increase (Decrease) %
Cash Flow Ratio (%)	2.52	4.68	-46.06
Cash Flow Adequacy Ratio (%)	187.72	368.47	-49.05
Cash Flow Reinvestment Ratio (%)	0.22	11.91	-98.12

Analysis and explanation of increases or decreases in the change:

The decrease in cash flow ratio was mainly due to the decrease in net cash in-flow from operating activities for the year.

The decrease in cash flow adequacy ratio was mainly due to the increase in cash dividends issued for the year compared with the same period last year.

7.3.2 Liquidity analysis for the coming year

Expressed in thousands of NT\$

Cash Balances - Beginning of Period (1)	Expected Cash Flows from Operating Activities for the Full Year (2)	Expected Cash (In) Out Flow for the Full Year (3)	Expected Amount of Excess (Insufficient) Cash (1)+ (2)- (3)	Expected Remedial Measures for Cash Deficit	
				Investment Plan	Financial Plan
1,655,266	3,129,305	2,899,098	1,885,473	-	-

7.4 Major Capital Expenditure Items: None.

7.5 Investment Policy in Last Year, Main Causes for Profits or Losses, Improvement Plans and the Investment Plans for the Coming Year

7.5.1 Reinvestment policy for the most recent fiscal year

The Company's reinvestment strategy in recent years has been to the business or investment target that is the most profitable for the company's operations within the current business scope and among the investments by securities firms approved by the competent authority. The purpose of the reinvestment is to diversify the overall operation, increase diversified income and stabilize profit sources, and improve the overall competitiveness and operating performance of the company in the hope of building the best operating model of the group. However, in the face of fierce competition in the industrial environment, the Company has also transformed itself and focused on core and promising business in recent years so as to operate steadily and sustainably.

7.5.2 The condition of profits generated by the invested company

Among the four subsidiaries invested by the Company in 2021, Concord Futures made a profit, while Concord Capital Management, Concord Insurance Agency, and Con Lian Asset Management made a loss. In 2021, Concord Futures made a profit of NT\$97,888 thousand after tax, Concord Capital Management made a loss of NT\$6,333 thousand after tax, Concord Insurance Agency made a loss of NT\$3,257 thousand after tax, and Con Lian Asset Management made a loss of NT\$10,228 thousand after tax. In addition, Concord Capital Holdings (Cayman) Limited has completed the liquidation process in March 2021.

In 2021, Concord Futures made a profit of NT\$97,888 thousand after tax, with a domestic sales volume of 23.32 million option contracts, ranked 6th among futures commission merchants in Taiwan, and a total overseas sales volume of 1.7 million futures contracts in total, ranked 6th among futures commission merchants in Taiwan. Overseas futures are one of Concord futures' key promotion business in 2021. It held the "Welcome Golden Ox, Rich All the Way", "Your Gold Medal Finish Line", and other promotion campaigns one after another, through which, the new customers have willingness to open accounts and old customers have willingness to trade while taking the market by storm and supporting the overseas futures business development.

Concord Capital Management's business strategies for year 2021 emphasized business diversification development, integrated marketing, and multiple channels. Currently, the primary source of investment consulting operating income is management fee-splitting brought about from the offshore fund inventory of which the company is the general agency; however, in 2021, the new coronavirus pneumonia pandemic made the offshore fund companies with which the investment consulting company partners adopt a

conservative business model, plus the restrictions were placed on overseas in-person visits, resulting in weak development this year in the business related to offshore funds of which the company was not the general agent, and the sales revenue of offshore fund administrative services being affected. And affected by the pandemic, there was no large-scale promotions conducted with internal and external channels, and investors' intention to make fund redemptions was increasing due to the ups and downs in the market, which led to a decline in the management fee-splitting.

Concord Insurance Agency has made a loss of NT\$3,257 thousand in 2021. Due to the decrease in the interest rate used for liability reserves in the life insurance market, the increase in the threshold of life insurance death protection, and the implementation of the decrease in the interest rate used for liability reserves, the increase in the threshold of life insurance death coverage, and implementation of the declared interest rate stabilization mechanism, plus the condition that the Contractual Service Margin (CSM) should not be negative, the factors such as two reductions in the interest rate used for policy liability reserves at the beginning of and in the middle of 2020, and the impact of new coronavirus pandemic, Concord Insurance Agency's overall life-insurance premium income and commission income in 2021 fell by 42% and 46%, respectively, compared with those in 2020. The adding non-life insurance commission income accounted for 5% of the operating revenue in 2021. In March 2021, the company began to build the Information Security Management System (ISMS) and Personal Information Management System (PIMS), and on October 1 of the same year, it completed the pre-assessment and passed the ISO/IEC information security management systems and BS 10012: 2017 Personal Information Management System issued by the international certification agency BSI in order to comply with the ISO27001 international standard for information security and Taiwan's Personal Data Protection Act and relevant laws and regulations. Although it costs a lot to establish these two control systems; however, the establishment demonstrates that the company is working hard to protect customer data security, thereby building brand reputation and value.

The after-tax loss of Con Lian Asset Management in 2021 was NT\$10,228 thousand. In the future, it will strengthen its profit-making momentum and steadily develop its existing business.

Faced with the challenges of the industrial environment, the Company's management team still makes relentless efforts to require the supervisors of all departments and subsidiaries to control the operating risks and costs proactively and effectively and strives for opportunities to make profits this year. However, we will still have to implement lean workforce and cost control. As for subsidiaries, the Company also continues to work hard to assist the business development of subsidiaries to achieve the goal of positive profit contribution to the group.

7.5.3 Investment plans for the coming year:

In the coming year, the Company will strengthen and develop business entities with potential to achieve a positive contribution to the group in the overall reinvestment business, hoping to increase sources of profit through diversified investments.

