



Concord Securities Co., Ltd. 2022 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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Overseas Securities Exchange: None.

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I. Letter to Shareholders

Overview of Business Operation for FY2022

Looking back at 2022, although the world continued to be impacted by the COVID-19 pandemic, but with a general rebound in economic performance with the arrival of the post-pandemic era, corporate profits have climbed and the stock market has performed well in 2021. Therefore, countries around the world remained optimistic about economic development prospects in 2022. However, the Russian-Ukrainian war broke out in late February when Russia invaded Ukraine and still continues to this day. The global economy is paying a high price, including slowing economic growth and higher-than-expected price spikes, creating a serious inflationary problems around the world. To curb runaway inflation, the U.S. Federal Reserve (FED) has adopt a tightened monetary policy, seeing four consecutive 75 basis increases in interest rates. The cumulative interest rate hikes for the year amounted to 425 basis. The Federal Funds Rate rose sharply from 0~0.25% at the beginning of the year to 4.25~4.5%, the most aggressive rate hike since the 1980s. Furthermore, the energy crisis in Europe, a wave of layoffs in the technology industry, and China's continued lockdown control policies have caused most stock markets around the world to experience double-digit declines in 2022. To sum up the performance of Taiwan stocks in FY2022, although the market hit a record high of 18,619.61 points on January 5 under a bullish investment sentiment in January, it was subsequently affected by the Russian-Ukraine war, hikes in inflation, and China's pandemic lockdown control and other negative factors, which caused a heavy drop in the overall volume of Taiwan stocks, with the total average daily volume of the centralized market and OTC market (excluding bonds) being NT\$304.13 billion, a significant decline of 36.2% from FY2021. The full-year index fell 4,081.15 points, or 22.4%, to close at 14,137.69 points. The total market value of listed stocks was NT\$44.26 trillion, down NT\$12.02 trillion from NT\$56.28 trillion at the end of last year.

The Company reported consolidated revenue of NT\$2,056,778 thousand in FY2022, net income after tax of NT\$143,700 thousand, translating to loss per share of NT\$0.25. At the end of FY2022, the total equity was NT\$7,897,771 thousand and the net value per share was NT\$13.19. In terms of financial ratios, the Company has a current ratio of 108.87% and a debt ratio of 77.97%, showing a stable overall financial structure. The Company obtained a national long-term rating of A- (tw) and a national short-term rating of F2(tw) affirmed by Fitch Ratings in 2022, with the outlook remaining stable.

Overview of Operating Results for 2022

In respect of brokerage business, the Company's brokerage market share was 0.94%, and the financing balance market share was 2.0% for FY2022. 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. In the first quarter of 2022, the Company launched a new high-frequency trading system "Combo", which has been well received by customers since launch and continues to offer optimized functions, with a trading volume of more than NT\$30 billion in the whole year. The 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\$21 billion with the "Fast Earn 1.0" in 2018 to NT\$90 billion with the "Fast Earn 4.0" in 2022. At the same time, the Company has also formed cross-industry alliances with LiTV and the Good Sense app to develop new accounts through digital diversion, attract younger employees and clients through

organizational restructuring, and continue to stringently control risks to increase quality financing assets and enhance the competitiveness of the Company's brokerage business. In respect of wealth management business, the company continuously promotes four product services in funds, sub-brokerage, insurance, and securities lending, moving the development from traditional brokerage services toward "stock income", so as to increase diversified income of the Brokerage Department.

In terms of our proprietary business, the US and European markets experienced the largest surge in inflationary hikes in 40 years in 2022, starting with the record-sized injection of funds during the COVID-19 pandemic, coupled with the rise in demand for electronics products due to work-at-home. However, supply and logistics were affected due to various impacts from the pandemic, and the serious imbalance between supply and demand drove up prices of various upstream components, etc. This was further exacerbated by the Russian-Ukrainian war. In 2022, due to the accelerated interest rate hikes by central banks, led by the U.S. Federal Reserve, asset valuations in major global equity markets trended downward. The proprietary division benefited from portfolio management and risk control mechanisms, and was able to contain losses for the year despite the largest inflation in the U.S. and Europe in 40 years and the troubled cross-strait relations. The trading, asset allocation and risk management strategies adopted by the Proprietary Trading Dept., mainly including: 1) lowering the average shareholding level and increasing the liquidity of holdings; equity and industry leaders have stability and liquidity; 2) Increase the speed and flexibility of shareholding level adjustment in response to rapid environmental changes; 3) Investment portfolio to benefit from inflation, natural gas substitution, etc. in line with ESG strategies, and benefits from U.S.-China competition and other counter-cyclical stocks .

In terms of underwriting business, due to the impact of the COVID-19 pandemic, it is still difficult to develop overseas business ventures and expansions in Taiwan, but our business as domestic IPO lead underwriters have fared well; we have signed lead underwriting contracts for TABP, Jioushun, Meribank, Yi Chun Green Technology, Merdury, and REGiMMUNE. We have also signed on as co-managers for domestic IPO projects, including IPEVO, Mortech, JTV, Revivegen, Tan De Technology, and Game Hours. We have also provided consulting to Ofuna Technology in its listing review process and successful listing on TPEx in June 2022. Our underwriting business (IPO, SPO) has a market share of 0.52% in 2022, ranking us 21st in Taiwan. The Company will continue to cultivate Taiwanese listed companies (including emerging stocks, Pioneer Stock Board, Strategic New Board and Taiwan Innovation Board) to provide customers with complete services.

In terms of the bond market, the year 2022 was a difficult year for the global bond market, as countries gradually emerged from impact of COVID-19 and welcomed the return of economic growth. However, the outbreak of the Russian-Ukrainian war led to high oil prices and the failure to restore the supply chain, which led to runaway inflation. Central banks have adopted fiscal tightening policies to curb inflation, with the United States is being one of the most aggressive; in less than a year, the Federal Reserve raise the benchmark interest rate to 4.25 ~ 4.50%. During this period, the Central Bank also followed suit and raised interest rates, thus pushing up the cost of funds in the market. The bond market was under pressure from sell-offs and the rise in yield rates. Taiwan's bond market has been shorting since the Central Bank conference in March concluded with a rise in interest rates by 0.25 percentage points, along with the liquidity crunch and short interest pressure in the international bond market, every time when the new bonds are put up for sale, the market participants' confidence in holding the bonds becomes weaker, which affects the willingness to trade and limits the scope of profit-making.

With respect of financial derivatives, the Company issued a total of 1,230 warrants in a total

amount of NT\$8.482 billion in 2022. The number of warrants issued ranked 11th in the industry. In addition to expanding the scale of warrant issuance and market-making business, the Company continues to strengthen the research and development of new financial derivatives and services, and optimizes various trading strategy modules and products.

In 2022, Concord Futures made a profit of NT\$117,439 thousand after tax, with a domestic sales volume of 20.49 million option contracts, ranking 7th among futures commission merchants in Taiwan, and a total overseas sales volume of 2.56 million futures contracts in total, ranking 7th among futures commission merchants in Taiwan. Overseas futures are one of Concord's key business promotion strategies in 2022. The Company held the "Overseas Futures during Lunar New Year, Concord Sends Love", "Overseas Futures Loyal Customers, Stay at The Lalu Sun Moon Lake On Us", and other promotion campaigns one after another, facilitating new customers to open accounts and existing clients to continue making transactions. This allows the Company's products to take the market by storm and supports overseas futures business development.

Concord Capital Management's had an after-tax loss of NT\$4,939 thousand in 2022. Business strategies for 2022 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 the outlook for 2023, as a professional agent of overseas funds, Concord Capital Management will continue to improve its branded funds product line, increase its sales channels and act as an administrative assistant for foreign asset managers in the hope of regaining profitability as soon as possible.

Concord Insurance Agency had a after-tax loss of NT\$3,530 thousand in 2022. The company's insurance sales model is mainly based on wealth management channel services. Life insurance business declined by 46% and 15% in overall life insurance premium income and commission income respectively compared to FY2021 due to the impact of the appreciation of the US dollar and inflation driven by the Russia-Ukraine war and the surge in COVID-19 epidemic in the second quarter of the year. After the official launch of property insurance business in September 2021, we achieved dual business scope of property and life insurance. Although the sales of property insurance business increased in the first quarter due to the effect of the suspension of COVID-19 insurance policies, and commission income from property insurance business accounted for 13% of the operating income, the loss taken property insurance companies due to the exponential increase in of COVID-19 insurance claims led to the adjustment and cancellation of high commission and lucrative niche products by property insurance companies, and the underwriting trend of property insurance companies became conservative, which was not conducive to business development.

Concord Asset Management saw a after-tax loss of NT\$12,195 thousand in 2022. The Company's Board of Directors resolved to dissolve the Company in liquidation and the process is underway.




Awards and recognition the Company received in 2022 include:

- Concord Securities won the four awards of 19th National Brand Yushan Award in 2019, including the "Outstanding Enterprise," "Outstanding Business Leader," "Best Product," and "Most Popular Brand."
- Awarded the 3rd "Gold Award for Happiest Employees" by 1111 Job Bank.
- Received the Silver Award in the Finance and Insurance category of ESG Reports for the 15th TCSA Taiwan Corporate Sustainability Awards.
- Awarded the "Best Smart Financial Management Award" in the Non-Financial Holding category of the "2022 Securities Excellence Awards".
- Awarded first place in the "2022 Annual Warrant Issuer Awards" by the TWSE.
- Rated as the best performing non-financial holding independent brokerage firm in the "2021 Annual Institutional Investor Due Diligence Governance Evaluation".
- The "Risk Control Device and Method" was awarded a financial invention patent.

The year 2023 is expected to be a year full of challenges and opportunities. The Company will continue to strengthen its corporate governance, instill the spirit and concrete actions of ESG into every employee and implement them in daily life, uphold the four management principles of the Company, strengthen the integration of the Group's resources, and achieve the goal of corporate sustainability. In addition, we shall focus on our core business and provide differentiated securities and financial services based on our key strengths to help our customers make the most comprehensive investment and financial planning and establish a long-term partnership with them for mutual growth. We shall also continue to strengthen the monitoring and management of the performance of each business unit and division, and carry out prudent risk control and internal control mechanisms to enhance the competitiveness of each business. On digitalized financial services, the Company has been actively recruiting professional IT talents in recent years, and has received recognition for a number of patents, demonstrating the results of our efforts in information security, financial technology and data innovation, so as to provide customers with more diversified and high-quality product choices. Looking ahead, the Company will not rule out the feasibility of various collaboration or new investment opportunities in the diversification of business development. We hope to increase our sources of profitability through business collaboration and diversified investment. The management team and all employees will continue to leverage our influence as financial professionals to move toward the ESG management goals of responsible investment, inclusive finance, fair treatment of customers, friendly environment, social care, and due diligence.

The Company has always adhered to its management philosophy of "Ethics, Stability, Service, Sustainability". With the joint and concerted efforts of our employees and the steadfast support of our customers, we have continued to develop steadily. Last year, we launched an employee stock ownership trust in order to enhance the welfare of our employees and motivate them to improve the effectiveness of our operations, hoping to create a mutually beneficial situation for our employees, the Company and our shareholders. This year, the Company shall continue to build on its strengths, integrate resources in various securities services systems, build diversified revenues by focusing on core areas, implement operational plans, enhance profitability, and strengthen our



information systems with professional research and development capabilities to supplement the profitability of our major businesses such as "brokerage", "underwriting", and "proprietary dealer business", and provide convenient, diversified and competitive products and high value-added financial services that exceed customers' expectations through continuous improvement and innovation, and strengthening internal control and risk management mechanisms. 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

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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
		Renamed the Brokerage Department and Hsinyi Branch Office to Taipei Branch Office and Brokerage Department of the Headquarters, respectively
2001	July	
	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
		Established Con Lian Asset Management Service Co., Ltd. through investment
2003	September	
	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
		Established Wealth Management Dept. for wealth management business
2007	November	

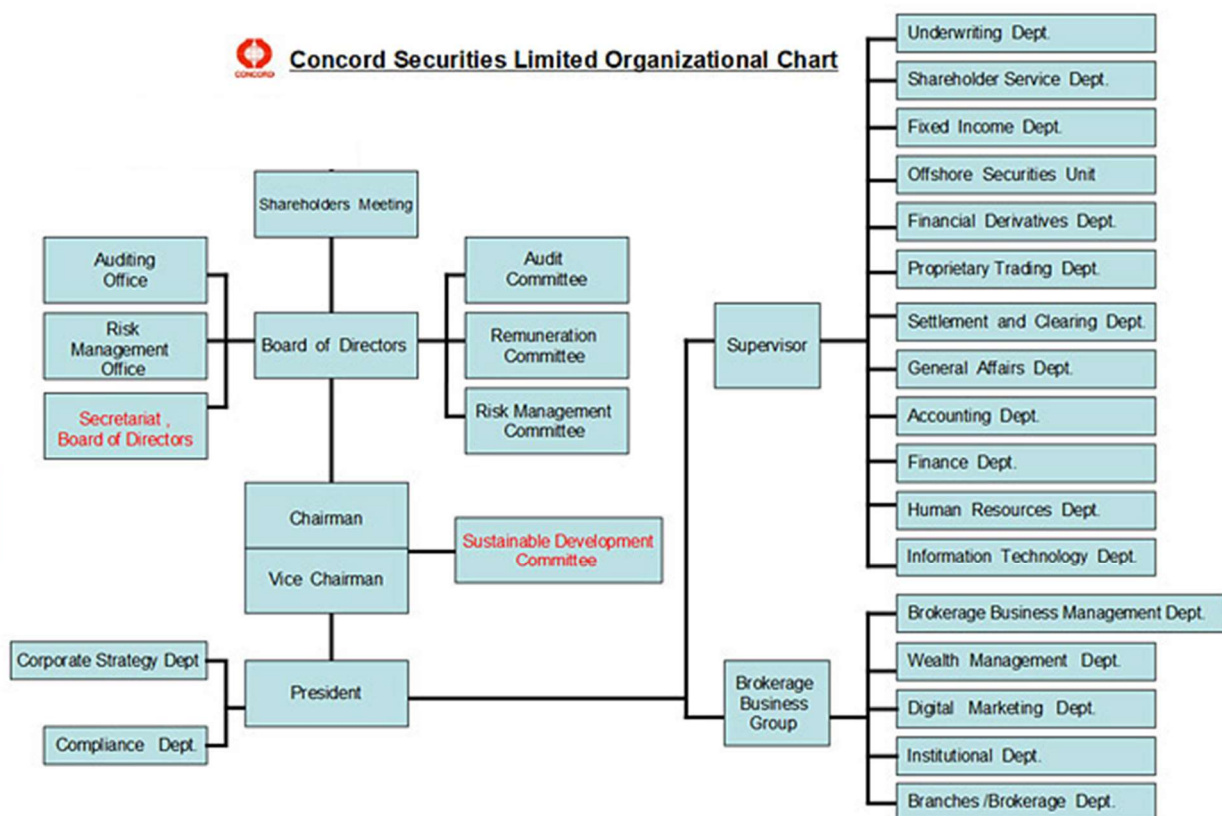
	December	Co-merged "Sunrises Investment Trust Corp." with KBC Group
2008	March	Renamed the invested Sunrises Investment Trust Corp. to KBC Concord Asset Management Co., Ltd.
2011	March	Value Partners Group, a listed company on the Hong Kong Stock Exchange (Stock code: 806 HK), acquired stake in KBC Concord 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



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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

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3.2 Directors, Supervisors and Management Team

3.2.1 Directors

April 9, 2023

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	9,679,603	1.63	-	-	-	-	-	None	-	-	-	None
	Taiwan, R.O.C.	Representative: Cheng, Ta-Yu	Male 46~50	July 12, 2021	3 years	May 30, 2003	-	-	5,013,369	0.84	2,603,240	0.44	-	-	Fairleigh Dickinson Master of Science in Management Information Systems from University Chairperson of Concord Futures Corp.	Director of Concord Futures Corp. Governor of Taiwan Private Equity Association Governor of Taiwan Securities Association Convener of Research and Development Committee, Taiwan Securities Association Convener of Education and Training Committee, Taiwan Securities Association	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	9,679,603	1.63	-	-	-	-	-	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. Adjunct Professor, Dept. of Law, National Chung Hsing University	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	9,679,603	1.63	-	-	-	-	-	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	Dean, School of Financial Technology, Ming Chuan	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	
															(Finance), National Chiao Tung University 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.	University Professor of Dept. of Finance, Ming Chuan University Supervisor of Moai Green Power Corporation Supervisor of YAPP MARKETING CO., LTD. Supervisor 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 Popeye Marine Biotechnology 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. Supervisor of Ho Chang International Contractor Co., Ltd.	Director of Hwang Chang General 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. Director of Ching Hua Hotel Co., Ltd. Director of KOMPHORT ROYAL LIFE ENTERPRISE CO., LTD.	Supervisor of San Hua Ying Industrial Co., Ltd. Director of RIGUAN CO., LTD. Director of Hong Yuan Investment Co., Ltd. Director of Chuan Hui Investment Co., Ltd. Chairperson of Ming Yi Investment Co., Ltd. Chairperson of Ming Chao Investment Co., Ltd. Director of Dong Hong Investment Co., Ltd. Chairperson of Double Brighten Limited Chairperson of Li Chin Management Consulting Limited Chairperson of Tai Li Management Consulting Limited	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	
																Supervisor of Concord Investment Co., Ltd. Chairperson of Sun-Chuan Publishing Co., Ltd. Supervisor of Hui Min Investment Co., Ltd. Supervisor of Hui Ju Investment Co., Ltd. Supervisor of Hui Shuo Investment Co., Ltd. Chairperson of Tzu Chuan Investment Co., Ltd. Supervisor of Tzu Hui Enterprise Co., Ltd. Director of Jia Yi Corp.				
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 71~75	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 46~50	July 12, 2021	3 years	December 12, 2000	-	-	0	0	0	0	0	0	CARNEGIE MELLON UNIVERSITY ECONOMICS Director of FEDERAL CORPORATION	Director of Da Tien Investment Co., Ltd. Director of Da Yuan Construction Co., Ltd. Director of Yuan Long Development Co., Ltd. Director of Taiwan LOHAS Service Development Association Supervisor of Chun Tung Asset Management Co., Ltd. Director of Chinese Culture and Social Welfare Fund Supervisor of LOHAS Social Enterprise 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	3.47	22,239,881	3.74	-	-	-	-	-	None	-	-	-	None
	Taiwan, R.O.C.	Representative: Li, Chuang-Yuan (Note 2)	Male 76~80	August 1, 2021	3 years	August 1, 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 Textile Co., Ltd. Chairperson of Jih Chuan Machinery Industry Co., Ltd. Director of China	Chairperson of Ta Yeh International Investment Co., Ltd. Director of JU-KAO ENGINEERING CO., LTD. Supervisor of Asia Hepato Gene Co. Chairperson of BIOCHINA	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	
															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. Director of Kang-Ning General Hospital					
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	Dept. of Civil and Construction Engineering, National Taiwan University of Science and Technology Assistant Engineer, Dept. 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. Senior Technician of Jing Fu Xiang Construction Co., Ltd.	Partnership Accountant of Yun Cheng CPA Firm Senior Technician of Mao Zhan 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, Dept. of Business Administration, National Changhua University of Education	Independent Director of HERAN Co., Ltd. Independent Director of Yi Jinn Industrial Co., Ltd. Director of Concord Capital Management Corp. Director of THE FIRST LEASING 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	
Independent Director	Taiwan, R.O.C.	Huang, Hsiu-Hui	Female 56~60	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 Legal adviser of the Taichung City Government Member of the Taichung City Election Commission Adjunct Lecturer of Securities and Exchange Act and Financial Regulations, Asia University	Managing Partner of Yung Lu Ke Ssu Law Firm Chairperson of GREEN SYNERGY BIOTECH TRADE CO., LTD. Member of the Committee of Employment Discrimination, Central Taiwan Science Park, National Science Council, Executive Yuan 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.

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Major shareholders of the institutional shareholders

March 31, 2023

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 48.57%
Jia Yi Corp.	Jiayi Social Welfare Foundation 14.29%、Haiken Social Welfare Foundation 14.29%、Rising Sun Education Foundation 14.29%、Tsai, Yueh-Lin 4%、Tsai, Sung-Po 9.29%、Tsai, Yueh-Chuan 4%、Huang, Yu-Chen 9.42%、Huang, Yu-Po 9.42%、Huang, Yu-Hua 9.42%、Roger Huang 9.86%、Yu, Shu-Ting 1.71%
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. 14.575%、Chen, Tzu-E 3.8%
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, 2023

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. 45.46%、Kang He Development Co., Ltd. 44.75%、Wan-Fang Development Co., Ltd. 8.11%、Tai Yang Development Co., Ltd. 1.68%
Jiayi Social Welfare Foundation	-
Haiken Social Welfare Foundation	-
Rising Sun Education Foundation	-
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 46-55	Age 56-65	Age 66-76	Years of service as an Independent Director of the Company	Independence Status	Member of the Audit Committee	Not under any of the circumstances set forth in Article 30 of the Company Act												
	Cheng, Ta-Yu	Taiwan, R.O.C.	Male	-	-	0	✓	-	-	-	-	-	-	✓	✓	✓	✓	○	○			✓	✓		
	Jinnder Chang	Taiwan, R.O.C.	Male	-	-	3	-	-	✓	10 (Note2)	-	-	-	✓	✓	✓	✓	○	○	✓	○	✓	✓		
	Lee, Chin-Shen	Taiwan, R.O.C.	Male	-	-	0	-	✓	-	6 (Note2)	-	-	-	✓	✓	○	✓	○	○	○		○	✓		
	Chen, Qiong-Ling	Taiwan, R.O.C.	Female	-	-	0	-	-	✓	-	-	-	-	✓	✓	○	✓		○	○	○	○	✓	✓	
	Tsai, Sung-Po	Taiwan, R.O.C.	Male	-	-	0	-	-	✓	-	-	-	-	✓	○	✓	○			○		○	✓	✓	
	Yang, Ming-Wang	Taiwan, R.O.C.	Male	-	-	0	-	-	✓	-	-	-	-	✓	✓	✓	✓	○	○	○	○	○	✓	✓	
	Ma, Pei-Chun	Taiwan, R.O.C.	Female	-	-	0	✓	-	-	-	-	-	-	✓	✓	○	✓						✓	✓	
	Li, Chuang-Yuan	Taiwan, R.O.C.	Male	-	-	0	-	-	✓	-	-	-	-	✓	○	✓	✓	✓	✓	○	○	✓	✓		

Cores of Diversification	Basic Background										Industrial Experience							Professional Abilities									
	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	Finance and Risk Management	Accounting	Law	Others		
						Age 66-76	Age 56-65	Age 46-55		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
Name	Taiwan, R.O.C.	Male	-	-	0	-	-	✓	5	✓	✓	✓	✓	✓	✓	✓	○	✓	○	✓		○					
Chang, Yao-Ren	Taiwan, R.O.C.	Male	-	-	2	-	-	✓	3	✓	✓	✓	✓	✓	✓	✓	✓	○	○	○	✓	✓					
Huang, Tien-Chang	Taiwan, R.O.C.	Female	-	-	0	-	✓	-	3	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓						
Huang, Hsiu-Hui	Taiwan, R.O.C.																										

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

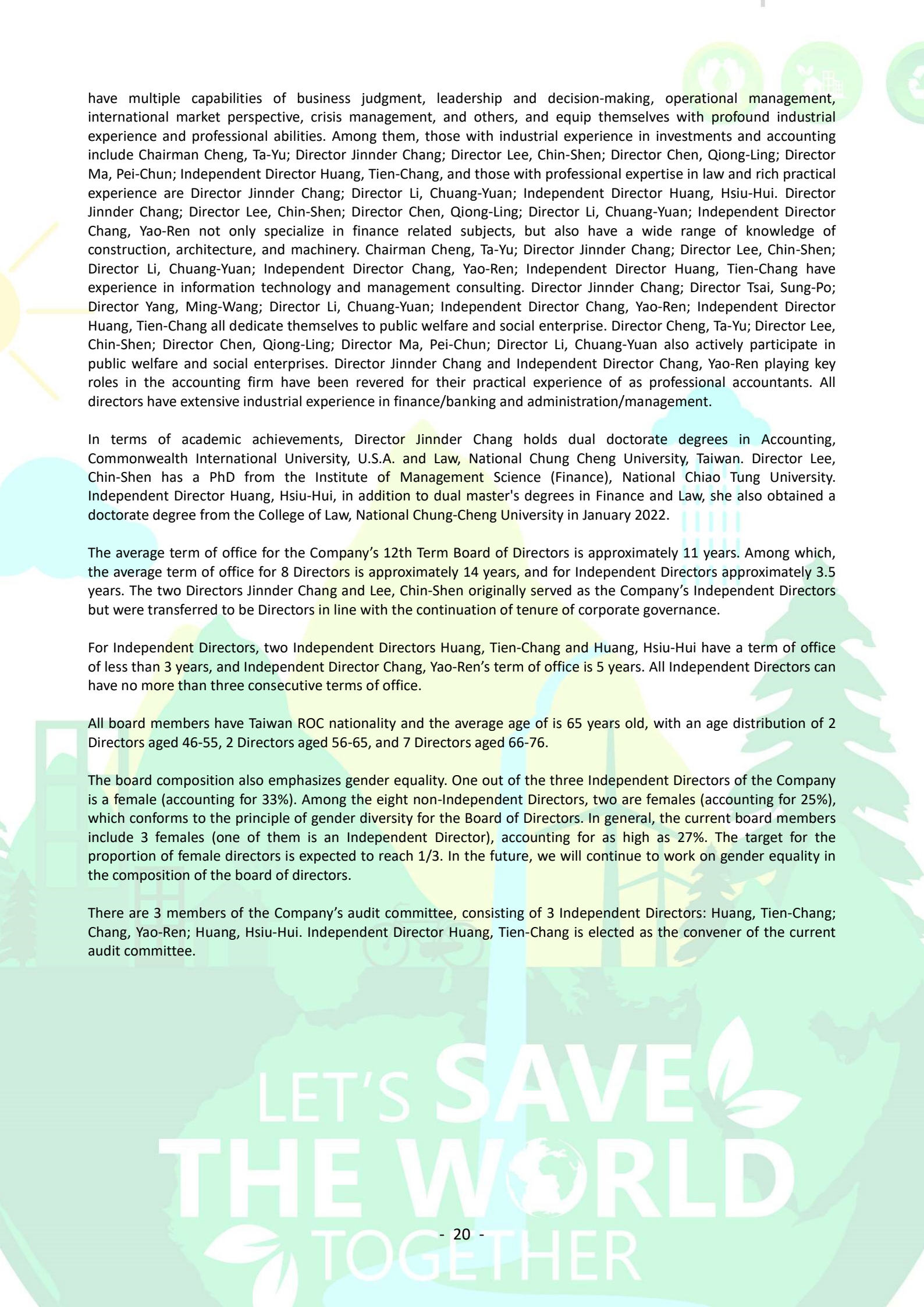
Diversification of the Board of Directors

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; Independent Director Chang, Yao-Ren; Independent 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; Director Li, Chuang-Yuan 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 11 years. Among which, the average term of office for 8 Directors is approximately 14 years, and for Independent Directors approximately 3.5 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 5 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 65 years old, with an age distribution of 2 Directors aged 46-55, 2 Directors aged 56-65, and 7 Directors aged 66-76.

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%. The target for the proportion of female directors is expected to reach 1/3. 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.

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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:

- 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;
- 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;
- 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;
- 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;
- 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.



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3.2.2 Management Team

April 9, 2023

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	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, Concord Futures Corp.	None	None	None	None
Chief Operating Officer Senior Executive Vice President	R.O.C.	Kang, Ching-Tai	Male	2022.06.01	1,544,897	0.26	0	0	0	0	EMBA, National Chengchi University Chairman, Concord Futures Corp. Chief Operating Officer /Senior Executive Vice President, Concord Securities Co., Ltd. Senior Manager, Deloitte & Touche	Director, Concord Futures Corp. Supervisor, Concord Asset Management Corp.	None	None	None	None
Chief Investment Officer Senior Executive Vice President	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	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	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	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

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	
Proprietary Trading Dept. Assistant Vice President	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
Financial Derivatives Dept. Vice President	R.O.C.	Liu, Pi-Yin	Male	2016.08.01	114,700	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	R.O.C.	Ho, Chen-Che	Male	2018.11.01	0	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	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	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	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	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	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. Vice President	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	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

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	
Underwriting Dept. Senior Assistant Vice President	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
Shareholder Service Dept. Senior Assistant Vice President	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	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
Auditing Office Assistant Vice President	R.O.C.	Lo, Yu-Chieh	Female	2022.06.01	35,280	0.01	0	0	0	0	Department of Business Administration, National Taipei College of Business Manager of Audit Dept., Yuanta Securities Co., Ltd.	None	None	None	None	None
Risk Management Office Assistant Vice President	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. Assistant Vice President	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.	Director, Concord Asset Management Corp.	None	None	None	None
Secretariat, Board of Directors Assistant Vice President	R.O.C.	Shou, Ning-Ning	Female	2017.05.16	0	0	0	0	0	0	Master of Journalism, National Taiwan University Assitant Vice President of Corporate Strategy Dept., Concord Securities Co., Ltd. Manager of Printing Dept., Chinatimes	None	None	None	None	None
General Affairs Dept. Senior Manager	R.O.C.	Li, Wen-Pin	Male	2022.11.08	0	0	0	0	0	0	Public Finance, Junior College of China University of Technology Manager of Finance and administration Dept./General Affair, PGIM	None	None	None	None	None
Human Resource Dept. Senior Assistant Vice President	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)	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 Assistant Vice President	R.O.C.	He, Chia-Lin	Male	2022.08.27	0	0	0	0	0	0	Master, Department of Accounting, Providence University Manager of Accounting Dept./Accounting Management Office, Eastern Media International Corporation Manager of Audit & Assurance, Deloitte & Touche	None	None	None	None	None
Financial Officer Assistant Vice President (Company Secretary)	R.O.C.	Tsai, Wan-Chi	Female	2020.05.08	80,560	0.01	110,221	0.02	0	0	Department of Finance, Chinese Culture University Assistant Vice President of Finance Dept., Concord Futures Corp.	Supervisor, Concord Insurance Agent Corp.	None	None	None	None
Settlement and Clearing Dept. Vice President	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	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	R.O.C.	Pai, Cheng-Hsien	Male	2015.09.01	214,972	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
IT Dept. Assistant Vice President	R.O.C.	Wang, Chien-Chang	Male	2022.06.01	11,007	0.00	0	0	0	0	Master of Information Management, National Taiwan University of Science and Technology Senior Manager of IT Dept., Concord 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	
Brokerage Business Group Senior Executive Vice President	R.O.C.	Tseng, Li-Kuo	Male	2017.03.27	108,611	0.02	0	0	0	0	Department of Industrial Education, National Changhua University of Education Vice President of Brokerage Dept., Yuanta Securities	Director, Concord Insurance Agent Corp.	None	None	None	None
Brokerage Business Group Vice President	R.O.C.	Yen, Chih-Lung	Male	2019.07.02	17,902	0.00	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 Management Dept. Senior Assistant Vice President	R.O.C.	Yang, Kuang-Cheng	Male	2018.10.01	26,000	0.00	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. Assistant Vice President	R.O.C.	Ho, Po-Ming	Male	2018.10.01	15,441	0.00	0	0	0	0	Department of Statistics, National Chung Hsing University Manager of Taipei Branch, Concord Securities Co., Ltd. Assistant Vice President of Brokerage Business Group, Concord Securities Co., Ltd. The Capital Group War Center Manager	None	None	None	None	None
Brokerage Business Management Dept. Project Assistant 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. Assistant Manager	R.O.C.	Lin, Wei-Fong	Male	2023.04.01	0	0	0	0	0	0	Department of Finance, Chaoyang University of Technology Assistant Manager of Wealth Management Department, Concord Managed Futures Corp.	None	None	None	None	None
Digital Marketing Dept. Senior Manager	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

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 Dept. Vice President	R.O.C.	Yang, Chun-Cheng	Male	2020.05.12	2,000	0.00	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
Branches Vice President	R.O.C.	Lin, Hsu-Sheng	Male	2012.09.01	48,560	0.01	0	0	0	0	M.B.A Ming Chuan University Vice President of Brokerage Business Group, Concord Securities Co., Ltd. Manager of Yonghe Branch, President Securities Corp.	None	None	None	None	None
Branches Senior Assistant Vice President	R.O.C.	Huang, Yun-Chieh	Male	2018.04.01	23	0.00	5,000	0.00	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	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	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	R.O.C.	Yu, Ping-Tse	Male	2022.05.10	0	0	0	0	0	0	Dept. of International Trade, Chungyu College Manager of Kinmen Branch, President Securities Corporation	None	None	None	None	None
Branches Assistant Vice President	R.O.C.	Pan, Chun-Chi	Male	2022.09.01	0	0	0	0	0	0	College of Technology Management, National Tsing Hua University EMBA Assistant Vice President of Trade Business Management of Brokerage Dept., Mega Securities Co., Ltd. Manager of Hsinchu branch, Horizon 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 Assistant Vice President	R.O.C.	Wu, Chin-Chiu	Male	2017.04.05	35,245	0.01	0	0	0	0	International Trade Division, Tamsui Oxford College Manager of Hsinchu Branch, Concord Securities Co., Ltd. Sales Assistant Vice Predisent of Brokerage Dept., Yuanta Securities Co., Ltd.	None	None	None	None	None
Branches Assistant Vice President	R.O.C.	Wei, Yi-Chan	Male	2022.11.08	0	0	0	0	0	0	Dept. of Business Administration of Chihlee College Senior Manager of Yonghe Branch, Concord Securities Co., Ltd. Sales assistant manager of Banqiao Branch, Capital Securities Corporation	None	None	None	None	None
Branches Assistant Vice President	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	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
Branches Assistant Vice President	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 Assistant Vice President	R.O.C.	Wang, Mei-Chuan	Female	2019.07.02	0	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 Senior Manager	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	R.O.C.	Hsu, Wei-Lun	Male	2019.05.10	25,280	0.00	0	0	0	0	Finance Department, Shih Chien University Deputy Manager of Taipei Branch, Concord Securities Co., Ltd.	None	None	None	None	None
Branches Manager	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

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 Manager	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
Branches Manager	R.O.C.	Li, Wen-Ren	Male	2022.11.08	0	0	0	0	0	0	Department of Finance and Information, National Kaohsiung University of Science and Technology Sales Manager of Shipai Branch, Sunny 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, 2022; 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		The Corporation	All Companies Listed in the Financial Reports					
	Zhong Yang Investment Co., Ltd.	1,210	1,210	0	0	145	145	40	40	1,395	-0.94	1,395	-0.94	0	0	0	0	0	0	0	0	1,395	-0.94	1,395	-0.94	None
Chairperson	Representative: Cheng, Ta-Yu	10,092	10,372	0	0	0	0	1,863	1,878	11,955	-8.04	12,250	-8.24	0	0	0	0	0	0	0	0	11,955	-8.04	12,250	-8.24	None
Director	Representative: Lee, Chin-Shen	1,225	1,297	0	0	0	0	55	63	1,280	-0.86	1,360	-0.91	0	0	0	0	0	0	0	0	1,280	-0.86	1,360	-0.91	None
Director	Representative: Jinnder Chang	1,225	1,225	0	0	0	0	45	45	1,270	-0.85	1,270	-0.85	0	0	0	0	0	0	0	0	1,270	-0.85	1,270	-0.85	None
Corporate Director	Tai Ming Development Co., Ltd.	0	0	0	0	29	29	0	0	29	-0.02	29	-0.02	0	0	0	0	0	0	0	0	29	-0.02	29	-0.02	None
	Representative: Li, Chuang-Yuan	1,225	1,225	0	0	0	0	45	45	1,270	-0.85	1,270	-0.85	0	0	0	0	0	0	0	0	1,270	-0.85	1,270	-0.85	None
	Yuan Lung Construction and Development Co., Ltd.	650	650	0	0	29	29	45	45	724	-0.49	724	-0.49	0	0	0	0	0	0	0	0	724	-0.49	724	-0.49	None
Director	Representative: Ma, Pei-Chun	575	575	0	0	0	0	0	0	575	-0.39	575	-0.39	0	0	0	0	0	0	0	0	575	-0.39	575	-0.39	None
	Sky Investment Corp.	0	0	0	0	29	29	0	0	29	-0.02	29	-0.02	0	0	0	0	0	0	0	0	29	-0.02	29	-0.02	None
Director	Representative: Chen, Qiong-Ling	1,225	1,225	0	0	0	0	45	45	1,270	-0.85	1,270	-0.85	0	0	0	0	0	0	0	0	1,270	-0.85	1,270	-0.85	None
	Te Yeh Investment Co., Ltd.	1,210	1,210	0	0	29	29	0	0	1,239	-0.83	1,239	-0.83	0	0	0	0	0	0	0	0	1,239	-0.83	1,239	-0.83	None
Director	Representative: Yang, Ming-Wang	15	15	0	0	0	0	45	45	60	-0.04	60	-0.04	0	0	0	0	0	0	0	0	60	-0.04	60	-0.04	None
	Jia Yi Corp.	0	0	0	0	29	29	0	0	29	-0.02	29	-0.02	0	0	0	0	0	0	0	0	29	-0.02	29	-0.02	None
Director	Representative: Tsai, Sung-Po	1,225	1,225	0	0	0	0	45	45	1,270	-0.85	1,270	-0.85	0	0	0	0	0	0	0	0	1,270	-0.85	1,270	-0.85	None
Independent Director	Chang, Yao-Ren	1,365	1,365	0	0	0	0	135	135	1,500	-1.01	1,500	-1.01	0	0	0	0	0	0	0	0	1,500	-1.01	1,500	-1.01	None
Independent Director	Huang, Tien-Chang	1,365	1,437	0	0	0	0	135	141	1,500	-1.01	1,578	-1.06	0	0	0	0	0	0	0	0	1,500	-1.01	1,578	-1.06	None
Independent Director	Huang, Hsiu-Hui	1,365	1,365	0	0	0	0	135	135	1,500	-1.01	1,500	-1.01	0	0	0	0	0	0	0	0	1,500	-1.01	1,500	-1.01	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: NT\$930 thousand paid as compensation to the driver, without accounting in remuneration.

Note 2: The allowance of the chairman, including the rental of the vehicle, fuel and other related payment, totaled \$1,858 thousand.

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2. Remuneration to President and Vice President

December 31, 2022; 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		Remunerat ion 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	38,879	41,908	1,470	2,001	20,635	22,888	20	0	20	0	62,004 -41.69%	66,817 -44.92%	None
Senior Executive Vice President	Kang, Ching-Tai (Note 1)													
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 (Note 1)													
Vice President	Shih, Shu-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													
Vice President	Chen, Wei-Tung													
Vice President	Lee, Yu-Ju (Note 1)													
Vice President	Yang, Chun-Cheng (Note 1)													
Vice President	Tai, Tzu-Ling (Note 1)													

Note 1: Senior Executive vice President Kang, ching-Tai assumed office on June 1, 2022; Vice President Cheng, Hung-Tai resigned office on April 30, 2022; Vice President Lee, Yu-Ju assumed office on June 1, 2022; Vice President Yang, Chun-Cheng assumed office on June 1, 2022; Vice President Tai, Tzu-Ling assumed office on April 14, 2022.

Note 2: NT\$841 thousand paid as compensation to the driver.

Note 3: The bonus and special disbursement of the President and the Vice President, including the vehicle amortization, depreciation, fuel, and other related payment, totaled \$3,272 thousand. In addition, the vehicles used by President, Senior Executive vice President Kang, ching-Tai, Senior Executive vice President Liao, Chi-Hung, as of December 31, 2022, its original purchase cost and book value were NT\$4,456 thousand, NT\$2,930 thousand, NT\$2,140 thousand, NT\$3,961 thousand, NT\$1,828 thousand, and NT\$0, but this part was not included in the remuneration.

Note 4: The retirement pension in this table is disclosed by the new system of pension transferred to the personal special account and the actual pension paid by the company (determined payment).

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	Cheng, Hung-Tai	Cheng, Hung-Tai
NT\$1,000,000 (inclusive) ~ NT\$2,000,000 (exclusive)	Lee, Yu-Ju 、Tai, Tzu-Ling	Lee, Yu-Ju 、Tai, Tzu-Ling
NT\$2,000,000 (inclusive) ~ NT\$3,500,000 (exclusive)	Kang, Ching-Tai 、Chiu, Chao-Shan 、Shih, Shu-Chen 、Wang, Hsiu-Ching 、Leu, Suh-Ling 、Liu, Pi-Yin 、Lin, Hsu-Sheng 、Ding, Yong-Kang 、Chen, Wei-Tung 、Yang, Chun-Cheng	Chiu, Chao-Shan 、Shih, Shu-Chen 、Wang, Hsiu-Ching 、Leu, Suh-Ling 、Liu, Pi-Yin 、Lin, Hsu-Sheng 、Ding, Yong-Kang 、Chen, Wei-Tung 、Yang, Chun-Cheng
NT\$3,500,000 (inclusive) ~ NT\$5,000,000 (exclusive)	Liao, Chi-Hung 、Chen, Chih-Hao 、Yen, Chih-Lung 、Chang, Jyh-Chian	Liao, Chi-Hung 、Chen, Chih-Hao 、Yen, Chih-Lung 、Chang, Jyh-Chian
NT\$5,000,000 (inclusive) ~ NT\$10,000,000 (exclusive)	Chiu, Jung-Chen 、Tseng, Li-Kuo	Chiu, Jung-Chen 、Kang, Ching-Tai 、Tseng, Li-Kuo
NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (exclusive)	—	—
NT\$15,000,000 (inclusive) ~ NT\$30,000,000 (exclusive)	—	—
NT\$30,000,000 (inclusive) ~ NT\$50,000,000 (exclusive)	—	—
NT\$50,000,000 (inclusive) ~ NT\$100,000,000 (exclusive)	—	—
More than NT\$100,000,000	—	—
Total	19 persons	19 persons

3. Top Five Executives with The Highest Remuneration

December 31, 2022; 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	4,820	4,820	108	108	2,654	2,952	1	0	1	0	7,583 -5.10	7,881 -5.30	None
Senior Executive Vice President	Kang, Ching-Tai (Note 1)	1,775	4,804	63	594	1,237	2,051	1	0	1	0	3,076 -2.07	7,450 -5.01	None
Senior Executive Vice President	Tseng, Li-Kuo	2,420	2,420	108	108	4,569	4,575	1	0	1	0	7,098 -4.77	7,104 -4.78	None
Senior Executive Vice President	Liao, Chi-Hung	3,022	3,022	108	108	1,383	1,383	1	0	1	0	4,514 -3.03	4,514 -3.03	None
Senior Executive Vice President	Chang, Jyh-Chian	3,020	3,020	108	108	1,191	1,191	1	0	1	0	4,320 -2.90	4,320 -2.90	None

Note 1: Senior Executive vice President Kang, ching-Tai assumed office on June 1, 2022.

Note 2: NT\$841 thousand paid as compensation to the driver.

Note 3: The bonus and special disbursement of the President and the Vice President, including the vehicle amortization, depreciation, fuel, and other related payment, totaled \$2,414 thousand. In addition, the vehicles used by President, Senior Executive vice President Kang, ching-Tai, Senior Executive vice President Liao, Chi-Hung, as of December 31, 2022, its original purchase cost and book value were NT\$4,456 thousand, NT\$2,930 thousand, NT\$2,140 thousand, NT\$3,961 thousand, NT\$1,828 thousand, and NT\$0, but this part was not included in the remuneration.

Note 4: The retirement pension in this table is disclosed by the new system of pension transferred to the personal special account and the actual pension paid by the company (determined payment).

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

April 1, 2023; Expressed in thousands of NT\$

Title	Name	Stock	Cash	Total	Total compensation as a percentage of net income (%)
President	Chiu, Jung-Chen	0	41	41	-0.03
Senior Executive Vice President	Kang, Ching-Tai 、Chen, Chih-Hao 、Liao, Chi-Hung 、Chang, Jyh-Chian 、Tseng, Li-Kuo				
Senior Vice President	Chiu, Chao-Shan				
Vice President	Liu, Pi-Yin 、Chen, Wei-Tung 、Leu, Suh-Ling 、Lee, Yu-Ju 、Shih, Shu-Chen 、Ding, Yong-Kang 、Wang, Hsiu-Ching 、Yen, Chih-Lung 、Yang, Chun-Cheng 、Lin, Hsu-Sheng				
Project Assistant Vice President	Chang, Chia-Chia				
Senior Assistant Vice President	Ho, Chen-Che 、Lin, Szu-Yu 、Yeh, I-Lin 、Liang, Kai-Chieh 、Yang, Yung-Sheng 、Huang, Mei-Ling 、Yang, Kuang-Cheng 、Huang, Yun-Chieh 、Yu, Chung-Chang				
Assistant Vice President	Yao, Yi-Shan 、Fu, Kun-Tai 、Tsao, Po-Hsuan 、Wang, Hung-Chun 、Lo, Yu-Chieh 、Hsu, Shu-Wen 、Chen, Ming-Wei 、Shou, Ning-Ning 、He, Chia-Lin 、Tsai, Wan-Chi 、Pai, Cheng-Hsien 、Wang, Chien-Chang 、Ho, Po-Ming 、Huang, Shih-Chang 、Yu, Ping-Tse 、Pan, Chun-Chi 、Wu, Chin-Chiu 、Wei, Yi-Chan 、Lai, Chueh-An 、Chen, Ju-Chuan 、Yang, Yu-Hung 、Wang, Mei-Chuan				
Senior Manager	Li, Wen-Pin 、Hsu, Wei-Lun 、Lin, Shih-Nung 、Chen, Chien-Hsun				
Manager	Liao, Min-Hsiu 、Huang, Ying-Jen 、Li, Wen-Ren				
Assistant Manager	Lin, Wei-Fong-				

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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		2021	2022	Description
Total remuneration to directors as a percentage of net income (%)	The Company	9.45	-18.08	As the profit decreased significantly in 2022, the related remuneration as a percentage of net income increased compared with that of 2021.
	All of the companies listed in the financial reports	9.48	-18.38	
Total remuneration to presidents and vice presidents as a percentage of net income (%)	The Company	11.55	-41.69	
	All of the companies listed in the financial reports	11.60	-44.92	

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 3% 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.



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3.3 Implementation of Corporate Governance

3.3.1 A total of 9 sessions(A)of the current Board of Directors meeting have been held from January 11, 2022 to December 31, 2022. The board of directors meeting in 2022, which are described 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	9	0	100	None
Director	Zhong Yang Investment Co., Ltd. Representative: Jinnder Chang	9	0	100	None
Director	Zhong Yang Investment Co., Ltd. Representative: Lee, Chin-Shen	9	0	100	None
Director	Yuan Lung Construction and Development Co., Ltd. Representative: Ma, Pei-Chun	9	0	100	None
Director	Jia Yi Corp. Representative: Tsai, Sung-Po	9	0	100	None
Director	Te Yeh Investment Co., Ltd. Representative: Yang, Ming-Wang	9	0	100	None
Director	Sky Investment Corp. Representative: Chen, Qiong-Ling	9	0	100	None
Director	Tai Ming Development Co., Ltd. Representative: Li, Chuang-Yuan	9	0	100	None
Independent Director	Chang, Yao-Ren	9	0	100	None
Independent Director	Huang, Tien-Chang	9	0	100	None
Independent Director	Huang, Hsiu-Hui	9	0	100	None
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 9 sessions held for the 12th Term Board of Directors in 2022. Key Resolutions of the Board of Directors are as described in the Annual Report. 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:

(1) The 9th Meeting of the 12th Term Board of Directors (March 17, 2022)

Case No. 22: The commissioning of the Company's business services by its subsidiary, Con Lian Asset Management Service Co., Ltd.

The case was withdrawn by the 3rd Term 6th Session of the Audit Committee on its own initiative.

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.

(2) The 13th Meeting of the 12th Term Board of Directors (August 26, 2022)

Case No. 15: Appraisal Report on the Disposal and Dissolution of Con Lian Asset Management Service Co., Ltd.

The case was withdrawn by the 3rd Term 10th Session of the Audit Committee on its own initiative.

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) The 15th Meeting of the 12th Term Board of Directors (December 16, 2022)

Case No. 1: Proposal for FY2023 Budget

The motion was approved by the Audit Committee with the following resolutions: (1) Passed by the Chairman with unanimous consent after consultation with all Board members present.

(2) Incidental Resolution: A separate "Challenge Target Version" will be added with reference to the EPS of the industry of comparable size and will be reviewed periodically.

The Company's response to the Independent Directors' opinions: After consultation with all directors present, the Chairman agreed to conduct a quarterly review in accordance with the progress.

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:

(1) The 7th Meeting of the 12th Term Board of Directors (January 12, 2022)

Case No. 3: Distribution of bonuses in 2021 Chairman Cheng, Ta-Yu has a conflict of interest in Case No. 3, 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 solicited opinions of all the directors present at the meeting.

(2) The 10th Meeting of the 12th Term Board of Directors (April 14, 2022)

Case No. 3: Presented the "Report on the Improvement of the Examination Opinions and Findings of the FSC Financial Examinations Bureau" of the Company. Chairman Cheng, Ta-Yu has a conflict of interest in Case No. 3, 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 solicited opinions of all the directors present at the meeting.

(3) The 12th Meeting of the 12th Term Board of Directors (June 22, 2022)

Chairman Cheng, Ta-Yu has a conflict of interest in Case No. 11 and Case No. 12, 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.

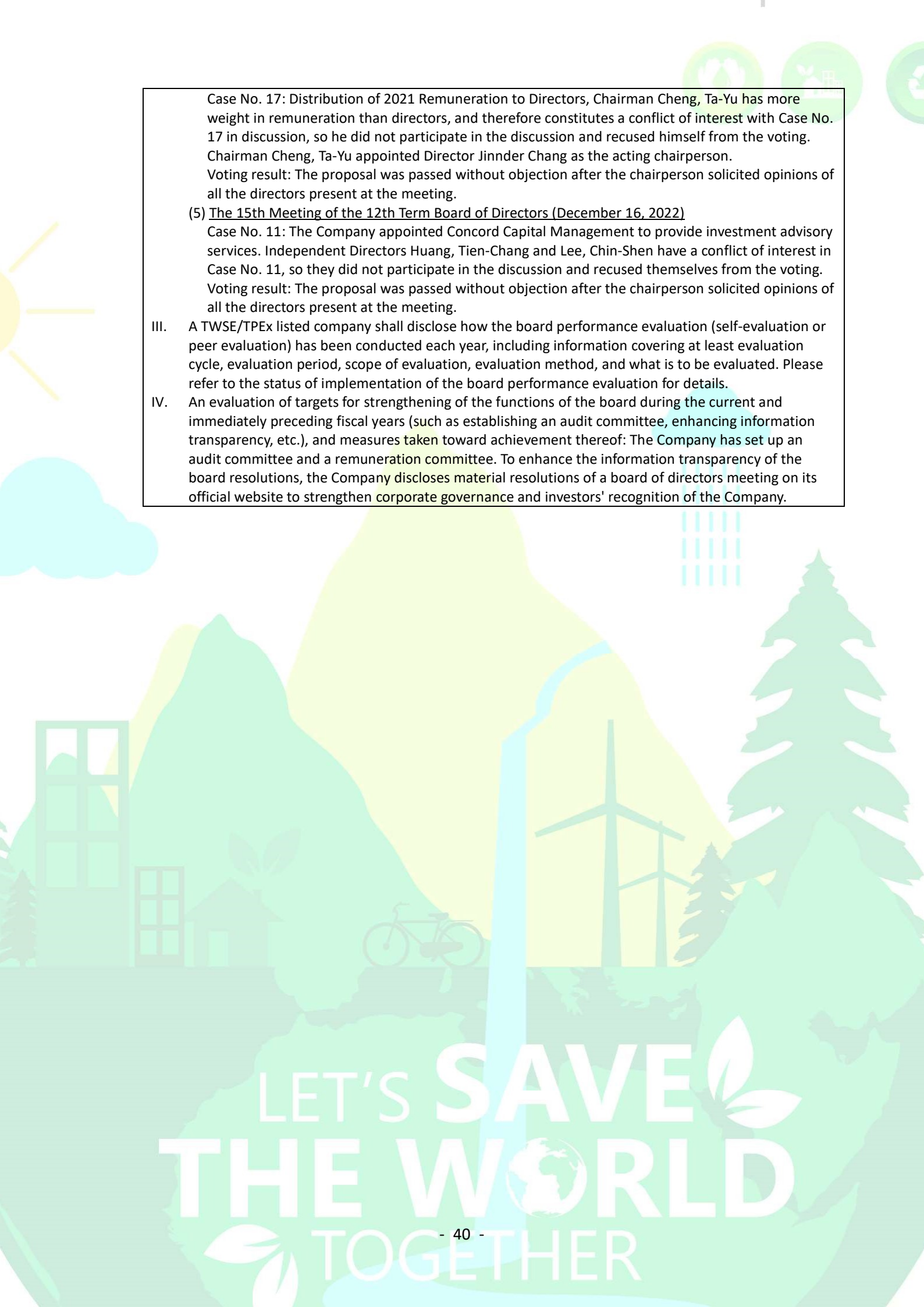
Case No. 11: Submitted the "Report on the Improvement of the Examination Opinions and Findings of the FSC Financial Examinations Bureau" to the Company.

