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Concord Securities Co., Ltd. 2023 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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I. Letter to Shareholders

Overview of Business Operation for FY2023

Reflecting on the year 2023, the global economy and industry experienced profound changes due to the COVID-19 pandemic, which is no longer deemed an international public health emergency. However, geopolitical tensions have escalated, notably with the ongoing conflict between Russia and Ukraine, which has persisted in a stalemate, and the eruption of conflicts in the Middle East in October. Additionally, ongoing geopolitical competition between the United States and China has contributed to a sluggish economic recovery in 2023. The U.S. Fed has continued to force interest rate hikes, causing bond prices to continue to fall. The extent of the rate hikes, both short-term and long-term, surpassed market forecasts, resulting in brief yet acute turbulence in the banking sectors of both the United States and Europe. Fortunately, this disruption remained contained within these regions, preventing the onset of another financial crisis. Despite signs of a slowdown in global economic growth, indicators consistently showed ongoing expansion. Labor markets remained robust, with most countries experiencing stock market gains throughout the year, with only a few exceptions. In 2023, Taiwan's stock market experienced a dynamic trajectory shaped by the rise of generative AI technology in the first half of the year. This propelled related industries to a strong position initially. However, uncertainty surrounding the Federal Reserve's interest rate hikes and economic challenges in China dampened investor confidence, prompting profit-taking in AI technology stocks. Consequently, the Taiwanese stock market faced three consecutive months of decline in the latter half of the year. Yet, with US inflation easing and the US dollar index and bond yields retracting from their peaks, alongside nearing completion of inventory clearance in AI-related and consumer electronics sectors, November witnessed a notable V-shaped reversal in the market. Additionally, foreign investors displayed increased interest, purchasing stocks worth NT\$240 billion in November, marking the highest single-month investment in history. Statistics for the full year indicate that the total average daily trading volume in the centralized and OTC markets (excluding bonds) was NT\$357.59 billion, an increase of 17.58% compared to the previous year. The index rose by 3,793.12 points, or 26.8%, for the year, achieving the second-highest growth rate among global stock markets, trailing only behind Japan. At its peak, the index reached 17,945.70 points, ultimately closing at 17,930.81 points. Moreover, the total market capitalization of listed stocks reached NT\$56.84 trillion, representing a significant growth of 28.4% from the end of the previous year, which stood at NT\$44.27 trillion.

The Company's consolidated operating revenue for 2023 was NT\$3,424,191 thousand, consolidated net income after tax NT\$1,004,267 thousand, and earnings per share NT\$1.68. At the end of 2023, the equity attributable to the parent company was NT\$8,868,649 thousand, with the net worth per share NT\$14.92. In terms of the consolidated financial ratios, the Company has a current ratio of 112.81% and a debt ratio of 77.85%, showing the Company's stable overall financial structure. The Company obtained a national long-term rating of A- (twn) and a national short-term rating of F2(twn) affirmed by Fitch Ratings in 2023, with the outlook remaining stable.

Overview of Operating Results for 2023

In respect of brokerage business, the Company's brokerage market share was 0.99%, and the financing balance market share was 1.87% for 2023. The brokerage business identifies innovation as its core strategy. The electronic trading system is developed to improve the calculation speed. The high-frequency trading system "Combo" has been well received by customers since it was launched last year and continued to optimize its functions. In 2023, the turnover grew rapidly to

around NT\$80 billion. The "Breakout" system launched by the Company ahead of the peers has been evolving and updated year by year, which may help shorten the procedures and time spent by customers in placing orders. The turnover of customers placing orders via "Breakout 5.0" in 2023 exceeded NT\$90 billion. The "Hou Kang Fun Investment (好康 fun 心投)" wealth management platform won the Securities Category/Best AI Wealth Management Award of Excellence Magazine and China Times Financial Service Evaluation Grand Awards-Securities Category/Innovative Category/Innovative Platform Award, and won the favor of investors. The Company has also formed cross-industry alliances with 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 proprietary trading, in 2022 the US and Europe experienced the largest inflation in the past 40 years, and the imbalance between supply and demand caused by the pandemic was significantly improved in 2023. The Russia-Ukraine War did not expand the geopolitical tension. The impact posed on the supply of oil and natural gas was limited therefor. The Israel-Hamas war in October did not cause the significant volatility in the oil price. Therefore, the inflation was improved step by step in the US and Europe, and the market investment confidence was restored. Foreign capital flew back to TAIEX. Besides, the emerging AI also boosted related companies' business significantly. In 2023, led by the FED, interest rates in leading countries have been maintained at a relatively high level. However, as the inflation continued to cool down, the necessity for continuous lift rate became weaker. Besides, given the resilient economic fundamentals, asset evaluations in major markets around the world were adjusted upward step by step. The Proprietary Trading Dept. benefited from the adequate investment portfolio management and could expand room for the annual profit when the stock market rebounded. The trading, asset allocation and risk management strategies adopted by the Proprietary Trading Dept., mainly including: (1) mastering the AI development trend and focusing on shares benefiting from AIGC; (2) maintaining the liquidity of shareholding, and stability and liquidity of weights and the industrial leader; (3) increasing the speed and flexibility of shareholding level adjustment in response to rapid environmental changes; (4) focusing on the investment portfolio in line with the ESG trends.

In terms of underwriting business, due to the impact posed by the pandemic in the past two years, it was still difficult to develop overseas business in Taiwan. However, the Company's underwriting of domestic IPOs performed outstanding. For the domestic IPO projects, the Company has executed the contracts with Sung Ching Environmental Technology, Study King, TPIsoftware, LYDSEC DIGITAL and KeKe MedTech as the organizer, and with Aplus, Gogolook, BOSSDOM, Grandsys, GE, TAIWAN ENVIRONMENT, APEX Wind Power and PROLIGHT OPTO as the co-organizer. Amazing Microelectronic Corp., which has been listed on the TPEx upon the cash capital increase in March 2023, and Advanced Lithium-KY, has been listed on the TPEx upon the cash capital increase in September 2023. The Company's market share of underwriting services (IPO, SPO) accounted for 0.50%, ranking 19th place in the market. The Company will continue to cultivate the companies listed on the TWSE/TPEx in Taiwan and provide customers with comprehensive services.

In terms of bond business, the global bond market was still struggling in 2023, economic growth has turned from recovery to expansion, the job market was contracting, inflation remained high,

and central banks around the world maintained the tight money policy to suppress inflation and return the economy to normal condition. Fed increased the benchmark interest rate as 5.25~5.50%, causing the global bond market to continue to be under pressure. Meanwhile, in consideration of the adequate control over inflation in Taiwan, the Central Bank of Taiwan maintained the same policy interest rate after the lift rate by 0.125% in Q1. However, the funding cost remained high, and market participants' confidence in holding bonds was weak, and the demand for new bond auctions was limited. As a result, it was hard for the overall yield rate to decline, the liquidity was poor, and the profit margin was limited.


With respect of financial derivatives, the Company issued a total of 602 warrants in a total amount of NT\$3.303 billion in 2023. The number of warrants issued ranked 14th place in the industry. In addition to the existing 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 2023, the profit after tax of Concord Futures Corp. was NT\$105,299 thousand, with a domestic futures turnover of 7,253,146 lots, ranking 7th place among the futures houses. Its overseas futures trade volume was 2,160,254 lots, ranking 7th place among the futures houses. Although the overall net profit after tax fell by 10% in 2022, both the net profit before tax and the net profit after tax were the third highest in the history of the year. Stock futures and overseas futures were both the focus of the business promotion of Concord Futures Corp. in 2023. A number of financial seminars and promotional events have been organized to raise traders' awareness and willingness to place orders to support business development.

Concord Capital Management suffered the losses after tax, NT\$4,790 thousand, in 2023. Its business strategies for year 2023 emphasized diversified business development, integrated marketing, and multiple channels. Currently, the largest source of operating revenue for the Company is the management fee profit generated from the foreign fund inventory. However, in 2023, the global financial markets were still highly volatile, and the net worth of the funds represented by the Company declined and thereby caused the decrease in the management scale and affected the income from management expenses.

In 2023, Concord Insurance Agency suffered an after-tax loss of NT\$3,162 thousand. In the life insurance business, due to the significant fluctuation of the USD exchange rate and the aggressive interest lift rate initiated by the Fed in March 2022 to suppress the inflation, the announced interest rate for USD policies cannot match the USD time deposit interest rate, therefore, some impact was posed on life insurance performance and the willingness of customers to purchase the insurance declined. Therefore, customers invested their capital in more mobile products (e.g. bonds and high-yield USD time deposits) and USD-denominated traditional life insurance instead. As a result, the sales in the market was affected. In terms of the property insurance business, as various property insurance companies are still trapped in the post-pandemic policy loss stage, in the context of property insurance companies' conservative operations, high commission and killer niche products are adjusted and removed. Meanwhile, the property insurance companies tend to be conservative in underwriting increasingly. This is disadvantageous to development of new insurance business.

Con Lian Asset Management sought the profit after tax of NT\$21,786 thousand in 2023. The Company's Board of Directors has resolved to dissolve and liquidate it. The relevant procedure is still pending.



Awards and recognition the Company received in 2023 include:

- The Company was awarded the "List of Better Disclosures of the Institutional Investors' Stewardship Information 2023," as the only one TPEX-listed securities house.
- Awarded the "2023 Sport Enterprise Certification" by the Sports Administration, Ministry of Education.
- Awarded the 4th "Gold Award for Happiest Employees" by 1111 Job Bank.
- Awarded the Silver Award in the Finance and Insurance category of ESG Reports for the 16th "TCSA Taiwan Corporate Sustainability Awards."
- Awarded the "Innovative Platform Award" of Want Want China Times Financial Service Evaluation Grand Awards.

Looking ahead to 2024, it is anticipated to be a year full of challenges and opportunities; ESG (Environmental, Social, and Governance) has become an important consideration in the Company's business development and investment planning. In addition to continuing to strengthen corporate governance, we envisage to enhance group resource integration and implement sustainable development goals. We will adopt a professional and pragmatic approach, along with an innovative spirit, to leverage group-wide resource integration to address the unknown headwinds in the market. Through optimizing digital services and establishing differentiated service models for wealth management clients, we aim to assist clients in making the most informed investment and financial planning decisions. This will help establish long-term partnerships with clients for mutual growth. Furthermore, we will continue to strengthen oversight and management of the performance of various business units and entities, implement risk control and internal control mechanisms, and enhance the competitiveness of various business operations. Moving forward, we are well-poised to explore collaborative ventures and pursue new investment opportunities aligned with our Group's strategic development. This proactive approach is geared towards diversifying revenue streams and enhancing the Company's brand reputation. Furthermore, we remain steadfast in our commitment to inclusive finance, integrating principles of legal compliance, ESG considerations, and fair customer treatment into all facets of our corporate operations. By aligning with these values and practices, we are dedicated to advancing towards the sustainable business objectives of Concords Securities.

The Company has always upheld its steadfast commitment to the core principles of "integrity, stability, service, and sustainability" within our business policy. Guided by our vision for sustainable development, centered on "innovation, friendliness, and mutual benefit," we have established five key objectives: "environmental sustainability," "customer value," "happy workplace," "social prosperity," and "corporate governance." Through the integration of these sustainable development goals and the implementation of strategies that encompass environmental (E), social (S), and governance (G) aspects, we pursue steady advancement, driven by the collective dedication of our team and the unwavering support of our customers. The Company will continue to focus on core areas to build diversified income streams, implement operational plans, enhance profitability, and prioritize customer-centric approaches. We are committed to the development of digital finance and will implement Group resource integration strategies to provide convenient, diverse, and competitive products, as well as high-value financial services that exceed customer expectations. 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 Asset Management Center
	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	

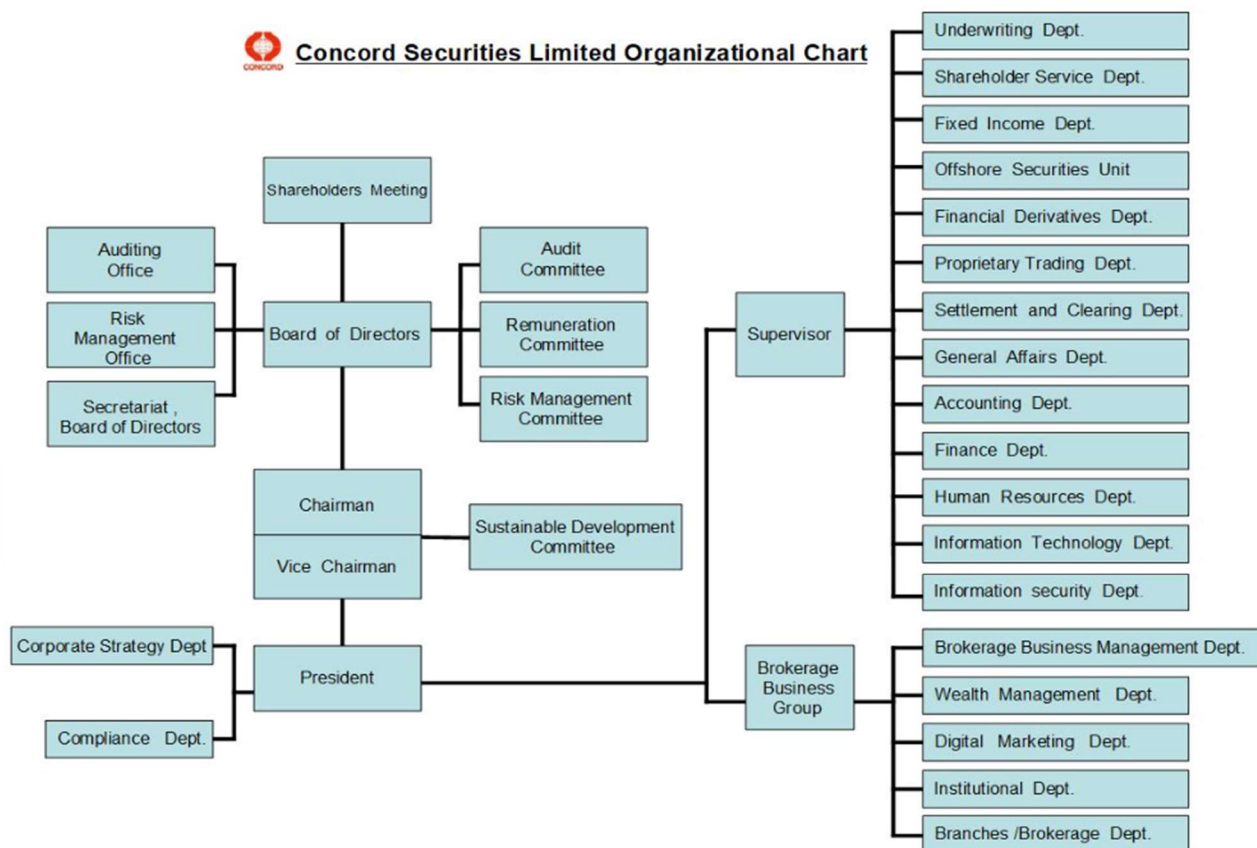
	December	Co-merged "Sunrises Investment Trust Corp." with KBC Group
2008	March	Renamed the invested Sunrises Investment Trust Corp. to KBC Concord Asset Management Co., Ltd.
2011	March	Value Partners Group, a listed company on the Hong Kong Stock Exchange (Stock code: 806 HK), acquired stake in KBC Concord 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 Neihu 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 demerger or 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 acquisition or disposal of major assets; 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
Information Technology 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
Information Security Dept.	<ul style="list-style-type: none"> ◦ Planning, monitoring and execution of information security policies ◦ Collection and processing of domestic and foreign information security threats ◦ Response to major information security incidents ◦ Information security training and promotion ◦ Information security technology, system evaluation and implementation ◦ Optimization of internal information security protection framework and improvement of potential risks

3.2 Directors, Supervisors and Management Team



3.2.1 Directors

April 8, 2024

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 51~55	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 Vice Chairperson of Concord Securities Co., Ltd. Chairperson / Vice 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 President of 台日暨東協企業經營協會	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 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 Co., Ltd. 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

LET'S SAVE THE WORLD TOGETHER

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 Director of Pin Bao Construction Co., Ltd. Director of YUNGCHIY INTERNATIONAL DEVELOPMENT CO., LTD. Supervisor of Moai Green Power Corporation Supervisor of YAPP MARKETING CO., LTD. Supervisor of Hung Pao Asset Management Consultant Co., Ltd. Supervisor of Christmas Red Biotechnology Co., Ltd. Supervisor of Aomshow Co., Ltd. Supervisor of Popeye Marine Biotechnology Co., Ltd. Supervisor of Concord Capital Management Corp Director of ENNORISE Corp.				
Director	Taiwan, R.O.C.	Sky Investment Corp.	-	July 12, 2021	3 years	July 12, 2021	8,441,281	1.42	10,241,281	1.72	-	-	-	-	-	None	-	-	-	None
	Taiwan, R.O.C.	Representative: Chen, Qiong-Ling	Female 66~70	July 12, 2021	3 years	June 20, 2003	-	-	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	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. Chairperson 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.	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	
																Chairperson of Double Brighten Limited Chairperson of Li Chin Management Consulting Limited Chairperson of Tai Li Management Consulting Limited 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	Male 76~80	August 1, 2021	3 years	July 3, 2000	-	-	0	0	0	0	0	0	Bachelor's Degree in Law, National Taiwan University Senior Executive Vice President of Shinkong	Chairperson of Ta Yeh International Investment Co., Ltd. Director of JU-KAO ENGINEERING CO., LTD.	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	
															Company Ltd. Senior Executive Vice President of Shinkong Textile Co., Ltd. Chairperson of Jih Chuan Machinery Industry Co., Ltd. Director of China Airlines Co.,LTD. Chairperson of Fortune Information System Co.,Ltd. Independent Director of IBF Financial Holdings Co.,Ltd. Convener of Independent Director of Concord Securities Corp. Director of Sumagh High Tech Corp. Supervisor of Paradigm Asset Management Co., Ltd. Supervisor of JKO Asset Management Co., Ltd. Director of Kang-Ning General Hospital	Supervisor of Asia Hepato Gene Co. Chairperson of BIOCHINA				
Independent Director	Taiwan, R.O.C.	Chang, Yao-Ren	Male 71~75	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 (Note 2)	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	-	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 of Mega International Commercial Bank Adjunct Professor, Dept. of Business Administration, National Changhua University of Education					
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 Adjunct Lecturer of Commercial law, Chaoyang University of Technology Adjunct Lecturer of Securities and Exchange Act and Financial Regulations, Asia University	Managing Partner of Yung Lu Ke Ssu Law Firm Member of the Committee of Employment Discrimination, Central Taiwan Science Park, National Science Council, Executive Yuan Member of the 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: Huang, Tien-Chang dismissal on August 18, 2023. .



Major shareholders of the institutional shareholders

April 15, 2024

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. 18.375%
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

April 15, 2024

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.	Tai Yang Development Co., Ltd. 36.93%、Chang, Yi 15.91%、Tai Ming Development Co., Ltd. 32.30%、Cheng, Shih-Hua 11.45%、Su, Hui-Fen 1.24%、Wu, Jui-Jung 0.09%
Zhong Kang Investment Co., Ltd.	Hwa-Ho asset management Corp. 45.45%、Kang He Development Co., Ltd. 43.74%、Wan-Fang Development Co., Ltd. 8.11%、Tai Yang Development Co., Ltd. 2.70%
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	Law	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	Whether to have expertise in finance and accounting	Not under any of the circumstances set forth in Article 30 of the Company Act													
Cheng, Ta-Yu	Taiwan, R.O.C.	Male	-	-	0	✓	-	-	-	-	-	-	-	-	✓	✓	✓	✓	o	✓				✓	✓	✓	
Jinnder Chang	Taiwan, R.O.C.	Male	-	-	3	-	-	✓	-	10(Note2)	-	-	-	-	✓	✓	✓	✓	o	o	✓	o		✓	✓	✓	
Lee, Chin-Shen	Taiwan, R.O.C.	Male	-	-	0	-	✓	-	-	6(Note2)		-	-	-	✓	✓	✓	✓	o	o		o		o	✓	✓	
Chen, Qiong-Ling	Taiwan, R.O.C.	Female	-	-	0	-	-	✓	-	-	-	-	-	-	✓	✓	o	✓		o	o	o		o	✓	✓	
Tsai, Sung-Po	Taiwan, R.O.C.	Male	-	-	0	-	-	✓	-	-	-	-	-	-	✓	o	✓	o		o			o	✓	✓	✓	
Yang, Ming-Wang	Taiwan, R.O.C.	Male	-	-	0	-	-	✓	-	-	-	-	-	-	✓	✓	✓	✓	✓	o	✓	✓		o	✓	✓	
Ma, Pei-Chun	Taiwan, R.O.C.	Female	-	-	0	✓	-	-	-	-	-	-	-	-	✓	✓	✓	✓								✓	
Li, Chuang-Yuan	Taiwan, R.O.C.	Male	-	-	0	-	-	-	✓	-	-	-	-	-	✓	o	✓	✓	✓	✓	✓	o		✓		✓	
Chang, Yao-Ren	Taiwan, R.O.C.	Male	-	-	0	-	-	✓	-	5	✓	✓	✓	✓	✓	✓	✓	✓	o	✓	o	✓			✓	o	
Huang,	Taiwan,	Female	-	-	0	-	✓	-	-	3	✓	✓	✓	✓	✓	✓	✓	✓			✓			✓		✓	

Cores of Diversification	Basic Background										Industrial Experience										Professional Abilities							
	Name	Age	Independent Director		Audit Committee			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	Whether to have expertise in finance and accounting	Finance & Banking	Investment & Accounting	Public Welfare & Social Enterprise	Administration & Management	Marketing & Creativity	Information Technology & Management Consulting	Law	Construction & Machinery	Others	Law	Accounting	Finance and Risk Management	Others			
			Age 66-76	Age 56-65	Age 46-55	Number of other public companies of which the director concurrently serves as an independent director	Who is the spouse or a relative within the second degree of kinship of another																			Who serves as an employee of the Company	Gender	Nationality
	Hsiu-Hui	R.O.C.																										
	Huang, Tien-Chang	Taiwan, R.O.C.	Male																									

Note 1: “√” means having full ability and “o” 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.

Note 3: Independent Director Huang, Tien-Chang was dismissed on August 18, 2023.

Diversification and Independence of the Board of Directors

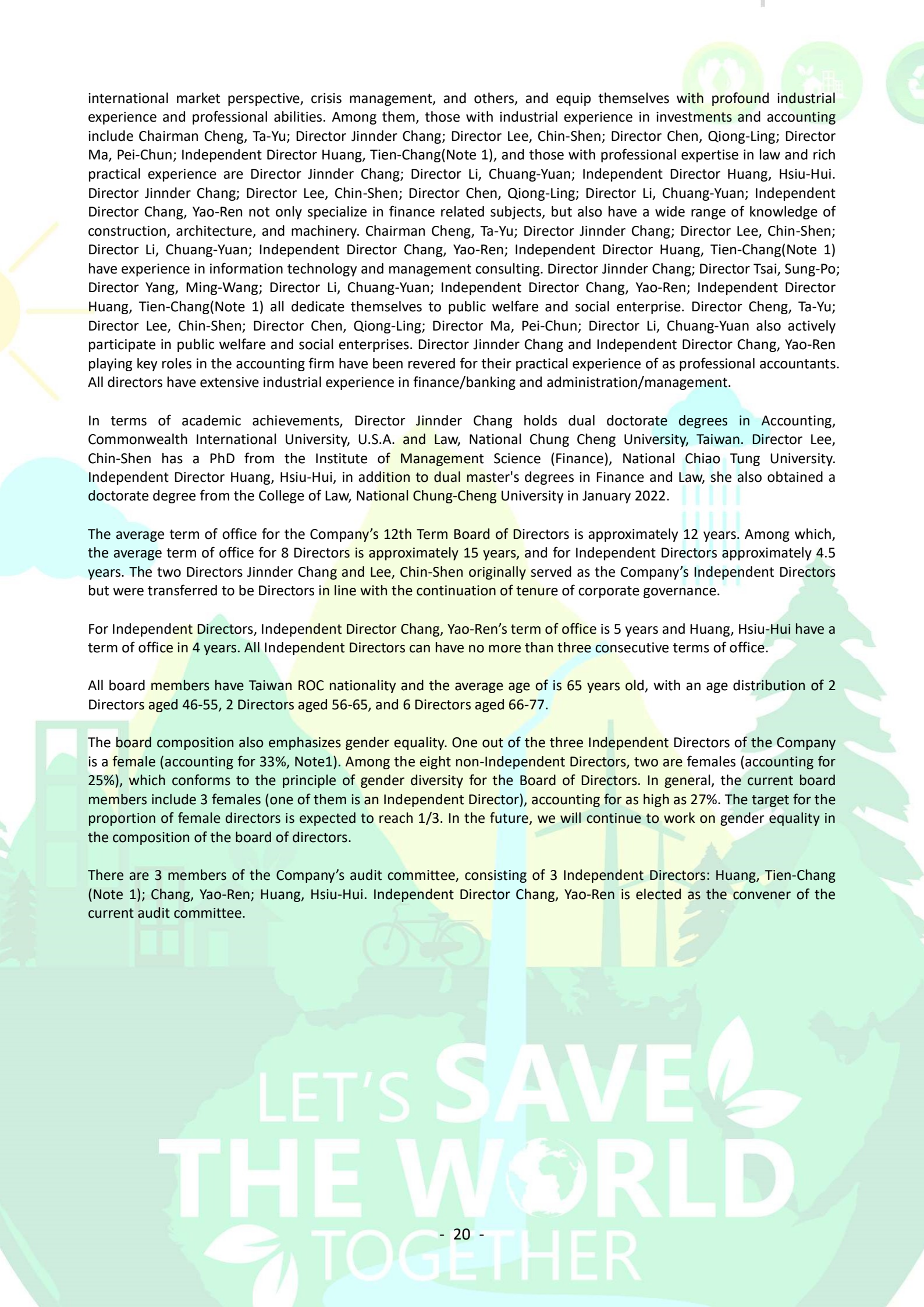
Diversification of the Board of Directors

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, Note1). 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(Note 1), 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(Note 1) 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(Note 1) 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 12 years. Among which, the average term of office for 8 Directors is approximately 15 years, and for Independent Directors approximately 4.5 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, Independent Director Chang, Yao-Ren's term of office is 5 years and Huang, Hsiu-Hui have a term of office in 4 years. All Independent Directors can have no more than three consecutive terms of office.

All board members have Taiwan ROC nationality and the average age of is 65 years old, with an age distribution of 2 Directors aged 46-55, 2 Directors aged 56-65, and 6 Directors aged 66-77.

The board composition also emphasizes gender equality. One out of the three Independent Directors of the Company is a female (accounting for 33%, Note1). 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 (Note 1); Chang, Yao-Ren; Huang, Hsiu-Hui. Independent Director Chang, Yao-Ren 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 (Note 1)	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	NA						
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 1: Independent Director Huang, Tien-Chang was dismissed on August 18, 2023.

Note 2: Where a member of the audit committee, during the year before elected or during the term of office, is not under any of the circumstances set forth in Article 30 of the Company Act, please fill in the blank below each circumstance code with "✓" for each member:

- I. Having committed an offence as specified in the Statute for Prevention of Organizational Crimes and subsequently convicted of a crime, and has not started serving the sentence, has not completed serving the sentence, or five years have not elapsed since completion of serving the sentence, expiration of the probation, or pardon;
- II. Having committed the offence in terms of fraud, breach of trust or misappropriation and subsequently convicted with imprisonment for a term of more than one year, and has not started serving the sentence, has not completed serving the sentence, or two years have not elapsed since completion of serving the sentence, expiration of the probation, or pardon;
- III. Having committed the offense as specified in the Anti-corruption Act and subsequently convicted of a crime, and has not started serving the sentence, has not completed serving the sentence, or two years have not elapsed since completion of serving the sentence, expiration of the probation, or pardon;
- IV. Having been adjudicated bankrupt or adjudicated of the commencement of liquidation process by a court, and having not been reinstated to his rights and privileges;
- V. Having been dishonored for unlawful use of credit instruments, and the term of such sanction has not expired yet;

- 
- VI. Having no or only limited disposing capacity; or
 - VII. Having been adjudicated of the commencement of assistantship and such assistantship having not been revoked yet.

Independence of the board of directors



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

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

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



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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, Con Lian 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
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. 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

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	
Fixed Income Dept. Senior Vice President	R.O.C.	Chiu, Chao-Shan	Female	2013.07.01	25,549	0.00	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.	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

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	
Risk Management Office Assistant Vice President	R.O.C.	Hsu, Shu-Wen	Female	2015.09.01	61,560	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, Con Lian Asset Management Corp.	None	None	None	None
Corporate Strategy Dept. Project Vice President	R.O.C.	Yang, Liang-Yu	Male	2024.03.12	0	0	0	0	0	0	The University of Michigan MBA Sales Vice President of brokerage department, MasterLink Securities	None	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	136,703	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
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./Accouting 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

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	
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	97,972	0.02	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
Information Security Dept. Senior Assistant Vice President	R.O.C.	Wang, Hung-Hsi	Male	2023.10.02	0	0	0	0	0	0	Master's degree from the Department of Information Management, National Taiwan University Senior Project Manager of Information Security Dept., Nan Shan Life Insurance Co., Ltd.	None	None	None	None	None
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	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

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	
Wealth Management Dept. Senior 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
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
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 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.	Wu, Chin-Chiu	Male	2017.04.05	35,245	0.01	0	0	0	0	International Trade Division, Tamsui Oxford College 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

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.	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 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	1,000	0.00	0	0	Finance Department, Shih Chien University Deputy Manager of Taipei Branch, Concord Securities Co., Ltd.	None	None	None	None	None
Branches Senior Manager	R.O.C.	Chiu, Quan-Hong	Male	2023.11.04	0	0	0	0	0	0	Department of Business Administration, National Chung Hsing University Sales Manager of Nanjing Branch, Hua Nan Securities Co., Ltd. Manager of Jingmei Branch, E. Sun Securities Co., Ltd.	None	None	None	None	None
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	Master Degree of 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
Branches Manager	R.O.C.	Liou, I-Shiun	Female	2023.08.31	0	0	0	0	0	0	Department of Information Management, Tamkang University Senior Deputy Manager of Hsinchu Branch, Concord Securities Co., Ltd.	None	None	None	None	None
Branches Manager	R.O.C.	Liang, Chih-Yao	Male	2024.03.01	0	0	0	0	0	0	Department of Business Administration, Chaoyang University of Technology Manager of Kaohsiung Branch, Concord Securities Co., Ltd. Sales Manager of Kaohsiung Branch, Horizon 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, 2023; 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	27,549	27,549	35	35	28,794	2.88	28,794	2.88	0	0	0	0	0	0	0	0	28,794	2.88	28,794	2.88	None
Chairperson	Representative: Cheng, Ta-Yu	18,329	18,609	0	0	-	-	1,867	1,879	20,196	2.02	20,488	2.05	0	0	0	0	0	0	0	0	20,196	2.02	20,488	2.05	None
Director	Representative: Lee, Chin-Shen	8,575	8,647	0	0	27,548	27,548	235	243	36,358	3.64	36,438	3.64	0	0	0	0	0	0	0	36,358	3.64	36,438	3.64	None	
Director	Representative: Jinnder Chang																									
Corporate Director	Tai Ming Development Co., Ltd.																									
	Representative: Li, Chuang-Yuan																									
	Yuan Lung Construction and Development Co., Ltd.																									
Director	Representative: Ma, Pei-Chun																									
	Sky Investment Corp.																									
Director	Representative: Chen, Qiong-Ling																									
	Te Yeh Investment Co., Ltd.																									
Director	Representative: Yang, Ming-Wang																									
	Jia Yi Corp.																									
Director	Representative: Tsai, Sung-Po	3,600	3,648	0	0	0	0	289	293	3,889	0.39	3,941	0.39	0	0	0	0	0	0	3,889	0.39	3,941	0.39	None		
Independent Director	Chang, Yao-Ren																									
Independent Director	Huang, Tien-Chang																									
Independent Director	Huang, Hsiu-Hui																									
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.																										

Remuneration Range Table

Range of Remuneration to Directors and Independent Directors of the Company	Name of Directors and Independent Directors			
	First four items (A+B+C+D)		First seven items (A+B+C+D+E+F+G)	
	The Company	All companies listed in the financial reports	The Company	All companies listed in the financial reports
Less than NT\$1,000,000	Yang, Ming-Wang; Ma, Pei-Chun; Huang, Tien-Chang	Yang, Ming-Wang; Ma, Pei-Chun; Huang, Tien-Chang	Yang, Ming-Wang; Ma, Pei-Chun; Huang, Tien-Chang	Yang, Ming-Wang; Ma, Pei-Chun; Huang, Tien-Chang
NT\$1,000,000 (inclusive) ~ NT\$2,000,000 (exclusive)	Lee, Chin-Shen; Jinnder Chang; Li, Chuang-Yuan; Chen, Qiong-Ling; Tsai, Sung-Po; Chang, Yao-Ren; Huang, Hsiu-Hui	Lee, Chin-Shen; Jinnder Chang; Li, Chuang-Yuan; Chen, Qiong-Ling; Tsai, Sung-Po; Chang, Yao-Ren; Huang, Hsiu-Hui	Lee, Chin-Shen; Jinnder Chang; Li, Chuang-Yuan; Chen, Qiong-Ling; Tsai, Sung-Po; Chang, Yao-Ren; Huang, Hsiu-Hui	Lee, Chin-Shen; Jinnder Chang; Li, Chuang-Yuan; Chen, Qiong-Ling; Tsai, Sung-Po; Chang, Yao-Ren; Huang, Hsiu-Hui
NT\$2,000,000 (inclusive) ~ NT\$3,500,000 (exclusive)	-	-	-	-
NT\$3,500,000 (inclusive) ~ NT\$5,000,000 (exclusive)	-	-	-	-
NT\$5,000,000 (inclusive) ~ NT\$10,000,000 (exclusive)	Tai Ming Development Co., Ltd.; Yuan Lung Construction and Development Co., Ltd.; Sky Investment Corp.; Te Yeh Investment Co., Ltd.; Jia Yi Corp.	Tai Ming Development Co., Ltd.; Yuan Lung Construction and Development Co., Ltd.; Sky Investment Corp.; Te Yeh Investment Co., Ltd.; Jia Yi Corp.	Tai Ming Development Co., Ltd.; Yuan Lung Construction and Development Co., Ltd.; Sky Investment Corp.; Te Yeh Investment Co., Ltd.; Jia Yi Corp.	Tai Ming Development Co., Ltd.; Yuan Lung Construction and Development Co., Ltd.; Sky Investment Corp.; Te Yeh Investment Co., Ltd.; Jia Yi Corp.
NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (exclusive)	-	-	-	-
NT\$15,000,000 (inclusive) ~ NT\$30,000,000 (exclusive)	Cheng, Ta-Yu; Zhong Yang Investment Co., Ltd.	Cheng, Ta-Yu; Zhong Yang Investment Co., Ltd.	Cheng, Ta-Yu; Zhong Yang Investment Co., Ltd.	Cheng, Ta-Yu; Zhong Yang Investment Co., Ltd.
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	17 persons	17 persons	17 persons	17 persons

Note 1: Independent Director Huang, Tien-Chang resigned office on August 18, 2023..

Note 2: NT\$1,093 thousand paid as compensation to the driver, without accounting in remuneration.

Note 3: The allowance of the chairman, including the rental of the vehicle, fuel and other related payment, totaled \$1,867 thousand.

2. Remuneration to President and Vice President

December 31, 2023; 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	37,908	37,908	1,399	1,399	67,366	68,040	4,646	0	4,646	0	111,319 11.13	111,993 11.20	None
Senior Executive Vice President	Kang, Ching-Tai													
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(Note 1)													
Vice President	Shih, Shu-Chen													
Vice President	Wang, Hsiu-Ching													
Vice President	Leu, Suh-Ling													
Vice President	Liu, Pi-Yin(Note 2)													
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													
Vice President	Yang, Chun-Cheng													
Vice President	Tai, Tzu-Ling (Note 3)													

Remuneration Range Table

Range of Remuneration to Presidents and Vice Presidents of the Company	Name of Presidents and Vice Presidents	
	The Company	All companies listed in the financial reports
Less than NT\$1,000,000	Liu, Pi-Yin; Tai, Tzu-Ling	Liu, Pi-Yin; Tai, Tzu-Ling
NT\$1,000,000 (inclusive) ~ NT\$2,000,000 (exclusive)	Chiu, Chao-Shan	Chiu, Chao-Shan
NT\$2,000,000 (inclusive) ~ NT\$3,500,000 (exclusive)	Shih, Shu-Chen; Lin, Hsu-Sheng; Ding, Yong-Kang; Lee, Yu-Ju	Shih, Shu-Chen; Lin, Hsu-Sheng; Ding, Yong-Kang; Lee, Yu-Ju
NT\$3,500,000 (inclusive) ~ NT\$5,000,000 (exclusive)	Wang, Hsiu-Ching; Leu, Suh-Ling; Yen, Chih-Lung; Chen, Wei-Tung; Yang, Chun-Cheng	Wang, Hsiu-Ching; Leu, Suh-Ling; Yen, Chih-Lung; Chen, Wei-Tung; Yang, Chun-Cheng
NT\$5,000,000 (inclusive) ~ NT\$10,000,000 (exclusive)	Kang, Ching-Tai; Liao, Chi-Hung; Tseng, Li-Kuo; Chang, Jyh-Chian	Kang, Ching-Tai; Liao, Chi-Hung; Tseng, Li-Kuo; Chang, Jyh-Chian
NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (exclusive)	-	-
NT\$15,000,000 (inclusive) ~ NT\$30,000,000 (exclusive)	Chiu, Jung-Chen; Chen, Chih-Hao	Chiu, Jung-Chen; Chen, Chih-Hao
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	18 persons	18 persons

Note 1: Senior Executive Officer Tai, Tzu-Ling resigned office on March 31, 2023.

Note 2: Vice President Liu, Pi-Yin resigned office on April 30, 2023.

Note 3: Senior Vice President Chiu, Chao-Shan was furloughed on September 11, 2023.

Note 4: NT\$1,035 thousand paid as compensation to the driver of the president, without accounting in remuneration.

Note 5: The bonus and special disbursement of the President and the Vice President, including the vehicle amortization, depreciation, fuel, and other related payment, totaled \$3,281 thousand; As of December 31, 2023, vehicle for the President, Senior Executive Vice President KANG and Senior Executive Vice President LIAO, the cost of the vehicle was \$4,456 thousand, \$2,930 thousand, \$2,140 thousand and the book value was \$3,218 thousand, \$1,276 thousand and \$0 thousand, respectively, without accounting in remuneration.

Note 6: The Severance in this table contribute to personal account and defined benefit in Labor Pension Fund disclosed.

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

April 8, 2024; Expressed in thousands of NT\$

Title	Name	Stock	Cash	Total	Total compensation as a percentage of net income (%)
President	Chiu, Jung-Chen	0	10,223	10,223	1.02
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	Chen, Wei-Tung; Leu, Suh-Ling; Lee, Yu-Ju; Shih, Shu-Chen; Ding, Yong-Kang; Wang, Hsiu-Ching; Yen, Chih-Lung; Yang, Chun-Cheng;				
Project Assistant Vice President	Yang, Liang-Yu				
Senior Assistant Vice President	Ho, Chen-Che; Lin, Szu-Yu; Liang, Kai-Chieh; Yang, Yung-Sheng; Huang, Mei-Ling; Yang, Kuang-Cheng; Huang, Yun-Chieh; Yu, Chung-Chang; Chang, Chia-Chia; Wang, Hung-Hsi				
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; Wu, Chin-Chiu; Wei, Yi-Chan; Lai, Chueh-An; Chen, Ju-Chuan; Yang, Yu-Hung				
Senior Manager	Li, Wen-Pin; Hsu, Wei-Lun; Lin, Shih-Nung; Chen, Chien-Hsun; Chiu, Quan-Hong				
Manager	Huang, Ying-Jen; Li, Wen-Ren; Liou, I-Shiun; Liang, Chih-Yao				

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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		2022	2023	Description
Total remuneration to directors as a percentage of net income (%)	The Company	-18.08	8.93	As the profit increased significantly in 2023, the related remuneration as a percentage of net income increased compared with that of 2022.
	All of the companies listed in the financial reports	-18.38	8.97	
Total remuneration to presidents and vice presidents as a percentage of net income (%)	The Company	-41.69	11.13	
	All of the companies listed in the financial reports	-44.92	11.20	

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

(1) Director remuneration policy: According to the Company's 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. To clarify the scope of directors' remuneration, including compensation, earnings distribution and professional practice fees (e.g. attendance fee and transportation allowance), etc., the "Regulations Governing Remuneration to Directors" are established, which shall be implemented upon review by the Remuneration Committee and approval by the Board of Directors.

*Remuneration: When directors and independent directors perform their duties in the Company, regardless of the Company's operating profit or loss, they are paid a fixed salary based on the usual salary level in the industry and are paid within the scope of their remuneration. Meanwhile, the Company's Remuneration Committee may use the general pay level adopted by peer companies in the same industry as the basis for evaluation, and regularly evaluates the remuneration to individual directors subject to their participation in the Company's operations and the value of their contributions.


*Remuneration to directors: According to the Articles of Incorporation of the Company, if the Company makes a profit for the year, the Board of Directors may resolve to allocate no more than 5% of the profit as the remuneration to directors. The directors' remuneration distribution proposal shall be reported to a shareholders' meeting. However, if the Company has accumulated losses, the Company shall first reserve an amount to offset the losses, and then appropriate the directors' remuneration on a pro rata basis referred to in the preceding paragraph.

Further, the Remuneration Committee may take into account the overall performance of the Board of Directors, the Company's operating performance, the Company's future operations and risk appetite, and distribute the directors' remuneration based on the degree of involvement of individual directors in the Company's operations and the value of their contributions. Independent directors do not participate in the distribution of earnings.

*Professional practice fees:

Attendance fees at board meetings, shareholders' meetings, and functional committees' meetings shall be payable based on the number of meetings attended.

The transportation allowance may be verified based on the actual transportation expenses when performing the Company's duties, or the business trip taken in response to the Company's



operational needs shall be handled in accordance with the Company's business trip management regulations.

In order to fulfill corporate governance and make the remuneration to directors and supervisors of subsidiaries and invested companies transparent, rational and institutionalized, the Company has established the "Regulations Governing the Remuneration to Directors and Supervisors of Subsidiaries and Invested Companies." The subsidiaries shall, based on the scale of their operations and within the authorized limits, formulate the regulations governing the remuneration to directors and supervisors of the subsidiaries, and matters related to the payment of remuneration accordingly.

(2) Managers' remuneration policy: The Company has established the "Regulations Governing the Appraisal on Salary and Remuneration" and the "Grade Salary Range Table." For the salary and remuneration, reasonable remuneration shall be assessed in reference to the individual's personal education background and work experience, the market, and the salary level adopted by peer companies in the same industry, and raise and promotion shall be determined based on annual performance and contributions to ensure that their pay levels are competitive in the market and to retain talents.

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


- * 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.
- * 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.
- * Employee remuneration: According to the Company's Articles of Incorporation, if the Company makes a profit in the year, the Company shall allocate 1%~3% of the profit as employees' remuneration, which shall be distributed in stock or cash per the resolution of the Board of Directors. The recipients include the employees of subsidiaries meeting certain conditions and participate in the distribution of employee remuneration in accordance with the Company's regulations governing distribution of remuneration to employees and subject to the time invested in each position, the responsibilities assumed, the performance contribution, and the performance achievement status.
- * Employee shareholding trust: In order to take care of the retirement life of all managers and colleagues, and to share the Company's operating results, the employee shareholding trust is created, and the Company and managers or colleagues shall contribute the subsidies to it.

Linkage to operating performance and future risk exposure:


For the corporate sustainable operation and development, each department of the Company reviews and sets operational development strategies and financial performance targets every year, and includes the promotion and implementation of ESG as key evaluation indicators. The Company's "Regulations Governing Performance Appraisal" govern the individual performance appraisal on managers. In order to establish a mechanism for the reasonableness of the association between rewards and various performance contributions and future risks, the Company sets evaluation standards on leadership, management, and core competence, and distribute bonuses subject to the Company's profitability and individual performance, in accordance with the Regulations Governing Annual Performance Appraisal Bonus and Performance Bonus. Meanwhile, In order to implement risk control, the "risk retention fund" has been established to regulate the related trading units' managers to strengthen the link between managerial officers' remuneration and future operating risks.

The Company has established a Remuneration Committee according to the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange" to improve the remuneration system for the Company's directors and managers. The Remuneration Committee members shall evaluate the remuneration policy and system for the Company's directors and managers professionally and objectively and make recommendations to the board of directors for reference.


The Remuneration Committee shall, ex officio, formulate and regularly review the annual and long-term performance goals and remuneration policies, systems, standards, and structures for the Company's directors and managers. The goal is to regularly evaluate the performance objectives achieved by the



Company's directors and managers, reference the industry's payment standards, job performance, internal salary and remuneration levels, achievement of the Company's short-and long-term business goals, and the Company's financial status to assess the reasonableness of the association between individual performance and the Company's operating performance and future risks



In order to implement the Company's corporate culture for ethical management, fulfill the responsibility for management and supervision of various businesses and systems, avoid major unethical conduct, and ensure the Company's sound and sustainable operation, the Company has established the accountability system implementation guidelines for major issues in accordance with the "Regulations Governing Responsible Persons and Associated Persons of Securities Firms" and "Corporate Governance Best Practice Principles for Securities Firms" in June 2023. Meanwhile, with respect to the major issues, such as information security protection, fair dealing and legal compliance, the Company set up the dedicated department to review the managers' competence regularly.



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3.3 Implementation of Corporate Governance

3.3.1 A total of 7 sessions(A)of the current Board of Directors meeting have been held from January 1, 2023 to December 31, 2023. The board of directors meeting in 2023, 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	7	0	100	None
Director	Zhong Yang Investment Co., Ltd. Representative: Jinnder Chang	7	0	100	None
Director	Zhong Yang Investment Co., Ltd. Representative: Lee, Chin-Shen	7	0	100	None
Director	Yuan Lung Construction and Development Co., Ltd. Representative: Ma, Pei-Chun	6	0	86	None
Director	Jia Yi Corp. Representative: Tsai, Sung-Po	7	0	100	None
Director	Te Yeh Investment Co., Ltd. Representative: Yang, Ming-Wang	7	0	100	None
Director	Sky Investment Corp. Representative: Chen, Qiong-Ling	7	0	100	None
Director	Tai Ming Development Co., Ltd. Representative: Li, Chuang-Yuan	4	2	57	None
Independent Director	Chang, Yao-Ren	7	0	100	None
Independent Director	Huang, Tien-Chang	6	1	86	None
Independent Director	Huang, Hsiu-Hui	4	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 7 sessions held for the 21th Term Board of Directors in 2023. Key Resolutions of the Board of Directors are 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) 20th Meeting of 12th Board of Directors (August 30, 2023)

Case No. 4: Profit-Sharing Agreement between the Company and Concord Insurance Agent Corp. Resolution of the Audit Committee: The Chair suggested that the profit sharing method should be amended. All Committee members agreed to return the profit sharing method for further discussion.

The Company's resolution of the Independent Directors' opinions: Approved by all attending directors upon the Chair's inquiry.

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:

Name of Director	Proposal Content	Reason for recusal	Participation in voting
Cheng, Ta-Yu	Annual performance bonus and remuneration to the Chairman and mandated managers for 2022	The proposal content involves directors per se.	Recused from participation in the discussion and voting
	Appointment of directors and election of supervisors for the investee subsidiary, Concord Futures Corp.	The proposal content involves directors per se.	Recused from participation in the discussion and voting
Chin-Shen Lee	Proposal for re-appointment of juristic person director's representative of the Company's subsidiary, Concord Futures Corp.	Although there is no specific and direct interest between the proposal content and the director, the recusal is still adopted, in consideration of the high corporate governance requirement.	Recused from participation in the discussion and voting
Chang, Yao-Ren and Huang, Hsiu Hui	2023 Qualification Review on Independent Directors	The proposal content involves the left-column directors per se.	Recused from participation in the discussion and voting
Cheng, Ta-Yu	Proposal for amendments to the securities introducing broker service contract and addendum with Concord Futures Corp.	Although there is no specific and direct interest between the proposal content and the director, the recusal is still adopted, in consideration of the high corporate governance requirement.	Recused from participation in the discussion and voting
Chin-Shen Lee	The proposal for the Company's appointment of Concord Capital Management to provide investment advisory services.	Although there is no specific and direct interest between the proposal content and the director, the recusal is still adopted, in consideration of the high corporate governance requirement.	Recused from participation in the discussion and voting
	Proposal to sign a sales agency contract with Concord Securities Corp. for Thornburg funds.	Although there is no specific and direct interest between the proposal content and the director, the recusal is still adopted, in consideration of the high corporate governance requirement.	Recused from participation in the discussion and voting
	Proposal for re-appointment and adjustment of juristic person director's representative of the Company's subsidiary, Concord Securities Corp.	Although there is no specific and direct interest between the proposal content and the director, the recusal is still adopted, in consideration of the high corporate governance requirement.	Recused from participation in the discussion and voting

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, 2023 to December 31, 2023	<ol style="list-style-type: none"> 1. Board of Directors 2. Individual Board Member 3. Audit Committee 4. Remuneration Committee 5. Risk management 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 5. Questionnaire of Self-Evaluation of Performance of the Risk management 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", "Questionnaire of Self-Evaluation of Performance of the Remuneration Committee" and "Questionnaire of Self-Evaluation of Performance of the Risk management committee" were both conducted by the convener. The evaluation result for 2023 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, 2023 to December 31, 2023. 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 (Note)	4	0	100	None

Note: Independent Director Huang, Tien-Chang was discharged on August 18, 2023.