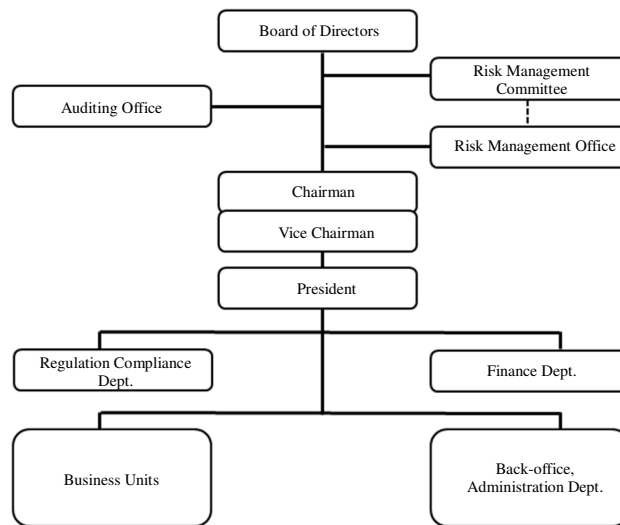
7.6 Analysis of Risk Management

7.6.1 The Company's risk management policy, scope, organizational structure, and risk management process are as follows:

1. Risk management policy: In accordance with the Company's business principles, the Company's risk management policy is to prevent any possible loss within the scope of the tolerable risk exposure, to increase the wealth of shareholders given the balance between risk and reward being reached, and to achieve the principle of optimality of capital allocation.
2. The Company divides the risks involved in the business into six categories, which are described respectively as follows:
 - (1) Market risk: The risk required to be assumed when any adverse change occurs to the prices of financial products due to changes in domestic and foreign economic factors. Market Risk can be broken down into interest rates, exchange rates, equity prices, and commodity prices depending on different factors.
 - (2) Credit risk: Referring to the risk of loss resulting from the failure of the issuer or counterparty to fulfill the obligations or responsibilities as agree.
 - (3) Liquidity risk: Because of inactive market transactions, financial products cannot be quickly traded in the market or cannot be traded at a fair market price, which is called market liquidity risk. The company may also be forced to settle its assets earlier due to the lack of cash flow planning, which is called liquidity risk in funds.
 - (4) Operational risk: Referring to the risk of direct or indirect losses arising from inadequate or failed internal processes, or from personnel and systems, or from external events.

- (5) Legal risk: Referring to the risk of loss in finance or goodwill that is deriving from an incomprehensive contract, authorization not tally with the fact, incomplete regulations, no legal binding of counterparty or other factors; thus, causing a failure to rein counterparty to fulfill its obligations within the contract.
 - (6) Model risk: Referring to the risk derived from an incomplete (or wrong) pricing model, including the bias in the estimated parameters, incorrect estimator of variance, and other factors that cause the price of financial products to be possibly overestimated or underestimated, and the risk exposure level to be incorrectly calculated.
3. Organizational structure and duties of risk management
- (1) Board of directors: The Company's board of directors is the highest unit of the enterprise risk management. With the aim of legal compliance and promoting and implementing the company's overall risk management, it shall clearly understand the risks faced by securities firms in operations, ensures the effectiveness of risk management, and take the ultimate responsibility for risk management.
 - (2) Risk Management Committee: Under the board of directors, the Committee is composed of board members, with functions of assisting the board of directors in planning and supervising related risk management matters.
 - (3) Risk Management Office: The Company's Risk Management Office is an independent department under the board of directors, and is mainly responsible for the company's daily risk monitoring, measurement, evaluation and other implementation-level affairs, and determining whether the risks of the business units are within the company authorized limits. The appointment and discharge of the supervisors of the risk management implementation unit shall be approved by the board of directors. The unit is responsible for measuring, monitoring, and evaluating the securities firms' daily risk status.
 - (4) Finance Department: The Company's Finance Department is the fund allocation unit independent of each business department. It is responsible for monitoring the use of funds of each business unit, and setting up the emergency procedures for fund management to response the demand for funds when an emergency occurs in the market.
 - (5) Auditing Office: The Auditing Office of the company is an independent department under the board of directors. With job functions of auditing the business planning and implementation, it is responsible for audit matters with respect to finance, business operations, and the implementation status of internal control and legal compliance of the company and its subsidiaries to ensure the company conducting effective operational risk management.
 - (6) Regulation Compliance Department: The Regulation Compliance Department is responsible for the company's legal compliance and the legality review on transaction contracts and documents. To facilitate the control of such legal risk, the Regulation Compliance Department inspects internal regulations at all times, so that the Company can respond in a timely manner to the impact on the company's business as a result of changes in the regulations by the competent authority. In addition, it prepares the comprehensive review procedures to ensure the thoroughness and compliance of all the company's transactions.
 - (7) Business units: The supervisors of the business units are responsible for the first-line risk management. The business unit is responsible for analyzing and monitoring the relevant risks in the unit to ensure that the risk control mechanism and procedures can be effectively implemented.

Risk Management Organizational Structure Chart

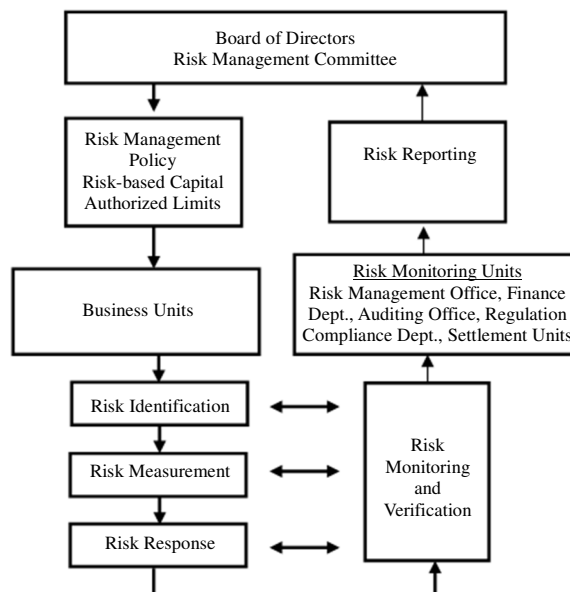


4. Risk Management Process:

The design of the risk management process should ensure that all risks within the company can be effectively managed. In practice, the risk management process includes:

- (1) Risk identification: Generally speaking, the risks faced by securities firms implied in brokerage, dealership, and underwriting business. Therefore, the first step of the risk management process should first identify and make sure the source of risks of all businesses, so as to further quantify and manage various types of risks.
- (2) Risk measurement: After the various types of risks faced by the company have been properly identified and defined, an objective and quantitative model or method is needed to measure these risks, so that the company's current risks can be reviewed in a quantitative approach.
- (3) Risk Monitoring and Risk Control: The risk management department shall monitor risks of all businesses on a daily basis. When the risk exposure of a business unit exceeds its risk limit, the risk management department should issue an excess limit notice to that unit and take actions in accordance with relevant regulations.
- (4) Risk Reporting: The Risk Management Office regularly provides risk management reports, risk information disclosures, and risk management implementation results reports to be used as reference and basis for high-level managers' business decision-making.
- (5) Responding to Risks: After assessing and gathering the risks, the company should take appropriate measures in response to the risks faced by it.