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

Case No. 12: The Self-help Association of Minority Shareholders of Concord Securities appointed lawyer Mr. Sun-Lin Yang as an independent director of the Company to exercise the right to examine the Company's business operations.

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

(4) The 13th Meeting of the 12th Term Board of Directors (August 26, 2022)



Case No. 17: Distribution of 2021 Remuneration to Directors, Chairman Cheng, Ta-Yu has more weight in remuneration than directors, and therefore constitutes a conflict of interest with Case No. 17 in discussion, 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 solicited opinions of all the directors present at the meeting.

(5) The 15th Meeting of the 12th Term Board of Directors (December 16, 2022)

Case No. 11: The Company appointed Concord Capital Management to provide investment advisory services. Independent Directors Huang, Tien-Chang and Lee, Chin-Shen have a conflict of interest in Case No. 11, 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 solicited 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. Please refer to the status of implementation of the board performance evaluation for details.
- 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.

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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, 2022 to December 31, 2022	<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 2022 is "Excellent", which meets the standard.

3.3.2 The 3rd Term Audit Committee (term of office: from July 12, 2021 to July 11, 2024)
A total of 7 sessions (A) of the Audit Committee meeting for the current term
were held during the period from January 1, 2022 to December 31, 2022. 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	7	0	100	None
Independent Director	Huang, Tien-Chang	7	0	100	None
Independent Director	Huang, Hsiu-Hui	7	0	100	None
<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 6th Meeting of the 3rd Term Audit Committee (on March 16, 2022)</u></p> <p>Case No.1: 2021 Parent Company Only Financial Statements and Consolidated Financial Statements</p> <p>Case No.2: 2021 Business Report</p> <p>Case No.3: Proposal for Distribution of 2021 Profits</p> <p>Case No.4: Amendment to the "Articles of Incorporation"</p> <p>Case No.5: Amendment to the "Procedures for Acquisition and Disposal of Assets"</p> <p>Case No.6: Internal Control System Statement and Anti-money Laundering and Countering Terrorism Financing Internal Control System Statement for the Year 2021</p> <p>Case No.7: Amendment to the Internal Control Systems of the Company</p> <p>Case No. 8: Report of Implementation Status and Self Evaluation Table of the Principles of Fair Treatment of Consumers for the Year 2022</p> <p>Case No.9: Amendment to the "Subsidiary Supervisory Operating Procedures"</p> <p>Case No.10: Amendment to the "Regulations Governing Appraisals of Directors and Supervisors Appointed for Subsidiaries"</p> <p>Case No.11: Amendment to the Regulations for Organizational Chart and the Regulations for the Organization of the Company</p> <p>Case No.12: Proposal for Establishment of the Sustainable Development Committee and Formulation of the Organization</p> <p>Case No.13: Amendment to the "Procedures for Board of Directors Meetings"</p> <p>Case No.14: Amendment to the "Standard Operating Procedures for Handling Requests from Directors"</p> <p>Case No.15: Amendment to the "Internal Material Information Processing Procedures"</p> <p>Case No.16: Amendment to the "Procedures for Related-party Transactions"</p> <p>Case No.18: Renewal of the Property Lease Agreement between the Company and the Subsidiary Con Lian Asset Management Service Co., Ltd.</p> <p>The resolutions of the Audit Committee: Except for Case No.17, which was withdrawn on the initiative of the proposer, all other matters discussed were approved without objection by the Chairman after soliciting the opinions of all Board members present.</p> <p>The Company's response to the Audit Committee's opinions: Approved with the consent of all the directors attending the 9th Meeting of the 12th Term Board of Directors on March 17, 2022.</p>					

The 7th Meeting of the 3rd Term Audit Committee (on April 14, 2022)

Case No.1: Submission of the CPA Audit Report Issued by PwC Taiwan's attesting CPAs on the Company's Internal Control System

Case No.2: Submitted a report issued by PwC Taiwan on the review of the internal control system of the Company and its subsidiary, Concord Asset Management Co.,Ltd.

Case No.3: Presented the "Report on the Improvement of the Examination Opinions and Findings of the FSC Financial Examinations Bureau" of the Company.

The resolutions of the five improvement measures are as follows:

- (I) Resolution: Approved with the consent of all Board members present.
- (II) Resolution: Approved with the consent of all Board members present after supplementing the revised content of the discussed amendments.
- (III) Resolution: Approved with the consent of all Board members present after supplementing the revised content of the discussed amendments.
- (IV) Resolution: Approved with the consent of all Board members present after supplementing the revised content of the discussed amendments.
- (V) Resolution: Approved with the consent of all Board members present.

The resolutions of the Audit Committee: Except for Case 3, all other matters discussed were approved without objection by the Chairman after soliciting the opinions of all Board members present.

The Company's response to the Audit Committee's opinions: Approved with the consent of all the directors attending the 10th Meeting of the 12th Term Board of Directors on April 14, 2022.

The 8th Meeting of the 3rd Term Audit Committee (on May 4, 2022)

Case No.1: 2022 Q1 Consolidated Financial Statements

Case No.2: Amendment to the Company's "Whistle-blowing System"

Resolution: Passed with minor amendments after the Chairman solicited the opinions of all Board members present.

Case No.3: Amendment to the Internal Control Systems of the Company

Resolution: Passed with amendments after the Chairman solicited the opinions of all Board members present.

Case No.4: Amendment to the "Anti-money Laundering and Countering Terrorism Financing Risk Assessment Procedures"

Resolutions of the Audit Committee: Except for Case No.2 and Case No.3, all other matters discussed were approved without objection by the Chairman after soliciting the opinions of all Board members present.

The Company's response to the Audit Committee's opinions: Approved with the consent of all the directors attending the 11th Meeting of the 12th Term Board of Directors on May 5, 2022.

The 9th Meeting of the 3rd Term Audit Committee (on June 22, 2022)

Case No.1: Report of the Business Risk Early Warning Operation Improvement Plan for March and April 2022

Case No.2: Revise the data sharing standards among the Company's financial institution entities.

Case No.3: On the Company's proposed purchase of a company vehicle from Concord Futures.

Resolution: After the Board members proposed to amend the content of the contract related to the attached proposal, the proposal was passed without objection.

Case No.4: Proposal for the change of the Company's chief accounting officer and the accountant-in-charge.

Case No.5: Amendment to the Internal Control Systems of the Company.

Case No.6: Presented the "Report on the Improvement of the Examination Opinions and Findings of the FSC Financial Examinations Bureau" of the Company.

The resolutions of the four improvement measures are as follows:

- (I) Resolution: In response to the proposal of the independent director, Mr. Chang, Yao-Ren, to study whether to directly sell the assets of Concord Asset Management Corp., the Company evaluated and proposed a separate proposal, and the improvement status of this case was approved by the Chairman after soliciting the opinions of all Board members present.
- (II) Resolution: Passed with no objections after the Chairman solicited the opinions of

all Board members present.

(III) Resolution: The Company will add the section of accounting supervisor's review to the "Advance Expense Management Regulations" and "Fund Transfer Operation" simultaneously. The rest of the examination opinions were approved by the Chairman after soliciting the opinions of all Board members present.

(IV) Resolution: The motion was passed after amendments to certain provisions.

Case No. 7: The Self-help Association of Minority Shareholders of Concord Securities appointed lawyer Mr. Sun-Lin Yang as an independent director of the Company to exercise the right to examine the Company's business operations.

Resolution: The Audit Office was instructed to investigate and understand the relevant information and prepare an investigation report to the Audit Committee for follow-up.

Resolutions of the Audit Committee: Except for Case No.3 and Case No.6, all other matters discussed were approved by the Chairman without objection after soliciting the opinions of all Board members present.

The Company's response to the Audit Committee's opinions: Approved with the consent of all the directors attending the 12th Meeting of the 12th Term Board of Directors on June 22, 2022.

The 10th Meeting of the 3rd Term Audit Committee (on August 26, 2022)

Case No.1: 2022 Q2 Parent Company Only Financial Statements and Consolidated Financial Statements

Case No.2: Proposal for the change of the Company's chief accounting officer and the accountant-in-charge.

Case No.3: Amendments to the Company's Trading Rules for Emerging Stocks.

Case No.4: Corrections to the second item in the attachment of Improvement Items of the 2021 Annual Statement of Internal Control System of the Company

Case No.5: Amendments to the "Internal Control System for Securities Trading" and "Internal Control System for Auxiliary Business of Futures Trading" of the Company.

Case No. 6: Report on the legal claims made by lawyer Mr. Sun-Lin Yang of Otice Law Firm.

Case No. 7: Presented the "Report on the Improvement of the Examination Opinions and Findings of the FSC Financial Examinations Bureau" of the Company.

Case No.8: Report of the Business Risk Early Warning Operation Improvement Plan for May and June 2022

Case No.9: Revision of the "Whistleblower System" of the Company.

Case No.10: Amendment to the "Financial Product Know your Customer and Product Suitability Review Procedures"

Case No.11: Formulation of the Company's "Stewardship Principles for Institutional Investors" and Signing the Compliance Statement of the "Stewardship Principles for Institutional Investors"

Case No.12: Revision on the Company's "Policy and Strategy for Fair Treatment of Consumers"

Case No.13: The Company proposed to apply for the establishment of the Taipei City Concord Social Welfare Charitable Foundation.

Resolution of the Audit Committee: The motion passed without objects after the Chairman solicited the opinions of all Board members present.

The Company's handling of the Audit Committee's opinion: Approved with the consent of all the directors attending the 13th Meeting of the 12th Term Board of Directors on August 26, 2022.

The 11th Meeting of the 3rd Term Audit Committee (on November 8, 2022)

Case No.1: The Company's consolidated financial statements for the third quarter of 2022.

Case No.2: Amendments to the "Internal Control System for Securities Trading" and "Internal Control System for Auxiliary Business of Futures Trading" of the Company.

Case No. 3: Amendment to the "Procedures for Board of Directors Meetings".

Resolution: Except for the amendments of certain provisions of Article 3 and Article 12, all other matters discussed were approved without objection by the Chairman after soliciting the opinions of all Board members present.

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

Case No.5: Report of the Business Risk Early Warning Operation Improvement Plan from July to September, 2022.

Resolution: (1) Passed with no objections after the Chairman solicited the opinions of all

Board members present.

(2) Incidental Resolution: The President will be invited to attend the Board meeting to explain the problems related to the poor business performance in the future.

Case No. 6: Proposed dissolution and liquidation of the Company's investee company, Con Lian Asset Management Service Co., Ltd.

Resolutions of the Audit Committee: Except for Case No.3 and Case No.5, all other matters discussed were approved without objection by the Chairman after soliciting the opinions of all Board members present.

The Company's handling of the Audit Committee's opinion: Approved with the consent of all the directors attending the 14th Meeting of the 12th Term Board of Directors on November 8, 2022.

The 12th Meeting of the 3rd Term Audit Committee (on December 15, 2022)

Case No. 1: Proposal for FY2023 Budget

Resolution: (1) Passed with no objections after the Chairman solicited the opinions of all Board members present.

(2) Incidental Resolution: A separate "Challenge Target Version" will be added with reference to the EPS of the industry of comparable size and will be reviewed periodically.

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

Case No.3: The Company intends to suspend the appointment of Taiwan Financial Asset Service Corporation (TFASC) to conduct an auction of Pihsiang's shares.

Case No.4: The Company agreed to settle a dispute with Ms. Tsai, Li-Yu, an IB client.

Case No.5: Presented the "Report on the Improvement of the Examination Opinions and Findings of the FSC Financial Examinations Bureau" of the Company.

Case No.6: Amendment to the "Internal Control System of Securities" of the Company

Case No.7: Formulation of the Company's "Internal Control System Self-Assessment Procedures".

Case No.8: Report of 2023 Internal Audit Operation Inspection Plan

Case No.9: Report of the Business Risk Early Warning Operation Improvement Plan for October 2022

Case No.10: The Company appointed Concord Capital Management to provide investment advisory services.

Case No.11: On the lease of the Company's B3-09 and B3-10 parking spaces.

Case No.12: Amendment to the "Internal Material Information Processing Procedures" of the Company.

Result of the Audit Committee's resolution: Except for the "incidental resolution" on Item 1, all other matters discussed were approved without objection by the Chairman after soliciting the opinions of all Board members present.

The Company's handling of the Audit Committee's opinion: Approved with the consent of all the directors attending the 15th Meeting of the 12th Term Board of Directors on December 16, 2022.

(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 12th Meeting of the 3rd Term Audit Committee (on December 15, 2022)

Case No.10: The Company appointed Concord Capital Management to provide investment advisory services. Huang, Tien-Chang, the Independent Director of Concord Capital Management, has a conflict of 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/Company/CGReport.htm?mnu=03>

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:

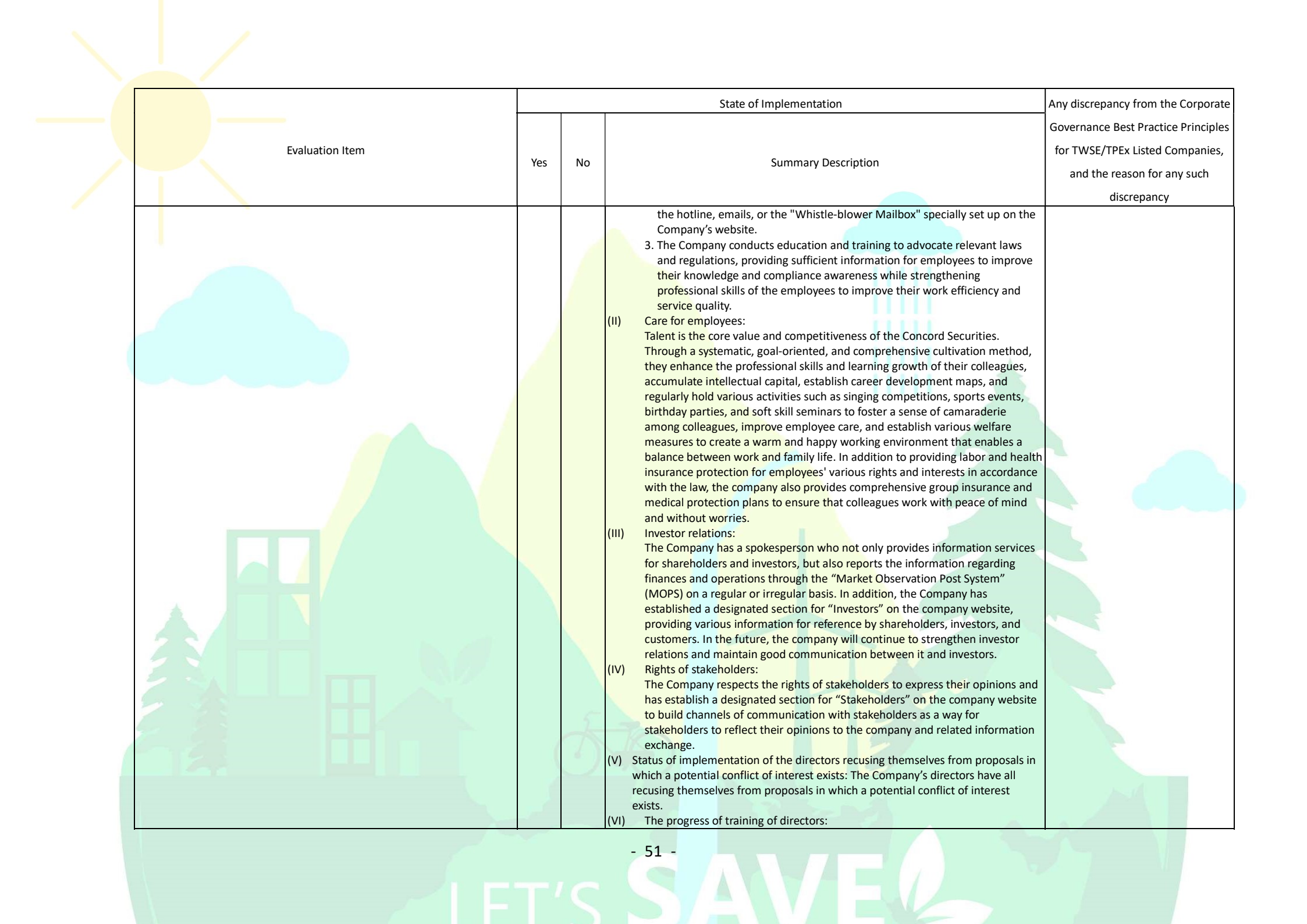
Evaluation Item	State of Implementation			Any discrepancy from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such discrepancy
	Yes	No	Summary Description	
I. Does the Company formulate and disclose the Corporate Governance Practice Principles 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.	No discrepancy.
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.	No discrepancy.
(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.	No discrepancy.
(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 regulations on control of subsidiaries.	No discrepancy.
(IV) Does company adopt internal rules prohibiting company insiders from trading securities using information not disclosed to the market?	V		(IV) To establish good internal material information control procedures and prevent improper disclosure of information and violation of insider trading related regulations, the Company has formulated the "Insider Trading Prevention Management Operating Procedures" and "Procedures for Handling Material Inside Information", which prohibits insiders from trading marketable securities using undisclosed information in the market and conducts annual education and training programs for directors and all employees.	No discrepancy.
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) In accordance with the Company's "Corporate Governance Practice Principles", the composition of the Board of Directors emphasizes gender equality, with one of the three independent directors being a woman (33%) and two of the eight non-independent directors being women (25%), in line with the principle of gender diversity on the Board of Directors. Overall, there are three female board members (one of whom is an independent director) sitting on the current Board	No 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	
(II) Except for the Remuneration Committee and Audit Committee being established according to law, does the Company voluntarily set up other functional committees?	V		<p>of Directors, accounting for 27% of all Board members. The Company will continue to strive for gender equality in the composition of the Board of Directors.</p> <p>The Company's 12th term Board members are all Taiwanese nationals with an average age of 64 years old, with three directors aged 45-55, one director aged 56-65 and seven directors aged 66-75, all of whom possess a wide range of capabilities in business judgment, leadership, management, international market perspective and crisis management, and have rich industry experience and professional expertise.</p> <p>(II) In addition to the Remuneration Committee and the Audit Committee established by law, the Company established a Risk Management Committee on April 17, 2003, with three to seven members, which meets at least twice a year and as needed.</p> <p>The duties and authority of the Risk Management Committee are as follows:</p> <ol style="list-style-type: none"> 1. Formulate risk management policies and structures, and delegate powers and responsibilities to relevant units. 2. Set risk assessment standards. 3. Manage the overall risk limit of the Company and the risk limit of each unit. 4. Formulate the list of commodity types for each business department and allocate new business items. 5. Set the upper cap of the undertaking amount, loss amount, and risk-related values for the product types of each business department. 6. Review underwriting cases where the amounts undertaken by the underwriting business unit have exceeded the authority of the Underwriting Review Committee. 7. Review the margin purchase and short sale system and quota. 8. Review the various product operating standards revised by the risk management unit based on the suggestions from business units, audit units, and related units. 9. Review the risk management matters proposed by the departments and other matters related to the review and improvement of risk management planning and management. 10. Matters that should be submitted to the Risk Management Committee for review in accordance with other regulations. 	No discrepancy.
(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 nomination for re-election?	V		<p>(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.</p> <p>The Company's Board performance evaluation for the year 2022 has been performed by the Board members by self-evaluation, and the evaluation results have been submitted to the Board of Directors on March 9, 2023.</p> <p>According to Article 25 of the Articles of Incorporation, the Company shall</p>	No discrepancy.

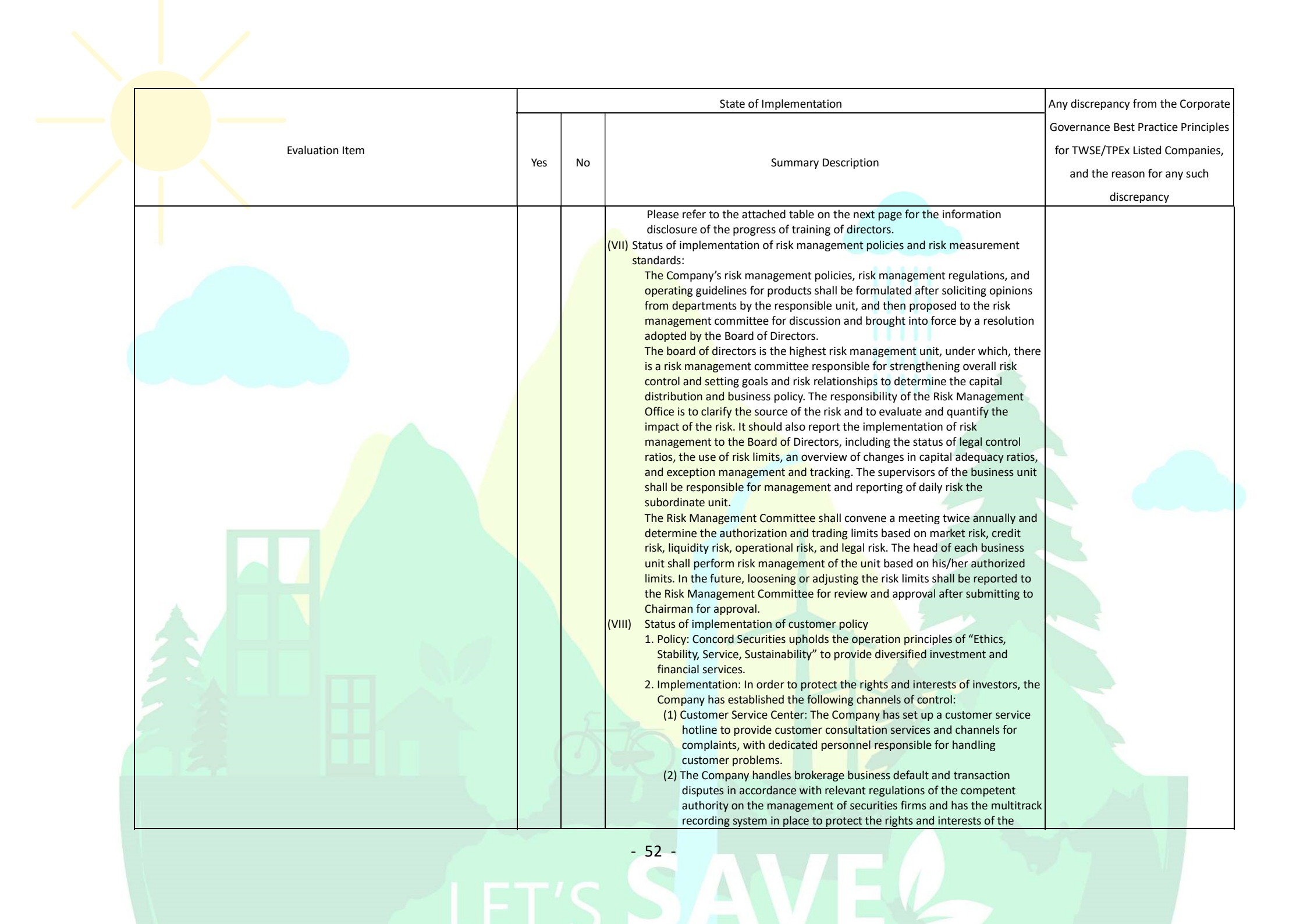
Evaluation Item	State of Implementation			Any discrepancy from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such discrepancy
	Yes	No	Summary Description	
(IV) Does the company regularly evaluate the independence of CPAs who are engaged by the company?	V		<p>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 Remuneration of Directors, the directors are offered 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 financial audits of the Company's accounts. The Audit Committee shall evaluate the independence and suitability of the attesting CPAs at least once every year in accordance with the "Bulletin of Norms 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, 2022.</p> <p>The contents of the evaluation are listed as follows:</p> <ol style="list-style-type: none"> 1. Confirmation that the Company's attesting CPA is not a related party to the Company and the directors; 2. Confirmation that the Company's attesting CPA does not have any financial or non-financial interest in the Company; 3. Comply with the requirements of the Code of Corporate Governance Practices for the regular rotation of the attesting CPA. <p>The Company will consider whether there is a need to replace the certified public accountant if he/she has been imposed with disciplinary action or if his/her independence is compromised, and will report the results of the assessment to the Board of Directors.</p>	No discrepancy.
IV. Does the TWSE/TPEx listed company have an adequate number of corporate governance personnel with appropriate qualifications and appoint a Chief Corporate Governance Officer 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)?	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. In addition, employees from the Board Secretary Office serve as corporate governance officers and are responsible for matters related to the Board of Directors' and shareholders' meetings. 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 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.</p> <p>The business performance and further studies for FY2022 are as follows:</p> <ol style="list-style-type: none"> I. Business performance: <ol style="list-style-type: none"> (I) Assisted in providing information required by directors and independent 	No 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	
			<p>directors in carrying out their duties.</p> <p>(II) Assisted in arranging various training courses for directors to enhance their professional knowledge.</p> <p>(III) Assisted in the proceedings of the Board of Directors and shareholders' meetings.</p> <p>(IV) Handled matters related to the meetings of the Audit Committee, the Board of Directors and the shareholders' meetings:</p> <p>(1) Nine meetings of the Board of Directors and seven meetings of the Audit Committee were held, and the meetings were convened and information provided in accordance with the law, and the minutes of the meetings were prepared and completed within 20 days after the meetings.</p> <p>(2) The shareholders' meeting was held on June 8, 2022. Prior registration by shareholders before the date of the shareholders' meeting, preparation of the meeting notice, meeting handbook and minutes of the meeting were completed in accordance with the law.</p> <p>(V) Regular and irregular information reporting by the Public Information Observation Post System.</p> <p>II. Implementation Status: Please refer to the Company's website for information on the annual continuing education of the Chief Corporate Governance Officer.</p>	
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.	No discrepancy.
VI. Does the company engage a professional shareholder services agent to handle shareholders' meeting matters?	V		The Company's shareholders' meetings are conducted by a professional share agent (Grand Fortune Securities' Shareholder Service Dept.). The procedures of the shareholders' meetings are based on the principle that all shareholders are treated equally and their rights are protected, so that they can participate in the shareholders' meetings and have the opportunity to vote, as required by the law.	No discrepancy.
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		<p>(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.</p> <p>1. The URL of the Company's Investors Zone https://www.concords.com.tw/about/financial/index.htm?mnu=02&subm </p>	No discrepancy.

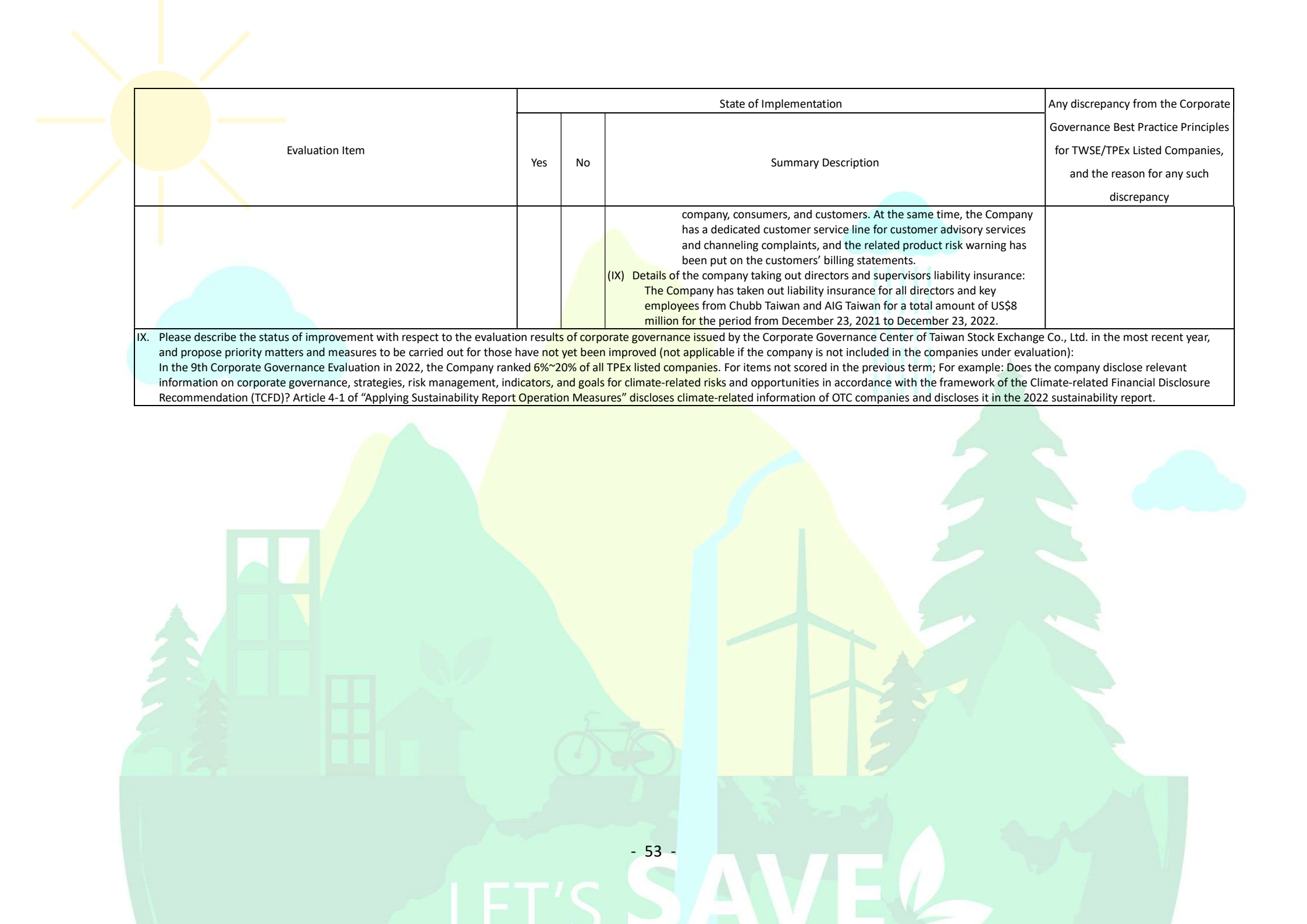
Evaluation Item	State of Implementation			Any discrepancy from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such discrepancy
	Yes	No	Summary Description	
(II) Does the company adopt other information disclosure methods (such as setting up a 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		<u>nu=01</u> 2. The URL of the Company's Corporate Governance Zone https://www.concords.com.tw/about/Company/bod.htm?mnu=03&submnu=01 (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: 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. The presentation and video files of the corporate presentation have been disclosed on the "Investor Zone" of the Company's website. (Link to be provided)	No discrepancy.
(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		(III) The Company published and reported its financial reports for the quarters as per official letter Tai-Zheng-Ji-Zi No. 1020500225 of the Taiwan Stock Exchange Corporation, and its semi-annual and annual financial reports are completed 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. In addition, in accordance with Article 21 of the Regulations Governing Securities Firms, securities firms and securities subsidiaries of financial holding companies that issue shares to the public may not publish their annual financial reports more than 75 days after the end of the fiscal year. The financial reports and the operating status for each month are prepared and announced in accordance with the prescribed time and sent to the competent authorities within the prescribed period.	No discrepancy.
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 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.)?	V		(I) Employees' rights and interests: 1. For the purpose of improving work efficiency and solidarity of the employees, the Company pays special attention to welfare measures and harmonious labor-management relations so as to provide comprehensive care for employees. 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	No 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	
			<p>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: Talent is the core value and competitiveness of the Concord Securities. Through a systematic, goal-oriented, and comprehensive cultivation method, they enhance the professional skills and learning growth of their colleagues, accumulate intellectual capital, establish career development maps, and regularly hold various activities such as singing competitions, sports events, birthday parties, and soft skill seminars to foster a sense of camaraderie among colleagues, improve employee care, and establish various welfare measures to create a warm and happy working environment that enables a balance between work and family life. In addition to providing labor and health insurance protection for employees' various rights and interests in accordance with the law, the company also provides comprehensive group insurance and medical protection plans to ensure that colleagues work with peace of mind and without worries.</p> <p>(III) Investor relations: The Company has a spokesperson who not only provides information services for 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:</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>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:</p> <p>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 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.</p> <p>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 adjusting the risk limits shall be reported to the Risk Management Committee for review and approval after submitting to Chairman for approval.</p> <p>(VIII) Status of implementation of customer policy</p> <ol style="list-style-type: none"> 1. Policy: Concord Securities upholds the operation principles of "Ethics, Stability, Service, Sustainability" to provide diversified investment and financial services. 2. Implementation: In order to protect the rights and interests of investors, the Company has established the following channels of control: <ol style="list-style-type: none"> (1) Customer Service Center: The Company has set up a customer service hotline to provide customer consultation services and channels for complaints, with dedicated personnel responsible for handling customer problems. (2) 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 	



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>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>(IX) Details of the company taking out directors and supervisors liability insurance: The Company has taken out liability insurance for all directors and key employees from Chubb Taiwan and AIG Taiwan for a total amount of US\$8 million for the period from December 23, 2021 to December 23, 2022.</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 9th Corporate Governance Evaluation in 2022, the Company ranked 6%~20% of all TPEX listed companies. For items not scored in the previous term; For example: Does the company disclose relevant information on corporate governance, strategies, risk management, indicators, and goals for climate-related risks and opportunities in accordance with the framework of the Climate-related Financial Disclosure Recommendation (TCFD)? Article 4-1 of "Applying Sustainability Report Operation Measures" discloses climate-related information of OTC companies and discloses it in the 2022 sustainability report.</p>				

Progress of continuing education of directors

December 31, 2022

Title	Name	Election Date	Training Date		Organizer	Course Name	Hours of Training	Whether the continuing education meets the requirements (Note 1)
			From	To				
Chairperson	Zhong Yang Investment Co., Ltd. Representative: Cheng, Ta-Yu	July 12, 2021	June 15, 2022	June 15, 2022	Taiwan Securities Association	Corporate Governance and Money Laundering Control Course	3.0	Yes
			September 6, 2022	September 6, 2022	Taiwan Securities Association	ESG and Sustainable Management in the Securities Industry	3.0	
Director	Zhong Yang Investment Co., Ltd. Representative: Jinnder Chang	July 12, 2021	June 15, 2022	June 15, 2022	Taiwan Securities Association	Corporate Governance and Money Laundering Control Course	3.0	Yes
			June 16, 2022	June 16, 2022	National Federation of CPA Associations of ROC	Response of CPAs to Anti-Money Laundering	3.0	
			September 6, 2022	September 6, 2022	National Federation of CPA Associations of ROC	Analysis of the Latest Tax Laws in Practice	7.0	
Director	Zhong Yang Investment Co., Ltd. Representative: Lee, Chin-Shen	July 12, 2021	March 10, 2022	March 10, 2022	TWSE, QIC, Georgeson	An International Perspective on Independent Directors and the 2022 Shareholders' Meeting	1.0	Yes
			June 15, 2022	June 15, 2022	Taiwan Securities Association	Corporate Governance and Money Laundering Control Course	3.0	
			October 27, 2022	October 27, 2022	Taiwan Securities Association	Control and Management of Interested Party Transactions and Conflict of Interest Avoidance in the Securities and Futures Industry	3.0	
Director	Sky Investment Co., Ltd. Representative: Chen, Qiong-Ling	July 12, 2021	June 15, 2022	June 15, 2022	Taiwan Securities Association	Corporate Governance and Money Laundering Control Course	3.0	Yes
			July 27, 2022	July 27, 2022	TWSE, TPEX	Sustainable Development Pathway Industry Theme Promotion Meeting	2.0	
			August 11, 2022	August 11, 2022	Taiwan Corporate Governance Association	Compliance with the Company's Act and Directors' Oversight Obligations	3.0	
			October 27, 2022	October 27, 2022	Taiwan Securities Association	Control and Management of Interested Party Transactions and Conflict of Interest Avoidance in the Securities and Futures Industry	3.0	
			December 16, 2022	December 16, 2022	Taiwan Corporate Governance Association	Corporate Sustainability and Board of Directors Responsibilities	3.0	

Title	Name	Election Date	Training Date		Organizer	Course Name	Hours of Training	Whether the continuing education meets the requirements (Note 1)
			From	To				
Director	Yuan Long Development Co., Ltd. Representative: Ma, Pei-Chun	July 12, 2021	June 15, 2022	June 15, 2022	Taiwan Securities Association	Corporate Governance and Money Laundering Control Course	3.0	Yes
			October 27, 2022	October 27, 2022	Taiwan Securities Association	Control and Management of Interested Party Transactions and Conflict of Interest Avoidance in the Securities and Futures Industry	3.0	
Director	Jia Yi Corp. Representative: Tsai, Sung-Po	July 12, 2021	June 15, 2022	June 15, 2022	Taiwan Securities Association	Corporate Governance and Money Laundering Control Course	3.0	Yes
			October 27, 2022	October 27, 2022	Taiwan Securities Association	Control and Management of Interested Party Transactions and Conflict of Interest Avoidance in the Securities and Futures Industry	3.0	
Director	De Ye Investment Co., Ltd. Representative: Yang, Ming-Wang	July 12, 2021	June 15, 2022	June 15, 2022	Taiwan Securities Association	Corporate Governance and Money Laundering Control Course	3.0	
			October 27, 2022	October 27, 2022	Taiwan Securities Association	Control and Management of Interested Party Transactions and Conflict of Interest Avoidance in the Securities and Futures Industry	3.0	
Corporate Director	Tai Ming Development Co., Ltd. Representative: Lee, Chuang-Yuan	August 01, 2021	March 10, 2022	March 10, 2022	TWSE, QIC, Georgeson	An International Perspective on Independent Directors and the 2022 Shareholders' Meeting	1.0	Yes
			June 15, 2022	June 15, 2022	Taiwan Securities Association	Corporate Governance and Money Laundering Control Course	3.0	
			October 27, 2022	October 27, 2022	Taiwan Securities Association	Control and Management of Interested Party Transactions and Conflict of Interest Avoidance in the Securities and Futures Industry	3.0	
Director	Chang, Yao-Ren	July 12, 2021	June 15, 2022	June 15, 2022	Taiwan Securities Association	Corporate Governance and Money Laundering Control Course	3.0	Yes

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Title	Name	Election Date	Training Date		Organizer	Course Name	Hours of Training	Whether the continuing education meets the requirements (Note 1)
			From	To				
			September 29, 2022	September 29, 2022	Taipei Exchange	2022 TPEX Listed Companies - Independent Directors and Audit Committee Reference Guide on the Exercise of Powers and Functions and Directors' Briefing	3.0	
			October 27, 2022	October 27, 2022	Taiwan Securities Association	Control and Management of Interested Party Transactions and Conflict of Interest Avoidance in the Securities and Futures Industry	3.0	
Independent Director	Huang, Tien-Chang	July 12, 2021	March 10, 2022	March 10, 2022	TWSE, QIC, Georgeson	An International Perspective on Independent Directors and the 2022 Shareholders' Meeting	1.0	Yes
			June 15, 2022	June 15, 2022	Taiwan Securities Association	Corporate Governance and Money Laundering Control Course	3.0	
			October 11, 2022	October 11, 2022	Taipei Exchange	2022 TPEX Listed Companies - Independent Directors and Audit Committee Reference Guide on the Exercise of Powers and Functions and Directors' Briefing	3.0	
			October 19, 2022	October 19, 2022	Securities and Futures Institute	Introduction and Case Study of Short-Term Trading by Corporate Insiders	3.0	
			October 19, 2022	October 19, 2022	Securities and Futures Institute	Challenges and Opportunities for Sustainable Development Pathways and Introduction to Greenhouse Gas Inventory	3.0	
			October 27, 2022	October 27, 2022	Taiwan Securities Association	Control and Management of Interested Party Transactions and Conflict of Interest Avoidance in the Securities and Futures Industry	3.0	
Independent Director	Huang, Hsiu-Hui	July 12, 2021	June 15, 2022	June 15, 2022	Taiwan Securities Association	Corporate Governance and Money Laundering Control Course	3.0	Yes



Title	Name	Election Date	Training Date		Organizer	Course Name	Hours of Training	Whether the continuing education meets the requirements (Note 1)
			From	To				
			August 10, 2022	August 10, 2022		Independent Director Association Taiwan	3.0	
			October 27, 2022	October 27, 2022	Taiwan Securities Association	Control and Management of Interested Party Transactions and Conflict of Interest Avoidance in the Securities and Futures Industry	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".



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Organizer	Trained Department/Title/Name			Training Date	Topic of Corporate Governance Course	Hours
Taiwan Securities Association	Management Level	President	Chiu, Jung-Chen	June 15, 2022	H1 2022 Corporate Governance and Money Laundering Control Course	3
	Proprietary Trading Dept.	Senior Executive Vice President	Chen, Chih-Hao	June 15, 2022	H1 2022 Corporate Governance and Money Laundering Control Course	3
	Chief Information Officer	Senior Executive Vice President	Chang, Jyh-Chian	June 15, 2022	H1 2022 Corporate Governance and Money Laundering Control Course	3
	Brokerage Business Group	Senior Executive Vice President	Tseng, Li-Kuo	June 15, 2022	H1 2022 Corporate Governance and Money Laundering Control Course	3
	Underwriting Dept.	Vice President	Leu, Suh-Ling	June 15, 2022	H1 2022 Corporate Governance and Money Laundering Control Course	3
	Settlement and Clearing Dept.	Vice President	Wang, Hsiu-Ching	June 15, 2022	H1 2022 Corporate Governance and Money Laundering Control Course	3
	Financial Derivatives Dept.	Vice President	Liu, Pi-Yin	June 15, 2022	H1 2022 Corporate Governance and Money Laundering Control Course	3
	Auditing Office	Vice President	Shih, Shu-Chen	June 15, 2022	H1 2022 Corporate Governance and Money Laundering Control Course	3
	Banqiao Branch	Vice President	Lin, Hsu-Sheng	June 15, 2022	H1 2022 Corporate Governance and Money Laundering Control Course	3
	Brokerage Business Group	Vice President	Yen, Chih-Lung	June 15, 2022	H1 2022 Corporate Governance and Money Laundering Control Course	3
	Regulation Compliance Dept.	Vice President	Ding, Yong-Kang	June 15, 2022	H1 2022 Corporate Governance and Money Laundering Control Course	3
	Fixed Income Dept.	Vice President	Chen, Wei-Tung	June 15, 2022	H1 2022 Corporate Governance and Money Laundering Control Course	3
	Shareholder Service Dept.	Senior Assistant Vice President	Yang, Yung-Sheng	June 15, 2022	H1 2022 Corporate Governance and Money Laundering Control Course	3
	Human Resource Dept.	Senior Assistant Vice President	Huang, Mei-Ling	June 15, 2022	H1 2022 Corporate Governance and Money Laundering Control Course	3
	General Affairs Dept.	Senior Assistant Vice President	Huang, Kai-Ming	June 15, 2022	H1 2022 Corporate Governance and Money Laundering Control Course	3
	Financial Derivatives Dept.	Senior Assistant Vice President	Ho, Chen-Che	June 15, 2022	H1 2022 Corporate Governance and Money Laundering Control Course	3
	Brokerage Business Management Dept.	Senior Assistant Vice President	Yang, Kuang-Cheng	June 15, 2022	H1 2022 Corporate Governance and Money Laundering Control Course	3
	IT Dept.	Assistant Vice President	Pai, Cheng-Hsien	June 15, 2022	H1 2022 Corporate Governance and Money Laundering Control Course	3
	Risk Management Office	Assistant Vice President	Hsu, Shu-Wen	June 15, 2022	H1 2022 Corporate Governance and Money Laundering Control Course	3
	Corporate Strategy Dept.	Assistant Vice President	Chen, Ming-Wei	June 15, 2022	H1 2022 Corporate Governance and Money Laundering Control Course	3
	Proprietary Trading Dept.	Assistant Vice President	Yao, Yi-Shan	June 15, 2022	H1 2022 Corporate Governance and Money Laundering Control Course	3
	Auditing Office	Assistant Vice President	Lo, Yu-Chieh	June 15, 2022	H1 2022 Corporate Governance and Money Laundering Control Course	3
	Board Secretary Office	Assistant Vice President	Shou, Ning-Ning	June 15, 2022	H1 2022 Corporate Governance and Money Laundering Control Course	3
	Settlement and Clearing Dept.	Senior Manager	Chou, Hui-Ming	June 15, 2022	H1 2022 Corporate Governance and Money Laundering Control Course	3
	Digital Marketing Dept.	Senior Manager	Lin, Shih-Nung	June 15, 2022	H1 2022 Corporate Governance and Money Laundering Control Course	3
	Wealth Management Dept.	Senior Manager	Hsu, Wei-Lun	June 15, 2022	H1 2022 Corporate Governance and Money Laundering Control Course	3
	Auditing Office	Senior Manager	Wang, I-Ping	June 15, 2022	H1 2022 Corporate Governance and Money Laundering Control Course	3
	Proprietary Trading Dept.	Senior Manager	Cheng, Tai-Cheng	June 15, 2022	H1 2022 Corporate Governance and Money Laundering Control Course	3

Organizer	Trained Department/Title/Name			Training Date	Topic of Corporate Governance Course	Hours
Taiwan Securities Association	Regulation Compliance Dept.	Manager	Lai, Chi-Hua	June 15, 2022	H1 2022 Corporate Governance and Money Laundering Control Course	3
	Accounting Dept.	Manager	Huang, Chun-Lan	June 15, 2022	H1 2022 Corporate Governance and Money Laundering Control Course	3
	General Affairs Dept.	Manager	Fan, Tsai-Wu	June 15, 2022	H1 2022 Corporate Governance and Money Laundering Control Course	3
	Finance Dept.	Manager	Lin, Yen-Hui	June 15, 2022	H1 2022 Corporate Governance and Money Laundering Control Course	3
	Human Resource Dept.	Manager	Wei, Bei-Ling	June 15, 2022	H1 2022 Corporate Governance and Money Laundering Control Course	3
	Board Secretary Office	Manager	Chang, Chia-Hui	June 15, 2022	H1 2022 Corporate Governance and Money Laundering Control Course	3
	Management Level	President	Chiu, Jung-Chen	October 27, 2022	Control and Management of Interested Party Transactions and Conflict of Interest Avoidance in the Securities and Futures Industry	3
	Proprietary Trading Dept.	Senior Executive Vice President	Chen, Chih-Hao	October 27, 2022	Control and Management of Interested Party Transactions and Conflict of Interest Avoidance in the Securities and Futures Industry	3
	Brokerage Business Group	Senior Executive Vice President	Tseng, Li-Kuo	October 27, 2022	Control and Management of Interested Party Transactions and Conflict of Interest Avoidance in the Securities and Futures Industry	3
	Chief Executive Officer	Senior Executive Vice President	Kang, Ching-Tai	October 27, 2022	Control and Management of Interested Party Transactions and Conflict of Interest Avoidance in the Securities and Futures Industry	3
	Proprietary Trading Dept.	Senior Executive Vice President	Liao, Chi-Hung	October 27, 2022	Control and Management of Interested Party Transactions and Conflict of Interest Avoidance in the Securities and Futures Industry	3
	Underwriting Dept.	Vice President	Leu, Suh-Ling	October 27, 2022	Control and Management of Interested Party Transactions and Conflict of Interest Avoidance in the Securities and Futures Industry	3
	Settlement and Clearing Dept.	Vice President	Wang, Hsiu-Ching	October 27, 2022	Control and Management of Interested Party Transactions and Conflict of Interest Avoidance in the Securities and Futures Industry	3
	Financial Derivatives Dept.	Vice President	Liu, Pi-Yin	October 27, 2022	Control and Management of Interested Party Transactions and Conflict of Interest Avoidance in the Securities and Futures Industry	3
	Auditing Office	Vice President	Shih, Shu-Chen	October 27, 2022	Control and Management of Interested Party Transactions and Conflict of Interest Avoidance in the Securities and Futures Industry	3
	Brokerage Business Group	Vice President	Yen, Chih-Lung	October 27, 2022	Control and Management of Interested Party Transactions and Conflict of Interest Avoidance in the Securities and Futures Industry	3
	Regulation Compliance Dept.	Vice President	Ding, Yong-Kang	October 27, 2022	Control and Management of Interested Party Transactions and Conflict of Interest Avoidance in	3
	Human Resource Dept.	Senior Assistant Vice President	Huang, Mei-Ling	October 27, 2022	Control and Management of Interested Party Transactions and Conflict of Interest Avoidance in	3
	Brokerage Business	Senior Assistant Vice President	Yang, Kuang-Cheng	October 27, 2022	Control and Management of Interested Party Transactions and Conflict of Interest Avoidance in	3
	Risk Management Office	Assistant Vice President	Hsu, Shu-Wen	October 27, 2022	Control and Management of Interested Party Transactions and Conflict of Interest Avoidance in	3
	Corporate Strategy Dept.	Assistant Vice President	Chen, Ming-Wei	October 27, 2022	Control and Management of Interested Party Transactions and Conflict of Interest Avoidance in	3
	Accounting Dept.	Assistant Vice President	He, Chia-Lin	October 27, 2022	Control and Management of Interested Party Transactions and Conflict of Interest Avoidance in	3
	Board Secretary Office	Assistant Vice President	Shou, Ning-Ning	October 27, 2022	Control and Management of Interested Party Transactions and Conflict of Interest Avoidance in	3
	Wealth Management	Senior Manager	Hsu, Wei-Lun	October 27, 2022	Control and Management of Interested Party Transactions and Conflict of Interest Avoidance in	3
	Proprietary Trading Dept.	Senior Manager	Cheng, Tai-Cheng	October 27, 2022	Control and Management of Interested Party Transactions and Conflict of Interest Avoidance in	3
	General Affairs Dept.	Senior Manager	Li, Wen-Bin	October 27, 2022	Control and Management of Interested Party Transactions and Conflict of Interest Avoidance in	3
	Underwriting Dept.	Manager	Li, Yan-Liang	October 27, 2022	Control and Management of Interested Party Transactions and Conflict of Interest Avoidance in	3