Other matters that require reporting:

- I. If any of the following circumstances occurs in the operations of the Audit Committee, the date of the meeting of the Audit Committee, the term, the content of the agenda, the adverse opinion or qualified opinion expressed by independent directors, the content of important proposals, the results of the Audit Committee's resolutions, and the Company's response to the Audit Committee's opinions shall be specified:

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

Audit Committee	Proposal content and follow-up treatment	Matters listed in Article 14-5 of the Securities and Exchange Act:	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.
13th Meeting of 3rd Audit Committee (March 8, 2023)	Case No. 1: 2022 Parent Company Only Financial Statements and Consolidated Financial Statements	✓	✗
	Case No. 2: Establishment of the Company's "General Principles of the Pre-Approved Non-Assurance Service Policy."	✓	✗
	Case No. 3: The Company's 2022 deficit compensation proposal.	✓	✗
	Case No. 4: Presentation of the Company's "2022 Business Report."	✓	✗
	Case No. 5: The Company's proposal for amendments to the "Rules Governing Financial and Business Matters Between the Company and its Affiliated Enterprises"	✓	✗
	Case No. 6: Report of Implementation Status and Self Evaluation Table of the "Fair Dealing Policy" for the Year 2023	✓	✗
	Case No. 7: The Company's proposal for withdrawal of the investment in "Cathay Private Equity Smart Technology Limited Partnership Fund."	✓	✗
	Case No. 8: The proposal of the subsidiary, Con Lian Asset Management Co., Ltd., for sale of a part of the equity of the investee, Hwa Ho Asset Management Co., Ltd., to replenish its working capital.	✓	✗
	Case No. 9: Submission of the Internal Control System Statement and Anti-money Laundering and Countering Terrorism Financing Internal Control System Statement for the Year 2022	✓	✗
	Case No. 10: Amendments to the "Internal Control System for Securities Trading," "Internal Control System for Futures Introducing Broker" and "Internal Control System for Shareholder Service" of the	✓	✗

	Company.		
	Case No. 11: Amendments to the "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct."	✓	✗
	Case No. 12: Amendments to the "Corporate Governance Practice Principles."	✓	✗
	Dissenting opinions, qualified opinions, or material recommendations of independent directors: None.		
	Resolution of the Audit Committee: Approved as it is by all Audit Committee members unanimously.		
14th Meeting of 3rd Audit Committee (April 17, 2023)	The Company's resolution of the Audit Committee's opinions: Submit the motion to the Board of Directors for resolution on March 9, 2023, and passed by all attending directors unanimously.		
	Case No.1: Amendments to the Company's "Operating Procedure for Handling of Internal Material Information."	✓	✗
	Dissenting opinions, qualified opinions, or material recommendations of independent directors: None.		
	Resolution of the Audit Committee: Approved as it is by all Audit Committee members unanimously.		
15th Meeting of 3rd Audit Committee (May 9, 2023)	The Company's resolution of the Audit Committee's opinions: Submit the motion to the Board of Directors for resolution on April 18, 2023, and passed by all attending directors unanimously.		
	Case No.1: The Company's consolidated financial statements for Q1 of 2023.	✓	✗
	Case No. 2: Amendments to the Company's "Internal Control Systems for Shareholder Service."	✓	✗
	Case No. 3: Establishment of the Company's "Accountability System Implementation Guidelines for Major Issues" of the Company.	✓	✗
	Dissenting opinions, qualified opinions, or material recommendations of independent directors: None.		
	Resolution of the Audit Committee: Approved as it is by all Audit Committee members unanimously.		
16th Meeting of 3rd Audit Committee (June 7, 2023)	The Company's resolution of the Audit Committee's opinions: Submit the motion to the Board of Directors for resolution on May 10, 2023, and passed by all attending directors unanimously.		
	Case No. 1: The proposal for the Company's withdrawal from the "the proposal of the Company's subsidiary, Con Lian Asset Management Co., Ltd., for sale of a part of the equity of the investee, Hwa Ho Asset Management Co., Ltd., to replenish its working capital."	✓	✗
	Dissenting opinions, qualified opinions, or material recommendations of independent directors: None.		
	Resolution of the Audit Committee: Approved as it is by all Audit Committee members unanimously.		
17th Meeting of 3rd Audit Committee (August 29, 2023)	The Company's resolution of the Audit Committee's opinions: Submit the motion to the Board of Directors for resolution on June 7, 2023, and passed by all attending directors unanimously.		
	Case No. 1: The Company's Parent Company Only Financial Statements and Consolidated Financial Statements for Q2 of 2023.	✓	✗
	Case No. 2: Amendments to the "CRS Compliance Management Policy."	✓	✗
	Case No. 4: Profit-Sharing Agreement between the Company and Concord Insurance Agent Corp.	✓	✗
	Case No. 4: Amendments to the "Internal Control System for Securities Trading" and "Internal Control System for Futures Introducing Broker" of the Company.	✓	✗
	Case No. 5: Submission of the whistle-blowing case for review.	✓	✗
	Case No. 6: Submission of the Statement of Internal Control System issued by PwC Taiwan's attesting CPAs after the ad-hoc review contracted by the Company.	✓	✗

	Case No. 7: Submission of the Statement of Internal Control System for Specific Scope issued by PwC Taiwan's attesting CPAs after the ad-hoc review contracted by the Company.	✓	✗
	Case No. 8: Amendments to the "Corporate Sustainable Development Best Practice Principles."	✓	✗
	Case No. 9: Amendments to the "Regulations for the Organization of Sustainable Development Committee."	✓	✗
	Case No. 10: Amendments to the Company's "Stewardship Principles for Institutional Investors" and execution of the Compliance Statement for the "Stewardship Principles for Institutional Investors."	✓	✗
	Case No. 11: Amendments to the Company's "Accountability System Implementation Guidelines for Major Issues."	✓	✗
	Case No. 12: Amendment to the Organizational Chart and Organization Rules of the Company.	✓	✗
	Dissenting opinions, qualified opinions, or material recommendations of independent directors: Case No. 4: Profit-Sharing Agreement between the Company and Concord Insurance Agent Corp. Resolution of the Audit Committee: The Chair suggested that the profit sharing method should be amended. All Committee members agreed to return the profit sharing method for further discussion. All other cases were passed by all attending members unanimously.		
18th Meeting of 3rd Audit Committee (November 2, 2023)	The Company's resolution of the Audit Committee's opinions: Submit the motion to the Board of Directors for resolution on August 30, 2023, and passed by all attending directors unanimously.		
	Case No. 1: The Company intends to change the independent auditors from Q3 of 2023.	✓	✗
	Case No. 2: The Company's consolidated financial statements for Q3 of 2023.	✓	✗
	Case No. 3: Amendments to the "Internal Control System for Securities Trading" and "Internal Control System for Futures Introducing Broker" of the Company.	✓	✗
	Dissenting opinions, qualified opinions, or material recommendations of independent directors: None. Resolution of the Audit Committee: Approved as it is by all Audit Committee members unanimously.		
19th meeting of 3rd Audit Committee (December 14, 2023)	The Company's resolution of the Audit Committee's opinions: Submit the motion to the Board of Directors for resolution on November 3, 2023, and passed by all attending directors unanimously.		
	Case No. 1: The Company's 2024 business plan and budget	✓	✗
	Case No. 2: Evaluation on Independence and Competence of the independent auditors.	✓	✗
	Case No. 3: Appointment of and remuneration to the Company's independent auditors.	✓	✗
	Case No. 4: Report of the Company's 2024 Internal Audit Operation Inspection Plan→(Proposed by Auditing Office)	✓	✗
	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: Proposal for amendments to the securities introducing broker service contract and addendum with Concord Futures Corp.	✓	✗
	Case No. 7: Proposal to sign a sales agency contract with Concord Securities Corp. for Thornburg funds.	✓	✗
	Case No. 8: Amendments to the Company's "Regulations Governing the Trading of Emerging Stocks."	✓	✗
	Case No. 9: The written legal opinion issued by Huang & Partners entrusted by the Company on FSC's letter under Zheng-Qi (Quan)-Zi No. 1120357657 dated October 24, 2023.	✓	✗
	Case No. 10: Propose the Company's 2024 major issue accountability plan.	✓	✗

Case No.11: The Company appointed Concord Capital Management Corp. to provide investment consulting services.	✓	✗
Case No.12: Amendments to the donation terms and conditions with respect to the Company's application for the establishment of the Taipei City Concord Social Welfare Charitable Foundation.	✓	✗
Case No. 13: Amendments to the Company's "Procedure for Acquisition and Disposal of Assets."	✓	✗
Dissenting opinions, qualified opinions, or material recommendations of independent directors: None.		
Resolution of the Audit Committee: Approved as it is by all Audit Committee members unanimously.		
The Company's resolution of the Audit Committee's opinions: Submit the motion to the Board of Directors for resolution on December 15, 2023, and passed by all attending directors unanimously.		

- (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: 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 Audit Committee had no proposals involving conflict of interest in 2023.
- III. The communications between members of the independent directors and chief internal auditors and CPAs (including significant matters, 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>

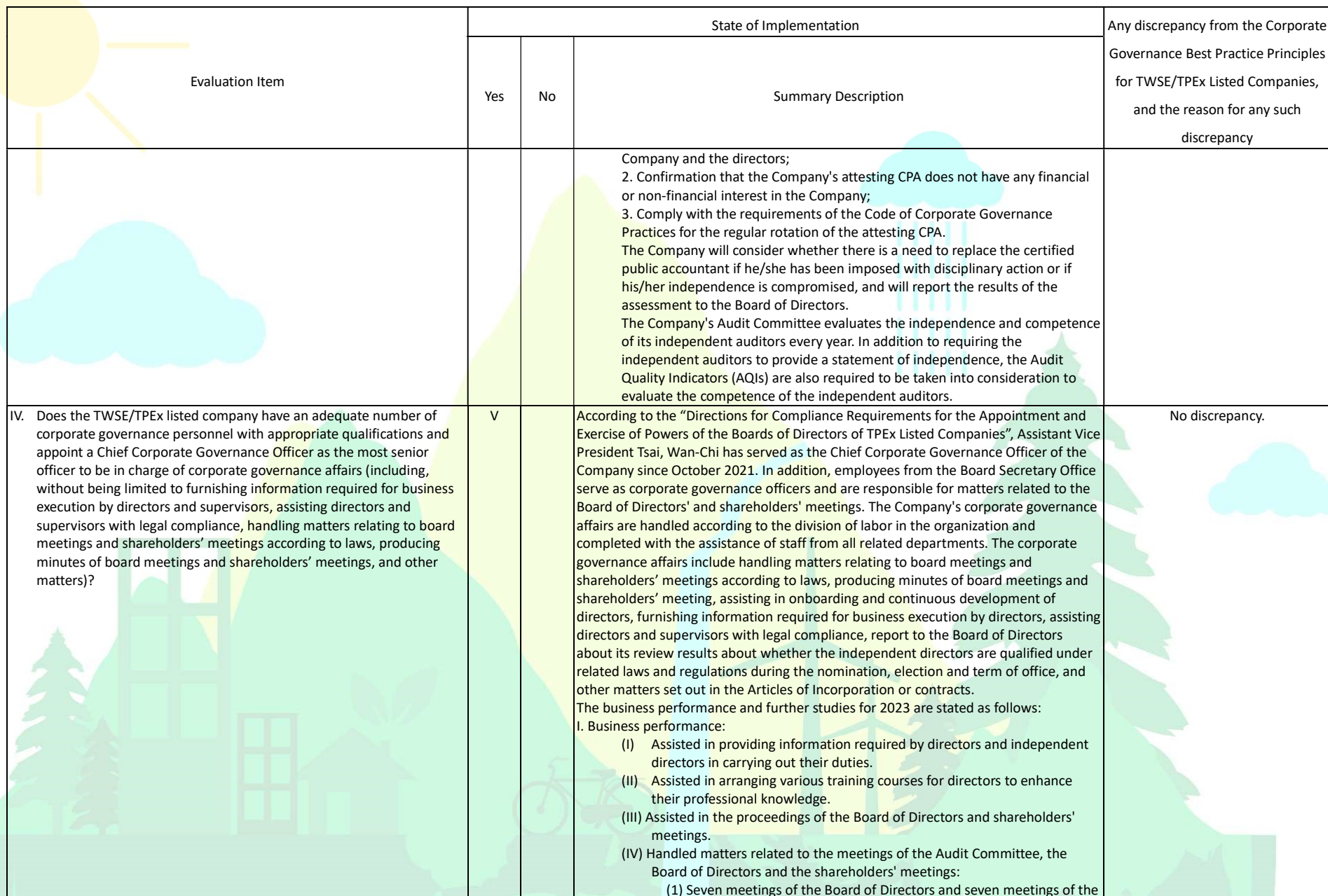
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3.3.3 The state of the company's implementation of corporate governance, any discrepancy from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such discrepancy:

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	
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 stated as follows:</p> <p>1. Formulate risk management policies and structures, and delegate powers and responsibilities to relevant units.</p> <p>2. Formulate risk assessment standards.</p> <p>3. Manage the overall risk limit of the Company and the risk limit of each unit.</p> <p>4. Formulate the list of commodity types for each business department and allocate new business items.</p> <p>5. Set the upper cap of the undertaking amount, loss amount, and risk-related values for the product types of each business department.</p> <p>6. Review underwriting cases where the amounts undertaken by the underwriting business unit have exceeded the authority of the Underwriting Review Committee.</p> <p>7. Review the margin purchase and short sale system and quota.</p> <p>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.</p> <p>9. Review the risk management matters proposed by each department and other matters related to the risk management planning and management review and improvement.</p> <p>10. Matters that should be submitted to the Risk Management Committee for review in accordance with other regulations.</p> <p>11. The term of office of the current members is from July 29, 2021 to July 11, 2024. As of December 31, 2023, 12 meetings have been held, and the attendance of members is stated as follows:</p> <table><tr><th>Title</th><th>Name</th><th>Meeting attendance rate</th><th>Remark</th></tr><tr><td>Independent</td><td>Chang,</td><td>100%</td><td>Convener,</td></tr></table>	Title	Name	Meeting attendance rate	Remark	Independent	Chang,	100%	Convener,	<p>No discrepancy.</p> <p>No discrepancy.</p>
Title	Name	Meeting attendance rate	Remark									
Independent	Chang,	100%	Convener,									

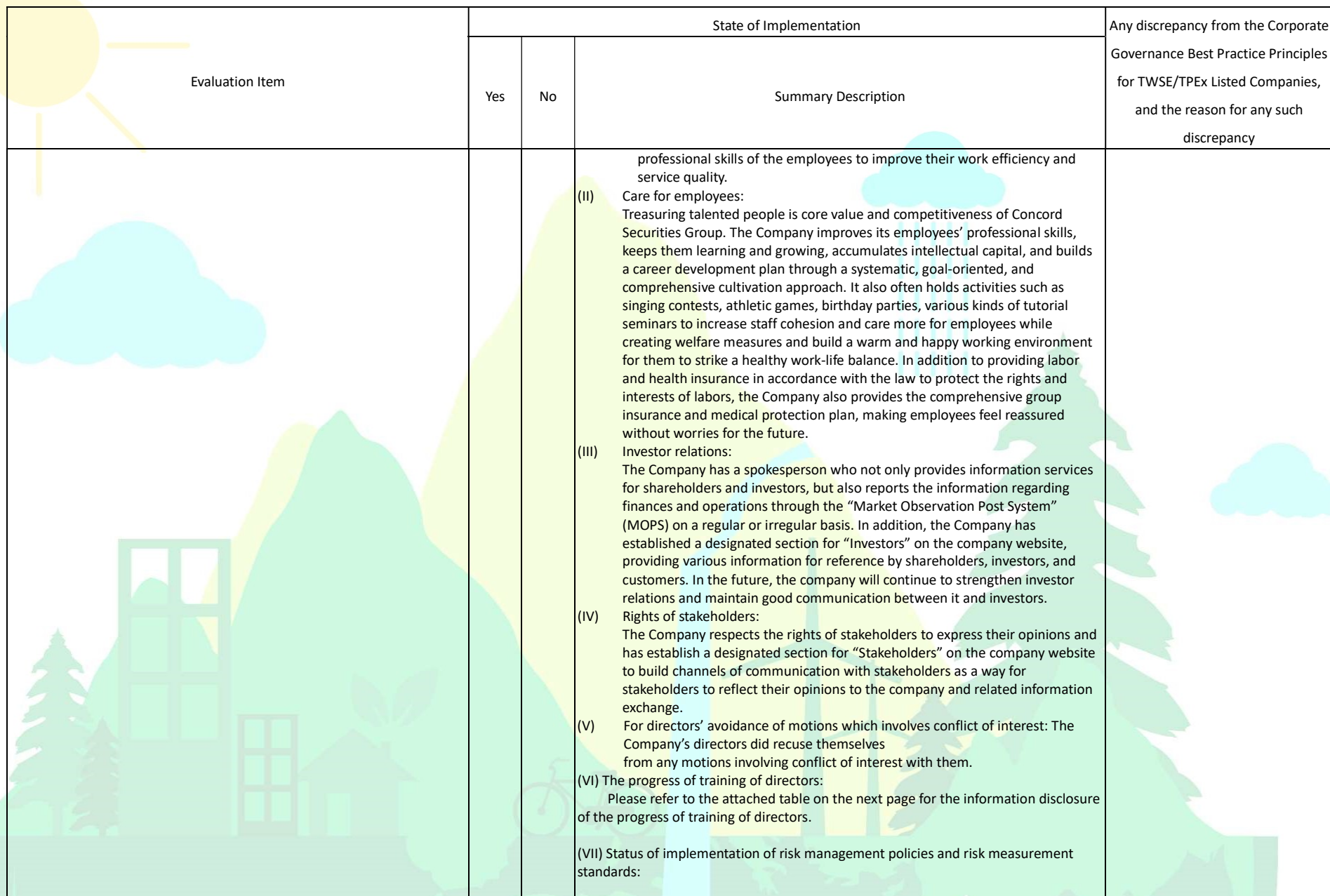
Evaluation Item	State of Implementation			Any discrepancy from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such discrepancy																				
	Yes	No	Summary Description																					
(III) Does the company formulate the Regulations 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		<table><tr><td>Director</td><td>Yao-Re n</td><td></td><td>with professional accounting background</td></tr><tr><td>Independent Director</td><td>Huang, Hsiu Hui</td><td>100%</td><td></td></tr><tr><td>Independent Director</td><td>Huang, Tien-C hang</td><td>100%</td><td>Discharged on August 18, 2023(December 14, 2023)</td></tr><tr><td>Director</td><td>Chin-S hen Lee</td><td>100%</td><td></td></tr><tr><td>Chairperson</td><td>Cheng, Ta-Yu</td><td>91.67%</td><td></td></tr></table>	Director	Yao-Re n		with professional accounting background	Independent Director	Huang, Hsiu Hui	100%		Independent Director	Huang, Tien-C hang	100%	Discharged on August 18, 2023(December 14, 2023)	Director	Chin-S hen Lee	100%		Chairperson	Cheng, Ta-Yu	91.67%		No discrepancy.
Director	Yao-Re n		with professional accounting background																					
Independent Director	Huang, Hsiu Hui	100%																						
Independent Director	Huang, Tien-C hang	100%	Discharged on August 18, 2023(December 14, 2023)																					
Director	Chin-S hen Lee	100%																						
Chairperson	Cheng, Ta-Yu	91.67%																						
(IV) Does the Company evaluate the independence of the CPA engaged by the company regularly?	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 2023 has been performed by the Board members by self-evaluation, and the evaluation results have been submitted to the Board of Directors on February 27, 2024. According to Article 25 of the Articles of Incorporation, the Company shall appropriate not more than 5% of the profit of the fiscal year for remuneration to directors by a resolution to be adopted by the Board of Directors, and according to Article 4 of the Company’s “Regulations for Compensation of Directors,” the Directors are given reasonable compensation by taking into account the Company’s operating results and with reference to their degree of contribution to the Company’s performance.</p> <p>(IV) The Company has selected professional and independent CPAs to conduct 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 15, 2023.</p> <p>The contents of the evaluation are listed as follows:</p> <p>1. Confirmation that the Company’s attesting CPA is not a related party to the</p>																					



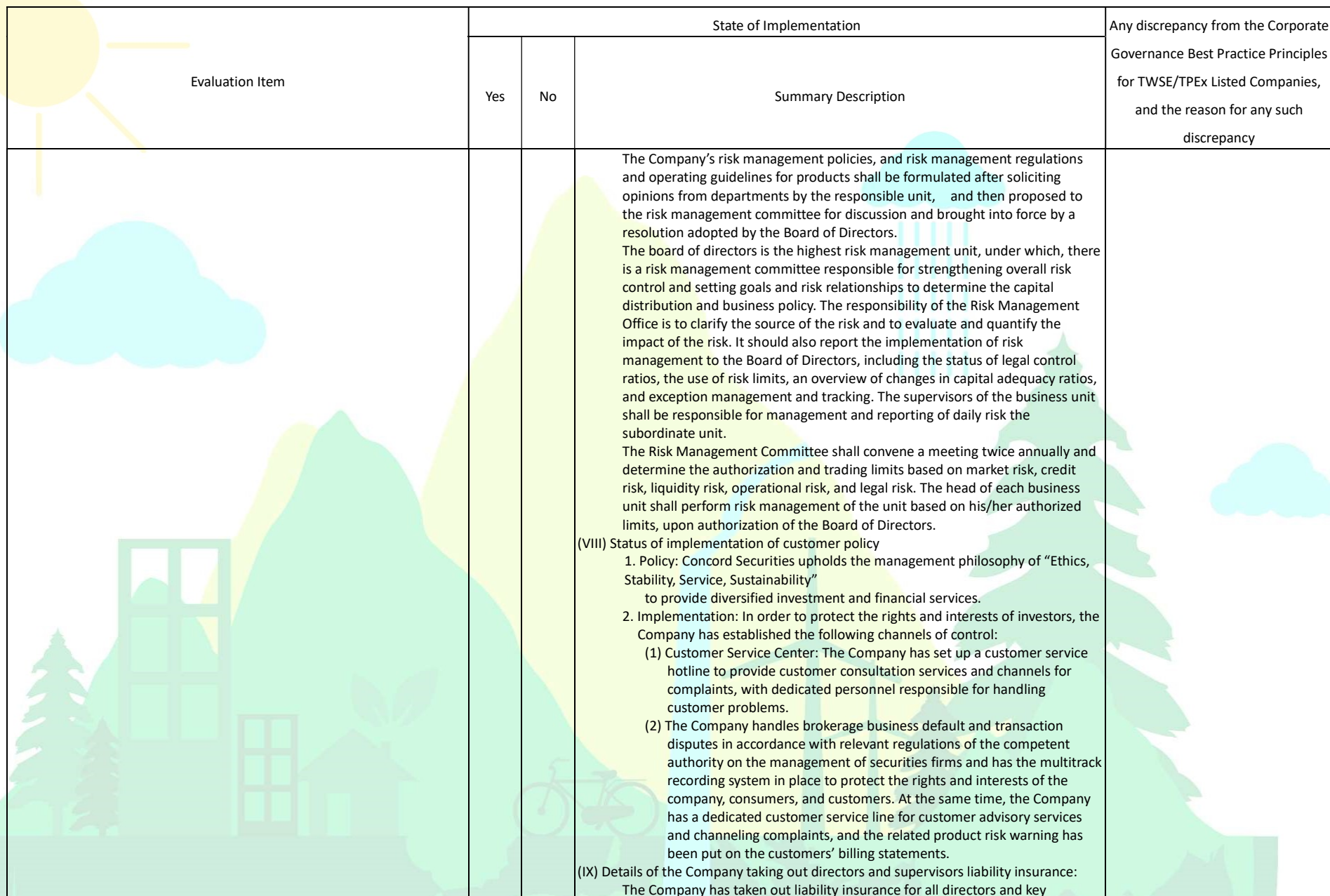
Evaluation Item	State of Implementation			Any discrepancy from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such discrepancy
	Yes	No	Summary Description	
			<p>Company and the directors;</p> <p>2. Confirmation that the Company's attesting CPA does not have any financial or non-financial interest in the Company;</p> <p>3. Comply with the requirements of the Code of Corporate Governance Practices for the regular rotation of the attesting CPA.</p> <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> <p>The Company's Audit Committee evaluates the independence and competence of its independent auditors every year. In addition to requiring the independent auditors to provide a statement of independence, the Audit Quality Indicators (AQIs) are also required to be taken into consideration to evaluate the competence of the independent auditors.</p>	
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, report to the Board of Directors about its review results about whether the independent directors are qualified under related laws and regulations during the nomination, election and term of office, and other matters set out in the Articles of Incorporation or contracts.</p> <p>The business performance and further studies for 2023 are stated as follows:</p> <p>I. Business performance:</p> <p>(I) Assisted in providing information required by directors and independent 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) Seven meetings of the Board of Directors and seven meetings of the</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	
			<p>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 7, 2023. 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 shareholder service agent (Grand Fortune Securities' Shareholder Service Agency 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&submenu=01</p> <p>2. The URL of the Company's Corporate Governance Zone https://www.concords.com.tw/about/Company/bod.htm?mnu=03&submenu=01</p>	No discrepancy.
(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,	V		(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	No discrepancy.

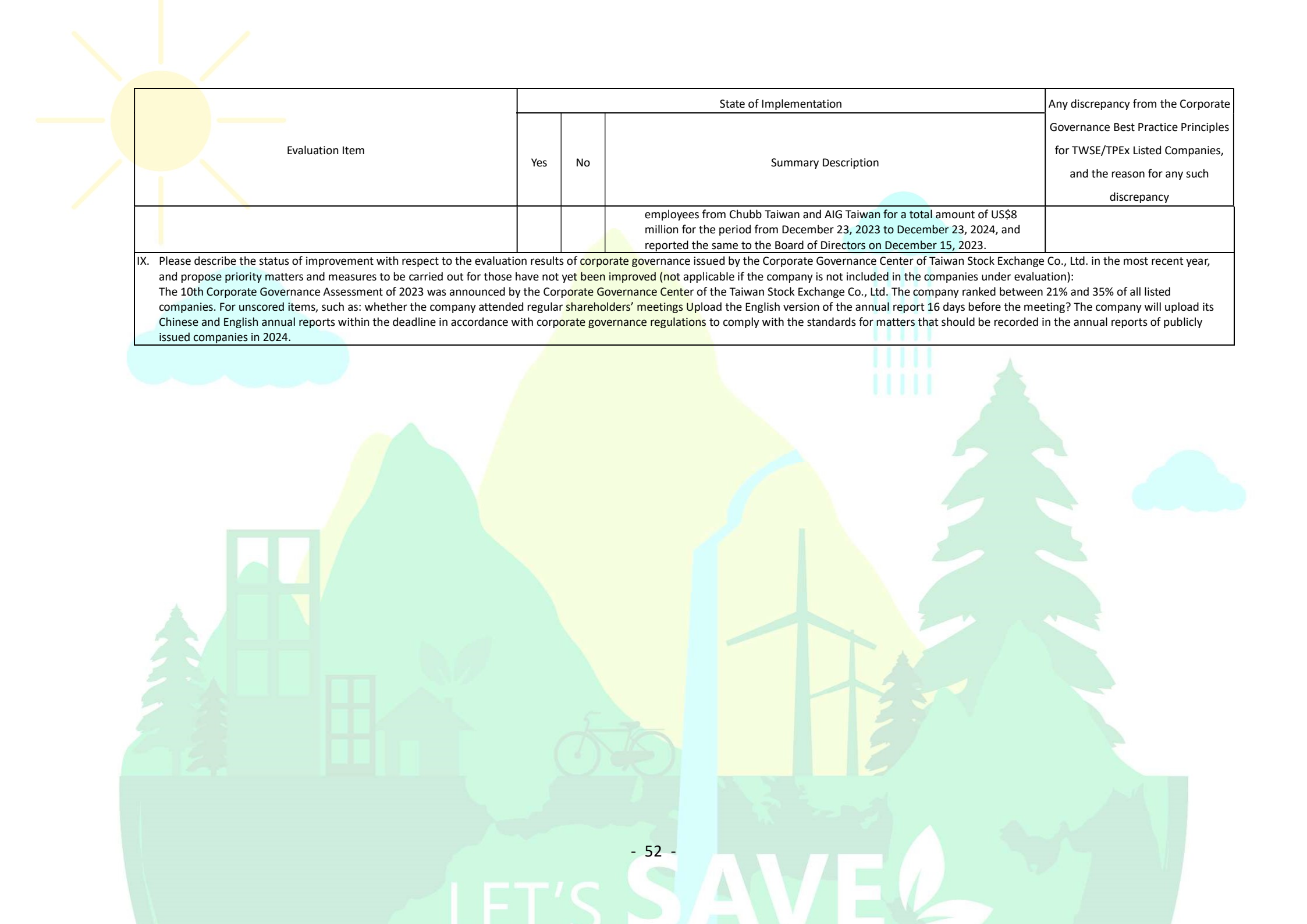
Evaluation Item	State of Implementation			Any discrepancy from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such discrepancy
	Yes	No	Summary Description	
<p>implementing the spokesperson system, disclosing the process an investor conference on the Company's website, etc.)?</p> <p>(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?</p>	V		<p>following information for reference by shareholders, investors, and customers:</p> <ol style="list-style-type: none"> 1. Setting up a website in both Chinese and English and providing relevant Chinese and English company profiles 2. Disclosing the information regarding the company's finances, operations, and corporate governance 3. Setting up the Investors Window to disclose the contact window and contact information and provide investors channels of communication in a convenient way 4. The presentation and video files of the corporate presentation have been disclosed on the "Investor Zone" of the Company's website. (The URL of the Company's Institutional Investors Conference at https://www.concords.com.tw/about/financial/Conference.html?mnu=02) <p>(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. Further, in accordance with Article 21 of the Regulations Governing Securities Firms, a public securities firm or a securities subsidiary of a financial holding company shall publicly announce and report its annual financial report no later than 75 days after the close 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.</p>	No discrepancy.
<p>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.)?</p>	V		<p>(I) Employees' rights and interests:</p> <ol style="list-style-type: none"> 1. For the purpose of improving work efficiency and solidarity of the employees, the Company pays special attention to welfare measures and harmonious 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 the hotline, emails, or the "Whistle-blower Mailbox" specially set up on the Company's website. 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 	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>professional skills of the employees to improve their work efficiency and service quality.</p> <p>(II) Care for employees: Treasuring talented people is core value and competitiveness of Concord Securities Group. The Company improves its employees' professional skills, keeps them learning and growing, accumulates intellectual capital, and builds a career development plan through a systematic, goal-oriented, and comprehensive cultivation approach. It also often holds activities such as singing contests, athletic games, birthday parties, various kinds of tutorial seminars to increase staff cohesion and care more for employees while creating welfare measures and build a warm and happy working environment for them to strike a healthy work-life balance. In addition to providing labor and health insurance in accordance with the law to protect the rights and interests of labors, the Company also provides the comprehensive group insurance and medical protection plan, making employees feel reassured without worries for the future.</p> <p>(III) Investor relations: The Company has a spokesperson who not only provides information services for 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) For directors' avoidance of motions which involves conflict of interest: The Company's directors did recuse themselves from any motions involving conflict of interest with them.</p> <p>(VI) The progress of training of directors: Please refer to the attached table on the next page for the information disclosure of the progress of training of directors.</p> <p>(VII) Status of implementation of risk management policies and risk measurement standards:</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>The Company's risk management policies, and 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, upon authorization of the Board of Directors.</p> <p>(VIII) Status of implementation of customer policy</p> <ol style="list-style-type: none"> Policy: Concord Securities upholds the management philosophy of "Ethics, Stability, Service, Sustainability" to provide diversified investment and financial services. 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"> 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. The Company handles brokerage business default and transaction disputes in accordance with relevant regulations of the competent authority on the management of securities firms and has the multitrack recording system in place to protect the rights and interests of the company, consumers, and customers. At the same time, the Company has a dedicated customer service line for customer advisory services and channeling complaints, and the related product risk warning has been put on the customers' billing statements. <p>(IX) Details of the Company taking out directors and supervisors liability insurance: The Company has taken out liability insurance for all directors and key</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	
			employees from Chubb Taiwan and AIG Taiwan for a total amount of US\$8 million for the period from December 23, 2023 to December 23, 2024, and reported the same to the Board of Directors on December 15, 2023.	
<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>The 10th Corporate Governance Assessment of 2023 was announced by the Corporate Governance Center of the Taiwan Stock Exchange Co., Ltd. The company ranked between 21% and 35% of all listed companies. For unscored items, such as: whether the company attended regular shareholders' meetings Upload the English version of the annual report 16 days before the meeting? The company will upload its Chinese and English annual reports within the deadline in accordance with corporate governance regulations to comply with the standards for matters that should be recorded in the annual reports of publicly issued companies in 2024.</p>				

Progress of continuing education of directors

December 31, 2023

Title	Name	Election Date	Training Date		Organizer	Course Name	Hours of Training	Whether the training meets the requirements (Note 1)
			From	To				
Chairperson	Zhong Yang Investment Co., Ltd. Representative: Cheng, Ta-Yu	2021.07.12	2023.06.28	2023.06.28	Taiwan Securities Association	Fair Dealing Policy and Ethical Corporate Management	3.0	Yes
			2023.12.12	2023.12.12	Taiwan Securities Association	Analysis and Case Studies on Money Laundering Prevention and Countering of Terrorism Financing	3.0	
Director	Zhong Yang Investment Co., Ltd. Representative: Jinnder Chang	2021.07.12	2023.07.24	2023.07.24	National Federation of CPA Associations of ROC	Tax issues related to the sale of equity	3.0	Yes
			2023.08.16	2023.08.16	National Federation of CPA Associations of ROC	Patterns of money laundering and insider trading	3.0	
			2023.08.24	2023.08.24	National Federation of CPA Associations of ROC	Summarization and integration of internal control and internal audit	3.0	
Director	Zhong Yang Investment Co., Ltd. Representative: Lee, Chin-Shen	2021.07.12	2023.06.28	2023.06.28	Taiwan Securities Association	Fair Dealing Policy and Ethical Corporate Management	3.0	Yes
			2023.09.21	2023.09.21	Taiwan Securities Association	Global FinTech and Information Security Risk Development Trends 2023	3.0	
			2023.12.12	2023.12.12	CHINESE NATIONAL FUTURES ASSOCIATION	Analysis and Case Studies on Money Laundering Prevention and Countering of Terrorism Financing	3.0	
Director	SHIH KAI Investment Co., Ltd. Representative: Chen, Qiong-Ling	2021.07.12	2023.06.28	2023.06.28	Taiwan Securities Association	Fair Dealing Policy and Ethical Corporate Management	3.0	Yes
			2023.11.13	2023.11.13	Taiwan Corporate Governance Association	How does the audit committee interpret and use the audit quality indicators	3.0	
			2023.12.12	2023.12.12	CHINESE NATIONAL FUTURES ASSOCIATION	Analysis and Case Studies on Money Laundering Prevention and Countering of Terrorism Financing	3.0	
Director	Yuan Lung Construction and Development Co., Ltd. Representative: Ma, Pei-Chun	2021.07.12	2023.05.11	2023.05.11	Taiwan Academy of Banking and Finance	Corporate Governance - FinTech Series (Issue 14) - Metaverse - Descriptions about Future Finance Integrating Reality and Virtuality	3.0	Yes
			2023.05.31	2023.05.31	Taiwan Academy of Banking and Finance	Impact posed by Chat GPT to the financial industry, and countermeasures	3.0	
			2023.06.28	2023.06.28	Taiwan Securities Association	Fair Dealing Policy and Ethical Corporate Management	3.0	
			2023.09.21	2023.09.21	Taiwan Securities Association	Global FinTech and Information Security Risk Development Trends 2023	3.0	
			2023.12.12	2023.12.12	CHINESE NATIONAL FUTURES ASSOCIATION	Analysis and Case Studies on Money Laundering Prevention and Countering of Terrorism Financing	3.0	
Director	Jia Yi Corp. Representative: Tsai, Sung-Po	2021.07.12	2023.06.28	2023.06.28	Taiwan Securities Association	Fair Dealing Policy and Ethical Corporate Management	3.0	Yes
			2023.09.21	2023.09.21	Taiwan Securities Association	Global FinTech and Information Security Risk Development Trends 2023	3.0	
			2023.12.12	2023.12.12	CHINESE NATIONAL FUTURES ASSOCIATION	Analysis and Case Studies on Money Laundering Prevention and Countering of Terrorism Financing	3.0	
Director	De Ye Investment Co., Ltd. Representative: Yang, Ming-Wang	2021.07.12	2023.06.28	2023.06.28	Taiwan Securities Association	Fair Dealing Policy and Ethical Corporate Management	3.0	Yes
			2023.09.21	2023.09.21	Taiwan Securities Association	Global FinTech and Information Security Risk Development Trends 2023	3.0	
			2023.12.12	2023.12.12	CHINESE NATIONAL FUTURES ASSOCIATION	Analysis and Case Studies on Money Laundering Prevention and Countering of Terrorism Financing	3.0	
Corporate Director	Taiming Development Co., Ltd. Representative: Lee, Chuang-Yuan	2021.08.01	2023.06.28	2023.06.28	Taiwan Securities Association	Fair Dealing Policy and Ethical Corporate Management	3.0	Yes
			2023.09.21	2023.09.21	Taiwan Securities Association	Global FinTech and Information Security Risk Development Trends 2023	3.0	
			2023.12.12	2023.12.12	CHINESE NATIONAL FUTURES ASSOCIATION	Analysis and Case Studies on Money Laundering Prevention and Countering of Terrorism Financing	3.0	
Independent Director	Chang, Yao-Ren	2021.07.12	2023.06.28	2023.06.28	Taiwan Securities Association	Fair Dealing Policy and Ethical Corporate Management	3.0	Yes
			2023.09.21	2023.09.21	Taiwan Securities Association	Global FinTech and Information Security Risk Development Trends 2023	3.0	
			2023.12.12	2023.12.12	CHINESE NATIONAL FUTURES ASSOCIATION	Analysis and Case Studies on Money Laundering Prevention and Countering of Terrorism Financing	3.0	
Independent Director	Huang, Hsiu Hui	2021.07.12	2023.06.28	2023.06.28	Taiwan Securities Association	Fair Dealing Policy and Ethical Corporate Management	3.0	Yes
			2023.11.14	2023.11.14	Independent Director Association Taiwan	Group's M&A strategy and investment management	3.0	

			2023.12.12	2023.12.12	CHINESE NATIONAL FUTURES ASSOCIATION	Analysis and Case Studies on Money Laundering Prevention and Countering of Terrorism Financing	3.0	
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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".



Disclosure of managerial officers participating in continuing education and training related to corporate governance

December 31, 2023

Organizer	Department	Title	Name	Course date	Course Name	Hours
Taiwan Securities Association	Management Level	President	Chiu, Jung-Chen	2023.09.21	Global FinTech and Information Security Risk Development Trends 2023	3
	Brokerage Business Group	Senior Executive Vice President	Tseng, Li-Kuo	2023.09.21	Global FinTech and Information Security Risk Development Trends 2023	3
	Chief Executive Officer	Senior Executive Vice President	Kang, Ching-Tai	2023.09.21	Global FinTech and Information Security Risk Development Trends 2023	3
	Chief Investment Officer	Senior Executive Vice President	Liao, Chi-Hung	2023.09.21	Global FinTech and Information Security Risk Development Trends 2023	3
	Chief Information Officer	Senior Executive Vice President	Chang, Jyh-Chian	2023.09.21	Global FinTech and Information Security Risk Development Trends 2023	3
	Underwriting Dept.	Vice President	Leu, Suh-Ling	2023.09.21	Global FinTech and Information Security Risk Development Trends 2023	3
	Settlement and Clearing Dept.	Vice President	Wang, Hsiu-Ching	2023.09.21	Global FinTech and Information Security Risk Development Trends 2023	3
	Auditing Office	Vice President	Shih, Shu-Chen	2023.09.21	Global FinTech and Information Security Risk Development Trends 2023	3
	Brokerage Dept.	Vice President	Yang, Chun-Cheng	2023.09.21	Global FinTech and Information Security Risk Development Trends 2023	3
	Brokerage Business Group	Vice President	Yen, Chih-Lung	2023.09.21	Global FinTech and Information Security Risk Development Trends 2023	3
	Regulation Compliance Dept.	Vice President	Ding, Yong-Kang	2023.09.21	Global FinTech and Information Security Risk Development Trends 2023	3
	Fixed Income Dept.	Vice President	Chen, Wei-Tung	2023.09.21	Global FinTech and Information Security Risk Development Trends 2023	3
	Shareholder Service Dept.	Senior Assistant Vice President	Yang, Yung-Sheng	2023.09.21	Global FinTech and Information Security Risk Development Trends 2023	3
	Human Resource Dept.	Senior Assistant Vice President	Huang, Mei-Ling	2023.09.21	Global FinTech and Information Security Risk Development Trends 2023	3
	Financial Derivatives Dept.	Senior Assistant Vice President	Ho, Chen-Che	2023.09.21	Global FinTech and Information Security Risk Development Trends 2023	3
	Wealth Management Dept.	Senior Assistant Vice President	Chang, Chia-Chia	2023.09.21	Global FinTech and Information Security Risk Development Trends 2023	3
	Brokerage Business Management Dept.	Senior Assistant Vice President	Yang, Kuang-Cheng	2023.09.21	Global FinTech and Information Security Risk Development Trends 2023	3
	Board Secretary Office	Assistant Vice President	Shou, Ning-Ning	2023.09.21	Global FinTech and Information Security Risk Development Trends 2023	3
	Risk Management Office	Assistant Vice President	Hsu, Shu-Wen	2023.09.21	Global FinTech and Information Security Risk Development Trends 2023	3
Taiwan Securities Association	Corporate Strategy Dept.	Assistant Vice President	Chen, Ming-Wei	2023.09.21	Global FinTech and Information Security Risk Development Trends 2023	3
	Proprietary Trading Dept.	Assistant Vice President	Yao, Yi-Shan	2023.09.21	Global FinTech and Information Security Risk Development Trends 2023	3
	IT Dept.	Assistant Vice President	Wang, Chien-Chang	2023.09.21	Global FinTech and Information Security Risk Development Trends 2023	3
	Accounting Dept.	Assistant Vice President	He, Chia-Lin	2023.09.21	Global FinTech and Information Security Risk Development Trends 2023	3
	Shareholder Service Dept.	Manager	CHEN, SHU-YUAN	2023.09.21	Global FinTech and Information Security Risk Development Trends 2023	3
	IT Dept.	Manager	Chen, Pei-Chung	2023.09.21	Global FinTech and Information Security Risk Development Trends 2023	3
	IT Dept.	Manager	Hsieh, Hui-Peng	2023.09.21	Global FinTech and Information Security Risk Development Trends 2023	3
	IT Dept.	Manager	Chiu, Kuan-Sheng	2023.09.21	Global FinTech and Information Security Risk Development Trends 2023	3
	IT Dept.	Manager	Ting, Chieh-Sung	2023.09.21	Global FinTech and Information Security Risk Development Trends 2023	3
	IT Dept.	Manager	Chiu, Tzu-Hsuan	2023.09.21	Global FinTech and Information Security Risk Development Trends 2023	3
	IT Dept.	Manager	Yu, Cheng-Yu	2023.09.21	Global FinTech and Information Security Risk Development Trends 2023	3
	Accounting Dept.	Manager	HUANG, CHUN-LAN	2023.09.21	Global FinTech and Information Security Risk Development Trends 2023	3
	Finance Dept.	Manager	Lin, Yen-Hui	2023.09.21	Global FinTech and Information Security Risk Development Trends 2023	3
	IT Dept.	Senior Manager	Hsu, Huai-Chien	2023.09.21	Global FinTech and Information Security Risk Development Trends 2023	3
	IT Dept.	Senior Manager	Chou, Ming-Chen	2023.09.21	Global FinTech and Information Security Risk Development Trends 2023	3
	Settlement and Clearing Dept.	Senior Manager	CHOU, HUI-MING	2023.09.21	Global FinTech and Information Security Risk Development Trends 2023	3
	Digital Marketing Dept.	Senior Manager	Lin, Shih-Nung	2023.09.21	Global FinTech and Information Security Risk Development Trends 2023	3
	Proprietary Trading Dept.	Senior Manager	Cheng, Tai-Cheng	2023.09.21	Global FinTech and Information Security Risk Development Trends 2023	3
	General Affairs Dept.	Senior Manager	Li, Wen-Bin	2023.09.21	Global FinTech and Information Security Risk Development Trends 2023	3
	Human Resource Dept.	Senior Manager	Wei, Bei-Ling	2023.09.21	Global FinTech and Information Security Risk Development Trends 2023	3
Taiwan Securities	Management Level	President	Chiu, Jung-Chen	2023.06.28	Fair Dealing Policy and Ethical Corporate Management	3

Organizer	Department	Title	Name	Course date	Course Name	Hours
Association	Chief Executive Officer	Senior Executive Vice President	Kang, Ching-Tai	2023.06.28	Fair Dealing Policy and Ethical Corporate Management	3
	Brokerage Business Group	Senior Executive Vice President	Tseng, Li-Kuo	2023.06.28	Fair Dealing Policy and Ethical Corporate Management	3
	Chief Investment Officer	Senior Executive Vice President	Liao, Chi-Hung	2023.06.28	Fair Dealing Policy and Ethical Corporate Management	3
	Fixed Income Dept.	Vice President	Chen, Wei-Tung	2023.06.28	Fair Dealing Policy and Ethical Corporate Management	3
	Underwriting Dept.	Vice President	Leu, Suh-Ling	2023.06.28	Fair Dealing Policy and Ethical Corporate Management	3
	Brokerage Business Group	Vice President	Yen, Chih-Lung	2023.06.28	Fair Dealing Policy and Ethical Corporate Management	3
	Human Resource Dept.	Senior Assistant Vice President	Huang, Mei-Ling	2023.06.28	Fair Dealing Policy and Ethical Corporate Management	3
	Financial Derivatives Dept.	Senior Assistant Vice President	Ho, Chen-Che	2023.06.28	Fair Dealing Policy and Ethical Corporate Management	3
	Wealth Management Dept.	Senior Assistant Vice President	Chang, Chia-Chia	2023.06.28	Fair Dealing Policy and Ethical Corporate Management	3
	Brokerage Business Management Dept.	Senior Assistant Vice President	Yang, Kuang-Cheng	2023.06.28	Fair Dealing Policy and Ethical Corporate Management	3
	IT Dept.	Assistant Vice President	Pai, Cheng-Hsien	2023.06.28	Fair Dealing Policy and Ethical Corporate Management	3
	Auditing Office	Assistant Vice President	Lo, Yu-Chieh	2023.06.28	Fair Dealing Policy and Ethical Corporate Management	3
	Risk Management Office	Assistant Vice President	Hsu, Shu-Wen	2023.06.28	Fair Dealing Policy and Ethical Corporate Management	3
	Corporate Strategy Dept.	Assistant Vice President	Chen, Ming-Wei	2023.06.28	Fair Dealing Policy and Ethical Corporate Management	3
	Accounting Dept.	Assistant Vice President	He, Chia-Lin	2023.06.28	Fair Dealing Policy and Ethical Corporate Management	3
	Board Secretary Office	Assistant Vice President	Shou, Ning-Ning	2023.06.28	Fair Dealing Policy and Ethical Corporate Management	3
	Corporate Strategy Dept.	Manager	Yang, Li-Chin	2023.06.28	Fair Dealing Policy and Ethical Corporate Management	3
	Regulation Compliance Dept.	Senior Manager	LAI, CHI-HUA	2023.06.28	Fair Dealing Policy and Ethical Corporate Management	3
	Digital Marketing Dept.	Senior Manager	Lin, Shih-Nung	2023.06.28	Fair Dealing Policy and Ethical Corporate Management	3
	Proprietary Trading Dept.	Senior Manager	Cheng, Tai-Cheng	2023.06.28	Fair Dealing Policy and Ethical Corporate Management	3
	General Affairs Dept.	Senior Manager	Li, Wen-Bin	2023.06.28	Fair Dealing Policy and Ethical Corporate Management	3
Taiwan Academy of Banking and Finance	Chief Corporate Governance Officer	Assistant Vice President	Tsai, Wan-Chi	2023.12.06	2023 Sustainable Finance Forum	6
Taiwan Corporate Governance Association				2023.11.17	Chief Corporate Governance Officer Compliance Practices	3
Taipei Exchange				2023.10.06	"2023 World Investor Week Joint Forum"	3
The Chinese National Association of Industry and Commerce, Taiwan (CNAIC)				2023.03.24	2023 Instructions to Board of Directors Meeting/Shareholders' Meeting and FAQs	3
Taiwan Securities Association				2023.09.21	Corporate Governance - Global FinTech and Information Security Risk Development Trends 2023	3
TWSE				2023.06.28	Corporate governance in 1H of 2023: Fair Dealing Policy and Ethical Corporate Management	3
				2023.04.27	"TWSE/TPEx-Listed Companies' Sustainable Development Action Plan" Conference	3
Taiwan Securities Association	Underwriting Dept.	Vice President	Lee, Yu-Ju	2023.09.19	Analysis and Case Study on Legal Liability Toward Corporate Fraud	3
	Underwriting Dept.	Senior Manager	Chang, Yung-Han	2023.06.13	Preparation of corporate financial statements, review focus, interpretation and analysis	3
	Underwriting Dept.	Manager	Wang, Hsin-Chi	2023.05.16	The Latest Trends of ESG: An Example of Sustainable Management Strategy in the Securities and Finance Industry	3
	Underwriting Dept.	Manager	CHI, HSIU-FENG	2023.03.21	Analysis and Case Sharing on Legal Liability Toward Corporate Fraud	3
	Underwriting Dept.	Manager	CHENG, SHIH-WEI	2023.03.21	Analysis and Case Study on Legal Liability Toward Corporate Fraud	3
	Underwriting Dept.	Manager	Li, Yan-Liang	2023.03.21	Analysis and Case Study on Legal Liability Toward Corporate Fraud	3
	Underwriting Dept.	Manager	HSU, CHING-HUA	2023.03.21	Analysis and Case Study on Legal Liability Toward Corporate Fraud	3

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

3.3.4.1 Information on the Remuneration Committee members:

<div>Requirement</div> <div>Position (Note 1) Name</div>		Professional Qualifications and Experience (Note 2)	Independence Status (Note 3)	Number of other public companies he/she concurrently serves as the remuneration committee member
Convener/Independent Director	Huang, Hsiu-Hui	Attached Table 1 Information of Directors and Supervisors (I) for details		0
Committee Member/Independent Director	Chang, Yao-Ren			0
Committee Member/other	Liu, Chih-Chung	Graduated from the Law Department of Soochow University and qualified as a lawyer in the Republic of China. He is currently the deputy director of Grace Law Firm and the standing supervisor of the Hakka Public Communication Foundation. He has served as a lawyer at Yongran United Law Firm, the director of Daniel Law Firm, and a legal services lawyer for the Taipei City Government. There are no circumstances under Article 30 of the Company Law.	In the two years before the appointment and during his tenure, he did not violate the independence provisions of Article 6 of the "Measures for the Establishment and Exercise of Powers of the Salary and Remuneration Committee of Companies whose stocks are listed or traded on the business premises of securities firms", nor did he concurrently hold salary and remuneration committee member positions for other publicly traded companies.	0

3.3.4.3 Information on the operation of the remuneration committee:

- (1) The Company's remuneration committee consists of 3 members
- (2) The term of the current committee members: From July 29, 2021 to July 11, 2024. Meetings of the Committee were held 7 times in the most recent year. The qualifications of the committee members and Attendance details are as follows:

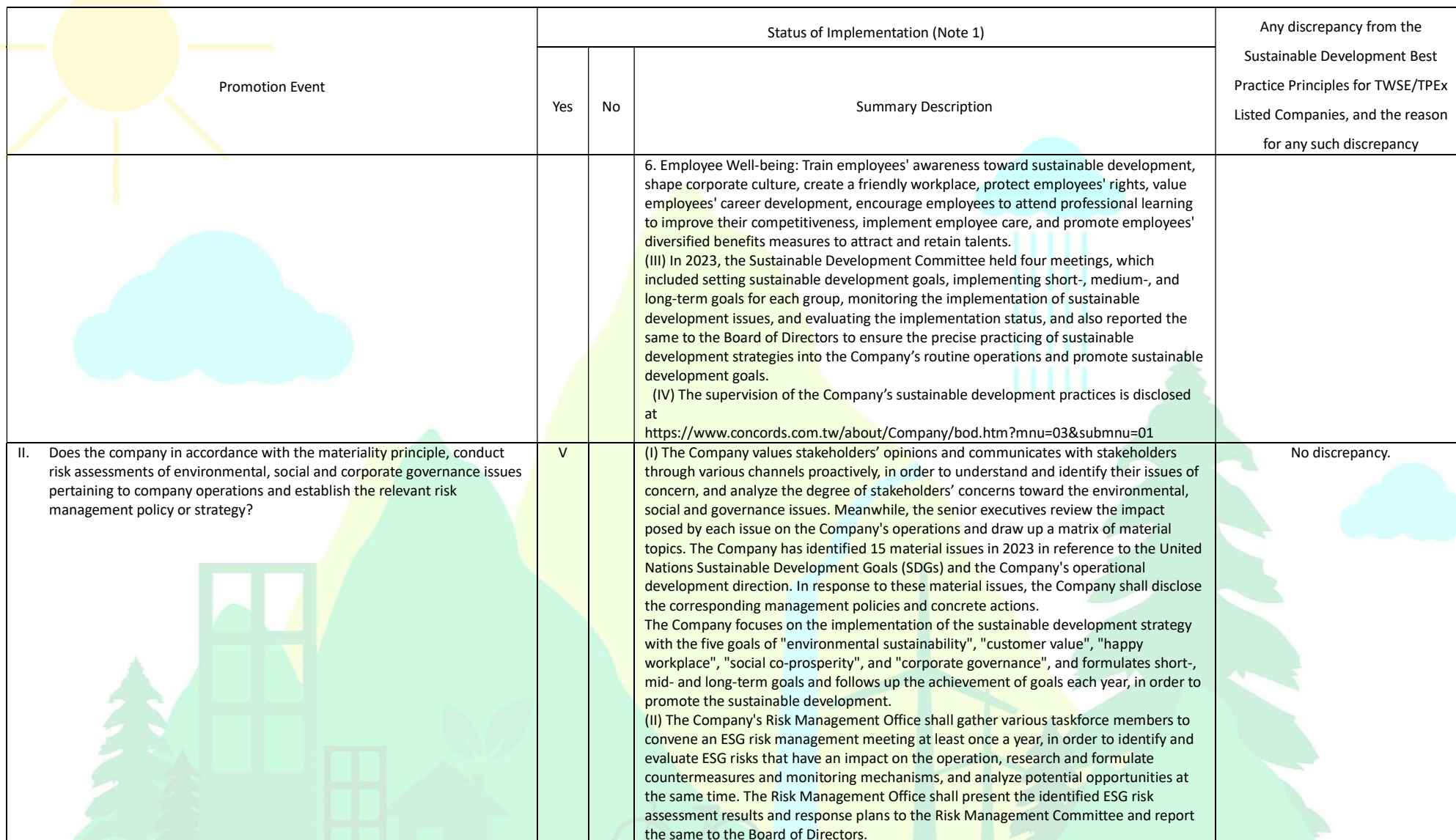
Title	Name	Frequency of actual attendance (B)	Frequency of appointing proxies to attend	Rate of actual attendance (%) (B/A)	Remark
Convener	Huang, Hsiu-Hui	7	0	100	None
Member	Chang, Yao-Ren	7	0	100	None
Member	Liu, Chih-Chung	1	0	100	(newly appointed on

					November 16, 2023)
Member	Huang, Tien-Chang	4	0	100	Former (August 18, 2023)
<p>Any other matters that require reporting:</p> <p>I. If the board of directors does not adopt or amend the recommendations of the compensation committee, The date and period of the board of directors meeting, the term, the content of the agenda, the results of the board of directors' resolutions, and the company's actions to the opinions of the remuneration committee shall be stated (If the remuneration approved by the board of directors is higher than the recommendation of the remuneration committee, the difference and the reason for any such difference shall be stated): None.</p> <p>II. For the resolutions adopted by the remuneration committee, if a committee member has a dissenting or qualified opinion which is on record or stated in a written statement, the date of the remuneration committee meeting, the term, the content of the agenda, the opinions of the members, and the actions to the opinions of the members shall be stated: None.</p>					

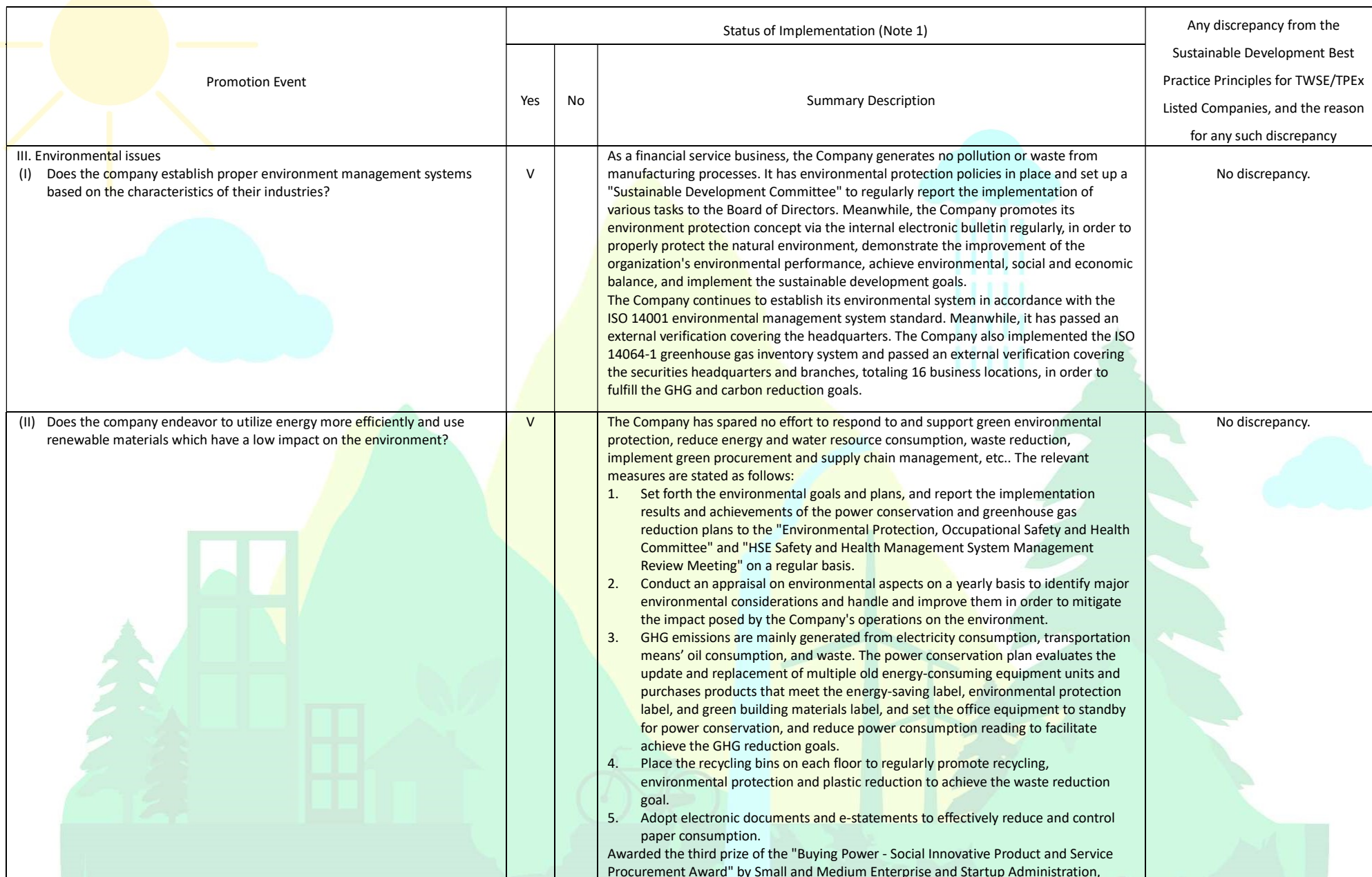
LET'S SAVE
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TOGETHER

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>(1) On March 17, 2022, 9th meeting of 12th Board of Directors of the Company approved the establishment of the "Sustainable Development Committee." In order to implement the amendments to the "Organization Rules of Sustainable Development Committee" approved by 20th meeting of 12th Board of Directors on August 30, 2023, the Company renamed the taskforces into the "Responsible Investment," "Perpetual Finance," "Corporate Governance," "Environmental Sustainability," "Social Engagement" and "Employee Well-being."</p> <p>The Chairman of the Sustainable Development Committee is served by as the Chairman of Board, and Vice Chairman by the President. Each taskforce convener serves as the <i>ex officio</i> member. Members and taskforce conveners attend the meeting regularly. Meanwhile, the convener may invite the taskforce members to attend the meeting, subject to the contents of motions.</p> <p>The Corporate Strategy Dept. of the Sustainable Development Committee is responsible for assisting the Committee in exercising its powers, as a parliamentary unit. The Committee shall meet at least once per year, and may convene a special meeting at any time whenever necessary.</p> <p>(II) Responsibilities of various taskforces:</p> <ol style="list-style-type: none"> 1. Responsible Investment: 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 2. Sustainable Finance: Responsible for protecting customers' interests and fair dealing, and promoting the innovative research and development of sustainable products, services, and green products, and engaging with more stakeholders through financial influence. 3. Corporate Governance: Responsible for promoting the formulation of corporate governance guidelines, the establishment of ethical management, strengthening compliance and promotion of laws and regulations, and improving information transparency and risk management to protect the rights and interests of shareholders and stakeholders. 4. Environmental sustainability: Establish concrete goals and practices in environmental protection, energy conservation and carbon reduction, implement green procurement and supplier management, proactively reduce carbon emissions from operations, and promote and share a sustainable living environment. 5. Social Engagement: Responsible for participating in various important issues of social welfare, such as academic education, cultivation of talents, care for disadvantaged groups, major disaster relief, etc., to implement social care from all aspects, and exert the key influence. 	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>6. Employee Well-being: Train employees' awareness toward sustainable development, shape corporate culture, create a friendly workplace, protect employees' rights, value employees' career development, encourage employees to attend professional learning to improve their competitiveness, implement employee care, and promote employees' diversified benefits measures to attract and retain talents.</p> <p>(III) In 2023, the Sustainable Development Committee held four 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, and also reported the same to the Board of Directors to ensure the precise practicing of sustainable development strategies into the Company's routine operations and promote sustainable development goals.</p> <p>(IV) The supervision of the Company's sustainable development practices is disclosed at https://www.concords.com.tw/about/Company/bod.htm?mnu=03&submnu=01</p>	
II. Does the company in accordance with the materiality principle, conduct risk assessments of environmental, social and corporate governance issues pertaining to company operations and establish the relevant risk management policy or strategy?	V		<p>(I) The Company values stakeholders' opinions and communicates with stakeholders through various channels proactively, in order to understand and identify their issues of concern, and analyze the degree of stakeholders' concerns toward the environmental, social and governance issues. Meanwhile, the senior executives review the impact posed by each issue on the Company's operations and draw up a matrix of material topics. The Company has identified 15 material issues in 2023 in reference to the United Nations Sustainable Development Goals (SDGs) and the Company's operational development direction. In response to these material issues, the Company shall disclose the corresponding management policies and concrete actions.</p> <p>The Company focuses on the implementation of the sustainable development strategy with the five goals of "environmental sustainability", "customer value", "happy workplace", "social co-prosperity", and "corporate governance", and formulates short-, mid- and long-term goals and follows up the achievement of goals each year, in order to promote the sustainable development.</p> <p>(II) The Company's Risk Management Office shall gather various taskforce members to convene an ESG risk management meeting at least once a year, in order to identify and evaluate ESG risks that have an impact on the operation, research and formulate countermeasures and monitoring mechanisms, and analyze potential opportunities at the same time. The Risk Management Office shall present the identified ESG risk assessment results and response plans to the Risk Management Committee and report the same to the Board of Directors.</p>	No discrepancy.