Risk Management Flow Chart



5. The impact of various types of risks and corresponding strategies are as follows:

- (1) Market risk: To avert the risks caused by market price changes, the Risk Management Office has established a risk control system and control mechanism to measure and make sure that the market risks are controlled within the limit on a daily basis. The methods for measuring market risk include nominal principal, fair market value, price sensitivity, and value at risk. Based on the characteristics of different financial products, the company sets risk limits and stop loss limits for positions in order to effectively control market risk.
- (2) Credit risk: To ensure the completeness of credit risk management, credit limits are set and managed at different levels for counterparties with different credit levels. With a hierarchical management system, different transaction limits are given to counterparties and issuers with different credit ratings. The credit ratings of counterparties and issuers are regularly reviewed to control credit risks.
- (3) Liquidity risk: The Company's liquidity risk is divided into market liquidity risk and funding liquidity risk. To reduce the market liquidity risk, the Company has explicitly provided liquidity risk management in the guidelines for financial products management of the business units. To lower the funding liquidity risk, the Company has an independent fund allocation unit that comprehensively considers the net cash flow and schedule of the demand for funds by each department to conduct capital management, and has established the regulations for funding liquidity risk management.
- (4) Operational risk: Each unit has formulated product guidelines or manuals of operations for each business to regulate front-, middle-, and back-office transactions and operating procedures to reduce possible operational risks during the processes of transactions and operations. In addition, the Auditing Office is responsible for audit matters with respect to finance, business operations and the implementation status of internal control and legal compliance to ensure the company conducting effective operational risk management. The Company has also established the Directions for Operational Risk Incident Reporting. The units shall report all incidents associated with direct or indirect losses arising from inadequate or failed internal processes, or from personnel and systems, or from external events, evaluate the effectiveness of existing control measures, and propose improvement measures to reduce the possibility of recurrences of operational risks.
- (5) Legal risk: To ensure the validity and feasibility of transaction or legal procedures, all the contracts or other legal documents between the Company and the transaction parties shall be reviewed by the legal personnel or external legal counsel designated by the legal affairs office before the contracts are signed and other legal documents are presented.
- (6) Model risk: To maintain the exercise of the model and the risk management of financial products and reduce model risks caused by the use of inappropriate models, parameters or evaluation assumptions, the Company has established a model risk management mechanism with standard procedures for model development, verification, storage, and modification to ensure the rationality and accuracy of the model.

6. Risk report:

- (1) The Company has adopted the Delta-Plus method to calculate the market risk of the option position since July 2013. In addition to more accurately measuring the status of risks of positions in options, it also improves the efficiency of the company's capital allocation. The Company's capital adequacy ratio (CAR) as of December 31, 2021 is as follows:

A. Capital adequacy ratio (CAR):

Date	December 31, 2021	Average	Maximum	Minimum
Capital adequacy ratio (CAR)	363%	303%	363%	271%

B. Various risk exposure amount:

December 31, 2021	
Item	Risk Equivalent (Expressed in thousands of NT\$)
Market Risk	849,259
Credit Risk	552,966
Operational Risk	257,437
Total	1,659,662

C. Ratios of Risk Equivalents:

December 31, 2021

Item	Ratio of Risk Equivalent (%)
Market Risk	51.17
Credit Risk	33.32
Operational Risk	15.51
Total	100.00

(2) The Company's market value at risk for the year 2021 is as follows:

Market Value at Risk of Trading Positions (99% confidence level, 1-day investment period) ;
Expressed in thousands of NT\$

Type of Risk	Year-end Value December 31, 2021	Average	Minimum	Maximum
Equity risk	91,384	128,507	65,072	207,863
Interest Rate Risk	16,804	14,482	131	43,189
Subtotal	108,188	142,989	-	-
Less: Risk Diversification Benefits	(15,462)	(15,434)	-	-
Total Risks	92,726	127,555	51,761	187,487

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

1. Interest rate: The company's interest rate-related business includes bond business, interest rate derivatives business, and securities lending and borrowing business. Among them, the responsible department for the bond and interest rate derivatives business has established appropriate risk management guidelines, and carries out limit on position, stop-loss mechanism, sensitivity analysis, etc. to effectively control the interest rate risk of this type of business. The Company's securities lending and borrowing business makes profit mainly from financing spread, so it is not greatly affected by changes in interest rates. In addition, changes in interest rates also affect the company's borrowing costs. If interest rates show an unfavorable trend, the Company can also use exchange interest rates or issuing corporate bonds or convertible bonds to avoid the risk of rising interest rates.
2. Exchange rate: The Company's main business targets and business areas are all in Taiwan, and is also dedicated itself to developing overseas business, such as overseas long-term investment and financial trading, which may impact the company's profit and loss or net value due to changes in exchange rates. However, as the company's operating income is still dominated by domestic business, the impact should be limited. And also, risk limits are set for positions involving exchange rates and appropriate hedging measures are adopted to effectively control exchange rate risks.
3. Inflation rate: The Company belongs to the securities service industry, so that Inflation has no significant impact on the company's finance and business.
4. Response measures to be taken in the future:
 - (1) Periodically collect information on interest rates and macroeconomics to understand market trends.
 - (2) Adjusting the direction of business operations or conducting hedging operations according to interest rate trends to reduce the impact of changes in interest rates on the company's profit and loss.

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

1. The company has not engaged in high-risk high-leverage investments in the most recent fiscal year.
2. Except for handling securities lending and borrowing business in accordance with the law, the Company has not engaged in loans to other parties.

3. The Company has not engaged in endorsements or guarantees.
4. The Company engages in derivatives trading in accordance with the law and regulation of the competent authority and within the scope permitted by the Company's regulations, and it makes reasonable profit under the tolerable risk of the authorized positions.