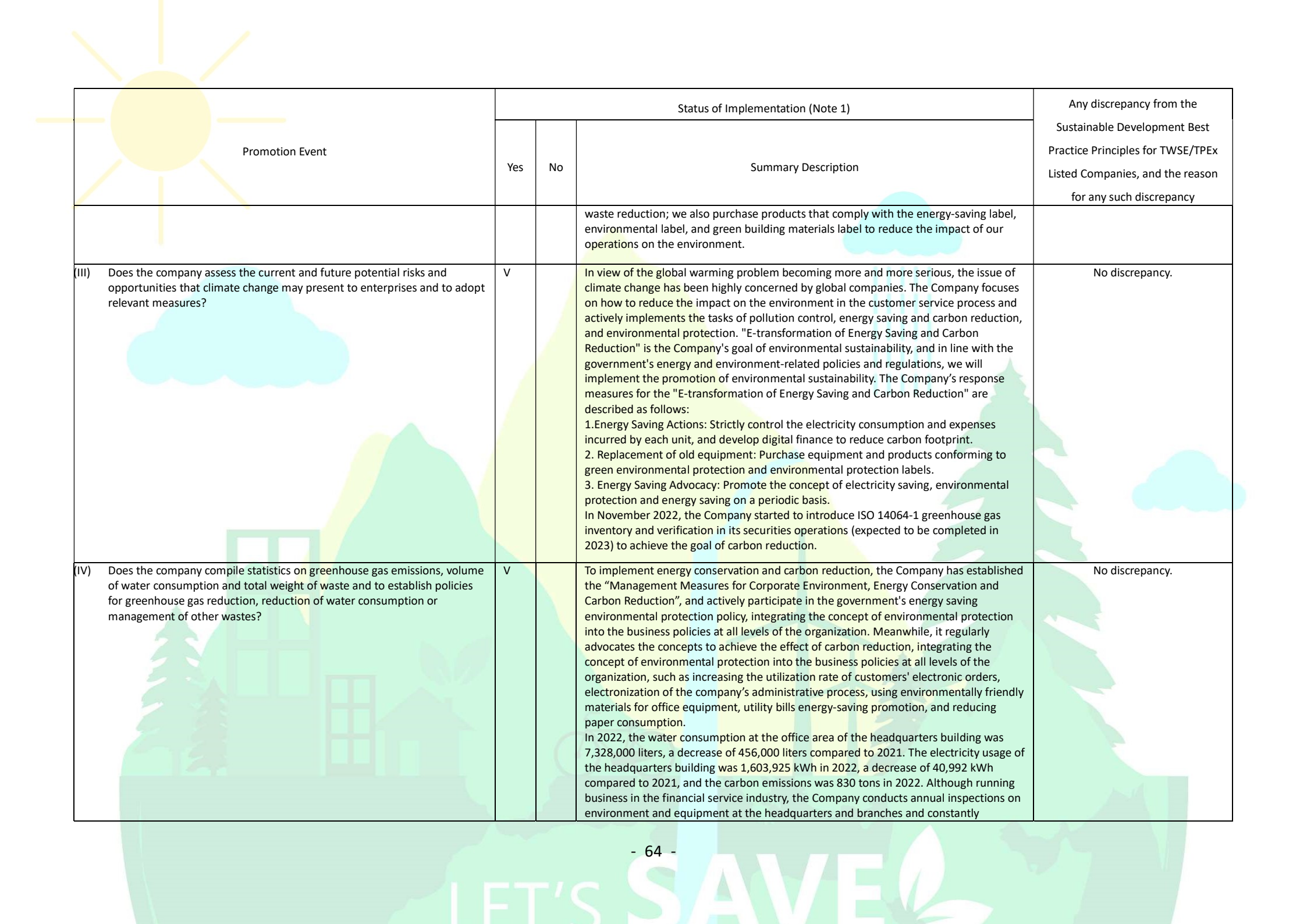
Organizer	Trained Department/Title/Name			Training Date	Topic of Corporate Governance Course	Hours
	Underwriting Dept.	Manager	Chien, Tzu-Wen	October 27, 2022	Control and Management of Interested Party Transactions and Conflict of Interest Avoidance in	3
	Board Secretary Office	Manager	Chang, Chia-Hui	October 27, 2022	Control and Management of Interested Party Transactions and Conflict of Interest Avoidance in	3
Taiwan Securities Association	General Affairs Dept.	Manager	Fan, Tsai-Wu	October 27, 2022	Control and Management of Interested Party Transactions and Conflict of Interest Avoidance in	3
	Chief Corporate Governance	Assistant Vice President	Tsai, Wan-Chi	October 27, 2022	Control and Management of Interested Party Transactions and Conflict of Interest Avoidance in	3
	Chief Corporate Governance	Assistant Vice President	Tsai, Wan-Chi	June 15, 2022	H1 2022 Corporate Governance and Money Laundering Control Course	3
Taipei Exchange	Chief Corporate Governance	Assistant Vice President	Tsai, Wan-Chi	October 11, 2022	2022 Board and Supervisors' Promotional Meeting	3
	Chief Corporate Governance	Assistant Vice President	Tsai, Wan-Chi	August 23, 2022	Advanced Seminar on Directors and Supervisors (including Independent Directors) and Chief	3
Securities and Futures Institute	Chief Corporate Governance	Assistant Vice President	Tsai, Wan-Chi	August 16, 2022	Ethical Corporate Management Best Practice Principles - Corporate Governance	3
	Chief Corporate Governance	Assistant Vice President	Tsai, Wan-Chi	July 6, 2022	Operation status of the Audit Committee:	3
Taiwan Securities Association	Underwriting Dept.	Vice President	Lee, Yu-Ju	June 15, 2022	The Art of Living and the Law [Corporate Governance]	3
	Underwriting Dept.	Senior Assistant Vice President	Liang, Kai-Chieh	July 20, 2022	The Latest Trends of ESG: An Example of Sustainable Management Strategy in the Securities	3
	Underwriting Dept.	Senior Manager	Chang, Yung-Han	July 20, 2022	The Latest Trends of ESG: An Example of Sustainable Management Strategy in the Securities	3
	Underwriting Dept.	Manager	Hsu, Ching-Hua	April 12, 2022	Legal Liability for Fraudulent Financial Statements and Insider Trading and Case Analysis	3
	Underwriting Dept.	Manager	Hsieh, I-Wei	April 12, 2022	Legal Liability for Fraudulent Financial Statements and Insider Trading and Case Analysis	3
	Underwriting Dept.	Manager	Cheng, Shih-Wei	April 12, 2022	Legal Liability for Fraudulent Financial Statements and Insider Trading and Case Analysis	3
Chinese National Association of Industry and Commerce	Board Secretary Office	Assistant Vice President	Shou, Ning-Ning	April 8, 2022	2022 Board of Directors Meeting/Shareholders' Meeting Things to Note and FAQs	3
	Board Secretary Office	Manager	Chang, Chia-Hui	April 8, 2022	2022 Board of Directors Meeting/Shareholders' Meeting Things to Note and FAQs	3
Taiwan Corporate Governance Association	Board Secretary Office	Assistant Vice President	Shou, Ning-Ning	October 19, 2022	Corporate Governance Summit - Enhancing Directors' Functions and Implementing Sustainable	6
	Board Secretary Office	Manager	Chang, Chia-Hui	October 19, 2022	Corporate Governance Summit - Enhancing Directors' Functions and Implementing Sustainable	6

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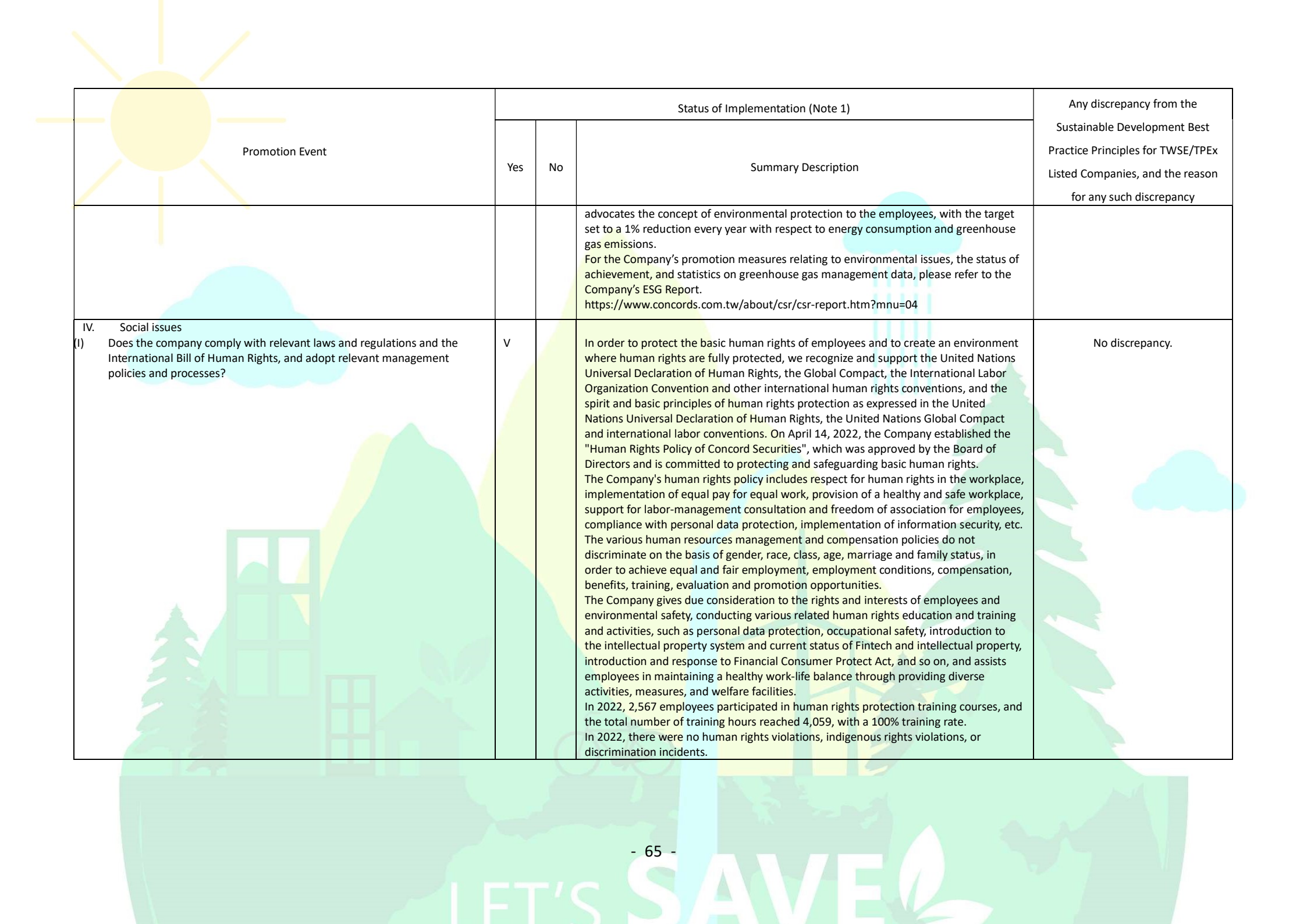
3.3.5 The state of the company's promotion of sustainable development, any variance from the Sustainable Development Best Practice Principles, and the reason for any such variance

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 Company established the "Sustainable Development Committee" at the 9th Board Meeting of the 12th Term on March 17, 2022, which is a dedicated unit for sustainable development of the Company, with the Chairman as the Chairman and the President as the Vice Chairman. The Committee 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. 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 Company's "Sustainable Development 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 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>	No discrepancy.

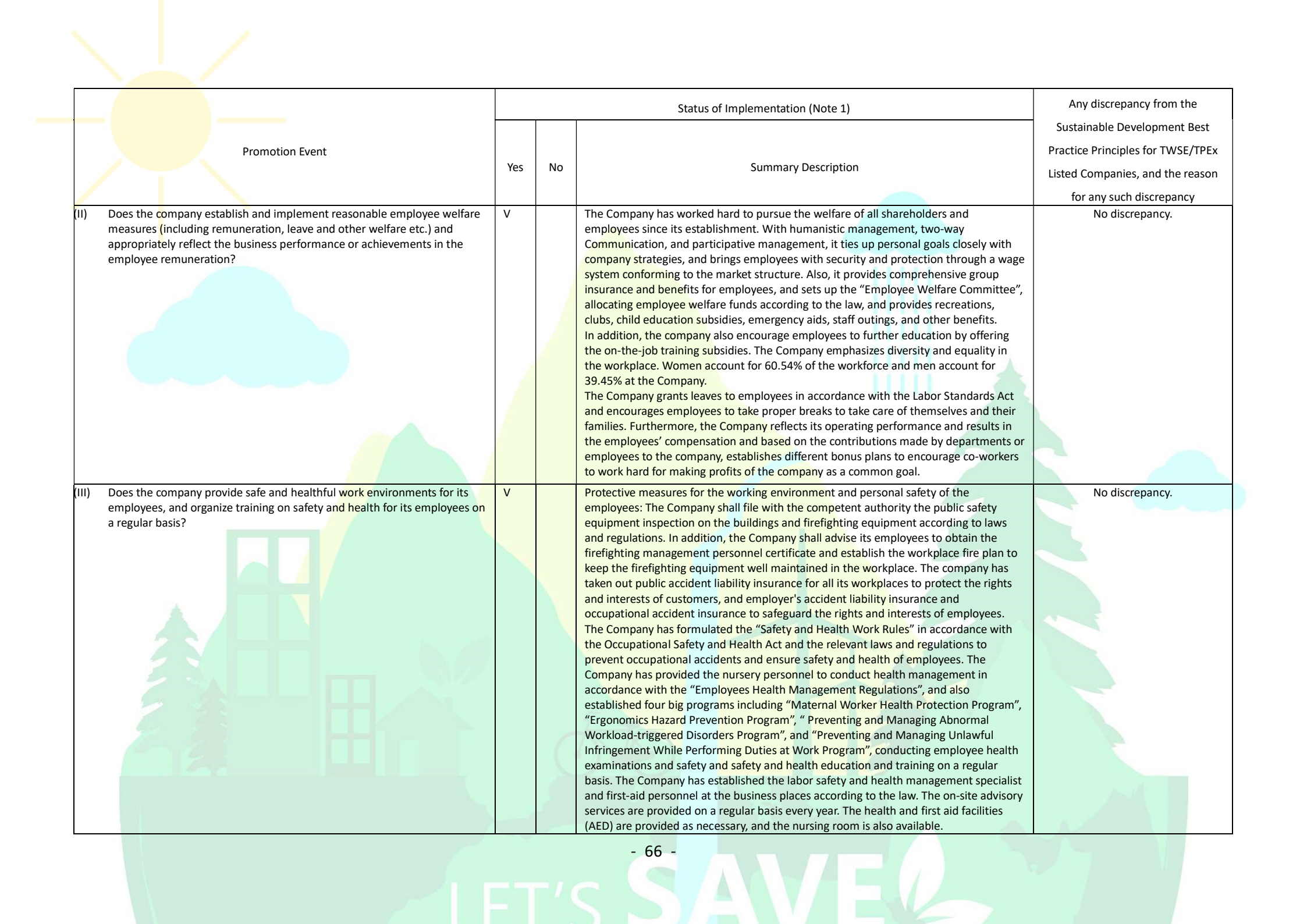
Promotion Event	Status of Implementation (Note 1)			Any discrepancy from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such discrepancy
	Yes	No	Summary Description	
			In 2022, the Sustainable Development Committee held two meetings, which included setting sustainable development goals, implementing short-, medium-, and long-term goals for each group, monitoring the implementation of sustainable development issues, and evaluating the implementation status to promote sustainable development goals. The Board of Directors resolved at the 15th meeting of the 12th Term on December 16, 2022 to approve the Company's sustainable development strategy, short-, medium- and long-term goals and specific measures.	
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		In order to practice sustainable development, the Company has established a "Corporate Sustainable Development Best Practice Principles", which takes into account international trends in sustainable development, policy directions of competent authorities, important issues of domestic and international industry, concerns of stakeholders, and the impact on the Company's operations, and establishes environmental, social and corporate governance principles of significance. Accordingly, we evaluate the management policies of each major theme, develop corresponding strategic actions and performance evaluation, and disclose them through the annual sustainability report, as detailed in the Company's ESG Report. https://www.concords.com.tw/about/csr/csr-report.htm?mnu=04	No discrepancy.
III. Environmental issues (I) Does the company establish proper environment management systems based on the characteristics of their industries?	V		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, so as to appropriately protect the natural environment, to demonstrate the improvement of organizational environmental performance, to achieve environmental, social and economic balance, and to achieve the goal of sustainable development. The Company has obtained ISO 14001 environmental management system and ISO 45001 occupational safety and health management certification in January 2023; the Company has introduced ISO 14064-1 greenhouse gas inventory and verification in November 2022 (expected to complete the inventory and verification in 2023) at the Company's securities operation site in order to achieve the goal of carbon reduction.	No discrepancy.
(II) Does the company endeavor to utilize energy more efficiently and use renewable materials which have a low impact on the environment?	V		The Company spares no effort in compliance and support for green environmental protection. In order to achieve the goal of environmental sustainability by reducing waste, we have placed resource recycling bins on all floors of the company, strengthened the promotion of resource recycling, and strictly enforced environmental	No discrepancy.



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	
			waste reduction; we also purchase products that comply with the energy-saving label, environmental label, and green building materials label to reduce the impact of our operations on the environment.	
(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. "E-transformation of Energy Saving and Carbon Reduction" is the Company's goal of environmental sustainability, and in line with the government's energy and environment-related policies and regulations, we will implement the promotion of environmental sustainability. The Company's response measures for the "E-transformation of Energy Saving and Carbon Reduction" are described as follows:</p> <ol style="list-style-type: none"> 1. Energy Saving Actions: Strictly control the electricity consumption and expenses incurred by each unit, and develop digital finance to reduce carbon footprint. 2. Replacement of old equipment: Purchase equipment and products conforming to green environmental protection and environmental protection labels. 3. Energy Saving Advocacy: Promote the concept of electricity saving, environmental protection and energy saving on a periodic basis. <p>In November 2022, the Company started to introduce ISO 14064-1 greenhouse gas inventory and verification in its securities operations (expected to be completed in 2023) to achieve the goal of carbon reduction.</p>	No discrepancy.
(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 7,328,000 liters, a decrease of 456,000 liters compared to 2021. The electricity usage of the headquarters building was 1,603,925 kWh in 2022, a decrease of 40,992 kWh compared to 2021, and the carbon emissions was 830 tons in 2022. Although running business in the financial service industry, the Company conducts annual inspections on environment and equipment at the headquarters and branches and constantly</p>	No discrepancy.

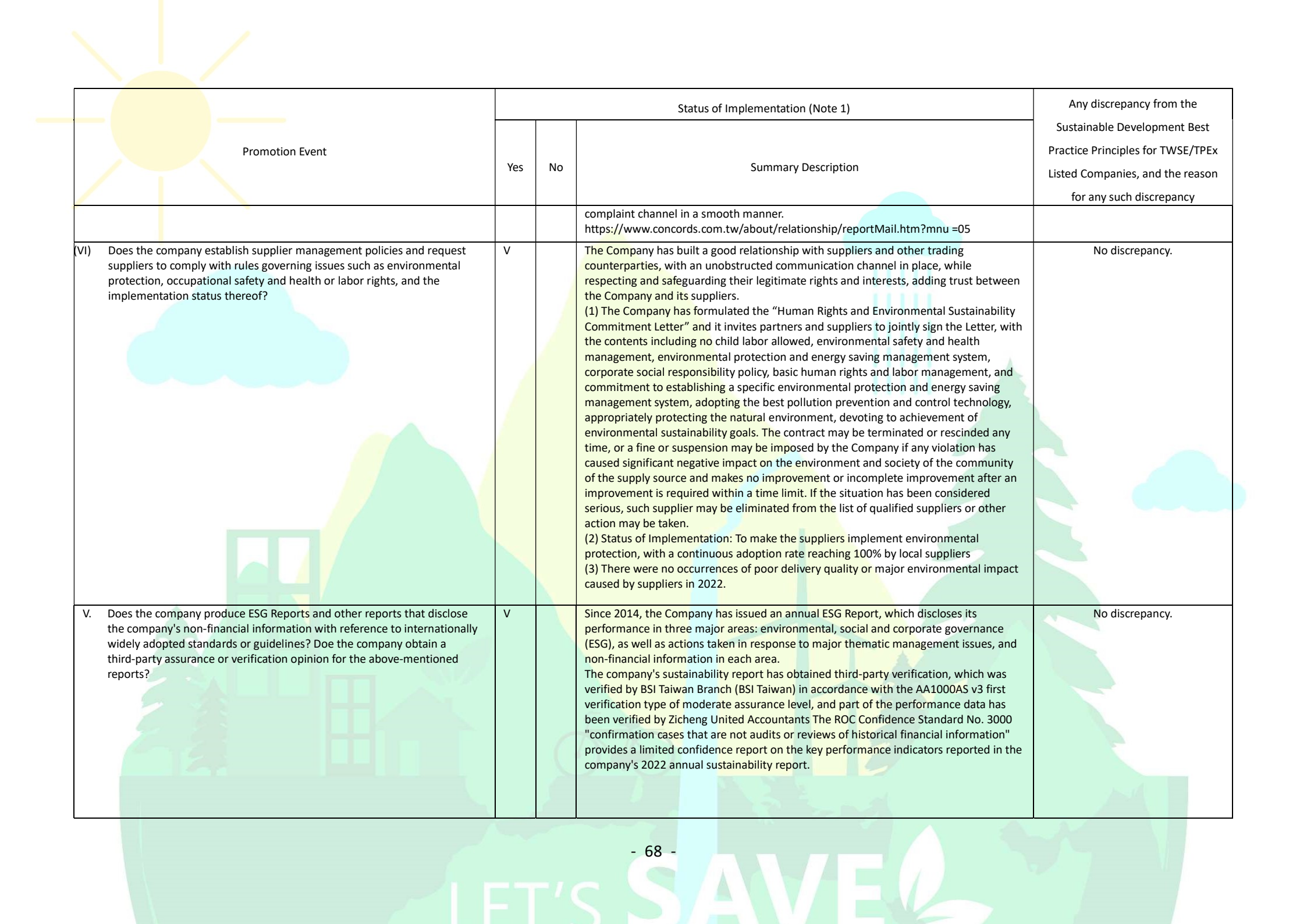


Promotion Event	Status of Implementation (Note 1)			Any discrepancy from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such discrepancy
	Yes	No	Summary Description	
			<p>advocates the concept of environmental protection to the employees, with the target set to a 1% reduction every year with respect to energy consumption and greenhouse gas emissions.</p> <p>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 ESG Report.</p> <p>https://www.concords.com.tw/about/csr/csr-report.htm?mnu=04</p>	
<p>IV. Social issues</p> <p>(I) Does the company comply with relevant laws and regulations and the International Bill of Human Rights, and adopt relevant management policies and processes?</p>	V		<p>In order to protect the basic human rights of employees and to create an environment where human rights are fully protected, we recognize and support the United Nations Universal Declaration of Human Rights, the Global Compact, the International Labor Organization Convention and other international human rights conventions, and the spirit and basic principles of human rights protection as expressed in the United Nations Universal Declaration of Human Rights, the United Nations Global Compact and international labor conventions. On April 14, 2022, the Company established the "Human Rights Policy of Concord Securities", which was approved by the Board of Directors and is committed to protecting and safeguarding basic human rights.</p> <p>The Company's human rights policy includes respect for human rights in the workplace, implementation of equal pay for equal work, provision of a healthy and safe workplace, support for labor-management consultation and freedom of association for employees, compliance with personal data protection, implementation of information security, etc. The various human resources management and compensation policies do not discriminate on the basis of gender, race, class, age, marriage and family status, in order to achieve equal and fair employment, employment conditions, compensation, benefits, training, evaluation and promotion opportunities.</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> <p>In 2022, 2,567 employees participated in human rights protection training courses, and the total number of training hours reached 4,059, with a 100% training rate.</p> <p>In 2022, there were no human rights violations, indigenous rights violations, or discrimination incidents.</p>	No discrepancy.



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	
(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. 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 60.54% of the workforce and men account for 39.45% 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>	No discrepancy.
(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?	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. 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 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>	No discrepancy.

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>This year, the Company held 6 seminars, including the Seminar on depression taught me, fire safety, prevention of sexual harassment and stalking harassment, prevention of human hazards and soreness, tips on fatigue prevention, and office 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 and in 2022 won the "Enterprise Epidemic Prevention Alliance Epidemic Prevention Pioneer" Rising Star Award.</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 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.</p>	No discrepancy.
(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 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</p>	No discrepancy.



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	
			complaint channel in a smooth manner. https://www.concords.com.tw/about/relationship/reportMail.htm?mnu=05	
(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?	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) 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 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 2022.</p>	No discrepancy.
V. Does the company produce ESG 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>Since 2014, the Company has issued an annual ESG Report, which discloses its performance in three major areas: environmental, social and corporate governance (ESG), as well as actions taken in response to major thematic management issues, and non-financial information in each area.</p> <p>The company's sustainability report has obtained third-party verification, which was verified by BSI Taiwan Branch (BSI Taiwan) in accordance with the AA1000AS v3 first verification type of moderate assurance level, and part of the performance data has been verified by Zicheng United Accountants The ROC Confidence Standard No. 3000 "confirmation cases that are not audits or reviews of historical financial information" provides a limited confidence report on the key performance indicators reported in the company's 2022 annual sustainability report.</p>	No discrepancy.

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		
VI. If the company has formulated its own “Corporate 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: No discrepancy.					
VII. Other significant information that will provide a better understanding of the state of the Company’s implementation of fulfilling corporate social responsibility initiatives: For other sustainable development implementation, please refer to our ESG Report, download at https://www.concords.com.tw/about/csr/csr-report.htm?mnu=04					

Climate Information for TPEX-listed Companies

1. Risks and opportunities caused by climate change and the measures taken by the Company to address them

Index	Items	Implementation Status
1	Describe the Board's and management's oversight and governance of climate related risks and opportunities.	<p>■ For the implementation of Items 1~7, please refer to the "Four Aspects of Climate-related Financial Disclosure (TCFD) Framework" below.</p> <p>■ The company expects to conduct scenario analysis on the identified climate risk factors in 2023, and develop mitigation or adaptation measures based on the scenario analysis results.</p> <p>■ Environmental Management System</p> <p>Concord Securities will introduce the ISO 14001:2018 environmental management system in 2022, and obtain certification in early 2023, declaring the "Environmental Protection Policy". Concord will continue to reduce energy consumption in office buildings and operating sites, and continue to update operating equipment to improve power consumption efficiency And promote power consumption management measures, hoping to improve the overall energy efficiency by updating equipment and changing employee habits.</p> <p>Greenhouse Gas Inventory-Organization Inventory</p>
2	Describe how the identified climate risks and opportunities affect the business, strategy, and finances (short, medium, and long term).	
3	Describe the financial impact of extreme weather events and transformational actions.	
4	Describe how the climate risk identification, assessment and management process is integrated into the overall risk management system.	
5	If a situational analysis is used to assess the resilience to climate change risks, the scenario, parameters, assumptions, analysis factors and key financial impacts used should be described.	
6	If there is a transformation plan to manage climate-related risks, describe the contents of the plan and the indicators and targets used to identify and manage physical and transformation risks.	
7	If internal carbon pricing is used as a planning tool, the basis for price setting should be stated.	
8	If climate related targets are set, the activities covered, the scope of greenhouse gas emissions, the planning period, the annual progress of achievement and other information should be stated; if carbon offsets or renewable energy certificates (RECs) are used to achieve the relevant targets, the source and quantity of carbon credits to be offset or the quantity of renewable energy certificates (RECs) should be stated.	

9

Greenhouse gas inventory and status of assurance (also filled in 1-1).

Concord Comprehensive Securities has no large-scale waste pollution for the financial service industry, but it is still committed to building the company into an all-round green enterprise, adhering to the business philosophy and service spirit of "integrity, stability, service, and sustainability". Launched the ISO 14064-1 greenhouse gas inventory certification in 2022. The total greenhouse gas emissions of scope 1 and scope 2 will be 1,555.494 tons in 2022. According to the scenario of 1.5°C warming, the reduction targets of scope 1 and 2 will be set. With 2022 as the base year, the per capita The electricity consumption is 362.98 kWh (2,885,313 kWh/7,949 people), and the energy consumption will be reduced by 1% compared with the base year by 2025, and the goal will be to reduce the energy consumption by 3% compared with the base year by 2027. Accordingly, Concord Comprehensive Securities will continue to update energy-saving equipment in the future, implement energy-saving management to improve electricity efficiency, and plan to purchase renewable energy, continue to promote low-carbon transformation and implement the concept of environmental protection, and strive for the sustainable and balanced development of enterprises and the environment .

Four Aspects of the Climate-Related Financial Disclosure (TCFD) Framework

The company attaches great importance to the impact of climate change on operations, and at the same time pays attention to development opportunities, and strengthens corporate social responsibility and sustainable governance. Concord Securities refers to the "Task Force on Climate-related Financial Disclosures (TCFD) Four dimensions, strategies, risk management, indicators and goals, to deal with climate change issues, and then identify risks and opportunities, and put forward response measures, plans and goals, disclose information related to climate governance, improve information transparency, and promote global sustainability develop.

I. Government

Board of Directors Oversight	<ul style="list-style-type: none">● The board of directors is the highest governance unit for climate-related issues. It has set up a "Sustainable Development Committee" under it to oversee issues related to climate change.● The company has incorporated "climate risk" into the "risk management policy" to improve the climate-related risk management mechanism.
Management	<ul style="list-style-type: none">● The "Sustainable Development Committee" is chaired by the chairman and is organized functionally. Among them, the "Green Operations Group" is responsible for promoting the implementation and management of climate actions, and the "Responsible Investment Group" is responsible for green finance and sustainable development. Responsible investment.● The Sustainable Development Committee holds quarterly meetings to review climate risk-related implementation plans and results.
Risk management committee	<ul style="list-style-type: none">● The "Risk Management Committee" is composed of five members of the board of directors, responsible for supervising and guiding the implementation of climate risk management, and reviewing proposals related to climate risk management.● The risk management office is responsible for formulating the identification, measurement and management process of climate-related risks and opportunities, and integrating them into the existing risk management framework.

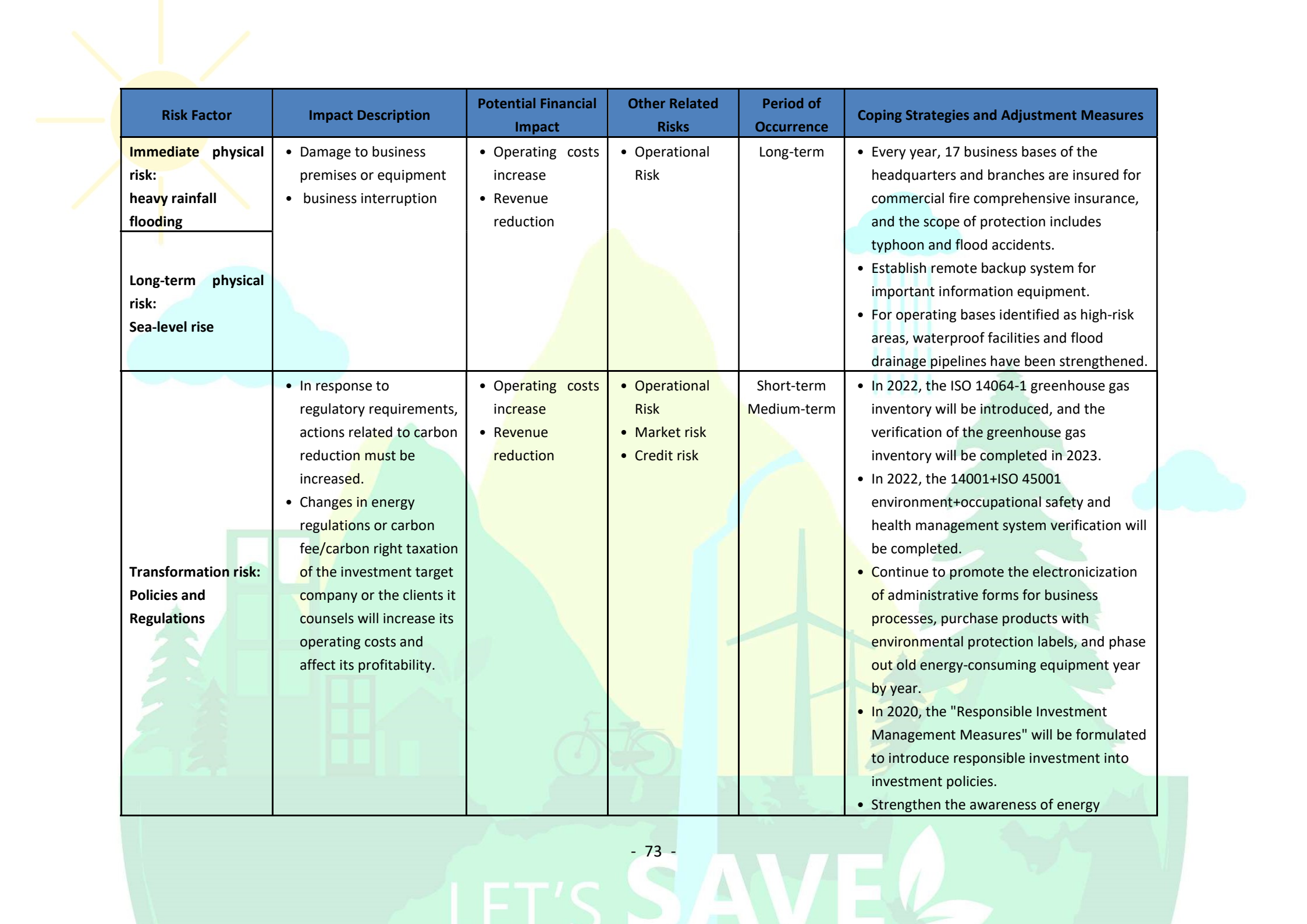
II. Strategy and risk management.

Facing the uncertainty of climate change, the company follows the disclosure guidelines suggested by TCFD, and divides the climate risk management responsibilities of each line of defense through the structure of three lines of defense in internal control.

Climate Risk and Opportunity Identification and Risk Management Process



Impact, financial impact and coping strategies of major climate risk events identified



Risk Factor	Impact Description	Potential Financial Impact	Other Related Risks	Period of Occurrence	Coping Strategies and Adjustment Measures
Immediate physical risk: heavy rainfall flooding	<ul style="list-style-type: none"> • Damage to business premises or equipment • business interruption 	<ul style="list-style-type: none"> • Operating costs increase • Revenue reduction 	<ul style="list-style-type: none"> • Operational Risk 	Long-term	<ul style="list-style-type: none"> • Every year, 17 business bases of the headquarters and branches are insured for commercial fire comprehensive insurance, and the scope of protection includes typhoon and flood accidents. • Establish remote backup system for important information equipment. • For operating bases identified as high-risk areas, waterproof facilities and flood drainage pipelines have been strengthened.
Long-term physical risk: Sea-level rise					
Transformation risk: Policies and Regulations	<ul style="list-style-type: none"> • In response to regulatory requirements, actions related to carbon reduction must be increased. • Changes in energy regulations or carbon fee/carbon right taxation of the investment target company or the clients it counsels will increase its operating costs and affect its profitability. 	<ul style="list-style-type: none"> • Operating costs increase • Revenue reduction 	<ul style="list-style-type: none"> • Operational Risk • Market risk • Credit risk 	Short-term Medium-term	<ul style="list-style-type: none"> • In 2022, the ISO 14064-1 greenhouse gas inventory will be introduced, and the verification of the greenhouse gas inventory will be completed in 2023. • In 2022, the 14001+ISO 45001 environment+occupational safety and health management system verification will be completed. • Continue to promote the electronicization of administrative forms for business processes, purchase products with environmental protection labels, and phase out old energy-consuming equipment year by year. • In 2020, the "Responsible Investment Management Measures" will be formulated to introduce responsible investment into investment policies. • Strengthen the awareness of energy

Risk Factor	Impact Description	Potential Financial Impact	Other Related Risks	Period of Occurrence	Coping Strategies and Adjustment Measures
					conservation of all employees.

Note: Occurrence period: short-term refers to within 1 year, medium-term refers to 1-3 years, and long-term refers to more than 3 years.

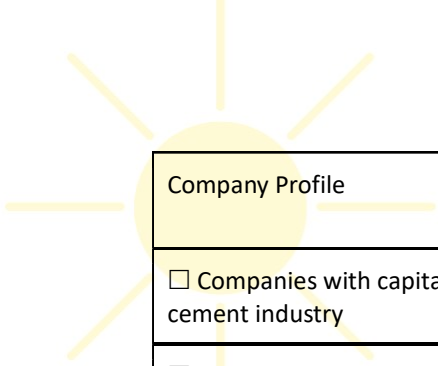
Description of climate risk-related opportunities identified

Opportunity Project	Opportunity Description	Potential Opportunity Impact	Affect business scope
Product and service	<ul style="list-style-type: none"> Provide relevant technologies and industry development trends to guide customers in net-zero transformation, reduce customers' potential operational risks, help customers reduce the impact of climate-related risks or assist them in identifying climate-related opportunities. Expand the proportion of investment positions in renewable energy and green industries to increase business opportunities. 	<ul style="list-style-type: none"> Revenue increase 	<ul style="list-style-type: none"> Underwriting business Proprietary Trading business

III. Indicators and targets

Climate-related indicators	Short-term goal (1 year)	Medium-term goal (1-3 years)	Long-term goal (Over 3 years)
Greenhouse gas emissions	<ul style="list-style-type: none"> Complete the verification of greenhouse gas inventory 	<ul style="list-style-type: none"> 1% reduction in greenhouse gas emissions (with 2022 as the base year) 	<ul style="list-style-type: none"> 3% reduction in greenhouse gas emissions (with 2022 as the base year)
Climate risk management	<ul style="list-style-type: none"> Identify climate-related risks and opportunities, assess the impact and probability of climate-related risks on operations and finances, and plan relevant adaptation measures accordingly. 	<ul style="list-style-type: none"> Establish climate risk-related indicators for investment positions. Integrate climate risk considerations into other risk management mechanisms. 	<ul style="list-style-type: none"> Continue to improve the measurement method of climate risk.

1-1 Greenhouse gas inventory and confirmation of the situation



Company Profile	According to the Corporate Governance -Sustainable Development Roadmap, at least the following should be disclosed:
<input type="checkbox"/> Companies with capitalization of over NT\$10 billion, steel industry, cement industry	<input type="checkbox"/> Parent company individual inventory <input type="checkbox"/> Consolidated financial report subsidiary inventory
<input checked="" type="checkbox"/> Companies with capitalization over NT\$5 billion and less than NT\$10 billion	<input type="checkbox"/> Parent company only assurance <input checked="" type="checkbox"/> Consolidated financial report subsidiary assurance
<input type="checkbox"/> Companies with less than NT\$5 billion in capital	



Scope 1: Direct Emissions	Total emissions (metric tons CO2e)	Density (metric tons of CO2e/million)	Confident organization	Description
Parent Company	86.870	0.065	BSI	Completed the verification on April 24, 2023.
Subsidiary	Subsidiaries are expected to conduct an inventory check in 2026 and complete the check in 2028.			
Total	86.870	0.065		
Scope 2: Indirect Emissions	Total emissions (metric tons CO2e)	Density (metric tons of CO2e/million)	Confident organization	Description
Parent Company	1,468.625	1.102	BSI	Completed the verification on April 24, 2023.
Subsidiary	Subsidiaries are expected to conduct an inventory check in 2026 and complete the check in 2028.			
Total	1,468.625	1.102		
Scope 3: Other indirect emissions (may voluntarily disclose)	Total emissions (metric tons CO2e)	Density (metric tons of CO2e/million)	Confident organization	Description
Parent Company	297.939	0.224	BSI	Completed the verification on April 24, 2023.
Subsidiary	Subsidiaries are expected to conduct an inventory check in 2026 and complete the check in 2028.			
Total	297.939	0.224		

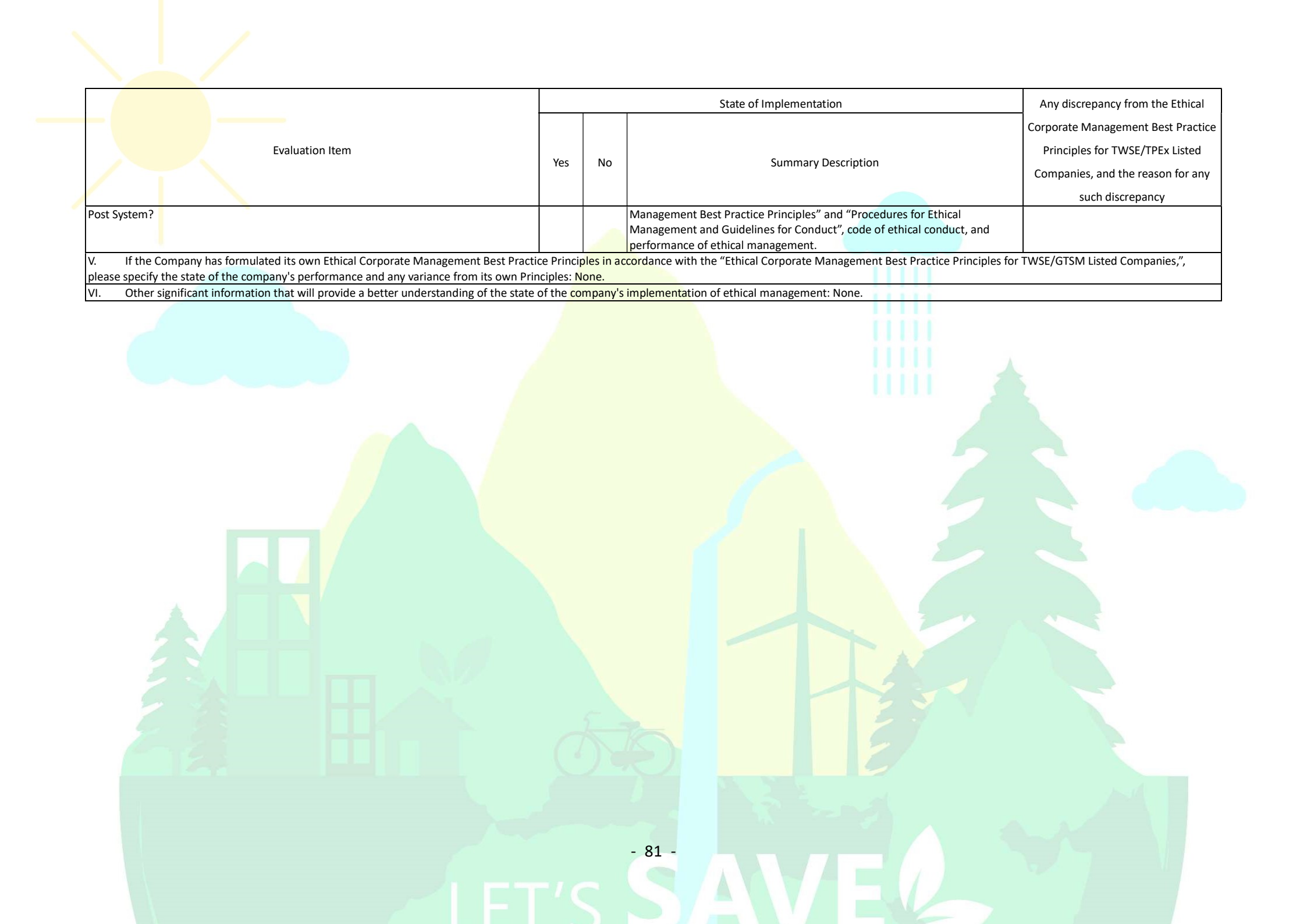
3.3.6 The state of the company's performance in the area of ethical corporate management, any variance from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance:

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.	No discrepancy.
(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.	No discrepancy.
(III) Does the company set out in the programs to prevent unethical conduct the 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?	V		(III) The Company has established the "Ethical Corporate Management Best 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	No discrepancy.


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	
				with the relevant laws and regulations or the company's personnel regulations.	
II.	Implementing ethical management				
(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?	V		(I) The Company's "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct" are regulated as follows: 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 and are scrupulously carried out the terms accordingly.	No discrepancy.
(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		(II) In order to improve the management of the Company's integrity management, the Secretary Office of the Board of Directors serves as the dedicated unit for the implementation of integrity management. The "Accounting Department, General Affairs Department, Regulation Compliance Department, Audit Office, Risk Management Office, Human Resources Department, Corporate Strategy Department, and Secretary's Office of the Board of Directors" are responsible for working together on the promotion or implementation of integrity management. The Secretary Office of the Board of Directors is responsible for compiling the implementation status and reporting the integrity management policy and implementation results to the Board of Directors annually. The ethical corporate management policies and implementation results for 2022 were reported to the board of directors on March 9, 2023.	No discrepancy.
(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. The directors shall not exercise their voting rights on behalf of	No discrepancy.

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		<p>other directors and shall exercise self-discipline among themselves and shall not improperly conspire with each other.</p> <p>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.</p> <p>(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.</p>	No discrepancy.
(V) Does the company organize on-job and off-job training with respect to ethical management on a regular basis?	V		<p>(V) The Company shall plan and organize training courses related to ethical management on a regular basis. In 2022, 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 3,357 persons participating in the training and approximately 4,437.5 total accumulated hours.</p>	No discrepancy.
<p>III. The state of Implementation of the company's whistleblowing system:</p> <p>(I) Does the company adopt a concrete whistleblowing and reward system and establish a convenient reporting channel, and appoint dedicated personnel or unit to handle the whistleblowing system?</p>	V		<p>(I) The Company has established the "Whistleblowing System" which provides a reporting channel for whistle-blowers and builds a whistle-blower protection system. In order to ensure the effective implementation of the reporting system, the receiving unit and investigation unit of the reporting system are as follows:</p> <p>Acceptance Unit: The Audit Office, the Regulation Compliance Department and the Corporate Strategy Department of the Company will jointly accept the application.</p> <p>Investigation Unit: Auditing Office.</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: should be reported to the Reward and</p>	No discrepancy.

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 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>Punishment Committee for reward. (3) Anonymous report: No reward shall be given.</p> <p>2. Reporting channel and methods 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 Intranet as whistle-blower reporting channels. 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> <p>(II) The Company has established standard operating procedures for the investigation of whistleblower cases in the "Whistleblower System" and the follow-up measures to be taken after the completion of the investigation.</p> <p>1. The investigation unit will make an investigation report of the investigation results and present the "Report on Investigation of Whistleblower Cases" to the chairman of the board of directors to report the handling situation, follow-up improvement and response measures.</p> <p>2. The acceptance unit and the investigation unit shall properly store and file the documents of the receiving and investigation process of the reported cases, and the relevant documents and records, investigation reports, subsequent disposal and other related information shall be kept for at least five years.</p>	No discrepancy.
(III) Does the company adopt the measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistleblowing?	V		<p>(III) Whistleblower Protection</p> <p>1. The identity information of the whistleblower shall be kept confidential and no information sufficient to identify the informant shall be divulged. The information and files provided by the whistleblowers shall be treated as confidential and encrypted for protection.</p> <p>2. The acceptance unit and the investigating unit shall not record the name of the whistleblower or any facts that may identify him/her when presenting the case or report.</p> <p>3. The Company shall not dismiss, terminate, demote, reduce the salary of, impair the rights and interests of, or otherwise adversely affect the rights and interests of the whistleblower under law, contract, or custom as a result of the reported case.</p>	No discrepancy.
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	V		The Company has set up an "Corporate Ethical Management" section on the Company's website to disclose the Company's "Ethical Corporate	No discrepancy.



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	
Post System?			Management Best Practice Principles” and “Procedures for Ethical Management and Guidelines for Conduct”, code of ethical conduct, and performance of ethical management.	
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>

In order to guide the conduct of the company's directors, managers and all employees in line with ethical standards, and to make the company's stakeholders better understand the company's ethical standards, the company has formulated a "ethical code of conduct" and uploaded this operating procedure to The company's website is for all internal personnel of the company to follow.

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



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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 9, 2023

Base on the results of self-assessment of the Company's internal control system for the year of 2022, 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, 2022, 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 9, 2023. 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

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>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) In 2003 and 2004, the subsidiary Con Lian Asset Management Service Co., Ltd. (hereinafter referred to as the "CAM") invested by the Company after participating in the establishment and cash capital increase of Hwa-Ho Asset Management Corp. (formerly known as Con Lian Asset Management Service Co., Ltd., the company name changed in 2013, hereinafter referred to as "Hwa-Ho") in 2003 to 2019, the profit and loss of CAM 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 CAM, 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-10703 20901 dated June 01, 2018 of the Financial Supervisory Commission.</p> <p>(As per Letter No. Financial-Supervisory-Securities-Zi-1100363949 1, Sanction No. Financial-Supervisory-Securities-Penalties-Zi-11 00363949 dated October 6, 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>	<p>The Company has urged its subsidiary, Con Lian Asset Management Service, to evaluate the disposal of its equity interest in Hwa-Ho Asset Management Corp. and to undergo subsequent tracking. In order to dissolve and liquidate its subsidiary, Con Lian Asset Management Service, by resolution of the Company's Board of Directors on November 8, 2022, the liquidator will dispose of the equity interest in Hwa-Ho Asset Management Corp. through sales and liquidation procedures.</p>	Ongoing

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: None.

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:

Index	Main Defects	Improvement Status
1	<p>I. The Company's system suffered a hacking incident and customers' personal information was leaked. The Company failed to report the incident to the Securities and Futures Market Information Security Notification System within 30 minutes of learning of the incident; failed to conduct source code testing of the system and the app connected to it; failed to conduct virus scanning of the system and data storage media on a regular basis; failed to set the system password to change at least once every three months and failed to use a strong encryption password; failed to conduct account inventory on a regular basis; failed to implement the internal control system and violated Article 2, Paragraph 2 of the Regulations Governing Securities Firms. The Company was therefore imposed with a fine of NT\$720,000. (Jin-Guan-Zheng-Quan-Zi No. 11203805321 and Jin-Guan-Zheng-Quan-Fa-Zi No. 1120380532 dated February 13, 2023)</p>	These improvements have been completed.
2	<p>I. The FSC Examinations Bureau conducted a general business examination of the Company from December 6, 2021 to December 24, 2021 and found the following deficiencies:</p> <ul style="list-style-type: none"> (I) The Company's procedures for handling cases involving the reporting of misconduct of the Company's responsible persons are in violation of the relevant corporate governance regulations. (II) Non-members of the Audit Committee or the Remuneration Committee routinely attend meetings and do not leave the meetings during discussions and voting, in violation of corporate governance-related regulations. (III) In the absence of clear internal regulations on the advancement of bail for personnel involved in litigation, the Company uses the Company's funds to advance bail on behalf of the Chairman. (IV) In handling high-risk stock control operations, the Company failed to apply for relaxation of single stock financing percentage and quota for customers for several times in the short term. Failure to disclose customer information in the open application form in accordance with internal regulations; failure to implement account control in the audit of customer trustee trading quota. <p>II. The Company violated the relevant provisions of corporate governance and failed to implement the internal control system, and certified the violation of Article 2, Item 2 of the Regulations Governing Securities Firms and other relevant provisions, and was imposed with the following penalties:</p> <ul style="list-style-type: none"> (I) To the Company: The Company was warned and fined NT\$1.44 million and ordered to appoint a non-attesting CPA to issue a project review report on the 	Improvement of the deficient items in the left column has been completed; In addition, a non-attesting CPA was appointed to issue a project review report on the implementation of the improved internal control system, and to track the implementation of the improved internal control system.

	<p>implementation of the improved internal control system. Until the deficiencies recognized by the FSC are improved, no additional reinvestment in subsidiaries is allowed.</p> <p>(II) Individual: The Company was ordered to reduce the monthly salary of the Chairman, President and Head of Regulation Compliance by 20% for 6 months, 6 months and 3 months, respectively; and fined the person responsible for the act NT\$1.2 million.</p> <p>(Jin-Guan-Zheng-Quan-Fa-Zi No. 1120380875 and Jin-Guan-Zheng-Quan-Fa-Zi No. 11203808751 dated March 2, 2023)</p>	
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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 June 8, 2022:		
Proposal	Resolution Result	Implementation Status
FY2021 Final Accounts	The voting results tallied 362,520,272 shares in favor (among which 9,679,069 shares were cast in electronic form) accounted for 95.89% of the total attending shareholders' votes, 99,423 voted against (among which 99,423 shares were cast in electronic form) accounted for 0.02% of the total attending shareholders' votes, and 15,435,837 shares were categorized as abstention votes/no votes (among which 13,372,060 shares were in electronic form) accounting for 4.08% 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.
FY2021 Earnings Distribution	The voting results tallied 363,345,733 shares in favor (among which 10,504,430 shares were cast in electronic form) accounted for 96.10% of the total attending shareholders' votes, 72,440 voted against (among which 72,440 shares were cast in electronic form) accounted for 0.01% of the total attending shareholders' votes, and 14,637,359 shares were categorized as abstention votes/no votes (among which 12,573,582 shares were in electronic form) accounting for 3.87% 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 June 22, 2022 the ex-dividend date was set on July 18, 2022, and the distribution date of cash dividends on August 5, 2022, with cash dividends of NT\$1.55 per share.
Amendment to the "Articles of Incorporation"	The voting results tallied 363,043,448 shares in favor (among which 10,202,245 shares were cast in electronic form) accounted for 96.02% of the total attending shareholders' votes, 109,952 voted against (among which 109,952 shares were cast in electronic form) accounted for 0.02% of the total attending shareholders' votes, and 14,902,132 shares were categorized as abstention votes/no votes (among which 12,838,355 shares were in electronic form) accounting for 3.94% 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".

Material resolutions of the regular shareholders meeting on June 8, 2022:		
Proposal	Resolution Result	Implementation Status
Amendment to the "Procedures for Acquisition and Disposal of Assets"	The voting results tallied 363,068,616 shares in favor (among which 10,227,413 shares were cast in electronic form) accounted for 96.03% of the total attending shareholders' votes, 86,792 voted against (among which 86,792 shares were cast in electronic form) accounted for 0.02% of the total attending shareholders' votes, and 14,900,124 shares were categorized as abstention votes/no votes (among which 12,836,347 shares were in electronic form) accounting for 3.94% 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 "Procedures for Acquisition and Disposal of Assets".