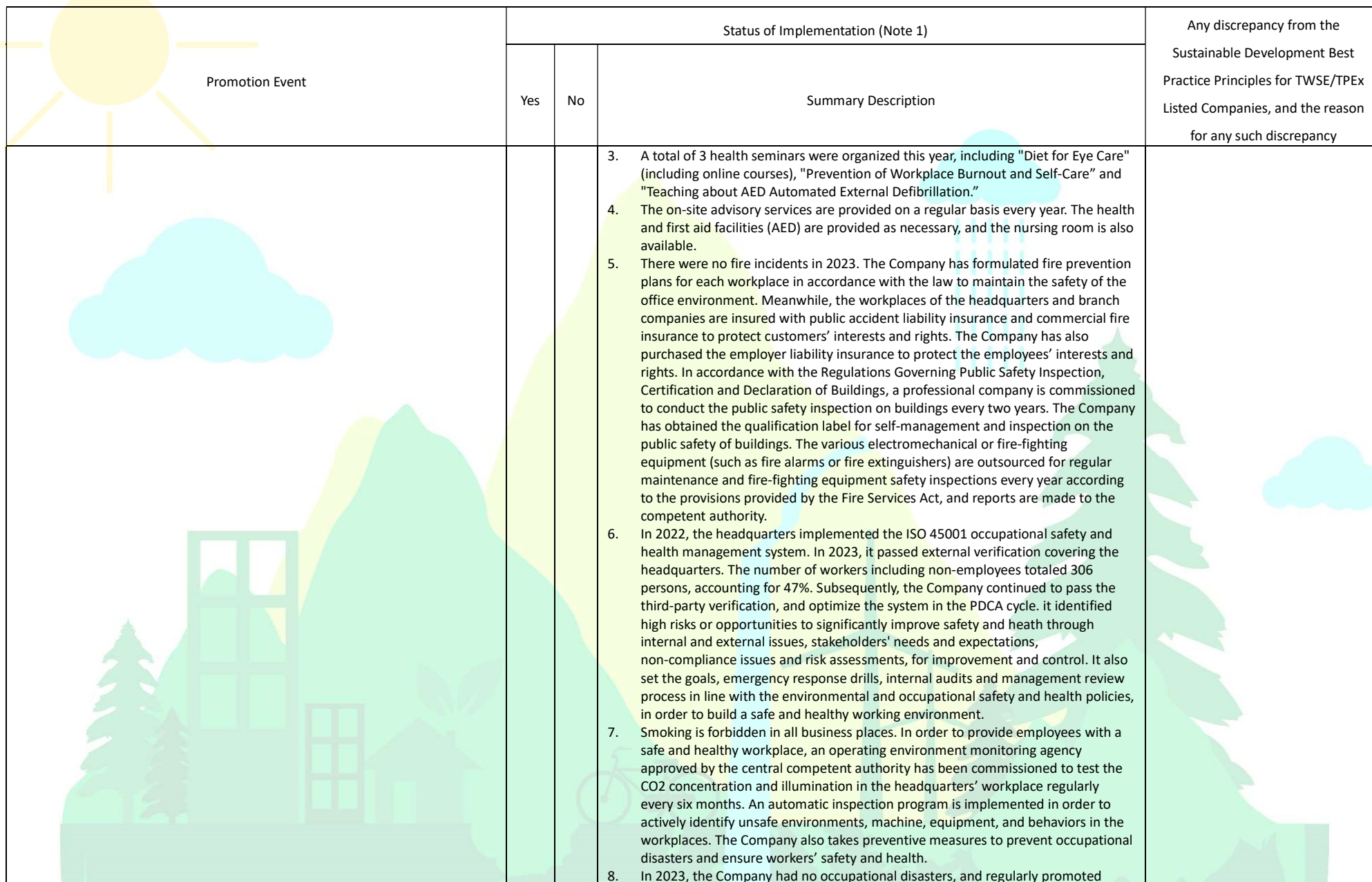


Promotion Event	Status of Implementation (Note 1)			Any discrepancy from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such discrepancy
	Yes	No	Summary Description	
III. Environmental issues (I) Does the company establish proper environment management systems based on the characteristics of their industries?	V		<p>As a financial service business, the Company generates no pollution or waste from manufacturing processes. It has environmental protection policies in place and set up a "Sustainable Development Committee" to regularly report the implementation of various tasks to the Board of Directors. Meanwhile, the Company promotes its environment protection concept via the internal electronic bulletin regularly, in order to properly protect the natural environment, demonstrate the improvement of the organization's environmental performance, achieve environmental, social and economic balance, and implement the sustainable development goals.</p> <p>The Company continues to establish its environmental system in accordance with the ISO 14001 environmental management system standard. Meanwhile, it has passed an external verification covering the headquarters. The Company also implemented the ISO 14064-1 greenhouse gas inventory system and passed an external verification covering the securities headquarters and branches, totaling 16 business locations, in order to fulfill the GHG and carbon reduction goals.</p>	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		<p>The Company has spared no effort to respond to and support green environmental protection, reduce energy and water resource consumption, waste reduction, implement green procurement and supply chain management, etc.. The relevant measures are stated as follows:</p> <ol style="list-style-type: none"> 1. Set forth the environmental goals and plans, and report the implementation results and achievements of the power conservation and greenhouse gas reduction plans to the "Environmental Protection, Occupational Safety and Health Committee" and "HSE Safety and Health Management System Management Review Meeting" on a regular basis. 2. Conduct an appraisal on environmental aspects on a yearly basis to identify major environmental considerations and handle and improve them in order to mitigate the impact posed by the Company's operations on the environment. 3. GHG emissions are mainly generated from electricity consumption, transportation means' oil consumption, and waste. The power conservation plan evaluates the update and replacement of multiple old energy-consuming equipment units and purchases products that meet the energy-saving label, environmental protection label, and green building materials label, and set the office equipment to standby for power conservation, and reduce power consumption reading to facilitate achieve the GHG reduction goals. 4. Place the recycling bins on each floor to regularly promote recycling, environmental protection and plastic reduction to achieve the waste reduction goal. 5. Adopt electronic documents and e-statements to effectively reduce and control paper consumption. <p>Awarded the third prize of the "Buying Power - Social Innovative Product and Service Procurement Award" by Small and Medium Enterprise and Startup Administration,</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																												
			Ministry of Economic Affairs.																												
(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		(I) The Company attaches great importance to the impact posed by climate change on its operations, and also pays attention to the development opportunities. It not only implements the "Climate-related Financial Disclosure" (TCFD) framework, regularly assesses and manages climate-related risks, but also cares the development opportunities brought by the climate change. Meanwhile, it included the "climate risk" into the "Risk Management Policy" (amended and approved by the Board of Directors on December 16, 2022). (II) The Company's Risk Management Office shall gather various taskforce members of the Sustainable Development Committee to convene an ESG risk management meeting at least once a year, in order to identify and evaluate ESG risks that have an impact on the operation, research and formulate countermeasures and monitoring mechanisms, and analyze potential opportunities at the same time. The Risk Management Office shall present the identified ESG risk assessment results and response plans to the Risk Management Committee and report the same to the Board of Directors.	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		<div>1. The statistics generated by the Company for the last two years are stated as follows:</div> <table><tr><th>Items</th><th>2022</th><th>2023</th></tr><tr><td>Greenhouse gas emissions (tCO₂e)</td><td>1853.4327</td><td>1727.3188</td></tr><tr><td>Power consumption (kWh)</td><td>2885.3131</td><td>2737.1620</td></tr><tr><td>Water consumption (kWh)</td><td>13.9880</td><td>13.9390</td></tr><tr><td>Gross Waste (Tons)</td><td>75.4912</td><td>29.2281</td></tr></table> <div>Note: The data covers the Company's headquarters and branch offices, totaling 16 business locations.</div> <div>2. The Company has set the following short-, medium- and long-term goals:</div> <table><tr><th>Items</th><th>Short-term goals</th><th>Medium-term goals</th><th>Long-term goals</th></tr><tr><td>Greenhouse Gas Emissions and Carbon Reduction Goals (base year 2022)</td><td>1. Passed the third-party verification 2. Reduced by 1% in 2023 from the base year</td><td>Reduced by 1% in 2025 from the base year</td><td>Reduced by 3% in 2027 from the base year</td></tr><tr><td>Power Saving Target (base year</td><td>Reduced by 1% in 2023 from the base year</td><td>Reduced by 1% in 2025 from the base year</td><td>Reduced by 3% in 2027 from the base year</td></tr></table>	Items	2022	2023	Greenhouse gas emissions (tCO ₂ e)	1853.4327	1727.3188	Power consumption (kWh)	2885.3131	2737.1620	Water consumption (kWh)	13.9880	13.9390	Gross Waste (Tons)	75.4912	29.2281	Items	Short-term goals	Medium-term goals	Long-term goals	Greenhouse Gas Emissions and Carbon Reduction Goals (base year 2022)	1. Passed the third-party verification 2. Reduced by 1% in 2023 from the base year	Reduced by 1% in 2025 from the base year	Reduced by 3% in 2027 from the base year	Power Saving Target (base year	Reduced by 1% in 2023 from the base year	Reduced by 1% in 2025 from the base year	Reduced by 3% in 2027 from the base year	No discrepancy.
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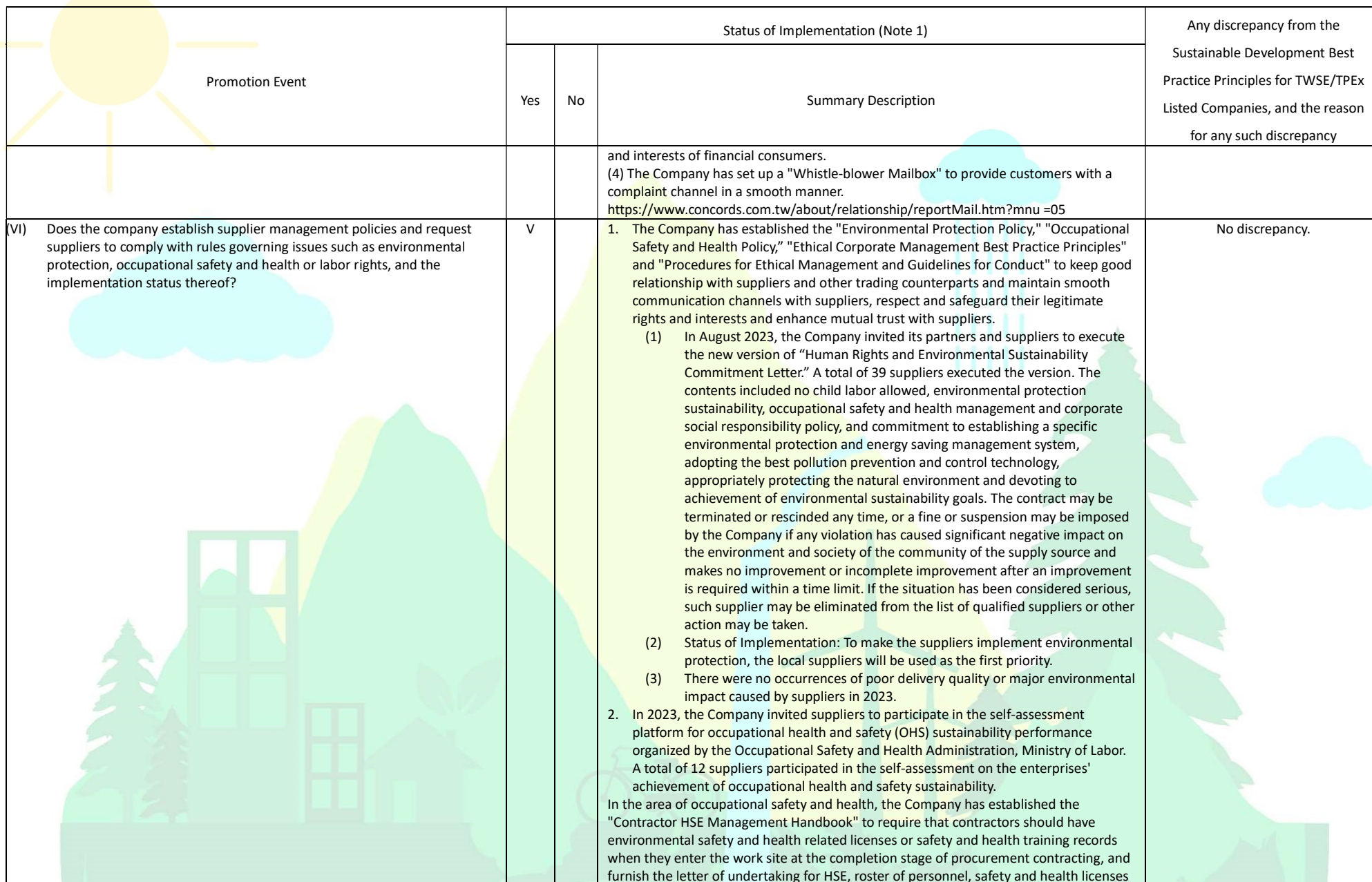
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IV. Social issues (I) Does the company comply with relevant laws and regulations and the International Bill of Human Rights, and adopt relevant management policies and processes?	V		<p>In order to protect the basic human rights of employees and to 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. 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 values the rights and interests of employees and environmental safety, and organizes various human right-related training and activities, such as: Introduce and respond to personal data protection, workplace safety, and Financial Consumer Protection Act, and assist employees in maintaining health and work-life balance, and provide diversified activities, measures, and welfare facilities.</p> <p>In 2023, 1,550 employees participated in human right-related protection training courses, and the total number of training hours reached 2,995.5. The training rate was 100%.</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	
			No incident of human rights violation or discrimination has occurred in 2023.	
(II) Does the company establish and implement reasonable employee welfare measures (including remuneration, leave and other welfare etc.) and appropriately reflect the business performance or achievements in the employee remuneration?	V		<p>The Company has worked hard to pursue the welfare of all shareholders and employees since its establishment. With humanistic management, two-way Communication, and participative management, it ties up personal goals closely with company strategies, and brings employees with security and protection through a wage system conforming to the market structure. Also, it provides comprehensive group insurance and benefits for employees, and sets up the "Employee Welfare Committee", allocating employee welfare funds according to the law, and provides recreations, clubs, child education subsidies, emergency aids, staff outings, and other benefits.</p> <p>In addition, the company also encourage employees to further education by offering the on-the-job training subsidies. The Company emphasizes diversity and gender equality in the workplace. Female workers account for 61.76% of all employees hired by the Company, and male workers 38.23%.</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		<ol style="list-style-type: none"> 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 organizes the general safety and health education and training for new recruits and active employees. A total of 73 trainees and a total of 219 training hours were achieved in 2023. The Company has appointed fire safety administrators, first-aid personnel and occupational safety and health supervisors throughout all of its business locations. A total of 18 trainees and a total of 169 training hours were achieved in 2023. In order to strengthen the employees' knowledge of disaster prevention and escape, self-defense fire marshalling drills are held every six months, and emergency evacuation and escape drills for the entire staff once a year. In 2023, the total number of trainees was 257 persons, and the total training hours were 454 hours. 	No discrepancy.

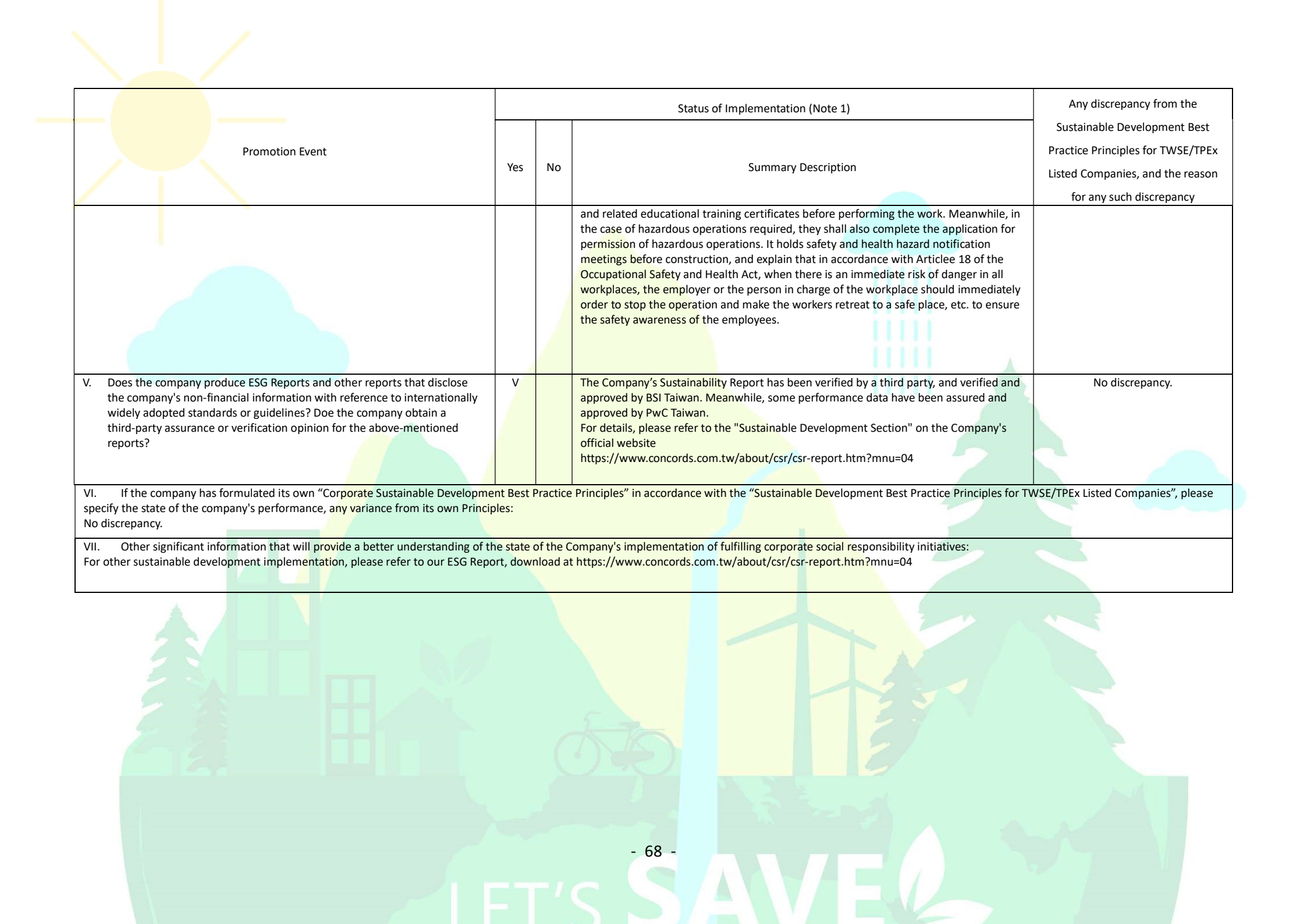


Promotion Event	Status of Implementation (Note 1)			Any discrepancy from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such discrepancy
	Yes	No	Summary Description	
			<p>3. A total of 3 health seminars were organized this year, including "Diet for Eye Care" (including online courses), "Prevention of Workplace Burnout and Self-Care" and "Teaching about AED Automated External Defibrillation."</p> <p>4. The on-site advisory services are provided on a regular basis every year. The health and first aid facilities (AED) are provided as necessary, and the nursing room is also available.</p> <p>5. There were no fire incidents in 2023. The Company has formulated fire prevention plans for each workplace in accordance with the law to maintain the safety of the office environment. Meanwhile, the workplaces of the headquarters and branch companies are insured with public accident liability insurance and commercial fire insurance to protect customers' interests and rights. The Company has also purchased the employer liability insurance to protect the employees' interests and rights. In accordance with the Regulations Governing Public Safety Inspection, Certification and Declaration of Buildings, a professional company is commissioned to conduct the public safety inspection on buildings every two years. The Company has obtained the qualification label for self-management and inspection on the public safety of buildings. The various electromechanical or fire-fighting equipment (such as fire alarms or fire extinguishers) are outsourced for regular maintenance and fire-fighting equipment safety inspections every year according to the provisions provided by the Fire Services Act, and reports are made to the competent authority.</p> <p>6. In 2022, the headquarters implemented the ISO 45001 occupational safety and health management system. In 2023, it passed external verification covering the headquarters. The number of workers including non-employees totaled 306 persons, accounting for 47%. Subsequently, the Company continued to pass the third-party verification, and optimize the system in the PDCA cycle. It identified high risks or opportunities to significantly improve safety and health through internal and external issues, stakeholders' needs and expectations, non-compliance issues and risk assessments, for improvement and control. It also set the goals, emergency response drills, internal audits and management review process in line with the environmental and occupational safety and health policies, in order to build a safe and healthy working environment.</p> <p>7. Smoking is forbidden in all business places. In order to provide employees with a safe and healthy workplace, an operating environment monitoring agency approved by the central competent authority has been commissioned to test the CO2 concentration and illumination in the headquarters' workplace regularly every six months. An automatic inspection program is implemented in order to actively identify unsafe environments, machine, equipment, and behaviors in the workplaces. The Company also takes preventive measures to prevent occupational disasters and ensure workers' safety and health.</p> <p>8. In 2023, the Company had no occupational disasters, and regularly promoted</p>	

Promotion Event	Status of Implementation (Note 1)			Any discrepancy from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such discrepancy
	Yes	No	Summary Description	
			<p>traffic safety during commuting to and from work to strengthen the employees' awareness toward traffic safety.</p> <p>9. Honored as one of the top 10% of outstanding companies in each industry in the 2023 "Corporate Sustainability Report Open Occupational Health and Safety Indicators Active Rating" organized by the Occupational Safety and Health Administration, Ministry of Labor.</p> <p>10. In 2024, the Company continued to win the Badge of Accredited Healthy Workplace - Health Promotion issued by the Health Promotion Administration, Ministry of Health and Welfare.</p>	
(IV) Does the company establish effective training programs to foster career skills for its employees?	V		<p>(IV) The Company has been dedicated to creating a learning environment for all employees, encouraging them in self-learning and specified in the Employee Education and Training Regulations that the education and training system shall include the orientation training for newcomers, and the internal training and external training for employees' continuous and professional education. For internal training, the function-based training is provided according to the category of function of the employee, and the level-based training and project-based training are provided 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. In 2023, there were 6,248 managerial officer trainees, attending the courses for a total of 10,810.4 hours, and 21,383 general employee trainees, attending the courses for a total of 2,338.1 hours.</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</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	
			and interests of financial consumers. (4) The Company has set up a "Whistle-blower Mailbox" to provide customers with a 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>1. The Company has established the "Environmental Protection Policy," "Occupational Safety and Health Policy," "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct" to keep good relationship with suppliers and other trading counterparts and maintain smooth communication channels with suppliers, respect and safeguard their legitimate rights and interests and enhance mutual trust with suppliers.</p> <p>(1) In August 2023, the Company invited its partners and suppliers to execute the new version of "Human Rights and Environmental Sustainability Commitment Letter." A total of 39 suppliers executed the version. The contents included no child labor allowed, environmental protection sustainability, occupational safety and health management and corporate social responsibility policy, 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 and 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, the local suppliers will be used as the first priority.</p> <p>(3) There were no occurrences of poor delivery quality or major environmental impact caused by suppliers in 2023.</p> <p>2. In 2023, the Company invited suppliers to participate in the self-assessment platform for occupational health and safety (OHS) sustainability performance organized by the Occupational Safety and Health Administration, Ministry of Labor. A total of 12 suppliers participated in the self-assessment on the enterprises' achievement of occupational health and safety sustainability.</p> <p>In the area of occupational safety and health, the Company has established the "Contractor HSE Management Handbook" to require that contractors should have environmental safety and health related licenses or safety and health training records when they enter the work site at the completion stage of procurement contracting, and furnish the letter of undertaking for HSE, roster of personnel, safety and health licenses</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	
			and related educational training certificates before performing the work. Meanwhile, in the case of hazardous operations required, they shall also complete the application for permission of hazardous operations. It holds safety and health hazard notification meetings before construction, and explain that in accordance with Article 18 of the Occupational Safety and Health Act, when there is an immediate risk of danger in all workplaces, the employer or the person in charge of the workplace should immediately order to stop the operation and make the workers retreat to a safe place, etc. to ensure the safety awareness of the employees.	
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		The Company's Sustainability Report has been verified by a third party, and verified and approved by BSI Taiwan. Meanwhile, some performance data have been assured and approved by PwC Taiwan. For details, please refer to the "Sustainable Development Section" on the Company's official website https://www.concords.com.tw/about/csr/csr-report.htm?mnu=04	No discrepancy.
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

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 2024, 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-Organizational 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.

Kanghe Comprehensive Securities has no large-scale waste pollution in the financial services industry, but it is still committed to building the company into a comprehensive green enterprise, adhering to the business philosophy and service spirit of "integrity, stability, service, and sustainability". In 2022, ISO 14064-1 greenhouse gas inventory certification has been launched. The total greenhouse gas emissions of Scope 1 and Scope 2 in 2023 are 1,443.637 metric tons CO₂e, Scope 3 is 283.682 metric tons CO₂e, and the per capita electricity consumption is 349.57 kWh (2,737,162 kWh/7,830 people). According to Under the 1.5°C warming scenario, the reduction targets for Scope 1 and 2 are set. Taking 2022 as the base year, the short-term target is to reduce energy consumption by 1% in 2023 compared with the base year, and the medium-term target is to reduce energy consumption by 2024-2025 compared with the base year. 1% is the target, and the long-term target is to reduce energy consumption by 3% from the base year by 2026-2027. Accordingly, Kanghe Comprehensive Securities will continue to update energy-saving equipment in the future, implement power-saving management to improve electricity efficiency, plan to purchase renewable energy, continue to promote low-carbon transformation and implement environmental protection concepts, and strive for the sustainable and balanced development of enterprises and the environment. effort.

Climate change management

Concord Securities attaches great importance to the impact of climate change on operations, 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)" framework and follows the



The four major aspects of governance, strategy, risk management, indicators and goals are used to respond to climate change issues, thereby identifying risks and opportunities, and proposing response measures, plans and goals, disclosing climate governance-related information, improving information transparency, and promoting global sustainability. continue to develop.

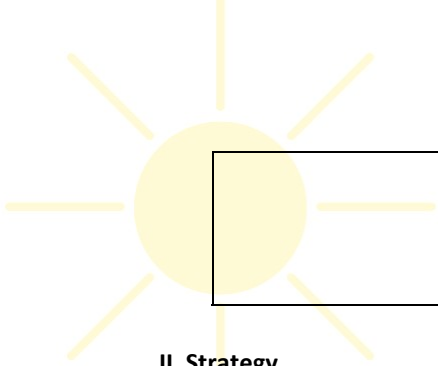
I. Government

The Board of Directors of Concord Securities is the highest governance unit on climate-related issues, and has established the "Sustainable Development Committee" in 111, which is mainly responsible for overseeing issues related to climate change and promoting the overall climate strategy and policies of Concord Securities. Climate risks are managed by Concord Securities⁹² The "Risk Management Committee" established in April 2019 takes the lead in responding to the risks and opportunities that climate change poses to operations.

The Sustainability Development Committee is chaired by the Chairman, with the General Manager as the Deputy Chairman, and the conveners of each group are ex-officio members. It holds regular meetings and reports to the Board of Directors. Its main responsibilities are Environmental, Social and Governance (Environmental, Social) related to sustainable development. and Governance (hereinafter referred to as ESG) strategies, annual plans and project plans, as well as performance tracking and review. In addition to incorporating climate issues into corporate governance and business strategies, it also includes commitments to combat climate change to ensure the sound operation of Concord Securities .

The Risk Management Committee is composed of 3 to 7 members appointed by the Board of Directors. Its main responsibilities are to formulate risk management policies, structures and measurement standards, and fully understand the company's short, medium and long-term operating risks and supervise their implementation, so as to improve the operating performance and performance of Concord Securities. Strengthen competitive advantage.

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 "Environmental sustainability 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.
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- 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

Climate/Nature Related Risks and Opportunities

Concord Securities evaluates the overall environmental policies faced by the company, including climate change risks, energy transition opportunities, social risks and opportunities, etc. based on the nature of the company's main business, as follows:

1. Climate change risks:

- A. Extreme weather events: Climate change may lead to an increase in extreme weather events, such as typhoons, floods, landslides, etc., which may cause direct losses or indirect impacts to the target companies in the investment portfolio of Concord Securities' main business.
- B. Regulatory risks: The government may implement more stringent climate-related regulations, such as carbon emission restrictions or environmental protection regulations, which may affect the operating model and profits of the industry to which the target company belongs.

2. Energy transition opportunities:

- A. Renewable energy investment: As the global demand for renewable energy increases, large investments in renewable energy companies such as solar energy and wind energy affect decisions about future energy resource planning and use, which may have an impact on Concord Securities or investment target companies. When using alternative energy sources, further consider the possible economic costs and compensation effects.
- B. Carbon reduction technology innovation: Companies that invest in carbon reduction technologies, such as carbon capture and storage, hydrogen energy, etc., may seize opportunities in the future carbon emissions market, or even gain a competitive advantage.

3. Social risks and opportunities:

- A. Impact of climate events: Climate change may have an impact on communities where some countries' territories are located. For example, when sea levels rise in areas close to the sea, it may cause communities to relocate, which may change the scope and methods of relevant business services, resulting in Influence.
- B. Increased climate awareness: As society pays more attention to climate change, decision-making management may face behaviors that are inconsistent with social values, which may be boycotted by service customers or even investors, which may affect the company's reputation and brand value.

Climate strategy

The Concord Securities Sustainability Development Committee and its relevant task group meetings regularly review the connection between the management objectives of climate-related risks and opportunities based on the relevant internal norms and mechanisms established. Concord Securities currently adopts a regular approach to assess the direct or indirect impact of climate change on the finance, strategy, operations and products of Concord Securities. Concord Securities also assesses relevant climate risks and credit risks, market risks, liquidity risks and operational risks. Identify the correlations and establish a climate risk assessment and management mechanism to disclose climate risk-related information. Concord Securities also follows the environmental policy, climate policy or ESG policy formulated to consider the impact of the company's business activities on climate change, as well as the (climate) transition risks and (climate) physical risks faced by the company.

Concord Securities belongs to the securities industry. In its securities-related business, although climate and nature-related risks may not seem to be directly related to the company's business scope, in fact there are still potential impacts. The meetings of the Sustainable Development Committee of Concord Securities and its related sub-groups are planned to be scheduled in the following aspects according to environmental and strategic needs to meet the public's expectations of Concord Securities.

1. Climate-related financial commodities:

Explore the development of climate-related financial products, such as climate indexes, carbon emission quota securitization and trading, etc. These financial products can be used as investment or risk management tools, and can also promote the response and mitigation of climate change.

2. Green financial investment:

Encourage and promote green financial investment, such as investing in renewable energy companies, environmental protection technology companies, etc., to support the development of climate-friendly companies and their industries. Not only does it bring a stable supply of funds to the investment portfolio, it also has a positive impact on the environment.

3. Climate risk assessment and integration:

Incorporate climate risks into the risk management framework, and use climate models and climate data to conduct risk assessments and stress tests to ensure that companies have a clear understanding of the risks of climate change and natural disasters and take corresponding risk management measures.

4. Innovative technology applications:

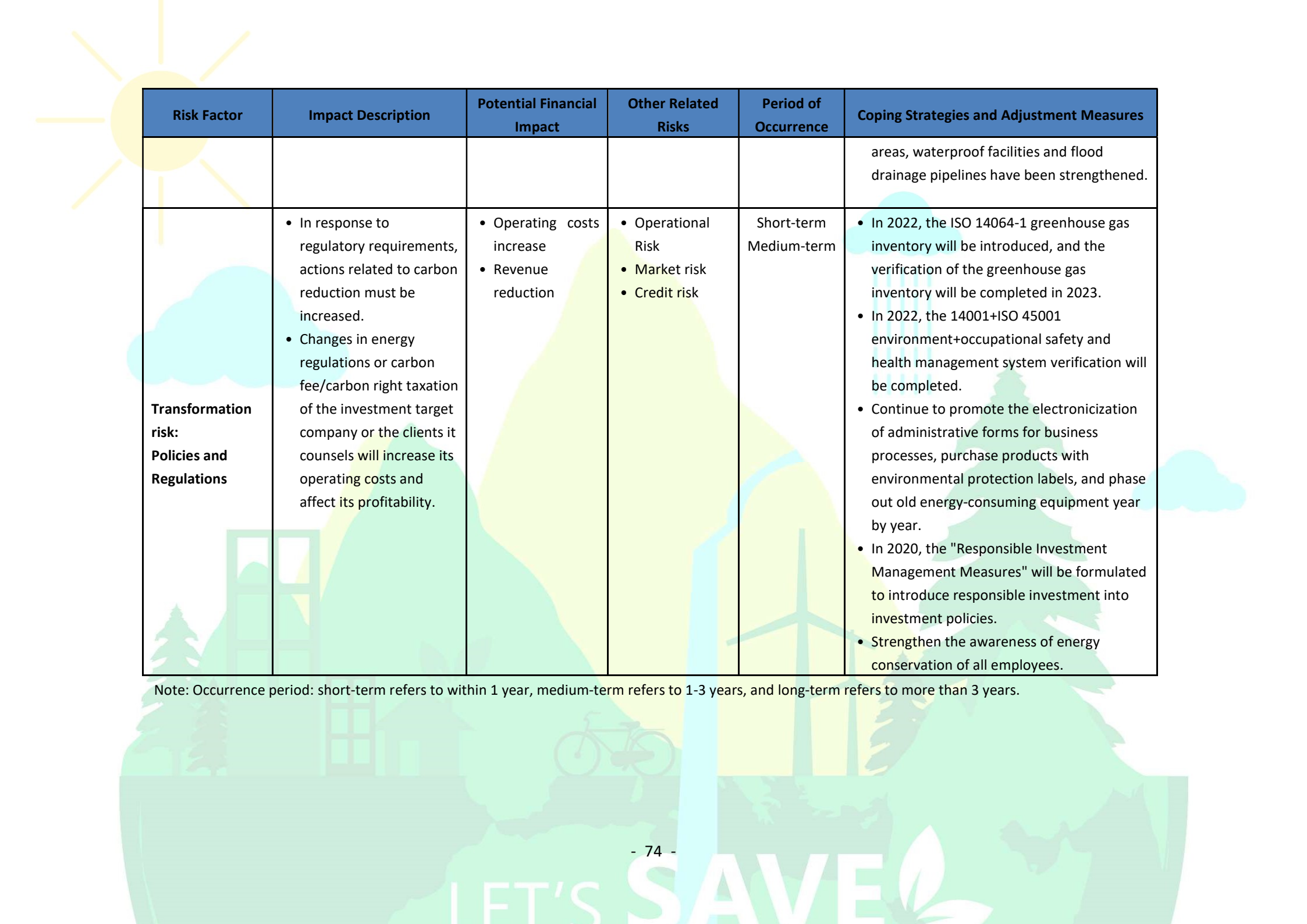
Use innovative technologies, such as big data analysis, artificial intelligence, etc., to monitor and predict the impact of climate change and natural disasters, and assess potential risks to investment portfolios and business operations, so as to adjust risk management strategies and investment portfolio allocations in a timely manner .

5. Environmental Social Governance (ESG) integration:

Consider environmental, social and governance factors in investment decisions and business operations, and formulate corresponding ESG policies and indicators to ensure that Concord Securities' business is consistent with climate and nature-related risks and opportunities, and to improve the operational sustainability of Concord Securities. Sustainability and social responsibility.

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	<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



Risk Factor	Impact Description	Potential Financial Impact	Other Related Risks	Period of Occurrence	Coping Strategies and Adjustment Measures
					areas, waterproof facilities and flood drainage pipelines have been strengthened.
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 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

Management focus and important actions corresponding to climate/nature issues

When considering the direct impact of existing business activities on climate change, Concord Securities plans to focus its management on:

1. Asset value risk:

Concord Securities undertakes and performs business activities in accordance with securities dealer management rules and related regulations, and holds various types of assets, including real estate or securities (such as stocks, bonds, etc.). Climate change may have a direct impact on the value of such assets. For example, rising sea levels will cause changes in the value of real estate in adjacent sea areas, and extreme weather events may have a negative impact on the operations of the target company, thereby affecting the value of its securities.

2. Legal and regulatory risks:

The issue of climate change has received increasing attention, and governments and regulatory agencies may strengthen supervision and regulation of climate-related risks. The services provided by Concord Securities are subject to a high degree of supervision and legal compliance requirements by the competent authorities. They should pay close attention to changes in relevant laws and regulations to ensure that their business activities comply with relevant laws and regulatory requirements and avoid possible fines and litigation risks caused by the supervision of the competent authorities.


3. Reputation risk:

Concord Securities is committed to providing a safe and stable trading experience, but extreme climate events may increase difficulties in service provision and transaction execution. Concord Securities' reputation under extreme climates may be affected by its performance in responding to climate change. If we ignore the risks and impacts of climate change, or fail to effectively respond to related risks, it may lead to a crisis of trust among customers, investors and stakeholders, which will further affect business development and market reputation.

In order to deal with the above risks, the company plans to take the following measures:

1. Risk assessment and monitoring:

Regularly assess and monitor the direct impact of climate change on Concord Securities' business, including asset values, market risks, legal regulatory risks, etc., and



formulate corresponding risk management strategies.

2. Investment diversification:

Diversify your investment portfolio to spread risks and reduce the impact of climate change. Such as diversifying the assets in the investment portfolio into different regions, different industries, different asset classes, etc.

3. Adaptability and innovation:

Actively adapt to the challenges brought about by climate change and find innovative business models and products to respond to new market demands and risks. Such as developing automated or convenient trading tools or methods, climate-related financial products, providing climate risk management services, etc.

4. Transparency and communication:

Strengthen communication and transparency with stakeholders such as customers, investors, and regulatory authorities, and explain the company's understanding of climate change and response measures to them to build trust and consensus.

The Company's increased costs in response to climate risks and opportunities:

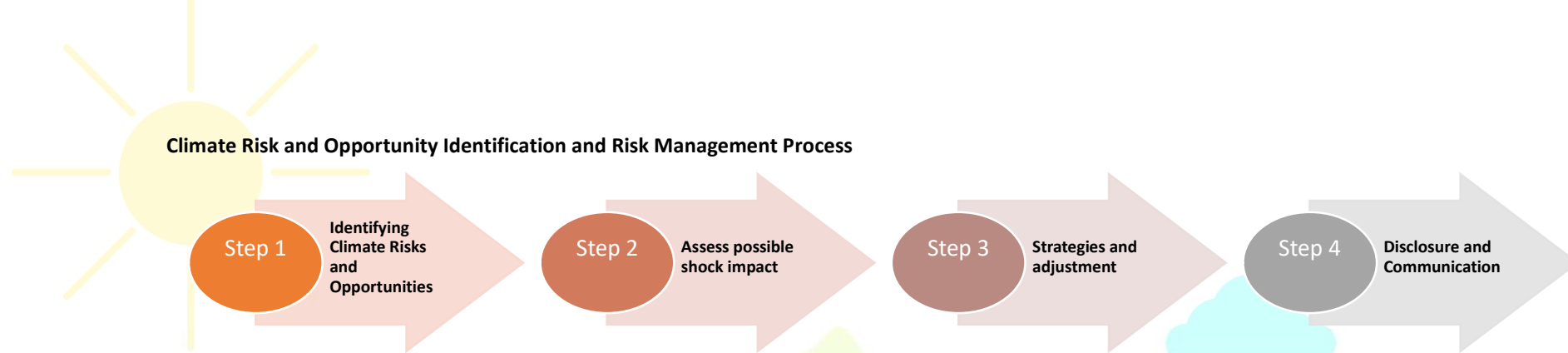
The financial costs of Concord Securities' investment in responding to climate risks and opportunities in 2023 mainly include green procurement, electricity conservation plans, ISO greenhouse gas inventory coaching and verification fees, TCFD consulting projects, etc.

III. Risk management.

Three lines of defense framework for climate risk management

Risk management is the common responsibility of the entire company. Through the three lines of defense of internal control and various risk management procedures, a rigorous and complete risk defense line is established to prudently manage and identify various operational risks faced. Through questionnaires and on-site visits, each team member of the Concord Securities Sustainable Development Committee collects exposure data, and then transfers it to each business unit to conduct a preliminary assessment, and then uses the risk assessment method to analyze the likelihood, impact and After the risk assessment is conducted on the effectiveness of the control, the ranking is finally determined based on four aspects: implementation cost, effectiveness in reducing the impact, implementation feasibility, and implementation time required to determine whether the risk response measures can be adopted and implemented. Finally, the risk management implementation status will be reported to the board of directors.

First line	Second line	Third line
Business Unit	Risk management unit	Audit unit
Responsible for analyzing and monitoring relevant risks within affiliated units to ensure risk control.	Responsible for the monitoring, measurement and evaluation of the company's daily risks and other executive-level affairs, and assists in formulating risk management mechanisms.	Responsible for independently checking and supervising the effectiveness of risk management implementation, and providing timely improvement suggestions.



Risk significance assessment

In accordance with the supplementary guidance issued by the "Task Force on Climate-related Financial Disclosures (TCFD)" in 2021, Concord Securities has carried out the above-mentioned assessment steps. Input values and parameters; as well as the judgment of the nature, possibility of occurrence and impact value of the risk, as well as the ranking of risks using this value, give priority to currently available and quantified data, and the definition of materiality adopted is consistent with The financial statements for the years disclosed have the same materiality.

Transition risk and physical risk assessment (climate risk response)

Considering the impact of climate change on the company's business activities, the transformation and physical risks faced are summarized as follows:

1. Transformation risks (low carbonization):

As society pays more attention to climate issues, related technologies and markets may undergo transformations, which may bring challenges or opportunities to the energy usage methods adopted by Concord Securities. For example, major electrical equipment is replaced and replaced with facilities or consumables with lower power consumption, including the replacement and efficiency of fire protection facilities in special use situations, so as to significantly reduce losses.

2. Physical risks

In order to actively adapt to the challenges brought about by climate change, Concord Securities has introduced a data-based analysis model, hoping to use innovative tools and adaptability to quantify and consolidate climate and natural-related data related to Concord Securities' businesses and operating sites. , to reflect the physical risks related to Concord Securities and the types of risks faced. The following is a map of the business units and locations of the relevant physical facilities: There are a total of sixteen business locations across the country, namely the head office, Taipei Branch, Neihs Branch, Shipai Branch, Yanping Branch, Renai Branch, and Yonghe Branch , Banqiao Branch, Nankan Branch, Hsinchu Branch, Taichung Branch, Chiayi Branch, Tainan Branch, Kaohsiung Branch, Pingtung Branch and Penghu Branch. Details are shown in the figure below.



實體設施所屬營業單位營業據點主要風險一覽：

Location	Heavy rain	flood	Temperature	Earthquake	Landslide	Tsunami
Head office	1		High212 Low220	low-medium		
Taipei Branch	1		High212 Low220	medium-severe		
Neihu Branch	1		High98 Low216	mild	●	
Shihpai Branch	1		High77 Low265	medium	●	
Yanping Branch	1		High164 Low215	medium-severe		
Renai Branch	1		High181 Low218	medium		
Yonghe Branch	2		High167 Low256	mild		
Banqiao Branch	1		High160 Low222	medium-severe		
Nankan Branch		●	High76 Low19		●	
Hsinchu Branch	1	●	High21 Low328	mild		
Taichung Branch	4		High4 Low297	mild		
Chiayi Branch	5	●	High26 Low398	mild		
Tainan Branch	1	●	High1 Low255	mild-medium		
Kaohsiung Branch	4	●	High1 Low32	severe		
Pingtung Branch	7		High53 Low60	severe		
Penghu Branch	1		Low23			●

Note: Heavy rain: the cumulative rainfall in 24 hours is greater than 350mm; high temperature: the highest temperature of the day is greater than 36 degrees; low temperature: the lowest temperature

of the day is less than 10 degrees;
Others: Taiwan 3D disaster potential map

Faced with physical risks caused by extreme weather such as typhoons and floods, risks such as interruption of operations in company computer rooms and office buildings. After evaluation, except for the head office and Shipai branch of Concord Securities, all other operating locations are located above the second floor. The overall operating locations are less likely to be affected by flooding. In addition, a backup computer room is set up in another location to ensure that if the main computer room is affected and unable to operate, the backup computer room can still provide continuous operation. Concord Securities conducts drills in accordance with the stock exchange's semi-annual backup drill plan to reduce service interruptions caused by disasters to an acceptable level.

IV. 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• 1% reduction in greenhouse gas emissions (with 2022 as the base year)	<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.

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					
項目		2022		2023	
		Total emissions (metric tons CO2e)	Density (metric tons of CO2e/million)	Total emissions (metric tons CO2e)	Density (metric tons of CO2e/million)
Parent Company	Scope 1: Direct Emissions	86.870	0.065	88.742	0.031
	Scope 2: Indirect Emissions	1,468.625	1.102	1354.895	0.480
	Scope 3: Other indirect emissions	297.939	0.224	283.682	0.100
	Subtotal	1,853.433	1.390	1,727.319	0.612
Subsidiary	Scope 1: Direct Emissions	According to the sustainable development roadmap of listed companies, the annual report discloses the greenhouse gas inventory information of consolidated subsidiaries in 2025; the annual report discloses the inventory information and assurance of consolidated subsidiaries in 2027.			
	Scope 2: Indirect Emissions				
	Scope 3: Other indirect emissions				
	Subtotal				
Total		1,853.433	1.390	1,727.319	0.612

Greenhouse Gas Confirmation Information


Describe the confidence situation in the last two years as of the publication date of the annual report, including the scope of the confidence, the organization of the confidence, the criteria for the confidence and the opinion of the confidence.

In accordance with the provisions of the sustainable development roadmap for listed companies, the company should at least implement the coverage scope that it believes in:

1. The parent company entity should start to carry out the 2026 annual certification work from 2027.
2. Subsidiaries with consolidated financial reports should start performing assurance operations in 2027 starting in 2028.