7.6.4 Research and development work to be carried out in the future, and further expenditures expected for research and development work:

System	Expenditure	Estimated Time of Completion	Main Factors Affecting the Success of Research and Development in the Future
Emerging Securities Order Placement System Conversion	NT\$2 million	December 2022	Relevant systems integration architecture
Middle-end accounting platform transferred to the open-source trading platform	NT\$1 million	June 2023	Dotnet Core update The systematic difference from Windows platform transferred to Linux platform
Open-source trading platform for fast and effective trading	NT\$3 million	December 2023	Parallel Processing High Performance Computing
PGA High Frequency Trading System	NT\$3 million	December 2023	Improving Parallel Computing Capabilities Synthesis of higher-order languages circuits Implementing the programmability for trading algorithms on high-speed computing hardware

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

1. Promulgate the order of Article 18-1 of the "Regulations Governing Securities Firms" (As per Order No. Financial-Supervisory-Securities-Zi-11003637896)

Effect on financial operations:

- (1) For any additions by the securities firm to its types of operations or lines of business, any establishment of additional branch offices, and any equity investment in any domestic or foreign enterprises, the application form shall include the "Information Security Self -assessment Table for the Application by the Securities Firm for Additions to Its Types of Operations or Lines of Business, Establishment of Additional Branch Offices, and Equity Investment in Domestic or Foreign Enterprises".

Measures to be taken in response: The Company shall take measures in accordance with the regulations.

2. Promulgate Subparagraph 4, Paragraph 1, Paragraph 4, Article 6 of the "Regulations Governing Securities Firms Accepting Orders to Trade Foreign Securities" (As Per Order No. Financial-Supervisory-Securities-Zi-1100362907)

Effect on financial operations:

- (1) The securities firms meeting the provisions of Article 6-1 may broker trades of the offshore funds "without the character of securities investment trust funds", and shall comply with the following requirements:
 - A. Principals are limited to "high net worth juristic person investors" and "high-asset customers", and the total number of principals shall not exceed 99.
 - B. The securities firm shall sign a contract with the foreign asset management institution thereof or its designated institution, and the contract shall clearly specify that no other institution shall be authorized to accept orders in the country.
 - C. The securities firm shall, within five days from the day when the fund payment is completed, present the investment status form for the offshore funds without the character of securities investment trust funds and report to the Securities Investment Trust and Consulting Association of the R.O.C. (hereinafter referred to the "SITCA"), and shall, before the tenth business day of each month, report the changes of the previous month to the SITCA.
- (2) The securities firms meeting the provisions of Article 6-1 may broker trades of the offshore funds

“without the character of securities investment trust funds” for professional institutional investors and shall report to the SITCA in accordance with the reporting procedures and reporting documents specified in the Subparagraph 3 of the preceding paragraph (Paragraph 4 of Article 6).

Measures to be taken in response: The Company shall take measures in accordance with the regulations.

3. Formulate the securities firms conducting securities lending business shall comply with Article 38 of the “ Regulations Governing Securities Finance Enterprises”, Article 15 of the “Regulations Governing Securities Borrowing and Lending by Securities Firms”, Article 82-2 of the “Operating Rules of the Taiwan Stock Exchange Corporation”, and the relevant requirements to be met when selling in the market (Issue No. Financial-Supervisory-Securities-Transaction-Zi-1100362039)

Effect on financial operations:

- (1) The aggregate total of the balance of selling borrowed securities and the balance of short selling with margin trading shall not exceed 25% of TWSE/TPEX listed shares or number of beneficial units of the securities thereof.
- (2) The balance of selling borrowed securities shall not exceed 10% of TWSE/TPEX listed shares or number of beneficial units of the securities thereof.
- (3) The volume of sales of borrowed securities in the orders in daily intraday session shall not exceed 30% of the daily average transacted volume of the first 30 business days of the securities thereof. However, a securities firm that sells borrowed securities for purposes of meeting hedging needs in connection with put warrant issuance, exchange-traded notes (ETN), conducting structured products and equity derivatives trading business at business locations, acting as a liquidity provider for beneficiary certificates, or a futures dealer acting as a market maker of stock options or stock futures, or a securities firm acting as a stock market maker and providing trading quotes or for purposes of meeting hedging needs, it may be exempted from the restrictions.
- (4) The calculation method relating to the volume and the daily number of shares that can be borrowed and sold referred in the previous point shall be handled in accordance with the announcement of the Taiwan Stock Exchange Corporation.
- (5) Where the aggregate total of the balance of selling borrowed securities and the balance of short selling with margin trading exceeds 20% of TWSE/TPEX listed shares or number of beneficial units of the securities thereof, the relevant matters shall be handled in accordance with the Taiwan Stock Exchange Corporation/Taipei Exchange Operation Directions for the Allocation of Limits for Margin Purchases and Short Sales and for Sales of Borrowed Securities Permitted for Securities Trading.
- (6) The calculation of the number of beneficial units of exchange traded fund beneficiary certificates shall be based on the total number of issued beneficiary units on the previous business day.

Measures to be taken in response: The Company shall take measures in accordance with the regulations.

4. Promulgate the order of Subparagraph 3, Article 15 of the “Securities and Exchange Act” (As per Order No. Financial-Supervisory-Securities-Zi-11003617675)

Effect on financial operations:

- (1) A securities broker acting as the fund sales institution of securities investment trust funds and offshore funds may operate brokerage business for trading and exchanging beneficial certificates of funds. The aforesaid funds refer to the securities investment trust funds and offshore funds set forth in Article 5 of the Securities Investment Trust and Consulting Act but shall not include the funds already listed and traded on the Taiwan Stock Exchange Corporation/Taipei Exchange.
- (2) A company applying for the business referred in the previous point shall apply for the establishment of or conversion into a securities firm in accordance with Article 9 or Article 10-2 of the Standards Governing the Establishment of Securities Firms, or shall apply for the increase of the type of business or business item in accordance with Chapter 6 of the same Standards, and shall submit all of the relevant documentation to the Taipei Exchange for review and report to the FSC for approval.

Response measures to be taken: The Company shall operate brokerage business for trading and exchanging beneficial certificates of funds in accordance with the regulations and submit the aforesaid documentation to the competent authority for application.