2. Material resolutions of a board of directors meeting:

Meeting Session/Convening Date	Material Resolutions of Board of Directors Meeting
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 a subsidiary company
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 Parent Company Only Financial Statements and Consolidated Financial Statements Case No. 3: 2021 Business Report Case No. 4: Proposal for FY2021 Earnings Distribution 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

Meeting Session/Convening Date	Material Resolutions of Board of Directors Meeting
	<p>and the Regulations for the Organization of the Company</p> <p>Case No. 17: Proposal for Establishment of the Sustainable Development Committee and Formulation of the Organization</p> <p>Case No. 18: Amendment to the "Procedures for Board of Directors Meetings"</p> <p>Case No. 19: Amendment to the "Standard Operating Procedures for Handling Requests from Directors"</p> <p>Case No. 20: Amendment to the "Internal Material Information Processing Procedures"</p> <p>Case No. 21: Amendment to the "Procedures for Related-party Transactions"</p> <p>Case No. 23: Renewal of the Property Lease Agreement between the Company and the Subsidiary Concord Asset Management Co., Ltd.</p> <p>Case No. 24: Compensation of Consultants</p> <p>Case No. 25: Personnel affairs</p>
The 10th Meeting of the 12th Term Board of Directors April 14, 2022	<p>Case No. 1: Submission of the CPA Audit Report Issued by PwC Taiwan's attesting CPAs on the Company's Internal Control System</p> <p>Case No. 2: Submit the report on the project review of the Company's internal control system issued by the PwC Taiwan</p> <p>Case No. 3: Presented the "Report on the Improvement of the Examination Opinions and Findings of the FSC Financial Examinations Bureau" of the Company</p> <p>Case No. 4: Amendments to the Company's "Business Incentive Plan for the Shareholder Service Department"</p> <p>Case No. 5: Amendments to the Company's Articles of Incorporation</p> <p>Case No. 6: To establish the "Human Rights Policy" of the Company</p> <p>Case No. 7: Amendments to the "Regulations Governing the Appointment of Managers" of the Company</p> <p>Case No. 8: Personnel appointment matters</p>
The 11th Meeting of the 12th Term Board of Directors May 5, 2022	<p>Case No. 1: 2022 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 "Anti-money Laundering and Countering Terrorism Financing Risk Assessment Procedures"</p> <p>Case No. 4: Amendment to the "Operational Guidelines for Underwriting Business"</p> <p>Case No. 5: Amendment to the "Regulations for Call (Put) Warrants Risk Management"</p> <p>Case No. 6: Amendment to the "Management Strategy and Operational Guidelines for Equity Derivatives Business"</p> <p>Case No. 7: Amendment to the "Regulations for Exchange Traded Fund Strategic Trading Risk Management"</p> <p>Case No. 9: The Company's Financial Institution Loan Limits</p> <p>Case No. 10: Report on the Company's greenhouse gas inventory and verification schedule plan</p> <p>Case No. 11: Amendment to the Company's "Whistle-blowing System"</p> <p>Case No. 12: Assignment of directors and supervisors of the subsidiary, Concord Insurance Agent Corp.</p> <p>Case No. 13: Proposed re-designation of director representative of</p>

Meeting Session/Convening Date	Material Resolutions of Board of Directors Meeting
	<p>the Company to its subsidiary, Concord Futures Corp.</p> <p>Case No. 14: Remuneration of the New Deputy Chairman of a subsidiary company</p> <p>Case No. 15: Compensation adjustment case for the President of a subsidiary</p> <p>Case No. 16: Official car allocation for the Company's President</p> <p>Case No. 17: Personnel appointment matters</p> <p>Case No. 18: It is proposed that Yuanta Bank be appointed to handle the Company's employee stock ownership trust affairs</p> <p>Case No. 19: Remuneration of the Chairman of a subsidiary company who is also the President of said subsidiary</p> <p>Case No. 20: Remuneration adjustment case for the President of a subsidiary</p>
The 12th Meeting of the 12th Term Board of Directors June 22, 2022	<p>Case No. 1: Report of the Business Risk Early Warning Operation Improvement Plan for March and April 2022</p> <p>Case No. 2: The Company intends to reassign the corporate representative to its reinvestment subsidiary, Concord Insurance Agent Corp.</p> <p>Case No. 3: The Company's Financial Institution Loan Limits</p> <p>Case No. 4: Determining the ex-dividends date and distribution date for cash dividends</p> <p>Case No. 5: Revise the data sharing standards among the Company's financial institution entities</p> <p>Case No. 6: On the Company's proposed purchase of a company vehicle from Concord Futures</p> <p>Case No. 7: Termination fund for a subsidiary company</p> <p>Case No. 8: Proposal for the change of the Company's chief accounting officer and the accountant-in-charge</p> <p>Case No. 9: Remuneration of the Chairman of a subsidiary company who is also the President of said subsidiary</p> <p>Case No. 10: Amendment to the Internal Control Systems of the Company</p> <p>Case No. 11: Submitted the "Report on the Improvement of the Examination Opinions and Findings of the FSC Financial Examinations Bureau" to the Company</p> <p>Case No. 12: The Self-help Association of Minority Shareholders of Concord Securities appointed lawyer Mr. Sun-Lin Yang as an independent director of the Company to exercise the right to examine the Company's business operations</p>
The 13th Meeting of the 12th Term Board of Directors August 26, 2022	<p>Case No. 1: 2022 Q2 Parent Company Only Financial Statements and Consolidated Financial Statements</p> <p>Case No. 2: Application for Non-Restricted Purpose Loan Business</p> <p>Case No. 3: Amendments to the Company's Trading Rules for Emerging Stocks</p> <p>Case No. 4: Amendment to the "Management Strategy and Operational Guidelines for Equity Derivatives Business"</p> <p>Case No. 5: Corrections to the second item in the attachment of Improvement Items of the 2021 Annual Statement of Internal Control System of the Company</p> <p>Case No. 6: Amendments to the "Internal Control System for Securities Trading" and "Internal Control System for Auxiliary Business of Futures Trading" of the Company</p> <p>Case No. 7: The Self-help Association of Minority Shareholders of Concord Securities appointed lawyer Mr. Sun-Lin Yang as an independent director of the Company to exercise the right to examine the Company's business</p>

Meeting Session/Convening Date	Material Resolutions of Board of Directors Meeting
	<p>operations</p> <p>Case No. 8: Presented the "Report on the Improvement of the Examination Opinions and Findings of the FSC Financial Examinations Bureau" of the Company</p> <p>Case No. 9: Report of the Business Risk Early Warning Operation Improvement Plan for May and June 2022</p> <p>Case No. 10: Revision of the "Whistleblower System" of the Company</p> <p>Case No. 11: Amendment to the "Financial Product Know your Customer and Product Suitability Review Procedures"</p> <p>Case No. 12: 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. 13: Revision on the Company's "Policy and Strategy for Fair Treatment of Consumers"</p> <p>Case No. 14: The Company proposed to apply for the establishment of the Taipei City Concord Social Welfare Charitable Foundation</p> <p>Case No. 16: Proposal for the change of the Company's chief accounting officer and the accountant-in-charge</p> <p>Case No. 17: Proposal for Distribution of 2021 Remuneration to Directors</p> <p>Case No. 18: Amendment to the "Salary and Remuneration Method" of the Company</p> <p>Case No. 19: Amendment of the Company's "Job Grade and Salary Scale"</p> <p>Case No. 20: Personnel appointment matters</p> <p>Case No. 21: The Company's Financial Institution Loan Limits</p>
The 14th Meeting of the 12th Term Board of Directors November 8, 2022	<p>Case No. 1: The Company's consolidated financial statements for the third quarter of 2022</p> <p>Case No. 2: Amendments to the "Internal Control System for Securities Trading" and "Internal Control System for Auxiliary Business of Futures Trading" of the Company</p> <p>Case No. 3: Amendment to the "Procedures for Board of Directors Meetings"</p> <p>Case No. 4: Amendment to the "Corporate Sustainable Development Best Practice Principles"</p> <p>Case No. 5: Report of the Business Risk Early Warning Operation Improvement Plan for August and September 2022</p> <p>Case No. 6: Proposed dissolution and liquidation of the Company's investee company, Con Lian Asset Management Service Co., Ltd.</p> <p>Case No. 7: The Company intends to donate a medical vehicle to the Hsinchu Branch of NTU Hospital</p> <p>Case No. 8: Personnel appointment matters</p> <p>Case No. 9: Amendment to the Company's "Patent Application and Award Guidelines"</p>
The 15th Meeting of the 12th Term Board of Directors December 16, 2022	<p>Case No. 1: Proposal for FY2023 Budget</p> <p>Case No. 2: Evaluation on Independence and Suitability of the CPA</p> <p>Case No. 3: The Company intends to suspend the appointment of Taiwan Financial Asset Service Corporation (TFASC) to conduct an auction of Pihsiang's shares</p> <p>Case No. 4: The Company agreed to settle a dispute with Ms. Tsai, Li-Yu, an IB client</p> <p>Case No. 5: Presented the "Report on the Improvement of the Examination Opinions and Findings of the FSC Financial</p>

Meeting Session/Convening Date	Material Resolutions of Board of Directors Meeting
	<p>Examinations Bureau" of the Company</p> <p>Case No. 6: Amendment to the "Internal Control System of Securities" of the Company</p> <p>Case No. 7: Formulation of the Company's "Internal Control System Self-Assessment Procedures"</p> <p>Case No. 8: Report of 2023 Internal Audit Operation Inspection Plan</p> <p>Case No. 9: Report of the Business Risk Early Warning Operation Improvement Plan for October 2022</p> <p>Case No. 10: The Company's sustainability development strategy, short-, medium- and long-term goals and specific measures</p> <p>Case No. 11: The Company appointed Concord Capital Management Corp. to provide investment consulting services</p> <p>Case No. 12: On the lease of the Company's B3-09 and B3-10 parking spaces</p> <p>Case No. 13: Amendment to the "Internal Material Information Processing Procedures" of the Company</p> <p>Case No. 14: The Company's Financial Institution Loan Limits</p> <p>Case No. 15: Application for 2023 Trading Limits and Risk Limits Allocation of Each Unit of Trading</p> <p>Case No. 16: Credit Limit of A Single Trading Counterparty for the FY2023</p> <p>Case No. 17: The Company's Risk Management Policy is proposed to be amended</p> <p>Case No. 18: Proposal for the Amendment to the "Operating Guidelines for Convertible Bond Asset SWAP Trading"</p> <p>Case No. 19: Amendment to the Company's "Information Security Policy"</p> <p>Case No. 20: Personnel appointment matters</p>
<p>The 16th Meeting of the 12th Term Board of Directors March 9, 2023</p>	<p>Case No. 1: 2022 Distribution of Remuneration to Employees and Directors</p> <p>Case No. 2: 2022 Parent Company Only Financial Statements and Consolidated Financial Statements</p> <p>Case No. 3: Established the company's "General Principles of Pre-approval of Untrusted Service Policy"</p> <p>Case No. 4: 2022 Deficit Compensation Statement</p> <p>Case No. 5: Matters on Convening 2023 Regular Shareholders' Meeting</p> <p>Case No. 6: 2022 Business Report</p> <p>Case No. 7: Amend the "Related Operating Standards for Financial Business among Affiliated Enterprises"</p> <p>Case No. 8: Report of Implementation Status and Self Evaluation Table of the Principles of Fair Treatment of Consumers for the Year 2023</p> <p>Case No. 9: The company's sustainable development strategy and the effectiveness of the implementation of short-, medium-, and long-term goals</p> <p>Case No. 10: The company intends to withdraw its investment in the "Cathay Pacific Private Equity Smart Technology Limited Partnership Fund"</p> <p>Case No. 11: The subsidiary Con lian Asset Management Services Co., Ltd. intends to sell part of the equity of Ha-Ho Asset Management Co., Ltd., the reinvested enterprise, in order to supplement its working capital</p> <p>Case No. 12: Internal Control System Statement and Anti-money Laundering and Countering Terrorism Financing Internal Control System Statement for the Year 2022</p>

Meeting Session/Convening Date	Material Resolutions of Board of Directors Meeting
	Case No. 13: Amending the Company's "Securities Internal Control System", "Internal Control System for Futures Trading Auxiliary Business", and "Internal Control System for Stock Affairs"
	Case No. 14: Proposal to amend the Appointment Contract and Attachment of Securities Trading Auxiliary Services
	Case No. 15: The company 2022 risk management quality information at the "MOPS"
	Case No. 16: Adjust the 2023 annual Delta, Gamma and Vega authorized quotas for the warrant business of Financial Derivatives Dept.
	Case No. 17: Formulate the "Operating Guidelines for Interest Rate and Exchange Rate Futures Trading"
	Case No. 18: Amendment to the "Integrity Management Code" and "Integrity Management Operation Procedures and Behavior Guidelines"
	Case No. 19: Amendment to the "Code of Practice on Corporate Governance"
	Case No. 20: The Company's Financial Institution Loan Limits
	Case No. 21: 2022 Performance Bonus Remuneration Case for Chairman and Appointed Manager
	Case No. 22: Proposal for the Appointment of Directors of the Invested Subsidiary
	Case No. 23: Personnel appointment matters
	Case No. 24: Consultant Appointment
	Case No. 25: The Company and subsidiaries' greenhouse gas inventory and verification schedule plan
The 17th Meeting of the 12th Term Board of Directors December 16, 2022	Case No. 1: System agency maintenance contract with Concord Futures Corp.
	Case No. 2: Amendment to the "Internal Material Information Processing Procedures"
	Case No. 3: 2022 Distribution of Directors' Remuneration
	Case No. 4: Personnel appointment matters

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: None.

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, 2023

Title	Name	Date of Effective	Date of Publication	Remark
Accounting Officer	Chen, Hong-Chien	March 16, 2019	June 28, 2022	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 2022	NT\$2,750 thousand	NT\$200 thousand	NT\$2,950 thousand	Note 1
	Huang, Hsiu-Chun					
Deloitte Taiwan	Jang, Yu-Wei	Year of 2022	—	NT\$200 thousand	NT\$200 thousand	Note 2
PwC Taiwan	Wu, Shang-Tun	Dec. 2021~ Feb. 2022	—	NT\$550 thousand	NT\$550 thousand	Note 3
PwC Taiwan	Wu, Shang-Tun	Year of 2021	—	NT\$260 thousand	NT\$260 thousand	Note 4
Toppest CPAs	Hsieh, Wan-Li	—	—	NT\$43 thousand	NT\$43 thousand	Note 5

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.

Note 4: Non-audit Fees including ESG Report assurance services.

Note 5: Non-audit Fees including Charity foundation establishment consultation.

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	2022		The Current Year up to April 9	
		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.	161,000	0	0	0
	Representative: Cheng, Ta-Yu	180,000	0	0	0
	Representative: Jinnder Chang	0	0	0	0
	Representative: Lee, Chin-Shen	0	0	0	0
Director	Tai Ming Development Co., Ltd.	454,000	0	360,000	0

Title	Name	2022		The Current Year up to April 9	
		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
	Representative: Li, Chuang-Yuan	0	0	0	0
Director	Sky Investment Corp.	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	(5,000)	0	0	0
Vice President	Liao, Chi-Hung	(50,000)	0	0	0
Vice President	Chang, Jyh-Chian	0	0	0	0
Vice President	Liu, Pi-Yin	5,000	0	0	0

Title	Name	2022		The Current Year up to April 9	
		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	Shih, Shu-Chen	0	0	0	0
Vice President	Tseng, Li-Kuo	(22,000)	0	0	0
Vice President	Yen, Chih-Lung	(9,000)	0	0	0
Vice President	Lin, Hsu-Sheng	(32,000)	0	0	0
Vice President	Kang, Ching-Tai (Note 1)	0	0	0	0
Vice President	Lee, Yu-Ju	0	0	0	0
Vice President	Yang, Chun-Cheng	2,000	0	0	0
Assistant Vice President	Yang, Kuang-Cheng	(24,000)	0	0	0
Assistant Vice President	Huang, Shih-Chang	0	0	0	0
Assistant Vice President	Ho, Po-Ming	(45,000)	0	0	0
Assistant Vice President	Huang, Yun-Chieh	0	0	0	0
Assistant Vice President	Pai, Cheng-Hsien	(62,000)	0	0	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	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

Title	Name	2022		The Current Year up to April 9	
		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	Ho, Chen-Che	(490)	0	0	0
Assistant Vice President	Tsao, Po-Hsuan	0	0	0	0
Assistant Vice President	Tsai, Wan-Chi	0	0	0	0
Assistant Vice President	Lai, Chueh-An	0	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	0	0	0	0
Assistant Vice President	Chen, Ju-Chuan	0	0	0	0
Assistant Vice President	Yu, Ping-Tse (Note 2)	0	0	0	0
Assistant Vice President	Lo, Yu-Chien (Note 3)	0	0	0	0
Assistant Vice President	Wang, Chian-Chang (Note 3)	0	0	0	0
Assistant Vice President	Hsu, Shu-Wen	0	0	0	0
Manager	Yang, Yu-Hung	0	0	0	0
Manager	Wang, Mei-Chuan	(30,000)	0	(5,000)	0
Manager	He, Chia-Lin (Note 4)	0	0	0	0
Manager	Pan, Chun-Chi (Note 5)	0	0	0	0
Manager	Wei, Yi-Chan (Note 6)	0	0	0	0
Manager	Lin, Shih-Nung	(24,280)	0	0	0
Manager	Chen, Chien-Hsun	0	0	0	0
Manager	Hsu, Wei-Lun	0	0	0	0
Manager	Liao, Min-Hsiu	0	0	0	0
Manager	Huang, Ying-Jen	0	0	0	0

Title	Name	2022		The Current Year up to April 9	
		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
Manager	Li, Wen-Pin (Note 6)	0	0	0	0
Manager	Li, Wen-Ren (Note 6)	0	0	0	0
Manager	Lin, Wei-Fong (Note 7)	0	0	0	0

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

Note 1: Newly appointed on June 1, 2022.

Note 2: Newly appointed on May 10, 2022.

Note 3: Newly appointed on June 1, 2022.

Note 4: Newly appointed on August 18, 2022.

Note 5: Newly appointed on September 1, 2022.

Note 6: Newly appointed on November 8, 2022.

Note 7: Newly appointed on April 1, 2023.

3.8 Relationship among the Top Ten Shareholders

Record Date: April 9, 2023

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	29,550,406	4.97	-	-	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	22,239,881	3.74	-	-	0	0	None	None	None
	7,905,902	1.33	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
Chang, Yi	11,866,839	2.00	0	0	0	0	None	None	None
Kang Lian Investment Co., Ltd. Representative: Tseng, Hung-Chang	10,860,082	1.83	-	-	0	0	None	None	None
	0	0	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
Zhong Yang Investment Co., Ltd. Representative: Huang, Yao-Tung	9,679,603	1.63	-	-	0	0	None	None	None
	179,563	0.03	0	0	0	0	None	None	None
Kang Yu Investment Co., Ltd. Representative:	9,521,122	1.60	-	-	0	0	None	None	None
	1,000	0	0	0	0	0	Tai Yang Developme	Chairman	None

Hsieh, Shu-Fu							nt Co., Ltd.		
Sky Investment Co., Ltd.	8,441,281	1.42	-	-	0	0	None	None	None
Representative: Chen Chang, A-Ying	16	0	0	0	0	0	None	None	None

3.9 Ownership of Shares in Affiliated Enterprises:

As of March 31, 2023
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.

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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 9, 2023

Shareholder Structure Quantity	Government Agency	Financial Institution	Other Legal Person	Natural Person	Foreign Institution or Foreigner	Total
Number of Persons	0	5	212	59,228	76	59,521
Number of Shares Held	0	2,175,191	149,831,653	428,241,014	14,207,128	594,454,986
Shareholding Percentage %	0	0.36	25.21	72.04	2.39	100.00

4.1.3 Dispersion of equity ownership

April 9, 2023

Shareholding Group	Number of Shareholders	Number of Shares Held	Shareholding Percentage %
1 to 999	30,022	2,759,143	0.46
1,000 to 5,000	18,330	43,629,795	7.34
5,001 to 10,000	5,092	40,314,010	6.78
10,001 to 15,000	1,824	23,058,797	3.88
15,001 to 20,000	1,191	22,023,836	3.71
20,001 to 30,000	1,084	27,809,763	4.68
30,001 to 40,000	507	18,004,409	3.03
40,001 to 50,000	354	16,491,276	2.77
50,001 to 100,000	598	42,250,501	7.11
100,001 to 200,000	281	39,349,560	6.62
200,001 to 400,000	110	29,823,863	5.02
400,001 to 600,000	48	24,239,756	4.08
600,001 to 800,000	19	13,258,243	2.23
800,001 to 1,000,000	14	13,124,369	2.20
1,000,001 or more	47	238,317,665	40.09
Total	59,521	594,454,986	100.00

Note: The Company did not issue preferred shares.

4.1.4 List of the top 10 major shareholders

April 9, 2023

Name of Principal Shareholder	Share	Number of Shares Held	Shareholding Percentage %
Tai Yang Development Co., Ltd.		29,550,406	4.97
Tai Ming Development Co., Ltd.		22,239,881	3.74
Ta Tien Investment Co., Ltd.		17,871,789	3.01
Hsiao, Hsiang-Ling		14,132,060	2.38
Chang, Yi		11,866,839	2.00
Kang Lian Investment Co., Ltd.		10,860,082	1.83
Hong Chi Investment Co., Ltd.		9,825,598	1.65
Zhong Yang Investment Co., Ltd.		9,679,603	1.63
Kang Yu Investment Co., Ltd.		9,521,122	1.60
Sky Investment Co., Ltd.		8,441,281	1.42

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		2021 (Distribution in 2022)	2022 (Distribution in 2023)	The Current Fiscal Year up to March 31, 2023
Price Per Share (Note 1)	Highest	NT\$19.65	NT\$15.35	NT\$11.70
	Lowest	NT\$11.10	NT\$9.02	NT\$9.60
	Average	NT\$16.21	NT\$11.80	NT\$10.41
Net Worth Per Share (Note 2)	Before distribution	NT\$14.93	NT\$13.19	NT\$13.86
	After distribution	NT\$13.38	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\$2.33	NT\$(0.25)
		After adjustment	NT\$2.33	Note 8
Dividend Per Share	Cash dividend		NT\$1.55	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	(47.20)
	Price-to-dividend ratio (Note 6)		10.46	Note 8
	Cash dividend yield ratio (Note 7)		10%	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 2022 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. In addition, the shareholders' meeting of the Company is subject the resolution to amended the Article in June 2022, and revised the rates of compensation of employees to 1% to 3%. 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 3% 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 2022 were NT\$112,000 and NT\$290,000, respectively, by a resolution adopted by the board of directors meeting on March 9, 2023, 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 2021 by resolution of the board of directors and the recognized amount in the parent company only financial statement for 2021.

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 Depositary 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.

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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. 110-114.

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	2022		2021	
	Amount	Percentage %	Amount	Percentage %
Brokerage Department	1,888,026	91.80	2,500,335	58.16
Proprietary Trading Department	82,355	4.00	1,686,784	39.24
Underwriting Department	62,849	3.06	89,201	2.08
Other Departments	23,548	1.14	22,525	0.52
Total	2,056,778	100.00	4,298,845	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 2022, Russia unexpectedly launched a special military operation against Ukraine, igniting a global hike in commodity prices and inflation. Coupled with the post-pandemic demand surge (excluding China), the supply-side could not keep up. As a result, global inflation worsened, with the CPI growth rates of the United States and Europe reaching 9.1% and 10.6%, respectively. This compelled major central banks, including in the United States and Europe, to significantly raise interest rates to suppress the rising inflationary pressures. The high interest rates also suppressed economic growth. As a result, the global and Taiwanese economic growth forecasts gradually downgraded in 2022, with Taiwan's economic growth rate falling from 4.42% at the beginning of the year to 3.06% at the end of the year, a significant drop from the 6.45% in 2021.

Looking ahead to 2023, the market is concerned about: 1. Whether the U.S. inflation rate will remain high, which in turn will affect the direction of the Fed's monetary policies, with the main focus on the endpoint interest rates, and when to start the cycle of interest rate cuts; 2. Whether economic momentum can be quickly restored after the lifting of China's epidemic prevention policy.

US inflation data indicates that the recent CPI and core CPI growth rates have been gradually easing, mainly due to the continuous easing of commodity supply chains and raw material prices. In the CPI-rental item, the growth rate of new lease prices has already peaked in February 2022. Research institution Zillow predicts that the CPI-rental growth rate will peak in February 2023. However, the US job market is still going strong, with a labor shortage of about 4.28 million people, and wage growth is not likely to decline significantly in the short term. The price pressure of service categories (excluding rent) closely related to wage growth remains high, and the Fed is also concerned that the overly rapid relaxation of monetary policies could lead to a return to the 1970s inflationary period. Therefore, the Fed has repeatedly stated that it will keep interest rates at a high level for a longer period of time.

In terms of China's economy, the government began to gradually lift epidemic prevention restrictions at the end of 2022, and the high frequency data released during the Spring Festival in 2023, including the migration of people grew by more than 10% compared to 2019. Domestic tourism numbers and revenues resumed to about 70% to 80% of 2019 levels, domestic hotel revenues resumed at about 90% of 2019 levels, and box office revenues grew by 10% compared to 2019, indicating that China's service consumption has recovered by and large towards pre-pandemic (2019) levels. However, new home sales are still sluggish, and the housing market is still one of the major constraints on China's economic growth. Looking ahead to the March 2023 session of the National People's Congress, the market expects the

Chinese government to set an economic growth target of more than 5% for 2023, even to 5.5%, as it seeks to put the economy back on a long-term growth trajectory, and the Chinese economy is expected to resume its role as an important power engine of the world economy.

In terms of the Taiwanese economy, interest rates have risen in developed countries, global consumer demand has slowed down, and manufacturers continue to clear inventory. The Directorate-General of Budget, Accounting and Statistics (DGBAS) predicts that the economic growth rate for 2023 will be 2.75%, a decrease from 3.06% in 2022. However, in the second half of 2023, as inventory clearing comes to an end, Taiwan's quarterly economic growth is expected to return to above 3%, showing a trend of starting low and ending high.

Overview of industrial trends

Looking back at 2022, at the end of February, Russia invaded Ukraine, sparking the Russo-Ukrainian War, which is still ongoing and has exacted a high toll on the global economy, including sluggish economic growth and higher-than-expected inflation, leading to a serious global inflation problem. To curb inflation, the US Federal Reserve has adopted a tightening monetary policy, raising rates seven times in 2022, including four times in super-sized 0.75 percentage point increments in an effort to bring down inflation. The Federal Funds Rate rose sharply from 0~0.25% at the beginning of the year to 4.25~4.5%, the most aggressive rate hike since the 1980s. Furthermore, the energy crisis in Europe, a wave of layoffs in the technology industry, and China's continued lockdown control policies have caused most stock markets around the world to experience double-digit declines in 2022. In Taiwan, the total daily turnover of the Taiwan Stock Exchange (TWSE) and the Taipei Exchange (TPEX) (excluding bonds) was NT\$304.13 billion, a significant drop of 36.2% from 2021. The full-year index fell by 4,081.15 points, or 22.4%, to close at 14,137.69 points, and the total market capitalization of listed stocks was NT\$44.26 trillion, a decrease of NT\$12.02 trillion from the end of the previous year. In terms of MSCI weighting, Taiwan's latest MSCI Global Emerging Markets Index has a weighting of 13.97%, MSCI Asia Pacific (ex-Japan) Index 15.79%, and MSCI Global Markets Index 1.62%; and last year's total foreign capital over-sold was NT\$1.23 trillion, a record high for a single year and the third consecutive year of significant over-selling.

Looking ahead to 2023, the international economy has experienced a downward trend in economic growth due to the war between Russia and Ukraine last year, inflationary pressure, and tightening monetary policies of major economies. Looking ahead to this year, with the gradual easing of inflation and the announcement of economic reopening in mainland China, the global economy has shown signs of recovery. Therefore, the International Monetary Fund (IMF) predicts that the global economic growth rate for 2023 will be around 2.9%. The FSC also proposed five major directions for the capital market this year:

The first is to expand overseas investment in Taiwan. To continue to strengthen the size of Taiwan's capital market and increase the trading volume of Taiwan stocks, actively collaborate with intermediaries, global enterprises, and Taiwan businesses to promote overseas enterprises to join Taiwan's capital market, strengthen communication and exchange with international institutional investors, deepen long-term partnerships, and hope to expand the trading volume of Taiwan's capital market through foreign investment. Additionally, it is hoped that the Taiwan Depository & Clearing Corporation (TDCC) will also expand its business volume.

The second objective is to assist domestic industries and enterprises in their transformation; as the industrial structure and business operations in Taiwan are at a critical stage of transformation and upgrading, the capital market must respond in a timely manner. Last year, listed companies raised NT\$316.2 billion in equity capital, the highest level ever recorded. We hope to continue to review and adjust the system dynamically to meet the fundraising needs of emerging industry development and corporate innovation.

The third objective is to deepen the foundation of sustainable development. The Financial Supervisory Commission (FSC) launched the "Roadmap for the Sustainable Development of Listed Companies" on March 3rd last year, which requires listed and TPEX-listed companies to

include their subsidiaries in the consolidated financial statements. By the end of 2027, the companies should complete greenhouse gas inventories, and by the end of 2029, they should verify the inventories. In addition, in March last year, the FSC issued the "Securities and Futures Industry Sustainable Development Transformation Execution Strategy," providing norms and directions for sustainable development transformation. In December, it issued "Financial Information Security Action Plan 2.0." In March this year, the FSC further issued the "Action Plan for Sustainable Development of Listed and OTC Companies," which has upgraded corporate governance 3.0 to version 4.0, with a focus on sustainable development.

The fourth objective is to strengthen investor education and promotion and prevent financial fraud; the structure of investors in the capital market has changed, and the participation rate of young people continues to increase. The focus is on how to let investors clearly understand the risks and take responsibility for their own investment behavior, and how to help the public distinguish the truth from the falsehood to avoid scams, which the securities and futures peripheral organizations shall promote through multiple channels.

The fifth objective is to keep abreast of international trends and strengthen international cooperation. Key directives include strengthening cooperation in the international market and understand the latest geopolitical shifts; keep abreast of the dynamics of the international financial market and measures to revitalize it; strengthen ties and cooperation with exchanges in other countries, collective insurance organizations, investor protection organizations, and relevant industry associations to allow Taiwan to gain exposure and shine in the international capital market.

2. The status and development of the industry

As of the end of December 2022, there were 971 companies listed on the TWSE, with a market capitalization of approximately NT\$7,499.9 billion and 808 companies listed on the TPEX, with a market capitalization of approximately NT\$742 billion in Taiwan's securities market. The TWSE-listed securities market has a P/E ratio of 10.39 and a turnover rate of 115.4%, and the TPEX-listed securities market has a P/E ratio of 16.09 and a turnover rate of 315.7%. In Taiwan's futures and options market, there were a total of 384,468,497 contracts traded in 2022.

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
2020	105	848	74	58	70	39	85	23	0
2021	105	849	74	58	70	39	86	24	0
2022	105	849	73	59	69	38	86	24	0

Overview of Securities Trading for the Three Most Recent Years

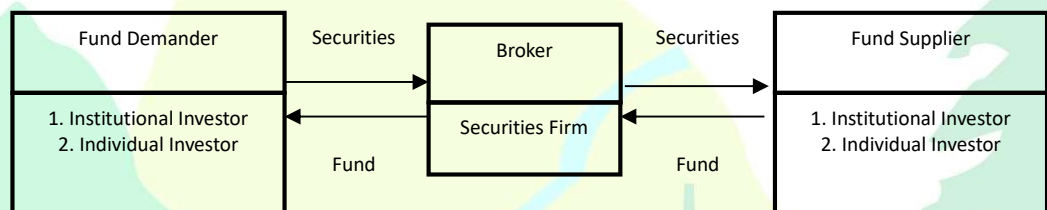
Expressed in 100 million of NT\$.

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)		
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
2022	971	560,806	8,226	808	148,787	1,727.6	94	299,566

The total after-tax net profit of all securities firms in 2022 was NT\$37.735 billion, a decrease of NT\$67.692 billion or 64.2% YoY. The main reason for the decline is that in 2022, the Taiwan

stock market was affected by multiple factors such as the Russia-Ukraine conflict, global inflation concerns, the US continuous interest rate hikes, the US-China trade war, and tensions in the Taiwan Strait, leading to volatile international stock markets. In 2022, the TAIEX fell by 22.4%, from 18,218 points to 14,137 points, while the total market capitalization of listed companies decreased by 21.5% from NT\$62.06 trillion to NT\$48.69 trillion, and the daily trading volume of TWSE and TPEx stocks decreased by 36.2% from NT\$4.763 trillion to NT\$3.041 trillion. The net profit after tax of all securities firms in 2022 was NT\$37.735 billion, a decrease of NT\$67.692 billion or 64.2% compared to the same period in 2021. The main reason was that Taiwan's stock market was heavily affected by multiple factors, including the Russia-Ukraine conflict, global inflation concerns, the US continuing to raise interest rates, the US-China trade war, and tensions in the Taiwan Strait. As of December 2022, there were approximately 1.09 million new securities accounts opened, with 42.7% of them belonging to people under 30 years old and 23.5% belonging to those between 31 and 40 years old, indicating that young people are quite concerned about the development of the securities market. In our outlook for 2023, the hedge tax reduction bill for warrants, which has been under debate for over the past decade, completed its first reading in the Legislative Yuan and was referred to the Finance Committee for review on December 16, 2022. It is hoped that the bill will be passed during the new session of the Legislative Yuan in 2023. After the bill is passed, securities dealers will be able to provide investors with more favorable trading quotes when making markets, allowing investors to buy cheaper warrants. This is expected to revitalize the warrant market, expand the liquidity of the Taiwan Stock Exchange, increase government tax revenue, create jobs, cultivate and retain financial talent, and provide a win-win situation for all. It will also help securities dealers to increase their sources of profit and opportunities.

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 2022, the daily average volume of the TWSE-listed stocks in 2022 was NT\$242.17 billion on average, a 38.14% decrease from NT\$391.461 billion in 2021, and the daily average volume of the TPEx-listed stocks was NT\$61.961 billion on average, a 26.97% decrease from NT\$84.848 billion in 2020. In 2022, the Company's brokerage market share rate reached 0.94%, with an average margin purchase of NT\$5.63 billion and a margin purchase market share of 2.0%, and the total income of the four wealth management businesses in 2022 was NT\$37,688 thousand. The brokerage business made a profit of NT\$0.211 billion.

In the first quarter, the Company launched a new high-frequency trading system, "Combo", with a trading volume of more than NT\$30 billion in the year. In addition, the Company also launched a regular investment platform, "Good Fun Investment" (好康fun心投), which is different from a dollar-cost averaging investment platforms for stock deposits, providing investors with a more convenient investment platform for stock selection based on market trends and customer needs. The three main features of the "Good Fun Investment", including Dynamic Triple regular investments, retirement planning trial calculation and 768 smart stock selection. This not only solve the pain points of salary earners, busy people and long-term investors, but also provides the public with more flexible investment choices. The Company is enaged in cross-industry alliances with LiTV and the Good Sense app, which have helped us to develop new accounts through digital channeling; innovative functions and services, along with organizational reengineering and

digital marketing, have helped us to grasp the investment trends and customer needs, and make our sales staff and customers younger, thus enhancing our competitiveness.

(2) Dealership Business

Looking back at 2022, the TAIEX weighted index fell 4,081.1 points from 18,218.84 points at the end of 2021, and closed at 14,137.69 points in 2022, a decrease of 22.4%. The TPEx index also fell from 57.21 points from 237.55 at the end of 2021 to 180.34 points closed at the end of 2021, a decrease of 24.08%.

Looking ahead to 2023, inflation has been outperforming market expectations for several months in a row, and the three components of inflation, commodity-related inflation has seen a certain decline; housing services continue to rise, but the Fed's cautious and conservative attitude have clearly indicated that we will see further decline in 2023. Lastly, non-housing related core services, which account for 56% of the total, are mainly involved in the labor market and are key to whether inflation will accelerate in the second half of 2022.

In 2022, affected by negative factors such as inflation, interest rate hike, Russia-Ukraine war, China's defense and control, and U.S.-China bilateral relations, the deepest drop in the TAIEX and OTC markets reached 30%, and foreign investors oversold Taiwan stocks by up to NT\$1.5 trillion. After the US-China meeting, the US-China-Taiwan relationship has returned to its original track, and foreign capital has started to return. Although the global economy slowed down in 2023, the market has already anticipated the economic weakness. If the US wage growth eases better than expected, the stock market is expected to rebound soon.

(3) Underwriting Business

In FY2022, there were 47 initial public offerings. The total amount raised by the listed companies reached NT\$13.52 billion, including NT\$3.35 billion from IPO (initial public offering), NT\$1.86 billion from follow-on offerings, and NT\$8.31 billion from conversion of corporate bonds.

In 2022, foreign investors in Taiwan's securities market oversold by more than NT\$1.23 trillion dollars, setting a new record, impacting Taiwan's stock indices with high and low volatility of 5,990 points, and the global economy is under inflationary pressure. Influenced by the COVID-19 pandemic and the Russian-Ukrainian war, the world's cost of living has soared and central banks have raised interest rates, dragging down global stock markets. The soaring cost of living and rising interest rates have put pressure on household spending and weakened the momentum of post-pandemic recovery in various economies this year.

Under the challenging overall industrial and financial environment, the number of new listings in Taiwan's capital market decreased by approximately 13% compared to the previous year, and the number of fundraising filings as a whole fell by more than 20% compared to 2021. However, the underwriting business undertakes a long term investment and promotion business. Regardless of the capital market boom and bust, the pursuit of high-quality domestic and foreign clients and guidance on their pace of listing has not slowed down. From an investment bank's perspective, it seeks to discover investment-worthy targets in the emerging stock market, find the best entry timing and cost to create maximum profits. For clients who are already listed, we act as a bridge between the supply and demand of capital raised in the capital market through our understanding of industry trends and interactions, as well as underwriting parts for profits, thus achieving a win-win-win situation for investors, underwriters and issuers.

(4) Financial Derivatives Business

In 2022, there were a total of 54,451 warrants issued in the warrant market, an increase of 1,627 warrants compared with 52,824 warrants in 2021. The Company issued 1,230 warrants in 2022, an increase of 251 warrants compared with 979 warrants issued in 2021. The total turnover of the warrant market in 2022 was NT\$653.9 billion, a decrease of 22.59% from \$844.7 billion in 2021. The Company's turnover in 2022 was NT\$15.974 billion, a significant increase of 34.53% from NT\$11.874 billion in 2021.

in 2022, the discretionary leverage equity options business brought in an annual contract trading amount of NT\$28.518 billion, accounting for 41.5% of the overall market, an increase of 84% compared with NT\$15.501 billion in 2021.

(5) Bond Business

- a. Market overview: The actual issuance amount of central government bonds in 2022 was NT\$520.05 billion, a decrease of approximately NT\$96.95 billion compared with NT\$617 billion issued in 2021. In addition, Taiwan's central bank maintained its interest rate policy in 2022 due to the stable economic growth after the pandemic, with a rediscount rate of 1.75%, a rate on accommodations with collateral of 2.125%, and a short-term accommodation rate of 4.0%. At the December meeting, it was estimated that the economy would grow at 2.91% in 2022. The domestic GDP growth rate for 2023 is estimated to be 2.75% by the DGBAS, as global demand has significantly cooled in 2023, further impacting export performance.
- b. Industry Analysis: In 2022, the global economy continued to grow, but the Russia-Ukraine war affected energy prices, further driving up inflation. Central banks of various countries adopted tightening policies to curb inflation, causing international bond yields to surge. The Taiwan bond market followed suit and the 30-year government bond yield auction rate reached 2.4%, a new high in recent years. The industry breakdown was 40.34% for the banking industry, 53.82% for the securities industry, 1.67% for the bills financing industry, and 4.17% for the insurance industry. 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 1.28%, and the 5-year yield increased to 1.172%. However, at the tail-end of the Fed's rate hike, the market is not as aggressive as in 2022, and the pressure on the bond market is expected to ease.
- c. Market positioning: In 2022, financial markets have shaken off the shadow of COVID-19, but with inflationary surges, central banks have kickstarted a cycle of interest rate hikes, putting the bond market under pressure. 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

In order to provide customers with a better and friendlier experience when opening accounts, the Company has completed the construction of electronic documents for opening accounts in 2022, using electronic input to replace manual writing of paper information, saving customers' operating time when opening accounts, and improving the quality and efficiency of customer services.

(7) Concord Capital Management

Concord Capital Management's business strategies for 2022 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 2023, as a

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) Concord Asset Management Co., Ltd.

Mainly engaged in the business of corporate management consulting and asset management services, and has been dissolved in liquidation by resolution of the Board of Directors of the Company; the liquidation procedures are in progress.

(9) Concord Insurance Agency

Life insurance:

Life insurance environment:

In 2022, the sales growth of conventional insurance products slowed down due to insurers adopting a more conservative attitude towards declaring rate increases for variable insurance products, which affected people's willingness to buy insurance. In addition, the depreciation of the New Taiwan Dollar against the US dollar was unfavorable for the sales of US dollar-denominated variable life insurance policies, which further contributed to the sluggish growth of these products. Moreover, under the policy of the FSC's raising of the interest rate for new contract statutory reserves funds, policyholders expect that future premiums will be cheaper, so they tend to adopt a wait-and-see attitude.

Investment insurance products have become more conservative due to the volatility of the capital market and the depreciation of the New Taiwan dollar against the U.S. dollar, and the new system of senior age clauses in investment policies, which took effect on October 1, has also affected channel sales.

As a result of the above-mentioned reasons, the first annual premium income of market insurance decreased by 24.2% YoY in 2022, and has been declining for three consecutive years, making life insurance business a challenging business environment.

2022 Business development plans:

- d. Taiwan will enter a super-aged society in 2025. Faced with the issues of aging and fewer children, there is an increasing demand for long-term care and financial management for post-retirement life. Taking into account the characteristics of our customers and the expertise of our sales staff, we will focus on senior retirement planning and high-asset inheritance products and services in 2023, mainly focused on traditional policies denominated in New Taiwan dollars and U.S. dollars, and preferably on with-profits policies and variable interest policies. We continue to manage and engage with our customers in order to maintain stable business and advance our goals.
- e. The COVID-19 pandemic has raised health insurance awareness among the public, promoted medical insurance in response to the needs of the people, reduced the risk of medical expenses for customers, provided comprehensive insurance product planning for customers, and deepened customer stickiness.
- f. Continuously cooperating with the financial inclusive policies promoted by the Financial Supervisory Commission, we are offering micro-insurance products for retired groups to enhance insurance coverage for Taiwanese people, and to tightly integrate commercial insurance and social insurance, with the aim of making insurance a pillar of social stability.
- g. Non-life insurance:

In our review of major financial and insurance events of 2022, the huge payout of more than NT\$200 billion for epidemic prevention insurance claims was the most prominent and iconic event in the history of Taiwan's insurance industry. It was the biggest nightmare for the industry in recent years, and it was ranked first on Yahoo's 2022 Taiwan financial and economic events list, far surpassing the attention of TSMC's establishment of a factory in the United States and the central bank's interest rate hike. As a result, many insurance companies have experienced significant reshuffles in their leadership, with some even carrying out up to three follow-on offerings within a year, causing a significant decrease in the industry's own capital.

The significant decline in self-owned capital means a decline in risk bearing capacity and a higher reliance on reinsurance, and all large commercial lines of insurance, which are affected to a greater extent by reinsurance rates, have been unable to "absorb the cost of reinsurance increases" as they usually do this year in the face of increasing cost pressure from reinsurance rates.

Although the reliance on reinsurance is relatively low for individual insurance products, insurance companies have revised their business strategies and are no longer focusing on market share, but on profitability as their primary consideration. The current market situation: Industry players are re-evaluating the adequacy of premiums for various insurance products and making adjustments, even discontinuing the sale of products with high loss ratios in the past. At the same time, they are controlling operational costs such as commissions. Whether it is fire insurance, accident insurance, or auto insurance, there is a possibility of a price increase trend next year, as the spillover effect of pandemic insurance policies becomes increasingly evident.

2022 Business development plans:

Concord Insurance Agency continues to deepen customer loyalty in securities, strive for improving the quality of new (and renewed) insurance services, and create constant income." In the face of the harsh changes in this year's general insurance market, we plan to deepen and broaden the understanding of our sales staff on the insurance products themselves through a complete and intensive training program, supplemented by our sales staff's existing insurance concepts, in order to stabilize the overall quality of our business recruitment and to become the most trusted insurance service brands for customers.

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) Improving revenue and profitability: Four major development strategies including developing high-profit investment bank business, accomplishing efficient e-Commerce, promote professional wealth management services, and shaping discipline and positive sales culture; strengthening the synergy through integrating the Group's resources.
- (2) Enhancing internationalization capabilities: Strategic alliances, access to information and technology, improving sales capabilities and increase profitability.
- (3) Enhance risk management capabilities: implement risk management, compliance with laws and regulations, and ensure effective implementation of internal controls.
- (4) Cost control: lean manpower, optimize operation process, and reduce the company's operating costs.
- (5) Getting lean: Scaling down physical business locations; shifting toward digital services with technology-empowered management.
- (6) Diversified services: Developing investment bank business and wealth management with diversified products.
- (7) 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: The four major development strategies are risk management, wealth management, banking cooperation, and organizational restructuring, which are implemented to promote business growth and transformation. The focus is on increasing high-quality financing assets and developing four main wealth management businesses: insurance, securities borrowing, discretionary portfolio management, and fund management. Strengthening cross-industry cooperation between banks and securities companies to develop new clients, building a team of young talents, and striving for record-breaking profits in brokerage business.

Digital marketing: Concord Securities' exclusive "Good Fun Investment" platform, following the launch in 2021 of "Regular Investment - Smart Matching (now renamed Dynamic Triple), Fixed Multiples" investment function, has added the "768 Smart Stock Selection Function" this year. The seven major stock selection aspects and 68 stock selection functions designed harnessing big data analysis include fun investment selection, chip selection, technical selection, master selection, ranking selection, breakthrough selection, and conditional selection. They are divided into two main theme stock selection functions: all listed and OTC stocks and regular investment commodities. Starting from customer needs. Concord aims to address stock selection pain points, the conditions and formulas for selecting targets are clearly listed, providing investors with target information quickly. The product has since won the "Best Intelligent Financial Management Award" in the Excellent Securities Evaluation. The stock market is difficult to grasp, and intelligent stock selection is proving increasingly indispensable. Concord Securities simplifies complex data into intuitive formatted interfaces and investment indicators, driving continuous innovation and upgrades in digital investment services. The Company is also planning to develop the function of account segregation, allowing investors to save time from opening bank accounts, and creating a better fintech experience.

Underwriting business: Conduct IPO & SPO dual business, in the case of IPOs from abroad, actively develop niche markets such as Vietnam, ASEAN, China, Japan and other areas. In the case of domestic IPOs, integrate ESG concepts to win over domestic and foreign high-quality customers for them to IPO with Concord's advisory 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.

Proprietary dealership business: In 2022, affected by negative factors such as inflation, interest rate hike, Russia-Ukraine war, China's defense and control, and U.S.-China bilateral relations, the deepest drop in the TAIEX and OTC markets reached 30%, and foreign investors oversold Taiwan stocks by up to NT\$1.5 trillion. After the US-China meeting, the US-China-Taiwan relationship has returned to its original track, and foreign capital has started to return. Although the global economy slowed down in 2023, the market has already anticipated the economic weakness. If the US wage growth eases better than expected, the stock market is expected to rebound soon. The Proprietary Trading Dept. will actively review its investment portfolio to pursue optimal returns, control market risks, and reduce the impact of future economic fluctuations or major unexpected events at home and abroad on the company's profits. When the economy improves and the stock market rises, 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 current international geopolitical and market

environment, since the Russia-Ukraine war, inflation has been on the rise and central banks of various countries have adopted a policy of monetary tightening, leading to pressure on interest rates. Therefore, investing in a diversified range of commodities can effectively manage risks. 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: In the warrants business, the Company's self-developed warrant market-making system has been operating steadily since its launch. Not only has the market-making quality significantly improved and gained favor among investors, but it has also received recognition from regulatory authorities. Concord was awarded the "Warrant Growth Award" first place and the "Warrant Efficiency Award" fourth place in the "2022 Warrant Issuer Incentive Campaign" held by the Taiwan Stock Exchange. In addition, our company also won the "Warrant Leap Award" first place in the "2022 OTC Warrant Competition Incentive Event" held by the TPEX. In the current year, we will continue to strengthen the system defense and automatic hedge performance to enhance the profitability of the 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, the "FUN Investment Website New Golden Diamond Leverage Investments" was also awarded the Best Popular Brand Award in the National Brand Yu Shan Awards, and has been well received by the market.

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: Strengthen internal control to avoid penalties, inventory control, supervisor training and testing, build a dedicated KYC system for futures, build online account opening version 2.0, provide IB futures online account opening

function, expand product lines and customer tiers, establish business collaboration with investment trusts and corporations, restart industry-academia cooperation programs at universities to cultivate new business blood, add six new cloud smart functions and strengthen mark to market efficiency, sustainable carbon reduction, public welfare and corporate social responsibility, and environmental protection activities.

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

Concord Insurance Agency: Based on the premise of long-term stable operation, Concord Insurance Agency has adopted a flexible and responsive strategy to adjust its product portfolio, stabilize personnel training, and continue to develop more convenient insurance operation systems in response to the rapidly changing external environment of the current market environment, changes in laws and regulations, accounting regulations, and the globalization of the risk capitalization market, and continue to deepen internal control indicators in accordance with the established information security management system and personal information management system. The company's main focus is on selling with-profit and variable life insurance products, supplemented by diversified products of medical insurance and property insurance, to improve customers' insurance planning from all angles and to build a solid safety net for customers, so as to achieve a win-win situation with customers and achieve the goal of stable operation and profit creation.

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 2022 come from and market share

Region	Operating Revenue		Market Share (%)
	Amount (thousands of NT\$)	Percentage (%)	
North Region	796,101	66.28	0.65
Central & South Regions	404,979	33.72	0.29
Total	1,201,080	100.00	0.94

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

Translation: The Financial Supervisory Commission (FSC) has already allowed securities firms to use segregated client accounts to invest in Taiwan government bonds/national treasury bills and to place deposits in other banks since last year. In addition, the FSC has expanded the scope of securities firms' trust services, allowing them to offer various trust services such as money trust and securities trust to better meet the needs of their clients. To leverage the influence of finance to guide industries towards net-zero transformation, the FSC encourages financial institutions to label their investment and financing products as "green," "ESG," or "sustainable." They can refer to the "Guidelines for Sustainable Economic Activities Recognition" for investment and financing evaluations and decision-making, product design, and corporate partnerships, assisting companies in pursuing sustainable development and carbon reduction transformation.

In terms of business promotion by securities firms, the Taiwan Securities Association has identified seven key areas of focus for the securities market in 2023, including:

- (1) Warrant hedge tax reduction amendment: Among the 7 items of business promoted by the Taiwan Securities Association (TSA) this year, the primary priority is "warrant hedge tax reduction amendment". The Taiwan Securities Association (TSA) has been making efforts to promote the reduction of the tax paid on the stock trading certificates subject to warrant hedge to 1 per thousand for 10 years, and the Executive Yuan passed the review at its meeting on December 8 last year, and the Legislative Yuan completed the first reading on December 16, 2022 and submitted it to the Finance Committee for review. It is expected that the amendment will result in a win-win-win situation where the volume of warrants can be increased, transaction tax can be increased, and investors can buy cheaper warrants in order to revitalize the warrant market.
- (2) Refine the issuance and trading system: It is proposed that securities dealers can handle Bridge Loan and relax the underwriting system for IPO cases on the Taiwan Innovation Board to attract cornerstone investors with higher risk tolerance to participate, while some quotas can be made available to qualified investors through open applications. By allowing qualified investors to participate, the market can attract investors of different attributes and suitability to participate in the Taiwan Innovation Board market through a more diversified underwriting approach. At the same time, the TSA also proposed to shorten the interval of intraday odd-lot trading to 5 seconds, so that the intraday odd-lot trading price would be closer to the price of thousand shares. In addition, it is also proposed to relax ETN-related regulations and strengthen marketing promotion.
- (3) Deepening of sub-brokerage services: The deepening of the sub-brokerage services is moving in two major directions: 1) the proposal to open up the securities dealers' sub-brokerage business to handle foreign currency financing; and 2) the proposal to handle lending business for sub-brokerage business scopes.
- (4) Diversification of listed commodities: The TSA makes reference to the types of structured commodities trade financing listed on the SIX Swiss Exchange and recommends TPEx to conduct a comprehensive study on whether new financial commodities (structured commodities trade financing) can be listed and traded on the TPEx. In addition, considering that banks can already issue foreign currency-denominated structured financial debentures, it is proposed that open securities dealers can also issue foreign currency-denominated structured debentures.

- (5) Wealth management trust business of securities dealers: Last year, the FSC opened up securities firms to provide various trust services such as money trusts and marketable securities trusts, i.e., securities firms can further develop trust products that combine the functions of retirement care and assistance in post-retirement financial planning. In addition to offering CFP (Certified Financial Planning Consultant) related courses, the TSA is also planning to offer trust related courses to nurture talents in the trust field.
- (6) Establishing a risk pooling mechanism for financing business: The TSA has set up a task force with the securities peripheral organizations to study the establishment of a risk pooling management mechanism for investors applying for various financing businesses, integrating the types of collateral, the standards for calculating the value of collateral and its scope of application, and enhancing the effectiveness of the use of collateral by investors and the risk control of the securities market.
- (7) Strengthen the information security protection mechanism for securities firms: The TSA will continue to effectively combine the efforts of competent authorities, securities peripheral organizations, securities firms and third-party information providers to jointly establish a set of information security management standards and fully incorporate them into regulation, assist securities firms to improve information security governance and provide comprehensive information security protection, and enable the Taiwan securities market to develop in a more sound and healthy direction.