The parent company's performance assurance of greenhouse gas inventory in the past two years is as follows:

range of execution confidence		2022(metric tons of CO ₂ e)	2023(metric tons of CO ₂ e)
The Company	Scope 1: Direct Emissions	86.870	88.742
	Scope 2: Indirect Emissions	1,468.625	1,354.895
	Scope 3: Other indirect emissions	297.939	283.682
	Total	1,853.433	1,727.319
	percentage	100%	100%
Organization		BSI	BSI
Description		ISO14064-1: 2018, ISO 14064-3: 2006 The assurance level for direct greenhouse gas emissions and indirect greenhouse gas emissions from input energy (Categories 1 and 2 of ISO 14064-1:2018) is the reasonable assurance level, and other indirect greenhouse gas emissions (Categories 3 to 6) are limited assurance levels.	ISO14064-1: 2018, ISO 14064-3: 2019 The assurance level for direct greenhouse gas emissions and indirect greenhouse gas emissions from input energy (Categories 1 and 2 of ISO 14064-1:2018) is the reasonable assurance level, and other indirect greenhouse gas emissions (Categories 3 to 6) are based on the adoption of verification and The conclusion reached by the agreement process.
Opinion/Conclusion		The result of the greenhouse gas inventory report is an unqualified opinion, which fully complies with relevant regulations and the greenhouse gas information has been disclosed appropriately and correctly.	The results of the greenhouse gas inventory report (excluding the agreement process) are unqualified opinions, which fully comply with relevant regulations and the greenhouse gas information has been disclosed appropriately and correctly.



Greenhouse gas reduction goals, strategies and specific action plans

Describe the greenhouse gas reduction base year and its data, reduction targets, strategies, specific action plans and achievement of reduction targets.

2022 is the base year for greenhouse gas emissions of Concord Securities. The total carbon emissions of Scope 1 and Scope 2 are 1,555.495 metric tons CO₂e. The reduction targets are formulated based on Scope 1 and 2 of the base year. The short-term target is to reduce energy consumption in 2023 compared with the base year. 1%, the mid-term target is to reduce energy consumption by 1% from the base year to 2024-2025, and the long-term target is to reduce energy consumption by 3% from the base year to 2026-2027.

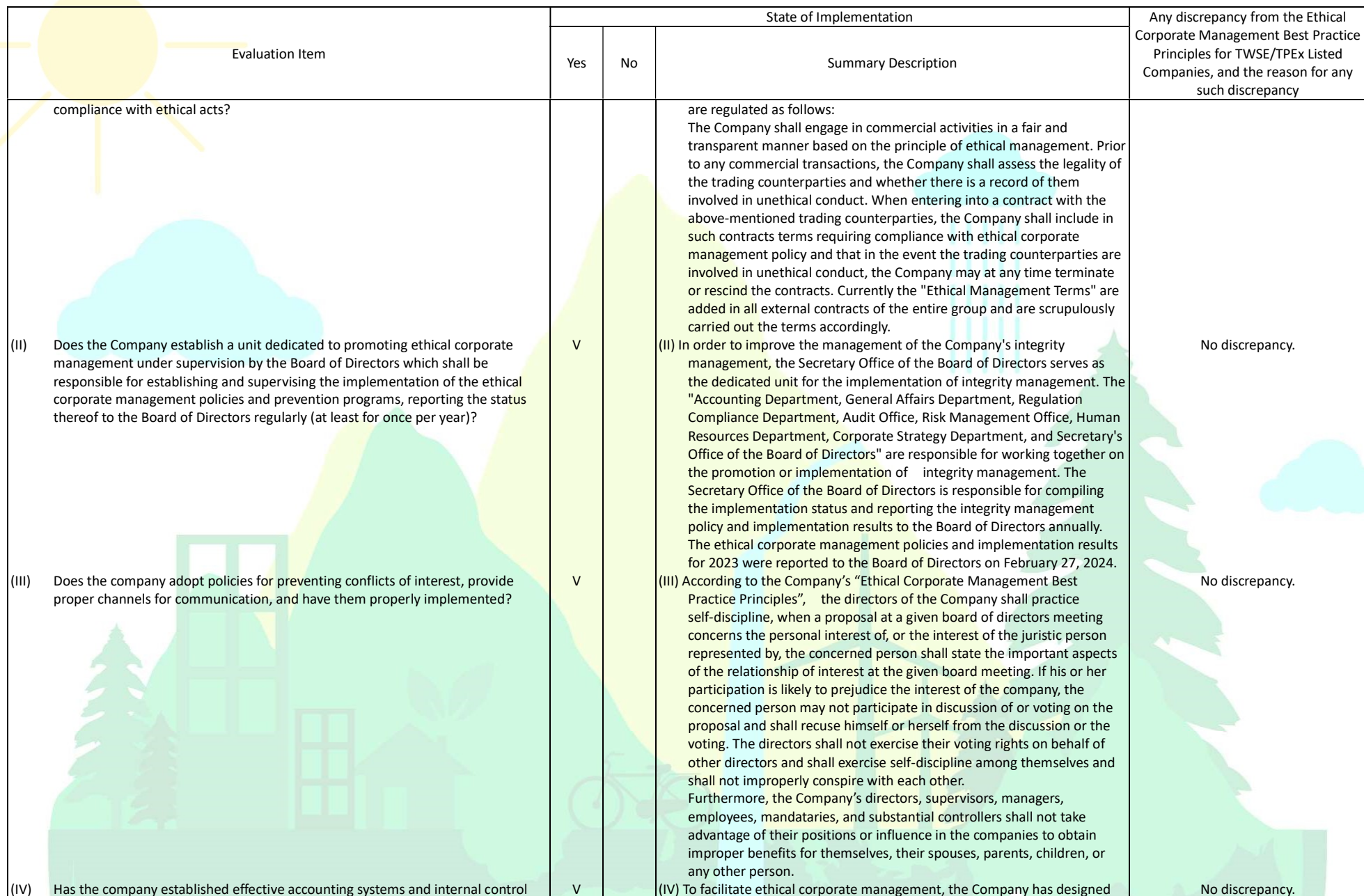
The reduction strategy implements electricity conservation plans, water conservation plans and waste reduction plans:

1. Newly installed or replaced old lighting equipment, water equipment, use energy-saving label products.
2. The air conditioner adopts a variable frequency high-power host, uses a constant temperature control device, and sets the average indoor air-conditioning temperature to no less than 26 degrees Celsius.
3. Install smart energy-saving sensor lamps in the toilets on each floor of the head office.
4. Regularly promote waste reduction and classification, refuse to use products without environmental protection concepts, reduce the use of single-use products, reduce the amount of office waste discarded, ensure resource recycling and food waste classification, enhance employees' environmental awareness, and gradually achieve waste reduction Target.

In 2023, a total of 1,141 lighting equipment will be replaced, which can save about 128,600 kilowatt-hours of electricity per year. The replacement of separate air conditioners in the computer room can save about 28,500 kilowatt-hours of electricity per year. Old equipment UPS equipment will be replaced, and the scheduled air-conditioning host maintenance will be carried out; 2023 In the year, the 10th floor and B1 floor of the head office will replace toilet water equipment, urinals, toilets, sensor faucets, etc., and adopt water-saving labels, which can save about 7,000 degrees of water per year; in April 2023, all securities locations will begin weighing and recording waste weight, and regularly promote waste reduction and classification.

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:

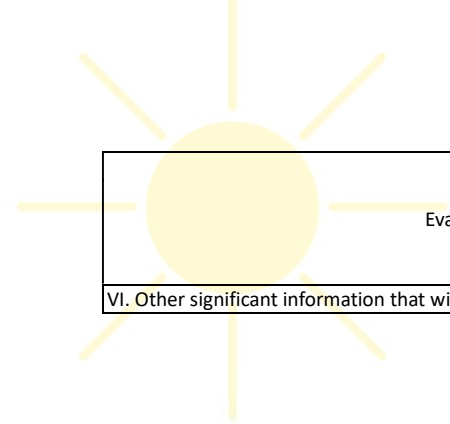
Evaluation Item	State of Implementation			Any discrepancy from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such discrepancy
	Yes	No	Summary Description	
I. Establishing the ethical management policies and prevention programs				
(I) 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 the assessment mechanism about unethical conduct to analyze and assess the operating activities with higher risk of unethical conduct in the scope of business periodically, and adopt the unethical conduct prevention program based on the mechanism, which shall at least cover the prevention measures referred to in the subparagraphs of Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX 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.	
(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 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	V		(I) The Company's "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct"	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	
compliance with ethical acts?			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.	
(II) Does the Company establish a unit dedicated to promoting ethical corporate management under supervision by the Board of Directors which shall be responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs, reporting the status thereof to the Board of Directors regularly (at least for once per year)?	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 2023 were reported to the Board of Directors on February 27, 2024.	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 other directors and shall exercise self-discipline among themselves and shall not improperly conspire with each other. 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.	No discrepancy.
(IV) Has the company established effective accounting systems and internal control	V		(IV) To facilitate ethical corporate management, the Company has designed	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	
<p>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?</p> <p>(V) Does the company organize on-job and off-job training with respect to ethical management on a regular basis?</p>	V		<p>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. Further, the Company conducts the internal audits, regularly and from time to time. The regular internal audit is conducted by the internal auditors pursuant to the annual audit plan. The non-regular internal audit is conducted by the internal auditors specially per instruction or when required by business.</p> <p>(V) The Company shall plan and organize training courses related to ethical management on a regular basis. In 2023, it held courses including legal advocacy on financial consumer protection and the fair dealing policy, legal advocacy on ethical management, and legal advocacy on acts prohibited for the personnel of securities business and participated in external training programs, with approximately 2,325 persons participating in the training and approximately 2,767.2 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 Punishment Committee for reward.</p> <p>(3) Anonymous report: No reward shall be given.</p> <p>2. Reporting channel and methods</p> <p>The Company discloses the whistle-blower mailbox (Official Website-Stakeholders-Whistle-blower Mailbox) 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>whistle-blower hotline on its website for external individuals and reporting forms on the Company's Intranet as whistle-blower reporting channels.</p> <p>The above dedicated whistle-blower mailbox and whistle-blower hotline shall be managed under the overall management of the chief of the Auditing Office, and a proxy shall be set up.</p> <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> <ol style="list-style-type: none"> 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. 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. 	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> <ol style="list-style-type: none"> 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. 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. 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. 	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 Post System?	V		<p>The Company has set up an "Corporate Ethical Management" section on the Company's website to disclose the Company's "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct", code of ethical conduct, and performance of ethical management.</p> <p>The Company's "Ethical Management" URL at: https://www.concords.com.tw/about/Company/integrity.htm?mnu=03 </p>	No discrepancy.
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.				



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	
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:

The 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

February 27, 2024

The following statement was made based on the 2023 self-inspection of the Company's internal control policies :

- I. The Company is aware that the establishment, execution, and maintenance its internal control policies are the responsibility the Company's Board of Directors and Managers, and such policies were implemented throughout the Company. The purpose of this system is to provide reasonable assurance in terms of business performance, efficiency (including profitability, performance, asset security, etc.) reliable, timely and transparent financial reporting, and regulatory compliance.
- II. Internal control policies are prone to limitations. No matter how robustly designed, effective internal control policies merely provide reasonable assurance to the achievements of the three goals above. Furthermore, environmental and situational changes may affect the effectiveness of internal control policies. However, self-supervision measures were implemented within the Company's internal control policies to facilitate immediate rectification once procedural flaws were identified.
- III. The Company evaluates the effectiveness of its internal control policy design and execution based on the criteria specified in the "Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets" (hereinafter referred to as the "Regulations"). The criteria introduced by the "Regulations" consisted of five major elements, each representing a different stage of internal control: 1. Control environment, 2. Risk evaluation and response, 3. Procedural control, 4. Information and communication, 5. Supervision. Each element further contains several items. Please refer to the Regulations for the details.
- IV. The Company has adopted the above-mentioned criteria to validate the effectiveness of its internal control design and execution.
- V. Based on the assessments described above, the Company considers the design and execution of its internal control system to be effective as at December 31, 2023. This system (including the supervision and management of subsidiaries) has provided assurance with regards to the Company's business results, target accomplishments, reliability, timeliness and transparency of reported financial information, and its compliance with relevant laws.
- VI. This statement forms an integral part of the Company's annual report and prospectus, and shall be made public. Any illegal misrepresentation or non-disclosure in the public statement above are subject to legal consequences described in Articles 20, 32, 171, and 174 of the Securities and Exchange Act, and Article 115 of the Futures Trading Act.
- VII. This statement was approved at the Company's Board of Directors meeting held on February 27, 2024. None of the 9 directors present at the meeting held any objections, and all directors unanimously agreed to the contents of this 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

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

(Record Date: December 31, 2023)

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 Co., Ltd. (hereinafter referred to as the "CAM") invested by the Company after participating in the establishment and cash capital increase of Hua He Asset Management Co., Ltd. (formerly known as Concord Securities Asset Management Co., Ltd., the company name changed in 2013, hereinafter referred to as "Hua He") in 2003 to 2019, the profit and loss of CAM is recognized mainly from the profit and loss on investments of Hua He, and the main business item of Hua He 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-1100363949 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, to evaluate the disposal of its equity interest in Hua Ho Asset Management Corp. and to undergo subsequent tracking. In order to dissolve and liquidate its subsidiary, Con Lian Asset Management, by resolution of the Company's Board of Directors on November 8, 2022, the liquidator will dispose of the equity interest in Hua Ho Asset Management Corp. through sales and liquidation procedures. The application for dissolution is pending examination by the FSC.</p>	<p>To keep following up the case.</p>

Matters to be Improved	Corrective Measures	Estimated Completion Time
<p>The Company was attacked by hackers and customers' personal data were disclosed. During TWSE's audit on the Company from August 17 to August 19, 2022, the following deficiencies were found:</p> <p>(I) The Company's personal data were stolen by hackers, and the EMS system displayed a warning message. Notwithstanding, the Company failed to learn the incident immediately and, therefore, failed to report the incident to the Securities and Futures Industry Information Security Reporting System within 30 minutes upon awareness of the incident.</p> <p>(II) The Company did not perform source code testing on the CRM system, CRM App and middle-office accounting system developed and maintained by it, but only reviewed the source code by manual. As a result, the bugs in programs were missed. Further, the CRM system was supposed to be made available to the Company's internal personnel, while the Company made the connected CRM App available on the Google Play platform for the public to download. The hackers took advantage of the bugs to access customers' personal data.</p> <p>(III) The anti-virus software of the CRM system failed to set up the schedule for scanning, and also failed to scan virus in the computer system and data storage media regularly.</p> <p>(IV) The Company failed to set the CRM system user password as changing once per three months. Besides, the password only consisted of 5 digits without applying the fine-quality password settings.</p> <p>(V) The CRM system failed to perform accounting check on a regular basis.</p> <p>(As per the FTC's written decisions under Jin-Guan-Zheng-Quan-Zi No. 11203805321 and Jin-Guan-Zheng-Quan-Fa-Zi No. 1120380532 dated February 13, 2023, the Company was ordered to make correction and fined NT\$720,000.)</p>	<p>(I) The Company's IT Dept. re-planned and promoted the reporting process, and promoted the same to colleagues at the monthly meeting held on September 8, 2022.</p> <p>(II) The CRM APP has ceased to serve external parties since August 2022 and was removed from the Google Store.</p> <ol style="list-style-type: none"> 1. The CRM system and the middle-office accounting system have been checked by the anti-virus software. The improvement was completed accordingly. 2. The CRM system used hash comparison, and middle-office accounting system program comparison to complete the improvement. 3. The version No. was added into the filename in the CRM system and the middle-office accounting system. The improvement was completed accordingly. 4. Attack protection test was injected into the CRM system and middle-office accounting system. The improvement was completed accordingly. <p>(III) The CRM system has anti-virus records and anti-virus software scanning schedule set to complete the improvement.</p> <p>(IV) The CRM system has set the expiration date of passwords as 90 days, and the minimum password length shall consist of 8 digits, including lowercase, uppercase and number, in order to complete the improvement.</p> <p>(V) The CRM system was improved upon account counting, review and approval in 2H of 2022.</p>	<p>All of the deficiencies in the left column have been improved.</p>
<p>The Examinations Bureau conducted a general business examination on the Company from December 6, 2021 to December 24, 2021 and found the following deficiencies:</p> <p>(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:</p> <ol style="list-style-type: none"> 1. The scope of the Company's inspection 	<p>(I) 1. The Company also accessed the details of entertainment expenses of other subsidiaries other than the matters alleged in the letter of complaint. For the entertainment expenses of the subsidiaries, the accused person has verified the entertainment expenses when serving as the Vice Chairman of Concord Futures Corp. in 2018, but</p>	<p>Except for (I) 4., which needs to be followed up continuously as it remains unimproved through the historical examinations by the</p>

Matters to be Improved	Corrective Measures	Estimated Completion Time
<p>on the reported matters was not complete. The verification was inappropriate.</p> <p>2. The Company has sent the investigation result of the reported case to the accused person for approval.</p> <p>3. The investigation result of the reported case were not included in the motions to be discussed by the Audit Committee and Board of Directors.</p> <p>4. When the Board of Directors and Audit Committee discuss the related motions of the whistle-blowing cases, the Company failed to require that any person involving conflict of interest shall be recused himself and, therefore, the accused part had opportunity to participate the discussion and voting.</p> <p>(II) Any persons other than Audit Committee or the Remuneration Committee members attended meetings regularly but did not leave the venue during the discussion and voting.</p> <p>(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 the bail.</p> <p>(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, and failed to disclose customer information in the open application form in accordance with internal regulations.</p> <p>(V) Fail to properly control the account inquiry control when reviewing the limit of transaction entrusted by customers, and fail to request the financial proof and inquire TDCC for information on bounced checks of customers whose total account allowance amounted to NT\$5 million; and failed to investigate and update the credit investigation information on customers whose total account allowance amounted to NT\$10 million each year.</p> <p>(VI) Fail to provide maximum risk scenario analysis, fail to properly disclose processing fees, inventory fees, and the amount of receivables, when underwriting self-defined leverage equity option operations and underwriting of the self-defined leverage equity options with customers. Also, the adjustment of customer processing fees was not submitted to the responsible supervisor for</p>	<p>not verified any entertainment expenses in any other subsidiaries.</p> <p>2. When accepting whistleblowing cases and during the investigation process, the Company shall recuse any person involving conflict of interest and prevent the "Whistleblowing Case Investigation Report Form" from being signed by the accused person and any circumstances that will affect the independence of the investigation, in order to comply with Article 3 of the Company's "Whistleblowing System."</p> <p>3. The Audit Committee and parliamentary unit of the Company will pay more attention to the requirements about the attendants' recusal for conflict of interest, in order to comply with Article 28-1 of the Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets and Article 3 of the "Whistleblowing System of Concord Securities."</p> <p>4. The Company will pay attention to the cases in which the directors are of interest in the future and submit them to the Audit Committee and Board of Directors for discussion, in order to comply with Article 14-5 of the Securities and Exchange Act.</p> <p>(II) 1. The Company's Audit Committee meetings are convened on a case-by-case basis. The Audit Committee meeting chair will invite relevant units, president and chairmen to attend the meeting to provide explanation. Once all the motions are explained, the parliamentary staff (MC) will ask the management, president and chairman attending the meeting to recuse themselves, and ask the Audit Committee members to discuss and vote on each case. The Company will pay more attention</p>	<p>Examinations Bureau, the remaining deficiencies have been rectified and an expert other than the independent auditor has been entrusted to issue an ad-hoc review report.</p>

Matters to be Improved	Corrective Measures	Estimated Completion Time
<p>approval.</p> <p>(VII) The trading operations of Soy Bean ETF are inconsistent with the operating strategies stated in the trade report.</p> <p>(VIII) The Company failed to create the file for the capital information when handling institutional investors' applications for opening accounts, and still failed to make correction when handling the subsequent regular review. As a result, the limit of transactions entrusted met the money laundering or terrorism financing patterns and the Company failed to identify it in the money laundering pattern checklist for verification.</p> <p>(IX) Send the customer's statement of account for the entrusted securities trading to the internal sales staff via email.</p> <p>(As per the FTC's written decision under Jin-Guan-Zheng-Quan-Zi No. 1120380875 dated March 2, 2023, the Company was warned and fined NT\$1.44 million, and asked to appoint an expert other than the independent auditor to issue an ad-hoc review report.)</p>	<p>to the exercise of independent functions and powers by the Audit Committee's independent directors.</p> <p>2. Since January 1, 2022, any persons other than the Audit Committee members have ceased to attend the Audit Committee meetings.</p> <p>3. Since 6th meeting of 5th Remuneration Committee on February 9, 2022, the Company has applied Paragraph 4, Article 8 of the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange." The personnel other than the Remuneration Committee members and parliamentary staff shall attend the meeting as directed by the convener, but shall leave the venue during discussion and voting.</p> <p>(III) The Company has amended the "Regulations Governing Advances" on March 2, 2022, in order to clearly specify that the expenses may be reimbursed only when they are related to the Company's business.</p> <p>(IV) Since April 11, 2022, the Company has enhanced the review on the exception management for high-risk stocks and promotion of related risk control. Meanwhile, it added the function requiring that the branch company managers shall endorse review opinions in the opinion section when approving the "Application Form for Lifting of Control," in order to fulfill the review operations and risk controls.</p> <p>(V) The Company made public announcement in branch companies on December 23, 2021 and reiterated that when handling the investors' application for opening new accounts and change of the limit, the branch companies must make the relevant inquiry and allotment operations.</p>	

Matters to be Improved	Corrective Measures	Estimated Completion Time
	<p>Meanwhile, in order to facilitate the branch companies to execute the control over the limit of general accounts, the Company has added the control program in the mid of February 2022. That is, when an investor applies for opening new account over the counter, all of the investors' accounts already opened with the Company and limits thereof may be accessed based on the investor's ID, so that the control over the limit of the customer's general accounts may be implemented.</p> <p>(VI) 1. The Company has enhanced the explanation of scenario analysis on compulsory recall events in the announcement section of the Company's official website, subject to the scenario analysis and description in the prospectus.</p> <p>2. The Company has announced the relevant price of each type of product in the announcement section on the Company's official website in accordance with the prospectus.</p> <p>3. The Company has added the details of net income and expenditure to the daily statement of account to improve the completeness of information.</p> <p>4. The system has completed the amendment on March 31, 2022. All future adjustments to the operating processing fees shall be specified in the "Operating Processing Fee Credit Application Form" to be subject to the responsible supervisor's approval. Meanwhile, the system maintenance and adjustment operating processing fees shall be reviewed and approved by the responsible supervisor.</p> <p>5. Amend Article 5 of the Company's "Operating Procedure for Equity Derivatives Operations."</p> <p>(VII) The Company has amended the "Regulations for Exchange Traded</p>	

Matters to be Improved	Corrective Measures	Estimated Completion Time
	<p>Fund Strategic Trading Risk Management” and enforced the amended Regulations since June 25, 2021. Add the business collaboration trading strategy to Article 2. Trading Strategy, and add the business collaboration trading strategy and explain the trading process in Article 3. Definition of Trading Strategy.</p> <p>(VIII) The Company has adjusted the parameter source data of "Capital" to prevent the personnel from omitting creation of the file for the "Capital" section in the back-office customer credit data maintenance file, thus preventing the generation of patterns. The field is also set as a field required to be specified, and the system can correctly capture the data in this field for comparison. This field was launched online officially on February 23, 2022.</p> <p>(IX) The Company's "Comparison List of Inquiries for Securities E-mail Addresses" was launched online on July 1, 2022, and relevant regulations were announced at the same time.</p>	
<p>Regarding the reported suspected sale of customers’ personal data on the dark web, the Company entrusted PwC Taiwan to conduct an ad-hoc review on the internal control system related to personal data protection from August 1, 2020 to August 15, 2023. In addition to the deficiencies and corrective measures listed in Paragraph 2 above regarding hacking attacks, the Company has stated in the "Statement of Internal Control System for Personal Data Protection" that the following significant improvements are also required:</p> <p>I. Personal data inventory and risk assessment operations need to be improved.</p> <p>(I) The outsourced operation is not expressed in the personal profile.</p> <p>(II) The Brokerage Business Management Dept. handled personal data (the list of sub-brokerage dividend distribution), but failed to perform personal data inventory and risk assessment.</p> <p>(III) The Human Resources Dept. failed to include the physical examination data of employees in to the personal</p>	<p>I. (I) The inventory list does not express the part related to outsourcing operations. It is expected to complete the personal profile and risk assessment management regulations and amendments to the attachments by the end of March 2024 (addition of outsourcing operation inventory items) in order to provide the basis to be followed when handling the personal profile and risk evaluation operations in April 2024.</p> <p>(II) From the end of January 2024, the sub-brokerage dividend distribution list will be generated by the Settlement and Clearing Dept. and provided to overseas brokers directly.</p> <p>(III) The employees’ physical examination data have been included in the 2023 personal profile, and the relevant information has been</p>	<p>I. (I) The improvement is expected to be completed before the end of March 2024.</p> <p>(II) No such incident occurring as of the end of January 2024, but the Company will follow up the improvement if such incident occurs.</p> <p>(III) The improvement</p>

Matters to be Improved	Corrective Measures	Estimated Completion Time
<p>profile.</p> <p>II. System access functions and authority management need to be improved.</p> <p>(I) Control over the download of personal data There are no restrictions imposed on downloading of personal data with respect to the operation of the web account opening system and over-the-counter account opening system.</p> <p>(II) Setting of system password principles</p> <ol style="list-style-type: none"> 1. Fine-quality password settings are not applied to setting of the CRM operating system password. 2. The operating system's general employee account in the new e-trading system has been controlled in the manner synchronous with AD. However, the password principle has not been set with respect to the accounts directly created in the operating system. <p>(III) Account management</p> <ol style="list-style-type: none"> 1. Although the IT Department has checked the AD accounts with highest authority and privileged accounts every six months, but has not checked the general AD accounts. 2. The authority of access to shared folders was never checked. 3. The IT Dept. has checked the authority of access to the CRM system accounts; however, from 2020 to 1H of 2022, it failed to check the CRM application system and database account authority settings. 4. There are shared AD domain accounts. The shared accounts of the Accounting Dept. are no longer required. <p>III. The access control over emails needs to be improved.</p> <p>(I) The image files which cannot be read via the e-mail filtering system could still be sent directly.</p> <p>(II) Failure to control emails that do not trigger interception.</p> <p>(III) Employees can download and save emails via their personal mobile devices.</p> <p>(IV) The Company simulated transmission of a large number of virtual personal</p>	<p>submitted to the Compliance Dept. for custody on January 5, 2024.</p> <p>II. (I) 1. For the web account opening system, the program has been modified to add a mask to the screen. Notwithstanding, the data will be displayed in its entirety when the mouse is moved over them. However, the same data will be masked when being exported, in order to mitigate the risk over disclosure of massive data.</p> <p>2. For the over-the-counter account opening system, the Company expects to contract external vendors to modify the program and record when the "Print" button is clicked to keep the trace of data.</p> <p>(II) 1. The CRM operating system password has been set based on the fine-quality password setting principles. The CRM system has set the expiration date of passwords as 90 days, and the minimum password length shall consist of 8 digits, including lowercase, uppercase and number, in order to complete the improvement.</p> <p>2. To amend the setting of system password principles.</p> <p>(III) 1. Considering that according to the default authority for the general accounts, only the user with minimum privileges and free from the concerns about personal data are allowed, while the other authority is controlled via Apps and, therefore, the risk is relatively low. Therefore, in the past, we only concentrated our resources to check the accounts with the highest authority and privilege involving higher risk every six months. Notwithstanding, in the future, we will conduct the thorough check on a regular basis.</p>	<p>nts were completed on January 5, 2024.</p> <p>II. (I) 1. The improvements were completed on January 12, 2024.</p> <p>2. The improvement is expected to be completed before the end of April 2024.</p> <p>(II) 1. Improvements already completed.</p> <p>2. The improvements were completed on January 31, 2024.</p> <p>(III) 1. The improvement is expected to be completed before the end of June 2024.</p> <p>2. The improvement is expected to be completed before the end of June 2024.</p> <p>3. Improvements already completed.</p> <p>4. (1) The improvement is expected to be completed before the end of March 2024.</p> <p>(2) Completed.</p> <p>III. (I)(II) The</p>

Matters to be Improved	Corrective Measures	Estimated Completion Time
<p>data based on the e-mail filtering conditions. Some new department was found failing to apply the filtering conditions correctly. As a result, the data may be sent out during the test.</p> <p>IV. Internet control needs to be improved. IT Dept. uses Fortinet and WinMatrix tools to restrict employees' access to certain websites, while other websites (such as Wordpress.com) are not restricted from uploading files (pictures or word files).</p> <p>V. The retention period of audit tracks needs to be improved. The following track data do not meet the requirement on at least five-year retention period under Paragraph 3, Article 14 of the "Regulations Governing Security Maintenance of Personal Data Files of Non-Government Organizations Designated by the Financial Supervisory Commission."</p> <p>(I) The access records of the portable storage media (USB, CD-ROM drive) are only kept for 3 years.</p> <p>(II) The retention period of the internal private cloud access records is set as 1 year only.</p> <p>(III) The database of the CRM system fails to keep audit tracks of user login records.</p> <p>(IV) The audit tracks related to the login to the new e-trading system database and operating system is not maintained intact for 5 years.</p> <p>(As per the FTC's written decision under Jin-Guan-Zheng-Quan-Zi No. 1120353875 dated September 11, 2023, the Company has entrusted an expert other than the independent auditor, who is capable of auditing the information security, to issue an ad-hoc review report.)</p>	<p>2. The authority of access to shared folders will be included in the inventory of the authority of access to the system accounts.</p> <p>3. The CRM system was improved upon account counting, review and approval in 2H of 2022.</p> <p>4.(1) The shared account refers to an account dedicated to the special business needs of each department. Due to the problem about special application system's authority, special accounts are required to execute the same applications available for the colleagues to access the system normally. The Company will confirm with the users whether it is possible to change the method to addition of the group authority to individual user IDs. If there is no solution, it is still necessary to open a dedicated account to users. The Company will confirm whether it is possible to provide the application system with the minimum authority, with no other services made available.</p> <p>(2) The shared account number of the Accounting Dept. has been removed.</p> <p>III. (I) Currently, as long as there are graphic files with attachments sent externally, they shall be subject to the supervisor's audit. When the relevant software is implemented, other control methods will be adjusted.</p> <p>(II) All emails containing personal data will be included in the audit through settings. High-risk emails shall be released upon approval of the supervisor. The system will release a list of audited emails to various unit supervisors for review automatically on a weekly basis.</p> <p>(III) Employees will be stopped from receiving emails via</p>	<p>improvements were completed on January 31, 2024.</p> <p>(III) The improvement is expected to be completed before the end of April 2024.</p> <p>(IV) The improvements were completed on January 3, 2024.</p> <p>IV. (I) Improvements already completed.</p> <p>(II) The improvement is expected to be completed before the end of December 2024.</p> <p>V. The improvements were completed on January 8, 2024.</p>

Matters to be Improved	Corrective Measures	Estimated Completion Time
	<p>mobile devices, and be required to connect with the Company via VPN (data loss prevention).</p> <p>(IV) The IT Dept. members failed to block the submission of attachments containing virtual personal data. Upon investigation, it was found that the filtering rules in the email audit system are set independently by members, and such filtering condition was not included when the new IT Dept. was added. As a result, the ID Dept. members failed to apply the audit policy. The system administrator has improved this part.</p> <p>IV. (I) Colleagues have been prohibited from accessing WP, Synology, and Wix pages, for the purpose of risk mitigation.</p> <p>(II) Considering that new websites or webpages will be emerging on the Internet in the future, omissions are inevitable if only the blocking based on blacklist is relied on. In order to avoid similar problems, the Company will permanently evaluate and implement the Data Leak Prevention (DLP) solutions to deepen the overall control mechanism.</p> <p>V. The settings shall be retained for five years.</p>	

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

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

Assurance Report on the Review on the Internal Control System

Zi-Hui-Zhong-Zi No. 23002955

To: Concord Securities Co., Ltd.

We have executed the reasonable assurance procedure for the enclosed Statement made upon evaluation on August 30, 2023 to certify the effectiveness of the design and execution of the internal control system related to the status of corporate governance practices adopted by Concord Securities Co., Ltd. (hereinafter referred to as the "Company") with the Board of Directors, Audit Committee and Remuneration Committee (the management of Board of Directors meetings, management of Audit Committee meetings, and management of Remuneration Committee meetings), division of powers and responsibilities and prevention of conflicts of interest (duty delegation system), planning and execution of the whistle-blowing system, proprietary trading policy and operating procedure (high-risk stock controls, credit investigation prior to transactions with customers, derivatives trading on TPEx, trading decision making, service of the statement of account and checking of records) (hereinafter referred to the "specific scope") on April 30, 2023.

Subject matter, subject matter information and applicable criteria

The subject matter and subject matter information of the assurance case refer to the design and execution of your internal control system related to the specific scope on April 30, 2023 and the statement issued by you on August 24, 2023 indicating that the design and execution of the internal control system related to the specific scope are evaluated to be effective (hereinafter referred to as the assurance subject matter).

The criteria applicable to measurement or evaluation of said assurance subject matters refer to those applied to judge the effectiveness of the internal control system under the "Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets."

Inherent limitations

Since any internal control system has its inherent limitations, said internal control system still might fail to prevent or detect the errors or frauds that have occurred. Besides, the environment might change in the future, and the likelihood of compliance with the internal control system might be reduced accordingly. Therefore, the internal control system which is held effective in the current period is not necessarily effective in the future.

Management's responsibilities

The management shall be responsible for establishing the internal control system in accordance with relevant laws and regulations, and reviewing it from time to time to keep the design and execution of the internal control system effective. After evaluating its effectiveness, the management shall also issue a statement of internal control system.


CPA's responsibilities

We are responsible for executing the necessary procedure with respect to the assurance subject matter in accordance with the "Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets" and TWSAE No. 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information," in order to obtain reasonable assurance, and conclude whether the assurance subject matter complies with the applicable criteria and is presented adequately, in all material respects.

Independence and quality management practices

The CPA firm and we have complied with the independence and other ethical requirements under the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, which upholds the basic principles including integrity, objectivity, professional competence and due care, confidentiality and professional behavior. Meanwhile, the CPA Firm follows the quality management standards and maintains a sound quality management system, including written policies and procedures about compliance with the code of professional ethics, professional standards, and applicable laws and regulations.

Summary of executed procedures



We plan and execute the necessary procedure, based on our professional judgment, in order to obtain the evidence related to the assurance subject matter. The executed procedures include understanding the Company's internal control system, evaluating the process by which the management assess the effectiveness of the overall internal control system, testing and evaluating the effectiveness of the design and execution of the internal control system related to external financial reporting and asset safety protection, and any other review procedures I deem necessary. We believe that the review work can provide a reasonable basis for the conclusion presented.

Assurance conclusion

In our opinions, according to the judgment made based on the criteria under the "Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets," the design and execution of your internal control system related to the specific scope shall be held effective, in all material respects, on April 30, 2023. The statement of internal control system issued by you on August 24, 2023 indicating the design and execution of its internal control system related to the specific scope should be held effective upon evaluation shall be deemed presented fairly, in all material respects.

Discoveries related to specific aspects of the case

During the assurance process, we had some findings in the execution of the internal control system related to the specific scope during the review period (from February 1, 2023 to April 30, 2023). Notwithstanding, such findings are not considered as major deficiencies. Therefore, we issued the internal control suggestions attached hereto as the reference to help you improve them. Meanwhile, your management proposed the corresponding corrective actions as the basis for the followup on the status of improvement. Our conclusion remains unchanged by said findings.

The assurance report is provided for the your reference only, which shall not be used for any other purpose or distributed to any other parties except as the regulatory reference by the competent authority.

PricewaterhouseCoopers, Taiwan

Wu, Shang-Tun

Lo, Chiao-Sen

August 30, 2023

CPA

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Concord Securities Co., Ltd.

CPA Assurance Report for the ad-hoc review on Personal Data Protection Internal Control System from August 1, 2020 to August 15, 2023

Zi-Hui-Zhong-Zi No. 23008010

To: Concord Securities Co., Ltd.

We have executed the necessary procedures completed the required procedures with respect to the statement issued by Concord Securities Co., Ltd. for the design and execution of the personal data protection internal control system from August 1, 2020 to August 15, 2023.

Subject matter information and applicable criteria

The subject matter information of the assurance case refers to the statement issued by you from August 1, 2020 to August 15, 2023, indicating that the design and execution of the internal control system related to the specific scope are effective (see Attachment).

The criteria applicable to measurement or evaluation of said subject matter information refer to the "Personal Data Protection Act," "Enforcement Rules of Personal Data Protection Act" and "Regulations Governing Security Maintenance of Personal Data Files of Non-Government Organizations Designated by the Financial Supervisory Commission."

Inherent limitations

Since any personal data protection internal control system has its inherent limitations, said internal control system still might fail to prevent or detect the errors or frauds that have occurred. Besides, the environment might change in the future, and the likelihood of compliance with the internal control system might be reduced accordingly. Therefore, the internal control system which is held effective in the current period is not necessarily effective in the future.

Management's responsibilities

The management is responsible for formulating relevant policies and procedures in accordance with the laws and guides related to the Personal Data Protection Act, establishing an internal control system, and having the independent internal audit department perform the audits and regularly report to the Board of Directors, in order to ensure that the personal data protection internal control may be executed effectively.

CPA's responsibilities

We are responsible for executing the necessary procedure with respect to the subject matter information in accordance with the TWSAE No. 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information," in order to obtain reasonable assurance, and provide opinions on whether the subject matter information is presented adequately, in all material respects.

Independence and quality management practices

The CPA firm and we have complied with the independence and other ethical requirements under the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, which upholds the basic principles including integrity, objectivity, professional competence and due care, confidentiality and professional behavior. Meanwhile, the CPA Firm follows the Standard on Quality Management (TWSQM) 1 "CPA Firm's Quality Management" and maintains a sound quality management system, including written policies and procedures about compliance with the code of professional ethics, professional standards, and applicable laws and regulations.

Summary of executed procedures

We plan and execute the necessary procedure in accordance with the "Procedure Executed by CPA for the Audit on Bank's Personal Data Protection and Template of Assurance Report" and based on our professional judgment, in order to obtain the evidence related to the subject matter information. The executed procedures include assessment on your personal data protection control environment and risk, and test, inspection, observation or inquiry with respect to the related records.

Assurance conclusion

In our opinions, the statement issued by you for the design and execution of the personal data protection internal control system from August 1, 2020 to August 15, 2023 should be deemed presented fairly, in all material respects.

Other matters

After the assurance report is issued, we are not responsible for updating the assurance report.

Restrictions on Use

The assurance report is provided for the your reporting to the competent authority or regulatory use, but shall not be used for any other purpose or distributed to any other parties.

PricewaterhouseCoopers, Taiwan

	Hsu,	Lin-Shun
CPA	Lin,	Wen-Yu

January 30, 2024



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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 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 implementation of the improved internal control system. Until the deficiencies recognized by the FSC are improved, no additional reinvestment in subsidiaries is allowed. (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>(Jin-Guan-Zheng-Quan-Fa-Zi No. 1120380875 and Jin-Guan-Zheng-Quan-Fa-Zi No. 11203808751 dated March 2, 2023)</p>	<ul style="list-style-type: none"> 1. Improvements already completed. 2. Contract the expert other than the independent director, PwC Taiwan, to conduct the ad-hoc review and issue the internal control ad-hoc review report related to the specific scope on August 30, 2023.

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 7, 2023:		
Proposal	Resolution Result	Implementation Status
2022 Final Accounts	The voting results tallied 373,327,452 shares in favor (among which 11,635,465 shares were cast in electronic form) accounted for 98.29% of the total attending shareholders' votes, 211,680 voted against (among which 211,680 shares were cast in electronic form) accounted for 0.05% of the total attending shareholders' votes, and 6,269,993 shares were categorized as abstention votes/no votes (among which 6,021,768 shares were in electronic form) accounting for 1.65% 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
2022 Deficit compensation proposal	The voting results tallied 373,653,366 shares in favor (among which 11,961,379 shares were cast in electronic form) accounted for 98.37% of the total attending shareholders' votes, 419,593 voted against (among which 419,593 shares were cast in electronic form) accounted for 0.11% of the total attending shareholders' votes, and 5,736,166 shares were categorized as abstention votes/no votes (among which 5,487,941 shares were in electronic form) accounting for 1.51% of the total attending shareholders' votes, so the proposal was approved as the number of votes in favor exceeded the statutory number.	The relevant statements have been published and reported as required

2. Material resolutions of a board of directors meeting:

Meeting Session/Convening Date	Material Resolutions of Board of Directors Meeting
16th Meeting of 12th Board of Directors March 9, 2023	<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: Establishment of the Company's "General Principles of the Pre-Approved Non-Assurance Service Policy."</p> <p>Case No. 4: The Company's 2022 deficit compensation proposal.</p> <p>Case No. 5: Matters on Convening 2023 Annual General Meeting</p> <p>Case No. 6: Presentation of the Company's "2022 Business Report."</p> <p>Case No. 7: The Company's proposal for amendments to the "Rules Governing Financial and Business Matters Between the Company and its Affiliated Enterprises"</p> <p>Case No. 8: Report of Implementation Status and Self Evaluation Table of the "Fair Dealing Policy" for the Year 2023</p> <p>Case No. 9: The Company's sustainability development strategy, execution result of the short-, medium- and long-term goals</p> <p>Case No. 10: The Company's proposal for withdrawal of the investment in "Cathay Private Equity Smart Technology Limited Partnership Fund."</p>

Meeting Session/Convening Date	Material Resolutions of Board of Directors Meeting
	<p>Case No. 11: The proposal of the subsidiary, Con Lian Asset Management Co., Ltd., for sale of a part of the equity of the investee, Hua Ho Asset Management Co., Ltd., to replenish its working capital.</p> <p>Case No. 12: Submission of the Internal Control System Statement and Anti-money Laundering and Countering Terrorism Financing Internal Control System Statement for the Year 2022</p> <p>Case No. 13: Amendments to the "Internal Control System for Securities Trading," "Internal Control System for Futures Introducing Broker" and "Internal Control System for Shareholder Service" of the Company.</p> <p>Case No. 14: Proposal for amendments to the securities introducing broker service contract and addendum.</p> <p>Case No. 15: Proposal for the Risk Management Qualitative Information for the Year 2022 to be Reported on the "Market Observation Post System"</p> <p>Case No. 16: Proposal for adjustment of the 2023 Delta, Gamma and Vega authorized limit for the Financial Derivatives Dept.'s warrant operations.</p> <p>Case No. 17: Proposal for establishment of the "Operating Principles for Interest Rate and Exchange Rate Futures Trading."</p> <p>Case No. 18: Amendments to the "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct."</p> <p>Case No. 19: Amendments to the Company's "Corporate Governance Practice Principles."</p> <p>Case No. 20: The Company's Financial Institution Loan Limits.</p> <p>Case No. 21: Annual performance bonus and remuneration to the Chairman and mandated managers for 2022</p> <p>Case No. 22: Appointment of directors and election of supervisors for the investee subsidiary, Concord Futures Corp.</p> <p>Case No. 23: Personnel appointment matters.</p> <p>Case No. 24: Proposal for Appointment of Consultants.</p> <p>Case No. 25: Greenhouse gas inventory and verification timeline of the Company (including subsidiaries).</p>
<p>17th Meeting of 12th Board of Directors April 18, 2023</p>	<p>Case No. 1: Proposal for execution of the system agency maintenance contract with the subsidiary, Concord Futures Corp.</p> <p>Case No. 2: Amendments to the Company's "Operating Procedure for Handling of Internal Material Information."</p> <p>Case No. 3: Proposal for Distribution of 2022 Remuneration to Directors</p> <p>Case No. 4: Personnel appointment matters.</p>
<p>18th Meeting of 12th Board of Directors May 10, 2023</p>	<p>Case No.1: The Company's consolidated financial statements for Q1 of 2023.</p> <p>Case No. 2: Amendments to the Company's "Internal Control Systems for Shareholder Service."</p> <p>Case No. 3: Establishment of the Company's "Accountability System Implementation Guidelines for Major Issues" of the Company.</p> <p>Case No. 44: The Company's Financial Institution Loan Limits</p> <p>Case No. 5: Proposal to adjust the 2023 authorized amount of nominal principal for the Financial Derivatives Dept.</p> <p>Case No. 6: Amendments to the "Regulations Governing the Appointment of Managers" of the Company.</p> <p>Case No. 7: Personnel appointment matters.</p>
<p>19th Meeting of 12th</p>	<p>Case No. 1: The proposal for the Company's withdrawal from the "the</p>

Meeting Session/Convening Date	Material Resolutions of Board of Directors Meeting
Board of Directors June 7, 2023	<p>proposal of the Company's subsidiary, Con Lian Asset Management Co., Ltd., for sale of a part of the equity of the investee, Hwa Ho Asset Management Co., Ltd., to replenish its working capital."</p> <p>Case No. 2: Remuneration to Chairman, Vice Chairman and President of Concord Futures Corp.</p>
20th Meeting of 12th Board of Directors August 30, 2023	<p>Case No. 1: The Company's Parent Company Only Financial Statements and Consolidated Financial Statements for Q2 of 2023.</p> <p>Case No. 2: Amendments to the "CRS Compliance Management Policy."</p> <p>Case No. 4: Proposal to increase the securities lending limit for juristic person customers.</p> <p>Case No. 5: Amendment to the "Business Strategy and Operational Guidelines for Equity Derivatives Business"</p> <p>Case No. 6: Amendments to the "Internal Control System for Securities Trading" and "Internal Control System for Futures Introducing Broker" of the Company.</p> <p>Case No. 7: Submission of the whistle-blowing case for review.</p> <p>Case No. 8: Submission of the Statement of Internal Control System issued by PwC Taiwan's attesting CPAs after the ad-hoc review contracted by the Company.</p> <p>Case No. 9: Submission of the Statement of Internal Control System for Specific Scope issued by PwC Taiwan's attesting CPAs after the ad-hoc review contracted by the Company.</p> <p>Case No. 10: Amendments to the Company's "Fair Dealing" policy and strategies.</p> <p>Case No. 11: The Company's sustainability development strategy, execution result of the short-, medium- and long-term goals</p> <p>Case No. 12: Amendments to the "Corporate Sustainable Development Best Practice Principles."</p> <p>Case No. 13: Amendments to the "Regulations for the Organization of Sustainable Development Committee."</p> <p>Case No. 14: Amendments to the Company's "Stewardship Principles for Institutional Investors" and execution of the Compliance Statement for the "Stewardship Principles for Institutional Investors."</p> <p>Case No. 15: Amendments to the Company's "Accountability System Implementation Guidelines for Major Issues."</p> <p>Case No. 16: The Company's Financial Institution Loan Limits</p> <p>Case No. 17: Amendment to the Organizational Chart and Organization Rules of the Company.</p> <p>Case No. 18: Amendment to the "Regulations Governing Distribution of Remuneration to Employees"</p> <p>Case No. 19: Personnel appointment matters.</p>
21st Meeting of 12th Board of Directors November 3, 2023	<p>Case No. 1: The Company intends to change the independent auditors from Q3 of 2023.</p> <p>Case No. 2: The Company's consolidated financial statements for Q3 of 2023.</p> <p>Case No. 3: Amendments to the Company's "Regulations for Call (Put) Warrants Risk Management"</p> <p>Case No. 4: Amendments to the "Internal Control System for Securities Trading" and "Internal Control System for Futures Introducing Broker" of the Company.</p> <p>Case No. 5: Establishment of the Company's "Profit Sharing and Bonus for OSU Foreign Currency Bond Business."</p>

Meeting Session/Convening Date	Material Resolutions of Board of Directors Meeting
	<p>Case No. 6: The Company's Financial Institution Loan Limits</p> <p>Case No. 7: Proposal for re-appointment of juristic person director's representative of the Company's subsidiary, Concord Futures Corp.</p> <p>Case No.8: Personnel appointment matters.</p> <p>Case No. 9: Additional appointment of 5th Remuneration Committee Members</p> <p>Case No. 10: 2023 Qualification Review on Independent Directors</p>
<p>22nd Meeting of 12th Board of Directors December 15, 2023</p>	<p>Case No. 1: The Company's 2024 business plan and budget</p> <p>Case No. 2: Evaluation on Independence and Competence of the independent auditors.</p> <p>Case No. 3: Appointment of and remuneration to the Company's independent auditors.</p> <p>Case No. 4: Report of the Company's 2024 Internal Audit Operation Inspection Plan</p> <p>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.</p> <p>Case No. 6: Proposal for amendments to the securities introducing broker service contract and addendum with Concord Futures Corp.</p> <p>Case No. 7: Amendments to the Company's "Regulations Governing the Trading of Emerging Stocks."</p> <p>Case No. 8: Propose the Company's 2024 major issue accountability plan.</p> <p>Case No. 9: Amendments to the Company's "Procedures for Acquisition and Disposal of Assets"</p> <p>Case No. 10: The written legal opinion issued by Huang & Partners entrusted by the Company on FSC's letter under Zheng-Qi (Quan)-Zi No. 1120357657 dated October 24, 2023.</p> <p>Case No. 11: Amendments to the donation terms and conditions with respect to the Company's application for the establishment of the Taipei City Concord Social Welfare Charitable Foundation.</p> <p>Case No. 12: The Company appointed Concord Capital Management Corp. to provide investment consulting services.</p> <p>Case No. 13: Proposal to sign a sales agency contract with Concord Securities Corp. for Thornburg funds.</p> <p>Case No. 14: Proposal for re-appointment and adjustment of juristic person director's representative of the Company's subsidiary, Concord Securities Corp.</p> <p>Case No. 15: The Company's sustainability development strategy, execution result of the short-, medium- and long-term goals</p> <p>Case No. 16: 2024 Report on the greenhouse gas inventory and verification schedule plan of Concord Securities.</p> <p>Case No. 17: Amendments to the "Financial Derivatives Dept.'s Strategic Transaction Risk Management Guidelines."</p> <p>Case No. 18: The Company's proposal to suspend the opening of foreign currency trading account with intends to suspend the opening of foreign currency trading accounts with Guoyuan Securities Brokerage (Hong Kong) Limited.</p> <p>Case No. 19: Application for 2024 Trading Limits and Risk Limits Allocation of Each Unit of Trading.</p> <p>Case No. 20: Credit Limit of A Single Trading Counterparty for the</p>

Meeting Session/Convening Date	Material Resolutions of Board of Directors Meeting
	<p>FY2024.</p> <p>Case No.21: The Company's Financial Institution Loan Limits</p> <p>Case No. 22: Amendments to the "Principles for the Remuneration System of Brokerage Business Group Business Personnel"</p> <p>Case No. 23: Amendments to the "Principles for the Remuneration System of Wealth Management Dept. Business Personnel"</p> <p>Case No. 24: Proposal for Appointment of Consultants.</p> <p>Motion 25: Application for margin financing facility by the subsidiary, Con Lian Asset Management Service Corp.</p>
23rd Meeting of 12th Board of Directors January 30, 2024	<p>Case No. 1: Submission of the CPA Audit Report on Personal Data Protection Internal Control System issued by PwC Taiwan's attesting CPAs on the Company's Internal Control System</p> <p>Case No. 2: Submission of the Statement of Internal Control System for Specific Scope issued by PwC Taiwan's attesting CPAs after the ad-hoc review contracted by the Company.</p> <p>Case No. 3: Submission of the independent investigation report issued by PwC Risk Management Consulting Co., Ltd. contracted by the Company to investigate the suspected disclosure of customers' personal data.</p> <p>Case No. 4: Amendments to the "Internal Control System of Securities" of the Company</p> <p>Case No. 5: 2023 Personal Data Protection Self-Evaluation Report.</p> <p>Case No. 6: Amendments to the personal information management objectives and policies (PIMS-L1-001).</p> <p>Case No. 7: For the matters claimed in the attorney letter issued by OTICE appointed by the Minority Rescue Association of Concord Securities, the Company followed the resolution rendered by the Board of Directors on November 8, 2022.</p> <p>Case No. 8: Adjustment of meal allowance.</p> <p>Case No. 9: Amendments to the Company's "Regulations for Compensation of Directors."</p> <p>Case No. 10: Allocation of the vehicle to the Chairman of the Company.</p>
24th Meeting of 12th Board of Directors February 27, 2024	<p>Case No. 1: 2023 Distribution of Remuneration to Employees and Directors</p> <p>Case No. 2: C 2023 Parent Company Only Financial Statements and Consolidated Financial Statements</p> <p>Case No. 3: Presentation of the Company's "2023 Business Report."</p> <p>Case No. 4: 2023 earnings distribution proposal</p> <p>Case No. 5: Issuance of new shares for capital increase through earnings.</p> <p>Case No. 6: Amendments to the Company's "Articles of Incorporation."</p> <p>Case No. 7: Election of the directors of the Company's 13th Board of Directors.</p> <p>Case No. 8: The Acceptance of Shareholder' Proposals by the Annual General Meeting and Nomination of Director (Including Independent Director) Candidates</p> <p>Case No. 9: Matters on Convening 2024 Annual General Meeting</p> <p>Case No. 10: Proposal for amendments to the securities introducing broker service contract and addendum with Concord Futures Corp.</p> <p>Case No. 11: Amendments to the "Principles for the Remuneration System of Brokerage Business Group Business</p>

Meeting Session/Convening Date	Material Resolutions of Board of Directors Meeting
	<p>Personnel”</p> <p>Case No. 12: Amendment to the Company’s “Information Security Policy”</p> <p>Case No. 13: Internal Control System Statement and Anti-money Laundering and Countering Terrorism Financing Internal Control System Statement for the Year 2023.</p> <p>Case No. 14: Proposal for the Risk Management Qualitative Information for the Year 2023 to be Reported on the “Market Observation Post System”.</p> <p>Case No. 15: The Company’s proposal to amend the "Operating Procedure for Supervision of Subsidiaries". →(Proposed by Corporate Strategy Dept.)</p> <p>Case No. 16: Proposal to withdraw the "Company’s proposal to apply for investment in venture capital” and the “Company’s proposal to apply for listing of stocks on TWSE.”.</p> <p>Case No. 17: The Company’s sustainability development strategy, execution result of the short-, medium- and long-term goals.</p> <p>Case No. 18: Amendments to the “Regulations for the Organization of Audit Committee”.</p> <p>Case No. 19: Amendments to the “Regulations Governing Procedure for Board of Directors Meetings.”</p> <p>Case No. 20: The Company’s Financial Institution Loan Limits.</p> <p>Case No. 21: Personnel appointment matters.</p> <p>Case No. 22: Amendments to the Company's "Regulations for Compensation of Directors."</p>

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: None.