5. Amendments to the “Regulations Governing the Offering and Issuance of Overseas Securities by Issuers” (Issue No. Financial-Supervisory-Securities-Issue-Zi-1100335023)

Effect on financial operations:

- (1) In the cases a TIB-listed company carries out cash capital increase through an issue of new shares to be sold in the public offering prior to initial listing, and in the cases a TIB-listed company applying to be reclassified as a generally listed company under Chapter II of the Taiwan Stock Exchange Corporation Rules Governing Review of Securities Listings issues new shares for cash capital increase, the TIB-listed company shall allocate a certain percentage of the aggregate new shares to be publicly offered, and shall ask the securities underwriter and a lawyer to issue an evaluation report, legal opinion, the waiting period for effective registration, and the exemption from the application of the provisions of rejection in such cases. (Amendment to Article 6, 8, 13, and 17)
- (2) In response to the trading method for emerging stocks at the PSB adopting the automatic transaction matching mechanism in accordance with that for TPEx-listed stocks, which is different from the price negotiations driven by the recommended securities firm's quote adopted by the current emerging stock market, therefore, it is added that the definition of the "weighted average trade price for the company's common shares during the period preceding the price determination date" referred in the Rules is applicable to the PSB-listed emerging stock companies. (Amendment to Article 14)

Response measures to be taken: When handling the underwriting business of related companies, the Company shall take measures in accordance with the regulations.

7.6.6 Effect on the company's financial operations of developments in science and technology (including cyber security risks):

1. The era of "FinTech" is coming, and the traditional securities industry faces new challenges. To rise to the challenge of new digital financial development trend, the Company has made preparations, utilizing technologies such as cloud services and big data and developing AI investments, to establish a competitive advantage of finding differences in similarities, conducted employee transformation and cultivation, training employees to utilize FinTech, and integrated digital technology into FinTech innovation to create a digitalized branches and service platform and satisfy investors' trading needs, thereby providing physical branches and business associates with digitalization capabilities, which will be the future core competitiveness of the Company.
2. With the advance of emerging technologies, the risks and challenges related to information security have also increased relatively. In response to these risks, the first and foremost action is to conduct regular information security education and training to improve information security awareness and basic knowledge of all members of the organization. In the aspect of management, the company acquires real-time information related to Information and Communication security to strengthen protection by means of joining the information security analysis and sharing organization to avoid high-risk attacks. The company should conduct regular vulnerability scans required for systems and networks, and where a high-risk weakness or vulnerability is found, it should act in response and make repairs as soon as possible to avoid such weaknesses or vulnerabilities being collected and exploited by hackers to cause harm to the company.
3. As far as the routine system maintenance, in addition to real-time monitoring on the normal operation of the service, it is also necessary to strengthen the collection of events from the core network and system environment for behavior analysis and monitoring on real-time events, making the network and system environment transparent, thereby responding to suspicious information security incidents immediately and reducing potential information security risks. To achieve the above goals, the organization needs to continuously invest appropriate human resources, materials, and finance to support the relevant measures.
4. The Company has taken necessary response measures to face the effect on the company's financial operations of developments in science and technology (including cyber security risks) as well as industrial change.

7.6.7 Effect on the company's crisis management of changes in the company's corporate image, and measures to be taken in response:

The Company always adheres to the operating principles of "Ethics, Stability, Service, Sustainability", and provides high-quality, professional and differentiated services as business philosophy and core value, , strengthens internal control and risk control mechanisms, enhances the company's corporate constitution and competitiveness, and provides professional and comprehensive services for the investing public, so there has been on crisis of changes in the company's corporate image.

7.6.8 Expected benefits and possible risks associated with any merger and acquisitions,

and mitigation measures being or to be taken:

Before the initiation of a merger and acquisition case, the company will conduct all feasibility assessments and seek expert opinions to fully grasp the benefits and accompanying risks that can be generated after mergers and acquisitions, and conduct feasibility assessments, so all risks will be controlled with caution. There is no specific M&A plan by far.

7.6.9 Expected benefits and possible risks associated with any business place expansion, and mitigation measures being or to be taken:

In response to continuous decrease in the trading volume in the securities market for recent years, the Company has adopted measures to consolidate branches and weed out the weak and retain the strong of salespersons, with the main goals of developing FinTech, employing Big Data, providing all-round mobile phone and tablet order placement services, and creating a digitalized branch and service platforms. Therefore, the chance to adopt business place expansion for future development is slim. The Company has complied with the relevant regulations of the competent authority in business place expansion, and has had extensive experience in related establishment application procedures, so the potential risk is limited.

7.6.10 Risks associated with any consolidation of business operations, and mitigation measures being or to be taken:

The Company's major customers include natural persons, legal persons, and qualified foreign institutional investors. There is no such issue that a single customer accounting for the customer structure is overly concentrated.

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

In recent years, the shareholding structure of the Company's major shareholders has not changed significantly, indicating that the company's equity is stable and no associated risks arise.

7.6.12 Effect upon and risk to company associated with any change in governance personnel or top management, and mitigation measures being or to be taken: None.

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

The plaintiff Securities and Futures Investors Protection Center filed a class-action lawsuit against the total 27 defendants including the Company and XPEC Entertainment, requesting compensation for damage caused by the case in violations of the Securities and Exchange Act. The plaintiff sued the Company on August 23, 2017, requesting a total of NT\$4,112 thousand. The case is currently under the trial of the Taiwan Taipei District Court. This case does not have a material impact on shareholders' rights and interests or securities prices.

The plaintiff is one of the Company's customers, claiming that the Company's former salesperson, with the intention of obtaining unlawful gains for himself/herself, did not carry out the purchase/sale of stock according to the brokerage order of the plaintiff and others, and embezzled all the amount paid to purchase shares, a total of approximately NT\$10,000 thousand, by the customer over the years. The former salesperson has been prosecuted by the Taiwan Chiayi District Prosecutors Office for offenses of breach of trust. The plaintiff and others recognized that the former salesperson was a salesperson of the Company when committing a crime, so they filed an incidental civil lawsuit against the Company and the former salesperson on November 8, 2019, requesting the Company and the former salesperson to bear joint and several liabilities for the damage compensation, a total of NT\$9,940 thousand (current

5,940 thousand). The Taiwan Chiayi District Court pronounced the verdict on March 21, 2011, and the Company was determined to win the case. This case does not have a material impact on shareholders' rights and interests or securities prices.