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) This year, the Company shall continue to build on its strengths, integrate resources in various securities services systems, build diversified revenues by focusing on core areas, implement operational plans, enhance profitability, and strengthen our information systems with professional research and development capabilities to supplement the profitability of our major businesses such as "brokerage", "underwriting", and "proprietary dealer business", and provide convenient, diversified and competitive products and high value-added financial services that exceed customers' expectations through continuous improvement and innovation, and strengthening internal control and risk management mechanisms.
- (3) To highlight the new value of service points, the Company shall promote the high-frequency trading system "Combo" and the regular investment platform "Good Fun Investment" in accordance with market trends and customer needs, providing investors with more convenient trading methods; we shall also continue to conduct education and training on the transformation of service points to improve the wealth management ability of sales staff and provide customers with better services.
- (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)	
	2021	2022	2021	2022
Call Warrant	889	1,035	NT\$5,992,060 thousand	NT\$7,219,450 thousand
Put Warrant	90	195	NT\$672,805 thousand	NT\$1,262,885 thousand
Discretionary Leverage Equity Options	-	-	NT\$15,501,961 thousand	NT\$28,518,875 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	2020		2021		2022	
	Performance Indicator	Ranking	Performance Indicator	Ranking	Performance Indicator	Ranking
Brokerage Market Share/Ranking	1.01%	19	1.01%	18	0.94%	18
Underwriting Market Share/Ranking	0.86%	22	0.63%	22	0.52%	21
Fixed Income Market Share/Ranking	3.40%	9	2.62%	15	1.89%	17
Financing Market Share/Ranking	1.78%	18	2.1%	17	2.0	17
Call Warrant Volume/Ranking	389	13	979	12	1,230	11
Electronic Trading Market Share/Ranking	0.62%	20	0.68%	20	0.69%	20
Credit Rating	A-(tw)		A-(tw)		A-(tw)	
Earnings (Loss) Per Share	NT\$1.83		NT\$2.33		NT\$(0.25)	

5.3 Human Resources

Year		2021	2022	The Current Year up to January 31, 2023
Number of Employees	Brokerage	434	425	427
	Dealership	18	18	18
	Underwriter	32	30	30
	Fixed Income	12	12	12
	Financial Derivatives	13	14	14
	others	148	160	160
	Subsidiary	170	175	172
	Total	827	834	833
Average Age		44.14	45.12	45.11
Average Year of Service		10.06	10.07	10.12
Levels of Educational Attainment	PhD	0.12%	0.24%	0.24%
	Master	15.60%	16.07%	15.85%
	College / University	70.50%	70.50%	70.82%
	Senior High School	13.78%	13.07%	12.97%
	Senior High School Level or Below	0.00%	0.12%	0.12%

5.4 Environmental Protection Expenditure

The Company belongs to the securities service industry and not a manufacturing company, there is no environmental pollution problem.

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@concords.com.tw

6. In order to safeguard the welfare of employees and to assist them to save and accumulate wealth in the long term so as to secure a stable life after retirement or leaving the company in the future, an employee stock ownership trust was established in August 2022, and a subsidy was provided to purchase the Company's shares in accordance with the respective employee's job grade and position.

7. In 2022, Concord Securities was awarded the "Gold Award" in the financial management category of 1111 Job Bank for the first time.

8. 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 2022 are as follows:

Category	Item	Total Attendance	Total Hours (H)	Total Amount (NT\$)
Internal Training	Professional Competency Training	24,153	17,776	660,000
	Supervisors' Competency Training	203	669	399,803
	General Training	3,651	5,471	19,000
	Corporate Governance	87	261	75,048
	Financial Principles of Fair Treatment of Consumers	661	1,983	0
	Subtotal	28,755	26,160	1,153,851
External Training	Fire Fighting Personnel and Occupational Safety Training	9	67	15,680
	Professional Training	56	758	541,180
	Qualification Acquisition and Continuing Education	340	2,384	266,950
	Securities and Futures Pre-service, On-the-job, and Other Relevant Training	911	6,855	801,450
	Subtotal	1,316	10,064	1,625,260
Other Training Expenses: Travel Expenses, Education Subsidies				167,203
Total		30,071	36,224	2,946,314

(5) The status of the Company's personnel related to financial information transparency acquiring relevant certificates: (as of February 17, 2023)

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	19	2	5	0
Senior Securities Specialist	18	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	2	4
Professional Certification of Finance and Accounting Supervisors of the Public Companies	0	1	0	0
Securities Firms Internal Audit	25	0	0	0
Capital Adequacy Advanced Calculation Method Reporting Qualification	3	0	6	3
Proficiency Test for Financial Risk Management Personnel	0	0	0	1

9. 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 the Codes of Ethical have also been disclosed on the company's website:

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

10. 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, and in 2022, the Company was also awarded the "Rising Star Award of the Corporate Epidemic Prevention Vanguard", 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 fiscal year: 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 9, 2023. 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
- Strengthen information security

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.

7. Strengthen information security operations

For the existing information security environment, the Company plans to improve and optimize our operations to promote the overall level of information security protection in response to changes in the current situation.

- (1) remote connection (VPN) home office connection two-factor authentication authorization procurement.
- (2) Off-site backup and synchronization system: The original backup storage area has been used for 9 years, and the demand for various backups of related systems has increased. In order to improve the efficiency of data backup and storage, the Company is currently evaluating replacement plants.
- (3) System privileged account management: In order to reduce operating time and improve the accuracy of track records, we have completed the evaluation of the procurement of a privileged account management system.
- (4) Group Information Security Health Diagnosis: The remediation of weaknesses in the relevant reports has been completed.
- (5) Virtual hosting device replacements (including storage equipment): due to aging equipment and software information security considerations, the physical host and storage space is being expanded and replaced.
- (6) E-mail system update: Due to the aging legacy e-mail system, and software version end of service (EOS), therefore equipment and services were procured and upgraded.
- (7) Transaction database update: To improve the efficiency of electronic transaction database processing and storage space, we handle hardware equipment update procurement.

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:

An abnormal external access to the Customer Relationship Management (CRM) platform was an unauthorized break-in event.

Response measures to be taken:

1. After reviewing the CRM system and the account host, we found program vulnerabilities and revised the front-end authentication mechanism of the CRM system and added the correctness check of the query parameters in the account device. Urgent versioning has been completed.
2. CRM app was taken down from Google Play.

3. Strengthen the authentication mechanism of the external service system and introduce two-factor authentication to enhance security.
4. The source code of the CRM system, CRM app and billing system programs have been tested, and the related weaknesses have been fixed to comply with the source code security standard mechanism.

Impact:

1. The incident leaked the names and ID numbers of 758 customers, with no other personal information in the fields. The impact on users has been assessed to be low, and customer service has been provided to customers by phone or email, and a text message has been sent to the relevant customers to strengthen fraud prevention.
2. The incident was imposed with a fine amounting to NT\$720,000 by the competent authorities due to the deficient implementation of some information security measures.

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\$6,294,000 thousand only	NT\$6,800,000 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\$2,000,000 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

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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)				
		2022	2021	2020	2019	2018
Current Assets		29,268,209	33,503,764	30,316,641	21,296,819	17,313,061
Property and Equipment (Note 2)		1,051,657	1,033,293	1,035,116	1,028,534	1,109,573
Intangible Assets		65,137	49,734	51,486	48,633	55,729
Other Assets (Note 2)		5,462,024	4,802,057	4,201,056	3,278,979	2,201,153
Total Assets		35,847,027	39,388,848	35,604,299	25,652,965	20,679,516
Current Liabilities	Before distribution	26,887,347	29,632,811	26,899,910	17,917,687	13,207,710
	After distribution	Note 3	30,554,216	27,625,145	18,112,494	13,207,710
Non-current Liabilities		1,061,909	826,057	437,015	438,286	390,144
Total Liabilities	Before distribution	27,949,256	30,458,868	27,336,925	18,355,973	13,597,854
	After distribution	Note 3	31,380,273	28,062,160	18,550,780	13,597,854
Equity Attributable to Owners of the Parent		7,838,334	8,874,995	8,212,797	7,247,025	7,036,331
Capital Stock		5,944,550	5,944,550	5,944,550	6,103,227	6,260,803
Additional Paid-In Capital		175,320	175,320	175,307	180,208	259,269
Retained Earnings	Before distribution	1,327,283	2,291,877	1,683,518	843,726	556,882
	After distribution	Note 3	1,370,472	958,283	648,919	556,882
Other Equity		391,181	463,248	409,422	266,179	143,478
Treasury Stock		0	0	0	(146,315)	(184,101)
Non-controlling Interest		59,437	54,985	54,577	49,967	45,331
Total Equity	Before distribution	7,897,771	8,929,980	8,267,374	7,296,992	7,081,662
	After distribution	Note 3	8,008,575	7,542,139	7,102,185	7,081,662

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

Note 2: The company has not revalued assets from 2018 to December 31, 2022.

Note 3: As of the date of publication of the annual report, the Deficit Compensation Statement of 2022 is pending resolution by the shareholders meeting.

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Condensed Parent Company Only Balance Sheet

Expressed in thousands of NT\$

Item		Financial Data for the Past 5 Fiscal Years (Note 1)				
		2022	2021	2020	2019	2018
Current Assets		23,533,580	27,407,600	25,263,137	16,765,297	12,696,117
Property and Equipment (Note 2)		806,045	786,949	785,072	782,853	801,781
Intangible Assets		18,973	9,181	10,443	6,749	10,526
Other Assets (Note 2)		6,494,820	5,777,717	5,345,446	4,267,049	3,247,878
Total Assets		30,853,418	33,981,447	31,404,098	21,821,948	16,756,302
Current Liabilities	Before distribution	21,959,442	24,286,798	22,757,934	14,145,769	9,338,453
	After distribution	Note 3	25,208,203	23,483,169	14,340,576	9,338,453
Non-current Liabilities		1,055,642	819,654	433,367	429,154	381,518
Total Liabilities	Before distribution	23,015,084	25,106,452	23,191,301	14,574,923	9,719,971
	After distribution	Note 3	26,027,857	23,916,536	14,769,730	9,719,971
Capital Stock		5,944,550	5,944,550	5,944,550	6,103,227	6,260,803
Additional Paid-In Capital		175,320	175,320	175,307	180,208	259,269
Retained Earnings	Before distribution	1,327,283	2,291,877	1,683,518	843,726	556,882
	After distribution	Note 3	1,370,472	958,283	648,919	556,882
Other Equity		391,181	463,248	409,422	266,179	143,478
Treasury Stock		0	0	0	(146,315)	(184,101)
Total Equity	Before distribution	7,838,334	8,874,995	8,212,797	7,247,025	7,036,331
	After distribution	Note 3	7,953,590	7,487,562	7,052,218	7,036,331

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

Note 2: The Company has not revalued assets from 2018 to December 31, 2022.

Note 3: As of the date of publication of the annual report, the Deficit Compensation Statement of 2022 is pending resolution by the shareholders meeting.

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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\$

Year Item	Financial Data for the Past 5 Fiscal Years (Note 1)				
	2022	2021	2020	2019	2018
Operating Revenue	2,056,778	4,298,845	3,338,989	2,173,539	1,395,315
Operating Income (Loss)	(102,050)	1,470,228	976,662	220,362	(546,622)
Non-operating Income and Expenses	138,714	98,119	165,192	88,099	281,068
Profit (Loss) before Tax	36,664	1,568,347	1,141,854	308,461	(265,554)
Profit (Loss) from Continuing Operations	(143,700)	1,390,102	1,089,814	288,367	(277,748)
Net Income (Loss)	(143,700)	1,390,102	1,089,814	288,367	(277,748)
Other Comprehensive Income (Loss) (Net Value after Tax)	35,824	1,172	95,428	126,050	11,405
Total Comprehensive Income (Loss)	(107,876)	1,391,274	1,185,242	414,417	(266,343)
Net Income Attributed to Shareholders of the Parent Company	(148,735)	1,385,923	1,084,976	284,352	(278,067)
Net Income Attributed to Non-controlling Interest	5,035	4,179	4,838	4,015	319
Comprehensive Net Income (Loss) Attributed to Shareholders of the Parent Company	(115,256)	1,387,420	1,177,842	409,545	(266,464)
Comprehensive Net Income (Loss) Attributed to Non-controlling Interest	7,380	3,854	7,400	4,872	121
Earnings (Loss) Per Share (Note 2)	(0.25)	2.33	1.83	0.47	(0.43)

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.

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Condensed Parent Company Only Statements of Comprehensive Income

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

Item \ Year	Financial Data for the Past 5 Fiscal Years (Note 1)				
	2022	2021	2020	2019	2018
Operating Revenue	1,333,031	3,608,529	2,579,798	1,433,197	814,036
Operating Income (Loss)	(195,051)	1,379,250	869,369	143,384	(507,267)
Non-operating Income and Expenses	200,574	164,785	239,857	134,266	241,404
Profit (Loss) before Tax	5,523	1,544,035	1,109,226	277,650	(265,863)
Profit (Loss) from Continuing Operations	(148,735)	1,385,923	1,084,976	284,352	(278,067)
Net Income (Loss)	(148,735)	1,385,923	1,084,976	284,352	(278,067)
Other Comprehensive Income (Loss) (Net Value after Tax)	33,479	1,497	92,866	125,193	11,603
Total Comprehensive Income (Loss)	(115,256)	1,387,420	1,177,842	409,545	(266,464)
Earnings (Loss) Per Share (Note 2)	(0.25)	2.33	1.83	0.47	(0.43)

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
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
2022	Deloitte Taiwan	CHUANG, PI-YU; HUANG, HSIU-CHUN	Unqualified opinion

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6.2 Five-Year Financial Analysis

Financial Analysis - Consolidated

Fiscal Year (Note 1) Items for Analysis		Financial Analyses for the Most Recent Five Years				
		2022	2021	2020	2019	2018
Financial Structure (%)	Debt-asset ratio	77.97	77.33	76.78	71.55	65.76
	Ratio of long-term capital to property and equipment	846.31	938.85	835.64	747.21	669.31
Solvency (%)	Current ratio	108.85	113.06	112.70	118.86	131.08
	Quick ratio	108.82	113.03	112.67	118.81	131.02
Profitability	Return on assets (%)	(0.38)	3.71	3.56	1.24	(1.01)
	Return on shareholders' equity (%)	(1.71)	16.17	14.00	4.01	(3.80)
	Ratio of income before tax to paid-in capital (%)	0.62	26.38	19.21	5.05	(4.24)
	Profit margin (loss) before tax (%)	(6.99)	32.34	32.64	13.27	(19.91)
	Earnings (Loss) per share (NT\$) (Note 2)	(0.25)	2.33	1.83	0.47	(0.43)
Cash Flow (%)	Cash flow ratio	17.99	2.52	4.68	Note 3	23.40
	Cash flow adequacy ratio	386.26	187.72	368.47	832.50	906.47
	Cash flow reinvestment ratio	42.64	0.22	11.91	Note 3	38.08
Special regulations ratio (%)	Ratio of total liabilities to net capital	305.19	270.82	239.37	186.87	141.73
	Ratio of property and equipment to total assets	3.55	3.21	3.54	4.91	6.59
	Ratio of total amount of underwriting to the balance of current assets minus current liabilities	33.81	5.75	6.47	2.90	2.95
	Ratio of total margin purchase to net value	53.97	85.99	57.19	47.42	46.37
	Ratio of total short sale to net value	7.91	5.68	5.30	5.69	11.60

Please state the causes of changes in each financial ratio for the preceding two fiscal years:

1. Return on assets and Return on shareholders' equity: Mainly due to the increase in net loss for the year compared with the same period last year.
2. Income before tax to paid-in capital: Mainly due to the decrease in Income before tax for the year compared with the same period last year.
3. Profit margin (loss) before tax and Earnings per share: Mainly due to the increase in net loss for the year compared with the same period last year.
4. Cash flow ratio and Cash flow adequacy ratio: Mainly due to the increase in operating activities cash flow for the current period compared with the same period last year.
5. Ratio of total amount of underwriting to the balance of current assets minus current liabilities: Mainly due to the increase in total amount of underwriting for the current period compared with the same period last year.
6. Ratio of total margin purchase to net value: Mainly due to the decrease in total margin purchase for the current period compared with the same period last year.
7. Ratio of total short sale to net value: Mainly due to the increase in total short sale 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				
		2022	2021	2020	2019	2018
Financial Structure (%)	Debt-asset ratio	74.59	73.88	73.85	66.79	58.01
	Ratio of long-term capital to property and equipment	1,103.41	1,231.93	1,101.32	980.54	925.17
Solvency (%)	Current ratio	107.17	112.85	111.01	118.52	135.96
	Quick ratio	107.13	112.82	110.98	118.47	135.88
Profitability	Return on assets (%)	(0.46)	4.24	4.08	1.47	(1.20)
	Return on shareholders' equity (%)	(1.78)	16.22	14.04	3.98	(3.82)
	Ratio of income before tax to paid-in capital (%)	0.09	25.97	18.66	4.55	(4.25)
	Profit margin (loss) before tax (%)	(11.16)	38.41	42.06	19.84	(34.16)
	Earnings (Loss) per share (NT\$) (Note 2)	(0.25)	2.33	1.83	0.47	(0.43)
Cash Flow (%)	Cash flow ratio	22.99	2.28	4.29	Note 3	34.58
	Cash flow adequacy ratio	379.95	186.87	221.42	624.93	811.46
	Cash flow reinvestment ratio	44.09	Note 3	8.88	Note 3	40.73
Special regulations ratio (%)	Ratio of total liabilities to net capital	242.24	210.51	188.89	134.70	86.61
	Ratio of property and equipment to total assets	4.12	2.73	2.94	4.22	5.65
	Ratio of total amount of underwriting to the balance of current assets minus current liabilities	51.14	7.13	8.82	3.75	3.60
	Ratio of total margin purchase to net value	53.97	85.99	57.19	47.42	46.37
	Ratio of total short sale to net value	7.91	5.68	5.30	5.69	11.60

Please state the causes of changes in each financial ratio for the preceding two fiscal years:

1. Return on assets and Return on shareholders' equity: Mainly due to the increase in net loss for the year compared with the same period last year.
2. Income before tax to paid-in capital: Mainly due to the decrease in Income before tax for the year compared with the same period last year.
3. Profit margin (loss) before tax and Earnings per share: Mainly due to the increase in net loss for the year compared with the same period last year.
4. Cash flow ratio and Cash flow adequacy ratio: Mainly due to the increase in operating activities cash flow for the current period compared with the same period last year.
5. Ratio of total amount of underwriting to the balance of current assets minus current liabilities: Mainly due to the increase in total amount of underwriting for the current period compared with the same period last year.
6. Ratio of total margin purchase to net value: Mainly due to the decrease in total margin purchase for the current period compared with the same period last year.
7. Ratio of total short sale to net value: Mainly due to the increase in total short sale 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.

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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

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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 2022 Business Report, Financial Statements and Deficit Compensation Statement. 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,
2023 Annual Shareholders' Meeting

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

March 9, 2023

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6.4 Consolidated Financial Statements for the Years Ended December 31, 2022 and 2021, 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, 2022 and 2021, 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, 2022 and 2021, 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 the Standards on Auditing of 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, 2022. 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, 2022 is as follows:

Accuracy of Brokerage Handling Fee Revenue

Brokerage handling fee revenue of the Group amounted to \$1,499,080 thousand in 2022. 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, 2022.

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, 2022 and 2021, 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, 2022 and 2021, the total assets of these subsidiaries and investments in associates amounted to \$548,093 thousand and \$565,763 thousand, accounting for 1.53% and 1.44% of consolidated total assets, respectively; for the years ended December 31, 2022 and 2021, no operating revenue was recognized, and the share of the comprehensive loss of these associates accounted for using equity method amounted to \$18,032 thousand and \$11,886 thousand, which accounted for 16.72% and (0.85%) of the consolidated total comprehensive income or loss, 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, 2022 and 2021 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 Standards on Auditing of 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 Standards on Auditing of 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, 2022 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 9, 2023

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, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 4,588,277	13	\$ 1,655,266	4
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	7,935,375	22	8,609,633	22
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	177,633	1	27,802	-
Margin loans receivable (Notes 4, 11 and 32)	4,229,493	12	7,629,748	20
Refinancing margin (Notes 4 and 11)	40,461	-	6,910	-
Refinancing collateral receivable (Notes 4 and 11)	31,124	-	6,732	-
Customer margin account (Notes 4 and 9)	4,790,287	13	5,203,109	13
Futures exchanges margins receivable (Notes 4 and 10)	12	-	26	-
Security borrowing collateral price (Notes 4 and 11)	960,904	3	523,023	1
Security borrowing margin (Notes 4 and 11)	1,046,647	3	474,557	1
Notes and accounts receivable (Notes 4 and 11)	4,428,567	12	6,864,196	18
Prepayments	9,149	-	9,179	-
Other receivables (Notes 4 and 11)	54,615	-	85,574	-
Other financial assets - current (Notes 4 and 12)	646,120	2	388,760	1
Current tax assets (Notes 4 and 28)	1,263	-	1,261	-
Restricted assets - current (Note 33)	167,705	1	319,157	1
Other current assets	160,577	-	1,698,831	4
Total current assets	29,268,209	82	33,503,764	85
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 5 and 8)	3,535,019	10	2,851,904	7
Investments accounted for using equity method (Notes 4 and 14)	546,741	1	561,421	2
Property and equipment (Notes 4, 15 and 33)	1,051,657	3	1,033,293	3
Right-of-use assets (Notes 4, 16 and 32)	117,489	-	123,136	-
Investment property (Notes 4, 17 and 33)	319,975	1	322,787	1
Intangible assets (Notes 4 and 18)	65,137	-	49,734	-
Deferred tax assets (Notes 4 and 28)	29,090	-	132,596	-
Net defined benefit assets - non-current (Notes 4 and 25)	3,854	-	-	-
Other non-current assets (Notes 4 and 19)	909,856	3	810,213	2
Total non-current assets	6,578,818	18	5,885,084	15
TOTAL	\$ 35,847,027	100	\$ 39,388,848	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 20 and 33)	\$ 690,000	2	\$ 1,650,000	4
Commercial paper payable (Notes 20 and 33)	5,222,701	15	4,164,759	11
Financial liabilities at fair value through profit or loss - current (Notes 4, 7 and 32)	2,522,930	7	2,761,630	7
Liabilities for bonds with attached repurchase agreements (Notes 4, 21 and 32)	4,498,096	13	4,098,467	10
Securities financing refundable deposits (Note 4)	675,595	2	313,901	1
Deposits payable for securities financing (Note 4)	620,246	2	503,833	1
Refinancing borrowings (Note 4)	100,240	-	1,800,556	5
Securities lending refundable deposits (Note 4)	16,185	-	-	-
Futures traders' equity (Notes 4 and 9)	4,769,767	13	5,145,251	13
Accounts payable (Note 22)	3,580,010	10	5,739,177	15
Other payables	277,062	1	805,802	2
Other financial liabilities - current (Note 23)	3,622,333	10	756,678	2
Current tax liabilities (Notes 4 and 28)	54,513	-	119,459	-
Provisions - current (Notes 4 and 24)	26,186	-	25,092	-
Lease liabilities - current (Notes 4, 16 and 32)	49,337	-	39,898	-
Other current liabilities	162,146	-	1,708,308	4
Total current liabilities	26,887,347	75	29,632,811	75
NON-CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss - non-current (Notes 4 and 7)	913,241	3	520,297	1
Provisions - non-current (Notes 4 and 24)	12,560	-	12,080	-
Lease liabilities - non-current (Notes 4, 16 and 32)	67,305	-	82,426	-
Deferred tax liabilities (Notes 4 and 28)	63,871	-	776	-
Guarantee deposits received (Note 32)	2,468	-	2,468	-
Net defined benefit liabilities - non-current (Notes 4 and 25)	2,464	-	208,010	1
Total non-current liabilities	1,061,909	3	826,057	2
Total liabilities	27,949,256	78	30,458,868	77
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Notes 4, 8, 14, 25, 26, 28 and 31)				
Share capital	5,944,550	17	5,944,550	15
Capital surplus	175,320	-	175,320	1
Retained earnings				
Legal reserve	265,503	1	132,144	-
Special reserve	1,087,890	3	821,171	2
Unappropriated retained earnings (accumulated deficits)	(26,110)	-	1,338,562	4
Total retained earnings	1,327,283	4	2,291,877	6
Other equity	391,181	1	463,248	1
Total equity attributable to owners of the Corporation	7,838,334	22	8,874,995	23
NON-CONTROLLING INTERESTS	59,437	-	54,985	-
Total equity	7,897,771	22	8,929,980	23
TOTAL	\$ 35,847,027	100	\$ 39,388,848	100

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

(With Deloitte & Touche auditors' report dated March 9, 2023)

CONCORD SECURITIES CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	2022		2021	
	Amount	%	Amount	%
REVENUE (Notes 4 and 27)				
Brokerage handling fee revenue (Note 32)	\$ 1,543,234	75	\$ 2,126,601	49
Income from securities lending	43,420	2	29,987	1
Revenue from underwriting commission	34,993	2	41,303	1
Gains (losses) on sale of operating securities, net	(1,827,681)	(89)	1,565,238	36
Revenue from providing agency service for stock affairs	26,633	1	24,963	1
Interest income (Note 32)	349,939	17	390,181	9
Dividend income	1,448,951	71	277,662	6
Valuation gains (losses) on operating securities at fair value through profit or loss, net	(650,731)	(32)	205,003	5
Gains (losses) on covering of borrowed securities and bonds with resale agreements - short sales, net	16,012	1	(145,953)	(3)
Valuation gains on borrowed securities and bonds with resale agreements - short sales at fair value through profit or loss, net	140,680	7	22,430	-
Gains (losses) on issuance of call (put) warrants, net	423,225	21	(163,570)	(4)
Gains (losses) on derivative instruments - futures, net	(15,172)	(1)	8,507	-
Gains (losses) on derivative instruments - OTC, net (Note 32)	368,562	18	(106,235)	(2)
Futures administrative fee revenues	1	-	-	-
Impairment gains and reversal of impairment losses (impairment losses) (Notes 8, 10 and 11)	3,707	-	(2,935)	-
Other operating income (Note 32)	151,005	7	25,663	1
Total revenue	2,056,778	100	4,298,845	100
COSTS AND EXPENSES (Notes 4 and 27)				
Brokerage handling fee expenses	(199,517)	(10)	(265,285)	(6)
Proprietary handling fee expenses	(12,584)	(1)	(11,472)	-
Refinancing handling fee expenses	(737)	-	(630)	-
Finance costs (Note 32)	(96,734)	(5)	(61,729)	(2)
Loss from securities borrowing transactions	(4,558)	-	(6,982)	-
Futures commission expenses	(88,377)	(4)	(62,427)	(2)
Clearing and settlement expenses	(85,498)	(4)	(96,780)	(2)
Other operating costs	(25,542)	(1)	(42,110)	(1)
Employee benefits expenses (Notes 25 and 32)	(965,708)	(47)	(1,619,899)	(38)
Depreciation and amortization expenses (Notes 15, 16, 17 and 18)	(92,252)	(4)	(90,891)	(2)
Other operating expenses	(587,321)	(29)	(570,412)	(13)
Total costs and expenses	(2,158,828)	(105)	(2,828,617)	(66)
OPERATING PROFIT (LOSS)	(102,050)	(5)	1,470,228	34

(Continued)

CONCORD SECURITIES CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	2022		2021	
	Amount	%	Amount	%
NON-OPERATING INCOME AND EXPENSES (Notes 4 and 27)				
Share of loss of associates accounted for using equity method (Note 14)	\$ (8,844)	-	\$ (7,050)	-
Other gains and losses	<u>147,558</u>	<u>7</u>	<u>105,169</u>	<u>2</u>
Total non-operating income and expenses	<u>138,714</u>	<u>7</u>	<u>98,119</u>	<u>2</u>
PROFIT BEFORE INCOME TAX	36,664	2	1,568,347	36
INCOME TAX EXPENSE (Notes 4 and 28)	<u>(180,364)</u>	<u>(9)</u>	<u>(178,245)</u>	<u>(4)</u>
NET PROFIT (LOSS) FOR THE YEAR	<u>(143,700)</u>	<u>(7)</u>	<u>1,390,102</u>	<u>32</u>
OTHER COMPREHENSIVE INCOME (Notes 4, 14, 25, 26, 28 and 31)				
Items that will not be reclassified subsequently to profit or loss				
Gains (losses) on remeasurement of defined benefit plans	134,620	6	(65,425)	(1)
Unrealized gains on investments in equity instruments measured at fair value through other comprehensive income	25,910	1	58,708	1
Share of other comprehensive loss of associates accounted for using equity method	(5,836)	-	(1,659)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>(26,924)</u>	<u>(1)</u>	<u>13,085</u>	<u>-</u>
	<u>127,770</u>	<u>6</u>	<u>4,709</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss				
Exchange differences on the translation of foreign operations	9,046	1	5,464	-
Unrealized losses on investments in debt instruments measured at fair value through other comprehensive income	(100,992)	(5)	(7,221)	-
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>-</u>	<u>-</u>	<u>(1,780)</u>	<u>-</u>
	<u>(91,946)</u>	<u>(4)</u>	<u>(3,537)</u>	<u>-</u>
Other comprehensive income for the year, net of income tax	<u>35,824</u>	<u>2</u>	<u>1,172</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u>\$ (107,876)</u>	<u>(5)</u>	<u>\$ 1,391,274</u>	<u>32</u>

(Continued)

CONCORD SECURITIES CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	2022		2021	
	Amount	%	Amount	%
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Corporation	\$ (148,735)	(7)	\$ 1,385,923	32
Non-controlling interests	<u>5,035</u>	<u>-</u>	<u>4,179</u>	<u>-</u>
	<u>\$ (143,700)</u>	<u>(7)</u>	<u>\$ 1,390,102</u>	<u>32</u>
TOTAL COMPREHENSIVE INCOME (LOSS)				
ATTRIBUTABLE TO:				
Owners of the Corporation	\$ (115,256)	(5)	\$ 1,387,420	32
Non-controlling interests	<u>7,380</u>	<u>-</u>	<u>3,854</u>	<u>-</u>
	<u>\$ (107,876)</u>	<u>(5)</u>	<u>\$ 1,391,274</u>	<u>32</u>
EARNINGS (LOSS) PER SHARE (Note 29)				
Basic	<u>\$ (0.25)</u>		<u>\$ 2.33</u>	
Diluted	<u>\$ (0.25)</u>		<u>\$ 2.32</u>	

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

(With Deloitte & Touche auditors' report dated March 9, 2023)

(Concluded)

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CONCORD SECURITIES CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

Equity Attributable to Owners of the Corporation (Notes 4, 8, 14, 25, 26, 28 and 31)

	Equity Attributable to Owners of the Corporation (Notes 4, 8, 14, 25, 26, 28 and 31)					Other Equity		Total	Non-controlling Interests	Total Equity
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Retained Earnings	Unappropriated Earnings (Accumulated Deficits)	Exchange Differences on the Translation of Foreign Operations	Unrealized Gains (Losses) on Financial Assets at Fair Value Through Other Comprehensive Income		
BALANCE AT JANUARY 1, 2021	\$ 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	5,944,550	175,320	132,144	821,171	1,338,562	(7,432)	470,680	8,874,995	54,985	8,929,980
Appropriation of 2021 earnings										
Legal reserve	-	-	133,359	-	(133,359)	-	-	-	-	-
Special reserve	-	-	-	266,719	(266,719)	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(921,405)	-	-	(921,405)	-	(921,405)
Net loss for the year ended December 31, 2022	-	-	-	-	(148,735)	-	-	(148,735)	5,035	(143,700)
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	107,646	9,046	(83,213)	33,479	2,345	35,824
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	(41,089)	9,046	(83,213)	(115,256)	7,380	(107,876)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(2,100)	-	2,100	-	-	-
Change in non-controlling interests	-	-	-	-	-	-	-	-	(2,928)	(2,928)
BALANCE AT DECEMBER 31, 2022	\$ 5,944,550	\$ 175,320	\$ 265,503	\$ 1,087,890	\$ (26,110)	\$ 1,614	\$ 389,567	\$ 7,838,334	\$ 59,437	\$ 7,897,771

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

(With Deloitte & Touche auditors' report dated March 9, 2023)

CONCORD SECURITIES CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 36,664	\$ 1,568,347
Adjustments for:		
Depreciation expense	81,017	80,840
Amortization expense	11,235	10,051
Expected credit loss (gain)	(3,707)	2,935
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	514,989	(227,423)
Finance costs	96,734	61,729
Interest income (including financial income)	(387,663)	(410,286)
Dividend income	(1,478,597)	(303,219)
Share of loss of associates accounted for using equity method	8,844	7,050
Loss (gain) on disposal of property and equipment	9	(324)
Loss (gain) on disposal of investments	(33)	8,476
Changes in operating assets and liabilities		
Decrease in financial assets at fair value through profit or loss	18,799	1,785,517
Decrease (increase) in margin loans receivable	3,401,223	(2,934,946)
Decrease (increase) in refinancing margin	(33,551)	10,404
Decrease (increase) in refinancing collateral receivable	(24,392)	7,730
Decrease (increase) in customer margin account	412,822	(1,185,929)
Decrease in futures exchanges margins receivable	2,402	120
Increase in security borrowing collateral price	(437,881)	(93,411)
Increase in security borrowing margin	(572,090)	(85,378)
Decrease (increase) in notes receivable	51	(82)
Decrease (increase) in accounts receivable	2,437,950	(946,034)
Decrease (increase) in prepayments	30	(1,731)
Increase in net defined benefit assets	(3,854)	-
Decrease (increase) in other receivables	33,303	(27,583)
Decrease (increase) in other financial assets	(257,360)	218,139
Decrease (increase) in other current assets	1,689,706	(1,521,755)
Increase (decrease) in liabilities for bonds with attached repurchase agreements	399,629	(780,901)
Increase in financial liabilities at fair value through profit or loss	294,669	1,351,261
Increase (decrease) in securities financing refundable deposits	361,694	(81,425)
Increase in deposits payable for securities financing	116,413	68,663
Increase (decrease) in refinancing borrowings	(1,700,316)	1,800,556
Increase in securities lending refundable deposits	16,185	-
Increase (decrease) in futures traders' equity	(375,484)	1,142,578
Decrease in accounts payable	(2,162,897)	(1,768,633)
Increase (decrease) in other payables	(528,596)	260,556
Decrease in net defined benefit liabilities	(97,900)	(28,555)
Increase in provisions	979	570
Increase in other financial liabilities	2,865,655	756,678
Increase (decrease) in other current liabilities	(1,546,162)	1,428,842
Cash generated from operations	3,190,519	173,427

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CONCORD SECURITIES CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
Interest received	\$ 383,275	\$ 410,431
Dividends received	1,448,632	278,976
Interest paid	(107,389)	(60,792)
Income tax paid	<u>(78,711)</u>	<u>(54,441)</u>
Net cash generated from operating activities	<u>4,836,326</u>	<u>747,601</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(1,059,750)	(584,825)
Proceeds from disposal of financial assets at fair value through other comprehensive income	147,249	15,781
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	1,526	4,329
Acquisition of property and equipment	(48,581)	(23,684)
Proceeds from disposal of property and equipment	5	675
Increase in clearing and settlement fund	-	(20,044)
Decrease in clearing and settlement fund	17,257	-
Increase in refundable deposits	(124,503)	(17,833)
Acquisition of intangible assets	(16,030)	(7,782)
Increase in other non-current assets	(3,705)	(12,625)
Dividends received	<u>29,646</u>	<u>25,557</u>
Net cash used in investing activities	<u>(1,056,886)</u>	<u>(620,451)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	-	1,260,000
Decrease in short-term borrowings	(960,000)	-
Increase in commercial paper payable	1,073,000	-
Decrease in commercial paper payable	-	(2,393,000)
Increase in guarantee deposits received	-	10
Payments of lease liabilities	(47,332)	(49,856)
Cash dividends paid	(921,405)	(725,235)
Change in non-controlling interests	(2,928)	(3,446)
Exercise of disgorgement	<u>-</u>	<u>13</u>
Net cash used in financing activities	<u>(858,665)</u>	<u>(1,911,514)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>12,236</u>	<u>5,480</u>

(Continued)

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CONCORD SECURITIES CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 2,933,011	\$ (1,778,884)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,655,266</u>	<u>3,434,150</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 4,588,277</u>	<u>\$ 1,655,266</u>

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

(With Deloitte & Touche auditors' report dated March 9, 2023)

(Concluded)

LET'S SAVE
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CONCORD SECURITIES CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (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, 2022, 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 9, 2023.

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)

The Group assessed that the application of the IFRSs endorsed and issued into effect by the FSC would not have a material impact on the Group’s accounting policies.

- b. The IFRSs endorsed by the FSC for application starting from 2023

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments will be 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 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occur on or after January 1, 2022.

The Group assessed that the application of the above amended IFRSs endorsed and issued into the effect by the FSC 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, Amended and Revised 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
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
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, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

Note 1: Unless stated otherwise, the above New, Amended and Revised Standards and Interpretations are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

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 assets/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 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 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.

Time of 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 December 31, 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 expense of right-of-use assets and other non-operating income, 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 assets (liabilities) represent the actual surplus (deficit) in the Group's defined benefit retirement plans.

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	
	2022	2021
Cash on hand and working fund	\$ 210	\$ 218
Checking and demand deposits	719,011	1,056,892
Foreign currency deposits	170,566	304,854
Cash equivalents		
Excess futures trading margin	378,187	293,302
Short-term bills	<u>3,320,303</u>	<u>-</u>
	<u>\$ 4,588,277</u>	<u>\$ 1,655,266</u>

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

	December 31	
	2022	2021
Short-term bills	0.9%-1.0%	-

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2022	2021
<u>Financial assets at FVTPL - current</u>		
Financial assets mandatorily measured at FVTPL		
Open-end funds and money market instruments	\$ 80,090	\$ 3,647
Operating securities - proprietary	6,309,864	6,613,343
Operating securities - underwriting	50,818	24,538
Operating securities - hedging	1,053,477	1,315,716
Futures margin - own funds	225,157	126,463
Derivative assets - OTC		
Value of asset swap IRS contracts	6,225	5,967
Asset swap options	<u>209,744</u>	<u>519,959</u>
	<u>\$ 7,935,375</u>	<u>\$ 8,609,633</u>

(Continued)

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Report

December 31

2022

2021

Financial liabilities at FVTPL - current

Financial liabilities held for trading

Warrants liabilities	\$ 2,098,112	\$ 4,083,550
Warrants redeemed	(1,934,273)	(3,905,570)
Settlement coverage bonds payable of short sale	-	346,869
Liabilities on sale of borrowed securities - hedging	907,024	695,972
Liabilities on sale of borrowed securities - non-hedging	52,355	13,233
Derivative liabilities - OTC		
Value of asset swap IRS contracts	31,586	51,365
Asset swap options	662,121	1,224,650
Structured instruments	23,572	2,191
Equity derivatives	74,426	74,498
	<u>1,914,923</u>	<u>2,586,758</u>

Financial liabilities designated as at FVTPL

Structured instruments	<u>608,007</u>	<u>174,872</u>
	<u>\$ 2,522,930</u>	<u>\$ 2,761,630</u>

Financial liabilities at FVTPL - non-current

Financial liabilities designated as at FVTPL

Structured instruments	<u>\$ 913,241</u>	<u>\$ 520,297</u> (Concluded)
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a. Open-end funds and money market instruments

Open-end funds and money market instruments

	December 31 2022	2021
Valuation adjustments	\$ 85,000 (4,910)	\$ 3,619 28
	<u>\$ 80,090</u>	<u>\$ 3,647</u>

b. Operating securities - proprietary

Current

	December 31 2022	2021
Government bonds	\$ 353,794	\$ 658,315
Corporate bonds	-	200,256
Listed shares	516,164	669,909
Shares and convertible bonds traded in the OTC market	4,862,071	3,857,272
Emerging shares	197,265	219,023
Foreign shares and bonds	126,184	262,505
Beneficiary securities	<u>170,079</u>	<u>97,693</u>
	6,225,557	5,964,973
Valuation adjustments	<u>84,307</u>	<u>648,370</u>
	<u>\$ 6,309,864</u>	<u>\$ 6,613,343</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	
	2022	2021
Government bonds	0.50%-1.75%	0.5%-1.75%
Corporate bonds	-	1.04%

As of December 31, 2022 and 2021, the face values of the Group's proprietary securities and bond investments under resale agreements were \$4,460,507 thousand and \$4,055,529 thousand, respectively, were provided for repurchase agreements.

c. Operating securities - underwriting

	December 31	
	2022	2021
Listed and OTC shares and convertible bonds	\$ 51,157	\$ 20,946
Valuation adjustments	<u>(339)</u>	<u>3,592</u>
	<u>\$ 50,818</u>	<u>\$ 24,538</u>

d. Operating securities - hedging

	December 31	
	2022	2021
Listed shares, beneficiary certificates and shares and warrants	\$ 737,815	\$ 1,009,536
Shares, beneficiary certificates, warrants and convertible bonds traded in the OTC market	<u>345,676</u>	<u>253,633</u>
	1,083,491	1,263,169
Valuation adjustments	<u>(30,014)</u>	<u>52,547</u>
	<u>\$ 1,053,477</u>	<u>\$ 1,315,716</u>

e. Warrants

	December 31	
	2022	2021
Warrants liabilities	\$ 4,294,041	\$ 4,097,368
Gains on changes in fair value	<u>(2,195,929)</u>	<u>(13,818)</u>
	<u>2,098,112</u>	<u>4,083,550</u>
Warrants redeemed	3,422,996	3,954,353
Losses on changes in fair value	<u>(1,488,723)</u>	<u>(48,783)</u>
	<u>1,934,273</u>	<u>3,905,570</u>
Net warrants liabilities	<u>\$ 163,839</u>	<u>\$ 177,980</u>

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f. Settlement coverage bonds payable of short sale

	December 31	
	2022	2021
Government bonds	\$ -	\$ 347,124
Valuation adjustments	-	(255)
	<u>\$ -</u>	<u>\$ 346,869</u>

g. Liabilities on sale of borrowed securities

	December 31	
	2022	2021
Hedging		
Listed and OTC shares and beneficiary certificates	\$ 964,657	\$ 619,284
Valuation adjustments	<u>(57,633)</u>	<u>76,688</u>
	<u>\$ 907,024</u>	<u>\$ 695,972</u>
Non-hedging		
Beneficiary certificates	\$ 57,616	\$ 12,135
Valuation adjustments	<u>(5,261)</u>	<u>1,098</u>
	<u>\$ 52,355</u>	<u>\$ 13,233</u>

h. Futures and Options

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

		December 31, 2022			
Item	Transaction Type	Open Position		Carrying Amount/ Paid (Received)	Fair Value
		Buyer/ Seller	Volume		
Futures	TAIEX futures	Buyer	62	\$ 176,901	\$ 174,894
Futures	TAIEX futures	Seller	4	11,288	11,308
Futures	MTX	Buyer	4	2,827	2,827
Futures	MTX	Seller	200	143,429	140,970
Futures	Share futures	Buyer	7,195	1,043,675	993,478
Futures	Share futures	Seller	693	102,397	100,608
Futures	TE	Seller	4	10,494	10,300
Futures	YM	Seller	1	5,280	5,111
Futures	LCO	Seller	43	111,668	113,446
Futures	GC	Seller	1	5,492	5,608
Futures	CBOT-UB	Seller	1	4,198	4,125
Futures	TWN	Seller	16	24,397	24,406
Futures	USDx	Seller	2	6,373	6,347

		December 31, 2021			
Item	Transaction Type	Open Position		Carrying Amount/ Premium	Fair Value
		Buyer/ Seller	Volume	Paid (Received)	
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

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

As of December 31, 2022 and 2021, futures margin arising from futures contracts amounted to \$225,157 thousand and \$126,463 thousand, respectively.

i. Derivative instruments - OTC

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

	Nominal Amount	
	December 31	
	2022	2021
Convertible bond asset swaps	\$ 6,930,200	\$ 6,072,700
Structured instruments	5,181,267	1,458,828
Equity derivatives	318,764	345,188

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2022	2021
<u>Current</u>		
Investments in debt instruments	\$ 177,633	\$ 27,802
<u>Non-current</u>		
Investments in equity instruments	\$ 865,431	\$ 841,057
Investments in debt instruments	2,669,588	2,010,847
	\$ 3,535,019	\$ 2,851,904

a. Investments in equity instruments

	December 31	
	2022	2021
<u>Non-current</u>		
Non-public ordinary shares		
Taiwan Futures Exchange	\$ 419,156	\$ 388,730
Taiwan Stock Exchange	216,475	241,632
Taiwan Depository & Clearing Corporation	119,247	133,443
Guoyuan Futures Co., Ltd.	90,595	55,589
Asia Pacific Emerging Industry Venture Capital Co., Ltd.	12,317	16,248
FundRich Securities Co., Ltd.	7,641	5,415
Foursun Tech. Inc.	-	-
	<u>\$ 865,431</u>	<u>\$ 841,057</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 August 2022 and October 2021, the Group participated in the cash capital increase of Taiwan Stock Exchange, and obtained 48 shares and 62 shares at the issue price of \$10 per share, respectively.

In December 2022 and 2021, Asia Pacific Emerging Industry Venture Capital Co., Ltd. implemented cash capital reduction, in which the Group reduced its number of shares by 152,568 shares and 432,900 shares, receiving the capital reduction of \$1,526 thousand and \$4,329 thousand, respectively.

In September 2022, the Group sold all shares of Foursun Tech. Inc. for \$10 thousand, and other equity - unrealized losses on financial assets measured at fair value through other comprehensive income of \$2,100 thousand was transferred to retained earnings.

The Group recognized dividend revenue of \$29,646 thousand and \$25,557 thousand during 2022 and 2021, which generated from the investments held as of December 31, 2022 and 2021, respectively.

b. Investments in debt instruments

	December 31	
	2022	2021
<u>Current</u>		
Corporate bonds	\$ 99,572	\$ -
Foreign bonds	<u>78,061</u>	<u>27,802</u>
	<u>\$ 177,633</u>	<u>\$ 27,802</u>
<u>Non-current</u>		
Government bonds	\$ 297,138	\$ 301,475
Corporate bonds	1,096,680	601,652
Foreign bonds	<u>1,275,770</u>	<u>1,107,720</u>
	<u>\$ 2,669,588</u>	<u>\$ 2,010,847</u>

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

	December 31	
	2022	2021
Gross carrying amount	\$ 2,953,314	\$ 2,038,703
Less: Allowance for impairment loss	<u>(1,630)</u>	<u>(1,972)</u>
Amortized cost	2,951,684	2,036,731
Adjustment to fair value	<u>(104,463)</u>	<u>1,918</u>
	<u>\$ 2,847,221</u>	<u>\$ 2,038,649</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, 2022
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%	\$ 2,953,314

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

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, 2022	\$ 1,972	\$ -	\$ -
Reversed expected credit loss	<u>(342)</u>	<u>-</u>	<u>-</u>
Balance at December 31, 2022	<u>\$ 1,630</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

		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>

(Concluded)

9. CUSTOMER MARGIN ACCOUNT AND FUTURES TRADERS' EQUITY

	December 31	
	2022	2021
Customer margin account		
Cash in banks	\$ 3,652,300	\$ 3,651,150
Futures clearing institution	929,624	1,267,111
Other futures commission merchant	<u>208,363</u>	<u>284,848</u>
Customer margin account	4,790,287	5,203,109
Adjustment		
Brokerage handling fee revenue and futures transactions tax	(44,560)	(44,993)
Timing differences in receiving customers' deposits	<u>24,040</u>	<u>(12,865)</u>
Futures traders' equity	<u>\$ 4,769,767</u>	<u>\$ 5,145,251</u>

10. FUTURES EXCHANGES MARGINS RECEIVABLE

As of December 31, 2022 and 2021, futures exchanges margins receivable and allowance for doubtful accounts were as follows:

	December 31	
	2022	2021
Futures exchanges margins receivable	\$ 576	\$ 5,342
Less: Allowance for impairment loss	<u>(564)</u>	<u>(5,316)</u>
	<u>\$ 12</u>	<u>\$ 26</u>

The movements of the allowance for futures exchange margin receivable allowance were as follows:

	December 31	
	2022	2021
Opening balance	\$ 5,316	\$ 5,462
Less: Amounts written off	(2,364)	-
Less: Net remeasurement of loss allowance	<u>(2,388)</u>	<u>(146)</u>
Ending balance	<u>\$ 564</u>	<u>\$ 5,316</u>

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

	December 31	
	2022	2021
Margin loans receivable	\$ 4,230,565	\$ 7,631,788
Less: Allowance for impairment loss	<u>(1,072)</u>	<u>(2,040)</u>
	<u>\$ 4,229,493</u>	<u>\$ 7,629,748</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 2022, which was recognized as gains on reversal of impairment loss of \$122 thousand.

	December 31	
	2022	2021
Notes receivable	\$ 95	\$ 146
Accounts receivable		
Accounts receivable for settlement - brokerage	3,388,985	5,724,414
Accounts receivable for settlement - proprietary	896,372	985,847
Brokerage handling fee revenue and refinancing interest receivable	111,909	129,290
Bond interest receivable	18,703	16,337
Others	12,816	8,162
Less: Allowance for impairment loss	<u>(313)</u>	<u>-</u>
	<u>4,428,472</u>	<u>6,864,050</u>
	<u>\$ 4,428,567</u>	<u>\$ 6,864,196</u>

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

	December 31	
	2022	2021
0 to 120 days	\$ 4,428,504	\$ 6,864,115
121 to 180 days	344	81
Over 180 days	<u>32</u>	<u>-</u>
	<u>\$ 4,428,880</u>	<u>\$ 6,864,196</u>

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

	December 31	
	2022	2021
Other receivables	\$ 140,859	\$ 172,140
Less: Allowance for impairment loss	<u>(86,244)</u>	<u>(86,566)</u>
	<u>\$ 54,615</u>	<u>\$ 85,574</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, 2022

	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	\$ 4,428,880	\$ 4,230,565	\$ 31,124	\$ 2,048,012	\$ 140,859	\$ 10,879,440
Loss allowance (Lifetime ECLs)	<u>(313)</u>	<u>(1,072)</u>	<u>-</u>	<u>-</u>	<u>(86,244)</u>	<u>(87,629)</u>
Amortized cost	<u>\$ 4,428,567</u>	<u>\$ 4,229,493</u>	<u>\$ 31,124</u>	<u>\$ 2,048,012</u>	<u>\$ 54,615</u>	<u>\$ 10,791,811</u>

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>

The movements of the loss allowance of trade receivables for the years ended December 31, 2022 and 2021, respectively, were as follows:

	Notes and Accounts Receivable	Margin Loans Receivable	Other Receivables	Total
Balance at January 1, 2022	\$ -	\$ 2,040	\$ 86,566	\$ 88,606
Add: Net remeasurement of loss allowance	<u>313</u>	<u>(968)</u>	<u>(322)</u>	<u>(977)</u>
Balance at December 31, 2022	<u>\$ 313</u>	<u>\$ 1,072</u>	<u>\$ 86,244</u>	<u>\$ 87,629</u>
Balance at January 1, 2021	\$ -	\$ 1,094	\$ 85,193	\$ 86,287
Add: Net remeasurement of loss allowance	<u>-</u>	<u>946</u>	<u>1,373</u>	<u>2,319</u>
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 2,040</u>	<u>\$ 86,566</u>	<u>\$ 88,606</u>

12. OTHER FINANCIAL ASSETS - CURRENT

	December 31	
	2022	2021
Time deposits	<u>\$ 646,120</u>	<u>\$ 388,760</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	
	2022	2021
Time deposits	1.025%-5.30%	0.090%-0.815%

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13. SUBSIDIARIES

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

Investor	Investee	Main Business	Percentage of Ownership (%)		Remarks
			December 31		
			2022	2021	
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	
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	Note a
The Corporation	Concord Insurance Agency Co., Ltd. (Concord Insurance)	Life insurance agency and property insurance agency	100.00	100.00	
The Corporation	Concord Managed Futures Corp. (Concord Managed Futures)	Note b	-	-	Note b
The Corporation	Concord Capital Holdings (Cayman) Limited (Concord Cayman)	Note c	-	-	Note c

Note a: On November 8, 2022, the Corporation's board of directors approved resolutions to process the dissolution and liquidation of the subsidiary, Con-Lian AMC, and the relevant liquidation procedures will be approved by the relevant authorities.

Note b: 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. Concord Managed Futures 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			
	2022	Percentage of Shareholding (%)	2021	Percentage of Shareholding (%)
	Carrying Amount		Carrying Amount	
Individually immaterial associates:				
HWA-HO Asset Management Corp.	\$ 546,741	46.59	\$ 561,421	46.59

The summarized information of individually immaterial associates was as follows:

	For the Year Ended December 31	
	2022	2021
The Group's share of:		
Net loss for the year	\$ (8,844)	\$ (7,050)
Other comprehensive loss	(5,836)	(1,659)
Total comprehensive loss for the year	\$ (14,680)	\$ (8,709)

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, 2022 and 2021.