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	Chang, Cheng-Hsiu	2023	NT\$2,750 thousand	NT\$200 thousand	NT\$2,950 thousand	Note 1
	Chuang, Pi-Yu					
	Huang, Hsiu-Chun					

Name of Accounting Firm	Name of CPA	CPA Audit Period	Audit Fees	Non-audit Fees	Total	Remark
Deloitte Taiwan	Wu, Shang-Tun	February 2023 -April 2023	—	NT\$1,800 thousand	—	Note 2
PwC Taiwan	Lo, Chiao-Sen					
PwC Taiwan	Hsu, Lin-Shun	August 2020 -August 2023	—	NT\$1,460 thousand	—	Note 3
Toppest CPAs	Lin, Wen-Yu					

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

Note 2: Non-audit Fees including Internal control system ad-hoc review fees

Note 3: Non-audit Fees including Personal data internal control system ad-hoc review fees

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: Because of job rotation within the accounting firm, Chuang, Pi-Yu, CPA and Huang, Hsiu-Chun, CPA were replaced by Chang, Cheng-Hsiu, CPA and Chuang, Pi-Yu, CPA.

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	2023		The Current Year up to April 8	
		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.	0	0	0	0
	Representative: Cheng, Ta-Yu	0	0	0	0
	Representative: Jinnder Chang	0	0	0	0
	Representative: Lee, Chin-Shen	0	0	0	0
Director	Tai Ming Development Co., Ltd.	360,000	0	0	0
	Representative: Li, Chuang-Yuan	0	0	0	0
Director	Sky Investment Corp.	0	0	1,800,000	0
	Representative: Chen, Qiong-Ling	0	0	0	0

Title	Name	2023		The Current Year up to April 8	
		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	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 (Note 1)	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	(65,000)	0	(5,000)	0
Vice President	Liao, Chi-Hung	0	0	0	0
Vice President	Chang, Jyh-Chian	0	0	0	0
Vice President	Liu, Pi-Yin (Note 1)	0	0	0	0
Vice President	Shih, Shu-Chen	0	0	0	0
Vice President	Tseng, Li-Kuo	0	0	0	0
Vice President	Yen, Chih-Lung	(17,000)	0	0	0

Title	Name	2023		The Current Year up to April 8	
		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	Lin, Hsu-Sheng (Note 1)	(48,560)	0	0	0
Vice President	Tai, Tzu-Ling (Note 1)	0	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	0	0	0	0
Vice President	Yang, Liang-Yu (Note 2)	0	0	0	0
Assistant Vice President	Yang, Kuang-Cheng	0	0	0	0
Assistant Vice President	Huang, Shih-Chang	0	0	0	0
Assistant Vice President	Ho, Po-Ming	0	0	0	0
Assistant Vice President	Huang, Yun-Chieh	0	0	0	0
Assistant Vice President	Pai, Cheng-Hsien	(54,000)	0	(63,000)	0
Assistant Vice President	Chen, Ming-Wei	0	0	0	0
Assistant Vice President	Huang, Mei-Ling	0	0	22,000	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
Assistant Vice President	Ho, Chen-Che	0	0	0	0

Title	Name	2023		The Current Year up to April 8	
		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	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 (Note 1)	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	0	0	0	0
Assistant Vice President	Lo, Yu-Chien	0	0	0	0
Assistant Vice President	Wang, Chian-Chang	0	0	0	0
Assistant Vice President	Hsu, Shu-Wen	(9,000)	0	(10,000)	0
Assistant Vice President	Yang, Yu-Hung	0	0	0	0
Assistant Vice President	Wang, Mei-Chuan (Note 1)	(5,000)	0	0	0
Assistant Vice President	He, Chia-Lin	0	0	0	0
Assistant Vice President	Pan, Chun-Chi (Note 1)	0	0	0	0
Assistant Vice President	Wei, Yi-Chan	0	0	0	0
Assistant Vice President	Wang, Hung-Hsi (Note 2)	0	0	0	0
Manager	Lin, Shih-Nung	0	0	0	0
Manager	Chen, Chien-Hsun	0	0	0	0
Manager	Hsu, Wei-Lun	0	0	0	0
Manager	Liao, Min-Hsiu (Note 1)	0	0	0	0
Manager	Huang, Ying-Jen	0	0	0	0

Title	Name	2023		The Current Year up to April 8	
		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	0	0	0	0
Manager	Li, Wen-Ren	0	0	0	0
Manager	Lin, Wei-Fong (Note 1&2)	0	0	0	0
Manager	Tseng, Li-Hung (Note 1)	(245)	0	0	0
Manager	Liu, I-Hsun (Note 2)	0	0	0	0
Manager	Chiu, Chuan-Hung (Note 2)	0	0	0	0
Manager	Liang, Chih-Yao (Note 2)	0	0	0	0

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

Note 1: Huang, Tien-Chang resigned office on August 18, 2023; Liu, Pi-Yin resigned office on April 30, 2023; Lin, Hsu-Sheng resigned office on March 1, 2024; Tai, Tzu-Ling resigned office on March 31, 2023; Yeh, I-Lin resigned office on March 22, 2024; Wang, Mei-Chuan resigned office on July 13, 2023; Pan, Chun-Chi resigned office on November 4, 2023; Liao, Min-Hsiu resigned office on March 1, 2024; Lin, Wei-Fong resigned office on May 31, 2023; Tseng, Li-Hung resigned office on March 31, 2023.

Note 2: Yang, Liang-Yu Newly appointed March 12, 2024; Wang, Hung-Hsi Newly appointed October 2, 2023; Lin, Wei-Fong Newly appointed April 1, 2023; Liu, I-Hsun Newly appointed August 31, 2023; Chiu, Chuan-Hung Newly appointed November 4, 2023; Liang, Chih-Yao Newly appointed March 1, 2023.

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3.8 Relationship among the Top Ten Shareholders

Record Date: April 8, 2024

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
	7,915,902	1.33	0	0	0	0	None	None	None
Ta Tien Investment Co., Ltd. Representative: Hsiao, Hsiang-Ling	18,971,789	3.19	-	-	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	12,466,839	2.10	0	0	0	0	None	None	None
Kang Lian Investment Co., Ltd. Representative: Tseng, Hung-Chang	11,062,082	1.86	0	0	0	0	None	None	None
	0	0	0	0	0	0	None	None	None
Chen, Chiung-Chu	10,709,411	1.80	-	-	0	0	None	None	None
Sky Investment Co., Ltd. Representative: Chen Chang, A-Ying	10,241,281	1.72	-	-	0	0	None	None	None
	16	0	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: Hsieh, Shu-Fu	8,904,122	1.60	-	-	0	0	None	None	None
	1,000	0	0	0	0	0	Tai Yang Development Co., Ltd.	Chairman	None

3.9 Ownership of Shares in Affiliated Enterprises:

As of March 31, 2024

Per Share ; %

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

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

IV. Capital Overview

4.1 Capital and Shares

4.1.1 Capital and Shares:

Expressed in shares or NT\$

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

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

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

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

Relevant information on shelf registration: None.

4.1.2 Shareholder structure

April 8, 2024

Shareholder Structure Quantity	Government Agency	Financial Institution	Other Legal Person	Natural Person	Foreign Institution or Foreigner	Total
Number of Persons	3	6	231	58,488	83	58,811
Number of Shares Held	1,348	3,637,798	140,980,818	409,379,506	40,455,516	594,454,986
Shareholding Percentage %	0.00	0.61	23.72	68.87	6.80	100.00

4.1.3 Dispersion of equity ownership

April 8, 2024

Shareholding Group	Number of Shareholders	Number of Shares Held	Shareholding Percentage %
1 to 999	35,523	2,588,616	0.45
1,000 to 5,000	14,168	33,248,971	5.59
5,001 to 10,000	3,877	30,559,323	5.14
10,001 to 15,000	1,387	17,559,977	2.95
15,001 to 20,000	1,043	19,296,429	3.25
20,001 to 30,000	930	23,874,028	4.02
30,001 to 40,000	423	15,170,462	2.55
40,001 to 50,000	319	14,993,410	2.52
50,001 to 100,000	622	45,196,010	7.60
100,001 to 200,000	264	37,296,416	6.27
200,001 to 400,000	127	35,121,382	5.91
400,001 to 600,000	41	20,630,821	3.47
600,001 to 800,000	18	12,743,915	2.14
800,001 to 1,000,000	12	10,958,771	1.84
1,000,001 or more	57	275,216,455	46.30
Total	58,811	594,454,986	100.00

Note: The Company did not issue preferred shares.

4.1.4 List of the top 10 major shareholders

April 8, 2024

Share Name of Principal Shareholder	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.	18,971,789	3.19
Hsiao, Hsiang-Ling	14,132,060	2.38
Chang, Yi	12,466,839	2.10
Kang Lian Investment Co., Ltd.	11,062,082	1.86
Chen, Chiung-Chu	10,709,411	1.80
Sky Investment Co., Ltd.	10,241,281	1.72
Zhong Yang Investment Co., Ltd.	9,679,603	1.63
Kang Yu Investment Co., Ltd.	8,904,122	1.50

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		2022 (Distribution in 2023)	2023 (Distribution in 2024)	The Current Fiscal Year up to March 31, 2024
Price Per Share (Note 1)	Highest	NT\$15.35	NT\$16.40	NT\$17.20
	Lowest	NT\$9.02	NT\$9.60	NT\$12.80
	Average	NT\$11.80	NT\$12.57	NT\$14.57
Net Worth Per Share (Note 2)	Before distribution	NT\$13.19	NT\$14.92	NT\$16.10
	After distribution	NT\$13.19	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\$(0.25)	NT\$1.68
		After adjustment	NT\$(0.25)	Note 8
Dividend Per Share	Cash dividend		None	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)		(47.20)	7.48
	Price-to-dividend ratio (Note 6)		Not Applicable	Note 8
	Cash dividend yield ratio (Note 7)		Not Applicable	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 2023 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 2023 profits, by a resolution adopted by the board of directors meeting on February 27, 2024 is proposed as follows:

Cash dividend: An appropriation of NT\$386,395,741 is proposed, at NT\$0.65 per share.

Stock dividend: An appropriation of NT\$297,227,490 is proposed, at NT\$0.50 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 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.

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 2023 were NT\$28,111,000 and NT\$55,097,000, respectively, by a resolution adopted by the board of directors meeting on February 27, 2024, 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 2022 by resolution of the board of directors and the recognized amount in the parent company only financial statement for 2022.

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	2023		2022	
	Amount	Percentage %	Amount	Percentage %
Brokerage Department	1,888,026	91.80	1,888,026	91.80
Proprietary Trading Department	82,355	4.00	82,355	4.00
Underwriting Department	62,849	3.06	62,849	3.06
Other Departments	23,548	1.14	23,548	1.14
Total	2,056,778	100.00	2,056,778	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
- 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
 - Convertible corporate bond
 - Convertible corporate bond asset exchange
 - Convertible bond credit-linked products
 - Interest rate guaranteed products
- (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 has launched the "KHPASS" ledger account service in 2023. It will continue to plan for the development of new products and services for customers proactively.

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

1. Analysis of the overall business environment:

At the beginning of 2023, due to the significant lift rate by the Fed and asset mismatch, the unrealized losses of small and medium-sized banks in the U.S. increased significantly. Significant deposit outflows resulted in windup of several mall and medium-sized banks in the United States in Q1. Notwithstanding, the crisis did not expand as the Fed provided the liquidity proactively. The S&P 500 fell by only about 5% at the most during the period, so the impact was limited. Following the emerging ChatGPT and outstanding financial report of NVIDIA, the market's enthusiasm for AI has been ignited. The demand for computing power has boosted the sales of NVIDIA and related server groups of Taiwan. The S&P 500, NASDAQ and TAIEX broke through 4,600 points, 14,000 points and 17,400 points, respectively. In Q3, the U.S. 10-year bond yield exceeded 5% due to the massive bond issuance by the U.S. Treasury Department, and the financial market fell sharply. In Q4, the declining quarterly bond issuance scale of the U.S. Treasury Department, and the Fed's lift rate caps caused the interest rate to fall below 4% and, therefore, the bulls in the global stock markets restarted before the end of the year. In 2023, the MSCI World and Emerging Markets Index rose by 20% and 7%, respectively, with technology-based NASDAQ index and phlx semiconductor index performing the best, rising by 43% and 65%, respectively, while TAIEX also rose by 26.8%.

Looking forward to 2024, the market will focus on: (1) When will the major central banks in Europe and the US start cutting interest rates; (2) Whether the U.S. economy will achieve a soft landing? (3) Whether elections around the world in 2024 will affect the future political and economic situation.

In terms of monetary policy, Fed Chairman J. Powell once said that "employment growth of approximately 100k per month is consistent with population growth." Therefore, the market uses 100,000 new jobs per month as an indicator to decide whether the economy can achieve a soft landing and start a cycle of interest rate cuts. At the beginning of the year, the non-farm payroll data in the U.S. still performed strongly, and the core CPI growth excluding housing has rebounded. Combined with the Red Sea crisis triggered by the Israel-Hamas war, inflation is still under pressure, and the central banks in Europe and the U.S. may postpone the interest rate cutting. Judging from the Economic Projections released by the FOMC, the Fed believes that it will cut interest rates by 0.75% in 2024, and the time to cut interest rates should fall in the middle of the year.

In the past, when the Fed started a cycle of interest rate cutting, it would almost follow the economic recession subsequently. According to the U.S. Treasury Secretary, Yellen, "the consumer spending model shows confidence in the economy that what we are seeing can be called a soft landing, and hopes that this situation will continue." While the Fed Governor, Waller, believes that future interest rate cuts are possible, as it is necessary to adjust the overestimated interest rate downward after the inflation goals have been achieved, not in order to save the economy. Overall, the key to whether the US economy continues to achieve a soft landing and when the Fed will start cutting interest rates depends on the progress of the labor market and inflation data.

In terms of political elections, for the US presidential election in November, Trump still wins Biden in the polls. Notwithstanding, there are still great variables, since the polling day is still far away. The U.S. presidential election is expected to affect global financial markets in 2H of the year.

In terms of Taiwan's economy, if the US economy has a soft landing successfully, Taiwan's economy will gradually recover. The Directorate-General of Budget, Accounting and Statistics forecasts that the GDP growth in 2024 will reach 3.35%, higher than the 1.42% in 2023. The main recovery momentum resides in export. The Directorate-General of Budget, Accounting and Statistics forecasts that export will recover from a decline of 9.9% in 2023 to a positive growth of 6.33% in 2024, primarily benefiting from the return of inventory to healthy levels and the expansion of new technology applications such as AI, high-performance computing, and automotive electronics.

Overview of industrial trends

Reflecting on the year 2023, the COVID-19 pandemic was no longer deemed an international public health emergency. However, the conflict between Russia and Ukraine was still persisting in a stalemate, plus the eruption of conflicts in the Middle East. Additionally, ongoing geopolitical competition between the United States and China has contributed to a sluggish economic recovery in 2023. The U.S. Fed has continued to force interest rate hikes, causing bond prices to continue to fall. The extent of the rate hikes, both short-term and long-term, surpassed market forecasts, resulting in brief yet acute turbulence in the banking sectors of both the United States and Europe. Fortunately, this disruption remained contained within these regions, preventing the onset of another financial crisis. Statistics for the full year indicate that the total average daily trading volume in the centralized and OTC markets (excluding bonds) was NT\$357.59 billion, an increase of 17.58% compared to the previous year. The index rose by 3,793.12 points, or 26.8%. At its peak, the index reached 17,945.70 points, ultimately closing at 17,930.81 points. In terms of MSCI weight, the latest MSCI EM Index for TAIEX is 15.97%, MSCI AC Asia ex Japan Index 18.75%, and MSCI All-Country World Equity Index 1.60%.

Looking forward to 2024, although the cumulative purchase of Taiwan stocks by foreign investors exceeded NT\$275.4 billion last year, which ended the third consecutive year of foreign investment in Taiwan stocks exceeding TAIEX, and thus contributed to the booming trading of the Taiwan stock market. The global economy is still facing many uncertain factors, such as the Red Sea Crisis, extreme weather, and geopolitical risks, which will affect the performance of Taiwan's trade and investment this year. In the 2024 policy plan, the FSC has outlined six major targets for the securities and futures market this year, in order to improve the competitiveness of the industry:

The first is to create a diversified fund-raising environment and expand the capital market scale:

- (1) Improve the competitiveness of Taiwan's capital market, build a diversified fund-raising environment, support the development of the real economy, organize and participate in industry promotion and conferences, and visit industries with potential via telephone or on-site visits, in order to expand the scale of the capital market.
- (2) Assisting new and innovative new entrepreneurs to enter the capital market to raise funds, understanding the needs of startups, encouraging or assisting startups to list on

Taiwan Innovation Board or register the Taiwan Innovation Board or helping them raise fund, in order to cultivate the development of startups.

- (3) Improve the competitiveness of Taiwan's capital market by deepening corporate governance, strengthening the functions of the Board of Directors, promoting shareholders' activism, improving information disclosure, and strengthening the sustainable development of TWSE/TPEX listed companies.

The second is to strengthen the competitiveness of securities firms and promote the internationalization of the securities and futures markets:

- (1) Research, review and amend the relevant regulations on securities dealers' management, provide diversified products, perfect the development of the financial market, and improve the competitiveness of securities firms in the industry.
- (2) Proactively participate in international conferences and conduct bilateral or multilateral meetings to deepen international exchanges and cooperation and upgrade Taiwan's international visibility.

The third is to perfect the investor protection mechanism, strengthen the management of shareholders' meetings and shareholder services, and implement market surveillance to maintain the trading order in the market:

- (1) Perfect the investor protection mechanism and supervise the protection institutions to implement the measures to protect the rights and interests of securities investors and futures traders.
- (2) Improve the management of proxies for shareholders' meetings and shareholder services.
- (3) Practice the operation of the stock market surveillance system and the inspection of illegal securities transactions, and strengthen cross-market surveillance.

The fourth is to improve the domestic asset management business operation and development environment, and perfect relevant laws and regulations and practical operating guidelines:

- (1) Continue to discuss the amendments to the relevant regulations under the Securities Investment Trust and Consulting Act to improve the AUM business operations of Taiwan.
- (2) Continue to review the restrictions and regulations related to AUM business and fund products to improve its market competitiveness.

The fifth is to improve the transparency of corporate financial information and promote accounting, auditing and supervision measures in line with international standards:

- (1) Continue to review the accounting and internal control regulations for public companies.
- (2) Strengthen the quality of CPAs' supervision and audit.
- (3) Participate in international organizations to promote the integration of supervision measures in line with international standards.

The sixth is to improve the efficiency of the futures market, expand the scope of futures business, and ensure the trading safety:

- (1) Improve and review the relevant regulations and systems for futures market transactions and settlements.
- (2) Expand the scope of services or products offered by the futures business and strengthen risk management.

2. The status and development of the industry

As of the end of December 2023, there were 997 companies listed on the TWSE, with a market capitalization of approximately NT\$7,638.8 billion and 816 companies listed on the TPEX, with a market capitalization of approximately NT\$757.9 billion in Taiwan's securities market. The TWSE-listed securities market has a P/E ratio of 21.12 and a turnover rate of 121.2%, and the TPEX-listed securities market has a P/E ratio of 29.85 and a turnover rate of 313.1%. In Taiwan's futures and options market, there were a total of 324,644,847 contracts traded in 2023.

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

Item	Number of Securities	Securities	Securities	Securities	Investment	Investment	Taiwanese
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	Firms		Dealers	Underwriters	Brokers	Trust Enterprises	Consulting Enterprises	Branches of Foreign Securities Firms	
Year	Headquarters	Branches						Branches	Offices
2021	105	849	74	58	70	39	86	24	0
2022	105	849	73	59	69	38	86	24	0
2023	102	828	74	57	66	38	87	24	0

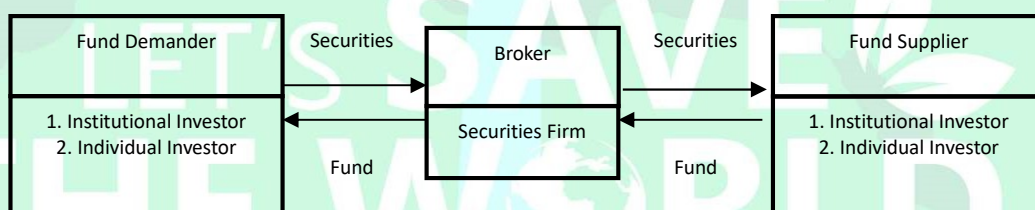
Overview of Securities Trading for the Three Most Recent Years

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)		
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
2023	971	560,806	8,226	808	148,787	1,727.6	94	299,566

The net profit after tax of the entire dedicated securities firms in 2023 was NT\$672.44 billion, an increase of NT\$29.509 billion or 78% over the same period in 2022. Although the economy showed a slow recovery in 2023, benefiting from the cooling of inflation and the rise of generative AI, the investment atmosphere in TAIEX-related industry chain was booming. In 2023, the TAIEX rose from 14,137 points to 17,931 points, or a growth rate by 26.8%. The total market value of TWSE/TPEX listed companies increased from NT\$48.69 trillion to NT\$62.63 trillion, or a growth rate by 28.6%, and the average daily turnover of TWSE/TPEX listed stocks increased from NT\$304.1 billion to NT\$357.6 billion, a growth rate by 17.6%. TAIEX securities brokerage accounts increased by 978,000 accounts throughout the year, among which the 20-29 age group accounted for more than 40% of the first-time account holders. The first-time account opening applicants tend to be younger and younger. Compared with 15.26% for the first-time account opening applicants in 2022, the proportion grew as 21.07% significantly in 2023. Looking forward to 2024, the securities exchange rate has been reduced from 0.3% to 0.15% since April 28, 2017, which has been extended twice and would be expired on December 31 this year. For the time being, Taiwan Securities Association is working hard to communicate with the Ministry of Finance and the Financial Supervisory Commission, hoping to initiate amendments to the Act to make the tax rate reduction by 50% become normalized and continue to activate the momentum of the stock market, assist enterprises in raising capital, and promote the economic development. Meanwhile, the number of electronic orders placed by securities investors in 2023 has reached 78%. Therefore, improvement of information security protection and security resilience also became the primary focus of digital services for securities firms, in order to improve the securities firms' operating efficiency and competitiveness, in the context of risk control, prevention of conflict of interest and maintenance of investors' interests and rights.

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

Recalling 2023, the daily average turnover of the TWSE-listed stocks in 2023 was NT\$281.195 billion, a 16.11% increase from NT\$242.170 billion in 2022, and the daily average turnover of the TPEX-listed stocks was NT\$77.847 billion, a 25.64% increase from NT\$61.961 billion in 2022. In 2023, the Company's brokerage market share rate reached 0.99%, with an average margin purchase of NT\$5.122 billion and a margin purchase market share of 1.87%, and the total income of the four wealth management businesses in 2023 was NT\$50,446 thousand. The brokerage business made a profit of NT\$0.220 billion.

Last year, the Company launched a new high-frequency trading system, "Combo", with a trading volume of more than NT\$80 billion this year. Further, the systematic investment platform, "Good Fun Investment," offers three major features that are different from the deposit of stock, such as dynamic triple regular investment, trial calculation for retirement planning, and 768 smart stock selection. It not only solved the pain points of retail investors, busy people and long-term investors, but also won the Securities Category/Best AI Wealth Management Award of Excellence Magazine and China Times Financial Service Evaluation Grand Awards-Securities Category/Innovative Category/Innovative Platform Award this year. The Company has also formed cross-industry alliances with the Good Sense app to develop new accounts through digital diversion, innovate functions and services, combine restructuring and digital marketing, master the investment trends and customers' needs, and rejuvenate sales representatives and customers, in order to improve the Company's competitiveness comprehensively.

(2) Dealership Business

Looking back at 2023, the weighted index rose by 3793.12 points from 14137.69 points at the end of 2022, and closed at 17930.81 points, an increase by 26.8%. The TPEX index also rose from 180.34 points closed at the end of 2022 to 234.01 points closed at the end of 2023, an increase of 53.67 points and about 29.8%.

Looking forward to 2024, benefiting from the rising chance of a soft landing in the U.S. economy, recovery of the inventory to a healthy level, and TSMC's outlook for the semi-conductor economy to be reversed, it is expected that the semi-conductor industry will be the key to keep the market booming in 2024.

(3) Underwriting Business

In the midst of the unstable international situation, Taiwan's capital market continues to show resilience. Compared with the global IPO, the number of IPOs and the amount of fundraising have both been declining. Taiwan's capital market has bucked the trend and grew. In 2023, the number of companies applying for the initial IPOs totaled 42. The total amount raised by the listed companies reached NT\$14.94 billion, including NT\$3.34 billion from IPO (fund raised from the primary capital market), NT\$1.32 billion from cash capital increase, and NT\$10.28 billion from conversion of corporate bonds. The TAIEX rose more than 20%, and the net purchase exceeded NT\$275.4 billion throughout the year. The foreign purchase reached the highest level in 7 years. In term of the capital market performance, in addition to the US lift rate slowing down and inflation rate under control, the active AI industry stocks made TAIEX outperform.

In 2023, the number of new TWSE/TPEX listed companies in Taiwan's capital market increased by about 2% from the previous year. The number of fundraising filings by TWSE/TPEX listed companies as a whole increased by nearly 20% from 2022, and the amount of raised fund increased relatively. The recovery of growth momentum of the global economy and Taiwanese companies after the pandemic has driven the active development of the capital market. The Underwriting Dept. proactively strives for fine-quality customers to guide them to be listed on TWSE/TPEX, especially the solicitation for foreign investment and development of business opportunities from foreign customers. From the perspective of an investment bank, it develops the valuable assets in the emerging market, finds the best entry time and cost, in order to create profits and

establish customer relationships. For the customers already listed on TWSE/TPEx, the underwriting team acts as the supply and demand bridge for fund raising on the capital market, and obtains capital gains through the subscription for underwritten positions to achieve a win-win-win situation for investors, underwriting securities firms and issuer.

(4) Financial Derivatives Business

In 2023, there were a total of 65,468 warrants issued in the warrant market, an increase of 11,017 warrants compared with 54,451 warrants in 2022. The Company issued 602 warrants in 2023, a decrease of 628 warrants compared with 1,230 warrants issued in 2022.

In 2023, the total trading amount of the warrant market was NT\$695.7 billion, an increase of 6.39% compared with NT\$653.9 billion in 2022. The Company's turnover in 2023 was NT\$8.419 billion, a significant decrease of 47.30% from NT\$15.974 billion in 2022.

In 2023, the discretionary leverage equity options business brought in an annual contract trading amount of NT\$41.193 billion, accounting for 50.5% of the overall market, an increase of 44.45% compared with NT\$28.518 billion in 2022.

(5) Bond Business

- a. Market overview: The actual issuance amount of central government bonds in 2023 was NT\$478 billion, a decrease of NT\$42.05 billion compared with NT\$520.05 billion issued in 2022. Further, Taiwan's central bank lifted the interest rate by 0.125% only in 2023 due to the growing economic growth and low inflation, with a rediscount rate of 1.875%, a rate on accommodations with collateral of 2.25%, and a short-term accommodation rate of 4.125%. At the December meeting, it was estimated that the economy would grow at 1.40% in 2023. The domestic GDP growth rate for 2024 is estimated to be 3.35% by the DGBAS, as the private consumption is growing, global demand is recovering so as to boost the export and investment momentum, and the increasing spending provided by the government in 2024.
- b. Industry analysis: In 2023, the global inflation remained high. Central banks around the world maintained the tight money policy to curb inflation, causing the yields in the international bond market to rise. Notwithstanding, the imposed posed by domestic inflation on Taiwan's bond market was minor and, therefore, the response was limited. The accepted yield of Taiwan's 30-year government bond (A12111) was 1.8%, declining 2022, and the industrial proportions were 67.4% for the banking industry, 19.6% for securities industry, 1.2% for bills securities industry, and 11.8% for insurance industry. Although the interest rate of overseas bonds continued to rise, there was still the demand for investment in the investment market. As a result, the interest rate of Taiwanese bond each day declined slightly from 2022, and the yield of 10-year bond was 1.213% and 5-year bond 1.145%. When the Fed's tight money policy is drawing to a close, the government expects that the interest rate may be cut, and the pressure on the bond market may be eased.
- c. Market positioning: In 2023, as the central bank generally maintained the pace of raising interest rates, the bond market was suffering from much pressure, and interest rate trends remained risky. 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 recent years, futures trading has paid more and more attention to the development of technology integration and automation. The Company takes advantage of the self-developed systems to provide a diversified, convenient and fast electronic trading platform, construct a lively business style in line with the Internet generation, to shape the customers' identification with the Company's brand value and management philosophy.

Meanwhile, in response to the frequent international political and economic incidents and heightened volatility in the financial market, we still continued to strengthen our internal control and risk control mechanism, work with TAIFEX in the enhanced night trade risk control measures promoted by TAIFEX, and optimize the account risk disclosure

mechanism, in order to help traders understand the changes in account risks and take responsive measures in a timely manner.

(7) Concord Capital Management

The Company's business strategies for 2023 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 few years. 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 Company's business strategies meet e-generation customers' preference for investment. Meanwhile, to expand its breadth of customer services, the Company 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.

Due to the fact that considerable resources were invested in the development of new businesses and the cultivation of investment research capabilities in 2023, operating costs increased and the Company suffered losses accordingly. Looking forward to 2024, as a professional offshore fund general agent, the Company will continue to perfect its branded fund product line, continue to increase sales channels, and provide administrative assistance to foreign asset managers, hoping to regain profitability as soon as possible and produce the synergy of business to urge the Concord Group to become more qualified and comprehensive in the AUM field.

(8) Con Lian 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 environment:

In 2023, as the insurance industry will adopt IFRS 17 and the new ICS system in 2026, the life insurance product will be transformed from a savings insurance to a protection type, and the distribution channel would face a transitional period for the product transformation.

In 2023, the entire life insurance industry faced the situation where the premium income of new contracts was lower than the benefit paid for the first time in 2023. Due to the strong competition of financial products in the market, insurance sales were relatively difficult. Until 2H of 2023, the interest rate announced by the life insurance industry gradually increased, and the sales got better gradually. Insurance industry assessment: Wealth transfer protection-type products are expected to be widely accepted by the market from 2025 to 2026 and become the commodities. The Company will take the initiative to transform to seize the market opportunities as the first one. As a result of the weak performance of traditional insurance policies, the overall "new premiums" of the life insurance industry in 2023 was only NT\$51.6 billion, with an annual decrease of 6.9%, for the four consecutive years.

Property insurance environment:

The property insurance industry is suffering the significant loss caused by the post-epidemic insurance policy. The property insurance companies still tend to reduce the use of own capital, increase re-insurance use, and underwrite insurance more strictly. Commercial insurance products are still suffering from the loss caused by the post-epidemic insurance policies. Property insurance companies are conservative in their market operations, showing a hard market where it is impossible for customers to buy insurance.

Recently, the growth of personal property insurance premiums has slowed down, but the insurance industry has comprehensively reviewed the pay-as-you-go products with poor loss ratio. The property insurance companies adjusted the contents of commodities and also the underwriting guidelines, and decided not to underwrite the second and third pay-as-you-go medical insurance policies. Generally speaking, the property insurance market is still unfavorable for the promotion of new businesses. Therefore, the Company can only stabilize the renewal rate, promote new businesses slightly, and grow steadily.

Facing the advent of the digital era, the Company will continue to actively improve information security, 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. This year, the Company will also continue to ask all business units to optimize their business structure, strengthen business momentum, and improve profitability, in order to build itself as company with stable profit.

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: The Company is committed to providing digital banking services that support inclusive finance, and launched the new "KHPASS" ledger account service, in order to enable customers to open a securities account online only based on the existing bank passbook, without going through the past procedure requiring the customers to open an account with the designated settlement bank before opening a securities account. The Company offers 24-hour

real-time online cash deposit and withdrawal service without charging the handling fees and management fees, and subject to the preferential interest rate 10 to 20 times higher than that of general delivery accounts, thereby providing high-value-added financial services that exceed customers' expectations and making investment easy. In response to the significant growth in the stock investment market of young generation, the Company applied innovative thinking to use the FinTech in services and marketing, and launched the "Good Fun Investment" AI personal wealth management platform, in order to provide the "768 stock selection: 7 major stock selection indicators and 68 categories of long and short stocks" to enable new investors to make smarter and more efficient investments, solve retail investors' pain points in practical operations, realize financial inclusion, and implement the spirit of fair dealing policy. Meanwhile, the Company also won the "Innovative Platform Award" of Want Want China Times Financial Service Evaluation Grand Awards in 2023.

Underwriting: The Company performs the IPO and SPO services at same time, and develops the niche markets for overseas IPOs in Taiwan proactively, e.g. Vietnam and other Southeast Asian regions, China, and Japan. In order to promote the entry of new economy industries into the capital market, in July 2023, TWSE and TPEx introduced 4 new business categories, namely "Digital Cloud," "Green Energy and Environmental Protection," "Sports and Leisure" and "Home Life," in order to signify the characteristics of the industry and increase the recognizability to attract investors at home and abroad. The Underwriting Dept. also focuses on the concept of circular economy industry and digital AI, in order to continue to strive for fine-quality customers at home and abroad, provide them with the counseling about TWSE/TPEx listing, find out the portfolio with investment value in the emerging market and seek stable profit. For the fundraising and financial advisory businesses, the Company continues to focus on ESG industry, core customers and their investees, and provide comprehensive services, in order to maintain the Company's position in the underwriting market and become the best financing partner for enterprise transformation and development.

Proprietary trading: In 2023, benefiting from the launch of ChatGPT, the AI group became very popular, and the market price increased by 25% significantly in 2023. During the period, the global market once pulled back significantly due to the sharp rise in the US 10-year bond yield. As the Fed will begin the cycle of interest rate cuts, the chances of a soft landing in the US economy rise, and the AI trend is clear, TAIEX outlook is promising in 2024. 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.

Bond business: Considering the changeable international political and economic situation and the tight money policies adopted by central banks around the world, the interest rate will be under pressure. With the existing fund business foundation, the Company will diversify investment and develop new product platforms to expand sources of profit and diversify 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. It also participates in bond underwriting business, RP/RS trade of foreign currencies and hedging through futures, in order to effectively control and implementing business risk management.

New financial instruments: In terms of the warrant business, the bull market in 2023 caused a sharp increase in the next-day trading of warrants and the profitability of the warrants, thus affecting the profit sought by warrants. Therefore, the securities market making and issuance will turn to a conservative response, and the systematic defense and automatic hedging will continue to be strengthened.

Then, the Company will adjust the issuance, market making and hedging strategies based on the market conditions and the development of peer companies in the same trade, hoping to increase the profitability of the warrants business. The customized leveraged stock options business continues to grow. In addition to maintaining the first place in the industry in terms of trading volume, the function of "FUN Investment Website New Diamond Leveraged Investment" is also favored by the investors. The trading strategies of juristic person customers are more diversified. The growth was mainly attributed to the increase in the number and trading volume of the strategic investors engaged in CB and securities lending sale. 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.

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. In 2023, the Company added the "overseas bond" operations and worked with ; besides, it works with Concord Insurance Agent Corp. to market the "insurance," so as to provide customers with one-stop shopping, full and robust financial services.

Offshore Securities Unit business: In the future, the OSU will continue to 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 Corp.: In the near future, the Company will aim to diversify its income streams as the first priority, including "developing investment trust services for juristic person investors" and "advancing consulting services," and seeking new types of business, and will continue to work with the introducing broker, Concord Securities, to develop overseas futures and stock futures to attract medium-sized accounts and increase margin balance and interest income. The diversified incomes not only effectively diversify the Company's operational risks, but also help attract young talents to participate in the Company's growth and development, thereby rejuvenating the Company and establishing the talent pool, and also the Company's sustainable operations.

Meanwhile, Concord Futures Corp. will, in response to the information service and R&D capabilities of its parent company, consolidate its core competitiveness in the future business development with the power from the Group. Based on the proactive strategy upholding "commodity, platform, convenience and service," the Company provides traders with international futures trading services, enhances the brand value of Concord Futures, implements sustainable development policies and promotions, and creates better operating performance.

Concord Capital Management Corp.: The Company has the same two main business directions as last year, and continues to focus on "offshore fund general agency"

and "offshore fund administrative services." Meanwhile, it cooperates with offshore fund companies to deepen the institutional sales business development.

By improving the area of "offshore fund administrative services," the Company develops new partners proactively to improve losses in the middle of the year.

Meanwhile, the Company will strengthen the cooperation with online order placing platforms and banking channels and strengthen the in-depth cooperation with KBI, and also work with THORN BURGI NVESTMENT MANAGEMENT INC. to plan the business in Taiwan to achieve the long-term profitability.

Improve the channel marketing ability.

Continue to expand the institutional sales.

Expand the research scope of the Investment Research Dept., while deepening the research capabilities, and then develop the discretionary investment business.

Concord Insurance Agent Corp.: Under the premise of long-term stability, the Company adopts a flexible operation strategy, adjusts product portfolio, stabilizes personnel development, and continues to develop a more convenient insurance operating system, focuses on wealth transfer insurance products, and promotes interest-sensitive personal insurance products primarily. Secondly, with participating insurance policies, medical insurance, and property insurance products, the Company can improve customer insurance planning from all perspectives, build a solid safety net for customers, and achieve win-win results with customers, in order to achieve the goal of stable operation and profit creation.

2024 Business development plans:

Life insurance business:

- a. Considering the attributes of the Group's customers and expertise of the sales representatives, the Company will focus on "life insurance protection and asset inheritance (wealth transfer)" at first in 2024. Through the wealth transfer insurance products, business partners proactively utilize asset allocation and risk diversification concepts to convince high net worth customers to recognize the product value and develop benchmark business.
- b. Adding the new agency rights with Farglory Life Insurance, an insurance company which the Company never cooperated with in the past three years, and planning Concord's limited plan or products subject to exclusive period, and working with PCA Life Assurance Co Ltd. on group insurance to expand the juristic person customer base.
- c. Introduce PCA Life Assurance Co Ltd.'s group insurance business to expand the scope of services for juristic person customers, and develop and meet the needs of enterprises and human resources units for the "employee group insurance as one of the employee flexible benefit plans," in order to create income for the Company.

Property insurance:

The Company specializes in the securities distribution channels, and focuses on basic products such as auto insurance, personal injury insurance, and health insurance, and provides customers with additional protection through residential earthquake insurance, fire insurance, and travel insurance. In response to the government's promotion of ESG and financial inclusion, Concord Insurance Agent Corp. continues to promote commercial insurances such as directors, supervisors and key personnel liability insurance, public accident insurance, employers' liability insurance, commercial fire insurance, and environmental pollution liability insurance, etc..

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 2023 come from and market share

Region	Operating Revenue		Market Share (%)
	Amount (thousands of NT\$)	Percentage (%)	
North Region	858,347	67.44	0.6806
Central & South Regions	414,338	32.56	0.3064
Total	1,272,684	100.00	0.9870

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

According to the FSC, the shortening of the intraday trading matching time to 1 minute has achieved remarkable result so far. The average daily turnover of the intraday trading of odd lots is NT\$2.394 billion, an increase by 33% from the average daily turnover for the matching time for 3 minutes, NT\$1.803 billion. In order to enhance market efficiency, the FSC will supervise TWSE and TPEx to shorten the interval time between intraday trading of odd lots to 5 seconds. Further, this measure involves amendments to TWSE's and TPEx's regulations and organization of educational promotion, investors' trading customs, and securities firms' and TWSE's information system adjustment. Therefore, they need sufficient time to prepare for it. It is expected to be implemented by the end of this year (2024), and to boost the liquidity of intraday trading of odd lots, improve the intraday trading conveniences, and create a fine-quality investment environment for financial inclusion.

In terms of business promotion for securities firms, Taiwan Securities Association will focus its efforts on innovation and digital services for financial inclusion in 2024, in order to research the lifting of laws and regulations or related alternative measures following opening of the business, and provide suggestions to the relevant competent authorities to strengthen the "critical infrastructure" of the securities industry in a pragmatic manner, in terms of the market and service supplier risk control, prevention of conflict of interest and investors' interest and right, including:

- (1) Promote the normalization of day trading tax cut: The securities exchange rate has been reduced from 0.3% to 0.15%, which has been extended twice and would be expired on December 31 this year. Taiwan Securities Association expect that the Ministry of Finance and the Financial Supervisory Commission may initiate amendments to the Act to make the tax rate reduction by 50% become normalized and continue to activate the momentum of the stock market, so as to drive fine-quality enterprises to seek listing and raise fund in Taiwan, increase the securities exchange tax and create multiple benefits.
- (2) Add the new securities lending operations: When a TWSE/TPEx-listed company issues new shares for IPO or cash capital increase by issuing new shares, the existing shareholders have the pre-emptive right to subscribe for the shares. Employees and existing shareholders are often in need of financing in order to make the stock payment. Securities firms are recommended to add the "subscriptions for shares for lending" into the scope of securities lending, so that the securities firms' customers can apply for financing through the application form for subscription for shares and furnish the

subscribed shares as the collateral, so that the securities firms can act as a channel for financing during the process of corporate fund-raising and provide employees and existing shareholders with financing services to meet the needs of the subscribers' need for new shares.

- (3) Removal of restrictions on securities dealers offering concurrent services as trust: The FSC has allowed securities firms to offer other trust services for marketable securities and expanded the one-stop integrated services whereby the securities firms may provide money trust and marketable securities trust services, including other benefit trust for marketable securities, elder care trust and children education trust, so that the securities firms can develop more diversified trust services, and continue to innovate services by combining the FinTech digital development. Taiwan Securities Association hopes that the competent authority will consider cross-industry equity and relax the restrictions to allow securities firms to offer various trust products based on the future reference system adopted by banks, thereby expanding the scope of wealth management trust services for securities firms.
- (4) Deepen the digital banking services: Taiwan Securities Association and TWSE are currently researching and drafting the regulations governing addition of e-payment account as the means of deposit and withdrawal for ledger accounts, in order to help attract investors to open the ledger accounts. The Association will continue to respond to the policy to expand the scope of FIDO services.
- (5) Continue to promote the ledger account services for securities firms' customers: In recent years, the percentage of investors opening accounts online has increased rapidly, and the use of capital has gradually relaxed, and the balance of ledger accounts has also grown rapidly, reaching NT\$51.9 billion until November 2023. According to Taiwan Securities Association, the ledger accounts for the settlement accounts are an important cornerstone of securities business and benefit the trading security, securities firms' development of new business types and improvement of the settlement efficiency, hoping the service providers to offer the ledger account operations proactively.
- (6) Sound development of the warrant market: The most important step in the development of a sound warrant market is the hedging and tax reduction of warrants. It was officially launched on November 10, 2023 with a duration of five years. Taiwan Securities Association expects TWSE and TPEx to respond to the implementation of warrant hedging and tax reduction and support the reduction of warrant listing fees jointly, so that issuers can feed back to investors through market making and reporting, and compete in the warrant market growth.
- (7) Relaxation of the underwriting system for IPOs on Taiwan Innovation Board: In 2023, Taiwan Securities Association proposed multiple new systems for the underwriting on Taiwan Innovation Board, insofar as the investors' interests and rights are taken into consideration. The proposals were approved by the FSC, including the introduction of cornerstone investors to Taiwan Innovation Board, increase in price competition and auctions and public subscription/underwriting, relaxation of the restriction on the book building percentage, adjustment of the underwriter's subscription limit, and increase in the post-listing price stabilization measures, etc., in order to improve the convenience for investors to participate in subscription, while increasing the efficiency of fund-raising by startups.

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. The "KHPASS" ledger account service offered by the Company in 2023 provided 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

Main products	Usage
	<ul style="list-style-type: none"> ●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)	
	2022	2023	2022	2023
Call Warrant	1,035	556	NT\$7,219,450 thousand	NT\$3,046,355 thousand
Put Warrant	195	46	NT\$1,262,885 thousand	NT\$257,085 thousand
Discretionary Leverage Equity Options	-	-	NT\$28,518,875 thousand	NT\$41,193,081 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	2021		2022		2023	
	Performance Indicator	Ranking	Performance Indicator	Ranking	Performance Indicator	Ranking
Brokerage Market Share/Ranking	1.01%	18	0.94%	18	0.99%	17
Underwriting Market Share/Ranking	0.63%	22	0.52%	21	0.50%	19
Fixed Income Market Share/Ranking	2.62%	15	1.89%	17	2.33%	13
Financing Market Share/Ranking	2.1%	17	2.0%	17	1.87%	16
Call Warrant Volume/Ranking	979檔	12	1,230檔	11	602檔	14
Electronic Trading Market Share/Ranking	0.68%	20	0.69%	20	0.76%	17
Credit Rating	A-(tw)		A-(tw)		A-(tw)	
Earnings (Loss) Per Share	NT\$2.33		NT\$(0.25)		NT\$1.68	

5.3 Human Resources

Year		2022	2023	The Current Year up to January 31, 2024
Number of Employees	Brokerage	425	409	410
	Dealership	18	18	18
	Underwriter	30	30	30
	Fixed Income	12	11	11
	Financial Derivatives	14	14	14
	others	160	164	166
	Subsidiary	175	171	175
	Total	834	817	824
Average Age		45.12	45.44	45.34
Average Year of Service		10.07	10.31	10.27
Levels of Educational Attainment	PhD	0.24%	0.24%	0.24%
	Master	16.07%	16.65%	17.11%
	College / University	70.50%	70.99%	70.64%
	Senior High School	13.07%	12.12%	12.01%
	Senior High School Level or Below	0.12%	0.00%	0.00%

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. 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 2023.
- (4) The achievements of relevant education and training for the year 2023 are as follows:

Category	Item	Total Attendance	Total Hours (H)	Total Amount (NT\$)
Internal Training	Professional Competency Training	22,048	15,729	429,240
	Supervisors' Competency Training	226	1,181	941,086
	General Training	3,136	4,903	11,600
	Corporate Governance	72	216	42,436
	Financial Principles of Fair Treatment of Consumers	637	1,911	20,580
	Subtotal	26,119	23,940	1,444,942
External Training	Fire Fighting Personnel and Occupational Safety Training	18	169	13,300
	Professional Training	44	788	554,685
	Qualification Acquisition and Continuing Education	49	570	154,110
	Securities and Futures Pre-service, On-the-job, and Other Relevant Training	1,401	8,725	872,000
	Subtotal	1,512	10,252	1,594,095
Other Training Expenses: Travel Expenses, Education Subsidies				11,831
Total		27,631	34,192	3,050,868

- (5) The status of the Company's personnel related to financial information transparency acquiring relevant certificates: (as of February 17, 2024)

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. (12 Persons)	Risk Management Office (4 Persons)
Securities Specialist	19	1	5	0
Senior Securities Specialist	18	4	7	4
Training for Personnel Conducting of	17	1	2	0

Name of Certificate	Auditing Office (Including Branch Auditing Personnel) (25 Persons)	Finance Dept. (6 Persons)	Accounting Dept. (12 Persons)	Risk Management Office (4 Persons)
Securities Trading Margin Purchase and Short Sale Operations by Securities Firms				
Futures Specialist	23	1	3	4
Professional Certification of Finance and Accounting Supervisors of the Public Companies	0	1	2	0
Securities Firms Internal Audit	25	0	0	0
Certified Internal Auditor	1	0	0	0
Capital Adequacy Advanced Calculation Method Reporting Qualification	2	0	5	2
Proficiency Test for Financial Risk Management Personnel	0	0	0	1

7. Employee Code of Conduct and Ethics:

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

(1) Obedience at work:

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

(2) Workplace management:

- A. Employees entering and leaving the workplace shall clock in themselves. When going out on business during working hours, they shall need permission from the accountable supervisor before going out.
- B. Without permission of the accountable supervisor, employees shall not bring their relatives and friends to the company's workplace. In the case of emergency or special circumstances, employees shall meet their relatives or friends at the designated place.
- C. No firearms, ammunition, flammable or explosive materials or other dangerous goods, and contraband can be brought in the workplace.
- D. No smoking or drinking is permitted at the workplace of the Company.
- E. Employees shall take good care of public property and shall not cause any waste or damage, and shall pay the full price for any public property damaged or lost due to negligence.
- F. Employees shall keep the environment clean during working hours. They shall clean up and put in order the tools and articles being used before leaving the workplaces.
- G. Without the permission of the company, it is strictly forbidden to take out the company's property. Once such behavior has been found, severe punishment shall be imposed in accordance with the law.
- H. Employees shall abide by the principle of salary secrecy, and shall not give away and discuss salary on purpose, resulting in management problems.
- I. To promote gender equality at work and provide employees with a working and service environment free from sexual harassment, the Company has formulated the

Regulations for Prevention and Handling of Incidents of Sexual Harassment for compliance by all employees.

(3) Conducting business management:

- A. Employees shall handle their tasks in accordance with relevant management regulations, keep good custody of the documents, property, and articles in use, and shall not bring them out of the company, causes damage or loss. In case of an extraordinary accident, they shall put every effort to make appropriate arrangement.
- B. Employees shall use the company's equipment in accordance with relevant management regulations, and properly use vehicles, office equipment, computers, telephones, and other income-generating facilities.
- C. Employees shall have the obligation to keep the confidentiality of the business handled personally and company business.
- D. Employees shall not engage in any work that is competitive with the company's business, including the work they do at their own time, and shall use neither the company's equipment, resources, or insider information to hold two or more posts outside the company concurrently nor the company's information to engage in personal business or look for their own customers.
- E. Employees shall not hold two or more posts outside the company concurrently during working hours without the written consent of the company.
- F. Employees shall not disclose any business secrets after they take office or leave the office. Otherwise, the company has the right to remove employees and to make a retrospect effect in the law and claim compensation for the company's loss.
- G. Employees who have been employed by the Company shall also not disclose or use the business secrets owned by the former employers.
- H. Employees shall not borrow money from or lend money to customers or vendors.
- I. Due to job requirements, employees shall travel to and from workplaces or relocate to other workplaces.
- J. Employees should have honesty and code of conduct in performing business to maintain the company's reputation, and shall neither use the relationship of the position to ask customers or vendors to give a treat or gift nor take the opportunity to collect any commissions or seek other unjust benefits.
- K. The Company has formulated the "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct" and also signed the Declaration of Employee Code of Conduct.

(4) Personal computer software usage management:

- A. Making unauthorized copies of computer software or use of pirated software are regarded as illegal acts, and individuals and the company may thus bear the civil and criminal liabilities stipulated by the Copyright Act.
- B. Without the permission of the Company's IT Department, no software may be installed on the company's personal computer for any reason or purpose, or the software installed on the personal computer may be copied for use by a third party other than the company, including individuals or the company's customers. Once the above circumstance is verified and found to be true, severe punishment may be imposed by the company.

(5) Relevant regulations on employee the Codes of Ethical have also been disclosed on the company's website:

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

8. Protection measures for working environment and personal safety:

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

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

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

The company was awarded the "Health Promotion Badge" in 2021, and further awarded the "Health Promotion Badge" certification again in 2023, 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

1. Cyber security risk management framework

In order to strengthen the three lines of defense and segregation of duties for internal control, the Company has established the "IT Department" as the dedicated unit for information security since October 2023, responsible for planning, monitoring and executing information security management operations.

The Company has the Chairman, President, Chief Audit Officer and the supreme management in charge of information security jointly issue a statement of internal control system on the overall implementation of information security in the previous year, and submit it to the Board of Directors for approval within three months after the end of the fiscal year. Then, the statement shall be disclosed on the reporting website designated by the competent authority.