The Company started criminal proceedings against a natural person with the last name Wang on January 11, 2021 for offenses against reputation (and credit) and a violation of criminal aggravated defamation. The case is currently under the investigation of Taiwan Taipei District Prosecutor's Office. This case does not have a material impact on shareholders' rights and interests or securities prices.

The 8 plaintiffs filed a lawsuit claiming that the Company handled the affairs concerning proxy soliciting for attending a shareholders' meeting and voting rights at the shareholders' meeting, as the Company's managerial officer violated the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies when allocating the numbers of votes in the election of directors, and thus caused damage to the rights and interests of 8 plaintiffs. Because the managerial officer of the Company, the plaintiff filed a civil action against the Company and the managerial officer, requesting the Company and the managerial officer to bear joint and several liabilities for the damage compensation, a total of NT\$9,624 thousand. The case is currently under the trial of the Taiwan Taipei District Court. This case does not have a material impact on shareholders' rights and interests or securities prices.

The plaintiff and the other person claimed that the natural person and salesperson Mr./Ms. Chen, with the intention of obtaining unlawful gains for himself/herself, deceived the plaintiff by not telling the truth behind transactions and caused damage to the plaintiff and the other person. Therefore, the plaintiff filed a civil action against the defendant and the Company on August 18, 2021, requesting the Company to bear joint and several liabilities for the damage compensation in a total amount of NT\$52,000 thousand. The case is currently under the trial of the Taiwan Taipei District Court. This case does not have a material impact on shareholders' rights and interests or securities prices.

The defendant, a client of the Company's Brokerage Dept., who failed to fulfill the settlement obligations, has been reported a default on the record by the Company. The Company first carried out the settlement procedures with its own assets in accordance with the regulations of the stock exchange, and filed a lawsuit against the defendant on December 6, 2021, requesting for the payment of a stock settlement amount of NT\$115 thousand. The case is currently under the trial of the Taiwan Taipei District Court. This case does not have a material impact on shareholders' rights and interests or securities prices.

The plaintiff filed a lawsuit claiming that the natural person and salesperson Mr./Ms. Chen, with the intention of obtaining unlawful gains for himself/herself, deceived the plaintiff by not telling the truth behind transactions and caused damage. Therefore, the plaintiff filed a civil action against the defendant and the Company on February 15, 2022, requesting the Company to bear joint and several liabilities for the damage compensation in a total amount of NT\$16,000 thousand. The case is currently under the trial of the Taiwan New Taipei District Court. This case does not have a material impact on shareholders' rights and interests or securities prices.

As the Company's Yanping (formerly known as Chengchung) Branch customer was reported a default on October 2, 2006, the Company filed a motion to Taiwan Taipei District Court for issuance of a payment order in a total amount of NT\$289 thousand on December 15, 2016. The payment order has been determined. Now the debtor is in the process of paying off the debt. This case does not have a material impact on shareholders' rights and interests or securities prices.

As the Company's Taichung (formerly known as Yuanlin) Branch customer was reported a default on September 9, 2008, the Company made a settlement transcript with the debtor in Taiwan Taichung District Court in a total settlement amount of NT\$4,041 thousand on June 4, 2009, which has been replaced with a Certificate of the Obligatory Claim. Because the customer passed away on May 6, 2020, the Company applied for compulsory enforcement and compensated in the amount of NT\$680 thousand. The case was closed. This case does not have a material impact on shareholders' rights and interests or securities prices.

As the Company's Taichung (formerly known as Yuanlin) Branch customer was reported on September 9, 2008, the Company made a settlement transcript with the debtor in Taiwan Taichung District Court in a total settlement amount of NT\$2,917 thousand on June 4, 2009. The Company applies for compulsory enforcement; however, the amount is not paid off, which has been replaced with a Certificate of the Obligatory Claim. The company will continue to claim for recovery from the debtor. This case does not have a material impact on shareholders' rights and interests or securities prices.

As the Company's Taichung Branch customer was reported a default on February 23, 2009, the Company filed a motion to Taiwan Changhua District Court for issuance of a payment order in a total

amount of NT\$5,996 thousand on March 2, 2009. The payment order has been determined. Now the Company applies for compulsory enforcement; however, the amount is not paid off, which has been replaced with a Certificate of the Obligatory Claim. The company will continue to claim for recovery from the debtor. This case does not have a material impact on shareholders' rights and interests or securities prices.

As the Company's Taichung Branch customer was reported a default on February 23, 2009, the Company filed a motion to Taiwan Changhua District Court for issuance of a payment order in a total amount of NT\$6,119 thousand on March 2, 2009. The payment order has been determined. Now the Company applies for compulsory enforcement; however, the amount is not paid off, which has been replaced with a Certificate of the Obligatory Claim. The company will continue to claim for recovery from the debtor. This case does not have a material impact on shareholders' rights and interests or securities prices.

As the Company's Yonghe Branch customer was reported a default on May 19, 2017, the Company filed a motion to Taiwan Shihlin District Court for issuance of a payment order in a total amount of NT\$73,147 thousand on July 18, 2017. The payment order has been determined. Now the Company applies for compulsory enforcement; however, the amount is not paid off, which has been replaced with a Certificate of the Obligatory Claim. The company will continue to claim for recovery from the debtor. This case does not have a material impact on shareholders' rights and interests or securities prices.

As the Company's Yonghe Branch customer was reported a default on May 19, 2017, the Company filed a motion to Taiwan New Taipei District Court for issuance of a payment order in a total amount of NT\$12,527 thousand on July 18, 2017. The payment order has been determined. Now the debtor is in the process of paying off the debt. This case does not have a material impact on shareholders' rights and interests or securities prices.

As the Company's Renai Branch customer was reported a default in May 2018 and the customer did not repay the amount as scheduled after an agreement was reached, the Company filed a motion to Taiwan Taipei District Court for ruling on promissory notes in a total amount of NT\$2,520 thousand in July 2018. The ruling on promissory notes has been determined. Now the Company applies for compulsory enforcement; however, the amount is not paid off, which has been replaced with a Certificate of the Obligatory Claim. The company will continue to claim for recovery from the debtor. This case does not have a material impact on shareholders' rights and interests or securities prices.