15. PROPERTY AND EQUIPMENT

	For the Year Ended December 31, 2022				Balance at December 31, 2022
	Balance at January 1, 2022	Additions	Reductions	Reclassifications	
<u>Cost</u>					
Land	\$ 804,351	\$ -	\$ -	\$ 786	\$ 805,137
Buildings	317,133	-	-	523	317,656
Equipment	100,102	48,236	(29,180)	-	119,158
Leasehold improvements	41,842	1,045	(12,403)	-	30,484
	<u>1,263,428</u>	<u>\$ 49,281</u>	<u>\$ (41,583)</u>	<u>\$ 1,309</u>	<u>1,272,435</u>
<u>Accumulated depreciation</u>					
Buildings	\$ 145,874	\$ 5,630	\$ -	\$ 151	\$ 151,655
Equipment	62,116	18,897	(29,167)	-	51,846
Leasehold improvements	20,461	7,534	(12,402)	-	15,593
	<u>228,451</u>	<u>\$ 32,061</u>	<u>\$ (41,569)</u>	<u>\$ 151</u>	<u>219,094</u>
<u>Accumulated impairment</u>					
Buildings	1,684	\$ -	\$ -	\$ -	1,684
Net book value	<u>\$ 1,033,293</u>				<u>\$ 1,051,657</u>
	For the Year Ended December 31, 2021				Balance at December 31, 2021
	Balance at January 1, 2021	Additions	Reductions	Reclassifications	
<u>Cost</u>					
Land	\$ 805,137	\$ -	\$ -	\$ (786)	\$ 804,351
Buildings	317,656	-	-	(523)	317,133
Equipment	104,307	16,539	(20,744)	-	100,102
Leasehold improvements	35,008	12,375	(5,541)	-	41,842
	<u>1,262,108</u>	<u>\$ 28,914</u>	<u>\$ (26,285)</u>	<u>\$ (1,309)</u>	<u>1,263,428</u>
<u>Accumulated depreciation</u>					
Buildings	140,386	\$ 5,627	\$ -	\$ (139)	145,874
Equipment	66,441	16,362	(20,687)	-	62,116
Leasehold improvements	18,481	7,227	(5,247)	-	20,461
	<u>225,308</u>	<u>\$ 29,216</u>	<u>\$ (25,934)</u>	<u>\$ (139)</u>	<u>228,451</u>
<u>Accumulated impairment</u>					
Buildings	1,684	\$ -	\$ -	\$ -	1,684
Net book value	<u>\$ 1,035,116</u>				<u>\$ 1,033,293</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

<u>Carrying amount</u>	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Buildings	\$ 113,040	\$ 117,108
Equipment	<u>4,449</u>	<u>6,028</u>
	<u>\$ 117,489</u>	<u>\$ 123,136</u>
For the Year Ended December 31		
	<u>2022</u>	<u>2021</u>
Additions to right-of-use assets	<u>\$ 41,880</u>	<u>\$ 104,003</u>
Depreciation charge for right-of-use assets		
Buildings	\$ 44,886	\$ 48,475
Equipment	<u>2,416</u>	<u>1,493</u>
	<u>\$ 47,302</u>	<u>\$ 49,968</u>

b. Lease liabilities

<u>Carrying amount</u>	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Current	<u>\$ 49,337</u>	<u>\$ 39,898</u>
Non-current	<u>\$ 67,305</u>	<u>\$ 82,426</u>

Ranges of discount rates for lease liabilities were as follows:

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Buildings	0.514%-1.572%	0.514%-1.410%
Equipment	0.521%-1.336%	0.521%-1.300%

The Group leases buildings for operational uses with lease terms of 2 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 2022 and 2021, the lessor agreed to provide unconditional rent reductions of 20%-100% from January 1 to December 31, 2022, May 1 to June 30, 2021, and August 1 to December 31, 2021. The Group recognized the impact of rent concessions at \$453 thousand (recognized as deduction of depreciation expenses and other non-operating income) for both the years ended December 31, 2022 and 2021.

d. Other lease information

	For the Year Ended December 31	
	2022	2021
Expenses relating to short-term or low-value asset leases	\$ <u>5,157</u>	\$ <u>1,924</u>
Total cash outflow for leases	\$ <u>52,489</u>	\$ <u>51,780</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	
	2022	2021
Lease commitments	\$ <u>-</u>	\$ <u>8,623</u>

17. INVESTMENT PROPERTY

	For the Year Ended December 31, 2022			
	Balance at January 1, 2022	Additions	Reductions	Balance at December 31, 2022
<u>Cost</u>				
Land	\$ 279,621	\$ -	\$ -	\$ 278,835
Buildings	<u>92,840</u>	<u>-</u>	<u>-</u>	<u>92,317</u>
	372,461	\$ -	\$ -	371,152
<u>Accumulated depreciation</u>				
Buildings	49,440	\$ <u>1,654</u>	\$ -	\$ <u>(151)</u>
				50,943
<u>Accumulated impairment</u>				
Buildings	<u>234</u>	\$ -	\$ -	\$ -
				234
Net book value	\$ <u>322,787</u>			\$ <u>319,975</u>

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	\$ 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>

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, 2022 and 2021, the fair value of the Group's investment properties amounted to \$412,576 thousand and \$404,044 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 1 year 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.

The maturity analysis of the total lease payments receivable from investment properties leased under operating leases was as follows:

	December 31	
	2022	2021
Year 1	\$ 9,793	\$ 9,753
Year 2	9,456	648
Year 3	<u>648</u>	<u>-</u>
	<u>\$ 19,897</u>	<u>\$ 10,401</u>

18. INTANGIBLE ASSETS

	December 31	
	2022	2021
Memberships in foreign futures exchanges	\$ 33,392	\$ 33,392
Computer software	<u>31,745</u>	<u>16,342</u>
	<u>\$ 65,137</u>	<u>\$ 49,734</u>

For the Year Ended December 31, 2022

	Balance at January 1, 2022	Additions	Reductions	Balance at December 31, 2022
<u>Cost</u>				
Computer software	\$ 29,026	\$ 26,289	\$ (7,077)	\$ 48,238
Memberships in foreign futures exchanges	<u>33,392</u>	<u>-</u>	<u>-</u>	<u>33,392</u>
	62,418	<u>\$ 26,289</u>	<u>\$ (7,077)</u>	81,630
<u>Accumulated amortization</u>				
Computer software	<u>12,684</u>	<u>\$ 10,886</u>	<u>\$ (7,077)</u>	<u>16,493</u>
Net book value	<u>\$ 49,734</u>			<u>\$ 65,137</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>
	68,535	<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>

The above-mentioned intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer software	3-4 years
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For the purpose of business development, the subsidiary, Concord Futures, acquired memberships in three 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 a definite useful life. Memberships are tested for impairment at least annually if there is an indication that the asset may be impaired.

19. OTHER NON-CURRENT ASSETS

	December 31	
	2022	2021
Operation guarantee deposits	\$ 520,000	\$ 520,000
Clearing and settlement fund	195,905	213,162
Refundable deposits	188,110	63,607
Prepayments for equipment	4,834	12,089
Deferred expense	<u>1,007</u>	<u>1,355</u>
	<u>\$ 909,856</u>	<u>\$ 810,213</u>

20. BORROWINGS

a. Short-term borrowings

	December 31	
	2022	2021
Secured borrowings	\$ 50,000	\$ 950,000
Unsecured borrowings	<u>640,000</u>	<u>700,000</u>
	<u>\$ 690,000</u>	<u>\$ 1,650,000</u>

The market rates of the short-term borrowings at the end of each reporting period were summarized as follows:

	December 31	
	2022	2021
Short-term borrowings	1.45%-1.99%	0.80%-1.50%

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	
	2022	2021
Commercial paper payable	\$ 5,240,000	\$ 4,167,000
Less: Discount of commercial paper payable	<u>(17,299)</u>	<u>(2,241)</u>
	<u>\$ 5,222,701</u>	<u>\$ 4,164,759</u>

The discount rates of the commercial paper payable at the end of each reporting period were summarized as follows:

	December 31	
	2022	2021
Commercial paper payable	0.65%-1.72%	0.30%-0.95%

All commercial paper payable mentioned above were underwritten by bills finance companies or banks.

21. LIABILITIES FOR BONDS WITH ATTACHED REPURCHASE AGREEMENTS

	December 31	
	2022	2021
Government bonds	\$ 649,910	\$ 922,880
Corporate bonds	<u>3,848,186</u>	<u>3,175,587</u>
	<u>\$ 4,498,096</u>	<u>\$ 4,098,467</u>

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

	December 31	
	2022	2021
Government bonds	0.70%-0.75%	0.16%-0.17%
Corporate bonds	0.95%-5.16%	0.27%-0.41%

Liabilities for bonds with attached repurchase agreements that were outstanding as of December 31, 2022 had been repurchased for \$4,505,709 thousand by February 22, 2023.

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.

22. ACCOUNTS PAYABLE

	December 31	
	2022	2021
Accounts payable for settlement - brokerage	\$ 3,377,383	\$ 5,500,948
Accounts payable for settlement - proprietary	102,071	70,753
Others	<u>100,556</u>	<u>167,476</u>
	<u>\$ 3,580,010</u>	<u>\$ 5,739,177</u>

23. OTHER FINANCIAL LIABILITIES - CURRENT

	December 31	
	2022	2021
<u>Principle value of structured notes - current</u>		
Principal guaranteed notes	<u>\$ 3,622,333</u>	<u>\$ 756,678</u>

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24. PROVISIONS

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Current</u>		
Employee benefits	\$ <u>26,186</u>	\$ <u>25,092</u>
<u>Non-current</u>		
Decommissioning provision	\$ <u>12,560</u>	\$ <u>12,080</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:

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Present value of defined benefit obligation	\$ 220,928	\$ 361,696
Fair value of plan assets	<u>(222,318)</u>	<u>(153,686)</u>
Net defined benefit (assets) liabilities	\$ <u>(1,390)</u>	\$ <u>208,010</u>

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Movements in net defined benefit (assets) liabilities were as follows:

	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2021	\$ 303,385	\$ (119,149)	\$ 184,236
Service cost			
Current service cost	3,345	-	3,345
Net interest expense (income)	918	(347)	571
Expected return on plan assets	-	(18)	(18)
Recognized in profit or loss	4,263	(365)	3,898
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	81,093	-	81,093
Recognized in other comprehensive (income) loss	69,798	(4,373)	65,425
Contributions from the employer	-	(45,549)	(45,549)
Benefits paid	(15,750)	15,750	-
Balance at December 31, 2021	361,696	(153,686)	208,010
Service cost			
Current service cost	\$ 3,911	-	3,911
Net interest expense (income)	2,532	(1,051)	1,481
Expected return on plan assets	-	(32)	(32)
Recognized in profit or loss	6,443	(1,083)	5,360
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(5,307)	(5,307)
Actuarial income			
Changes in financial assumptions	(8,355)	-	(8,355)
Experience adjustments	(120,958)	-	(120,958)
Recognized in other comprehensive income	(129,313)	(5,307)	(134,620)
Contributions from the employer	(920)	(79,610)	(80,530)
Benefits paid	(16,978)	17,368	390
Balance at December 31, 2022	\$ 220,928	\$ (222,318)	\$ (1,390)

As of December 31, 2022, net defined benefit assets \$1,390 thousand are recognized as net defined benefit assets - non - current \$3,854 thousand and net defined benefit liabilities - non - current \$2,464 thousand.

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, 2022	
	The Corporation	Concord Futures
Discount rate	1.2%	1.3%
Expected incremental rate of salaries	1.5%	1.5%
Expected rate of return on plan assets	1.2%	1.3%

	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%

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	
	2022	2021
Discount rate		
0.1% increase	\$ (1,606)	\$ (2,874)
0.1% decrease	\$ 1,624	\$ 2,907
Expected incremental rate of salaries		
0.1% increase	\$ 1,398	\$ 2,522
0.1% decrease	\$ (1,386)	\$ (2,501)

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, 2022	
	The Corporation	Concord Futures
Expected contributions to the plan within a year	\$ 1,850	\$ -
Average duration of the defined benefit obligation	7.2 years	7.9 years

	December 31, 2021	
	The Corporation	Concord Futures
Expected contributions to the plan within a year	\$ 1,960	\$ 108
Average duration of the defined benefit obligation	7.7 years	10.4 years

26. EQUITY

a. Share capital

	December 31	
	2022	2021
Number of shares authorized (in thousands)	1,500,000	1,500,000
Share capital authorized	\$ 15,000,000	\$ 15,000,000
Number of shares issued and fully paid (in thousands)	594,455	594,455
Share capital issued	\$ 5,944,550	\$ 5,944,550

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.

b. Capital surplus

	December 31	
	2022	2021
Treasury share transactions	\$ 173,203	\$ 173,203
Gain on sale of fixed assets	682	682
Unclaimed dividends	126	126
Others	1,309	1,309
	<u>\$ 175,320</u>	<u>\$ 175,320</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.

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.

The appropriations of earnings for 2021 and 2020, which was approved in the shareholder's meeting on June 8, 2022 and July 12, 2021, were as follows:

	For the Year Ended December 31	
	2021	2020
Legal reserve	\$ 133,359	\$ 103,460
Special reserve	\$ 266,719	\$ 206,920
Cash dividends	\$ 921,405	\$ 725,235
Cash dividends per share (NT\$)	\$ 1.55	\$ 1.22

The offset of the accumulated deficits for 2022 as proposed by the board of directors on March 9, 2023, which amounted to \$26,110 thousand, by using legal reserve, and it is subject to resolution in the shareholders' meeting to be held on June 7, 2023.

d. Other equity

1) Exchange differences on the translation of the financial statements of foreign operations

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ (7,432)	\$ (11,116)
Recognized for the year		
Exchange differences on the translation of the financial statements of foreign operations	9,046	(3,400)
Income tax expense related to exchange differences on the translation of the financial statements of foreign operations	-	(1,780)
Reclassification adjustments		
Disposal of subsidiaries	-	8,864
Balance at December 31	<u>\$ 1,614</u>	<u>\$ (7,432)</u>

2) Unrealized gains on financial assets at FVTOCI

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ 470,680	\$ 420,538
Recognized for the year		
Unrealized losses - debt instruments	(100,992)	(7,221)
Unrealized gains - equity instruments	23,615	59,022
Share from associates accounted for using the equity method	(5,836)	(1,659)
Other comprehensive income recognized for the year	<u>(83,213)</u>	<u>50,142</u>
Cumulative unrealized gains of equity instruments transferred to retained earnings due to disposal	<u>2,100</u>	<u>-</u>
Balance at December 31	<u>\$ 389,567</u>	<u>\$ 470,680</u>

27. ANALYSIS OF STATEMENT OF COMPREHENSIVE INCOME ITEMS

a. Brokerage handling fee revenue

	For the Year Ended December 31	
	2022	2021
Handling fee revenue from brokered trading - TWSE	\$ 617,636	\$ 1,129,224
Handling fee revenue from brokered trading - OTC	185,249	272,080
Handling fee revenue from brokered futures trading	696,195	672,112
Handling fee revenue from securities financing	7,441	8,130
Others	<u>36,713</u>	<u>45,055</u>
	<u>\$ 1,543,234</u>	<u>\$ 2,126,601</u>

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b. Revenue from underwriting business

	For the Year Ended December 31	
	2022	2021
Processing fee revenue from underwriting operations	\$ 11,430	\$ 21,766
Revenue from underwriting securities on a firm commitment basis	10,983	11,637
Revenue from underwriting consultation	6,730	5,540
Others	<u>5,850</u>	<u>2,360</u>
	<u>\$ 34,993</u>	<u>\$ 41,303</u>

c. Gains (losses) on sale of operating securities, net

	For the Year Ended December 31	
	2022	2021
Proprietary	\$ (83,640)	\$ 1,650,261
Underwriting	3,950	19,619
Hedging	<u>(1,747,991)</u>	<u>(104,642)</u>
	<u>\$ (1,827,681)</u>	<u>\$ 1,565,238</u>

d. Interest income

	For the Year Ended December 31	
	2022	2021
Financing interest	\$ 291,548	\$ 344,168
Bond interest	57,717	45,284
Others	<u>674</u>	<u>729</u>
	<u>\$ 349,939</u>	<u>\$ 390,181</u>

e. Valuation gains (losses) on operating securities at FVTPL, net

	For the Year Ended December 31	
	2022	2021
Proprietary	\$ (563,984)	\$ 176,383
Underwriting	(3,931)	3,305
Hedging	(82,561)	25,060
Settlement coverage bonds payables of short sale	<u>(255)</u>	<u>255</u>
	<u>\$ (650,731)</u>	<u>\$ 205,003</u>

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f. Gains (losses) on issuance of call (put) warrants, net

	For the Year Ended December 31	
	2022	2021
Gains on change in fair value of warrant liabilities	\$ 11,158,182	\$ 4,679,954
Gains on exercise of warrants before maturity	1,438	12,073
Losses on change in fair value of warrants redeemed - realized	(9,188,375)	(4,764,973)
Losses on change in fair value of warrants redeemed - unrealized	(1,488,723)	(48,784)
Call (put) warrants issuance expenses	<u>(59,297)</u>	<u>(41,840)</u>
	<u>\$ 423,225</u>	<u>\$ (163,570)</u>

g. Gains (losses) on derivative instruments, net

	For the Year Ended December 31	
	2022	2021
<u>Gains (losses) on derivative instruments - futures, net</u>		
Futures contract	\$ (11,719)	\$ 28,281
Options trading	<u>(3,453)</u>	<u>(19,774)</u>
	<u>\$ (15,172)</u>	<u>\$ 8,507</u>
<u>Gains (losses) on derivative instruments - OTC, net</u>		
Asset swap options	\$ 451,088	\$ (100,044)
Equity derivatives	(30,055)	29,061
Structured instruments	(41,213)	(10,230)
Value of asset swap IRS contracts	(11,243)	(25,037)
Gains (losses) from when-issued trading of government bonds	<u>(15)</u>	<u>15</u>
	<u>\$ 368,562</u>	<u>\$ (106,235)</u>

h. Impairment gains and reversal of impairment losses (impairment losses)

	For the Year Ended December 31	
	2022	2021
Financial assets at amortized cost	\$ 3,365	\$ (2,173)
Financial assets at fair value through other comprehensive income	<u>342</u>	<u>(762)</u>
	<u>\$ 3,707</u>	<u>\$ (2,935)</u>

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i. Other operating income

	For the Year Ended December 31	
	2022	2021
Processing revenue	\$ 40,560	\$ 27,170
Management revenue	13,072	13,467
Commission revenue	7,400	7,977
Advisory revenue	5,893	4,534
Loss on error trading, net	(656)	(1,914)
Foreign exchange gains (losses), net	83,897	(26,613)
Others	<u>839</u>	<u>1,042</u>
	<u>\$ 151,005</u>	<u>\$ 25,663</u>

j. Finance costs

	For the Year Ended December 31	
	2022	2021
Interest of commercial paper payable	\$ 48,357	\$ 40,388
Interest of liabilities for bonds with attached repurchase agreements	34,886	11,817
Bank loan interest	8,225	5,059
Interest of securities financing	1,930	1,738
Interest of lease liabilities	817	383
Refinancing Interest	725	699
Others	<u>1,794</u>	<u>1,645</u>
	<u>\$ 96,734</u>	<u>\$ 61,729</u>

k. Employee benefits expenses

	For the Year Ended December 31	
	2022	2021
Retirement benefits		
Defined contribution plan	\$ 38,872	\$ 39,502
Defined benefit plan	<u>5,360</u>	<u>3,898</u>
	44,232	43,400
Short-term employee benefits		
Salaries	805,612	1,460,539
Labor and health insurance	78,916	78,952
Others	<u>36,948</u>	<u>37,008</u>
	<u>\$ 965,708</u>	<u>\$ 1,619,899</u>

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1. 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. In addition, the amendment to the Article to revise the compensation rate of employees from 1% to 3% was subject to a resolution by the shareholders' meeting in June 2022. The compensation of employees and the remuneration of directors for the years ended December 31, 2022 and 2021, which were approved by the Corporation's board of directors on March 9, 2023 and March 17, 2022, respectively, are as follows:

	For the Year Ended December 31	
	2022	2021
Compensation of employees	\$ 112	\$ 31,477
Remuneration of directors	\$ 290	\$ 81,177

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 2021 and 2020 and the amounts recognized in the consolidated financial statements for the years ended December 31, 2021 and 2020.

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 expenses

	For the Year Ended December 31	
	2022	2021
<u>Depreciation expenses</u>		
Property and equipment	\$ 32,061	\$ 29,216
Right-of-use assets	47,302	49,968
Investment property	<u>1,654</u>	<u>1,656</u>
	<u>\$ 81,017</u>	<u>\$ 80,840</u>
<u>Amortization expenses</u>		
Intangible assets	\$ 10,886	\$ 9,814
Deferred expense	<u>349</u>	<u>237</u>
	<u>\$ 11,235</u>	<u>\$ 10,051</u>

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n. Other operating expenses

	For the Year Ended December 31	
	2022	2021
Taxes	\$ 233,945	\$ 238,034
Information technology expenses	84,295	75,748
Custody fees	27,372	41,494
Postage expenses	35,161	34,794
Professional service fees	27,042	28,011
Repair and maintenance expenses	26,329	27,053
Securities borrowing fees	37,750	25,234
Others	<u>115,427</u>	<u>100,044</u>
	<u>\$ 587,321</u>	<u>\$ 570,412</u>

o. Other gains and losses

	For the Year Ended December 31	
	2022	2021
Rental revenue from the use of venue and equipment	\$ 51,141	\$ 44,668
Dividend income	29,646	25,557
Financial income	37,724	20,105
Other rental income from investment properties	8,655	9,904
Valuation losses on non-operating financial assets at fair value through profit or loss, net	(4,938)	(10)
Gains (losses) on disposal of investments	33	(8,476)
Exchange gains (losses), net	2,940	(1,655)
Others	<u>22,357</u>	<u>15,076</u>
	<u>\$ 147,558</u>	<u>\$ 105,169</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	
	2022	2021
Current tax		
In respect of the current year	\$ 40,082	\$ 101,870
Income tax on unappropriated retained earnings	607	-
Adjustment for prior year	<u>(2)</u>	<u>(26,627)</u>
	<u>40,687</u>	<u>75,243</u>
Deferred tax		
In respect of the current year	139,614	101,560
Adjustment for prior year	<u>63</u>	<u>1,442</u>
	<u>139,677</u>	<u>103,002</u>
Income tax expense recognized in profit or loss	<u>\$ 180,364</u>	<u>\$ 178,245</u>

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2022	2021
Profit before tax from continuing operations	\$ 36,664	\$ 1,568,347
Income tax expense calculated at the statutory rate	\$ 28,119	\$ 330,493
Nondeductible expenses in determining taxable income	99,011	(49,296)
Tax-exempt income	42,077	(279,735)
Adjustments for prior years' tax expense	61	(25,185)
Income tax on unappropriated retained earnings	607	-
Others	<u>10,489</u>	<u>201,968</u>
Income tax expense recognized in profit or loss	<u>\$ 180,364</u>	<u>\$ 178,245</u>

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2022	2021
<u>Deferred tax</u>		
In respect of the current year		
Translation of foreign operations	\$ -	\$ 1,780
Remeasurement of defined benefit plans	<u>26,924</u>	<u>(13,085)</u>
Total income tax expense (benefit) recognized in other comprehensive income	<u>\$ 26,924</u>	<u>\$ (11,305)</u>

c. Current tax assets and liabilities

	December 31	
	2022	2021
Current tax assets		
Tax refund receivable	<u>\$ 1,263</u>	<u>\$ 1,261</u>
Current tax liabilities		
Income tax payable	<u>\$ 54,513</u>	<u>\$ 119,459</u>

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d. Deferred tax assets and liabilities

The movements of deferred tax assets and liabilities were as follows:

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Defined benefit plans	\$ 42,083	\$ (2,372)	\$ (26,924)	\$ 12,787
Unrealized losses	1,063	(950)	-	113
Payables for annual leave	4,382	245	-	4,627
Unrealized exchange losses	28,220	(17,389)	-	10,831
Valuation losses on foreign futures	82	253	-	335
Losses on derivative financial instruments	52,759	(52,759)	-	-
Others	<u>4,007</u>	<u>(3,610)</u>	<u>-</u>	<u>397</u>
	<u>\$ 132,596</u>	<u>\$ (76,582)</u>	<u>\$ (26,924)</u>	<u>\$ 29,090</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Difference between tax reporting and financial reporting - payables for pension	\$ -	\$ 12,478	\$ -	\$ 12,478
Valuation gains on foreign operating securities	776	(165)	-	611
Gains on derivative financial instruments	<u>-</u>	<u>50,782</u>	<u>-</u>	<u>50,782</u>
	<u>\$ 776</u>	<u>\$ 63,095</u>	<u>\$ -</u>	<u>\$ 63,871</u>

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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>

Deferred tax liabilities

Temporary differences				
Valuation gains on foreign operating securities	<u>\$ 666</u>	<u>\$ 110</u>	<u>\$ -</u>	<u>\$ 776</u>

- e. Deductible temporary differences and unused loss carryforwards that have not been recognized as deferred tax assets in the consolidated balance sheets

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Asset impairment	<u>\$ 1,918</u>	<u>\$ 1,918</u>
Loss carryforwards		
Expiry in 2022	\$ -	\$ 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	6,211
Expiry in 2031	9,357	9,357
Expiry in 2032	<u>8,338</u>	<u>-</u>
	<u>\$ 62,300</u>	<u>\$ 58,126</u>

f. Income tax assessments

The income tax returns of the Corporation, Concord Futures, Concord Insurance, Concord Capital Management and Con Lian AMC through 2020 have been examined by the tax authorities.

29. EARNINGS (LOSS) PER SHARE

The calculation of earnings (loss) per share was as follows:

	Amount (Numerator) After Income Tax	Number of Shares (Denominator) (In Thousands)	Earnings (loss) Per Share After Income Tax (In Dollars)
<u>For the year ended December 31, 2022</u>			
Basic loss per share			
Earnings attributable to ordinary shareholders of the Corporation	\$ <u>(148,735)</u>	<u>594,455</u>	\$ <u>(0.25)</u>
<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>

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 Corporation had a net loss in 2022, due to the anti-dilution effect, the diluted earnings per share will not be calculated.

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 277% and 363% for the years ended December 31, 2022 and 2021, 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, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Financial assets mandatorily measured at FVTPL	\$ 3,738,253	\$ 4,197,122	\$ -	\$ 7,935,375
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Unlisted shares	-	-	865,431	865,431
Investments in debt instruments				
Government bonds	-	297,138	-	297,138
Corporate bonds	-	1,196,252	-	1,196,252
Foreign bonds	144,814	1,209,017	-	1,353,831
	<u>\$ 3,883,067</u>	<u>\$ 6,899,529</u>	<u>\$ 865,431</u>	<u>\$ 11,648,027</u>
<u>Financial liabilities at FVTPL</u>				
Financial liabilities held for trading	\$ 1,123,218	\$ 791,705	\$ -	\$ 1,914,923
Financial liabilities designated as at FVTPL	-	1,521,248	-	1,521,248
	<u>\$ 1,123,218</u>	<u>\$ 2,312,953</u>	<u>\$ -</u>	<u>\$ 3,436,171</u>

December 31, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Financial assets mandatorily measured at FVTPL	\$ 4,871,620	\$ 3,738,013	\$ -	\$ 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>\$ 4,871,620</u>	<u>\$ 5,776,662</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>

Transfers between Levels 1 and 2 for the years ended December 31, 2022 and 2021 were mainly due to the determination of whether 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>	
	2022	2021
Balance at January 1	\$ 841,057	\$ 786,678
Disposal	(10)	-
Recognized in other comprehensive income (included in unrealized gains on financial assets at FVTOCI)	25,910	58,708
Proceeds from capital reduction	<u>(1,526)</u>	<u>(4,329)</u>
Balance at December 31	<u>\$ 865,431</u>	<u>\$ 841,057</u>

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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	
	2022	2021
Discount for lack of marketability		
10% increase	\$ (14,027)	\$ (14,704)
10% decrease	\$ 13,941	\$ 14,734

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b. Categories of financial instruments

	December 31	
	2022	2021
<u>Financial assets</u>		
FVTPL		
Mandatorily measured at FVTPL	\$ 7,935,375	\$ 8,609,633
Financial assets at amortized cost (Note 1)	20,984,212	23,157,058
FVTOCI		
Equity instrument investments	865,431	841,057
Debt instrument investments	2,847,221	2,038,649
Operation guarantee deposits	520,000	520,000
Clearing and settlement fund	195,905	213,162
Refundable deposits	188,110	63,607
<u>Financial liabilities</u>		
FVTPL		
Held for trading	1,914,923	2,586,758
Designated as at FVTPL	1,521,248	695,169
Financial liabilities at amortized cost (Note 2)	24,072,235	24,978,424
Guarantee deposits received	2,468	2,468

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, 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, securities lending refundable deposits, 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	
	2022	2021
Financial liabilities designated as at FVTPL	\$ 1,521,248	\$ 695,169
Amount payable at maturity	<u>(1,608,942)</u>	<u>(729,876)</u>
	<u>\$ (87,694)</u>	<u>\$ (34,707)</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, 2022			December 31	
	Average	Minimum	Maximum	2022	2021
<u>Type of risk</u>					
Equity securities	\$ 93,313	\$ 20,265	\$ 156,863	\$ 89,396	\$ 91,384
Interest rate	14,204	275	43,259	13,599	16,804
Diversification of risks	<u>(23,669)</u>			<u>(25,408)</u>	<u>(15,462)</u>
Total VaR exposure	<u>\$ 83,848</u>			<u>\$ 77,587</u>	<u>\$ 92,726</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 \$887 thousand and \$709 thousand as of December 31, 2022 and 2021, 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 \$30,563 thousand and \$15,544 thousand for the years ended December 31, 2022 and 2021, 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	
	2022	2021
Interest rate risk of fair value		
Financial assets	\$ 12,459,355	\$ 11,340,124
Financial liabilities	11,909,705	13,000,709
Interest rate risk of cash flow		
Financial assets	7,493,990	9,793,746
Financial liabilities	4,799,767	5,145,251

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	
	2022	2021
Margin loans receivable	\$ 4,229,493	\$ 7,629,748

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, 2022

	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	\$ 923,958	\$ -	\$ -	\$ -	\$ 923,958
Fixed interest rate	6,665,557	-	-	-	6,665,557
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	4,816,451	-	2,468	-	4,818,919
Variable interest rate	4,799,767	-	-	-	4,799,767
Fixed interest rate	11,810,362	-	-	-	11,810,362
Lease liabilities	50,055	42,093	25,046	-	117,194
	<u>\$ 29,066,150</u>	<u>\$ 42,093</u>	<u>\$ 27,514</u>	<u>\$ -</u>	<u>\$ 29,135,757</u>

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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	40,531	35,390	46,745	-	122,666
	<u>\$ 30,005,699</u>	<u>\$ 35,390</u>	<u>\$ 49,213</u>	<u>\$ -</u>	<u>\$ 30,090,302</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>	
	2022	2021
Financing facilities	\$ 16,230,000	\$ 16,520,000
Unused amount	\$ 12,739,760	\$ 9,672,444

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, 2022

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	\$ 7,822,544	\$ 4,498,096	\$ 7,822,544	\$ 4,498,096	\$ 3,324,448

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

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, 2022

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	\$ 4,497,768	\$ (69,296)	\$ 4,428,472	\$ (51,578)	\$ -	\$ 4,376,894
Accounts payable	\$ (3,649,306)	\$ 69,296	\$ (3,580,010)	\$ 51,578	\$ -	\$ (3,528,432)
Liabilities for bonds with attached repurchase agreements	\$ (4,498,096)	\$ -	\$ (4,498,096)	\$ 4,498,096	\$ -	\$ -

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	\$ -	\$ -

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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 Group and other related parties are summarized as below:

Related party names and categories

Related Party Name	Related Party Category
Hwa-Ho Asset Management Corp.	Investments accounted for using equity method
CHENG, TAI-CHENG	Supervisor of the subsidiary
The Corporation’s directors, president, vice presidents, assistant vice presidents, and department heads	Key management personnel

a. Margin loans receivable

	December 31	
	2022	2021
Key management personnel	\$ 20,508	\$ 42,362

b. Liabilities for bonds with attached repurchase agreements

	December 31	
	2022	2021
Key management personnel	\$ 340,547	\$ 296,117

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

	For the Year Ended December 31	
	2022	2021
Key management personnel	\$ 2,331	\$ 3,160

The terms of the securities brokerage transactions with related parties were not significantly different compared to those with third parties.

d. Interest income

	For the Year Ended December 31	
	2022	2021
Key management personnel	\$ 1,455	\$ 1,349

e. Finance costs

For the Year Ended December 31
2022 **2021**

Key management personnel

\$ 926

\$ 420

f. Lease agreements

For the Year Ended December 31
2022 **2021**

Acquisition of right-of-use assets

Supervisor of the subsidiary

\$ -

\$ 13,117

December 31
2022 **2021**

Lease liabilities

Supervisor of the subsidiary

\$ 8,772

\$ 13,117

For the Year Ended December 31
2022 **2021**

Finance costs

Supervisor of the subsidiary

\$ 66

\$ 14

- g. For the years ended December 31, 2022 and 2021, 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, 2022</u>					
Investments accounted for using equity method	2022.01.01-2022.12.31	B3, No. 176, Section 1, Keelung Road, Xinyi District, Taipei City	Monthly	Contract	\$ 108
Investments accounted for using equity method	2022.01.01-2022.06.30	B3, No. 176, Section 1, Keelung Road, Xinyi District, Taipei City	Monthly	Contract	27
					\$ 135
<u>For the year ended December 31, 2021</u>					
Investments accounted for using equity method	2021.01.01-2021.12.31	B3, No. 176, Section 1, Keelung Road, Xinyi District, Taipei City	Quarterly	Contract	\$ 108
Investments accounted for using equity method	2021.03.15-2021.12.31	B3, No. 176, Section 1, Keelung Road, Xinyi District, Taipei City	Monthly	Contract	43
					\$ 151

As of December 31, 2022 and 2021, the balance of the rental deposits received by the Group from related parties were \$20 thousand and \$30 thousand, respectively.

h. Equity derivative transactions

The Group's key management personnel bought equity derivatives from the Group in 2022 and 2021, and the unexpired amount as of December 31, 2022 and 2021 were \$414 thousand and \$150 thousand, respectively, (recognized as financial liabilities at fair value through profit or loss - current). The related gains (losses) in 2022 and 2021, were as follows:

	For the Year Ended December 31	
	2022	2021
Gains on derivative instruments, net	\$ 19	\$ 1,241
Other operating income (processing revenue)	\$ 32	\$ 121

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, 2022 and 2021, was as follows:

	For the Year Ended December 31	
	2022	2021
Short-term employee benefits	\$ 87,060	\$ 308,954
Retirement benefits	3,256	6,775
	<u>\$ 90,316</u>	<u>\$ 315,729</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 bank loans, credit lines and guarantees for equipment leasing.

	December 31	
	2022	2021
Restricted demand and time deposits	\$ 167,705	\$ 319,157
Property and equipment, net		
Land	715,507	715,507
Buildings	131,496	136,249
Investment property, net		
Land	277,264	277,264
Buildings	<u>33,821</u>	<u>35,235</u>
	<u>\$ 1,325,793</u>	<u>\$ 1,483,412</u>

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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. On August 30, 2022, the Taiwan Taipei District Court claimed the case in favor of the Corporation. 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 was originally on trial in Taiwan New Taipei District Court. However, the plaintiff made a statement on June 27, 2022, due to the wrong change in the litigation subject of the request. The defendant was transferred from the Corporation to the subsidiary, Concord Futures Corp., and the Corporation withdrew from the lawsuit. 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, 2022, the Corporation applied for a guarantee of \$200,000 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
		2022		2021			
		Equation	Ratio (%)	Equation	Ratio (%)		
1)	<div>Equities</div> <div>Total liabilities - Futures traders equity</div>	<div>1,386,255</div> <div>183,500</div>	=7.55 multiple	<div>\$1,282,428</div> <div>\$240,071</div>	=5.34 multiple	≥ 1	Conform with law
2)	<div>Current assets</div> <div>Current liabilities</div>	<div>5,912,301</div> <div>5,134,360</div>	=1.15 multiple	<div>\$6,159,836</div> <div>\$5,452,832</div>	=1.13 multiple	≥ 1	Conform with law
3)	<div>Equities</div> <div>Minimum paid-in capital</div>	<div>1,386,255</div> <div>630,000</div>	= 220.04%	<div>\$1,282,428</div> <div>\$630,000</div>	=203.56%	≥ 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>1,116,349</div> <div>834,326</div>	=133.80%	<div>\$992,853</div> <div>\$1,080,030</div>	=91.93%	≥ 20% ≥ 15%	Conform with law

38. SPECIFIC RISK OF FUTURES PROPRIETARY AND BROKERAGE

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					
	2022			2021		
	Foreign Currency	Exchange Rate	New Taiwan Dollars	Foreign Currency	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>						
Monetary items						
USD	\$ 58,790	30.7100	\$ 1,805,428	\$ 71,331	27.6800	\$ 1,974,445
CNY	88,465	4.4080	389,953	100,372	4.3440	436,016
HKD	48,670	3.9380	191,664	7,902	3.5490	28,045
JPY	186,592	0.2324	43,364	511,903	0.2405	123,113
EUR	906	32.7200	29,659	567	31.3200	17,760
GBP	71	37.0900	2,647	70	37.3000	2,621
SGD	26	22.8800	590	33	3.5400	117
Non-monetary items						
CNY	33,849	4.4080	149,206	21,451	4.3440	93,182
USD	1,641	30.7100	50,392	8,495	27.6800	235,144
HKD	9,212	3.9380	36,275	-	-	-
<u>Financial liabilities</u>						
Monetary items						
USD	32,229	30.7100	989,740	50,618	27.6800	1,401,104
CNY	22,530	4.4080	99,314	140	4.3440	608
HKD	5,903	3.9380	23,247	4,694	3.5490	16,659
EUR	629	32.7200	20,590	266	31.3200	8,320
JPY	77,591	0.2324	18,032	78,993	0.2405	18,998
GBP	49	37.0900	1,807	51	37.3000	1,921
SGD	26	22.8800	590	32	3.5490	114

For the years ended December 31, 2022 and 2021, realized and unrealized net foreign exchange gains or losses were gain \$86,837 thousand and loss \$28,268 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, 2022				Total
	Proprietary	Brokerage	Underwriting	Other	
Profit and loss attributed to each segment					
Revenue	\$ 82,355	\$ 1,888,026	\$ 62,849	\$ 23,548	\$ 2,056,778
Costs and expenses	(356,000)	(1,345,135)	(58,630)	(44,754)	(1,804,519)
Profit and loss - by segment	\$ (273,645)	\$ 542,891	\$ 4,219	\$ (21,206)	252,259
Profit and loss not attributed to segments					(215,595)
Profit before income tax					36,664
Income tax expense					(180,364)
Net loss for the year					(143,700)
Other comprehensive income					35,824
Total comprehensive income for the year					\$ (107,876)

Item	For the Year Ended December 31, 2021				Total
	Proprietary	Brokerage	Underwriting	Other	
Profit and loss attributed to each segment					
Revenue	\$ 1,686,784	\$ 2,500,335	\$ 89,201	\$ 22,525	\$ 4,298,845
Costs and expenses	(509,617)	(1,621,900)	(72,153)	(40,095)	(2,243,765)
Profit and loss - by segment	\$ 1,177,167	\$ 878,435	\$ 17,048	\$ (17,570)	2,055,080
Profit and loss not attributed to segments					(486,733)
Profit before income tax					1,568,347
Income tax expense					(178,245)
Net profit for the year					1,390,102
Other comprehensive income					1,172
Total comprehensive income for the year					\$ 1,391,274

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TABLE 1

CONCORD SECURITIES CO., LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2022
(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, 2022			Operating Income of the Investee	Net Profit (Loss) of the Investee	Share of Profit (Loss)	Cash Dividends	Note
						December 31, 2022	December 31, 2021	Number of Shares	Percentage of Ownership (%)	Carrying Amount					
The Corporation	Concord Futures Corp.	5th and 6th Floors, No. 143, Fuxing N. Rd., Songshan District, Taipei City	July 7, 1999		Foreign and domestic futures proprietary, brokerage and consulting services	\$ 559,654	\$ 559,654	78,005,571	95.71	\$ 1,327,025	\$ 723,338	\$ 117,439	\$ 112,514	\$ 65,369	Subsidiary (Note)
	Con Lian Asset Management Service Co., Ltd.	B2, No. 176, Sec. 1, Keelung Rd., Xinyi District, 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	547,497	-	(12,195)	(12,195)	-	Subsidiary (Note)
	Concord Capital Management Corp.	9th Floor, No. 176, Sec. 1, Keelung Rd., Xinyi District, Taipei City	May 25, 1988		Securities investment advisory service	81,599	81,599	7,000,000	100.00	82,553	28,748	(4,939)	(4,939)	-	Subsidiary (Notes)
	Concord Insurance Agency Co., Ltd.	10th Floor, No. 176, Sec. 1, Keelung Rd., Xinyi District, 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	19,476	7,400	(3,530)	(3,530)	-	Subsidiary (Note)
Con Lian Asset Management Service Co., Ltd.	HWA-HO Asset Management Corp.	14th Floor, No. 176, Sec. 1, Keelung Rd., Xinyi District, Taipei City	September 29, 2003		Real estate commerce, development and business management advisory services	195,668	195,668	56,472,021	46.59	546,741	60,957	(18,984)	(8,844)	-	Investments of subsidiary accounted for using equity method

Note: Share of profits (losses) of subsidiaries has been fully eliminated upon consolidation.

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TABLE 2

CONCORD SECURITIES CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS

FOR THE YEAR ENDED DECEMBER 31, 2022

(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 (Note 4)
0	Concord Securities Co., Ltd.	Concord Futures Corp.	a.	Futures trading margin	\$ 206,317 (Note 6)	Not significantly different from those to third parties	0.58
		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	11,724 (Note 1)	In accordance with the contract, no third-party transactions for comparison	0.57
		Concord Futures Corp.	a.	Securities commission expenses	6,370 (Note 1)	In accordance with the contract, no third-party transactions for comparison	0.31
		Concord Futures Corp.	a.	Clearing and settlement expenses	2,223 (Note 1)	In accordance with the contract, no third-party transactions for comparison	0.11
		Concord Futures Corp.	a.	Other gains and losses	15,323 (Note 1)	In accordance with the contract, no third-party transactions for comparison	0.75
		Concord Capital Management Corp.	a.	Other payables	1,050 (Note 1)	Not significantly different from those to third parties	-
		Concord Capital Management Corp.	a.	Other operating expense	12,600 (Note 1)	In accordance with the contract, no third-party transactions for comparison	0.61
		Concord Insurance Agency Co., Ltd.	a.	Other operating income	2,336 (Note 1)	In accordance with the contract, no third-party transactions for comparison	0.11

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 \$139,650 thousand which was accounted for as cash and cash equivalents.

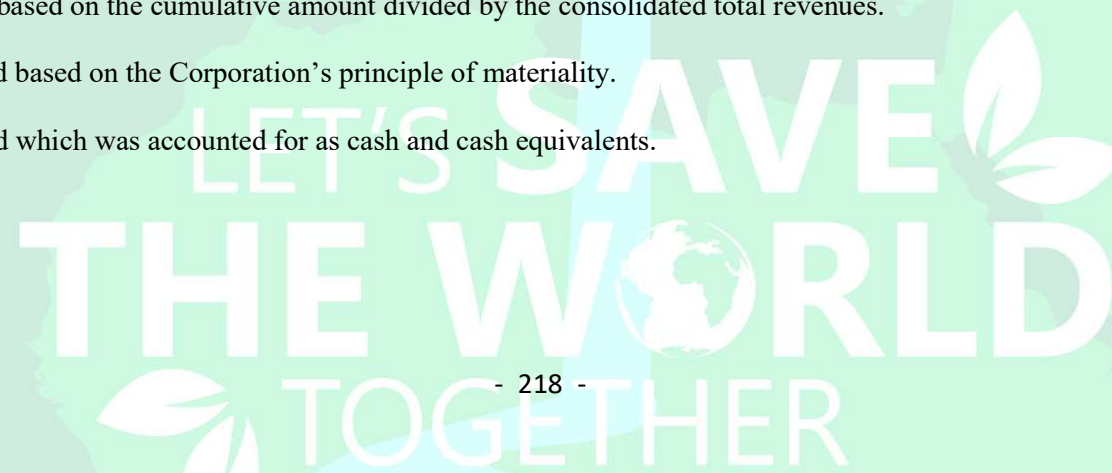




TABLE 3

CONCORD SECURITIES CO., LTD. AND SUBSIDIARIES

INVESTMENTS IN MAINLAND CHINA

DECEMBER 31, 2022

(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, 2022 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, 2021 (Note 1)	Investment Flows		Accumulated Outflow of Investment as of December 31, 2022 (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, 2022 (Note 6)	Accumulated Inward Remittance of Earnings as of December 31, 2022
					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.	\$ 3,535,226 (CNY 802,002 thousand)	Others	\$ 51,561 (US\$ 1,579 thousand)	\$ -	\$ -	\$ 51,561 (US\$ 1,579 thousand)	\$ 467,785 (CNY 105,791 thousand)	1.21	\$ -	\$ 90,595	\$ -

2. Upper limit of investment in mainland China:

Accumulated Investment in Mainland China as of December 31, 2022 (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)	\$49,548 (US\$1,613 thousand)	\$831,753

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, 2022.

Note 3: The NTD amount was converted using the average USD buying and selling rates for the year ended December 31, 2022.

Note 4: The amount was calculated based on 60% of Concord Futures' net asset value as of December 31, 2022.

Note 5: The NTD amount was converted using the average CNY buying and selling rates during 2022.

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, 2022 and 2021, 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, 2022 and 2021, 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, 2022 and 2021, 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 the Standards on Auditing of 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, 2022. 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.

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The key audit matter of the Corporation's financial statements for the year ended December 31, 2022 is as follows:

Accuracy of Brokerage Handling Fee Revenue

Brokerage handling fee revenue of the Corporation amounted to \$802,885 thousand in 2022. 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, 2022.