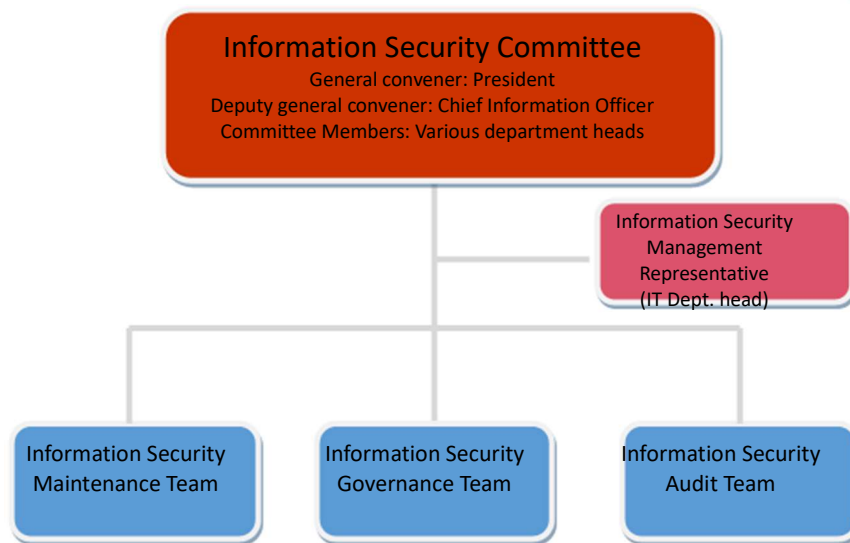
2. Cyber Security Policy

The Company has established an "Information Security Policy," which shall be subject to approval by the Board of Directors. Annual assessments are conducted to reflect the latest developments in laws and regulations, technology, and business, in order to ensure the effectiveness of information security practices.

3. Concrete management programs

In terms of management, the Company began to implement the Information Security Management System (ISMS) as of 2011. In August of the same year, it passed the "ISO 27001:2013 Information Security Management System" certification and continuously optimized the organizational information security management through the "Plan-Do-Check-Act" (PDCA) cycle. It also passed the certification of an unbiased third party (SGS Taiwan) every year to keep the certificate invalid. The current certificate is valid until October 31, 2025.

Meanwhile, the Company has established the "Information Security Committee." The President serves as the general convener and the Chief Information Officer as the deputy convener. The Committee members consist of the Company's President and department heads, who are responsible for reviewing the objectives and implementation scope of the information security management system. The IT Dept. head acts as the information security management representative, responsible for supervising the implementation of the information security management system and coordinating the operations of various teams.



In addition to formulating information security policies and concrete management regulations and enforcement rules, the "Information Security Committee" and each taskforce will continue to adjust and improve relevant regulations and enforcement rules in response to the development of information security threats, needs for business changes or requirements of the competent authorities. The Company assesses the information security risk regularly each year and continues to improve it, in order to achieve safe, convenient, and uninterrupted financial services.

In terms of technology, the Company has installed network firewalls, anti-virus software, email filtering mechanisms, cyber security threat detection and management mechanisms, intrusion detection and defense mechanisms, application firewalls, DDoS traffic cleaning, and privilege management systems to build multi-layered security protection from the inside out.

4. Resources invested in cyber security management

(1) Key projects:

Project items	Description	Timeline
Network infrastructure upgrading	Update and replacement of old IT control room and backbone switches on each floor of the headquarters to improve the bandwidth and stability of the backbone network.	Completed in February 2023
Operating system privileged access account	Operating system privileged access account management and creation of audit trail records for subsequent management and audits, and reduction of the manpower in maintenance of the system privileged accounts.	Launched in February 2023
Firewall Security Project	Addition of network protection functions, such as IPS, into the IDC control room firewall	Launched in February 2023
Network service replacement	Installation of putty (in replace of netterm) in any single machine unit for login to the back-office accounting operations to mitigate the connection risk.	Launched in July 2023
Branch backbone network switch upgrade and procurement	The update of Securities and Futures Branch Companies' backbone switcher, totaling 32 units, has already been completed.	Launched in December 2023
Protection of disclosure via mobile phone	The peripheral system file conversion program adopts mathematical algorithms for processing, and the mobile phone numbers in the customer	Launched in November 2023

	data as inquired or printed out will be masked in part.	
Social engineering exercise	Within the scope of internal security monitoring, send exercise emails to all personnel of the group; test, promote, and strengthen information security learning.	To be completed in April in 1H of the year, and September in 2H of the year.
Information Security Diagnosis	A third-party information security company was commissioned to conduct the information security diagnosis for the Group, in order to identify internal vulnerabilities.	Completed in November 2023
DDOS	Examination of the Company's emergency response capability in case of DDOS.	Completed in December 2023

(2) Manpower:

The Company has established the "IT Department" as the dedicated unit for information security since October 2023, and appointed the chief information security officer and two information security officers responsible for planning, monitoring and executing information security management operations.

(3) Others:

In order to establish the overall information security awareness and enhance employees' knowledge of information security, all employees shall attend the information security promotion courses for at least 3 hours each year, and the personnel of the dedicated information security unit shall attend the information security professional program training or occupational training for at least 15 hours each year.

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:

On August 3, 2023, the Company received an external notification indicating that the Company's customer data was suspected to be sold via the dark web.

Potential effects:

As the field contains the contact number, the Company assessed that if the information is used by any person maliciously, customers are very likely to receive scam call. Therefore, the Company has sent the notification letters to the 12 data subjects reminding them to pay attention to any scam.

Response measures to be taken:

1. Report the case to the competent authority and the police.
2. A third-party information security company was commissioned to conduct the information security diagnosis.
3. A CPA firm has been commissioned to conduct a special audit on the Company's personal data protection internal control system.
4. Continue to improve the information security protection measures and strengthen the security of systems and databases, in order to protect customers' personal data from infringement.
5. Establish the regular monitoring mechanism to scan the vulnerabilities in the system and strengthen security settings, and continue to update related technologies to deal with changeable information security threats.

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\$6,244,000 thousand only	NT\$8,000,000 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	Short-term Loan
Contracting Party	First Commercial Bank	Sunny Bank	First Commercial Bank	Yuanta Commercial Bank
Credit Limit	NT\$200,000 thousand only	NT\$400,000 thousand only	NT\$10,000 thousand only	NT\$10,000 thousand only
Interest Rate	Call loan	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	One year after the contract signing date
Major Content	Loan Agreements	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)				
		2023	2022	2021	2020	2019
Current Assets		33,955,233	29,268,209	33,503,764	30,316,641	21,296,819
Property and Equipment (Note 2)		1,055,970	1,051,657	1,033,293	1,035,116	1,028,534
Intangible Assets		60,377	65,137	49,734	51,486	48,633
Other Assets (Note 2)		5,243,433	5,462,024	4,802,057	4,201,056	3,278,979
Total Assets		40,315,013	35,847,027	39,388,848	35,604,299	25,652,965
Current Liabilities	Before distribution	30,099,486	26,887,347	29,632,811	26,899,910	17,917,687
	After distribution	Note 3	26,887,347	30,554,216	27,625,145	18,112,494
Non-current Liabilities		1,287,332	1,061,909	826,057	437,015	438,286
Total Liabilities	Before distribution	31,386,818	27,949,256	30,458,868	27,336,925	18,355,973
	After distribution	Note 3	27,949,256	31,380,273	28,062,160	18,550,780
Equity Attributable to Owners of the Parent		8,868,649	7,838,334	8,874,995	8,212,797	7,247,025
Capital Stock		5,944,550	5,944,550	5,944,550	5,944,550	6,103,227
Additional Paid-In Capital		175,331	175,320	175,320	175,307	180,208
Retained Earnings	Before distribution	2,306,912	1,327,283	2,291,877	1,683,518	843,726
	After distribution	Note 3	1,327,283	1,370,472	958,283	648,919
Other Equity		441,856	391,181	463,248	409,422	266,179
Treasury Stock		0	0	0	0	(146,315)
Non-controlling Interest		59,546	59,437	54,985	54,577	49,967
Total Equity	Before distribution	8,928,195	7,897,771	8,929,980	8,267,374	7,296,992
	After distribution	Note 3	7,897,771	8,008,575	7,542,139	7,102,185

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

Note 2: The company has not revalued assets from 2019 to December 31, 2023.

Note 3: As of the date of publication of the annual report, the Earnings distribution statement of 2023 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)				
		2023	2022	2021	2020	2019
Current Assets		26,636,355	23,533,580	27,407,600	25,263,137	16,765,297
Property and Equipment (Note 2)		809,656	806,045	786,949	785,072	782,853
Intangible Assets		16,718	18,973	9,181	10,443	6,749
Other Assets (Note 2)		6,286,363	6,494,820	5,777,717	5,345,446	4,267,049
Total Assets		33,749,092	30,853,418	33,981,447	31,404,098	21,821,948
Current Liabilities	Before distribution	23,596,658	21,959,442	24,286,798	22,757,934	14,145,769
	After distribution	Note 3	21,959,442	25,208,203	23,483,169	14,340,576
Non-current Liabilities		1,283,785	1,055,642	819,654	433,367	429,154
Total Liabilities	Before distribution	24,880,443	23,015,084	25,106,452	23,191,301	14,574,923
	After distribution	Note 3	23,015,084	26,027,857	23,916,536	14,769,730
Capital Stock		5,944,550	5,944,550	5,944,550	5,944,550	6,103,227
Additional Paid-In Capital		175,331	175,320	175,320	175,307	180,208
Retained Earnings	Before distribution	2,306,912	1,327,283	2,291,877	1,683,518	843,726
	After distribution	Note 3	1,327,283	1,370,472	958,283	648,919
Other Equity		441,856	391,181	463,248	409,422	266,179
Treasury Stock		0	0	0	0	(146,315)
Total Equity	Before distribution	8,868,649	7,838,334	8,874,995	8,212,797	7,247,025
	After distribution	Note 3	7,838,334	7,953,590	7,487,562	7,052,218

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

Note 2: The Company has not revalued assets from 2019 to December 31, 2023.

Note 3: As of the date of publication of the annual report, the Earnings distribution statement of 2023 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)				
	2023	2022	2021	2020	2019
Operating Revenue	3,424,191	2,056,778	4,298,845	3,338,989	2,173,539
Operating Income (Loss)	807,270	(102,050)	1,470,228	976,662	220,362
Non-operating Income and Expenses	263,361	138,714	98,119	165,192	88,099
Profit (Loss) before Tax	1,070,661	36,664	1,568,347	1,141,854	308,461
Profit (Loss) from Continuing Operations	1,004,267	(143,700)	1,390,102	1,089,814	288,367
Net Income (Loss)	1,004,267	(143,700)	1,390,102	1,089,814	288,367
Other Comprehensive Income (Loss) (Net Value after Tax)	29,708	35,824	1,172	95,428	126,050
Total Comprehensive Income (Loss)	1,033,975	(107,876)	1,391,274	1,185,242	414,417
Net Income Attributed to Shareholders of the Parent Company	999,752	(148,735)	1,385,923	1,084,976	284,352
Net Income Attributed to Non-controlling Interest	4,515	5,035	4,179	4,838	4,015
Comprehensive Net Income (Loss) Attributed to Shareholders of the Parent Company	1,030,304	(115,256)	1,387,420	1,177,842	409,545
Comprehensive Net Income (Loss) Attributed to Non-controlling Interest	3,671	7,380	3,854	7,400	4,872
Earnings (Loss) Per Share (Note 2)	1.68	(0.25)	2.33	1.83	0.47

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)				
	2023	2022	2021	2020	2019
Operating Revenue	2,823,329	1,333,031	3,608,529	2,579,798	1,433,197
Operating Income (Loss)	776,232	(195,051)	1,379,250	869,369	143,384
Non-operating Income and Expenses	265,004	200,574	164,785	239,857	134,266
Profit (Loss) before Tax	1,041,236	5,523	1,544,035	1,109,226	277,650
Profit (Loss) from Continuing Operations	999,752	(148,735)	1,385,923	1,084,976	284,352
Net Income (Loss)	999,752	(148,735)	1,385,923	1,084,976	284,352
Other Comprehensive Income (Loss) (Net Value after Tax)	30,552	33,479	1,497	92,866	125,193
Total Comprehensive Income (Loss)	999,752	(115,256)	1,387,420	1,177,842	409,545
Earnings (Loss) Per Share (Note 2)	1.68	(0.25)	2.33	1.83	0.47

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
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
2023	Deloitte Taiwan	Chang, Cheng-Hsiu; Chuang, Pi-Yu	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				
		2023	2022	2021	2020	2019
Financial Structure (%)	Debt-asset ratio	77.85	77.97	77.33	76.78	71.55
	Ratio of long-term capital to property and equipment	961.77	846.31	938.85	835.64	747.21
Solvency (%)	Current ratio	112.81	108.85	113.06	112.70	118.86
	Quick ratio	112.78	108.82	113.03	112.67	118.81
Profitability	Return on assets (%)	2.64	(0.38)	3.71	3.56	1.24
	Return on shareholders' equity (%)	11.94	(1.71)	16.17	14.00	4.01
	Ratio of income before tax to paid-in capital (%)	18.01	0.62	26.38	19.21	5.05
	Profit margin (loss) before tax (%)	29.33	(6.99)	32.34	32.64	13.27
	Earnings (Loss) per share (NT\$) (Note 2)	1.68	(0.25)	2.33	1.83	0.47
Cash Flow (%)	Cash flow ratio	Note 3	17.99	2.52	4.68	註 3
	Cash flow adequacy ratio	86.90	386.26	187.72	368.47	832.50
	Cash flow reinvestment ratio	Note 3	42.62	0.22	11.91	Note 3
Special regulations ratio (%)	Ratio of total liabilities to net capital	273.84	305.19	270.82	239.37	186.87
	Ratio of property and equipment to total assets	3.22	3.55	3.21	3.54	4.91
	Ratio of total amount of underwriting to the balance of current assets minus current liabilities	13.88	33.81	5.75	6.47	2.90
	Ratio of total margin purchase to net value	73.68	53.97	85.99	57.19	47.42
	Ratio of total short sale to net value	3.41	7.91	5.68	5.30	5.69
<p>Please state the causes of changes in each financial ratio for the preceding two fiscal years:</p> <ol style="list-style-type: none"> 1. Return on asset, Return on shareholders' equity, Profit margin before tax and Earnings per share: Mainly due to the increase in net profit for the year compared with the same period of last year. 2. Ratio of operating profit to paid-in capital: Mainly due to the increase in operating profit for the year compared with the same period of last year. 3. Ratio of profit before tax to paid-in capital: Mainly due to the increase in profit before income tax for the year compared with the same period of last year. 4. Cash flow adequacy ratio: Mainly due to the decrease in total net cash flows from operating activities for the last five years compared with the same period of last year. 5. Ratio of total amount of underwriting securities on a firm commitment basis to the balance of current assets minus current liabilities: Mainly due to the decrease in total amount of underwriting securities for the year compared with the same period of last year. 6. Ratio of total margin purchase to net value: Mainly due to the increase in total margin purchase for the year compared with the same period of last year. 7. Ratio of total short sale to net value: Mainly due to the decrease in total short sale for the year compared with the same period of 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				
		2023	2022	2021	2020	2019
Financial Structure (%)	Debt-asset ratio	73.72	74.59	73.88	73.85	66.79
	Ratio of long-term capital to property and equipment	1,253.92	1,103.41	1,231.93	1,101.32	980.54
Solvency (%)	Current ratio	112.88	107.17	112.85	111.01	118.52
	Quick ratio	112.85	107.13	112.82	110.98	118.47
Profitability	Return on assets (%)	3.10	(0.46)	4.24	4.08	1.47
	Return on shareholders' equity (%)	11.97	(1.78)	16.22	14.04	3.98
	Ratio of income before tax to paid-in capital (%)	17.52	0.09	25.97	18.66	4.55
	Profit margin (loss) before tax (%)	35.41	(11.16)	38.41	42.06	19.84
	Earnings (Loss) per share (NT\$) (Note 2)	1.68	(0.25)	2.33	1.83	0.47
Cash Flow (%)	Cash flow ratio	Note 3	22.99	2.28	4.29	Note 3
	Cash flow adequacy ratio	68.34	379.95	186.87	221.42	624.93
	Cash flow reinvestment ratio	Note 3	44.09	Note 3	8.88	Note 3
Special regulations ratio (%)	Ratio of total liabilities to net capital	200.48	242.24	210.51	188.89	134.70
	Ratio of property and equipment to total assets	2.88	3.08	2.73	2.94	4.22
	Ratio of total amount of underwriting to the balance of current assets minus current liabilities	17.60	51.14	7.13	8.82	3.75
	Ratio of total margin purchase to net value	73.68	53.97	85.99	57.19	47.42
	Ratio of total short sale to net value	3.41	7.91	5.68	5.30	5.69

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

1. Return on asset, Return on shareholders' equity, Profit margin before tax and Earnings per share: Mainly due to the increase in net profit for the year compared with the same period of last year.
2. Ratio of operating profit to paid-in capital: Mainly due to the increase in operating profit for the year compared with the same period of last year.
3. Ratio of profit before tax to paid-in capital: Mainly due to the increase in profit before income tax for the year compared with the same period of last year.
4. Cash flow adequacy ratio: Mainly due to the decrease in total net cash flows from operating activities for the last five years compared with the same period of last year.
5. Ratio of total amount of underwriting securities on a firm commitment basis to the balance of current assets minus current liabilities: Mainly due to the decrease in total amount of underwriting securities for the year compared with the same period of last year.
6. Ratio of total margin purchase to net value: Mainly due to the increase in total margin purchase for the year compared with the same period of last year.
7. Ratio of total short sale to net value: Mainly due to the decrease in total short sale for the year compared with the same period of last year.

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

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

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



Financial Analysis Calculation Formulas

1. Financial Structure:

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

2. Solvency:

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

3. Profitability:

- (1) Return on assets = net income / average total assets
- (2) Return on shareholders' equity = net income / average shareholder's equity
- (3) Profit margin before tax = net income / net sales
- (4) Earnings per share = (net profit after tax - dividends on preferred shares) / weighted average number of issued shares

4. Cash flow:

- (1) Cash flow ratio = Net cash flow from operating activities / current liabilities
- (2) Net cash flow adequacy ratio = Net cash flow from operating activities for the most recent five years / (capital expenditures + inventory increase + cash dividend) for the most recent five years
- (3) Cash flow reinvestment ratio = (Net cash flow from operating activities - cash dividend) / gross value of property and equipment + long-term investment + other non-current assets + working capital)

5. Special regulations ratio:

- (1) Ratio of liabilities to net capital = (Total liabilities - the liabilities arising from trading of government bonds) / shareholder's equity
- (2) Ratio of property and equipment to total assets = Total property and equipment / total assets
- (3) Ratio of total amount of underwriting to the balance of current assets minus current liabilities = Total amount of underwritten securities / (current assets - current liabilities)
- (4) Ratio of total margin purchase to net value = Total margin purchase / shareholder's equity
- (5) Ratio of short sale purchase to net value = Total margin purchase / shareholder's equity

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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 2023 Business Report, Financial Statements and Earnings Distribution Table. The financial statements have been audited by Deloitte & Touche, for which they issued an auditors' report. The above reports have been reviewed and complied with regulations by the Audit Committee. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Law, we hereby submit this report.

Sincerely,
2024 Annual Shareholders' Meeting

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

February 27, 2024

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6.4 Consolidated Financial Statements for the Years Ended December 31, 2023 and 2022, 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, 2023 and 2022, 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 material accounting policy information (collectively referred to as the "consolidated financial statements").

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, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of 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, 2023. 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, 2023 is as follows:

Accuracy of Brokerage Handling Fee Revenue

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 a key audit matter.

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

The control procedures for the input of discount rates have a significant impact on the calculation accuracy of brokerage handling fee revenue. We evaluated the design and implementation effectiveness of the recognition of discounts on brokerage handling fee revenue procedures and the related controls by performing tests of 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 the equity method included in the Group's consolidated financial statements for the years ended December 31, 2023 and 2022, 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 reports of other auditors. As of December 31, 2023 and 2022, the total assets of these subsidiaries and investments in associates amounted to \$580,106 thousand and \$548,093 thousand, accounting for 1.44% and 1.53% of consolidated total assets, respectively; for the years ended December 31, 2023 and 2022, no operating revenue was recognized, and the share of the comprehensive income or loss of these associates accounted for using the equity method amounted to \$25,575 thousand and \$(18,032) thousand, which accounted for 2.47% and 16.72% 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, 2023 and 2022 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, 2023 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 Cheng-Hsiu Chang and Pi-Yu Chuang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 27, 2024

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, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

ASSETS

CURRENT ASSETS

Cash and cash equivalents (Notes 4 and 6)
Financial assets at fair value through profit or loss - current (Notes 4 and 7)
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)
Margin loans receivable (Notes 4, 11 and 32)
Refinancing margin (Notes 4 and 11)
Refinancing collateral receivable (Notes 4 and 11)
Customer margin account (Notes 4 and 9)
Futures exchanges margins receivable (Notes 4 and 10)
Security borrowing collateral price (Notes 4 and 11)
Security borrowing margin (Notes 4 and 11)
Notes and accounts receivable (Notes 4 and 11)
Prepayments
Other receivables (Notes 4 and 11)
Other financial assets - current (Notes 4 and 12)
Current tax assets (Notes 4 and 28)
Restricted assets - current (Note 33)
Amounts held for each customer in the account (Note 32)
Other current assets

Total current assets

NON-CURRENT ASSETS

Financial assets at fair value through profit or loss - non-current (Notes 7 and 33)
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 5 and 8)
Investments accounted for using equity method (Notes 4 and 14)
Property and equipment (Notes 4, 15 and 33)
Right-of-use assets (Notes 4, 16 and 32)
Investment property (Notes 4, 17 and 33)
Intangible assets (Notes 4 and 18)
Deferred tax assets (Notes 4 and 28)
Net defined benefit assets - non-current (Notes 4 and 25)
Other non-current assets (Notes 4 and 19)

Total non-current assets

TOTAL

LIABILITIES AND EQUITY

CURRENT LIABILITIES

Short-term borrowings (Notes 20 and 33)
Commercial paper payable (Notes 20 and 33)
Financial liabilities at fair value through profit or loss - current (Notes 4, 7 and 32)
Liabilities for bonds with attached repurchase agreements (Notes 4, 21 and 32)
Securities financing refundable deposits (Note 4)
Deposits payable for securities financing (Note 4)
Refinancing borrowings (Note 4)
Securities lending refundable deposits (Note 4)
Futures traders' equity (Notes 4 and 9)
Equity for each customer in the account (Note 32)
Accounts payable (Note 22)
Other payables
Other financial liabilities - current (Note 23)
Current tax liabilities (Notes 4 and 28)
Provisions - current (Notes 4 and 24)
Lease liabilities - current (Notes 4, 16 and 32)
Other current liabilities

Total current liabilities

NON-CURRENT LIABILITIES

Financial liabilities at fair value through profit or loss - non-current (Notes 4 and 7)
Provisions - non-current (Notes 4 and 24)
Lease liabilities - non-current (Notes 4, 16 and 32)
Deferred tax liabilities (Notes 4 and 28)
Guarantee deposits received (Note 32)
Net defined benefit liabilities - non-current (Notes 4 and 25)

Total non-current liabilities

Total liabilities

EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Notes 4, 8, 14, 25, 26, 28 and 31)

Share capital
Capital surplus
Retained earnings
Legal reserve
Special reserve
Unappropriated retained earnings (accumulated deficits)
Total retained earnings
Other equity

Total equity attributable to owners of the Corporation

NON-CONTROLLING INTERESTS

Total equity

TOTAL

2023		2022	
Amount	%	Amount	%
\$ 1,740,731	4	\$ 4,588,277	13
11,220,151	28	7,935,375	22
498,471	1	177,633	1
6,533,218	16	4,229,493	12
525	-	40,461	-
437	-	31,124	-
6,308,796	16	4,790,287	13
-	-	12	-
78,997	-	960,904	3
71,860	-	1,046,647	3
6,150,076	15	4,428,567	12
9,242	-	9,149	-
116,465	-	54,615	-
664,620	2	646,120	2
-	-	1,263	-
169,040	-	167,705	1
187,534	1	-	-
205,070	1	160,577	-
<u>33,955,233</u>	<u>84</u>	<u>29,268,209</u>	<u>82</u>
10,041	-	-	-
3,305,210	8	3,535,019	10
575,955	2	546,741	1
1,055,970	3	1,051,657	3
98,910	-	117,489	-
318,400	1	319,975	1
60,377	-	65,137	-
38,443	-	29,090	-
-	-	3,854	-
<u>896,474</u>	<u>2</u>	<u>909,856</u>	<u>3</u>
<u>6,359,780</u>	<u>16</u>	<u>6,578,818</u>	<u>18</u>
<u>\$ 40,315,013</u>	<u>100</u>	<u>\$ 35,847,027</u>	<u>100</u>
\$ 809,500	2	\$ 690,000	2
5,761,973	14	5,222,701	15
1,984,310	5	2,522,930	7
5,166,781	13	4,498,096	13
272,431	1	675,595	2
302,479	1	620,246	2
-	-	100,240	-
70,168	-	16,185	-
6,348,423	16	4,769,767	13
187,803	1	-	-
5,776,899	14	3,580,010	10
543,264	1	277,062	1
2,525,707	6	3,622,333	10
128,563	-	54,513	-
26,666	-	26,186	-
49,889	-	49,337	-
144,630	1	162,146	-
<u>30,099,486</u>	<u>75</u>	<u>26,887,347</u>	<u>75</u>
1,177,976	3	913,241	3
15,083	-	12,560	-
46,483	-	67,305	-
20,912	-	63,871	-
2,468	-	2,468	-
<u>24,410</u>	<u>-</u>	<u>2,464</u>	<u>-</u>
<u>1,287,332</u>	<u>3</u>	<u>1,061,909</u>	<u>3</u>
<u>31,386,818</u>	<u>78</u>	<u>27,949,256</u>	<u>78</u>
5,944,550	15	5,944,550	17
175,331	-	175,320	-
239,393	1	265,503	1
1,087,890	3	1,087,890	3
979,629	2	(26,110)	-
2,306,912	6	1,327,283	4
441,856	1	391,181	1
8,868,649	22	7,838,334	22
<u>59,546</u>	<u>-</u>	<u>59,437</u>	<u>-</u>
<u>8,928,195</u>	<u>22</u>	<u>7,897,771</u>	<u>22</u>
<u>\$ 40,315,013</u>	<u>100</u>	<u>\$ 35,847,027</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated February 27, 2024)

CONCORD SECURITIES CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

	2023		2022	
	Amount	%	Amount	%
REVENUE (Notes 4 and 27)				
Brokerage handling fee revenue (Note 32)	\$ 1,541,164	45	\$ 1,543,234	75
Income from securities lending	43,940	1	43,420	2
Revenue from underwriting commission	33,033	1	34,993	2
Gains (losses) on sale of operating securities, net	297,332	9	(1,827,681)	(89)
Revenue from providing agency service for stock affairs	28,529	1	26,633	1
Interest income (Note 32)	350,093	10	349,939	17
Dividend income	1,632,764	48	1,448,951	71
Valuation gains (losses) on operating securities at fair value through profit or loss, net	393,698	11	(650,731)	(32)
Gains (losses) on covering of borrowed securities and bonds with resale agreements - short sales, net	(61,058)	(2)	16,012	1
Valuation gains (losses) on borrowed securities and bonds with resale agreements - short sales at fair value through profit or loss, net	(70,314)	(2)	140,680	7
Realized losses on investments in debt instruments measured at fair value through other comprehensive income, net	(5,506)	-	-	-
Gains (losses) on issuance of call (put) warrants, net	(97,412)	(3)	423,225	21
Losses on derivative instruments - futures, net	(148,135)	(4)	(15,172)	(1)
Gains (losses) on derivative instruments - OTC, net (Note 32)	(585,419)	(17)	368,562	18
Futures administrative fee revenues	-	-	1	-
Impairment gain and reversal of impairment loss (impairment loss) (Notes 8, 10 and 11)	(639)	-	3,707	-
Other operating income (Note 32)	72,121	2	151,005	7
Total revenue	3,424,191	100	2,056,778	100
COSTS AND EXPENSES (Notes 4 and 27)				
Brokerage handling fee expenses	(195,570)	(6)	(199,517)	(10)
Proprietary handling fee expenses	(10,464)	-	(12,584)	(1)
Refinancing handling fee expenses	(350)	-	(737)	-
Finance costs (Note 32)	(210,147)	(6)	(96,734)	(5)
Loss from securities borrowing transactions	(7,415)	-	(4,558)	-
Futures commission expenses	(79,194)	(3)	(88,377)	(4)
Clearing and settlement expenses	(71,541)	(2)	(85,498)	(4)
Other operating costs	(36,919)	(1)	(25,542)	(1)
Employee benefits expenses (Notes 25 and 32)	(1,305,767)	(38)	(965,708)	(47)

(Continued)

CONCORD SECURITIES CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

	2023		2022	
	Amount	%	Amount	%
Depreciation and amortization expenses (Notes 15, 16, 17 and 18)	\$ (106,779)	(3)	\$ (92,252)	(4)
Other operating expenses	<u>(592,775)</u>	<u>(18)</u>	<u>(587,321)</u>	<u>(29)</u>
Total costs and expenses	<u>(2,616,921)</u>	<u>(77)</u>	<u>(2,158,828)</u>	<u>(105)</u>
OPERATING PROFIT (LOSS)	<u>807,270</u>	<u>23</u>	<u>(102,050)</u>	<u>(5)</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4 and 27)				
Share of profit or loss of associates accounted for using equity method (Note 14)	25,425	1	(8,844)	-
Other gains and losses (Notes 32)	<u>237,966</u>	<u>7</u>	<u>147,558</u>	<u>7</u>
Total non-operating income and expenses	<u>263,391</u>	<u>8</u>	<u>138,714</u>	<u>7</u>
PROFIT BEFORE INCOME TAX	1,070,661	31	36,664	2
INCOME TAX EXPENSE (Notes 4 and 28)	<u>(66,394)</u>	<u>(2)</u>	<u>(180,364)</u>	<u>(9)</u>
NET PROFIT (LOSS) FOR THE YEAR	<u>1,004,267</u>	<u>29</u>	<u>(143,700)</u>	<u>(7)</u>
OTHER COMPREHENSIVE INCOME (Notes 4, 8, 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	(25,198)	-	134,620	6
Unrealized gains (losses) on investments in equity instruments measured at fair value through other comprehensive income	(702)	-	25,910	1
Share of other comprehensive income or loss of associates accounted for using equity method	3,789	-	(5,836)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>5,040</u>	<u>-</u>	<u>(26,924)</u>	<u>(1)</u>
	<u>(17,071)</u>	<u>-</u>	<u>127,770</u>	<u>6</u>

(Continued)

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CONCORD SECURITIES CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

	2023		2022	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss				
Exchange differences on the translation of foreign operations	\$ (449)	-	\$ 9,046	1
Unrealized gains (losses) on investments in debt instruments measured at fair value through other comprehensive income	<u>47,228</u>	<u>1</u>	<u>(100,992)</u>	<u>(5)</u>
	<u>46,779</u>	<u>1</u>	<u>(91,946)</u>	<u>(4)</u>
Other comprehensive income for the year, net of income tax	<u>29,708</u>	<u>1</u>	<u>35,824</u>	<u>2</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u>\$ 1,033,975</u>	<u>30</u>	<u>\$ (107,876)</u>	<u>(5)</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 999,752	29	\$ (148,735)	(7)
Non-controlling interests	<u>4,515</u>	<u>-</u>	<u>5,035</u>	<u>-</u>
	<u>\$ 1,004,267</u>	<u>29</u>	<u>\$ (143,700)</u>	<u>(7)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 1,030,304	30	\$ (115,256)	(5)
Non-controlling interests	<u>3,671</u>	<u>-</u>	<u>7,380</u>	<u>-</u>
	<u>\$ 1,033,975</u>	<u>30</u>	<u>\$ (107,876)</u>	<u>(5)</u>
EARNINGS (LOSS) PER SHARE (Note 29)				
Basic	<u>\$ 1.68</u>		<u>\$ (0.25)</u>	
Diluted	<u>\$ 1.68</u>		<u>\$ (0.25)</u>	

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

(With Deloitte & Touche auditors' report dated February 27, 2024)

(Concluded)

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CONCORD SECURITIES CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (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	Exchange Differences on the Translation of Foreign Operations	Unrealized Gains (Losses) on Financial Assets at Fair Value Through Other Comprehensive Income			
					Unappropriated Earnings (Accumulated Deficits)					
BALANCE AT JANUARY 1, 2022	\$ 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
Compensation of 2022 deficits										
Legal reserve used to offset accumulated deficits	-	-	(26,110)	-	26,110	-	-	-	-	-
Other changes in capital surplus										
Unpaid dividends	-	11	-	-	-	-	-	11	-	11
Net profit for the year ended December 31, 2023	-	-	-	-	999,752	-	-	999,752	4,515	1,004,267
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	(20,123)	(449)	51,124	30,552	(844)	29,708
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	979,629	(449)	51,124	1,030,304	3,671	1,033,975
Change in non-controlling interests	-	-	-	-	-	-	-	-	(3,562)	(3,562)
BALANCE AT DECEMBER 31, 2023	\$ 5,944,550	\$ 175,331	\$ 239,393	\$ 1,087,890	\$ 979,629	\$ 1,165	\$ 440,691	\$ 8,868,649	\$ 59,546	\$ 8,928,195

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

(With Deloitte & Touche auditors' report dated February 27, 2024)

CONCORD SECURITIES CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 1,070,661	\$ 36,664
Adjustments for:		
Depreciation expense	90,388	81,017
Amortization expense	16,391	11,235
Expected credit loss (gain)	639	(3,707)
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	(327,775)	514,989
Finance costs	210,147	96,734
Interest income (including financial income)	(457,427)	(387,663)
Dividend income	(1,657,038)	(1,478,597)
Share of loss (profit) of associates accounted for using equity method	(25,425)	8,844
Loss on disposal of property and equipment	-	9
Loss (gain) on disposal of investments	633	(33)
Changes in operating assets and liabilities		
Decrease (increase) in financial assets at fair value through profit or loss	(2,897,443)	18,799
Decrease (increase) in margin loans receivable	(2,303,647)	3,401,223
Decrease (increase) in refinancing margin	39,936	(33,551)
Decrease (increase) in refinancing collateral receivable	30,687	(24,392)
Decrease (increase) in customer margin account	(1,518,509)	412,822
Decrease (increase) in futures exchanges margins receivable	(12)	2,402
Decrease (increase) in security borrowing collateral price	881,907	(437,881)
Decrease (increase) in security borrowing margin	974,787	(572,090)
Decrease in notes receivable	25	51
Decrease (increase) in accounts receivable	(1,713,542)	2,437,950
Decrease (increase) in prepayments	(93)	30
Decrease (increase) in net defined benefit assets	3,854	(3,854)
Decrease (increase) in other receivables	(59,045)	33,303
Increase in other financial assets	(18,500)	(257,360)
Decrease (increase) in other current assets	(233,362)	1,689,706
Increase in liabilities for bonds with attached repurchase agreements	668,685	399,629
Increase (decrease) in financial liabilities at fair value through profit or loss	(344,199)	294,669
Increase (decrease) in securities financing refundable deposits	(403,164)	361,694
Increase (decrease) in deposits payable for securities financing	(317,767)	116,413
Decrease in refinancing borrowings	(100,240)	(1,700,316)
Increase in securities lending refundable deposits	53,983	16,185
Increase (decrease) in futures traders' equity	1,578,656	(375,484)
Increase (decrease) in accounts payable	2,197,625	(2,162,897)
Increase (decrease) in other payables	266,238	(528,596)
Decrease in net defined benefit liabilities	(3,252)	(97,900)

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CONCORD SECURITIES CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
Increase in provisions	\$ 480	\$ 979
Increase (decrease) in other financial liabilities	(1,096,626)	2,865,655
Increase in equity for each customer in the account	187,803	-
Decrease in other current liabilities	(17,516)	(1,546,162)
Cash generated from (used in) operations	(5,221,057)	3,190,519
Interest received	447,657	383,275
Dividends received	1,631,165	1,448,632
Interest paid	(200,768)	(107,389)
Income tax paid	(38,353)	(78,711)
Net cash generated from (used in) operating activities	(3,381,356)	4,836,326
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(1,130,755)	(1,059,750)
Proceeds from disposal of financial assets at fair value through other comprehensive income	1,081,902	147,249
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	3,509	1,526
Acquisition of property and equipment	(40,082)	(48,581)
Proceeds from disposal of property and equipment	-	5
Decrease in clearing and settlement fund	1,936	17,257
Increase in refundable deposits	-	(124,503)
Decrease in refundable deposits	14,065	-
Acquisition of intangible assets	(10,166)	(16,030)
Increase in other non-current assets	(4,084)	(3,705)
Dividends received	24,274	29,646
Net cash used in investing activities	(59,401)	(1,056,886)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	119,500	-
Decrease in short-term borrowings	-	(960,000)
Increase in commercial paper payable	530,000	1,073,000
Payments of lease liabilities	(53,091)	(47,332)
Cash dividends paid	-	(921,405)
Change in non-controlling interests	(3,562)	(2,928)
Unpaid dividends	11	-
Net cash generated from (used in) financing activities	592,858	(858,665)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	353	12,236

(Continued)

CONCORD SECURITIES CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023	2022
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ (2,847,546)	\$ 2,933,011
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>4,588,277</u>	<u>1,655,266</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,740,731</u>	<u>\$ 4,588,277</u>

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

(With Deloitte & Touche auditors’ report dated February 27, 2024)

(Concluded)

CONCORD SECURITIES CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (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, 2023, 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 February 27, 2024.

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 “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

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

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
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
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards will be 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.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of above standards and interpretations will not have a material impact on the Group’s financial position and financial performance.

- c. The IFRS Accounting Standards 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
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

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 IFRS Accounting Standards 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.

Refer to 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 upon initial recognition be designated as at FVTPL only in one of the following circumstances:

- a) Such designation eliminates or significantly reduces a measurement or recognition mismatch 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 June 30, 2022, that results in the revised consideration for the lease less than the consideration for the lease immediately preceding the charge. There is no substantive change to other terms and conditions. The Group elects to apply the practical expedient to all of these rent concessions and, therefore, does not assess whether the rent concessions are lease modifications. Instead, the Group recognizes the reduction in lease payment in profit or loss as a deduction of depreciation 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. MATERIAL 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.

When developing material accounting estimates, the Group considers the possible impact on the cash flow projections, growth rate, discount rate, profitability and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

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	
	2023	2022
Cash on hand and working fund	\$ 218	\$ 210
Checking and demand deposits	740,357	719,011
Foreign currency deposits	544,805	170,566
Cash equivalents		
Time deposits with original maturities within three months	16,888	-
Excess futures trading margin	438,463	378,187
Short-term bills	-	3,320,303
	<u>\$ 1,740,731</u>	<u>\$ 4,588,277</u>

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

	December 31	
	2023	2022
Time deposits with original maturities within three months	5.1%	-
Short-term bills	-	0.9%-1.0%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2023	2022
<u>Financial assets at FVTPL - current</u>		
Financial assets mandatorily measured at FVTPL		
Open-end funds and money market instruments	\$ 142,452	\$ 80,090
Operating securities - proprietary	9,713,000	6,309,864
Operating securities - underwriting	34,032	50,818
Operating securities - hedging	1,020,490	1,053,477
Futures margin - own funds	45,954	225,157
Derivative assets - OTC		
Value of asset swap IRS contracts	9,951	6,225
Asset swap options	254,272	209,744
	<u>\$ 11,220,151</u>	<u>\$ 7,935,375</u>

Financial assets at FVTPL - non-current

Financial assets mandatorily measured at FVTPL		
Operating securities - proprietary	<u>\$ 10,041</u>	<u>\$ -</u>

(Continued)

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December 31

2023

2022

Financial liabilities at FVTPL - current

Financial liabilities held for trading

Warrants liabilities	\$ 1,056,815	\$ 2,098,112
Warrants redeemed	(1,017,002)	(1,934,273)
Sell options - TAIFEX	405	-
Liabilities on sale of borrowed securities - hedging	95,853	907,024
Liabilities on sale of borrowed securities - non-hedging	253,159	52,355
Derivative liabilities - OTC		
Value of asset swap IRS contracts	28,389	31,586
Asset swap options	992,679	662,121
Structured instruments	11,742	23,572
Equity derivatives	146,630	74,426
	<u>1,568,670</u>	<u>1,914,923</u>

Financial liabilities designated as at FVTPL

Structured instruments	<u>415,640</u>	<u>608,007</u>
	<u>\$ 1,984,310</u>	<u>\$ 2,522,930</u>

Financial liabilities at FVTPL - non-current

Financial liabilities designated as at FVTPL

Structured instruments	<u>\$ 1,177,976</u>	<u>\$ 913,241</u> (Concluded)
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a. Open-end funds and money market instruments

	<u>December 31</u>	
	2023	2022
Open-end funds and money market instruments	\$ 142,972	\$ 85,000
Valuation adjustments	<u>(520)</u>	<u>(4,910)</u>
	<u>\$ 142,452</u>	<u>\$ 80,090</u>

b. Operating securities - proprietary

	<u>December 31</u>	
	2023	2022
<u>Current</u>		
Government bonds	\$ 1,188,626	\$ 353,794
Listed shares	1,633,966	516,164
Shares and convertible bonds traded in the OTC market	5,621,055	4,862,071
Emerging shares	229,795	197,265
Foreign shares and bonds	250,166	126,184
Beneficiary securities	354,148	170,079
	<u>9,277,756</u>	<u>6,225,557</u>
Valuation adjustments	<u>435,244</u>	<u>84,307</u>
	<u>\$ 9,713,000</u>	<u>\$ 6,309,864</u>

(Continued)

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December 31

2023

2022

Non-current

Government bonds	\$ 10,083	\$ -
Valuation adjustments	(42)	-
	<u>\$ 10,041</u>	<u>\$ -</u>

(Concluded)

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

December 31

2023

2022

Government bonds	0.50%-1.75%	0.50%-1.75%
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As of December 31, 2023 and 2022, the face values of the Group's proprietary securities and bond investments (including financial assets at fair value through other comprehensive income) under resale agreements were \$5,188,433 thousand and \$4,460,507 thousand, respectively, were provided for repurchase agreements.

A portion of government bonds were pledged to the Central Bank of ROC as bid bonds for bond transactions. (Refer to Note 33 for the details.)

c. Operating securities - underwriting

December 31

2023

2022

Listed and OTC shares and convertible bonds	\$ 33,075	\$ 51,157
Valuation adjustments	<u>957</u>	<u>(339)</u>
	<u>\$ 34,032</u>	<u>\$ 50,818</u>

d. Operating securities - hedging

December 31

2023

2022

Listed shares, beneficiary certificates and shares and warrants	\$ 477,001	\$ 737,815
Shares, beneficiary certificates, warrants and convertible bonds traded in the OTC market	<u>532,077</u>	<u>345,676</u>
	1,009,078	1,083,491
Valuation adjustments	<u>11,412</u>	<u>(30,014)</u>
	<u>\$ 1,020,490</u>	<u>\$ 1,053,477</u>

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e. Warrants

	December 31	
	2023	2022
Warrants liabilities	\$ 1,133,518	\$ 4,294,041
Gains on changes in fair value	<u>(76,703)</u>	<u>(2,195,929)</u>
	<u>1,056,815</u>	<u>2,098,112</u>
Warrants redeemed	1,059,848	3,422,996
Losses on changes in fair value	<u>(42,846)</u>	<u>(1,488,723)</u>
	<u>1,017,002</u>	<u>1,934,273</u>
Net warrants liabilities	<u>\$ 39,813</u>	<u>\$ 163,839</u>

f. Liabilities on sale of borrowed securities

	December 31	
	2023	2022
Hedging		
Listed and OTC shares and beneficiary certificates	\$ 91,562	\$ 964,657
Valuation adjustments	<u>4,291</u>	<u>(57,633)</u>
	<u>\$ 95,853</u>	<u>\$ 907,024</u>
Non-hedging		
Beneficiary certificates	\$ 250,030	\$ 57,616
Valuation adjustments	<u>3,129</u>	<u>(5,261)</u>
	<u>\$ 253,159</u>	<u>\$ 52,355</u>

g. Futures and Options

	December 31	
	2023	2022
Put options - TAIFEX		
Index options	\$ (477)	\$ -
Gain on open positions	<u>72</u>	<u>-</u>
Fair value	<u>\$ (405)</u>	<u>\$ -</u>

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

		December 31, 2023			
Item	Transaction Type	Open Position		Carrying Amount/ Premium Paid (Received)	Fair Value
		Buyer/ Seller	Volume		
Futures	TAIEX futures	Seller	21	\$ 74,993	\$ 75,054
Futures	Share futures	Buyer	198	34,213	33,865
Futures	Share futures	Seller	1,376	180,248	181,300
Futures	TE	Seller	9	31,771	32,107
Futures	CBOT-UB	Buyer	5	20,596	20,519
Futures	VN30	Seller	23	3,204	3,312
Futures	CBOT-TY	Seller	1	3,385	3,468
Futures	ES	Seller	1	7,336	7,403
Futures	OSE JMT	Seller	4	2,016	2,056
Futures	OSE JTI	Seller	2	10,161	10,278
Futures	CBT S	Seller	12	24,995	23,913
Futures	CBT YK	Seller	4	1,666	1,594
Futures	NYM HG	Seller	7	20,248	20,905
Futures	NYM MHG	Seller	9	2,576	2,688
Options	TAIEX options - call	Seller	50	(126)	(208)
Options	TAIEX options - put	Seller	130	(351)	(197)

		December 31, 2022			
Item	Transaction Type	Open Position		Carrying Amount/ Premium 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

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

As of December 31, 2023 and 2022, futures margin arising from futures contracts amounted to \$45,954 thousand and \$225,157 thousand, respectively.

h. Derivative instruments - OTC

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

	Nominal Amount	
	December 31	
	2023	2022
Convertible bond asset swaps	\$ 6,144,400	\$ 6,930,200
Structured instruments	4,129,975	5,181,267
Equity derivatives	716,926	318,764

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2023	2022
<u>Current</u>		
Investments in debt instruments	\$ 498,471	\$ 177,633
<u>Non-current</u>		
Investments in equity instruments	\$ 861,220	\$ 865,431
Investments in debt instruments	2,443,990	2,669,588
	<u>\$ 3,305,210</u>	<u>\$ 3,535,019</u>

a. Investments in equity instruments

	December 31	
	2023	2022
<u>Non-current</u>		
Non-public ordinary shares		
Taiwan Futures Exchange	\$ 412,951	\$ 419,156
Taiwan Stock Exchange	217,666	216,475
Taiwan Depository & Clearing Corporation	127,488	119,247
Guoyuan Futures Co., Ltd.	75,507	90,595
Asia Pacific Emerging Industry Venture Capital Co., Ltd.	21,293	12,317
FundRich Securities Co., Ltd.	6,315	7,641
	<u>\$ 861,220</u>	<u>\$ 865,431</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 2023 and 2022, the Group participated in the cash capital increase of Taiwan Stock Exchange, and obtained 36 shares and 48 shares at the issue price of \$10 per share, respectively.

In December 2023 and 2022, Asia Pacific Emerging Industry Venture Capital Co., Ltd. implemented cash capital reduction, in which the Group reduced its number of shares by 350,906 shares and 152,568 shares, receiving the capital reduction of \$3,509 thousand and \$1,526 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 \$24,274 thousand and \$29,646 thousand during 2023 and 2022, which generated from the investments held as of December 31, 2023 and 2022, respectively.

b. Investments in debt instruments

	December 31	
	2023	2022
<u>Current</u>		
Government bonds	\$ 299,410	\$ -
Corporate bonds	199,061	99,572
Foreign bonds	-	78,061
	<u>\$ 498,471</u>	<u>\$ 177,633</u>
<u>Non-current</u>		
Government bonds	\$ -	\$ 297,138
Corporate bonds	1,504,203	1,096,680
Foreign bonds	939,787	1,275,770
	<u>\$ 2,443,990</u>	<u>\$ 2,669,588</u>

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

	December 31	
	2023	2022
Gross carrying amount	\$ 3,002,167	\$ 2,953,314
Less: Allowance for impairment loss	(1,751)	(1,630)
Amortized cost	3,000,416	2,951,684
Adjustment to fair value	(57,955)	(104,463)
	<u>\$ 2,942,461</u>	<u>\$ 2,847,221</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 were as follows:

Category	Description	Basis for Recognizing Expected Credit Losses (ECLs)	Expected Loss Rate	Gross Carrying Amount on December 31, 2023
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%-0.55%	\$ 3,002,167

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

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, 2023	\$ 1,630	\$ -	\$ -
Recognized expected credit loss	<u>121</u>	<u>-</u>	<u>-</u>
Balance at December 31, 2023	<u>\$ 1,751</u>	<u>\$ -</u>	<u>\$ -</u>
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>

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9. CUSTOMER MARGIN ACCOUNT AND FUTURES TRADERS' EQUITY

	December 31	
	2023	2022
Customer margin account		
Cash in banks	\$ 4,358,015	\$ 3,652,300
Futures clearing institution	1,444,174	929,624
Other futures commission merchant	<u>506,607</u>	<u>208,363</u>
Customer margin account	6,308,796	4,790,287
Adjustment		
Brokerage handling fee revenue and futures transactions tax	(38,365)	(44,560)
Timing differences in receiving customers' deposits	<u>77,992</u>	<u>24,040</u>
Futures traders' equity	<u>\$ 6,348,423</u>	<u>\$ 4,769,767</u>

10. FUTURES EXCHANGES MARGINS RECEIVABLE

As of December 31, 2023 and 2022, futures exchanges margins receivable and allowance for doubtful accounts were as follows:

	December 31	
	2023	2022
Futures exchanges margins receivable	\$ 24	\$ 576
Less: Allowance for impairment loss	<u>(24)</u>	<u>(564)</u>
	<u>\$ -</u>	<u>\$ 12</u>

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

	December 31	
	2023	2022
Balance at January 1	\$ 564	\$ 5,316
Less: Net remeasurement of loss allowance	24	(2,388)
Less: Amounts written off	<u>(564)</u>	<u>(2,364)</u>
Balance at December 31	<u>\$ 24</u>	<u>\$ 564</u>

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

	December 31	
	2023	2022
Margin loans receivable	\$ 6,534,212	\$ 4,230,565
Less: Allowance for impairment loss	<u>(994)</u>	<u>(1,072)</u>
	<u>\$ 6,533,218</u>	<u>\$ 4,229,493</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. As of December 31, 2023 and 2022, the Group had recognized allowance for impairment loss of \$77,510 thousand and \$77,814 thousand, respectively, for the receivables, and the balance of the related receivable was reclassified as other receivables.

	December 31	
	2023	2022
Notes receivable	\$ 70	\$ 95
Accounts receivable		
Accounts receivable for settlement - brokerage	5,622,505	3,388,985
Accounts receivable for settlement - proprietary	391,101	896,372
Brokerage handling fee revenue and refinancing interest receivable	100,247	111,909
Bond interest receivable	25,096	18,703
Others	11,370	12,816
Less: Allowance for impairment loss	(313)	(313)
	<u>6,150,006</u>	<u>4,428,472</u>
	<u>\$ 6,150,076</u>	<u>\$ 4,428,567</u>

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

	December 31	
	2023	2022
0 to 120 days	\$ 6,150,013	\$ 4,428,504
121 to 180 days	63	344
Over 180 days	<u>313</u>	<u>32</u>
	<u>\$ 6,150,389</u>	<u>\$ 4,428,880</u>

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

	December 31	
	2023	2022
Other receivables	\$ 202,659	\$ 140,859
Less: Allowance for impairment loss	<u>(86,194)</u>	<u>(86,244)</u>
	<u>\$ 116,465</u>	<u>\$ 54,615</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, 2023

	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%	0.02%	0%	0%	0%; 100%	
Gross carrying amount	\$ 6,150,389	\$ 6,534,212	\$ 437	\$ 151,382	\$ 202,659	\$ 13,039,079
Loss allowance (Lifetime ECLs)	(313)	(994)	-	-	(86,194)	(87,501)
Amortized cost	<u>\$ 6,150,076</u>	<u>\$ 6,533,218</u>	<u>\$ 437</u>	<u>\$ 151,382</u>	<u>\$ 116,465</u>	<u>\$ 12,951,578</u>

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)	(313)	(1,072)	-	-	(86,244)	(87,629)
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>

The movements of the loss allowance of trade receivables for the years ended December 31, 2023 and 2022, respectively, were as follows:

	Notes and Accounts Receivable	Margin Loans Receivable	Other Receivables	Total
Balance at January 1, 2023	\$ 313	\$ 1,072	\$ 86,244	\$ 87,629
Add: Net remeasurement of loss allowance	-	(78)	572	494
Less: Amounts written off	-	-	(622)	(622)
Balance at December 31, 2023	<u>\$ 313</u>	<u>\$ 994</u>	<u>\$ 86,194</u>	<u>\$ 87,501</u>
Balance at January 1, 2022	\$ -	\$ 2,040	\$ 86,566	\$ 88,606
Add: Net remeasurement of loss allowance	313	(968)	(322)	(977)
Balance at December 31, 2022	<u>\$ 313</u>	<u>\$ 1,072</u>	<u>\$ 86,244</u>	<u>\$ 87,629</u>

12. OTHER FINANCIAL ASSETS - CURRENT

	December 31	
	2023	2022
Time deposits	\$ 664,620	\$ 646,120

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	
	2023	2022
Time deposits	1.400%-5.620%	1.025%-5.300%

13. SUBSIDIARIES

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

Investor	Investee	Main Business	Percentage of Ownership (%)		Remarks
			December 31		
			2023	2022	
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
The Corporation	Concord Insurance Agency Co., Ltd. (Concord Insurance)	Life insurance agency and property insurance agency	100.00	100.00	

Note: 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.