As the Company's Shipai Branch customer was reported a default on November 2018, the Company filed a motion to Taiwan Shihlin District Court for issuance of a payment order in a total amount of NT\$3,397 thousand in December 2018. The payment order has been determined. Now the Company applies for compulsory enforcement; however, the amount is not paid off, which has been replaced with a Certificate of the Obligatory Claim. The company will continue to claim for recovery from the debtor. This case does not have a material impact on shareholders' rights and interests or securities prices.

As the Company's Shipai Branch customer was reported a default on November 2018, the Company filed a motion to Taiwan New Taipei District Court for issuance of a payment order in a total amount of NT\$959 thousand in December 2018. The payment order has been determined. Now the Company applies for compulsory enforcement; however, the amount is not paid off, which has been replaced with a Certificate of the Obligatory Claim. The company will continue to claim for recovery from the debtor. This case does not have a material impact on shareholders' rights and interests or securities prices.

As the Company's Kaohsiung Branch customer was reported a default on February 3, 2020, the Company filed a motion to Taiwan Taipei District Court for ruling on promissory notes in a total amount of NT\$171 thousand in February 2020. The ruling on promissory notes has been determined. Now the Company applies for compulsory enforcement; however, the amount is not paid off, which has been replaced with a Certificate of the Obligatory Claim. The company will continue to claim for recovery from the debtor. This case does not have a material impact on shareholders' rights and interests or securities prices.

As the Company's Brokerage Department customer was reported a default on November 6, 2020, the Company filed a motion to Taiwan New Taipei District Court for provisional attachment, and a ruling of approved was made and filed a motion to Taiwan New Taipei District Court for issuance of a payment order in a total amount of NT\$136 thousand in January 2021. The payment order has been determined. Now the Company applies for compulsory enforcement; however, the amount is not paid off, which has been replaced with a Certificate of the Obligatory Claim. The company will continue to claim for recovery from the debtor. This case does not have a material impact on shareholders' rights and interests or securities prices.

As the Company's Brokerage Department customer was reported defaults on April 20, 2021 and April 22, 2021, with a total default amount of NT\$622 thousand. Because the customer passed away right after the default, the Company filed a motion to Taiwan Taoyuan District Court for electing an administrator of the estate on August 17, 2021. However, after reading the list of the debtor's property investigated by the court ex officio, the comprehensive assessment has no benefit in execution, so the petition of the estate administrator is withdrawn, and the case is closed. This case does not have a material impact on shareholders' rights and interests or securities prices.

As the Company's Neihu Branch customer was reported a default on December 30, 2021, the Company filed a motion to Taiwan Taipei District Court for ruling on promissory notes in a total amount of NT\$661 thousand on February 10, 2022. Now the debtor is in the process of paying off the debt. This case does not have a material impact on shareholders' rights and interests or securities prices.

Due to excess-of-loss event on February 6, 2018, Concord Futures, one of the Company's important subsidiaries, has conducted civil debt settlement and compensation for damages with a total of 8 investors since June 2018, a lawsuit requesting a total of 237,904 thousand. At present, Concord Futures has won most of the cases in the first instance judgment rendered by the Taiwan Taipei District Court. The cases are appealed to the Taiwan High Court and under the trial of the Supreme Court. This case does not have a material impact on shareholders' rights and interests or securities prices.

Due to the event of a negative price of overseas small light crude oil on April 21, 2020, Concord Futures, one of the Company's important subsidiaries, has conducted civil debt settlement and compensation for damages with a total of 3 investors since October 2020, a lawsuit requesting a total of 16,585 thousand. At present, Concord Futures has won one of the cases in the first instance judgment rendered by the Taiwan Taipei District Court, and the rest of cases are under the trial of Taiwan Taipei District Court and Taiwan High Court. This case does not have a material impact on shareholders' rights and interests or securities prices.

7.6.14 Other important risks, and mitigation measures being or to be taken: None.

7.7 Other important matters

7.7.1 Intellectual Property Management Plan:

The future development and decisive battlefield for the securities industry lie in technology. The Company makes all-out efforts to develop FinTech and sees Fintech talent and development as its core values to enhance its independent design and development capabilities of information systems. To keep core value and sustainable competitiveness, the Company has set up the patent review task force in August 2016, dedicated to intellectual property management and promotion. The convener of the patent review task force is the President, and the task force members include supervisors of business, IT, and compliance units.

The Company has specially formulated the Patent Application and Incentive Measures to encourage co-workers to take initiative in innovation at work and translate their work achievement into profit-making means for the Company. As long as a co-worker proposes a creative idea, he/she can be rewarded with bonus for encouragement. Once the patent right is obtained after application and real revenue has been generated for the Company, the co-worker can also join the profit-sharing scheme.

1. Implementation status

- (1) Providing "Taiwan Intellectual Property Management System" (TIPS) trade secret education and training courses from 2014
- (2) Formulating the Patent Application and Incentive Measures as the basis for patent applications and rewards in 2016
- (3) Providing the education and training course on trade secret and non-competition related disputes as well as case study from 2017
- (4) There have been co-workers filing patent applications every year since 2018; the Company has obtained its first patent in October 2020
- (5) In addition to filing Taiwanese patent applications, the Company also applied for China's patents in 2020
- (6) The implementation status of the Company's intellectual property management plan was reported to the board of directors in December 2020
- (7) Providing the education and training course on "Introduction to the Intellectual Property System and the Current State of FinTech Intellectual Property" in April 2021
- (8) [RichIP Patent & Trademark Office] was renamed to [Sigma IPR Intellectual Property Law Firm] in 2021, and two new intellectual property mandatories of [RichIP International Patent & Trademark Firm] and [Talent Attorneys-at-laws] were added.

(9) The implementation status of the Company's intellectual property management plan was reported to the board of directors in December 2021.

2. Achievement of obtaining intellectual property

Patents: As of December 31, 2021, a total of 3 patents have been approved in other countries and are still valid, and a total of 1 patent in other countries are under application.