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, 2022 and 2021, 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, 2022 and 2021, the total investments in subsidiaries amounted to \$547,497 thousand and \$565,528 thousand, accounting for 1.77% and 1.66% of total assets, respectively; for the years ended December 31, 2022 and 2021, the share of the comprehensive loss of these subsidiaries amounted to \$18,032 thousand and \$11,886 thousand, which accounted for 15.65% and (0.86%) of the total comprehensive income or loss, 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 Standards on Auditing of 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 Standards on Auditing of 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, 2022 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 9, 2023

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, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6 and 28)	\$ 4,398,025	14	\$ 1,197,568	4
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 28)	7,885,625	26	8,585,042	25
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	177,633	1	27,802	-
Margin loans receivable (Notes 4, 9 and 28)	4,229,493	14	7,629,748	23
Refinancing margin (Notes 4 and 9)	40,461	-	6,910	-
Refinancing collateral receivable (Notes 4 and 9)	31,124	-	6,732	-
Security borrowing collateral price (Notes 4 and 9)	960,904	3	523,023	2
Security borrowing margin (Notes 4 and 9)	1,046,647	3	474,557	1
Notes receivable (Notes 4 and 9)	95	-	146	-
Accounts receivable (Notes 4, 9 and 28)	4,422,355	14	6,861,166	20
Prepayments	8,031	-	8,205	-
Other receivables (Notes 4, 9 and 28)	7,037	-	6,372	-
Other financial assets - current (Notes 4 and 10)	-	-	64,360	-
Restricted assets - current (Note 29)	165,705	1	317,157	1
Other current assets	160,445	-	1,698,812	5
Total current assets	23,533,580	76	27,407,600	81
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 5 and 8)	3,181,959	10	2,554,574	7
Investments accounted for using equity method (Notes 4 and 11)	1,976,551	7	1,901,340	6
Property and equipment (Notes 4, 12 and 29)	806,045	3	786,949	2
Right-of-use assets (Notes 4, 13 and 28)	108,173	-	118,230	-
Investment property (Notes 4, 14 and 29)	559,069	2	559,693	2
Intangible assets (Notes 4 and 15)	18,973	-	9,181	-
Deferred tax assets (Notes 4 and 24)	27,539	-	125,818	-
Net defined benefit assets - non-current (Notes 4 and 21)	3,854	-	-	-
Other non-current assets (Note 16)	637,675	2	518,062	2
Total non-current assets	7,319,838	24	6,573,847	19
TOTAL	\$ 30,853,418	100	\$ 33,981,447	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 17 and 29)	\$ 690,000	2	\$ 1,650,000	5
Commercial paper payable (Notes 17 and 29)	5,222,701	17	4,164,759	12
Financial liabilities at fair value through profit or loss - current (Notes 4, 7 and 28)	2,522,930	8	2,761,630	8
Liabilities for bonds with attached repurchase agreements (Notes 4, 18 and 28)	4,498,096	15	4,098,467	12
Securities financing refundable deposits (Note 4)	675,595	2	313,901	1
Deposits payable for securities financing (Note 4)	620,246	2	503,833	2
Refinancing borrowings (Note 4)	100,240	-	1,800,556	5
Securities lending refundable deposits	16,185	-	-	-
Accounts payable (Notes 19 and 28)	3,562,940	12	5,720,837	17
Other payables (Note 28)	199,782	1	662,468	2
Other financial liabilities - current (Note 20)	3,622,333	12	756,678	2
Current tax liabilities (Notes 4 and 24)	34,665	-	119,458	1
Provisions - current (Note 4)	21,608	-	20,606	-
Lease liabilities - current (Notes 4, 13 and 28)	45,145	-	38,268	-
Other current liabilities	126,976	-	1,675,337	5
Total current liabilities	21,959,442	71	24,286,798	72
NON-CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss - non-current (Notes 4 and 7)	913,241	3	520,297	1
Provisions - non-current (Note 4)	12,560	-	12,080	-
Lease liabilities - non-current (Notes 4, 13 and 28)	62,159	-	79,196	-
Deferred tax liabilities (Notes 4 and 24)	63,871	1	776	-
Guarantee deposits received (Note 28)	3,811	-	3,794	-
Net defined benefit liabilities - non-current (Notes 4 and 21)	-	-	203,511	1
Total non-current liabilities	1,055,642	4	819,654	2
Total liabilities	23,015,084	75	25,106,452	74
EQUITY (Notes 4, 8, 11, 21, 22, 24 and 27)				
Share capital	5,944,550	19	5,944,550	17
Capital surplus	175,320	1	175,320	1
Retained earnings				
Legal reserve	265,503	1	132,144	-
Special reserve	1,087,890	3	821,171	3
Unappropriated retained earnings (accumulated deficits)	(26,110)	-	1,338,562	4
Total retained earnings	1,327,283	4	2,291,877	7
Other equity	391,181	1	463,248	1
Total equity	7,838,334	25	8,874,995	26
TOTAL	\$ 30,853,418	100	\$ 33,981,447	100

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

(With Deloitte & Touche auditors' report dated March 9, 2023)

CONCORD SECURITIES CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	2022		2021	
	Amount	%	Amount	%
REVENUE (Notes 4 and 23)				
Brokerage handling fee revenue (Note 28)	\$ 846,984	63	\$ 1,454,428	40
Income from securities lending	43,420	3	29,987	1
Revenue from underwriting commission	34,993	3	41,303	1
Gains (losses) on sale of operating securities, net	(1,827,681)	(137)	1,565,238	43
Revenue from providing agency service for stock affairs (Note 28)	26,669	2	24,999	1
Interest income (Note 28)	349,939	26	390,181	11
Dividend income	1,448,951	109	277,662	8
Valuation gains (losses) on operating securities at fair value through profit or loss, net	(650,731)	(49)	205,003	6
Gains (losses) on covering of borrowed securities and bonds with resale agreements - short sales, net	16,012	1	(145,953)	(4)
Valuation gains on borrowed securities and bonds with resale agreements - short sales at fair value through profit or loss, net	140,680	10	22,430	1
Gains (losses) on issuance of call (put) warrants, net	423,225	32	(163,570)	(5)
Futures commission income (Note 28)	11,724	1	12,869	-
Gains (losses) on derivative instruments - futures, net	(28,461)	(2)	656	-
Gains (losses) on derivative instruments - OTC, net (Note 28)	368,562	28	(106,235)	(3)
Impairment gains and reversal of impairment losses (impairment losses) (Notes 8 and 9)	1,319	-	(3,081)	-
Other operating income (Note 28)	127,426	10	2,612	-
Total revenue	1,333,031	100	3,608,529	100
COSTS AND EXPENSES (Notes 4 and 23)				
Brokerage handling fee expenses	(75,484)	(6)	(125,650)	(4)
Proprietary handling fee expenses	(11,821)	(1)	(10,319)	-
Refinancing handling fee expenses	(737)	-	(630)	-
Finance costs (Note 28)	(96,540)	(7)	(61,523)	(2)
Loss from securities borrowing transactions	(4,558)	-	(6,982)	-
Securities commission expenses (Note 28)	(6,370)	(1)	(8,512)	-
Clearing and settlement expenses (Note 28)	(3,880)	-	(4,462)	-
Other operating costs (Note 28)	(20,027)	(2)	(35,809)	(1)
Employee benefits expenses (Notes 21 and 28)	(736,097)	(55)	(1,415,235)	(39)
Depreciation and amortization expenses (Notes 12, 13, 14 and 15)	(79,319)	(6)	(76,849)	(2)
Other operating expenses (Note 28)	(493,249)	(37)	(483,308)	(14)
Total costs and expenses	(1,528,082)	(115)	(2,229,279)	(62)
OPERATING PROFIT (LOSS)	(195,051)	(15)	1,379,250	38

(Continued)

CONCORD SECURITIES CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	2022		2021	
	Amount	%	Amount	%
NON-OPERATING INCOME AND EXPENSES (Notes 4 and 23)				
Share of profit of subsidiaries accounted for using equity method (Note 11)	\$ 91,850	7	\$ 73,456	2
Other gains and losses (Note 28)	<u>108,724</u>	<u>8</u>	<u>91,329</u>	<u>3</u>
Total non-operating income and expenses	<u>200,574</u>	<u>15</u>	<u>164,785</u>	<u>5</u>
PROFIT BEFORE INCOME TAX	5,523	-	1,544,035	43
INCOME TAX EXPENSE (Notes 4 and 24)	<u>(154,258)</u>	<u>(11)</u>	<u>(158,112)</u>	<u>(5)</u>
NET PROFIT (LOSS) FOR THE YEAR	<u>(148,735)</u>	<u>(11)</u>	<u>1,385,923</u>	<u>38</u>
OTHER COMPREHENSIVE INCOME (Notes 4, 11, 21, 22 and 24)				
Items that will not be reclassified subsequently to profit or loss				
Gains (losses) on remeasurement of defined benefit plans	133,142	10	(65,086)	(2)
Unrealized gains (losses) on investments in equity instruments measured at fair value through other comprehensive income	(29,820)	(2)	65,417	2
Share of other comprehensive income or loss of subsidiaries accounted for using equity method	48,731	3	(8,314)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>(26,628)</u>	<u>(2)</u>	<u>13,017</u>	<u>-</u>
	<u>125,425</u>	<u>9</u>	<u>5,034</u>	<u>-</u>

(Continued)

CONCORD SECURITIES CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	2022		2021	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss				
Exchange differences on the translation of foreign operations	\$ 9,046	1	\$ 5,464	-
Unrealized losses on investments in debt instruments measured at fair value through other comprehensive income	(100,992)	(8)	(7,221)	-
Income tax relating to items that may be reclassified subsequently to profit or loss	-	-	(1,780)	-
	<u>(91,946)</u>	<u>(7)</u>	<u>(3,537)</u>	<u>-</u>
Other comprehensive income for the year, net of income tax	<u>33,479</u>	<u>2</u>	<u>1,497</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u>\$ (115,256)</u>	<u>(9)</u>	<u>\$ 1,387,420</u>	<u>38</u>
EARNINGS (LOSS) PER SHARE (Note 25)				
Basic	<u>\$ (0.25)</u>		<u>\$ 2.33</u>	
Diluted	<u>\$ (0.25)</u>		<u>\$ 2.32</u>	

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

(With Deloitte & Touche auditors' report dated March 9, 2023)

(Concluded)

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CONCORD SECURITIES CO., LTD.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	Share Capital (Note 22)	Capital Surplus (Note 22)	Retained Earnings (Notes 21, 22 and 24)			Other Equity (Notes 4, 8, 11, 22, 24 and 27)		Total Equity
			Legal Reserve	Special Reserve	Unappropriated Retained Earnings (Accumulated Deficits)	Exchange Differences on the Translation of Foreign Operations	Unrealized Gains (Losses) on Financial Assets at Fair Value Through Other Comprehensive Income	
BALANCE AT JANUARY 1, 2021	\$ 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
Appropriation of 2021 earnings								
Legal reserve	-	-	133,359	-	(133,359)	-	-	-
Special reserve	-	-	-	266,719	(266,719)	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(921,405)	-	-	(921,405)
Net loss for the year ended December 31, 2022	-	-	-	-	(148,735)	-	-	(148,735)
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	107,646	9,046	(83,213)	33,479
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	(41,089)	9,046	(83,213)	(115,256)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(2,100)	-	2,100	-
BALANCE AT DECEMBER 31, 2022	\$ 5,944,550	\$ 175,320	\$ 265,503	\$ 1,087,890	\$ (26,110)	\$ 1,614	\$ 389,567	\$ 7,838,334

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

(With Deloitte & Touche auditors' report dated March 9, 2023)

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CONCORD SECURITIES CO., LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 5,523	\$ 1,544,035
Adjustments for:		
Depreciation expense	72,666	71,259
Amortization expense	6,653	5,590
Expected credit loss (gain)	(1,319)	3,081
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	512,992	(227,433)
Finance costs	96,540	61,523
Interest income (including financial income)	(359,621)	(395,080)
Dividend income	(1,470,404)	(295,804)
Share of profit of subsidiaries accounted for using equity method	(91,850)	(73,456)
Gain on disposal of property and equipment	-	(324)
Loss on disposal of investments	-	8,495
Changes in operating assets and liabilities		
Decrease in financial assets at fair value through profit or loss	45,922	1,783,709
Decrease (increase) in margin loans receivable	3,401,223	(2,934,946)
Decrease (increase) in refinancing margin	(33,551)	10,404
Decrease (increase) in refinancing collateral receivable	(24,392)	7,730
Increase in security borrowing collateral price	(437,881)	(93,411)
Increase in security borrowing margin	(572,090)	(85,378)
Decrease (increase) in notes receivable	51	(82)
Decrease (increase) in accounts receivable	2,441,183	(945,875)
Decrease (increase) in prepayments	174	(1,698)
Increase in net defined benefit assets	(3,854)	-
Decrease (increase) in other receivables	428	(1,996)
Decrease in other financial assets	64,360	134,438
Decrease (increase) in other current assets	1,689,819	(1,521,946)
Increase (decrease) in liabilities for bonds with attached repurchase agreements	399,629	(780,901)
Increase in financial liabilities at fair value through profit or loss	294,669	1,353,250
Increase (decrease) in securities financing refundable deposits	361,694	(81,425)
Increase in deposits payable for securities financing	116,413	68,663
Increase (decrease) in refinancing borrowings	(1,700,316)	1,800,556
Increase in securities lending refundable deposits	16,185	-
Decrease in accounts payable	(2,161,627)	(1,766,131)
Increase (decrease) in other payables	(462,542)	198,003
Decrease in net defined benefit liabilities	(70,369)	(41,559)
Increase in provisions	887	359
Increase in other financial liabilities	2,865,655	756,678
Increase (decrease) in other current liabilities	(1,548,361)	1,424,131
Cash generated from (used in) operations	3,454,489	(15,541)
Interest received	356,484	394,826
Dividends received	1,448,632	278,976

(Continued)

CONCORD SECURITIES CO., LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
Interest paid	\$ (107,326)	\$ (60,657)
Income tax paid	<u>(104,305)</u>	<u>(43,492)</u>
Net cash generated from operating activities	<u>5,047,974</u>	<u>554,112</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(1,059,750)	(584,825)
Proceeds from disposal of financial assets at fair value through other comprehensive income	147,249	15,781
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	1,526	4,329
Proceeds from disposal of investments accounted for using equity method	-	180,681
Acquisition of property and equipment	(47,349)	(20,785)
Proceeds from disposal of property and equipment	-	675
Increase in clearing and settlement fund	-	(22,259)
Decrease in clearing and settlement fund	5,842	-
Increase in refundable deposits	(131,288)	(8,040)
Acquisition of intangible assets	(8,697)	(3,811)
Increase in other non-current assets	(2,615)	(10,816)
Dividends received	<u>86,822</u>	<u>95,055</u>
Net cash used in investing activities	<u>(1,008,260)</u>	<u>(354,015)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	-	1,260,000
Decrease in short-term borrowings	(960,000)	-
Increase in commercial papers payable	1,073,000	-
Decrease in commercial papers payable	-	(2,393,000)
Increase in guarantee deposits received	17	10
Payments of lease liabilities	(43,055)	(45,362)
Cash dividends paid	(921,405)	(725,235)
Exercise of disgorgement	<u>-</u>	<u>13</u>
Net cash used in financing activities	<u>(851,443)</u>	<u>(1,903,574)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>12,186</u>	<u>5,450</u>

(Continued)

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CONCORD SECURITIES CO., LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 3,200,457	\$ (1,698,027)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,197,568</u>	<u>2,895,595</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 4,398,025</u>	<u>\$ 1,197,568</u>

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

(With Deloitte & Touche auditors' report dated March 9, 2023)

(Concluded)

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CONCORD SECURITIES CO., LTD.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(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, 2022, 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 9, 2023.

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)

The Corporation assessed that the application of the IFRSs endorsed and issued into effect by the FSC would not have a material impact on the Corporation’s accounting policies.

- b. The IFRSs endorsed by the FSC for application starting from 2023

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments will be 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 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occur on or after January 1, 2022.

The Corporation assessed that the application of the above amended IFRSs endorsed and issued into effect by the FSC 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, Amended and Revised 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
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
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, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

Note 1: Unless stated otherwise, the above New, Amended and Revised Standards and Interpretations are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

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 assets/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 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 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.

Time of 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 December 31, 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 expense of right-of-use assets and other non-operating income, 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 assets (liabilities) represent the actual surplus (deficit) in the Corporation's defined benefit retirement plans.

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	
	2022	2021
Checking and demand deposits	\$ 615,139	\$ 719,503
Foreign currency deposits	153,177	256,668
Cash equivalents		
Excess futures trading margin	309,406	221,397
Short-term bills	<u>3,320,303</u>	<u>-</u>
	<u>\$ 4,398,025</u>	<u>\$ 1,197,568</u>

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

	December 31	
	2022	2021
Short-term bills	0.9%-1.0%	-

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7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2022	2021
<u>Financial assets at FVTPL - current</u>		
Financial assets mandatorily measured at FVTPL		
Open-end funds and money market instruments	\$ 47,059	\$ -
Operating securities - proprietary	6,309,864	6,613,343
Operating securities - underwriting	50,818	24,538
Operating securities - hedging	1,053,477	1,315,716
Futures margin - own funds	208,438	105,519
Derivative assets - OTC		
Value of asset swap IRS contracts	6,225	5,967
Asset swap options	209,744	519,959
	<u>\$ 7,885,625</u>	<u>\$ 8,585,042</u>

Financial liabilities at FVTPL - current

Financial liabilities held for trading		
Warrants liabilities	\$ 2,098,112	\$ 4,083,550
Warrants redeemed	(1,934,273)	(3,905,570)
Settlement coverage bonds payable of short sale	-	346,869
Liabilities on sale of borrowed securities - hedging	907,024	695,972
Liabilities on sale of borrowed securities - non-hedging	52,355	13,233
Derivative liabilities - OTC		
Value of asset swap IRS contracts	31,586	51,365
Asset swap options	662,121	1,224,650
Structured instruments	23,572	2,191
Equity derivatives	74,426	74,498
	<u>1,914,923</u>	<u>2,586,758</u>
Financial liabilities designated as at FVTPL		
Structured instruments	608,007	174,872
	<u>\$ 2,522,930</u>	<u>\$ 2,761,630</u>

Financial liabilities at FVTPL - non-current

Financial liabilities designated as at FVTPL		
Structured instruments	<u>\$ 913,241</u>	<u>\$ 520,297</u>

a. Open-end funds and money market instruments

	December 31	
	2022	2021
Open-end funds and money market instruments	\$ 50,000	\$ -
Valuation adjustments	(2,941)	-
	<u>\$ 47,059</u>	<u>\$ -</u>

b. Operating securities - proprietary

	December 31	
	2022	2021
<u>Current</u>		
Government bonds	\$ 353,794	\$ 658,315
Corporate bonds	-	200,256
Listed shares	516,164	669,909
Shares and convertible bonds traded in the OTC market	4,862,071	3,857,272
Emerging shares	197,265	219,023
Foreign shares and bonds	126,184	262,505
Beneficiary securities	<u>170,079</u>	<u>97,693</u>
	6,225,557	5,964,973
Valuation adjustments	<u>84,307</u>	<u>648,370</u>
	<u>\$ 6,309,864</u>	<u>\$ 6,613,343</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	
	2022	2021
Government bonds	0.50%-1.75%	0.50%-1.75%
Corporate bonds	-	1.04%

As of December 31, 2022 and 2021, the face values of the Corporation's proprietary securities and bond investments under resale agreements were \$4,460,507 thousand and \$4,055,529 thousand, respectively, were provided for repurchase agreements.

c. Operating securities - underwriting

	December 31	
	2022	2021
Listed and OTC shares and convertible bonds	\$ 51,157	\$ 20,946
Valuation adjustments	<u>(339)</u>	<u>3,592</u>
	<u>\$ 50,818</u>	<u>\$ 24,538</u>

d. Operating securities - hedging

	December 31	
	2022	2021
Listed shares, beneficiary certificates and warrants	\$ 737,815	\$ 1,009,536
Shares, beneficiary certificates, warrants, and convertible bonds traded in the OTC market	<u>345,676</u>	<u>253,633</u>
	1,083,491	1,263,169
Valuation adjustments	<u>(30,014)</u>	<u>52,547</u>
	<u>\$ 1,053,477</u>	<u>\$ 1,315,716</u>

e. Warrants

	December 31	
	2022	2021
Warrants liabilities	\$ 4,294,041	\$ 4,097,368
Gains on changes in fair value	(2,195,929)	(13,818)
	<u>2,098,112</u>	<u>4,083,550</u>
Warrants redeemed	3,422,996	3,954,353
Losses on changes in fair value	(1,488,723)	(48,783)
	<u>1,934,273</u>	<u>3,905,570</u>
Net warrants liabilities	<u>\$ 163,839</u>	<u>\$ 177,980</u>

f. Settlement coverage bonds payable of short sale

	December 31	
	2022	2021
Government bonds	\$ -	\$ 347,124
Valuation adjustments	<u>-</u>	<u>(255)</u>
	<u>\$ -</u>	<u>\$ 346,869</u>

g. Liabilities on sale of borrowed securities

	December 31	
	2022	2021
Hedging		
Listed and OTC shares and beneficiary certificates	\$ 964,657	\$ 619,284
Valuation adjustments	<u>(57,633)</u>	<u>76,688</u>
	<u>\$ 907,024</u>	<u>\$ 695,972</u>
Non - hedging		
Beneficiary certificates	\$ 57,616	\$ 12,135
Valuation adjustments	<u>(5,261)</u>	<u>1,098</u>
	<u>\$ 52,355</u>	<u>\$ 13,233</u>

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h. Futures and options

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

		December 31, 2022			
Item	Transaction Type	Open Position		Carrying Amount/ Premium Paid (Received)	Fair Value
		Buyer/ Seller	Volume		
Futures	TAIEX futures	Seller	4	\$ 11,288	\$ 11,308
Futures	Share futures	Buyer	7,195	1,043,675	993,478
Futures	Share futures	Seller	693	102,397	100,608
Futures	TE	Seller	4	10,494	10,300
Futures	YM	Seller	1	5,280	5,111
Futures	LCO	Seller	43	111,668	113,446
Futures	GC	Seller	1	5,492	5,608
Futures	USDX	Seller	2	6,373	6,347
Futures	CBOT-UB	Seller	1	4,198	4,125

		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

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

As of December 31, 2022 and 2021, futures margin arising from futures contracts were \$208,438 thousand and \$105,519 thousand, respectively.

i. Derivative instruments - OTC

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

	Nominal Amount	
	December 31	
	2022	2021
Convertible bond asset swaps	\$ 6,930,200	\$ 6,072,700
Structured instruments	5,181,267	1,458,828
Equity derivatives	318,764	345,188

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2022	2021
<u>Current</u>		
Investments in debt instruments	\$ 177,633	\$ 27,802
<u>Non-current</u>		
Investments in equity instruments	\$ 512,371	\$ 543,727
Investments in debt instruments	2,669,588	2,010,847
	<u>\$ 3,181,959</u>	<u>\$ 2,554,574</u>

a. Investments in equity instruments

	December 31	
	2022	2021
<u>Non-current</u>		
Non-public ordinary shares		
Taiwan Stock Exchange	\$ 216,475	\$ 241,632
Taiwan Futures Exchange	164,332	152,404
Taiwan Depository & Clearing Corporation	119,247	133,443
Asia Pacific Emerging Industry Venture Capital Co., Ltd.	12,317	16,248
Foursun Tech. Inc.	-	-
	<u>\$ 512,371</u>	<u>\$ 543,727</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 August 2022, and October 2021, the Corporation participated in the cash capital increase of Taiwan Stock Exchange, and obtained 48 and 62 shares at the issue price of \$10 per share, respectively.

In December 2022 and 2021, Asia Pacific Emerging Industry Venture Capital Co., Ltd. implemented cash capital reduction, in which the Corporation reduced its number of shares by 152,568 shares and 432,900 shares, receiving the capital reduction of \$1,526 thousand and \$4,329 thousand, respectively.

In September 2022, the Corporation sold all shares of Foursun Tech. Inc. for \$10 thousand, and other equity - unrealized losses on financial assets measured at fair value through other comprehensive income of \$2,100 thousand was transferred to retained earnings.

The Corporation recognized dividend revenue of \$21,453 thousand and \$18,142 thousand during 2022 and 2021, which generated from the investments held as of December 31, 2022 and 2021, respectively.

b. Investments in debt instruments

	December 31	
	2022	2021
<u>Current</u>		
Corporate bonds	\$ 99,572	\$ -
Foreign bonds	<u>78,061</u>	<u>27,802</u>
	<u>\$ 177,633</u>	<u>\$ 27,802</u>
<u>Non-current</u>		
Government bonds	\$ 297,138	\$ 301,475
Corporate bonds	1,096,680	601,652
Foreign bonds	<u>1,275,770</u>	<u>1,107,720</u>
	<u>\$ 2,669,588</u>	<u>\$ 2,010,847</u>

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

	December 31	
	2022	2021
Gross carrying amount	\$ 2,953,314	\$ 2,038,703
Less: Allowance for impairment loss	<u>(1,630)</u>	<u>(1,972)</u>
Amortized cost	2,951,684	2,036,731
Adjustment to fair value	<u>(104,463)</u>	<u>1,918</u>
	<u>\$ 2,847,221</u>	<u>\$ 2,038,649</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, 2022
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%	\$ 2,953,314

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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

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, 2022	\$ 1,972	\$ -	\$ -
Reversed expected credit loss	<u>(342)</u>	<u>-</u>	<u>-</u>
Balance at December 31, 2022	<u>\$ 1,630</u>	<u>\$ -</u>	<u>\$ -</u>
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>

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

	December 31	
	2022	2021
Margin loans receivable	\$ 4,230,565	\$ 7,631,788
Less: Allowance for impairment loss	<u>(1,072)</u>	<u>(2,040)</u>
	<u>\$ 4,229,493</u>	<u>\$ 7,629,748</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 2022, and recognized as gains on reversal of impairment loss of \$122 thousand.

	December 31	
	2022	2021
Notes receivable	\$ 95	\$ 146
Accounts receivable		
Accounts receivable for settlement - brokerage	3,388,985	5,724,414
Accounts receivable for settlement - proprietary	896,372	985,847
Brokerage handling fee revenue and refinancing interest receivable	111,909	129,290
Bond interest receivable	18,703	16,337
Others	6,699	5,278
Less: Allowance for impairment loss	(313)	-
	<u>4,422,355</u>	<u>6,861,166</u>
	<u>\$ 4,422,450</u>	<u>\$ 6,861,312</u>

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

	December 31	
	2022	2021
0 to 120 days	\$ 4,422,387	\$ 6,861,231
121 to 180 days	344	81
Over 180 days	<u>32</u>	<u>-</u>
	<u>\$ 4,422,763</u>	<u>\$ 6,861,312</u>

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

	December 31	
	2022	2021
Other receivables	\$ 93,281	\$ 92,938
Less: Allowance for impairment loss	<u>(86,244)</u>	<u>(86,566)</u>
	<u>\$ 7,037</u>	<u>\$ 6,372</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, 2022

	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	\$ 4,422,763	\$ 4,230,565	\$ 31,124	\$ 2,048,012	\$ 93,281	\$ 10,825,745
Loss allowance (Lifetime ECLs)	(313)	(1,072)	-	-	(86,244)	(87,629)
Amortized cost	<u>\$ 4,422,450</u>	<u>\$ 4,229,493</u>	<u>\$ 31,124</u>	<u>\$ 2,048,012</u>	<u>\$ 7,037</u>	<u>\$ 10,738,116</u>

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>

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The movements of the loss allowance of trade receivables for the years ended December 31, 2022 and 2021, respectively, were as follows:

	Notes and Accounts Receivable	Margin Loans Receivable	Other Receivables	Total
Balance at January 1, 2022	\$ -	\$ 2,040	\$ 86,566	\$ 88,606
Add: Net remeasurement (reversed) of loss allowance	<u>313</u>	<u>(968)</u>	<u>(322)</u>	<u>(977)</u>
Balance at December 31, 2022	<u>\$ 313</u>	<u>\$ 1,072</u>	<u>\$ 86,244</u>	<u>\$ 87,629</u>
Balance at January 1, 2021	\$ -	\$ 1,094	\$ 85,193	\$ 86,287
Add: Net remeasurement of loss allowance	<u>-</u>	<u>946</u>	<u>1,373</u>	<u>2,319</u>
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 2,040</u>	<u>\$ 86,566</u>	<u>\$ 88,606</u>

10. OTHER FINANCIAL ASSETS - CURRENT

	December 31	
	2022	2021
Time deposits	\$ -	\$ 64,360

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	
	2022	2021
Time deposits	-	0.09%-0.23%

11. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Subsidiaries included in the financial statements were summarized as follows:

	December 31			
	2022		2021	
	Carrying Amount	Percent- age of Owner- ship (%)	Carrying Amount	Percent- age of Owner- ship (%)
<u>Subsidiaries</u>				
Concord Futures Corp. (Concord Futures)	\$ 1,327,025	95.71	\$ 1,227,540	95.71
Con Lian Asset Management Service Co., Ltd. (Con-Lian AMC)	547,497	100.00	565,528	100.00

(Continued)

	December 31			
	2022		2021	
	Carrying Amount	Percent-age of Owner-ship (%)	Carrying Amount	Percent-age of Owner-ship (%)
Concord Capital Management Corp. (Concord Capital Management)	\$ 82,553	100.00	\$ 85,266	100.00
Concord Insurance Agency Co., Ltd. (Concord Insurance)	<u>19,476</u>	100.00	<u>23,006</u>	100.00
	<u>\$ 1,976,551</u>		<u>\$ 1,901,340</u>	

(Concluded)

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, 2022 and 2021.

The subsidiary, Concord Managed Futures Corp. (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.

On November 30, 2020, the subsidiary, Concord Capital Holdings (Cayman) Limited (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.

On November 8, 2022, the Corporation's board of directors approved resolutions to process the dissolution and liquidation of the subsidiary, Con-Lian AMC, and the relevant liquidation procedures will be approved by the relevant authorities.

12. PROPERTY AND EQUIPMENT

	For the Year Ended December 31, 2022				Balance at December 31, 2022
	Balance at January 1, 2022	Additions	Reductions	Reclassifi-cations	
<u>Cost</u>					
Land	\$ 606,860	\$ -	\$ -	\$ (2,679)	\$ 604,181
Buildings	230,375	-	-	33	230,408
Equipment	51,097	47,004	(12,055)	-	86,046
Leasehold improvements	<u>40,985</u>	<u>1,045</u>	<u>(11,781)</u>	<u>-</u>	<u>30,249</u>
	<u>929,317</u>	<u>\$ 48,049</u>	<u>\$ (23,836)</u>	<u>\$ (2,646)</u>	<u>950,884</u>

(Continued)

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For the Year Ended December 31, 2022

	Balance at January 1, 2022	Additions	Reductions	Reclassifi- cations	Balance at December 31, 2022
<u>Accumulated depreciation</u>					
Buildings	\$ 98,959	\$ 4,086	\$ -	\$ (72)	\$ 102,973
Equipment	22,548	14,759	(12,055)	-	25,252
Leasehold improvements	19,604	7,534	(11,781)	-	15,357
	<u>141,111</u>	<u>\$ 26,379</u>	<u>\$ (23,836)</u>	<u>\$ (72)</u>	<u>143,582</u>
<u>Accumulated impairment</u>					
Buildings	<u>1,257</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1,257</u>
Net book value	<u>\$ 786,949</u>				<u>\$ 806,045</u> (Concluded)

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	\$ 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>

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).

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13. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2022	2021
<u>Carrying amount</u>		
Buildings	\$ 104,404	\$ 112,988
Equipment	<u>3,769</u>	<u>5,242</u>
	<u>\$ 108,173</u>	<u>\$ 118,230</u>
	<u>For the Year Ended December 31</u>	
	2022	2021
Additions to right-of-use assets	<u>\$ 33,259</u>	<u>\$ 98,598</u>
Depreciation charge for right-of-use assets		
Buildings	\$ 40,966	\$ 44,247
Equipment	<u>2,123</u>	<u>1,201</u>
	<u>\$ 43,089</u>	<u>\$ 45,448</u>

b. Lease liabilities

	December 31	
	2022	2021
<u>Carrying amount</u>		
Current	\$ 45,145	\$ 38,268
Non-current	<u>\$ 62,159</u>	<u>\$ 79,196</u>
Ranges of discount rates for lease liabilities were as follows:		
	<u>December 31</u>	
	2022	2021
Buildings	0.514%-1.572%	0.514%-0.807%
Equipment	0.521%-1.336%	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 2022 and 2021, the lessor agreed to provide unconditional rent reductions of 20%-100% from January 1 to December 31, 2022, May 1 to June 30, 2021, and August 1 to December 31, 2021. The Corporation recognized the impact of rent concessions at \$453 thousand (recognized as deduction of depreciation expenses and other non-operating income) for both the years ended December 31, 2022 and 2021.

d. Other lease information

	For the Year Ended December 31	
	2022	2021
Expenses relating to short-term or low-value asset leases	\$ 4,715	\$ 1,505
Total cash outflow for leases	\$ 47,770	\$ 46,867

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, 2022				
	Balance at January 1, 2022	Additions	Reductions	Reclassifi- cations	Balance at December 31, 2022
<u>Cost</u>					
Land	\$ 477,111	\$ -	\$ -	\$ 2,679	\$ 479,790
Buildings	179,598	-	-	(33)	179,565
	<u>656,709</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,646</u>	<u>659,355</u>
<u>Accumulated depreciation</u>					
Buildings	96,355	\$ 3,198	\$ -	\$ 72	99,625
<u>Accumulated impairment</u>					
Buildings	<u>661</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>661</u>
Net book value	<u>\$ 559,693</u>				<u>\$ 559,069</u>
	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	179,075	-	-	523	179,598
	<u>655,401</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,308</u>	<u>656,709</u>
<u>Accumulated depreciation</u>					
Buildings	93,023	\$ 3,193	\$ -	\$ 139	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>

Investment properties are depreciated on straight-line basis over their estimated useful lives as follows:

Buildings	55 years
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As of December 31, 2022 and 2021, the fair value of the Corporation's investment properties amounted to \$700,095 thousand and \$677,238 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 1 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.

The maturity analysis of the total lease payments receivable from investment properties leased under operating leases was as follows:

	December 31	
	2022	2021
Year 1	\$ 18,028	\$ 17,933
Year 2	17,691	8,665
Year 3	8,448	8,018
Year 4	5,830	7,773
Year 5	<u>-</u>	<u>5,830</u>
	<u>\$ 49,997</u>	<u>\$ 48,219</u>

15. INTANGIBLE ASSETS

	For the Year Ended December 31, 2022			
	Balance at January 1, 2022	Additions	Reductions	Balance at December 31, 2022
<u>Cost</u>				
Computer software	\$ 16,078	<u>\$ 16,096</u>	<u>\$ (3,289)</u>	\$ 28,885
<u>Accumulated amortization</u>				
Computer software	<u>6,897</u>	<u>\$ 6,304</u>	<u>\$ (3,289)</u>	<u>9,912</u>
Net book value	<u>\$ 9,181</u>			<u>\$ 18,973</u>

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For the Year Ended December 31, 2021

	Balance at January 1, 2021	Additions	Reductions	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>

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	
	2022	2021
Operation guarantee deposits	\$ 330,000	\$ 330,000
Clearing and settlement fund	138,395	144,237
Refundable deposits	163,808	32,520
Prepayments for equipment	4,465	9,950
Deferred expense	<u>1,007</u>	<u>1,355</u>
	\$ <u>637,675</u>	\$ <u>518,062</u>

17. BORROWINGS

a. Short-term borrowings

	December 31	
	2022	2021
Secured borrowings	\$ 50,000	\$ 950,000
Unsecured borrowings	<u>640,000</u>	<u>700,000</u>
	\$ <u>690,000</u>	\$ <u>1,650,000</u>

The market rates of the short-term borrowings at the end of each reporting period were summarized as follows:

	December 31	
	2022	2021
Short-term borrowings	1.45%-1.99%	0.80%-1.50%

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	
	2022	2021
Commercial paper payable	\$ 5,240,000	\$ 4,167,000
Less: Discount of commercial paper payable	<u>(17,299)</u>	<u>(2,241)</u>
	<u>\$ 5,222,701</u>	<u>\$ 4,164,759</u>

The discount rates of the commercial paper payable at the end of each reporting period were summarized as follows:

	December 31	
	2022	2021
Commercial paper payable	0.65%-1.72%	0.30%-0.95%

All commercial paper payable mentioned above were underwritten by bills finance companies or banks.

18. LIABILITIES FOR BONDS WITH ATTACHED REPURCHASE AGREEMENTS

	December 31	
	2022	2021
Government bonds	\$ 649,910	\$ 922,880
Corporate bonds	<u>3,848,186</u>	<u>3,175,587</u>
	<u>\$ 4,498,096</u>	<u>\$ 4,098,467</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	
	2022	2021
Government bonds	0.70%-0.75%	0.16%-0.17%
Corporate bonds	0.95%-5.16%	0.27%-0.41%

Liabilities for bonds with attached repurchase agreements that were outstanding as of December 31, 2022 had been repurchased for \$4,505,709 thousand by February 22, 2023.

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.

19. ACCOUNTS PAYABLE

	December 31	
	2022	2021
Accounts payable for settlement - brokerage	\$ 3,377,383	\$ 5,500,948
Accounts payable for settlement - proprietary	102,071	70,753
Others	<u>83,486</u>	<u>149,136</u>
	<u>\$ 3,562,940</u>	<u>\$ 5,720,837</u>

20. OTHER FINANCIAL LIABILITIES - CURRENT

	December 31	
	2022	2021
<u>Principle value of structured notes - current</u>		
Principal guaranteed notes	<u>\$ 3,622,333</u>	<u>\$ 756,678</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	
	2022	2021
Present value of defined benefit obligation	\$ 213,920	\$ 352,673
Fair value of plan assets	<u>(217,774)</u>	<u>(149,162)</u>
Net defined benefit (assets) liabilities	<u>\$ (3,854)</u>	<u>\$ 203,511</u>

Movements in net defined benefit (assets) liabilities were as follows:

	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2021	\$ 294,790	\$ (114,806)	\$ 179,984
Service cost			
Current service cost	3,345	-	3,345
Net interest expense (income)	884	(347)	537
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>
Service cost			
Current service cost	3,911	-	3,911
Net interest expense (income)	2,469	(1,051)	1,418
Recognized in profit or loss	<u>6,380</u>	<u>(1,051)</u>	<u>5,329</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(4,987)	(4,987)
Actuarial (income) loss			
Changes in financial assumptions	(8,011)	-	(8,011)
Experience adjustments	<u>(120,144)</u>	<u>-</u>	<u>(120,144)</u>
Recognized in other comprehensive (income) loss	<u>(128,155)</u>	<u>(4,987)</u>	<u>(133,142)</u>
Contributions from the employer	<u>-</u>	<u>(79,552)</u>	<u>(79,552)</u>
Benefits paid	<u>(16,978)</u>	<u>16,978</u>	<u>-</u>
Balance at December 31, 2022	<u>\$ 213,920</u>	<u>\$ (217,774)</u>	<u>\$ (3,854)</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	
	2022	2021
Discount rate	1.2%	0.7%
Expected incremental rate of salaries	1.5%	1.5%
Expected rate of return on plan assets	1.2%	0.7%

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	
	2022	2021
Discount rate		
0.1% increase	\$ (1,551)	\$ (2,779)
0.1% decrease	\$ 1,568	\$ 2,811
Expected incremental rate of salaries		
0.1% increase	\$ 1,349	\$ 2,436
0.1% decrease	\$ (1,338)	\$ (2,415)

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	
	2022	2021
Expected contributions to the plan within a year	\$ 1,850	\$ 1,960
Average duration of the defined benefit obligation	7.2 years	7.7 years

22. EQUITY

a. Share capital

	December 31	
	2022	2021
Number of shares authorized (in thousands)	1,500,000	1,500,000
Share capital authorized	\$ 15,000,000	\$ 15,000,000
Number of shares issued and fully paid (in thousands)	594,455	594,455
Share capital issued	\$ 5,944,550	\$ 5,944,550

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.

b. Capital surplus

	December 31	
	2022	2021
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>1,309</u>
	<u>\$ 175,320</u>	<u>\$ 175,320</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 disbursement 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.

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 23-1.

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.

The appropriation of earnings for 2021 and 2020, which was approved in the shareholder's meeting on June 8, 2022 and July 12, 2021, were as follows:

	For the Year Ended December 31	
	2021	2020
Legal reserve	\$ 133,359	\$ 103,460
Special reserve	\$ 266,719	\$ 206,920
Cash dividends	\$ 921,405	\$ 725,235
Cash dividends per share (NT\$)	\$ 1.55	\$ 1.22

The compensation offset of the accumulated deficits for 2022 as proposed by the board of directors on March 9, 2023, which amounted to \$26,110 thousand, by using legal reserve, and it is subject to resolution in the shareholders' meeting on June 7, 2023.

d. Other equity items

1) Exchange differences on the translation of the financial statements of foreign operations

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ (7,432)	\$ (11,116)
Recognized for the year		
Exchange differences on the translation of the financial statements of foreign operations	9,046	(3,400)
Income tax expense related to exchange differences on the translation of the financial statements of foreign operations	-	(1,780)
Reclassification adjustments		
Disposal of subsidiaries	-	8,864
Balance at December 31	\$ 1,614	\$ (7,432)

2) Unrealized gains on financial assets at FVTOCI

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ 470,680	\$ 420,538
Recognized for the year		
Unrealized losses - debt instruments	(100,992)	(7,221)
Unrealized gains (losses) - equity instruments	(29,820)	65,417
Investments accounted for using equity method	47,599	(8,054)
Other comprehensive income recognized for the year	(83,213)	50,142
Cumulative unrealized gains of equity instruments transferred to retained earnings due to disposal	2,100	-
Balance at December 31	\$ 389,567	\$ 470,680

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23. ANALYSIS OF STATEMENT OF COMPREHENSIVE INCOME ITEMS

a. Brokerage handling fee revenue

	For the Year Ended December 31	
	2022	2021
Handling fee revenue from brokered trading - TWSE	\$ 617,636	\$ 1,129,224
Handling fee revenue from brokered trading - OTC	185,249	272,080
Handling fee revenue from securities financing	7,441	8,130
Others	<u>36,658</u>	<u>44,994</u>
	<u>\$ 846,984</u>	<u>\$ 1,454,428</u>

b. Revenue from underwriting business

	For the Year Ended December 31	
	2022	2021
Processing fee revenue from underwriting operations	\$ 11,430	\$ 21,766
Revenue from underwriting securities on a firm commitment basis	10,983	11,637
Revenue from underwriting consultation	6,730	5,540
Others	<u>5,850</u>	<u>2,360</u>
	<u>\$ 34,993</u>	<u>\$ 41,303</u>

c. Gains (losses) on sale of operating securities, net

	For the Year Ended December 31	
	2022	2021
Proprietary	\$ (83,640)	\$ 1,650,261
Underwriting	3,950	19,619
Hedging	<u>(1,747,991)</u>	<u>(104,642)</u>
	<u>\$ (1,827,681)</u>	<u>\$ 1,565,238</u>

d. Interest income

	For the Year Ended December 31	
	2022	2021
Financing interest	\$ 291,548	\$ 344,168
Bond interest	57,717	45,284
Others	<u>674</u>	<u>729</u>
	<u>\$ 349,939</u>	<u>\$ 390,181</u>

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- e. Valuation gains (losses) on operating securities at FVTPL, net

	For the Year Ended December 31	
	2022	2021
Proprietary	\$ (563,984)	\$ 176,383
Underwriting	(3,931)	3,305
Hedging	(82,561)	25,060
Settlement coverage bonds payable of short sale	<u>(255)</u>	<u>255</u>
	<u>\$ (650,731)</u>	<u>\$ 205,003</u>

- f. Gains (losses) on issuance of call (put) warrants, net

	For the Year Ended December 31	
	2022	2021
Gains on change in fair value of warrant liabilities	\$ 11,158,182	\$ 4,679,954
Gains on exercise of warrants before maturity	1,438	12,073
Losses on change in fair value of warrants redeemed - realized	(9,188,375)	(4,764,973)
Losses on change in fair value of warrants redeemed - unrealized	(1,488,723)	(48,784)
Call (put) warrants issuance expenses	<u>(59,297)</u>	<u>(41,840)</u>
	<u>\$ 423,225</u>	<u>\$ (163,570)</u>

- g. Gains (losses) on derivative instruments, net

	For the Year Ended December 31	
	2022	2021
<u>Gains (losses) on derivative instruments - futures, net</u>		
Futures contract	\$ (24,801)	\$ 19,127
Options trading	<u>(3,660)</u>	<u>(18,471)</u>
	<u>\$ (28,461)</u>	<u>\$ 656</u>
<u>Gains (losses) on derivative instruments - OTC, net</u>		
Asset swap options	\$ 451,088	\$ (100,044)
Equity derivatives	(30,055)	29,061
Structured instruments	(41,213)	(10,230)
Value of asset swap IRS contracts	(11,243)	(25,037)
Gains (losses) from when - issued trading of government bonds	<u>(15)</u>	<u>15</u>
	<u>\$ 368,562</u>	<u>\$ (106,235)</u>

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h. Impairment gains and reversal of impairment losses (impairment losses)

	For the Year Ended December 31	
	2022	2021
Financial assets at amortized cost	\$ 977	\$ (2,319)
Financial assets at fair value through other comprehensive income	<u>342</u>	<u>(762)</u>
	<u>\$ 1,319</u>	<u>\$ (3,081)</u>

i. Other operating income

	For the Year Ended December 31	
	2022	2021
Foreign exchange gains (losses), net	\$ 83,897	\$ (26,613)
Processing revenue	40,560	27,170
Commission revenue	2,336	2,392
Agency revenue	1,057	1,303
Losses on error trading, net	(556)	(1,868)
Others	<u>132</u>	<u>228</u>
	<u>\$ 127,426</u>	<u>\$ 2,612</u>

j. Finance costs

	For the Year Ended December 31	
	2022	2021
Interest of commercial paper payable	\$ 48,357	\$ 40,388
Interest of liabilities for bonds with attached repurchase agreements	34,886	11,817
Bank loan interest	8,205	5,059
Interest of securities financing	1,930	1,738
Refinancing interest	725	699
Interest of lease liabilities	685	313
Others	<u>1,752</u>	<u>1,509</u>
	<u>\$ 96,540</u>	<u>\$ 61,523</u>

k. Employee benefits expense

	For the Year Ended December 31	
	2022	2021
Retirement benefits		
Defined contribution plan	\$ 31,441	\$ 32,345
Defined benefit plan	<u>5,329</u>	<u>3,882</u>
	36,770	36,227
Short-term employee benefits		
Salaries	605,018	1,284,017
Labor and health insurance	64,410	65,274
Others	<u>29,899</u>	<u>29,717</u>
	<u>\$ 736,097</u>	<u>\$ 1,415,235</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. In addition, the amendment to the Article to revise the compensation rate of employees from 1% to 3% was subject to a resolution by the shareholders in their meeting in June 2022. The compensation of employees and the remuneration of directors for the years ended December 31, 2022 and 2021, which were approved by the Corporation's board of directors on March 9, 2023 and March 17, 2022, respectively, are as follows:

	For the Year Ended December 31	
	2022	2021
Compensation of employees	\$ 112	\$ 31,477
Remuneration of directors	\$ 290	\$ 81,177

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 2021 and 2020 and the amounts recognized in the parent company financial statements for the year ended December 31, 2021 and 2020.

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 expenses

	For the Year Ended December 31	
	2022	2021
<u>Depreciation expenses</u>		
Property and equipment	\$ 26,379	\$ 22,618
Right-of-use assets	43,089	45,448
Investment property	<u>3,198</u>	<u>3,193</u>
	\$ 72,666	\$ 71,259
<u>Amortization expenses</u>		
Intangible assets	\$ 6,304	\$ 5,353
Deferred expense	<u>349</u>	<u>237</u>
	\$ 6,653	\$ 5,590

n. Other operating expenses

	For the Year Ended December 31	
	2022	2021
Taxes	\$ 212,797	\$ 216,511
Information technology expenses	43,219	42,409
Securities borrowing fees	37,750	25,234
Professional service fees	29,679	28,568
Custody fees	27,340	41,436
Postage expenses	25,229	25,110
Others	<u>117,235</u>	<u>104,040</u>
	<u>\$ 493,249</u>	<u>\$ 483,308</u>

o. Other gains and losses

	For the Year Ended December 31	
	2022	2021
Rental revenue from the use of venue and equipment	\$ 51,141	\$ 44,668
Other rental income from investment properties	16,755	17,921
Dividend income	21,453	18,142
Financial income	9,682	4,899
Valuation losses on non-operating financial assets at fair value through profit or loss, net	(2,941)	-
Losses on disposals of investments	-	(8,495)
Others	<u>12,634</u>	<u>14,194</u>
	<u>\$ 108,724</u>	<u>\$ 91,329</u>

24. 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	
	2022	2021
Current tax		
In respect of the current year	\$ 18,907	\$ 101,870
Income tax on unappropriated retained earnings	605	-
Adjustment for prior year	<u>-</u>	<u>(26,619)</u>
	19,512	75,251
Deferred tax		
In respect of the current year	<u>134,746</u>	<u>82,861</u>
Income tax expense recognized in profit or loss	<u>\$ 154,258</u>	<u>\$ 158,112</u>

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2022	2021
Profit before tax from continuing operations	\$ 5,523	\$ 1,544,035
Income tax expense calculated at the statutory rate	\$ 1,105	\$ 308,807
Nondeductible expenses in determining taxable income	98,908	(49,516)
Tax-exempt income	44,833	(274,619)
Adjustments for prior years' tax expense	-	(26,619)
Income tax on unappropriated retained earnings	605	-
Others	<u>8,807</u>	<u>200,059</u>
Income tax expense recognized in profit or loss	<u>\$ 154,258</u>	<u>\$ 158,112</u>

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2022	2021
<u>Deferred tax</u>		
In respect of the current year		
Translation of foreign operations	\$ -	\$ 1,780
Remeasurement of defined benefit plans	<u>26,628</u>	<u>(13,017)</u>
Total income tax expense (benefit) recognized in other comprehensive income	<u>\$ 26,628</u>	<u>\$ (11,237)</u>

c. Current tax assets and liabilities

	December 31	
	2022	2021
Current tax liabilities		
Income tax payable	<u>\$ 34,665</u>	<u>\$ 119,458</u>

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d. Deferred tax assets and liabilities

The movements of deferred tax assets and liabilities were as follows:

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Defined benefit plans	\$ 40,702	\$ (2,367)	\$ (26,628)	\$ 11,707
Payables for annual leave	4,121	201	-	4,322
Unrealized exchange losses	28,154	(17,329)	-	10,825
Losses on derivative financial instruments	52,759	(52,759)	-	-
Others	<u>82</u>	<u>603</u>	<u>-</u>	<u>685</u>
	<u>\$ 125,818</u>	<u>\$ (71,651)</u>	<u>\$ (26,628)</u>	<u>\$ 27,539</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Difference between tax reporting and financial reporting - payables for pension	\$ -	\$ 12,478	\$ -	\$ 12,478
Valuation gains on foreign operating securities	776	(165)	-	611
Gains on derivative financial instruments	<u>-</u>	<u>50,782</u>	<u>-</u>	<u>50,782</u>
	<u>\$ 776</u>	<u>\$ 63,095</u>	<u>\$ -</u>	<u>\$ 63,871</u>

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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>
e. Deductible temporary differences that have not been recognized as deferred tax assets in the balance sheets				
			<u>December 31</u>	
			<u>2022</u>	<u>2021</u>
Asset impairment			<u>\$ 1,918</u>	<u>\$ 1,918</u>
f. Income tax assessments				

The income tax returns of the Corporation through 2020 have been examined by the tax authorities.

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25. EARNINGS (LOSS) PER SHARE

The calculation of earnings (loss) per share was as follows:

	Amount (Numerator) After Income Tax	Number of Shares (Denominator) (In Thousands)	Earnings (loss) Per Share After Income Tax (In Dollars)
<u>For the year ended December 31, 2022</u>			
Basic loss per share			
Loss attributable to ordinary shareholders of the Corporation	\$ (148,735)	594,455	\$ (0.25)
<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	\$ 2.33
Effect of potentially dilutive ordinary shares			
Compensation of employees	-	2,259	
Diluted earnings per share			
Earnings attributable to ordinary shareholders of the Corporation	\$ 1,385,923	596,714	\$ 2.32

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 Corporation had a net loss in 2022, due to the anti-dilution effect, the diluted earnings per share will not be calculated.