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investment in Associates	December 31			
	2023		2022	
	Carrying Amount	Percentage of Shareholding (%)	Carrying Amount	Percentage of Shareholding (%)
Individually immaterial associates:				
HWA-HO Asset Management Corp.	\$ 575,955	46.59	\$ 546,741	46.59

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The summarized information of individually immaterial associates was as follows:

	For the Year Ended December 31	
	2023	2022
The Group's share of:		
Net profit (loss) for the year	\$ 25,425	\$ (8,844)
Other comprehensive income (loss)	<u>3,789</u>	<u>(5,836)</u>
Total comprehensive income (loss) for the year	<u>\$ 29,214</u>	<u>\$ (14,680)</u>

The Group's share of profit or loss and other comprehensive income or loss of associates accounted for using the equity method was calculated based on the audited financial statements for the years ended December 31, 2023 and 2022.

15. PROPERTY AND EQUIPMENT

	For the Year Ended December 31, 2023				
<u>Cost</u>	Balance at January 1, 2023	Additions	Reductions	Reclassifications	Balance at December 31, 2023
Land	\$ 805,137	\$ -	\$ -	\$ (54)	\$ 805,083
Buildings	317,656	-	-	(37)	317,619
Equipment	119,158	35,656	(4,132)	-	150,682
Leasehold improvements	30,484	4,426	(9,590)	-	25,320
	<u>1,272,435</u>	<u>\$ 40,082</u>	<u>\$ (13,722)</u>	<u>\$ (91)</u>	<u>1,298,704</u>
<u>Accumulated depreciation</u>					
Buildings	151,655	\$ 5,636	\$ -	\$ (20)	157,271
Equipment	51,846	24,388	(4,132)	-	72,102
Leasehold improvements	15,593	5,674	(9,590)	-	11,677
	<u>219,094</u>	<u>\$ 35,698</u>	<u>\$ (13,722)</u>	<u>\$ (20)</u>	<u>241,050</u>
<u>Accumulated impairment</u>					
Buildings	1,684	\$ -	\$ -	\$ -	1,684
Net book value	<u>\$ 1,051,657</u>				<u>\$ 1,055,970</u>
	For the Year Ended December 31, 2022				
<u>Cost</u>	Balance at January 1, 2022	Additions	Reductions	Reclassifications	Balance at December 31, 2022
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>

The Group didn't recognized impairment loss or reversal of impairment loss in 2023 and 2022 respectively.

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	3-5 years

The significant component of the Group's buildings is the main building.

Some property and equipment were pledged as collateral for loans (refer to Note 33 for the details).

16. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
<u>Carrying amount</u>		
Buildings	\$ 96,080	\$ 113,040
Equipment	<u>2,830</u>	<u>4,449</u>
	<u>\$ 98,910</u>	<u>\$ 117,489</u>
	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	<u>\$ 34,465</u>	<u>\$ 41,880</u>
Depreciation charge for right-of-use assets		
Buildings	\$ 50,514	\$ 44,886
Equipment	<u>2,530</u>	<u>2,416</u>
	<u>\$ 53,044</u>	<u>\$ 47,302</u>

Besides aforementioned addition and recognized depreciation expenses, the Group did not have significant sublease agreement or impairment loss of right-of-use assets for the years ended December 31, 2023 and 2022.

b. Lease liabilities

	December 31	
	2023	2022
<u>Carrying amount</u>		
Current	<u>\$ 49,889</u>	<u>\$ 49,337</u>
Non-current	<u>\$ 46,483</u>	<u>\$ 67,305</u>

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Ranges of discount rates for lease liabilities were as follows:

	December 31	
	2023	2022
Buildings	0.532%-1.826%	0.514%-1.572%
Equipment	0.521%-1.792%	0.521%-1.336%

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, the lessor agreed to provide unconditional rent reductions of 20%. The Group recognized the impact of rent concessions at \$453 thousand (recognized as deduction of depreciation expenses and other non-operating income) for the years ended December 31, 2022.

d. Other lease information

	For the Year Ended December 31	
	2023	2022
Expenses relating to short-term or low-value asset leases	\$ 1,215	\$ 5,157
Total cash outflow for leases	\$ 54,306	\$ 52,489

The Group's leases of certain office equipment qualify as short-term leases and 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.

17. INVESTMENT PROPERTY

	For the Year Ended December 31, 2023			
	Balance at January 1, 2023	Additions	Reductions	Balance at December 31, 2023
<u>Cost</u>				
Land	\$ 278,835	\$ -	\$ -	\$ 278,889
Buildings	92,317	-	-	92,354
	371,152	-	-	371,243
<u>Accumulated depreciation</u>				
Buildings	50,943	\$ 1,646	\$ -	52,609
<u>Accumulated impairment</u>				
Buildings	234	\$ -	\$ -	234
Net book value	\$ 319,975			\$ 318,400

Report

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	\$ 279,621	\$ -	\$ -	\$ (786)	\$ 278,835
Buildings	<u>92,840</u>	<u>-</u>	<u>-</u>	<u>(523)</u>	<u>92,317</u>
	372,461	\$ -	\$ -	\$ (1,309)	371,152
<u>Accumulated depreciation</u>					
Buildings	49,440	\$ 1,654	\$ -	\$ (151)	50,943
<u>Accumulated impairment</u>					
Buildings	<u>234</u>	\$ -	\$ -	\$ -	<u>234</u>
Net book value	<u>\$ 322,787</u>				<u>\$ 319,975</u>

Besides the recognition of depreciation expenses and transfers of their own use properties to investment properties, the Group did not have significant addition, disposal and impairment of investment properties for the years ended December 31, 2023 and 2022.

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, 2023 and 2022, the fair value of the Group's investment properties amounted to \$470,316 thousand and \$412,576 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	
	2023	2022
Year 1	\$ 9,793	\$ 9,793
Year 2	648	9,456
Year 3	<u>-</u>	<u>648</u>
	<u>\$ 10,441</u>	<u>\$ 19,897</u>

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18. INTANGIBLE ASSETS

	December 31	
	2023	2022
Memberships in foreign futures exchanges	\$ 33,392	\$ 33,392
Computer software	<u>26,985</u>	<u>31,745</u>
	<u>\$ 60,377</u>	<u>\$ 65,137</u>

	For the Year Ended December 31, 2023			
	Balance at January 1, 2023	Additions	Reductions	Balance at December 31, 2023
<u>Cost</u>				
Computer software	\$ 48,238	\$ 11,276	\$ (12,060)	\$ 47,454
Memberships in foreign futures exchanges	<u>33,392</u>	<u>-</u>	<u>-</u>	<u>33,392</u>
	81,630	<u>\$ 11,276</u>	<u>\$ (12,060)</u>	80,846
<u>Accumulated amortization</u>				
Computer software	<u>16,493</u>	<u>\$ 16,036</u>	<u>\$ (12,060)</u>	<u>20,469</u>
Net book value	<u>\$ 65,137</u>			<u>\$ 60,377</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>

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

Computer software	3-4 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	
	2023	2022
Operation guarantee deposits	\$ 520,000	\$ 520,000
Clearing and settlement fund	193,969	195,905
Refundable deposits	174,045	188,110
Prepayments for equipment	7,351	4,834
Deferred expense	<u>1,109</u>	<u>1,007</u>
	<u>\$ 896,474</u>	<u>\$ 909,856</u>

20. BORROWINGS

a. Short-term borrowings

	December 31	
	2023	2022
Secured borrowings	\$ 270,000	\$ 50,000
Unsecured borrowings	<u>539,500</u>	<u>640,000</u>
	<u>\$ 809,500</u>	<u>\$ 690,000</u>

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

	December 31	
	2023	2022
Short-term borrowings	1.75%-2.35%	1.45%-1.99%

As of December 31, 2023, the balance of the credit loan from the subsidiary Con-Lian AMC to Yuanta Commercial Bank was \$6,500 thousand. During the borrowing period, the company's shareholding ratio of Con-Lian AMC must be maintain at 100%.

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	
	2023	2022
Commercial paper payable	\$ 5,770,000	\$ 5,240,000
Less: Discount of commercial paper payable	<u>(8,027)</u>	<u>(17,299)</u>
	<u>\$ 5,761,973</u>	<u>\$ 5,222,701</u>

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

	December 31	
	2023	2022
Commercial paper payable	1.50%-1.69%	0.65%-1.72%

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

21. LIABILITIES FOR BONDS WITH ATTACHED REPURCHASE AGREEMENTS

	December 31	
	2023	2022
Government bonds	\$ 1,466,773	\$ 649,910
Corporate bonds	<u>3,700,008</u>	<u>3,848,186</u>
	<u>\$ 5,166,781</u>	<u>\$ 4,498,096</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	
	2023	2022
Government bonds	0.92%-1.40%	0.70%-0.75%
Corporate bonds	1.15%-5.65%	0.95%-5.16%

Liabilities for bonds with attached repurchase agreements that were outstanding as of December 31, 2023 had been repurchased for \$5,172,967 thousand by January 24, 2024.

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.

22. ACCOUNTS PAYABLE

	December 31	
	2023	2022
Accounts payable for settlement - brokerage	\$ 5,634,036	\$ 3,377,383
Accounts payable for settlement - proprietary	27,541	102,071
Others	<u>115,322</u>	<u>100,556</u>
	<u>\$ 5,776,899</u>	<u>\$ 3,580,010</u>

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23. OTHER FINANCIAL LIABILITIES - CURRENT

	December 31	
	2023	2022
<u>Principle value of structured notes - current</u>		
Principal guaranteed notes	\$ 2,525,707	\$ 3,622,333

24. PROVISIONS

	December 31	
	2023	2022
<u>Current</u>		
Employee benefits	\$ 26,666	\$ 26,186
<u>Non-current</u>		
Decommissioning provision	\$ 15,083	\$ 12,560

25. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The Group adopted a pension plan under the Labor Pension Act (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 Group 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 were as follows:

	December 31	
	2023	2022
Present value of defined benefit obligation	\$ 248,220	\$ 220,928
Fair value of plan assets	(223,810)	(222,318)
Net defined benefit (assets) liabilities	\$ 24,410	\$ (1,390)

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, 2022	\$ 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 loss (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)
Service cost			
Current service cost	2,634	-	2,634
Net interest expense (income)	2,658	(2,683)	(25)
Recognized in profit or loss	5,292	(2,683)	2,609
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(6,978)	(6,978)
Actuarial loss (income)			
Experience adjustments	32,176	-	32,176
Recognized in other comprehensive (income) loss	32,176	(6,978)	25,198
Contributions from the employer	-	(1,721)	(1,721)
Benefits paid	(10,176)	9,890	(286)
Balance at December 31, 2023	\$ 248,220	\$ (223,810)	\$ 24,410

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, 2023	
	The Corporation	Concord Futures
Discount rate	1.2%	1.2%
Expected incremental rate of salaries	1.5%	1.5%
Expected rate of return on plan assets	1.2%	1.2%

	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%

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	
	2023	2022
Discount rate		
0.1% increase	\$ (1,604)	\$ (1,606)
0.1% decrease	\$ 1,620	\$ 1,624
Expected incremental rate of salaries		
0.1% increase	\$ 1,368	\$ 1,398
0.1% decrease	\$ (1,358)	\$ (1,386)

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, 2023	
	The Corporation	Concord Futures
Expected contributions to the plan within a year	\$ 1,727	\$ -
Average duration of the defined benefit obligation	6.4 years	7.2 years

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	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

26. EQUITY

a. Share capital

	December 31	
	2023	2022
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	
	2023	2022
Treasury share transactions	\$ 173,203	\$ 173,203
Gain on sale of fixed assets	682	682
Unclaimed dividends	137	126
Others	1,309	1,309
	<u>\$ 175,331</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 the 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 appropriation of earnings for 2021, which was approved in the shareholders' meeting on June 8, 2022, was as follows:

	The Appropriation of Earnings	Cash Dividends Per Share (NT\$)
Legal reserve	\$ 133,359	
Special reserve	266,719	
Cash dividends	<u>921,405</u>	<u>\$ 1.55</u>
	<u>\$ 1,321,483</u>	

The offset of the accumulated deficit for 2022 was approved in the shareholders' meeting on June 7, 2023, which amounted to \$26,110 thousand of legal reserve.

The appropriation of earnings for 2023, which was proposed by the Corporation's board of directors on February 27, 2024, was as follows:

	The Appropriation of Earnings	Cash Dividends Per Share (NT\$)
Legal reserve	\$ 97,962	
Special reserve	195,927	
Cash dividends	386,396	\$ 0.65
Share dividends	<u>297,227</u>	<u>\$ 0.50</u>
	<u>\$ 977,512</u>	

The appropriations of earnings for 2023 are subject to the resolution of the shareholders in the shareholders' meeting to be held on June 6, 2024.

d. Other equity

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

	<u>For the Year Ended December 31</u>	
	2023	2022
Balance at January 1	\$ 1,614	\$ (7,432)
Recognized for the year		
Exchange differences on the translation of the financial statements of foreign operations	<u>(449)</u>	<u>9,046</u>
Balance at December 31	<u>\$ 1,165</u>	<u>\$ 1,614</u>

2) Unrealized gains on financial assets at FVTOCI

	<u>For the Year Ended December 31</u>	
	2023	2022
Balance at January 1	\$ 389,567	\$ 470,680
Recognized for the year		
Unrealized gains (losses) - debt instruments	47,228	(100,992)
Unrealized gains - equity instruments	107	23,615
Share from associates accounted for using the equity method	<u>3,789</u>	<u>(5,836)</u>
Other comprehensive income recognized for the year	<u>51,124</u>	<u>(83,213)</u>
Cumulative unrealized gains of equity instruments transferred to retained earnings due to disposal	<u>-</u>	<u>2,100</u>
Balance at December 31	<u>\$ 440,691</u>	<u>\$ 389,567</u>

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27. ANALYSIS OF STATEMENT OF COMPREHENSIVE INCOME ITEMS

a. Brokerage handling fee revenue

	For the Year Ended December 31	
	2023	2022
Handling fee revenue from brokered trading - TWSE	\$ 697,943	\$ 617,636
Handling fee revenue from brokered trading - OTC	212,000	185,249
Handling fee revenue from brokered futures trading	578,520	696,195
Handling fee revenue from securities financing	5,151	7,441
Others	<u>47,550</u>	<u>36,713</u>
	<u>\$ 1,541,164</u>	<u>\$ 1,543,234</u>

b. Revenue from underwriting business

	For the Year Ended December 31	
	2023	2022
Processing fee revenue from underwriting operations	\$ 17,000	\$ 11,430
Revenue from underwriting securities on a firm commitment basis	6,533	10,983
Revenue from underwriting consultation	4,830	6,730
Others	<u>4,670</u>	<u>5,850</u>
	<u>\$ 33,033</u>	<u>\$ 34,993</u>

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

	For the Year Ended December 31	
	2023	2022
Proprietary	\$ 1,431,464	\$ (83,640)
Underwriting	14,603	3,950
Hedging	<u>(1,148,735)</u>	<u>(1,747,991)</u>
	<u>\$ 297,332</u>	<u>\$ (1,827,681)</u>

d. Interest income

	For the Year Ended December 31	
	2023	2022
Financing interest	\$ 251,088	\$ 291,548
Bond interest	83,642	57,717
Others	<u>15,363</u>	<u>674</u>
	<u>\$ 350,093</u>	<u>\$ 349,939</u>

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

	For the Year Ended December 31	
	2023	2022
Proprietary	\$ 350,976	\$ (563,984)
Underwriting	1,296	(3,931)
Hedging	41,426	(82,561)
Settlement coverage bonds payables of short sale	<u>-</u>	<u>(255)</u>
	<u>\$ 393,698</u>	<u>\$ (650,731)</u>

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

	For the Year Ended December 31	
	2023	2022
Gains on change in fair value of warrant liabilities	\$ 4,361,803	\$ 11,158,182
Gains (losses) on exercise of warrants before maturity	(11,581)	1,438
Losses on change in fair value of warrants redeemed - realized	(4,377,740)	(9,188,375)
Losses on change in fair value of warrants redeemed - unrealized	(42,846)	(1,488,723)
Call (put) warrants issuance expenses	<u>(27,048)</u>	<u>(59,297)</u>
	<u>\$ (97,412)</u>	<u>\$ 423,225</u>

g. Gains (losses) on derivative instruments, net

	For the Year Ended December 31	
	2023	2022
<u>Losses on derivative instruments - futures, net</u>		
Futures contract	\$ (146,010)	\$ (11,719)
Options trading	<u>(2,125)</u>	<u>(3,453)</u>
	<u>\$ (148,135)</u>	<u>\$ (15,172)</u>
<u>Gains (losses) on derivative instruments - OTC, net</u>		
Asset swap options	\$ (422,435)	\$ 451,088
Equity derivatives	(44,707)	(30,055)
Structured instruments	(99,507)	(41,213)
Value of asset swap IRS contracts	(18,770)	(11,243)
Losses from when-issued trading of government bonds	<u>-</u>	<u>(15)</u>
	<u>\$ (585,419)</u>	<u>\$ 368,562</u>

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h. Impairment losses (impairment gain and reversal of impairment loss)

	For the Year Ended December 31	
	2023	2022
Financial assets at amortized cost	\$ (518)	\$ 3,365
Financial assets at fair value through other comprehensive income	<u>(121)</u>	<u>342</u>
	<u>\$ (639)</u>	<u>\$ 3,707</u>

i. Other operating income

	For the Year Ended December 31	
	2023	2022
Processing revenue	\$ 46,811	\$ 40,560
Management revenue	13,734	13,072
Commission revenue	10,730	7,400
Advisory revenue	2,738	5,893
Loss on error trading, net	(605)	(656)
Foreign exchange gains (losses), net	(2,020)	83,897
Others	<u>733</u>	<u>839</u>
	<u>\$ 72,121</u>	<u>\$ 151,005</u>

j. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest of commercial paper payable	\$ 106,592	\$ 48,357
Interest of liabilities for bonds with attached repurchase agreements	86,266	34,886
Bank loan interest	10,801	8,225
Interest of securities financing	1,332	1,930
Interest of lease liabilities	879	817
Refinancing interest	159	725
Others	<u>4,118</u>	<u>1,794</u>
	<u>\$ 210,147</u>	<u>\$ 96,734</u>

k. Employee benefits expenses

	For the Year Ended December 31	
	2023	2022
Retirement benefits		
Defined contribution plan	\$ 36,817	\$ 38,872
Defined benefit plan	<u>2,609</u>	<u>5,360</u>
	<u>39,426</u>	<u>44,232</u>

(Continued)

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For the Year Ended December 31
2023 2022

Short-term employee benefits

Salaries	\$ 1,156,890	\$ 805,612
Labor and health insurance	72,578	78,916
Others	<u>36,873</u>	<u>36,948</u>

\$ 1,305,767 \$ 965,708

(Concluded)

1. Compensation of employees and remuneration of directors

According to the Articles before the amendments, the Company accrued employees' compensation 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 accrued rate of employees compensation at the rate from 1% to 3% was approved in the shareholders' meeting in June 2022.

The compensation of employees and the remuneration of directors for the years ended December 31, 2023 and 2022, which were approved by the Corporation's board of directors on February 27, 2024 and March 9, 2023, respectively, were as follows:

For the Year Ended December 31
2023 2022

Compensation of employees	<u>\$ 28,111</u>	<u>\$ 112</u>
Remuneration of directors	<u>\$ 55,097</u>	<u>\$ 290</u>

If there is a change in the estimated amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate in the next year.

There is no difference between the actual distribution amount of compensation of employees and remuneration of directors for 2022 and 2021 and the amounts recognized in the consolidated financial statements for the years ended December 31, 2022 and 2021.

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
2023 2022

Depreciation expenses

Property and equipment	\$ 35,698	\$ 32,061
Right-of-use assets	53,044	47,302
Investment property	<u>1,646</u>	<u>1,654</u>
	<u>90,388</u>	<u>81,017</u>

(Continued)

For the Year Ended December 31
2023 **2022**

Amortization expenses

Intangible assets	\$ 16,036	\$ 10,886
Deferred expense	<u>355</u>	<u>349</u>
	<u>16,391</u>	<u>11,235</u>
	<u>\$ 106,779</u>	<u>\$ 92,252</u>

(Concluded)

n. Other operating expenses

For the Year Ended December 31
2023 **2022**

Taxes	\$ 232,144	\$ 233,945
Information technology expenses	83,812	84,295
Custody fees	30,390	27,372
Postage expenses	34,421	35,161
Professional service fees	31,542	27,042
Repair and maintenance expenses	26,597	26,329
Securities borrowing fees	43,484	37,750
Others	<u>110,385</u>	<u>115,427</u>
	<u>\$ 592,775</u>	<u>\$ 587,321</u>

o. Other gains and losses

For the Year Ended December 31
2023 **2022**

Financial income	\$ 107,334	\$ 37,724
Rental revenue from the use of venue and equipment	73,724	51,141
Dividend income	24,274	29,646
Other rental income from investment properties	9,881	8,655
Valuation gains (losses) on non-operating financial assets at fair value through profit or loss, net	4,390	(4,938)
Gains (losses) on disposal of investments	(633)	33
Exchange gains (losses), net	(1,089)	2,940
Others	<u>20,085</u>	<u>22,357</u>
	<u>\$ 237,966</u>	<u>\$ 147,558</u>

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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	
	2023	2022
Current tax		
In respect of the current year	\$ 118,446	\$ 40,082
Income tax on unappropriated retained earnings	-	607
Adjustment for prior year	<u>(4,780)</u>	<u>(2)</u>
	<u>113,666</u>	<u>40,687</u>
Deferred tax		
In respect of the current year	(47,272)	139,614
Adjustment for prior year	<u>-</u>	<u>63</u>
	<u>(47,272)</u>	<u>139,677</u>
Income tax expense recognized in profit or loss	<u>\$ 66,394</u>	<u>\$ 180,364</u>

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

	For the Year Ended December 31	
	2023	2022
Profit before tax from continuing operations	\$ 1,070,661	\$ 36,664
Income tax expense calculated at the statutory rate	\$ 237,056	\$ 28,119
Nondeductible expenses in determining taxable income	(88,732)	99,011
Tax-exempt income	(161,085)	42,077
Additional income tax under the Alternative Minimum Tax Act	68,729	-
Adjustments for prior years' tax expense	(4,780)	61
Income tax on unappropriated retained earnings	-	607
Others	<u>15,206</u>	<u>10,489</u>
Income tax expense recognized in profit or loss	<u>\$ 66,394</u>	<u>\$ 180,364</u>

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2023	2022
<u>Deferred tax</u>		
In respect of the current year		
Remeasurement of defined benefit plans	\$ (5,040)	\$ 26,924
Total income tax expense (benefit) recognized in other comprehensive income	<u>\$ (5,040)</u>	<u>\$ 26,924</u>

c. Current tax assets and liabilities

	December 31	
	2023	2022
Current tax assets		
Tax refund receivable	\$ -	\$ 1,263
Current tax liabilities		
Income tax payable	\$ 128,563	\$ 54,513

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2023

	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	\$ 12,787	\$ 6	\$ 5,040	\$ 17,833
Unrealized losses	113	(107)	-	6
Payables for annual leave	4,627	104	-	4,731
Unrealized exchange losses	10,831	388	-	11,219
Valuation losses on foreign futures	335	(280)	-	55
Losses on derivative financial instruments	-	4,552	-	4,552
Others	397	(350)	-	47
	<u>\$ 29,090</u>	<u>\$ 4,313</u>	<u>\$ 5,040</u>	<u>\$ 38,443</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Difference between tax reporting and financial reporting - payables for pension	\$ 12,478	\$ (171)	\$ -	\$ 12,307
Valuation gains on foreign operating securities	611	7,994	-	8,605
Gains on derivative financial instruments	50,782	(50,782)	-	-
	<u>\$ 63,871</u>	<u>\$ (42,959)</u>	<u>\$ -</u>	<u>\$ 20,912</u>

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>

Deferred tax liabilities

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>

- 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>2023</u>	<u>2022</u>
Asset impairment	<u>\$ 1,918</u>	<u>\$ 1,918</u>
Loss carryforwards		
Expiry in 2023	\$ -	\$ 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

(Continued)

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	2023	2022
Expiry in 2029	\$ 4,105	\$ 4,105
Expiry in 2030	6,211	6,211
Expiry in 2031	9,357	9,357
Expiry in 2032	8,338	8,338
Expiry in 2033	<u>7,936</u>	<u>-</u>
	<u>\$ 61,489</u>	<u>\$ 62,300</u> (Concluded)

f. Income tax assessments

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

Concord Futures, Concord Insurance, Concord Capital Management and Con Lian AMC through 2021 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, 2023</u>			
Basic earnings per share			
Earnings attributable to ordinary shareholders of the Corporation	\$ 999,752	594,455	<u>\$ 1.68</u>
Effect of potentially dilutive ordinary shares			
Compensation of employees	<u>-</u>	<u>2,024</u>	
Diluted earnings per share			
Earnings attributable to ordinary shareholders of the Corporation	<u>\$ 999,752</u>	<u>596,479</u>	<u>\$ 1.68</u>
<u>For the year ended December 31, 2022</u>			
Basic loss per share			
Loss attributable to ordinary shareholders of the Corporation	<u>\$ (148,735)</u>	<u>594,455</u>	<u>\$ (0.25)</u>

The Corporation may settle the compensation paid to employees in cash or shares; therefore, the Corporation assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares will be 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, and due to the anti-dilution effect of compensation of employees, 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 296% and 277% for the years ended December 31, 2023 and 2022, 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, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Financial assets mandatorily measured at FVTPL	\$ 6,471,536	\$ 4,758,656	\$ -	\$ 11,230,192
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Unlisted shares	-	-	861,220	861,220
Investments in debt instruments				
Government bonds	-	299,410	-	299,410
Corporate bonds	-	1,703,264	-	1,703,264
Foreign bonds	116,839	822,948	-	939,787
	<u>\$ 6,588,375</u>	<u>\$ 7,584,278</u>	<u>\$ 861,220</u>	<u>\$ 15,033,873</u>
<u>Financial liabilities at FVTPL</u>				
Financial liabilities held for trading	\$ 389,230	\$ 1,179,440	\$ -	\$ 1,568,670
Financial liabilities designated as at FVTPL	-	1,593,616	-	1,593,616
	<u>\$ 389,230</u>	<u>\$ 2,773,056</u>	<u>\$ -</u>	<u>\$ 3,162,286</u>

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>

Transfers between Levels 1 and 2 for the years ended December 31, 2023 and 2022 were mainly due to the determination of whether part of the Group's investments in emerging market shares and convertible bonds with an active market based on observation of the transaction volume of these investments.

3) Reconciliation of Level 3 fair value measurements of financial instruments

Financial assets at fair value through other comprehensive income - equity instruments

	<u>For the Year Ended December 31</u>	
	2023	2022
Balance at January 1	\$ 865,431	\$ 841,057
Disposal	-	(10)
Recognized in other comprehensive income (included in unrealized gains (losses) on financial assets at FVTOCI)	(702)	25,910
Proceeds from capital reduction	(3,509)	(1,526)
Balance at December 31	<u>\$ 861,220</u>	<u>\$ 865,431</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 by refer to 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	
	2023	2022
Discount for lack of marketability		
10% increase	\$ (14,438)	\$ (14,027)
10% decrease	\$ 14,422	\$ 13,941

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b. Categories of financial instruments

	December 31	
	2023	2022
<u>Financial assets</u>		
FVTPL		
Mandatorily measured at FVTPL	\$ 11,230,192	\$ 7,935,375
Financial assets at amortized cost (Note 1)	22,022,299	20,984,212
FVTOCI		
Equity instrument investments	861,220	865,431
Debt instrument investments	2,942,461	2,847,221
Operation guarantee deposits	520,000	520,000
Clearing and settlement fund	193,969	195,905
Refundable deposits	174,045	188,110
<u>Financial liabilities</u>		
FVTPL		
Held for trading	1,568,670	1,914,923
Designated as at FVTPL	1,593,616	1,521,248
Financial liabilities at amortized cost (Note 2)	27,765,428	24,072,235
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 and amounts held for each customer in the account.

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, equity for each customer in the account, 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	
	2023	2022
Financial liabilities designated as at FVTPL	\$ 1,593,616	\$ 1,521,248
Amount payable at maturity	(1,687,707)	(1,608,942)
	<u>\$ (94,091)</u>	<u>\$ (87,694)</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, 2023			December 31	
	Average	Minimum	Maximum	2023	2022
<u>Type of risk</u>					
Equity securities	\$ 133,498	\$ 69,215	\$ 174,042	\$ 109,251	\$ 89,396
Interest rate	12,489	1,866	27,697	9,105	13,599
Diversification of risks	<u>(24,040)</u>			<u>(19,811)</u>	<u>(25,408)</u>
Total VaR exposure	<u>\$ 121,947</u>			<u>\$ 98,545</u>	<u>\$ 77,587</u>

The Corporation uses sensitivity analysis to measure the sensitivity of its bond and shares investment 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 \$2,109 thousand and \$887 thousand as of December 31, 2023 and 2022, 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 fair value of \$23,479 thousand and \$30,563 thousand for the years ended December 31, 2023 and 2022, 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	
	2023	2022
Interest rate risk of fair value		
Financial assets	\$ 11,157,665	\$ 12,459,355
Financial liabilities	12,470,204	11,909,705
Interest rate risk of cash flow		
Financial assets	9,747,809	7,493,990
Financial liabilities	6,545,726	4,799,767

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	
	2023	2022
Margin loans receivable	\$ 6,533,218	\$ 4,229,493

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, 2023

	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	\$ 1,191,269	\$ -	\$ -	\$ -	\$ 1,191,269
Fixed interest rate	5,243,504	-	-	-	5,243,504
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	6,669,175	-	2,468	-	6,671,643
Variable interest rate	6,545,726	-	-	-	6,545,726
Fixed interest rate	12,381,859	-	-	-	12,381,859
Lease liabilities	50,699	25,209	25,404	-	101,312
	<u>\$ 32,082,232</u>	<u>\$ 25,209</u>	<u>\$ 27,872</u>	<u>\$ -</u>	<u>\$ 32,135,313</u>

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>

The amounts of financial liabilities with variable interest rates listed in the table above were subject to change if variable interest rates differ from those estimates of interest rates determined at the end of each reporting period.

Financing facilities

Financing facilities at the end of each reporting period were as follows:

	December 31	
	2023	2022
Financing facilities	<u>\$ 17,390,000</u>	<u>\$ 16,230,000</u>
Unused amount	<u>\$ 12,600,500</u>	<u>\$ 12,739,760</u>

d. Transfers of financial assets

In the daily transactions of the Group, most of the transferred financial assets which are not eligible for full derecognition are debt securities with repurchase agreements. In such transactions, the cash flows have been transferred to outsiders and the Group has the obligation to recognize the related liabilities of transferred financial assets which have to be repurchased at a fixed amount in the future. In addition, the Group has no right to conduct, sell, or pledge the transferred financial assets during the effective period of transaction, but is still exposed to interest rate risk and credit risk. As a result, the transferred financial assets cannot be fully derecognized. The following table shows the transferred financial assets not qualified for derecognition and its related financial liabilities:

December 31, 2023

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	\$ 9,059,882	\$ 5,166,781	\$ 9,059,882	\$ 5,166,781	\$ 3,893,101

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

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, 2023

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	\$ 6,206,693	\$ (56,687)	\$ 6,150,006	\$ (1,124)	\$ -	\$ 6,148,882
Accounts payable	\$ (5,833,586)	\$ 56,687	\$ (5,776,899)	\$ 1,124	\$ -	\$ (5,775,775)
Liabilities for bonds with attached repurchase agreements	\$ (5,166,781)	\$ -	\$ (5,166,781)	\$ 5,166,781	\$ -	\$ -

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	\$ -	\$ -

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 the 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	
	2023	2022
Key management personnel	\$ <u>26,733</u>	\$ <u>20,508</u>

b. Liabilities for bonds with attached repurchase agreements

	December 31	
	2023	2022
Key management personnel	\$ <u>260,969</u>	\$ <u>340,547</u>

The transaction terms of bonds with attached repurchase agreements with related parties were not significantly different compared to those with third parties.

c. Equity for each customer in the account

	December 31	
	2023	2022
Key management personnel	\$ <u>31,315</u>	\$ <u>-</u>

d. Brokerage handling fee revenue

	For the Year Ended December 31	
	2023	2022
Key management personnel	\$ <u>2,928</u>	\$ <u>2,331</u>

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

e. Interest income

	For the Year Ended December 31	
	2023	2022
Key management personnel	\$ <u>1,229</u>	\$ <u>1,455</u>

f. Finance costs

	For the Year Ended December 31	
	2023	2022
Key management personnel	\$ <u>3,251</u>	\$ <u>926</u>

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g. Lease agreements

	December 31	
	2023	2022
<u>Lease liabilities</u>		
Supervisor of the subsidiary	\$ 4,400	\$ 8,772
	For the Year Ended December 31	
	2023	2022
<u>Finance costs</u>		
Supervisor of the subsidiary	\$ 39	\$ 66

- h. For the years ended December 31, 2023 and 2022, the rental revenue generated by leasing some of the parking spaces to related parties were 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, 2023</u>					
Investments accounted for using the equity method	2023.01.01-2024.12.31	B3, No. 176, Section 1, Keelung Road, Xinyi District, Taipei City	Monthly	Contract	\$ 54
Investments accounted for using the equity method	2023.01.01-2023.06.30	B3, No. 176, Section 1, Keelung Road, Xinyi District, Taipei City	Monthly	Contract	27
					\$ 81
<u>For the year ended December 31, 2022</u>					
Investments accounted for using the 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 the equity method	2022.01.01-2022.06.30	B3, No. 176, Section 1, Keelung Road, Xinyi District, Taipei City	Monthly	Contract	27
					\$ 135

As of December 31, 2023 and 2022, the balance of the rental deposits received by the Group from related parties were \$10 thousand and \$20 thousand, respectively.

i. Equity derivative transactions

The Group's key management personnel bought equity derivatives from the Group, and the unexpired amount as of December 31, 2023 and 2022 were \$391 thousand and \$414 thousand (recognized as financial liabilities at fair value through profit or loss - current). The related gains in 2023 and 2022, were as follows:

	For the Year Ended December 31	
	2023	2022
Gains on derivative instruments, net	\$ 239	\$ 19
Other operating income (processing revenue)	\$ 25	\$ 32

j. 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, 2023 and 2022, was as follows:

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	\$ 195,099	\$ 87,060
Retirement benefits	2,605	3,256
	<u>\$ 197,704</u>	<u>\$ 90,316</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 bid bonds to the Central Bank of ROC for bond transactions and as collateral to financial institutions for bank loans, credit lines and guarantees for equipment leasing.

	December 31	
	2023	2022
Restricted demand and time deposits	\$ 169,040	\$ 167,705
Government bonds	10,041	-
Property and equipment, net		
Land	715,507	715,507
Buildings	126,743	131,496
Investment property, net		
Land	277,264	277,264
Buildings	32,408	33,821
	<u>\$ 1,331,003</u>	<u>\$ 1,325,793</u>

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34. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

- a. 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. Chen's 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.
- b. From February 2022 to May 2023, the subsidiary Concord Futures received a civil complaint. The 28 plaintiffs filed a complaint claiming that Miss Chen, a natural person, and Mr. Chen, a sales representative of Concord Futures, deceived them into investing in fake futures trading. Miss Chen and Mr. Chen intended to deceive the plaintiffs with unjust enrichment. Therefore, the plaintiffs jointly filed a civil lawsuit against Miss Chen and Mr. Chen and demanded that the subsidiary Concord Futures be jointly liable for the damages totaling \$544,821 thousand. The case is currently under trial in the Taiwan Taipei District Court and in the Taiwan New Taipei District Court. The Corporation's management assessed that there is no significant impact of the aforementioned case on the corporation and the subsidiary Concord Futures operations and financial performance.
- c. As of December 31, 2023, the Corporation applied for a guarantee of \$220,000 thousand from financial institutions, which was for the securities lending and borrowing business.

35. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Other than the information disclosed in other notes, there were no significant subsequent events.

36. 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
		2023		2022			
		Equation	Ratio (%)	Equation	Ratio (%)		
1)	Equities Total liabilities - Futures traders equity	1,388,789 160,214	=8.67 multiple	1,386,255 183,500	=7.55 multiple	≥ 1	Conform with law
2)	Current assets Current liabilities	7,712,336 6,913,788	=1.12 multiple	5,912,301 5,134,360	=1.15 multiple	≥ 1	Conform with law
3)	Equities Minimum paid-in capital	1,388,789 630,000	=220.44 %	1,386,255 630,000	= 220.04%	≥ 60% ≥ 40%	Conform with law
4)	Adjusted net capital Amount of customer margin account for open position of futures traders equity	1,097,243 1,412,613	=77.67 %	1,116,349 834,326	=133.80%	≥ 20% ≥ 15%	Conform with law

37. 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.

38. 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					
	2023			2022		
	Foreign Currency	Exchange Rate	New Taiwan Dollars	Foreign Currency	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>						
Monetary items						
USD	\$ 69,990	30.7050	\$ 2,149,033	\$ 58,790	30.7100	\$ 1,805,428
CNY	118,689	4.3270	513,569	88,465	4.4080	389,953
HKD	9,733	3.9290	38,240	48,670	3.9380	191,664
JPY	204,995	0.2172	44,525	186,592	0.2324	43,364
EUR	578	33.9800	19,625	906	32.7200	29,659
GBP	91	39.1500	3,573	71	37.0900	2,647
SGD	71	23.2900	1,644	26	22.8800	590
VND	2,978,703	0.0012	3,574	-	0.0012	-
Non-monetary items						
USD	8,146	30.7050	250,114	1,641	30.7100	50,392
CNY	28,645	4.3270	123,948	33,849	4.4080	149,206
HKD	-	3.9290	-	9,212	3.9380	36,275
<u>Financial liabilities</u>						
Monetary items						
USD	45,551	30.7050	1,398,637	32,229	30.7100	989,740
JPY	118,073	0.2172	25,645	77,591	0.2324	18,032
HKD	6,274	3.9290	24,651	5,903	3.9380	23,247
EUR	412	33.9800	14,035	629	32.7200	20,590
GBP	82	39.1500	3,207	49	37.0900	1,807
SGD	70	23.2900	1,622	26	22.8800	590
CNY	191	4.3270	827	22,530	4.4080	99,314

For the years ended December 31, 2023 and 2022, realized and unrealized net foreign exchange gains or losses were loss \$3,109 thousand and gain \$86,837 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.

39. 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.

40. DISCLOSURES REQUIRED UNDER RULE NO. 10703209011 ISSUED BY THE FSC DATED JUNE 1, 2018

The Corporation have no investment of foreign entity registered as a non-IOSCO MMoU member or without formal permission as a securities or futures firm from an IOSCO MMoU member.

- 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.

41. 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.

Item	For the Year Ended December 31, 2023				Unit: NT\$ Thousand
	Proprietary	Brokerage	Underwriting	Other	Total
Profit and loss attributed to each segment					
Revenue	\$ 1,483,337	\$ 1,840,473	\$ 75,430	\$ 24,951	\$ 3,424,191
Costs and expenses	<u>(536,075)</u>	<u>(1,323,043)</u>	<u>(64,834)</u>	<u>(45,032)</u>	<u>(1,968,984)</u>
Profit and loss - by segment	<u>\$ 947,262</u>	<u>\$ 517,430</u>	<u>\$ 10,596</u>	<u>\$ (20,081)</u>	1,455,207
Profit and loss not attributed to segments					<u>(384,546)</u>
Profit before income tax					1,070,661
Income tax expense					<u>(66,394)</u>
Net profit for the year					1,004,267
Other comprehensive income					<u>29,708</u>
Total comprehensive income for the year					<u>\$ 1,033,975</u>

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Item	For the Year Ended December 31, 2022				
	Proprietary	Brokerage	Underwriting	Other	Total
Profit and loss attributed to each segment					
Revenue	\$ 82,355	\$ 1,888,026	\$ 62,849	\$ 23,548	\$ 2,056,778
Costs and expenses	<u>(356,000)</u>	<u>(1,345,135)</u>	<u>(58,630)</u>	<u>(44,754)</u>	<u>(1,804,519)</u>
Profit and loss - by segment	<u>\$ (273,645)</u>	<u>\$ 542,891</u>	<u>\$ 4,219</u>	<u>\$ (21,206)</u>	252,259
Profit and loss not attributed to segments					<u>(215,595)</u>
Profit before income tax					36,664
Income tax expense					<u>(180,364)</u>
Net loss for the year					<u>(143,700)</u>
Other comprehensive income					<u>35,824</u>
Total comprehensive income for the year					<u>\$ (107,876)</u>

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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, 2023
(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, 2023			Operating Income of the Investee	Net Profit (Loss) of the Investee	Share of Profit (Loss)	Cash Dividends	Note
						December 31, 2023	December 31, 2022	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	\$ 1,329,491	\$ 599,119	\$ 105,299	\$ 100,826	\$ 79,511	Subsidiary (Note)
	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	573,072	-	21,786	21,786	-	Subsidiary (Note)
	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	76,437	26,821	(4,790)	(4,790)	-	Subsidiary (Notes)
	Concord Insurance Agency Co., Ltd.	10th Floor, No. 176, Sec. 1, Keelung Rd., Xinyi District, Taipei City	October 4, 2013		Life insurance agency and property insurance agency	5,000	5,000	2,500,000	100.00	16,314	10,730	(3,162)	(3,162)	-	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	Jan. 10, 2013 No. Financial-Supervisory -Securities-Firms-101 0056608 and Jun. 23, 2020 No. Jin-Guan-Bao-Zong-Zi-1090421845	Real estate commerce, development and business management advisory services	195,668	195,668	56,472,021	46.59	575,955	207,692	54,569	25,425	-	Investments of subsidiary accounted for using the 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, 2023
(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	\$ 422,558 (Note 6)	Not significantly different from those to third parties	1.05
		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	8,677 (Note 1)	In accordance with the contract, no third-party transactions for comparison	0.25
		Concord Futures Corp.	a.	Securities commission expenses	6,189 (Note 1)	In accordance with the contract, no third-party transactions for comparison	0.18
		Concord Futures Corp.	a.	Clearing and settlement expenses	3,955 (Note 1)	In accordance with the contract, no third-party transactions for comparison	0.12
		Concord Futures Corp.	a.	Other gains and losses	18,479 (Note 1)	In accordance with the contract, no third-party transactions for comparison	0.54
		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	0.37
		Concord Insurance Agency Co., Ltd.	a.	Account receivable	1,266 (Note 1)	Not significantly different from those to third parties	-
		Concord Insurance Agency Co., Ltd.	a.	Other operating income	3,845 (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 \$380,430 thousand which was accounted for as cash and cash equivalents.

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**TABLE 3****CONCORD SECURITIES CO., LTD. AND SUBSIDIARIES****INVESTMENTS IN MAINLAND CHINA****DECEMBER 31, 2023****(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, 2022 (Note 1)	Investment Flows		Accumulated Outflow of Investment as of December 31, 2023 (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, 2023 (Note 6)	Accumulated Inward Remittance of Earnings as of December 31, 2023
					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.	\$ 3,470,264 (CNY 802,002 thousand)	Others	\$ 51,561 (US\$ 1,579 thousand)	\$ -	\$ -	\$ 51,561 (US\$ 1,579 thousand)	\$ 307,820 (CNY 70,029 thousand)	1.21	\$ -	\$ 75,507	\$ -

2. Upper limit of investment in mainland China:

Accumulated Investment in Mainland China as of December 31, 2023 (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)	\$49,540 (US\$1,613 thousand)	\$833,273

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, 2023.

Note 3: The NTD amount was converted using the average USD buying and selling rates for the year ended December 31, 2023.

Note 4: The amount was calculated based on 60% of Concord Futures' net asset value as of December 31, 2023.

Note 5: The NTD amount was converted using the average CNY buying and selling rates during 2023.

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, 2023 and 2022, and Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying parent company only financial statements of Concord Securities Co., Ltd. (the "Corporation"), which comprise the parent company only balance sheets as of December 31, 2023 and 2022, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including material accounting policy information (collectively referred to as the "parent company only financial statements").

In our opinion, based on our audits and the reports of other auditors (please refer to the Other Matter paragraph), the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Corporation as of December 31, 2023 and 2022, and its parent company only financial performance and its parent company only 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 Financial Statement Audit and Attestation Engagements of 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 parent company only 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 parent company only financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the parent company only 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, 2023 is as follows:

Accuracy of Brokerage Handling Fee Revenue

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 a key audit matter.

Refer to Notes 4, 22 and 27 to the parent company only financial statements for the accounting policies and disclosures related to brokerage handling fee revenue.

The control procedures for the input of discount rates have a significant impact on the calculation accuracy of brokerage handling fee revenue. We evaluated the design and implementation effectiveness of the recognition of discounts on brokerage handling fee revenue procedures and the related controls by performing tests of 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 parent company only financial statements of some investments accounted for using the equity method included in the parent company only financial statements for the years ended December 31, 2023 and 2022, 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 reports of other auditors. As of December 31, 2023 and 2022, the total investments in subsidiaries amounted to \$573,072 thousand and \$547,497 thousand, accounting for 1.70% and 1.77% of total assets, respectively; for the years ended December 31, 2023 and 2022, the share of the comprehensive income or loss of these subsidiaries amounted to \$25,575 thousand and \$(18,032) thousand, which accounted for 2.48% and 15.65% of the total comprehensive income or loss, respectively.

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

Management is responsible for the preparation and fair presentation of the parent company only 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 parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only 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 Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only 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 parent company only 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 parent company only 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 parent company only 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 parent company only financial statements, including the disclosures, and whether the parent company only 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 parent company only 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 parent company only financial statements for the year ended December 31, 2023 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 Cheng-Hsiu Chang and Pi-Yu Chuang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 27, 2024

Notice to Readers

The accompanying parent company only 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 parent company only financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying parent company only 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 parent company only financial statements shall prevail.

CONCORD SECURITIES CO., LTD.

PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6 and 27)	\$ 1,603,026	5	\$ 4,398,025	14
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 27)	11,124,625	33	7,885,625	26
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	498,471	1	177,633	1
Margin loans receivable (Notes 4, 9 and 27)	6,533,218	19	4,229,493	14
Refinancing margin (Notes 4 and 9)	525	-	40,461	-
Refinancing collateral receivable (Notes 4 and 9)	437	-	31,124	-
Security borrowing collateral price (Notes 4 and 9)	78,997	-	960,904	3
Security borrowing margin (Notes 4 and 9)	71,860	-	1,046,647	3
Notes receivable (Notes 4 and 9)	70	-	95	-
Accounts receivable (Notes 4, 9 and 27)	6,148,628	18	4,422,355	14
Prepayments	7,364	-	8,031	-
Other receivables (Notes 4, 9 and 27)	9,695	-	7,037	-
Restricted assets - current (Note 28)	167,040	1	165,705	1
Amounts held for each customer in the account (Note 27)	187,534	1	-	-
Other current assets	204,865	1	160,445	-
Total current assets	26,636,355	79	23,533,580	76
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 7 and 28)	10,041	-	-	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 5 and 8)	2,972,337	9	3,181,959	10
Investments accounted for using the equity method (Notes 4 and 10)	1,995,314	6	1,976,551	7
Property and equipment (Notes 4, 11 and 28)	809,656	2	806,045	3
Right-of-use assets (Notes 4, 12 and 27)	93,806	-	108,173	-
Investment property (Notes 4, 13 and 28)	555,947	2	559,069	2
Intangible assets (Notes 4 and 14)	16,718	-	18,973	-
Deferred tax assets (Notes 4 and 23)	36,127	-	27,539	-
Net defined benefit assets - non-current (Notes 4 and 20)	-	-	3,854	-
Other non-current assets (Note 15)	622,791	2	637,675	2
Total non-current assets	7,112,737	21	7,319,838	24
TOTAL	\$ 33,749,092	100	\$ 30,853,418	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 16 and 28)	\$ 800,000	3	\$ 690,000	2
Commercial paper payable (Notes 16 and 28)	5,761,973	17	5,222,701	17
Financial liabilities at fair value through profit or loss - current (Notes 4, 7 and 27)	1,984,310	6	2,522,930	8
Liabilities for bonds with attached repurchase agreements (Notes 4, 17 and 27)	5,166,781	15	4,498,096	15
Securities financing refundable deposits (Note 4)	272,431	1	675,595	2
Deposits payable for securities financing (Note 4)	302,479	1	620,246	2
Refinancing borrowings (Note 4)	-	-	100,240	-
Securities lending refundable deposits	70,168	-	16,185	-
Equity for each customer in the account (Note 27)	187,803	1	-	-
Accounts payable (Notes 18 and 27)	5,761,253	17	3,562,940	12
Other payables (Note 27)	460,580	1	199,782	1
Other financial liabilities - current (Notes 4 and 19)	2,525,707	8	3,622,333	12
Current tax liabilities (Notes 4 and 23)	120,453	-	34,665	-
Provisions - current (Note 4)	21,832	-	21,608	-
Lease liabilities - current (Notes 4, 12 and 27)	46,384	-	45,145	-
Other current liabilities	114,503	-	126,976	-
Total current liabilities	23,596,657	70	21,959,442	71
NON-CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss - non-current (Notes 4 and 7)	1,177,976	4	913,241	3
Provisions - non-current (Note 4)	15,083	-	12,560	-
Lease liabilities - non-current (Notes 4, 12 and 27)	44,843	-	62,159	-
Deferred tax liabilities (Notes 4 and 23)	20,912	-	63,871	1
Guarantee deposits received (Note 27)	3,812	-	3,811	-
Net defined benefit liabilities - non-current (Notes 4 and 20)	21,160	-	-	-
Total non-current liabilities	1,283,786	4	1,055,642	4
Total liabilities	24,880,443	74	23,015,084	75
EQUITY (Notes 4, 8, 10, 20, 21, 23 and 26)				
Share capital	5,944,550	18	5,944,550	19
Capital surplus	175,331	-	175,320	1
Retained earnings				
Legal reserve	239,393	1	265,503	1
Special reserve	1,087,890	3	1,087,890	3
Unappropriated retained earnings (accumulated deficits)	979,629	3	(26,110)	-
Total retained earnings	2,306,912	7	1,327,283	4
Other equity	441,856	1	391,181	1
Total equity	8,868,649	26	7,838,334	25
TOTAL	\$ 33,749,092	100	\$ 30,853,418	100

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

(With Deloitte & Touche auditors' report dated February 27, 2024)

CONCORD SECURITIES CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

	2023		2022	
	Amount	%	Amount	%
REVENUE (Notes 4 and 22)				
Brokerage handling fee revenue (Note 27)	\$ 962,600	34	\$ 846,984	63
Income from securities lending	43,940	2	43,420	3
Revenue from underwriting commission	33,033	1	34,993	3
Gains (losses) on sale of operating securities, net	297,332	11	(1,827,681)	(137)
Revenue from providing agency service for stock affairs (Note 27)	28,565	1	26,669	2
Interest income (Note 27)	350,093	12	349,939	26
Dividend income	1,632,764	58	1,448,951	109
Valuation gains (losses) on operating securities at fair value through profit or loss, net	393,698	14	(650,731)	(49)
Gains (losses) on covering of borrowed securities and bonds with resale agreements - short sales, net	(61,058)	(2)	16,012	1
Valuation gains (losses) on borrowed securities and bonds with resale agreements - short sales at fair value through profit or loss, net	(70,314)	(3)	140,680	10
Realized losses on investments in debt instruments measured at fair value through other comprehensive income, net	(5,506)	-	-	-
Gains (losses) on issuance of call (put) warrants, net	(97,412)	(3)	423,225	32
Futures commission income (Note 27)	8,677	-	11,724	1
Losses on derivative instruments - futures, net	(156,293)	(6)	(28,461)	(2)
Gains (losses) on derivative instruments - OTC, net (Note 27)	(585,419)	(21)	368,562	28
Impairment gain and reversal of impairment loss (impairment loss) (Notes 8 and 9)	(615)	-	1,319	-
Other operating income (Note 27)	49,244	2	127,426	10
Total revenue	2,823,329	100	1,333,031	100
COSTS AND EXPENSES (Notes 4 and 22)				
Brokerage handling fee expenses	(90,492)	(3)	(75,484)	(6)
Proprietary handling fee expenses	(9,870)	-	(11,821)	(1)
Refinancing handling fee expenses	(350)	-	(737)	-
Finance costs (Note 27)	(207,589)	(8)	(96,540)	(7)
Loss from securities borrowing transactions	(7,415)	-	(4,558)	-
Securities commission expenses (Note 27)	(6,189)	-	(6,370)	(1)
Clearing and settlement expenses (Note 27)	(4,316)	-	(3,880)	-
Other operating costs (Note 27)	(29,859)	(1)	(20,027)	(2)
Employee benefits expenses (Notes 20 and 27)	(1,092,872)	(39)	(736,097)	(55)

(Continued)

CONCORD SECURITIES CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

	2023		2022	
	Amount	%	Amount	%
Depreciation and amortization expenses (Notes 11, 12, 13 and 14)	\$ (92,648)	(3)	\$ (79,319)	(6)
Other operating expenses (Note 27)	<u>(505,497)</u>	<u>(18)</u>	<u>(493,249)</u>	<u>(37)</u>
Total costs and expenses	<u>(2,047,097)</u>	<u>(72)</u>	<u>(1,528,082)</u>	<u>(115)</u>
OPERATING PROFIT (LOSS)	<u>776,232</u>	<u>28</u>	<u>(195,051)</u>	<u>(15)</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4 and 22)				
Share of profit of subsidiaries accounted for using the equity method	114,660	4	91,850	7
Other gains and losses (Note 27)	<u>150,344</u>	<u>5</u>	<u>108,724</u>	<u>8</u>
Total non-operating income and expenses	<u>265,004</u>	<u>9</u>	<u>200,574</u>	<u>15</u>
PROFIT BEFORE INCOME TAX	1,041,236	37	5,523	-
INCOME TAX EXPENSE (Notes 4 and 23)	<u>(41,484)</u>	<u>(2)</u>	<u>(154,258)</u>	<u>(11)</u>
NET PROFIT (LOSS) FOR THE YEAR	<u>999,752</u>	<u>35</u>	<u>(148,735)</u>	<u>(11)</u>
OTHER COMPREHENSIVE INCOME (Notes 4, 20, 21 and 23)				
Items that will not be reclassified subsequently to profit or loss				
Gains (losses) on remeasurement of defined benefit plans	(24,158)	(1)	133,142	10
Unrealized gains (losses) on investments in equity instruments measured at fair value through other comprehensive income	19,485	1	(29,820)	(2)
Share of other comprehensive income or loss of subsidiaries accounted for using the equity method	(16,386)	(1)	48,731	3
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>4,832</u>	<u>-</u>	<u>(26,628)</u>	<u>(2)</u>
	<u>(16,227)</u>	<u>(1)</u>	<u>125,425</u>	<u>9</u>

(Continued)

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CONCORD SECURITIES CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	2023		2022	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss				
Exchange differences on the translation of foreign operations	\$ (449)	-	\$ 9,046	1
Unrealized gains (losses) on investments in debt instruments measured at fair value through other comprehensive income	<u>47,228</u>	<u>2</u>	<u>(100,992)</u>	<u>(8)</u>
	<u>46,779</u>	<u>2</u>	<u>(91,946)</u>	<u>(7)</u>
Other comprehensive income for the year, net of income tax	<u>30,552</u>	<u>1</u>	<u>33,479</u>	<u>2</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u>\$ 1,030,304</u>	<u>36</u>	<u>\$ (115,256)</u>	<u>(9)</u>
EARNINGS (LOSS) PER SHARE (Note 24)				
Basic	<u>\$ 1.68</u>		<u>\$ (0.25)</u>	
Diluted	<u>\$ 1.68</u>		<u>\$ (0.25)</u>	

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

(With Deloitte & Touche auditors' report dated February 27, 2024)

(Concluded)

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CONCORD SECURITIES CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	Share Capital (Note 21)	Capital Surplus (Note 21)	Retained Earnings (Notes 20, 21 and 23)			Other Equity (Notes 4, 8, 10, 21, 23 and 26)		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, 2022	\$ 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
Compensation of 2022 deficits								
Legal reserve used to offset accumulated deficits	-	-	(26,110)	-	26,110	-	-	-
Other changes in capital surplus								
Unpaid dividends	-	11	-	-	-	-	-	11
Net profit for the year ended December 31, 2023	-	-	-	-	999,752	-	-	999,752
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	(20,123)	(449)	51,124	30,552
Total comprehensive income for the year ended December 31, 2023	-	-	-	-	979,629	(449)	51,124	1,030,304
BALANCE AT DECEMBER 31, 2023	\$ 5,944,550	\$ 175,331	\$ 239,393	\$ 1,087,890	\$ 979,629	\$ 1,165	\$ 440,691	\$ 8,868,649

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

(With Deloitte & Touche auditors' report dated February 27, 2024)

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CONCORD SECURITIES CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 1,041,236	\$ 5,523
Adjustments for:		
Depreciation expense	82,935	72,666
Amortization expense	9,713	6,653
Expected credit loss (gain)	615	(1,319)
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	(326,451)	512,992
Finance costs	207,589	96,540
Interest income (including financial income)	(374,716)	(359,621)
Dividend income	(1,648,691)	(1,470,404)
Share of profit of subsidiaries accounted for using the equity method	(114,660)	(91,850)
Gain on disposal of investments	(95)	-
Changes in operating assets and liabilities		
Decrease (increase) in financial assets at fair value through profit or loss	(2,852,262)	45,922
Decrease (increase) in margin loans receivable	(2,303,647)	3,401,223
Decrease (increase) in refinancing margin	39,936	(33,551)
Decrease (increase) in refinancing collateral receivable	30,687	(24,392)
Decrease (increase) in security borrowing collateral price	881,907	(437,881)
Decrease (increase) in security borrowing margin	974,787	(572,090)
Decrease in notes receivable	25	51
Decrease (increase) in accounts receivable	(1,718,281)	2,441,183
Decrease in prepayments	667	174
Decrease (increase) in net defined benefit assets	3,854	(3,854)
Decrease (increase) in other receivables	(3,549)	428
Decrease in other financial assets	-	64,360
Decrease (increase) in other current assets	(233,289)	1,689,819
Increase in liabilities for bonds with attached repurchase agreements	668,685	399,629
Increase (decrease) in financial liabilities at fair value through profit or loss	(344,199)	294,669
Increase (decrease) in securities financing refundable deposits	(403,164)	361,694
Increase (decrease) in deposits payable for securities financing	(317,767)	116,413
Decrease in refinancing borrowings	(100,240)	(1,700,316)
Increase in securities lending refundable deposits	53,983	16,185
Increase (decrease) in accounts payable	2,199,049	(2,161,627)
Increase (decrease) in other payables	260,834	(462,542)
Decrease in net defined benefit liabilities	(2,998)	(70,369)
Increase in provisions	224	887
Increase (decrease) in other financial liabilities	(1,096,626)	2,865,655
Increase in equity for each customer in the account	187,803	-
Decrease in other current liabilities	(12,473)	(1,548,361)
Cash generated from (used in) operations	(5,208,579)	3,454,489
Interest received	368,642	356,484
Dividends received	1,631,165	1,448,632

(Continued)

CONCORD SECURITIES CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
Interest paid	\$ (198,294)	\$ (107,326)
Income tax paid	<u>(2,411)</u>	<u>(104,305)</u>
Net cash generated from (used in) operating activities	<u>(3,409,477)</u>	<u>5,047,974</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(1,130,755)	(1,059,750)
Proceeds from disposal of financial assets at fair value through other comprehensive income	1,081,902	147,249
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	3,509	1,526
Acquisition of property and equipment	(34,592)	(47,349)
Decrease in clearing and settlement fund	6,131	5,842
Increase in refundable deposits	-	(131,288)
Decrease in refundable deposits	10,901	-
Acquisition of intangible assets	(5,995)	(8,697)
Increase in other non-current assets	(3,611)	(2,615)
Dividends received	<u>95,438</u>	<u>86,822</u>
Net cash generated from (used in) investing activities	<u>22,928</u>	<u>(1,008,260)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	110,000	-
Decrease in short-term borrowings	-	(960,000)
Increase in commercial papers payable	530,000	1,073,000
Increase in guarantee deposits received	1	17
Payments of lease liabilities	(48,814)	(43,055)
Cash dividends paid	-	(921,405)
Unpaid dividends	<u>11</u>	<u>-</u>
Net cash generated from (used in) financing activities	<u>591,198</u>	<u>(851,443)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>352</u>	<u>12,186</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(2,794,999)</u>	<u>3,200,457</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>4,398,025</u>	<u>1,197,568</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,603,026</u>	<u>\$ 4,398,025</u>

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

(With Deloitte & Touche auditors' report dated February 27, 2024)

(Concluded)

CONCORD SECURITIES CO., LTD.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (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, 2023, 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 February 27, 2024.