Status	Invention in Taiwan	Invention in China	Total
Approved and Valid	3 (Note)	0	2
Under application	0	1	1

Note:

Name of Patent	Date of Acquisition	Patent Expiration Date	Remark
Transaction Distribution Device and Method	October 1, 2020	October 1, 2020 ~ May 30, 2039	-
Material Information Risk Early Warning Device and Method	January 11, 2021	January 11, 2021 ~ October 29, 2039	-
Risk Control Device and Method	January 1, 2022	January 1, 2022 ~ June 16, 2040	-

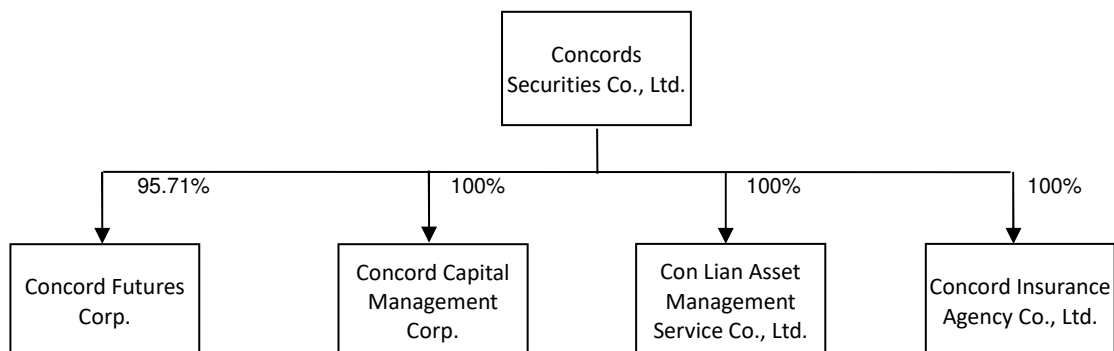
VIII. Special Disclosure

8.1 Summary of Affiliated Companies

8.1.1 Consolidated Business Report

8.1.1.1 Organizational chart of affiliated enterprises

December 31, 2021



8.1.1.2 Name, date of incorporation, address, paid in capital, and main business items of affiliated enterprises

March 31, 2022

Name of Enterprise	Date of Incorporation	Address	Paid in Capital	Main Business Item
Concord Capital Management Corp.	May 25, 1988	9F., No. 176, Sec. 1, Keelung Rd., Xinyi Dist., Taipei City 110056, Taiwan (R.O.C.)	NT\$70,000,000	Securities investment consulting business
Concord Futures Corp.	July 7, 1999	5F., No. 143, Fuxing N. Rd., Songshan Dist., Taipei City 105611, Taiwan (R.O.C.)	NT\$815,000,000	Domestic and foreign futures dealership, brokerage, and advisory business
Con Lian Asset Management Service Co., Ltd.	September 5, 2003	14F., No. 176, Sec. 1, Keelung Rd., Xinyi Dist., Taipei City 110056, Taiwan (R.O.C.)	NT\$549,000,000	Investment, business management advisory services and asset management services
Concord Insurance Agency Co., Ltd.	October 4, 2013	10F., No. 176, Sec. 1, Keelung Rd., Xinyi Dist., Taipei City 110056, Taiwan (R.O.C.)	NT\$25,000,000	Life insurance agency and property insurance agency

8.1.1.3 Information on directors, supervisors, and presidents of affiliated enterprises:
April 15, 2022

Name of Enterprise	Title	Name or Representative	Current Shareholding	
			Shares	%
Concord Capital Management Corp.	Chairperson	David Lay Jung	7,000,000	100.00%
	Director	Chao, Kao-Shen		
	Director	Huang, Tien-Chang		
	Supervisor	Lee, Chin-Shen		
	President	Huang, Yi-Ting		
Concord Futures Corp.	Chairperson	Kang, Ching-Tai	78,005,571	95.71%
	Vice Chairperson	Yeh, Kuang-Chang		
	Director	Cheng, Ta-Yu		
	Director	Chiu, Jung-Chen		
	Director	Cheng, Hung-Tai		
	Supervisor	Su, Hui-Fen	465,294	0.57%
	Supervisor	Tung Kuo, Shu-Li	129,362	0.16%
	Supervisor	Cheng, Tai-Cheng	362,009	0.44%
	President	Wang, Wen-Hao	152,181	0.19%
Con Lian Asset Management Service Co., Ltd.	Chairperson	Liu, Kuo	54,900,000	100.00%
	Director	Wang, Chin-Hsiang		
	Director	Chen, Kuo-Hsiung		
	Director	Cheng, Hung-Tai		
	Supervisor	Kang, Ching-Tai		
Concord Insurance Agency Co., Ltd.	Chairperson President	Wang, Ya-Ping	2,500,000	100.00%
	Director	Cheng, Ta-Yu		
	Director	Yen, Chih-Lung		
	Supervisor	Chen, Hong-Chien		

8.1.1.4 Business operations of affiliated enterprises: (for the fiscal year of 2021)

Expressed in thousands of NT\$

Name of Enterprise	Capital	Total Assets	Total Liabilities	Net Value	Operating Revenue	Operating Income (Loss)	Current Profit (Loss)	Earnings (Loss) Per Share
							(After Tax)	(NT\$) (After Tax)
Concord Capital Management Corp.	70,000	90,412	5,146	85,266	22,710	(6,102)	(6,333)	(0.90)
Concord Futures Corp.	815,000	6,771,649	5,489,221	1,282,428	694,484	86,423	97,888	1.20
Con Lian Asset Management Service Co., Ltd.	549,000	565,763	235	565,528	0	(3,186)	(10,228)	(0.19)
Concord Insurance Agency Co., Ltd.	25,000	24,855	1,849	23,006	7,977	(3,598)	(3,257)	(1.30)

8.1.2 Declaration Of Consolidation Of Financial Statements Of Affiliates

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, 2021 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 CHENG, TA-YU

March 17, 2022

8.1.3 Reports of Affiliation: There is no such circumstance that preparing the reports on affiliations is necessary.

8.2 Private Placement Securities in the Most Recent Years: None.

8.3 The Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent Years: None.

8.4 Other Necessary Supplement: As of December 2021, our capital adequacy rate stood at 363%, As of March 2022, our capital adequacy rate stood at 311%.

IX. Occurrences of items that may give rises to substantial impact on shareholders’ interests and/or stock price as defined in NO.3-2 Article 36 of Securities and Exchange Law in the latest fiscal year including the days counting to the publication of the annual reports: None.



CONCORD

Concord Securities Co., Ltd.

Chairman

CHENG, TA-YU



CONCORD

康和綜合證券
Concord Securities Co., Ltd.

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