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 277% and 363% for the years ended December 31, 2022 and 2021, 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, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Financial assets mandatorily measured at FVTPL	\$ 3,688,503	\$ 4,197,122	\$ -	\$ 7,885,625
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Unlisted shares	-	-	512,371	512,371
Investments in debt instruments				
Government bonds	-	297,138	-	297,138
Corporate bonds	-	1,196,252	-	1,196,252
Foreign bonds	144,814	1,209,017	-	1,353,831
	<u>\$ 3,833,317</u>	<u>\$ 6,899,529</u>	<u>\$ 512,371</u>	<u>\$ 11,245,217</u>
<u>Financial liabilities at FVTPL</u>				
Financial liabilities held for trading	\$ 1,123,218	\$ 791,705	\$ -	\$ 1,914,923
Financial liabilities designated as at FVTPL	-	1,521,248	-	1,521,248
	<u>\$ 1,123,218</u>	<u>\$ 2,312,953</u>	<u>\$ -</u>	<u>\$ 3,436,171</u>

December 31, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Financial assets mandatorily measured at FVTPL	\$ 4,847,029	\$ 3,738,013	\$ -	\$ 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>\$ 4,847,029</u>	<u>\$ 5,776,662</u>	<u>\$ 543,727</u>	<u>\$ 11,167,418</u>

(Continued)

	Level 1	Level 2	Level 3	Total
<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	<u>-</u>	<u>695,169</u>	<u>-</u>	<u>695,169</u>
	<u>\$ 1,234,054</u>	<u>\$ 2,047,873</u>	<u>\$ -</u>	<u>\$ 3,281,927</u>
				(Concluded)

Transfers between Levels 1 and 2 for the years ended December 31, 2022 and 2021 were mainly due 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>	
	<u>2022</u>	<u>2021</u>
Balance at January 1	\$ 543,727	\$ 482,639
Disposal	(10)	-
Recognized in other comprehensive income (included in unrealized gains on financial assets at FVTOCI)	(29,820)	65,417
Proceeds from capital reduction	<u>(1,526)</u>	<u>(4,329)</u>
Balance at December 31	<u>\$ 512,371</u>	<u>\$ 543,727</u>

4) Valuation techniques and inputs applied for Level 2 fair value measurement

<u>Financial Instrument</u>	<u>Valuation Techniques and Inputs</u>
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	
	2022	2021
Discount for lack of marketability		
10% increase	\$ (10,973)	\$ (11,929)
10% decrease	\$ 10,914	\$ 11,959

b. Categories of financial instruments

	December 31	
	2022	2021
<u>Financial assets</u>		
FVTPL		
Mandatorily measured at FVTPL	\$ 7,885,625	\$ 8,585,042
Financial assets at amortized cost (Note 1)	15,301,846	17,087,739
FVTOCI		
Equity instrument investments	512,371	543,727
Debt instrument investments	2,847,221	2,038,649
Operation guarantee deposits	330,000	330,000
Clearing and settlement fund	138,395	144,237
Refundable deposits	163,808	32,520
<u>Financial liabilities</u>		
FVTPL		
Held for trading	1,914,923	2,586,758
Designated as at FVTPL	1,521,248	695,169
Financial liabilities at amortized cost (Note 2)	19,208,118	19,671,499
Guarantee deposits received	3,811	3,794

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, securities lending refundable deposits, 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	
	2022	2021
Financial liabilities designated as at FVTPL	\$ 1,521,248	\$ 695,169
Amount payable at maturity	<u>(1,608,942)</u>	<u>(729,876)</u>
	<u>\$ (87,694)</u>	<u>\$ (34,707)</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, 2022			December 31	
	Average	Minimum	Maximum	2022	2021
<u>Type of risk</u>					
Equity securities	\$ 93,313	\$ 20,265	\$ 156,863	\$ 89,396	\$ 91,384
Interest rate	14,204	275	43,259	13,599	16,804
Diversification of risks	<u>(23,669)</u>			<u>(25,408)</u>	<u>(15,462)</u>
Total VaR exposure	<u>\$ 83,848</u>			<u>\$ 77,587</u>	<u>\$ 92,726</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 \$887 thousand and \$709 thousand as of December 31, 2022 and 2021, 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 \$30,563 and \$15,544 thousand for the years ended December 31, 2022 and 2021, 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	
	2022	2021
Interest rate risk of fair value		
Financial assets	\$ 11,721,135	\$ 11,105,424
Financial liabilities	11,930,367	12,995,849
Interest rate risk of cash flow		
Financial assets	2,339,588	3,761,623
Financial liabilities	30,000	-

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	
	2022	2021
Margin loans receivable	\$ 4,229,493	\$ 7,629,748

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, 2022

	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	\$ 923,958	\$ -	\$ -	\$ -	\$ 923,958
Fixed interest rate	6,665,557	-	-	-	6,665,557
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	4,722,101	-	3,811	-	4,725,912
Variable interest rate	30,000	-	-	-	30,000
Fixed interest rate	11,810,362	-	-	-	11,810,362
Lease liabilities	45,778	38,551	23,391	-	107,720
	<u>\$ 24,197,756</u>	<u>\$ 38,551</u>	<u>\$ 27,202</u>	<u>\$ -</u>	<u>\$ 24,263,509</u>

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	38,860	33,719	45,148	-	117,727
	<u>\$ 24,697,103</u>	<u>\$ 33,719</u>	<u>\$ 48,942</u>	<u>\$ -</u>	<u>\$ 24,779,764</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>	
	2022	2021
Financing facilities	\$ 15,620,000	\$ 15,910,000
Unused amount	<u>\$ 12,129,760</u>	<u>\$ 9,062,444</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, 2022

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	\$ 7,822,544	\$ 4,498,096	\$ 7,822,544	\$ 4,498,096	\$ 3,324,448

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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

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, 2022

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	\$ 4,491,651	\$ (69,296)	\$ 4,422,355	\$ (51,578)	\$ -	\$ 4,370,777
Accounts payable	\$ (3,632,236)	\$ 69,296	\$ (3,562,940)	\$ 51,578	\$ -	\$ (3,511,362)
Liabilities for bonds with attached repurchase agreements	\$ (4,498,096)	\$ -	\$ (4,498,096)	\$ 4,498,096	\$ -	\$ -

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	\$ -	\$ -

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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

<u>Related Party Name</u>	<u>Related Party Category</u>
Concord Futures Corp. (Concord Futures)	Subsidiary
Con Lian Asset Management Service Co., Ltd. (Con Lian AMC)	Subsidiary
Concord Capital Management Corp (Concord Capital Management)	Subsidiary
Concord Insurance Agency Co., Ltd. (Concord Insurance)	Subsidiary
CHENG, TAI-CHENG	Supervisor of the subsidiary
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

a. Cash and cash equivalents

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Subsidiary Concord Futures	\$ 139,650	\$ 80,963

b. Futures trading margin

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Subsidiary Concord Futures	\$ 66,667	\$ 22,936

c. Margin loans receivable

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Key management personnel	\$ 20,508	\$ 42,362

d. Accounts receivable

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Subsidiary	\$ 1,171	\$ 993

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	
2022	2021
Subsidiary	
\$ <u>151</u>	\$ <u>151</u>

f. Liabilities for bonds with attached repurchase agreements

December 31	
2022	2021
Key management personnel	
\$ <u>340,547</u>	\$ <u>296,117</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	
2022	2021
Subsidiary	
\$ <u>427</u>	\$ <u>850</u>

h. Other payables

December 31	
2022	2021
Subsidiary	
\$ <u>1,050</u>	\$ <u>680</u>

i. Brokerage handling fee revenue

For the Year Ended December 31	
2022	2021
Key management personnel	
\$ <u>2,331</u>	\$ <u>3,160</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	
2022	2021
Subsidiary	
\$ <u>36</u>	\$ <u>36</u>

k. Interest income

For the Year Ended December 31	
2022	2021
Key management personnel	
\$ <u>1,455</u>	\$ <u>1,349</u>

l. Futures commission income

For the Year Ended December 31
2022 **2021**

Subsidiary		
Concord Futures	\$ 11,724	\$ 12,869

m. Other operating income

For the Year Ended December 31
2022 **2021**

Subsidiary		
Concord Insurance	\$ 2,336	\$ 2,392
Concord Capital Management	350	488
	<u>\$ 2,686</u>	<u>\$ 2,880</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

For the Year Ended December 31
2022 **2021**

Subsidiary		
Key management personnel	\$ 11	\$ 11
	<u>926</u>	<u>420</u>
	<u>\$ 937</u>	<u>\$ 431</u>

o. Clearing and settlement expenses

For the Year Ended December 31
2022 **2021**

Subsidiary		
Concord Futures	\$ 2,223	\$ 2,351

p. Securities commission expense

For the Year Ended December 31
2022 **2021**

Subsidiary		
Concord Futures	\$ 6,370	\$ 8,512

q. Other operating costs

For the Year Ended December 31
2022 **2021**

Subsidiary	\$ 15	\$ 193
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r. Other operating expenses

For the Year Ended December 31
2022 **2021**

Subsidiary \$ 12,600 \$ 8,160

s. Other gains and losses

For the Year Ended December 31
2022 **2021**

Subsidiary \$ 8,007 \$ 9,291

t. Acquisition of property (for the year ended December 31, 2021: None)

**For the Year
Ended
December 31,
2022**

Subsidiary \$ 1,994

u. Lease agreements

For the Year Ended December 31
2022 **2021**

Acquisition of right-of-use assets

Supervisor of the subsidiary \$ - \$ 13,117

December 31

2022 **2021**

Lease liabilities

Supervisor of the subsidiary \$ 8,772 \$ 13,117

For the Year Ended December 31
2022 **2021**

Finance costs

Supervisor of the subsidiary \$ 66 \$ 14

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- v. For the years ended December 31, 2022 and 2021, 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 December 31, 2022					
Subsidiary	2021.10.01-2026.09.30	5F, No. 143, Fuxing N. Rd., Songshan District, Taipei City	Monthly	Contract	\$ 3,886
	2021.07.01-2026.09.30	6F, No. 143, Fuxing N. Rd., Songshan District, Taipei City	Monthly	Contract	3,886
	2022.01.01-2024.12.31	B3, No. 176, Sec. 1, Keelung Rd., Xinyi District, Taipei City	Monthly	Contract	163
	2022.04.01-2025.03.31	B2, No. 176, Sec. 1, Keelung Rd., Xinyi District, Taipei City	Monthly	Contract	82
	2022.01.01-2024.12.31	B3, No. 176, Sec. 1, Keelung Rd., Xinyi District, Taipei City	Monthly	Contract	82
Subsidiary's investment account for using equity method	2022.01.01-2022.12.31	B3, No. 176, Sec. 1, Keelung Rd., Xinyi District, Taipei City	Monthly	Contract	108
	2022.01.01-2022.06.30	B3, No. 176, Sec. 1, Keelung Rd., Xinyi District, Taipei City	Monthly	Contract	27
					<u>\$ 8,234</u>
For the year ended December 31, 2021					
Subsidiary	2018.10.01-2021.09.30	5F, No. 143, Fuxing N. Rd., Songshan District, Taipei City	Monthly	Contract	\$ 2,915
	2021.10.01-2026.09.30	5F, No. 143, Fuxing N. Rd., Songshan District, Taipei City	Monthly	Contract	971
	2016.07.01-2021.06.30	6F, No. 143, Fuxing N. Rd., Songshan District, Taipei City	Monthly	Contract	1,943
	2021.07.01-2026.09.30	6F, No. 143, Fuxing N. Rd., Songshan District, Taipei City	Monthly	Contract	1,943
	2021.01.01-2021.12.31	B3, No. 176, Sec. 1, Keelung Rd., Xinyi District, Taipei City	Monthly	Contract	164
	2021.01.01-2021.12.31	B3, No. 176, Sec. 1, Keelung Rd., Xinyi District, Taipei City	Monthly	Contract	82
Subsidiary's investment account for using equity method	2021.01.01-2021.12.31	B3, No. 176, Sec. 1, Keelung Rd., Xinyi District, Taipei City	Quarterly	Contract	108
	2021.03.15-2021.12.31	B3, No. 176, Sec. 1, Keelung Rd., Xinyi District, Taipei City	Monthly	Contract	43
					<u>\$ 8,169</u>

As of December 31, 2022 and 2021, the balance of the rental deposits received by the Corporation from the related parties were \$1,364 thousand and \$1,355 thousand, respectively.

w. Equity derivative transactions

The Corporation's key management personnel bought equity derivatives from the Corporation, and the unexpired amount as of December 31, 2022 and 2021 were \$414 thousand and \$150 thousand (recognized as financial liabilities at fair value through profit or loss - current). The related gains (losses) in 2022 and 2021 were as follows:

	For the Year Ended December 31	
	2022	2021
Gains on derivative instruments, net	\$ 19	\$ 1,241
Other operating income (processing revenue)	\$ 32	\$ 121

x. 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, 2022 and 2021 were as follows:

	For the Year Ended December 31	
	2022	2021
Short-term employee benefits	\$ 82,696	\$ 307,874
Retirement benefits	<u>2,725</u>	<u>6,775</u>
	<u>\$ 85,421</u>	<u>\$ 314,649</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

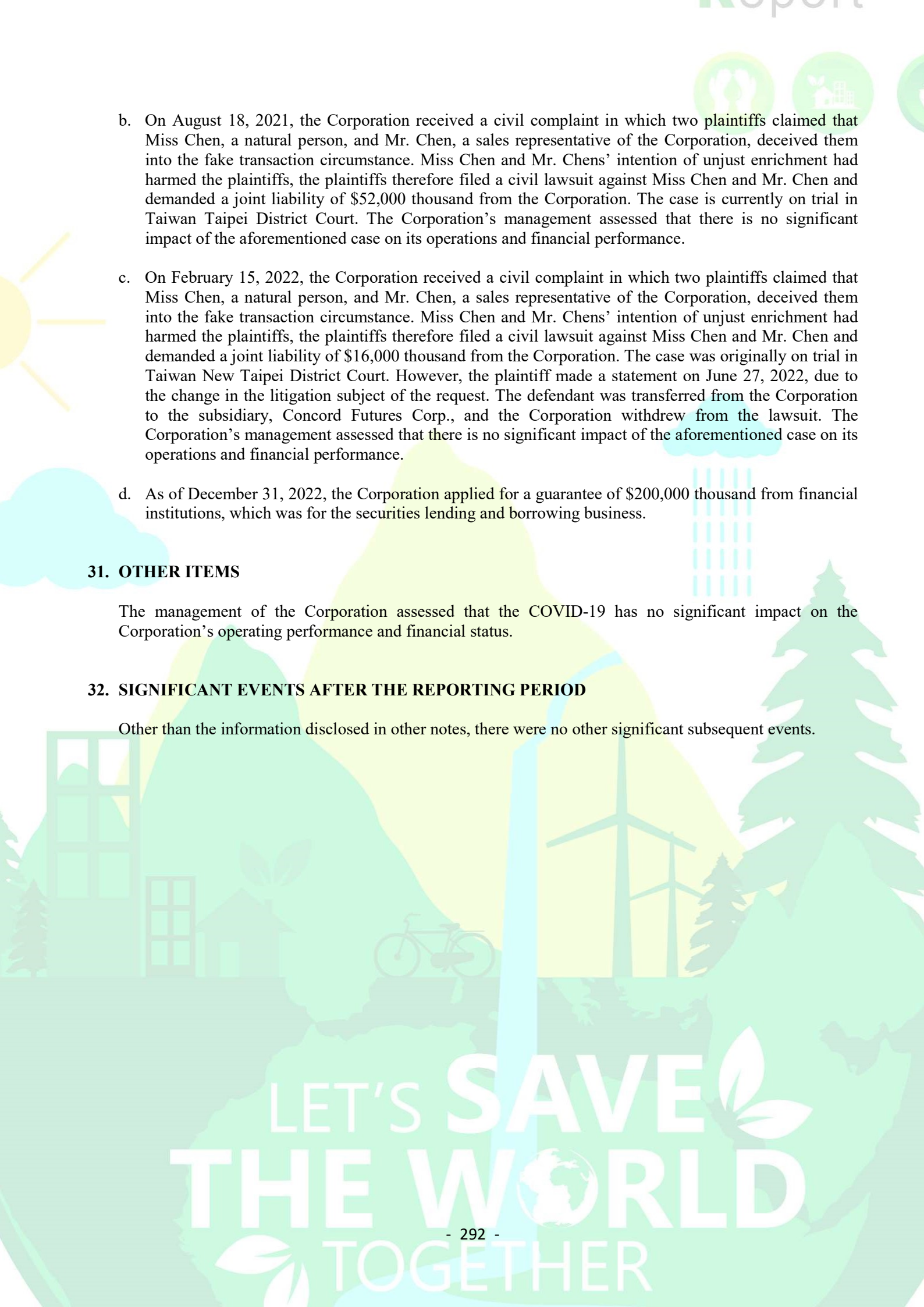
At the end of each reporting period, the Corporation pledges the following assets as collateral to financial institutions for bank loans and credit lines.

	December 31	
	2022	2021
Restricted demand and time deposits	\$ 165,705	\$ 317,157
Property and equipment, net		
Land	518,421	521,885
Buildings	95,176	98,699
Investment property, net		
Land	474,350	470,886
Buildings	<u>70,141</u>	<u>72,785</u>
	<u>\$ 1,323,793</u>	<u>\$ 1,481,412</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. On August 30, 2022, the Taiwan Taipei District Court claimed the case in favor of the Corporation. The Corporation's management assessed that there is no significant impact of the aforementioned case on its operations and financial performance.

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- 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 was originally on trial in Taiwan New Taipei District Court. However, the plaintiff made a statement on June 27, 2022, due to the change in the litigation subject of the request. The defendant was transferred from the Corporation to the subsidiary, Concord Futures Corp., and the Corporation withdrew from the lawsuit. 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, 2022, the Corporation applied for a guarantee of \$200,000 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.

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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						
2022			2021			
Foreign Currency	Exchange Rate	New Taiwan Dollars	Foreign Currency	Exchange Rate	New Taiwan Dollars	
<u>Financial assets</u>						
Monetary items						
USD	\$ 42,750	30.710	\$ 1,312,859	\$ 51,167	27.680	\$ 1,416,291
CNY	87,888	4.408	387,411	100,212	4.344	435,322
HKD	42,388	3.938	166,925	3,233	3.549	11,472
JPY	73,660	0.232	17,119	418,891	0.241	100,743
Non-monetary items						
CNY	13,296	4.408	58,610	8,654	4.344	37,592
USD	1,597	30.710	49,041	8,495	27.680	235,144
HKD	9,212	3.938	36,275	-	-	-
<u>Financial liabilities</u>						
Monetary items						
USD	16,912	30.710	519,354	32,674	27.680	904,419
CNY	21,976	4.408	96,870	-	-	-
HKD	480	3.938	1,889	719	3.549	2,550

For the years ended December 31, 2022 and 2021, realized and unrealized net foreign exchange gains or losses were gain \$83,897 thousand and loss \$26,613 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 INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2022
(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, 2022			Operating Income of the Investee	Net Profit (Loss) of the Investee	Share of Profit (Loss)	Cash Dividends	Note
						December 31, 2022	December 31, 2021	Number of Shares	Percentage of Ownership (%)	Carrying Amount					
The Corporation	Concord Futures Corp.	5th and 6th Floors, No. 143, Fuxing N. Rd., Songshan District, Taipei City	July 7, 1999	Aug. 5, 2003 No. Tai-Tsai-Cheng (2) 0920135652	Foreign and domestic futures proprietary, brokerage and consulting services	\$ 559,654	\$ 559,654	78,005,571	95.71	\$ 1,327,025	\$ 723,338	\$ 117,439	\$ 112,514	\$ 65,369	Subsidiary
	Con Lian Asset Management Service Co., Ltd.	B2, No. 176, Sec. 1, Keelung Rd., Xinyi District, Taipei City	September 5, 2003		Investment, business management advisory services and asset management services	230,000	230,000	54,900,000	100.00	547,497	-	(12,195)	(12,195)	-	Subsidiary
	Concord Capital Management Corp.	9th Floor, No. 176, Sec. 1, Keelung Rd., Xinyi District, Taipei City	May 25, 1988		Securities investment advisory services	81,599	81,599	7,000,000	100.00	82,553	28,748	(4,939)	(4,939)	-	Subsidiary
	Concord Insurance Agency Co., Ltd.	10th Floor, No. 176, Sec. 1, Keelung Rd., Xinyi District, 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	19,476	7,400	(3,530)	(3,530)	-	Subsidiary
Con Lian Asset Management Service Co., Ltd.	HWA-HO Asset Management Corp.	14th Floor, No. 176, Sec. 1, Keelung Rd., Xinyi District, Taipei City	September 29, 2003		Real estate commerce, development and business management advisory services	195,668	195,668	56,472,021	46.59	546,741	60,957	(18,984)	(8,844)	-	Investments of subsidiary accounted for using equity method

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TABLE 2

CONCORD SECURITIES CO., LTD.

INVESTMENTS IN MAINLAND CHINA

DECEMBER 31, 2022

(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, 2022 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, 2021 (Note 1)	Investment Flows		Accumulated Outflow of Investment as of December 31, 2022 (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, 2022 (Note 6)	Accumulated Inward Remittance of Earnings as of December 31, 2022
					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.	\$ 3,535,226 (CNY 802,002 thousand)	Others	\$ 51,561 (US\$ 1,579 thousand)	\$ -	\$ -	\$ 51,561 (US\$ 1,579 thousand)	\$ 467,785 (CNY 105,791 thousand)	1.21	\$ -	\$ 90,595	\$ -

2. Upper limit of investment in mainland China:

Accumulated Investment in Mainland China as of December 31, 2022 (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)	\$49,548 (US\$1,613 thousand)	\$831,753

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, 2022.

Note 3: The NTD amount was converted using the average USD buying and selling rates for the year ended December 31, 2022.

Note 4: The amount was calculated based on 60% of Concord Futures' net asset value as of December 31, 2022.

Note 5: The NTD amount was converted using the average CNY buying and selling rates during 2022.

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

Analysis of Financial Status - Consolidated

Expressed in thousands of NT\$

Item \ Year	2022	2021	Change	
			Amount	%
Current Assets	29,268,209	33,503,764	(4,235,555)	(12.64)
Property and Equipment	1,051,657	1,033,293	18,364	1.78
Intangible Assets	65,137	49,734	15,403	30.97
Other Assets	5,462,024	4,802,057	659,967	13.74
Total Assets	35,847,027	39,388,848	(3,541,821)	(8.99)
Current Liabilities	26,887,347	29,632,811	(2,745,464)	(9.26)
Non-current Liabilities	1,061,909	826,057	235,852	28.55
Total Liabilities	27,949,256	30,458,868	(2,509,612)	(8.24)
Equity Attributable to Owners of the Parent	7,838,334	8,874,995	(1,036,661)	(11.68)
Capital Stock	5,944,550	5,944,550	0	0.00
Additional Paid-In Capital	175,320	175,320	0	0.00
Retained Earnings	1,327,283	2,291,877	(964,594)	(42.09)
Other Equity	391,181	463,248	(72,067)	(15.56)
Treasury Stock	0	0	0	0
Non-controlling Interest	59,437	54,985	4,452	8.10
Total Equity	7,897,771	8,929,980	(1,032,209)	(11.56)

Note: The reason for the greater percentage of change is analyzed as follows:

1. Intangible Assets: Mainly due to Acquisition of intangible assets.
2. Non-current Liabilities: Mainly due to the increase in financial liabilities at fair value through profit or loss.
3. Retained earnings: Mainly due to dividend Distribution and the better operating profit in 2021.

Analysis of Financial Status - Parent Company Only

Expressed in thousands of NT\$

Item \ Year	2022	2021	Change	
			Amount	%
Current Assets	23,533,580	27,407,600	(3,874,020)	(14.13)
Property and Equipment	806,045	786,949	19,096	2.43
Intangible Assets	18,973	9,181	9,792	106.66
Other Assets	6,494,820	5,777,717	717,103	12.41
Total Assets	30,853,418	33,981,447	(3,128,029)	(9.21)
Current Liabilities	21,959,442	24,286,798	(2,327,356)	(9.58)
Non-current Liabilities	1,055,642	819,654	235,988	28.79
Total Liabilities	23,015,084	25,106,452	(2,091,368)	(8.33)
Capital Stock	5,944,550	5,944,550	0	0.00
Additional Paid-In Capital	175,320	175,320	0	0.00
Retained Earnings	1,327,283	2,291,877	(964,594)	(42.09)
Other Equity	391,181	463,248	(72,067)	(15.56)
Treasury Stock	0	0	0	0
Total Equity	7,838,334	8,874,995	(1,036,661)	(11.68)

Note: The reason for the greater percentage of change is analyzed as follows:

1. Intangible Assets: Mainly due to Acquisition of intangible assets.
2. Non-current Liabilities: Mainly due to the increase in financial liabilities at fair value through profit or loss.
3. Retained earnings: Mainly due to dividend Distribution and the better operating profit in 2021.

7.2 Analysis of Operation Results

Analysis of Operation Results - Consolidated

Expressed in thousands of NT\$

Item \ Year	2022	2021	Increase (decrease) Amount	Percentage of Change (%)
Revenue	\$ 2,056,778	\$ 4,298,845	(2,242,067)	(52.16)
Operating Expenses and Expenditure	<u>2,158,828</u>	<u>2,828,617</u>	(669,789)	(23.68)
Operating Income	(102,050)	1,470,228	(1,572,278)	(106.94)
Share of Profit (Loss) of Associates Accounted for Using Equity Method	(8,844)	(7,050)	(1,794)	(25.45)
Other Gains and Losses	<u>147,558</u>	<u>105,169</u>	42,389	40.31
Profit before Tax	36,664	1,568,347	(1,531,683)	(97.66)
Tax Expenses	<u>(180,364)</u>	<u>(178,245)</u>	(2,119)	1.19
Profit after Tax	<u>\$ (143,700)</u>	<u>\$ 1,390,102</u>	(1,533,802)	(110.34)

Analysis and explanation of increases or decreases in the change:

1. Operating Income: The decrease in operating income was mainly due to the decrease in brokerage handling fee revenue and gains on sale of securities compared with the same period last year.
2. Profit before Tax: The decrease in Profit before Tax was mainly due to the decrease in brokerage handling fee revenue and gains on sale of securities compared with the same period last year.

Analysis of Operation Results - Parent Company Only

Expressed in thousands of NT\$

Item \ Year	2022	2021	Increase (decrease) Amount	Percentage of Change (%)
Revenue	\$ 1,333,031	\$ 3,608,529	(2,275,498)	(63.06)
Operating Expenses and Expenditure	<u>1,528,082</u>	<u>2,229,279</u>	(701,197)	(31.45)
Operating Income	(195,051)	1,379,250	(1,574,301)	(114.14)
Share of Profit (Loss) of Associates Accounted for Using Equity Method	91,850	73,456	18,394	25.04
Other Gains and Losses	<u>108,724</u>	<u>91,329</u>	17,395	19.05
Profit before Tax	5,523	1,544,035	(1,538,512)	(99.64)
Tax Expenses	<u>(154,258)</u>	<u>(158,112)</u>	3,854	(2.44)
Profit after Tax	<u>\$ (148,735)</u>	<u>\$ 1,385,923</u>	(1,534,658)	(110.73)

Analysis and explanation of increases or decreases in the change:

1. Operating Income: The decrease in operating income was mainly due to the decrease in brokerage handling fee revenue and gains on sale of securities compared with the same period last year.
2. Profit before Tax: The decrease in Profit before Tax was mainly due to the decrease 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

Liquidity analysis – Consolidated

Expressed in thousands of NT\$

Item \ Year	2022	2021	Percentage of Increase (Decrease) %
Cash Flow Ratio (%)	17.99	2.52	613.89
Cash Flow Adequacy Ratio (%)	386.26	187.72	105.76
Cash Flow Reinvestment Ratio (%)	42.64	0.22	19,281.82

Liquidity analysis – Parent Company only

Item \ Year	2022	2021	Percentage of Increase (Decrease) %
Cash Flow Ratio (%)	22.99	2.28	908.33
Cash Flow Adequacy Ratio (%)	379.95	186.87	103.32
Cash Flow Reinvestment Ratio (%)	44.09	Note	-

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

Liquidity analysis – Consolidated

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
4,588,277	2,569,159	1,742,750	5,414,686	-	-

Liquidity analysis – Parent Company only

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
4,398,025	2,417,734	1,709,948	5,105,811	-	-

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 2022, Concord Futures made a profit, while Concord Capital Management, Concord Insurance Agency, and Concord Asset Management made a loss. In 2021, Concord Futures made a profit of NT\$117,439 thousand after tax, Concord Capital Management made a loss of NT\$4,939 thousand after tax, Concord Insurance Agency made a loss of NT\$3,530 thousand after tax, and Concord Asset Management made a loss of NT\$12,195 thousand after tax.

In 2022, Concord Futures domestic futures trading volume was 20.49 million, ranking 7th in the country, and the overseas futures volume was 2.56 million, ranking 7th in the country. Overseas futures are one of Concord's key business promotion strategies in 2022. The Company held the "Overseas Futures during Lunar New Year, Concord Sends Love", "Overseas Futures Loyal Customers, Stay at The Lalu Sun Moon Lake On Us", and other promotion campaigns one after another, facilitating new customers to open accounts and existing clients to continue making transactions. This allows the Company's products to take the market by storm and supports overseas futures business development.

Concord Capital Management's business strategies for year 2022 emphasized business diversification development, integrated marketing, and multiple channels. Currently, the largest source of revenue for Concord Capital Management is the management fee profit generated from the foreign fund inventory. However, in FY2022, the global financial markets were highly volatile, and although the funds represented by Concord Capital Management maintained a net inflow status, the net value of the funds declined, resulting in a decrease in management scale, which further affected the management fee profit.

The overall life insurance premium income and commission income of Concord Insurance Agency declined by 46% and 15% respectively in FY2022 compared with FY2021, and commission income of the general insurance business accounted for 13% of the full-year operating income. The life insurance business was affected by the appreciation of the U.S. dollar and inflation due to the Russian-Ukrainian war, and the surge of COVID-19 infections in the second quarter. Mandatory quarantines, and work at home were not conducive to customer visits by sales personnel. The U.S. dollar conventional insurance policy segment was also affected by the Fed's continued interest rate hikes and the strengthening of the U.S. dollar, reducing the public's willingness to buy. Although sales increased in the first quarter due to the effect of the suspension of epidemic prevention policies, all property insurance companies adjusted and removed high commission and niche star products due to the exponential increase of epidemic prevention policy claims. Property insurance companies became more conservative in underwriting, which was not conducive to (new) business development.

The Company's Board of Directors resolved to dissolve Concord Asset Management in liquidation and the process is underway.

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



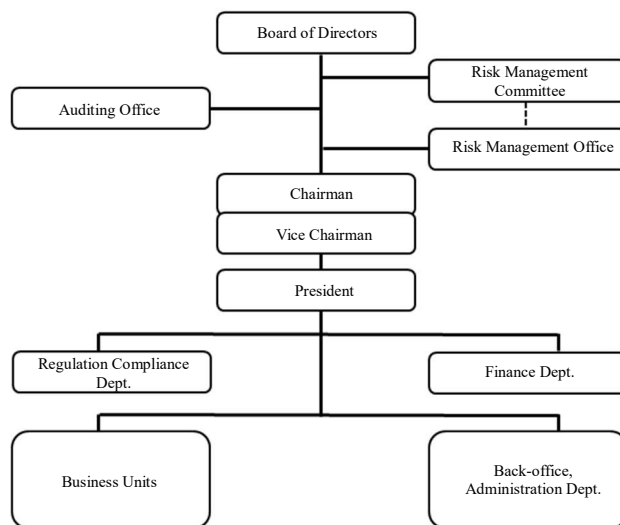
price of financial products to be possibly overestimated or underestimated, and the risk exposure level to be incorrectly calculated.

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.

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Risk Management Organizational Structure Chart

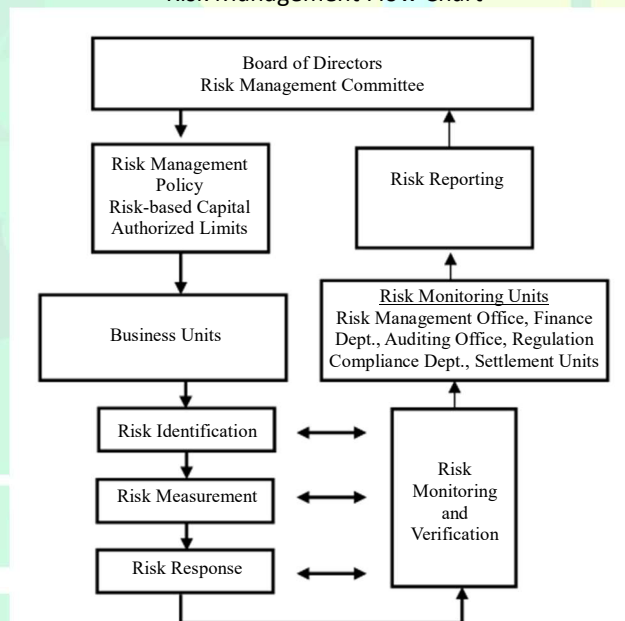


4. Risk Management Process:

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.
- (7) Climate risk: In order to cope with the transformation risks and physical risks brought about by climate change, incorporate climate risk into the company's risk management policy, evaluate the possibility and impact of climate-related risks through qualitative or quantitative methods, and formulate Mitigation or Adaptation Measures.

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, 2022 is as follows:

A. Capital adequacy ratio (CAR):

Date	December 31, 2022	Average	Maximum	Minimum
Capital adequacy ratio (CAR)	277%	294%	366%	258%

B. Various risk exposure amount:

December 31, 2022	
Item	Risk Equivalent (Expressed in thousands of NT\$)
Market Risk	939,182

Item	Risk Equivalent (Expressed in thousands of NT\$)
Credit Risk	397,309
Operational Risk	424,488
Total	1,760,979

C. Ratios of Risk Equivalents:

December 31, 2022

Item	Ratio of Risk Equivalent (%)
Market Risk	53.33
Credit Risk	22.56
Operational Risk	24.11
Total	100.00

(2) The Company's market value at risk for the year 2022 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, 2022	Average	Minimum	Maximum
Equity risk	89,396	93,047	20,264	156,863
Interest Rate Risk	13,599	14,143	275	43,259
Subtotal	102,995	107,190	-	-
Less: Risk Diversification Benefits	(25,408)	(23,376)	-	-
Total Risks	77,587	83,814	25,773	139,445

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
Open-source trading platform for fast and effective trading	NT\$3 million	December 2023	Parallel Processing High Performance Computing
FPGA 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
Middle-end accounting platform transferred to the open-source trading platform	NT\$1 million	June 2025	Dotnet Core update The systematic difference from Windows platform transferred to Linux platform
TWSE/TPEX and Emerging Counter Integrated Placement System	NT\$2 million	December 2026	High Performance Computing Relevant systems integration architecture
Cloud Smart Order	NT\$2 million	December 2026	Parallel Processing High Performance Computing
Proprietary brokerage billing system conversion	NT\$3 million	December 2026	Microservices operation framework Relevant systems integration architecture

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. Amend the relevant regulations for securities dealers to invest in domestic business. (Jin-Guan-Zheng-Quan-Zi No.1110385394)

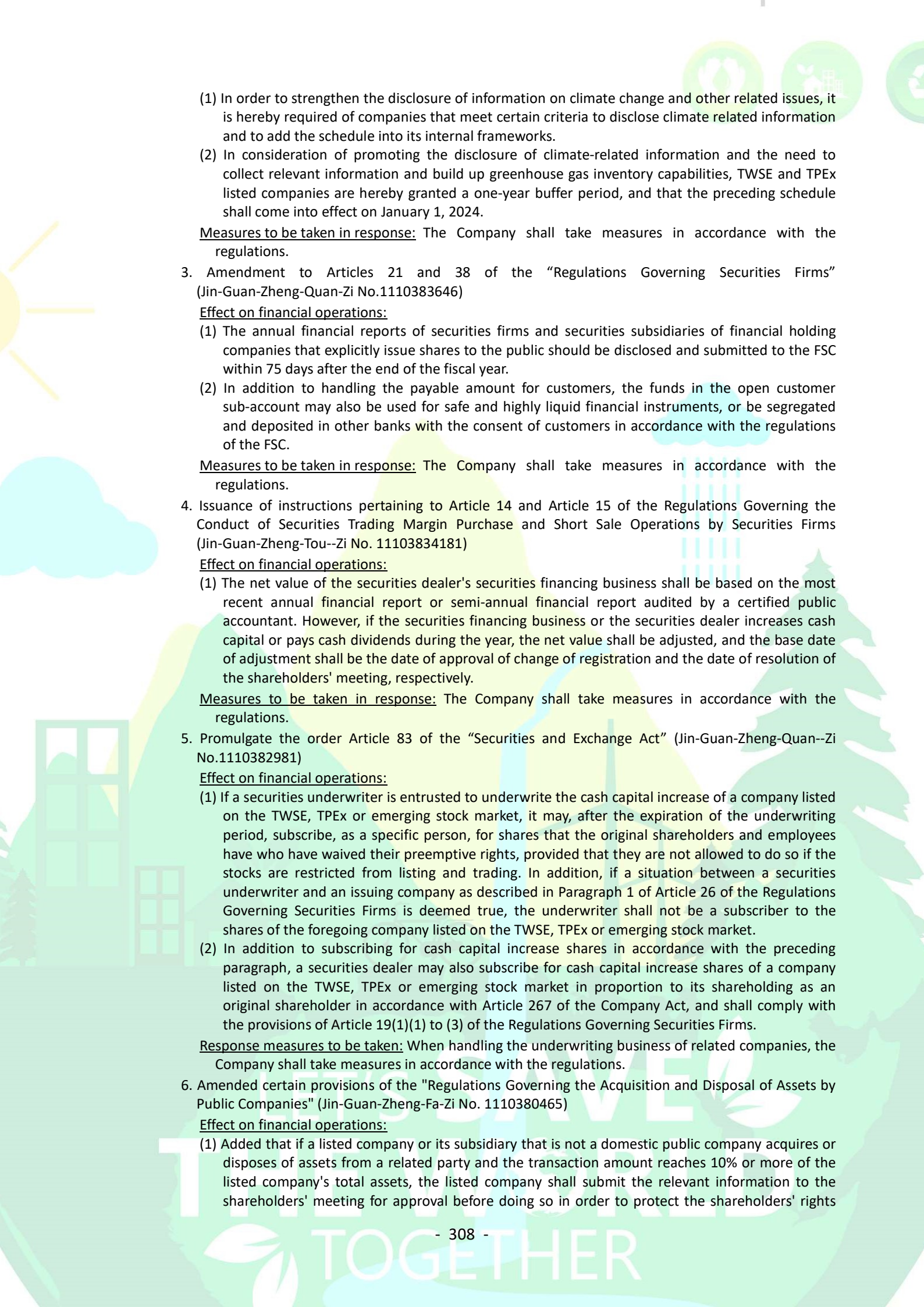
Effect on financial operations:

- (1) If a securities firm invests in securities finance business, securities investment advisory business, securities investment trust business, futures dealer, futures brokerage business, futures trust business and other securities and futures related businesses approved by the FSC, the investment shall be reported to the FSC for examination within 15 days of the investment.
- (2) Investment in Taiwan Stock Exchange Corporation (TWSE), Taiwan Central Depository and Clearing Corporation (TDCC) and Taiwan Futures Exchange (TAIFEX) shall not be made except after application for approval by the FSC, and the shares held shall not exceed 5% of the shares of each business entity.

Measures to be taken in response: The Company shall take measures in accordance with the regulations.

2. Amended Article 10 of the "Regulations Governing Information to be Published in Annual Reports of Public Companies" (Jin-Guan-Zheng-Fa-Zi No. 1110384934)

Effect on financial operations:

- 
- (1) In order to strengthen the disclosure of information on climate change and other related issues, it is hereby required of companies that meet certain criteria to disclose climate related information and to add the schedule into its internal frameworks.
 - (2) In consideration of promoting the disclosure of climate-related information and the need to collect relevant information and build up greenhouse gas inventory capabilities, TWSE and TPEX listed companies are hereby granted a one-year buffer period, and that the preceding schedule shall come into effect on January 1, 2024.

Measures to be taken in response: The Company shall take measures in accordance with the regulations.

3. Amendment to Articles 21 and 38 of the "Regulations Governing Securities Firms" (Jin-Guan-Zheng-Quan-Zi No.1110383646)

Effect on financial operations:

- (1) The annual financial reports of securities firms and securities subsidiaries of financial holding companies that explicitly issue shares to the public should be disclosed and submitted to the FSC within 75 days after the end of the fiscal year.
- (2) In addition to handling the payable amount for customers, the funds in the open customer sub-account may also be used for safe and highly liquid financial instruments, or be segregated and deposited in other banks with the consent of customers in accordance with the regulations of the FSC.

Measures to be taken in response: The Company shall take measures in accordance with the regulations.

4. Issuance of instructions pertaining to Article 14 and Article 15 of the Regulations Governing the Conduct of Securities Trading Margin Purchase and Short Sale Operations by Securities Firms (Jin-Guan-Zheng-Tou--Zi No. 11103834181)

Effect on financial operations:

- (1) The net value of the securities dealer's securities financing business shall be based on the most recent annual financial report or semi-annual financial report audited by a certified public accountant. However, if the securities financing business or the securities dealer increases cash capital or pays cash dividends during the year, the net value shall be adjusted, and the base date of adjustment shall be the date of approval of change of registration and the date of resolution of the shareholders' meeting, respectively.

Measures to be taken in response: The Company shall take measures in accordance with the regulations.

5. Promulgate the order Article 83 of the "Securities and Exchange Act" (Jin-Guan-Zheng-Quan--Zi No.1110382981)

Effect on financial operations:

- (1) If a securities underwriter is entrusted to underwrite the cash capital increase of a company listed on the TWSE, TPEX or emerging stock market, it may, after the expiration of the underwriting period, subscribe, as a specific person, for shares that the original shareholders and employees have who have waived their preemptive rights, provided that they are not allowed to do so if the stocks are restricted from listing and trading. In addition, if a situation between a securities underwriter and an issuing company as described in Paragraph 1 of Article 26 of the Regulations Governing Securities Firms is deemed true, the underwriter shall not be a subscriber to the shares of the foregoing company listed on the TWSE, TPEX or emerging stock market.
- (2) In addition to subscribing for cash capital increase shares in accordance with the preceding paragraph, a securities dealer may also subscribe for cash capital increase shares of a company listed on the TWSE, TPEX or emerging stock market in proportion to its shareholding as an original shareholder in accordance with Article 267 of the Company Act, and shall comply with the provisions of Article 19(1)(1) to (3) of the Regulations Governing Securities Firms.

Response measures to be taken: When handling the underwriting business of related companies, the Company shall take measures in accordance with the regulations.

6. Amended certain provisions of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" (Jin-Guan-Zheng-Fa-Zi No. 1110380465)

Effect on financial operations:

- (1) Added that if a listed company or its subsidiary that is not a domestic public company acquires or disposes of assets from a related party and the transaction amount reaches 10% or more of the listed company's total assets, the listed company shall submit the relevant information to the shareholders' meeting for approval before doing so in order to protect the shareholders' rights

and interests, except that transactions between the listed company and its parent company, its subsidiary, or its subsidiaries are exempt from the shareholders' meeting resolution. (Amendment to Article 15)

- (2) In order to clarify the procedures and responsibilities to be followed by outside experts, it is specified that professional appraising firms and their appraisers, accountants, attorneys or securities underwriters issuing appraisal reports or opinions shall follow the self-regulatory rules of their respective industry associations, in addition to the current practices to be followed in undertaking and executing cases, and the relevant language of the Statement on Auditing Standards to be followed by accountants is deleted. (Amendments to Articles 5, 9, 10 and 11).
- (3) Considering that the existing listed companies are already exempted from making public announcements for trading domestic bonds, it is therefore planned to relax the exemption from making public announcements for trading foreign bonds with credit ratings not lower than the sovereign rating of Taiwan. (Amendment to Article 31)
- (4) Considering the simple nature of foreign bonds and the similar nature of index investment securities and index equity funds, it is planned to relax the exemption for investment professionals who subscribe to foreign bonds, purchase or sell back index investment securities in the primary market from making public disclosures to this regard. (Amendment to Article 31)

Measures to be taken in response: The Company shall take measures in accordance with the regulations.

7. Issued the order on the statutory special reserve of securities firms. (Jin-Guan-Zheng-Quan-Zi No.1100365484)

Effect on financial operations:

- (1) In order to maintain the soundness and stability of the financial structure of the securities firms, the securities firms shall apply the following criteria starting from the distribution of FY2021 earnings.
 - A. Upon the first-time adoption of IFRSs, IASs, interpretations and explanatory pronouncements (hereinafter referred to as IFRSs) recognized by the Financial Supervisory Commission, securities firms should provide the same amount of unrealized revaluation increment and cumulative translation adjustment (benefit) under stockholders' equity as the portion of unrealized revaluation increment and cumulative translation adjustment that is transferred to retained earnings as a result of the election to apply IFRS 1 exemptions. However, if the increase in retained earnings on the date of conversion of IFRSs is not sufficient, only the increase in retained earnings resulting from the conversion to IFRSs can be provided for. Subsequently, when the securities firm uses, disposes of or reclassifies the related assets, it may reverse the distribution of earnings in proportion to the special reserve set aside.
 - B. When distributing distributable earnings, securities firms should set aside special reserve for non-distribution in the following manner:
 - (a) In accordance with Article 14 of the Regulations Governing Securities Firms, the basis of special reserve should be included in the amount of current year's undistributed earnings other than net income after tax.
 - (b) A net decrease in other equity (such as exchange differences on translation of financial statements of foreign operating institutions, unrealized gain or loss on financial assets measured at fair value through other comprehensive income or loss, gain or loss on hedging instruments, revaluation increment and other accumulated balances) for the current period, a special reserve of the same amount is provided from the current period's net income plus the amount included in the current period's unappropriated earnings for items other than the current period's net income, or if there is a shortfall, from the prior period's unappropriated earnings.
 - (c) A special reserve shall be provided for the net decrease in other equity accumulated in prior periods, at the discretion of the Company, in the following manner:
 - a. A special reserve of the same amount was appropriated from prior years' undistributed earnings.
 - b. The same amount of special reserve should be set aside from prior period's undistributed earnings. If there is still a shortfall, the same amount should be set aside from current period's net income plus items other than current period's net income that are included in current period's undistributed earnings and should be explicitly stated in the dividend policy as stipulated in the Company's Articles of Incorporation.
 - (d) If a securities firm has provided for a special reserve in accordance with the preceding

paragraph, it shall provide for a special reserve for the difference between the amount provided and the amount of the special reserve provided for in the preceding two subparagraphs. If there is a subsequent reversal of the net decrease in other equity, the reversal may be reversed to a special reserve for distribution of earnings.

- (2) In order to maintain the soundness and stability of the financial structure of securities firms and to prevent the distribution of earnings from eroding capital to the detriment of shareholders' equity, securities firms listed in the TWSE, TPEX and emerging stock market shall, in addition to the special reserve provided in accordance with the preceding paragraph, set aside the same amount of special reserve for the difference between the market price of the subsidiary's shares and the book value of the parent company at the end of the period, calculated on the basis of the percentage of shareholding, which shall not be distributed. If the market price subsequently recovers, the securities firms listed in the TWSE, TPEX and emerging stock market may reverse the special reserve in proportion to their shareholdings.

Measures to be taken in response: 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. Conduct regular vulnerability scans and patching of systems and network equipment every six months, and fix or establish mitigation measures for high-risk vulnerabilities as soon as possible according to the risk level of each vulnerability found. Avoid these weaknesses or vulnerabilities from being collected and exploited by hackers and causing harm to the Company.
3. In addition to the ability to monitor the normal operation of each service in real time, the Company also maintains historical resource usage and maintenance records of the system or equipment for objective reference information to evaluate whether to upgrade or replace the system in the future. To better respond to more severe information security risk challenges in a timely manner, the Company has completed the development of a real-time event analysis alert system to unify the management and analysis of security alerts and events in the network. Security events on firewalls, intrusion detection systems, and system hosts are currently collected to enable rapid response to potential security threats and reduce the risk of possible information and communications security risks. To achieve and maintain the above operational measures, the Company must continue to invest in appropriate manpower, material and financial resources to support.
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 compensation totaling NT\$4,112 thousand. The case is currently under the trial of the Taiwan Taipei District Court. In this case, only one investor authorized the Securities and Futures Investors Protection Center to file a lawsuit against the Company, and since the Securities and Futures Investors Protection Center terminated its right to sue on behalf of the investor, the investor did not bear the lawsuit. On June 23, 2022, the court dismissed the lawsuit and on July 18, 2022, the Court notified the Company of the dismissal of the lawsuit. 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 (currently NT\$5,940 thousand). The Taiwan Chiayi District Court ruled in favor of the Company on March 21, 2022 and confirmed the judgement on April 27, 2022. This case does not have a material impact on shareholders' rights and interests or securities prices.

On January 11, 2021, the Company filed a criminal complaint against the natural person surnamed Wang for obstruction of reputation (credit) and violation of criminal aggravated defamation, and filed a motion for reconsideration of the non-prosecution order of the Taipei District Prosecutor's Office and a motion to dismiss the order for committal to trial, and the court dismissed the lawsuit on March 29, 2023. 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. On August 3, 2022, the Taipei District Court entered a judgment in favor of the Company and the Managerial Officer, and final judgement was made on August 30, 2022. 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\$61,500 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 Taiwan Taipei District Court ruled in favor of the Company on July 20, 2022 and confirmed the judgement on August 19, 2022. 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. On June 27, 2022, the plaintiff withdrew from this lawsuit due to a request for a change in the subject matter of the lawsuit and the Company was absolved of the lawsuit. This case does not have a material impact on shareholders' rights and interests or securities prices.

The defendant, a client of the Company's Tainan Branch Brokerage Dept., failed to fulfill the settlement obligations, and was reported to have defaulted 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 August 1, 2022, requesting for the payment of a stock settlement amount of NT\$407 thousand. The Taiwan Taipei District Court ruled in favor of the Company on October 27, 2022 and confirmed the judgement on December 14, 2022. This case does not have a material impact on shareholders' rights and interests or securities prices.

On June 7, 2022, the Company reported the theft of the Company's stock documents to the Sanchangli Police Station, Xinyi Precinct, Taipei City Police Department, and filed a criminal complaint in accordance



with the law. This case does not have a material impact on shareholders' rights and interests or securities prices.

The Company's website was hacked, and on August 18, 2022, the Company reported the case to Sanchangli Police Station, Xinyi Precinct, Taipei City Police Department, and filed a criminal complaint in accordance with the law. This case does not have a material impact on shareholders' rights and interests or securities prices.

It was discovered that an unknown individual fraudulently held an online investment lecture under the Company's name without authorization. On September 1, 2022, the Company reported incident to the Sanchangli Police Station, Xinyi Precinct, Taipei City Police Department, and filed a criminal complaint in accordance with the law. This case does not have a material impact on shareholders' rights and interests or securities prices.

The Company's website was hacked, and on November 11, 2022, the Company reported the case to Sanchangli Police Station, Xinyi Precinct, Taipei City Police Department, and filed a criminal complaint in accordance with the law. This case does not have a material impact on shareholders' rights and interests or securities prices.

On November 25, 2022, a toilet with threatening and insulting words was placed in front of the Company by unknown persons. The Company reported the incident to Sanchangli Police Station, Xinyi Precinct, Taipei City Police Department on November 29 2022, and filed a criminal complaint in accordance with the law. This case does not have a material impact on shareholders' rights and interests or securities prices.

The Company's Yanping (formerly known as Chengchung) Branch customer was reported to have defaulted 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.


The Company's Taichung (formerly known as Yuanlin) Branch customer was reported to have defaulted 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 has applied 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.

The Company's Taichung Branch customer was reported to have defaulted 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. The Company has applied for compulsory enforcement, which has been replaced with a Certificate of Obligatory Claim. On March 29, 2023, the Taiwan Taipei District Court ruled that the debtor's claim for debt settlement is not exempt from liability Now the debtor is in the process of paying off the debt. The company filed an appeal in accordance with the law, and it is currently being heard by the Taipei District Court in Taiwan. This case does not have a material impact on shareholders' rights and interests or securities prices.

The Company's Taichung Branch customer was reported to have defaulted 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. The Company has applied 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.

The Company's Yonghe Branch customer was reported to have defaulted 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. The Company applied 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.

The Company's Yonghe Branch customer was reported to have 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.

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. The Company has applied 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.

The Company's Shipai Branch customer was reported to have defaulted 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. The Company applied 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.

The Company's Shipai Branch customer was reported to have defaulted 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. The Company applied 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.

The Company's Kaohsiung Branch customer was reported to have defaulted 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. The Company applied 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.

The Company's Brokerage Dept. customer was reported to have defaulted on November 6, 2020. In November 2020, the Company filed a petition for false seizure with the Taiwan Taipei District Court and the payment order has been determined amounting to NT\$136 thousand. The Company applied for compulsory enforcement with the court on January 2021; 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.

The Company's Neihu Branch customer was reported to have defaulted 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.

The Company's Brokerage Dept. customer was reported to have defaulted on May 11, 2022. The Company filed a motion to Taiwan Taipei District Court for ruling on promissory notes in a total amount of NT\$427 thousand on May 17, 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.

The Company's Tainan Branch customer was reported to have defaulted on October 7, 2022, the Company filed a motion to Taiwan Taipei District Court for ruling on promissory notes in a total amount of NT\$1,000 thousand on October 28, 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.

The Company's Taipei Branch customer was reported to have default on November 30, 2022, the Company filed a motion to Taiwan New Taipei District Court for issuance of a payment order in a total amount of NT\$35 thousand on January 5, 2023. The case is being heard in the Taiwan New Taipei District Court. This case does not have a material impact on shareholders' rights and interests or securities prices.

The Company's Renai branch customer was reported to have default on February 1, 2023, the Company filed a motion to Taiwan Taipei District Court for ruling on promissory notes in a total amount of NT\$846 thousand. Now it is in the process of applying to the court to issue a certificate of creditor's rights. 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 NT\$237,904 thousand. At present, Concord Futures has reconciled and won most of the cases rendered by the Taiwan Taipei District Court. The only case are 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 NT\$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.

A former salesperson of the Company's important subsidiary, Concord Futures, was deemed by the plaintiffs to have deceived the plaintiff about the true nature of the transaction for the purpose of unlawful gain, resulting in damages. The plaintiffs, amounting to 28 investors, filed a civil lawsuit against Concord Futures Corp. and the former salesperson to bear joint and several liabilities for damages and settlement of debts from August 2021 to December 2022, amounting to a total of NT\$548,989 thousand. The case is now pending before the Taiwan Taipei District Court and the Taiwan New Taipei District 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 the education and training course on trade secret and non-competition related disputes as well as case study from 2017.
- (2) There have been co-workers filing patent applications every year since 2018; the Company has obtained its first patent in October 2020.
- (3) In addition to filing Taiwanese patent applications, the Company also applied for patents in Mainland China in 2020.
- (4) The implementation of the Company's intellectual property management plan was first reported to the Board of Directors on December 17, 2020, and subsequently reported to the Board of Directors on an annual basis.
- (5) Providing the education and training course on "Introduction to the Intellectual Property System and the Current State of FinTech Intellectual Property" in April 2021
- (6) [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.
- (7) The implementation status of the Company's intellectual property management plan was reported to the board of directors in December 16, 2021.

- (8) On October 19, 2022, the patent for "Material Information Risk Early Warning Device and Method" was awarded the Best Product Award at the National Brand Yu Shan Awards.
- (9) On November 08, 2022, the patent application and rewards criteria were revised and the approval level was adjusted to the Board of Directors.
- (7) The implementation status of the Company's intellectual property management plan was reported to the board of directors in December 16, 2022.

2. Achievement of obtaining intellectual property

Patents: As of Feb 18, 2023, a total of 3 international patents have been approved and are still valid, and a total of 1 international patent in other countries are under application.

Status	Invention in Taiwan	Invention in China	Total
Approved and Valid	3(Note 1)	0	3
Under application	2(Note 2)	3	5

Note1:

Name of Patent	Date of Acquisition	Patent Expiration Date	Remark
Transaction Dispatch Device and Method	2020/10/01	2020/10/01~2039/05/30	-
Material Information Risk Early Warning Device and Method	2021/01/11	2021/1/11~2039/10/29	-
Risk Control Device and Method	2022/01/01	2022/01/01~2040/06/16	-

Note 2: Two new patent applications were filed in 2022.

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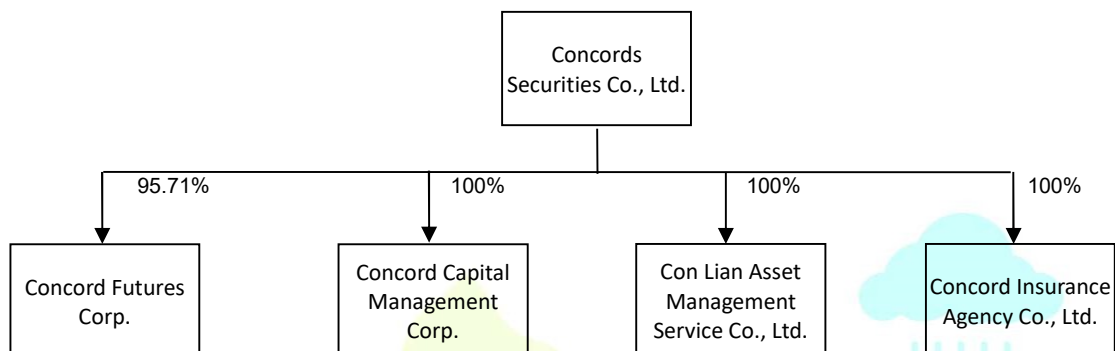
VIII. Special Disclosure

8.1 Summary of Affiliated Companies

8.1.1 Consolidated Business Report

8.1.1.1 Organizational chart of affiliated enterprises

December 31, 2022



8.1.1.2 Name, date of incorporation, address, paid in capital, and main business items of affiliated enterprises

March 31, 2023

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	5.6F., 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	B2., 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

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8.1.1.3 Information on directors, supervisors, and presidents of affiliated enterprises:

March 31, 2023

Name of Enterprise	Title	Name or Representative		Current Shareholding	
				Shares	%
Concord Capital Management Corp.	Chairperson	David Lay Jung	Representative of Concord Securities Co., Ltd.	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	Sun, Tien-Shan	Representative of Concord Securities Co., Ltd.	78,005,571	95.71%
	Vice Chairperson	Yeh, Kuang-Chang			
	Director	Cheng, Ta-Yu			
	Director	Chiu, Jung-Chen			
	Director	Kang, Ching-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	Representative of Concord Securities Co., Ltd.	54,900,000	100.00%
	Director	Wang, Chin-Hsiang			
	Director	Chen, Kuo-Hsiung			
	Director	Chen, Ming-Wei			
	Supervisor	Kang, Ching-Tai			
Concord Insurance Agency Co., Ltd.	Chairperson President	Wang, Ya-Ping	Representative of Concord Securities Co., Ltd.	2,500,000	100.00%
	Director	Tseng, Li-Kuo			
	Director	Yen, Chih-Lung			
	Supervisor	Tsai, Wan-Chi			

8.1.1.4 Business operations of affiliated enterprises: (for the fiscal year of 2022)

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	92,390	9,839	82,551	28,748	(4,854)	(4,939)	(0.71)
Concord Futures Corp.	815,000	6,545,839	5,159,584	1,386,255	723,338	88,832	117,439	1.44
Con Lian Asset Management Service Co., Ltd.	549,000	548,094	597	547,497	0	(3,395)	(12,195)	(0.22)
Concord Insurance Agency Co., Ltd.	25,000	23,473	3,997	19,476	7,400	(3,709)	(3,530)	(1.42)

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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, 2022 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 9, 2023

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 2022, our capital adequacy rate stood at 277%, As of March 2023, our capital adequacy rate stood at 268%.

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.

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Concord Securities Co., Ltd.

Chairman

CHENG, TA-YU
2022



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