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 “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

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

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
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
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards will be 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.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the financial statements were authorized for issue, the Corporation has assessed that the application of the above standards and interpretations will not have a material impact on the Corporation’s financial position and financial performance.

- c. The IFRS Accounting Standards 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
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS17 - Comparative Information”	January 1, 2023
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the corporation uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

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 the 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 the 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 the 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 26.

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 26.

A financial liability may upon initial recognition be designated as at FVTPL only in one of the following circumstances:

- a) Such designation eliminates or significantly reduces a measurement or recognition mismatch 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 26.

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 June 30, 2022, that results in the revised consideration for the lease less than the consideration for the lease immediately preceding the change. There is no substantive change to other terms and conditions. The Corporation elects to apply the practical expedient to all of these rent concessions and, therefore, does not assess whether the rent concessions are lease modifications. Instead, the Corporation recognizes the reduction in lease payment in profit or loss as a deduction of depreciation 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. MATERIAL 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.

When developing material accounting estimates, the Corporation considers the possible impact on cash flow projection, growth rate, discount rate, profitability, and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

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 26 for the related assumptions, estimates and book value.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Checking and demand deposits	\$ 687,592	\$ 615,139
Foreign currency deposits	504,424	153,177
Cash equivalents		
Time deposits with original maturities within three months	16,888	-
Excess futures trading margin	394,122	309,406
Short-term bills	-	3,320,303
	<u>\$ 1,603,026</u>	<u>\$ 4,398,025</u>

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

	December 31	
	2023	2022
Time deposits with original maturities within three months	5.1%	-
Short-term bills	-	0.9%-1.0%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2023	2022
<u>Financial assets at FVTPL - current</u>		
Financial assets mandatorily measured at FVTPL		
Open-end funds and money market instruments	\$ 50,126	\$ 47,059
Operating securities - proprietary	9,713,000	6,309,864
Operating securities - underwriting	34,032	50,818
Operating securities - hedging	1,020,490	1,053,477
Futures margin - own funds	42,754	208,438
Derivative assets - OTC		
Value of asset swap IRS contracts	9,951	6,225
Asset swap options	254,272	209,744
	<u>\$ 11,124,625</u>	<u>\$ 7,885,625</u>

Financial assets at FVTPL - non-current

Financial assets mandatorily measured at FVTPL		
Operating securities - proprietary	<u>\$ 10,041</u>	<u>\$ -</u>

(Continued)

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Financial liabilities at FVTPL - current

Financial liabilities held for trading

Warrants liabilities	\$ 1,056,815	\$ 2,098,112
Warrants redeemed	(1,017,002)	(1,934,273)
Put options - TAIFEX	405	-
Liabilities on sale of borrowed securities - hedging	95,853	907,024
Liabilities on sale of borrowed securities - non-hedging	253,159	52,355
Derivative liabilities - OTC		
Value of asset swap IRS contracts	28,389	31,586
Asset swap options	992,679	662,121
Structured instruments	11,742	23,572
Equity derivatives	146,630	74,426
	<u>1,568,670</u>	<u>1,914,923</u>

Financial liabilities designated as at FVTPL

Structured instruments	<u>415,640</u>	<u>608,007</u>
	<u>\$ 1,984,310</u>	<u>\$ 2,522,930</u>

Financial liabilities at FVTPL - non-current

Financial liabilities designated as at FVTPL

Structured instruments	<u>\$ 1,177,976</u>	<u>\$ 913,241</u> (Concluded)
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a. Open-end funds and money market instruments

	December 31 2023	2022
Open-end funds and money market instruments	\$ 50,000	\$ 50,000
Valuation adjustments	<u>126</u>	<u>(2,941)</u>
	<u>\$ 50,126</u>	<u>\$ 47,059</u>

b. Operating securities - proprietary

	December 31 2023	2022
<u>Current</u>		
Government bonds	\$ 1,188,626	\$ 353,794
Listed shares	1,633,966	516,164
Shares and convertible bonds traded in the OTC market	5,621,055	4,862,071
Emerging shares	229,795	197,265
Foreign shares and bonds	250,166	126,184
Beneficiary securities	354,148	170,079
	<u>9,277,756</u>	<u>6,225,557</u>
Valuation adjustments	<u>435,244</u>	<u>84,307</u>
	<u>\$ 9,713,000</u>	<u>\$ 6,309,864</u> (Continued)

December 31**2023****2022**Non-Current

Government bonds	\$ 10,083	\$ -
Valuation adjustments	<u>(42)</u>	<u>-</u>
	<u>\$ 10,041</u>	<u>\$ -</u>

(Concluded)

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

December 31**2023****2022**

Government bonds	0.50%-1.75%	0.50%-1.75%
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As of December 31, 2023 and 2022, the face values of the Corporation's proprietary securities and bond investments (including financial assets at fair value through other comprehensive income) under resale agreements were \$5,188,433 thousand and \$4,460,507 thousand, respectively, were provided for repurchase agreements.

A portion of government bonds were pledged to the Central Bank of ROC as bid bonds for bond transactions. (Refer to Note 28 for the details.)

c. Operating securities - underwriting

December 31**2023****2022**

Listed and OTC shares and convertible bonds	\$ 33,075	\$ 51,157
Valuation adjustments	<u>957</u>	<u>(339)</u>
	<u>\$ 34,032</u>	<u>\$ 50,818</u>

d. Operating securities - hedging

December 31**2023****2022**

Listed shares, beneficiary certificates and shares and warrants	\$ 477,001	\$ 737,815
Shares, beneficiary certificates, warrants and convertible bonds traded in the OTC market	<u>532,077</u>	<u>345,676</u>
	<u>1,009,078</u>	<u>1,083,491</u>
Valuation adjustments	<u>11,412</u>	<u>(30,014)</u>
	<u>\$ 1,020,490</u>	<u>\$ 1,053,477</u>

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e. Warrants

	December 31	
	2023	2022
Warrants liabilities	\$ 1,133,518	\$ 4,294,041
Gains on changes in fair value	<u>(76,703)</u>	<u>(2,195,929)</u>
	1,056,815	2,098,112
Warrants redeemed	1,059,848	3,422,996
Losses on changes in fair value	<u>(42,846)</u>	<u>(1,488,723)</u>
	1,017,002	1,934,273
Net warrants liabilities	<u>\$ 39,813</u>	<u>\$ 163,839</u>

f. Liabilities on sale of borrowed securities

	December 31	
	2023	2022
Hedging		
Listed and OTC shares and beneficiary certificates	\$ 91,562	\$ 964,657
Valuation adjustments	<u>4,291</u>	<u>(57,633)</u>
	\$ 95,853	\$ 907,024
Non - hedging		
Beneficiary certificates	\$ 250,030	\$ 57,616
Valuation adjustments	<u>3,129</u>	<u>(5,261)</u>
	\$ 253,159	\$ 52,355

g. Futures and options

	December 31	
	2023	2022
Put options - TAIFEX		
Index options	\$ (477)	\$ -
Gain on open positions	<u>72</u>	<u>-</u>
Fair value	<u>\$ (405)</u>	<u>\$ -</u>

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

		December 31, 2023			
Item	Transaction Type	Open Position		Carrying Amount/ Premium Paid (Received)	Fair Value
		Buyer/ Seller	Volume		
Futures	TAIEX futures	Seller	21	\$ 74,993	\$ 75,054
Futures	Share futures	Buyer	198	34,213	33,865
Futures	Share futures	Seller	1,376	180,248	181,300
Futures	TE	Seller	9	31,771	32,107
Futures	CBOT-UB	Buyer	5	20,596	20,519
Futures	VN30	Seller	23	3,204	3,312
Futures	CBOT	Seller	1	3,385	3,468
Futures	Mini-S&P 500	Seller	1	7,336	7,403
Options	TAIEX options - call	Seller	50	(126)	(208)
Options	TAIEX options - put	Seller	130	(351)	(197)

		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

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

As of December 31, 2023 and 2022, futures margin arising from futures contracts were \$42,754 thousand and \$208,438 thousand, respectively.

h. Derivative instruments - OTC

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

	Nominal Amount	
	December 31	
	2023	2022
Convertible bond asset swaps	\$ 6,144,400	\$ 6,930,200
Structured instruments	4,129,975	5,181,267
Equity derivatives	716,926	318,764

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2023	2022
<u>Current</u>		
Investments in debt instruments	\$ 498,471	\$ 177,633
<u>Non-current</u>		
Investments in equity instruments	\$ 528,347	\$ 512,371
Investments in debt instruments	2,443,990	2,669,588
	<u>\$ 2,972,337</u>	<u>\$ 3,181,959</u>

a. Investments in equity instruments

	December 31	
	2023	2022
<u>Non-current</u>		
Non-public ordinary shares		
Taiwan Stock Exchange	\$ 217,666	\$ 216,475
Taiwan Futures Exchange	161,900	164,332
Taiwan Depository & Clearing Corporation	127,488	119,247
Asia Pacific Emerging Industry Venture Capital Co., Ltd.	<u>21,293</u>	<u>12,317</u>
	<u>\$ 528,347</u>	<u>\$ 512,371</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 2023 and 2022, the Corporation participated in the cash capital increase of Taiwan Stock Exchange, and obtained 36 and 48 shares at the issue price of \$10 per share, respectively.

In December 2023 and 2022, Asia Pacific Emerging Industry Venture Capital Co., Ltd. implemented cash capital reduction, in which the Corporation reduced its number of shares by 350,906 shares and 152,568 shares, receiving the capital reduction of \$3,509 thousand and \$1,526 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 \$15,927 thousand and \$21,453 thousand during 2023 and 2022, which generated from the investments held as of December 31, 2023 and 2022, respectively.

b. Investments in debt instruments

	December 31	
	2023	2022
<u>Current</u>		
Government bonds	\$ 299,410	\$ -
Corporate bonds	199,061	99,572
Foreign bonds	-	78,061
	<u>\$ 498,471</u>	<u>\$ 177,633</u>
<u>Non-current</u>		
Government bonds	\$ -	\$ 297,138
Corporate bonds	1,504,203	1,096,680
Foreign bonds	939,787	1,275,770
	<u>\$ 2,443,990</u>	<u>\$ 2,669,588</u>

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

	December 31	
	2023	2022
Gross carrying amount	\$ 3,002,167	\$ 2,953,314
Less: Allowance for impairment loss	(1,751)	(1,630)
Amortized cost	3,000,416	2,951,684
Adjustment to fair value	(57,955)	(104,463)
	<u>\$ 2,942,461</u>	<u>\$ 2,847,221</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, 2023
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%-0.55%	\$ 3,002,167

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

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, 2023	\$ 1,630	\$ -	\$ -
Recognized expected credit loss	<u>121</u>	<u>-</u>	<u>-</u>
Balance at December 31, 2023	<u>\$ 1,751</u>	<u>\$ -</u>	<u>\$ -</u>
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>

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

	December 31	
	2023	2022
Margin loans receivable	\$ 6,534,212	\$ 4,230,565
Less: Allowance for impairment loss	<u>(994)</u>	<u>(1,072)</u>
	<u>\$ 6,533,218</u>	<u>\$ 4,229,493</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. As of December 31, 2023 and 2022, the Corporation had recognized allowance for impairment loss of \$77,510 thousand and \$77,814 thousand, respectively, for the receivables, and the balance of the related receivable was reclassified as other receivables.

	December 31	
	2023	2022
Notes receivable	\$ 70	\$ 95
Accounts receivable		
Accounts receivable for settlement - brokerage	5,622,505	3,388,985
Accounts receivable for settlement - proprietary	391,101	896,372
Brokerage handling fee revenue and refinancing interest receivable	100,247	111,909
Bond interest receivable	25,096	18,703
Others	9,992	6,699
Less: Allowance for impairment loss	<u>(313)</u>	<u>(313)</u>
	<u>6,148,628</u>	<u>4,422,355</u>
	<u>\$ 6,148,698</u>	<u>\$ 4,422,450</u>

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

	December 31	
	2023	2022
0 to 120 days	\$ 6,148,635	\$ 4,422,387
121 to 180 days	63	344
Over 180 days	<u>313</u>	<u>32</u>
	<u>\$ 6,149,011</u>	<u>\$ 4,422,763</u>

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

	December 31	
	2023	2022
Other receivables	\$ 95,889	\$ 93,281
Less: Allowance for impairment loss	<u>(86,194)</u>	<u>(86,244)</u>
	<u>\$ 9,695</u>	<u>\$ 7,037</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.

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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, 2023

	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%	0.02%	0%	0%	0% : 100%	
Gross carrying amount	\$ 6,149,011	\$ 6,534,212	\$ 437	\$ 151,382	\$ 95,889	\$ 12,930,931
Loss allowance (Lifetime ECLs)	(313)	(994)	-	-	(86,194)	(87,501)
Amortized cost	<u>\$ 6,148,698</u>	<u>\$ 6,533,218</u>	<u>\$ 437</u>	<u>\$ 151,382</u>	<u>\$ 9,695</u>	<u>\$ 12,843,430</u>

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>

The movements of the loss allowance of trade receivables for the years ended December 31, 2023 and 2022, respectively, were as follows:

	Notes and Accounts Receivable	Margin Loans Receivable	Other Receivables	Total
Balance at January 1, 2023	\$ 313	\$ 1,072	\$ 86,244	\$ 87,629
Add: Net remeasurement of loss allowance	-	(78)	572	494
Less: Amounts written off	-	-	(622)	(622)
Balance at December 31, 2023	<u>\$ 313</u>	<u>\$ 994</u>	<u>\$ 86,194</u>	<u>\$ 87,501</u>
Balance at January 1, 2022	\$ -	\$ 2,040	\$ 86,566	\$ 88,606
Add: Net remeasurement of loss allowance	313	(968)	(322)	(977)
Balance at December 31, 2022	<u>\$ 313</u>	<u>\$ 1,072</u>	<u>\$ 86,244</u>	<u>\$ 87,629</u>

10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Subsidiaries included in the financial statements were summarized as follows:

	December 31			
	2023		2022	
	Carrying Amount	Percent-age of Owner-ship (%)	Carrying Amount	Percent-age of Owner-ship (%)
<u>Subsidiaries</u>				
Concord Futures Corp. (Concord Futures)	\$ 1,329,491	95.71	\$ 1,327,025	95.71
Con Lian Asset Management Service Co., Ltd. (Con-Lian AMC)	573,072	100.00	547,497	100.00
Concord Capital Management Corp. (Concord Capital Management)	76,437	100.00	82,553	100.00
Concord Insurance Agency Co., Ltd. (Concord Insurance)	16,314	100.00	19,476	100.00
	<u>\$ 1,995,314</u>		<u>\$ 1,976,551</u>	

The Corporation's share of profit or loss and other comprehensive income or loss of subsidiaries was calculated based on the audited financial statements for the years ended December 31, 2023 and 2022.

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.

11. PROPERTY AND EQUIPMENT

	For the Year Ended December 31, 2023			
	Balance at January 1, 2023	Additions	Reductions	Balance at December 31, 2023
<u>Cost</u>				
Land	\$ 604,181	\$ -	\$ -	\$ 604,127
Buildings	230,408	-	-	230,371
Equipment	86,046	31,856	(4,132)	113,770
Leasehold improvements	30,249	2,736	(9,590)	23,395
	<u>950,884</u>	<u>\$ 34,592</u>	<u>\$ (13,722)</u>	<u>\$ 971,663</u>
<u>Accumulated depreciation</u>				
Buildings	102,973	\$ 4,089	\$ -	107,042
Equipment	25,252	21,442	(4,132)	42,562
Leasehold improvements	15,357	5,379	(9,590)	11,146
	<u>143,582</u>	<u>\$ 30,910</u>	<u>\$ (13,722)</u>	<u>\$ 160,750</u>
<u>Accumulated impairment</u>				
Buildings	1,257	\$ -	\$ -	1,257
Net book value	<u>\$ 806,045</u>			<u>\$ 809,656</u>

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	\$ 606,860	\$ -	\$ -	\$ (2,679)	\$ 604,181
Buildings	230,375	-	-	33	230,408
Equipment	51,097	47,004	(12,055)	-	86,046
Leasehold improvements	40,985	1,045	(11,781)	-	30,249
	<u>929,317</u>	<u>\$ 48,049</u>	<u>\$ (23,836)</u>	<u>\$ (2,646)</u>	<u>950,884</u>
<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>

The Corporation didn't recognized impairment loss or reversal of impairment loss in 2023 and 2022 respectively.

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 28 for the details).

12. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
<u>Carrying amount</u>		
Buildings	\$ 91,363	\$ 104,404
Equipment	<u>2,443</u>	<u>3,769</u>
	<u>\$ 93,806</u>	<u>\$ 108,173</u>

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For the Year Ended December 31

	2023	2022
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Additions to right-of-use assets	\$ 34,465	\$ 33,259
Depreciation charge for right-of-use assets		
Buildings	\$ 46,595	\$ 40,966
Equipment	<u>2,237</u>	<u>2,123</u>
	<u>\$ 48,832</u>	<u>\$ 43,089</u>

Besides aforementioned addition and recognized depreciation expenses, the Corporation did not have significant sublease agreement or impairment loss of right-of-use assets for the years ended December 31, 2023 and 2022.

b. Lease liabilities

December 31

	2023	2022
--	-------------	-------------

Carrying amount

Current	\$ 46,384	\$ 45,145
Non-current	<u>\$ 44,843</u>	<u>\$ 62,159</u>

Ranges of discount rates for lease liabilities were as follows:

December 31

	2023	2022
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Buildings	0.532%-1.826%	0.514%-1.572%
Equipment	0.521%-1.792%	0.521%-1.336%

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, the lessor agreed to provide unconditional rent reductions of 20%. The Corporation recognized the impact of rent concessions at \$453 thousand (recognized as deduction of depreciation expenses and other non-operating income) for the year ended December 31, 2022.

d. Other lease information

For the Year Ended December 31

	2023	2022
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Expenses relating to short-term or low-value asset leases	\$ 951	\$ 4,715
Total cash outflow for leases	<u>\$ 49,765</u>	<u>\$ 47,770</u>

The Corporation's leases of certain office equipment qualify as short-term and 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.

13. INVESTMENT PROPERTY

	For the Year Ended December 31, 2023				Balance at December 31, 2023
	Balance at January 1, 2023	Additions	Reductions	Reclassifi- cations	
<u>Cost</u>					
Land	\$ 479,790	\$ -	\$ -	\$ 54	\$ 479,844
Buildings	<u>179,565</u>	<u>-</u>	<u>-</u>	<u>37</u>	<u>179,602</u>
	659,355	\$ -	\$ -	\$ 91	659,446
<u>Accumulated depreciation</u>					
Buildings	99,625	\$ 3,193	\$ -	\$ 20	102,838
<u>Accumulated impairment</u>					
Buildings	<u>661</u>	\$ -	\$ -	\$ -	<u>661</u>
Net book value	<u>\$ 559,069</u>				<u>\$ 555,947</u>

	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	\$ 477,111	\$ -	\$ -	\$ 2,679	\$ 479,790
Buildings	<u>179,598</u>	<u>-</u>	<u>-</u>	<u>(33)</u>	<u>179,565</u>
	656,709	\$ -	\$ -	\$ 2,646	659,355
<u>Accumulated depreciation</u>					
Buildings	96,355	\$ 3,198	\$ -	\$ 72	99,625
<u>Accumulated impairment</u>					
Buildings	<u>661</u>	\$ -	\$ -	\$ -	<u>661</u>
Net book value	<u>\$ 559,693</u>				<u>\$ 559,069</u>

Besides the recognition of depreciation expenses and transfers of their own use properties to investment properties, the Corporation did not have significant addition, disposal and impairment of investment properties for the years ended December 31, 2023 and 2022.

The Corporation'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, 2023 and 2022, the fair value of the Corporation's investment properties amounted to \$796,623 thousand and \$700,095 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 28 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	
	2023	2022
Year 1	\$ 18,010	\$ 18,028
Year 2	8,420	17,691
Year 3	5,830	8,448
Year 4	<u>-</u>	<u>5,830</u>
	<u>\$ 32,260</u>	<u>\$ 49,997</u>

14. INTANGIBLE ASSETS

	For the Year Ended December 31, 2023			
	Balance at January 1, 2023	Additions	Reductions	Balance at December 31, 2023
<u>Cost</u>				
Computer software	\$ 28,885	<u>\$ 7,105</u>	<u>\$ (8,594)</u>	\$ 27,396
<u>Accumulated amortization</u>				
Computer software	<u>9,912</u>	<u>\$ 9,360</u>	<u>\$ (8,594)</u>	<u>10,678</u>
Net book value	<u>\$ 18,973</u>			<u>\$ 16,718</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	\$ 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>

The above-mentioned intangible assets with definite useful lives are amortized on a straight-line basis over their estimated useful lives of 3 years.

15. OTHER NON-CURRENT ASSETS

	December 31	
	2023	2022
Operation guarantee deposits	\$ 330,000	\$ 330,000
Clearing and settlement fund	132,264	138,395
Refundable deposits	152,907	163,808
Prepayments for equipment	6,511	4,465
Deferred expense	<u>1,109</u>	<u>1,007</u>
	<u>\$ 622,791</u>	<u>\$ 637,675</u>

16. BORROWINGS

a. Short-term borrowings

	December 31	
	2023	2022
Secured borrowings	\$ 270,000	\$ 50,000
Unsecured borrowings	<u>530,000</u>	<u>640,000</u>
	<u>\$ 800,000</u>	<u>\$ 690,000</u>

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

	December 31	
	2023	2022
Short-term borrowings	1.75%-2.26%	1.45%-1.99%

Some demand deposits, time deposits, property and equipment, and investment properties were provided as collateral for bank borrowings and credit line (refer to Note 28 for the details).

b. Commercial paper payable

	December 31	
	2023	2022
Commercial paper payable	\$ 5,770,000	\$ 5,240,000
Less: Discount of commercial paper payable	<u>(8,027)</u>	<u>(17,299)</u>
	<u>\$ 5,761,973</u>	<u>\$ 5,222,701</u>

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

	December 31	
	2023	2022
Commercial paper payable	1.50%-1.69%	0.65%-1.72%

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

17. LIABILITIES FOR BONDS WITH ATTACHED REPURCHASE AGREEMENTS

	December 31	
	2023	2022
Government bonds	\$ 1,466,773	\$ 649,910
Corporate bonds	<u>3,700,008</u>	<u>3,848,186</u>
	<u>\$ 5,166,781</u>	<u>\$ 4,498,096</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	
	2023	2022
Government bonds	0.92%-1.40%	0.70%-0.75%
Corporate bonds	1.15%-5.65%	0.95%-5.16%

Liabilities for bonds with attached repurchase agreements that were outstanding as of December 31, 2023 had been repurchased for \$5,172,967 thousand by January 24, 2024.

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.

18. ACCOUNTS PAYABLE

	December 31	
	2023	2022
Accounts payable for settlement - brokerage	\$ 5,634,036	\$ 3,377,383
Accounts payable for settlement - proprietary	27,541	102,071
Others	<u>99,676</u>	<u>83,486</u>
	<u>\$ 5,761,253</u>	<u>\$ 3,562,940</u>

19. OTHER FINANCIAL LIABILITIES - CURRENT

	December 31	
	2023	2022
<u>Principle value of structured notes - current</u>		
Principal guaranteed notes	<u>\$ 2,525,707</u>	<u>\$ 3,622,333</u>

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20. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The Corporation adopted a pension plan under the Labor Pension Act (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.

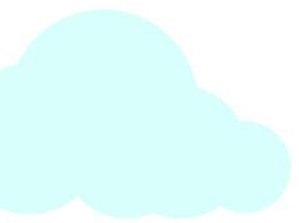
b. Defined benefit plan

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 were as follows:

	December 31		
	2023	2022	
Present value of defined benefit obligation	\$ 240,333	\$ 213,920	
Fair value of plan assets	<u>(219,173)</u>	<u>(217,774)</u>	
Net defined benefit liabilities (assets)	<u>\$ 21,160</u>	<u>\$ (3,854)</u>	
Movements in net defined benefit liabilities (assets) were as follows:			
	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit (Assets) Liabilities
Balance at January 1, 2022	<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)	<u>2,469</u>	<u>(1,051)</u>	<u>1,418</u>
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 loss (income)			
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	<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>
			(Continued)

(Continued)



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	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit (Assets) Liabilities
Service cost			
Current service cost	\$ 2,634	\$ -	\$ 2,634
Net interest expense (income)	<u>2,567</u>	<u>(2,624)</u>	<u>(57)</u>
Recognized in profit or loss	<u>5,201</u>	<u>(2,624)</u>	<u>2,577</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(6,944)	(6,944)
Actuarial loss (income)			
Experience adjustments	<u>31,102</u>	<u>-</u>	<u>31,102</u>
Recognized in other comprehensive loss (income)	<u>31,102</u>	<u>(6,944)</u>	<u>24,158</u>
Contributions from the employer	<u>-</u>	<u>(1,721)</u>	<u>(1,721)</u>
Benefits paid	<u>(9,890)</u>	<u>9,890</u>	<u>-</u>
Balance at December 31, 2023	<u>\$ 240,333</u>	<u>\$ (219,173)</u>	<u>\$ 21,160</u> (Concluded)

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	
	2023	2022
Discount rate	1.2%	1.2%
Expected incremental rate of salaries	1.5%	1.5%
Expected rate of return on plan assets	1.2%	1.2%

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If possible and reasonable change in each of the significant actuarial assumptions occurs and all other assumptions are held constant, the present value of defined benefit obligation will increase (decrease) as follows:

	December 31	
	2023	2022
Discount rate		
0.1% increase	\$ (1,547)	\$ (1,551)
0.1% decrease	\$ 1,563	\$ 1,568
Expected incremental rate of salaries		
0.1% increase	\$ 1,319	\$ 1,349
0.1% decrease	\$ (1,309)	\$ (1,338)

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	
	2023	2022
Expected contributions to the plan within a year	\$ 1,727	\$ 1,850
Average duration of the defined benefit obligation	6.4 years	7.2 years

21. EQUITY

a. Share capital

	December 31	
	2023	2022
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	
	2023	2022
Treasury share transactions	\$ 173,203	\$ 173,203
Gain on sale of fixed assets	682	682
Unclaimed dividends	137	126
Others	1,309	1,309
	<u>\$ 175,331</u>	<u>\$ 175,320</u>

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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 the 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 22-12.

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, which was approved in the shareholders' meeting on June 8, 2022, was as follows:

	The Appropriation of Earnings	Cash Dividends Per Share (NT\$)
Legal reserve	\$ 133,359	
Special reserve	266,719	
Cash dividends	<u>921,405</u>	<u>\$ 1.55</u>
	<u>\$ 1,321,483</u>	

The offset of the accumulated deficit for 2022 was approved in the shareholders' meeting on June 7, 2023, which amounted to \$26,110 thousand of legal reserve.

The appropriation of earnings for 2023, which was proposed by the Corporation's board of directors on February 27, 2024, was as follows:

	The Appropriation of Earnings	Cash Dividends Per Share (NT\$)
Legal reserve	\$ 97,962	
Special reserve	195,927	
Cash dividends	386,396	<u>\$ 0.65</u>
Share dividends	<u>297,227</u>	<u>\$ 0.50</u>
	<u>\$ 977,512</u>	

The appropriation of earnings for 2023 is subject to the resolution of the shareholders in the shareholders' meeting to be held on June 6, 2024.

d. Other equity

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

	<u>For the Year Ended December 31</u> 2023	<u>2022</u>
Balance at January 1	\$ 1,614	\$ (7,432)
Recognized for the year		
Exchange differences on the translation of the financial statements of foreign operations	<u>(449)</u>	<u>9,046</u>
Balance at December 31	<u>\$ 1,165</u>	<u>\$ 1,614</u>

2) Unrealized gains on financial assets at FVTOCI

	<u>For the Year Ended December 31</u> 2023	<u>2022</u>
Balance at January 1	<u>\$ 389,567</u>	<u>\$ 470,680</u>
Recognized for the year		
Unrealized gains (losses) - debt instruments	47,228	(100,992)
Unrealized gains (losses) - equity instruments	19,485	(29,820)
Investments accounted for using the equity method	<u>(15,589)</u>	<u>47,599</u>
Other comprehensive income recognized for the year	<u>51,124</u>	<u>(83,213)</u>
Cumulative unrealized gains of equity instruments transferred to retained earnings due to disposal	<u>-</u>	<u>2,100</u>
Balance at December 31	<u>\$ 440,691</u>	<u>\$ 389,567</u>

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22. ANALYSIS OF STATEMENT OF COMPREHENSIVE INCOME ITEMS

a. Brokerage handling fee revenue

	For the Year Ended December 31	
	2023	2022
Handling fee revenue from brokered trading - TWSE	\$ 697,943	\$ 617,636
Handling fee revenue from brokered trading - OTC	212,000	185,249
Handling fee revenue from securities financing	5,151	7,441
Others	<u>47,506</u>	<u>36,658</u>
	<u>\$ 962,600</u>	<u>\$ 846,984</u>

b. Revenue from underwriting business

	For the Year Ended December 31	
	2023	2022
Processing fee revenue from underwriting operations	\$ 17,000	\$ 11,430
Revenue from underwriting securities on a firm commitment basis	6,533	10,983
Revenue from underwriting consultation	4,830	6,730
Others	<u>4,670</u>	<u>5,850</u>
	<u>\$ 33,033</u>	<u>\$ 34,993</u>

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

	For the Year Ended December 31	
	2023	2022
Proprietary	\$ 1,431,464	\$ (83,640)
Underwriting	14,603	3,950
Hedging	<u>(1,148,735)</u>	<u>(1,747,991)</u>
	<u>\$ 297,332</u>	<u>\$ (1,827,681)</u>

d. Interest income

	For the Year Ended December 31	
	2023	2022
Financing interest	\$ 251,088	\$ 291,548
Bond interest	83,642	57,717
Others	<u>15,363</u>	<u>674</u>
	<u>\$ 350,093</u>	<u>\$ 349,939</u>

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

	For the Year Ended December 31	
	2023	2022
Proprietary	\$ 350,976	\$ (563,984)
Underwriting	1,296	(3,931)
Hedging	41,426	(82,561)
Settlement coverage bonds payables of short sale	<u>-</u>	<u>(255)</u>
	<u>\$ 393,698</u>	<u>\$ (650,731)</u>

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

	For the Year Ended December 31	
	2023	2022
Gains on change in fair value of warrant liabilities	\$ 4,361,803	\$ 11,158,182
Gains (losses) on exercise of warrants before maturity	(11,581)	1,438
Losses on change in fair value of warrants redeemed - realized	(4,377,740)	(9,188,375)
Losses on change in fair value of warrants redeemed - unrealized	(42,846)	(1,488,723)
Call (put) warrants issuance expenses	<u>(27,048)</u>	<u>(59,297)</u>
	<u>\$ (97,412)</u>	<u>\$ 423,225</u>

g. Gains (losses) on derivative instruments, net

	For the Year Ended December 31	
	2023	2022
<u>Losses on derivative instruments - futures, net</u>		
Futures contract	\$ (154,175)	\$ (24,801)
Options trading	<u>(2,118)</u>	<u>(3,660)</u>
	<u>\$ (156,293)</u>	<u>\$ (28,461)</u>
<u>Gains (losses) on derivative instruments - OTC, net</u>		
Asset swap options	\$ (422,435)	\$ 451,088
Equity derivatives	(44,707)	(30,055)
Structured instruments	(99,507)	(41,213)
Value of asset swap IRS contracts	(18,770)	(11,243)
Losses from when - issued trading of government bonds	<u>-</u>	<u>(15)</u>
	<u>\$ (585,419)</u>	<u>\$ 368,562</u>

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h. Impairment losses (impairment gain and reversal of impairment loss)

	For the Year Ended December 31	
	2023	2022
Financial assets at amortized cost	\$ (494)	\$ 977
Financial assets at fair value through other comprehensive income	<u>(121)</u>	<u>342</u>
	<u>\$ (615)</u>	<u>\$ 1,319</u>

i. Other operating income

	For the Year Ended December 31	
	2023	2022
Processing revenue	\$ 46,811	\$ 40,560
Commission revenue	3,845	2,336
Agency revenue	1,008	1,057
Losses on error trading, net	(548)	(556)
Foreign exchange gains (losses), net	(2,020)	83,897
Others	<u>148</u>	<u>132</u>
	<u>\$ 49,244</u>	<u>\$ 127,426</u>

j. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest of commercial paper payable	\$ 106,592	\$ 48,357
Interest of liabilities for bonds with attached repurchase agreements	86,266	34,886
Bank loan interest	10,756	8,205
Interest of securities financing	1,332	1,930
Interest of lease liabilities	795	685
Refinancing interest	159	725
Others	<u>1,689</u>	<u>1,752</u>
	<u>\$ 207,589</u>	<u>\$ 96,540</u>

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k. Employee benefits expenses

	For the Year Ended December 31	
	2023	2022
Retirement benefits		
Defined contribution plan	\$ 29,527	\$ 31,441
Defined benefit plan	<u>2,577</u>	<u>5,329</u>
	32,104	36,770
Short-term employee benefits		
Salaries	973,462	605,018
Labor and health insurance	58,164	64,410
Others	<u>29,142</u>	<u>29,899</u>
	<u>\$ 1,092,872</u>	<u>\$ 736,097</u>

l. Compensation of employees and remuneration of directors

According to the Articles before the amendments, the Corporation accrued employees' compensation 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 accrued rate of employees compensation at the rate from 1% to 3% was approved in the shareholders' meeting in June 2022.

The compensation of employees and the remuneration of directors for the years ended December 31, 2023 and 2022, which were approved by the Corporation's board of directors on February 27, 2024 and March 9, 2023, respectively, are as follows:

	For the Year Ended December 31	
	2023	2022
Compensation of employees	\$ 28,111	\$ 112
Remuneration of directors	<u>\$ 55,097</u>	<u>\$ 290</u>

If there is a change in the estimated amounts after the annual parent company only financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate in the next year.

There is no difference between the actual distribution amount of compensation of employees and remuneration of directors for 2022 and 2021 and the amounts recognized in the parent company only financial statements for the years ended December 31, 2022 and 2021.

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

Depreciation expenses

	For the Year Ended December 31	For the Year Ended December 31
	2023	2022
Property and equipment	\$ 30,910	\$ 26,379
Right-of-use assets	48,832	43,089
Investment property	<u>3,193</u>	<u>3,198</u>
	<u>82,935</u>	<u>72,666</u>

Amortization expenses

Intangible assets	9,360	6,304
Deferred expense	<u>353</u>	<u>349</u>
	<u>9,713</u>	<u>6,653</u>
	<u>\$ 92,647</u>	<u>\$ 79,319</u>

n. Other operating expenses

	For the Year Ended December 31	For the Year Ended December 31
	2023	2022
Taxes	\$ 214,093	\$ 212,797
Information technology expenses	44,414	43,219
Securities borrowing fees	43,484	37,750
Professional service fees	34,742	29,679
Custody fees	30,350	27,340
Postage expenses	25,210	25,229
Others	<u>113,204</u>	<u>117,235</u>
	<u>\$ 505,497</u>	<u>\$ 493,249</u>

o. Other gains and losses

	For the Year Ended December 31	For the Year Ended December 31
	2023	2022
Rental revenue from the use of venue and equipment	\$ 73,724	\$ 51,141
Other rental income from investment properties	18,009	16,755
Dividend income	15,927	21,453
Financial income	24,623	9,682
Valuation gains (losses) on non-operating financial assets at fair value through profit or loss, net	3,067	(2,941)
Gains on disposals of investments	95	-
Others	<u>14,899</u>	<u>12,634</u>
	<u>\$ 150,344</u>	<u>\$ 108,724</u>

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23. 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	
	2023	2022
Current tax		
In respect of the current year	\$ 92,895	\$ 18,907
Income tax on unappropriated retained earnings	-	605
Adjustment for prior year	<u>(4,696)</u>	<u>-</u>
	88,199	19,512
Deferred tax		
In respect of the current year	<u>(46,715)</u>	<u>134,746</u>
Income tax expense recognized in profit or loss	<u>\$ 41,484</u>	<u>\$ 154,258</u>

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

	For the Year Ended December 31	
	2023	2022
Profit before tax from continuing operations	\$ 1,041,236	\$ 5,523
Income tax expense calculated at the statutory rate	\$ 208,247	\$ 1,105
Nondeductible expenses in determining taxable income	(88,788)	98,908
Tax-exempt income	(159,996)	44,833
Additional income tax under the Alternative Minimum Tax Act	68,729	-
Adjustments for prior years' tax expense	(4,696)	-
Income tax on unappropriated retained earnings	-	605
Others	<u>17,988</u>	<u>8,807</u>
Income tax expense recognized in profit or loss	<u>\$ 41,484</u>	<u>\$ 154,258</u>

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2023	2022
<u>Deferred tax</u>		
In respect of the current year		
Remeasurement of defined benefit plans	\$ (4,832)	\$ 26,628
Total income tax expense (benefit) recognized in other comprehensive income	<u>\$ (4,832)</u>	<u>\$ 26,628</u>

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c. Current tax assets and liabilities

	December 31	
	2023	2022
Current tax liabilities		
Income tax payable	\$ 120,453	\$ 34,665

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2023

	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	\$ 11,707	\$ -	\$ 4,832	\$ 16,539
Payables for annual leave	4,322	44	-	4,366
Unrealized exchange losses	10,825	(210)	-	10,615
Losses on derivative financial instruments	-	4,552	-	4,552
Others	<u>685</u>	<u>(630)</u>	<u>-</u>	<u>55</u>
	<u>\$ 27,539</u>	<u>\$ 3,756</u>	<u>\$ 4,832</u>	<u>\$ 36,127</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Difference between tax reporting and financial reporting - payables for pension	\$ 12,478	\$ (171)	\$ -	\$ 12,307
Valuation gains on foreign operating securities	611	7,994	-	8,605
Gains on derivative financial instruments	<u>50,782</u>	<u>(50,782)</u>	<u>-</u>	<u>-</u>
	<u>\$ 63,871</u>	<u>\$ (42,959)</u>	<u>\$ -</u>	<u>\$ 20,912</u>

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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>
e. Deductible temporary differences that have not been recognized as deferred tax assets in the balance sheets				
			<u>December 31</u>	
			<u>2023</u>	<u>2022</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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24. 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 Per Share After Income Tax (In Dollars)
<u>For the year ended December 31, 2023</u>			
Basic earnings per share			
Earnings attributable to ordinary shareholders of the parent Company	\$ 999,752	594,455	\$ <u>1.68</u>
Effect of potentially dilutive ordinary shares			
Compensation of employees	<u>-</u>	<u>2,024</u>	
Diluted earnings per share			
Earnings attributable to ordinary shareholders of the parent Company	\$ <u>999,752</u>	<u>596,479</u>	\$ <u>1.68</u>
<u>For the year ended December 31, 2022</u>			
Basic loss per share			
Loss attributable to ordinary shareholders of the Corporation	\$ <u>(148,735)</u>	<u>594,455</u>	\$ <u>(0.25)</u>

The Corporation may settle the compensation paid to employees in cash or shares; therefore, the Corporation assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares will be 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, and due to the anti-dilution effect of compensation of employees, the diluted earnings per share will not be calculated.

25. 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 was 296% and 277% for the years ended December 31, 2023 and 2022, respectively.

26. 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, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Financial assets mandatorily measured at FVTPL	\$ 6,376,010	\$ 4,758,656	\$ -	\$ 11,134,666
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Unlisted shares	-	-	528,347	528,347
Investments in debt instruments				
Government bonds	-	299,410	-	299,410
Corporate bonds	-	1,703,264	-	1,703,264
Foreign bonds	116,839	822,948	-	939,787
	<u>\$ 6,492,849</u>	<u>\$ 7,584,278</u>	<u>\$ 528,347</u>	<u>\$ 14,605,474</u>
<u>Financial liabilities at FVTPL</u>				
Financial liabilities held for trading	\$ 389,230	\$ 1,179,440	\$ -	\$ 1,568,670
Financial liabilities designated as at FVTPL	-	1,593,616	-	1,593,616
	<u>\$ 389,230</u>	<u>\$ 2,773,056</u>	<u>\$ -</u>	<u>\$ 3,162,286</u>

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>

(Continued)

	Level 1	Level 2	Level 3	Total
<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	<u>-</u>	<u>1,521,248</u>	<u>-</u>	<u>1,521,248</u>
	<u>\$ 1,123,218</u>	<u>\$ 2,312,953</u>	<u>\$ -</u>	<u>\$ 3,436,171</u>
				(Concluded)

Transfers between Levels 1 and 2 for the years ended December 31, 2023 and 2022 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>2023</u>	<u>2022</u>
Balance at January 1	\$ 512,371	\$ 543,727
Disposal	-	(10)
Recognized in other comprehensive income (included in unrealized gains (losses) on financial assets at FVTOCI)	19,485	(29,820)
Proceeds from capital reduction	<u>(3,509)</u>	<u>(1,526)</u>
Balance at December 31	<u>\$ 528,347</u>	<u>\$ 512,371</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 by refer to 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	
	2023	2022
Discount for lack of marketability		
10% increase	\$ (11,462)	\$ (10,973)
10% decrease	\$ 11,480	\$ 10,914

b. Categories of financial instruments

	December 31	
	2023	2022
<u>Financial assets</u>		
FVTPL		
Mandatorily measured at FVTPL	\$ 11,134,666	\$ 7,885,625
Financial assets at amortized cost (Note 1)	14,801,030	15,301,846
FVTOCI		
Equity instrument investments	528,347	512,371
Debt instrument investments	2,942,461	2,847,221
Operation guarantee deposits	330,000	330,000
Clearing and settlement fund	132,264	138,395
Refundable deposits	152,907	163,808
<u>Financial liabilities</u>		
FVTPL		
Held for trading	1,568,670	1,914,923
Designated as at FVTPL	1,593,616	1,521,248
Financial liabilities at amortized cost (Note 2)	21,309,175	19,208,118
Guarantee deposits received	3,812	3,811

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, restricted assets - current and amounts held for each customer in the account.

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, equity for each customer in the account, 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	
	2023	2022
Financial liabilities designated as at FVTPL	\$ 1,593,616	\$ 1,521,248
Amount payable at maturity	<u>(1,687,707)</u>	<u>(1,608,942)</u>
	<u>\$ (94,091)</u>	<u>\$ (87,694)</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 backtesting regularly.

Historical VaR (Confidence Level 99%, One-day)	For the Year Ended December 31, 2023			December 31	
	Average	Minimum	Maximum	2023	2022
<u>Type of risk</u>					
Equity securities	\$ 133,498	\$ 69,215	\$ 174,042	\$ 109,251	\$ 89,396
Interest rate	12,489	1,866	27,697	9,105	13,599
Diversification of risks	<u>(24,040)</u>			<u>(19,811)</u>	<u>(25,408)</u>
Total VaR exposure	<u>\$ 121,947</u>			<u>\$ 98,545</u>	<u>\$ 77,587</u>

The Corporation uses sensitivity analysis to measure the sensitivity of its bonds and share 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 \$2,109 thousand and \$887 thousand as of December 31, 2023 and 2022, 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 fair value of \$23,479 thousand and \$30,563 for the years ended December 31, 2023 and 2022, 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	
	2023	2022
Interest rate risk of fair value		
Financial assets	\$ 10,929,045	\$ 11,721,135
Financial liabilities	12,465,059	11,930,367
Interest rate risk of cash flow		
Financial assets	2,608,748	2,339,588
Financial liabilities	187,803	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 was as follows:

	Maximum Exposure to Credit Risk	
	December 31	
	2023	2022
Margin loans receivable	\$ 6,533,218	\$ 4,229,493

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, 2023

	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	\$ 1,191,269	\$ -	\$ -	\$ -	\$ 1,191,269
Fixed interest rate	5,243,504	-	-	-	5,243,504
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	6,570,845	-	3,812	-	6,574,657
Variable interest rate	187,803	-	-	-	187,803
Fixed interest rate	12,381,859	-	-	-	12,381,859
Lease liabilities	47,157	24,051	24,907	-	96,115
	<u>\$ 25,622,437</u>	<u>\$ 24,051</u>	<u>\$ 28,719</u>	<u>\$ -</u>	<u>\$ 25,675,207</u>

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	<u>45,778</u>	<u>38,551</u>	<u>23,391</u>	<u>-</u>	<u>107,720</u>
	<u>\$ 24,197,756</u>	<u>\$ 38,551</u>	<u>\$ 27,202</u>	<u>\$ -</u>	<u>\$ 24,263,509</u>

The amounts of financial liabilities with variable interest rates listed in the table above were subject to change if variable interest rates differ from those estimates of interest rates determined at the end of each reporting period.

Financing facilities

Financing facilities at the end of each reporting period were as follows:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Financing facilities	<u>\$ 16,770,000</u>	<u>\$ 15,620,000</u>
Unused amount	<u>\$ 11,990,000</u>	<u>\$ 12,129,760</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, 2023

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	\$ 9,059,882	\$ 5,166,781	\$ 9,059,882	\$ 5,166,781	\$ 3,893,101

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

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, 2023

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	\$ 6,205,315	\$ (56,687)	\$ 6,148,628	\$ (1,124)	\$ -	\$ 6,147,504
Accounts payable	\$ (5,817,940)	\$ 56,687	\$ (5,761,253)	\$ 1,124	\$ -	\$ (5,760,129)
Liabilities for bonds with attached repurchase agreements	\$ (5,166,781)	\$ -	\$ (5,166,781)	\$ 5,166,781	\$ -	\$ -

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	\$ -	\$ -

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27. 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 the 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>2023</u>	<u>2022</u>
Subsidiary Concord Futures	\$ 380,430	\$ 139,650

b. Futures trading margin

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Subsidiary Concord Futures	\$ 42,128	\$ 66,667

c. Margin loans receivable

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Key management personnel	\$ 26,733	\$ 20,508

d. Accounts receivable

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Subsidiary	\$ 2,154	\$ 1,171

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	
	2023	2022
Subsidiary	\$ <u>312</u>	\$ <u>151</u>

f. Liabilities for bonds with attached repurchase agreements

	December 31	
	2023	2022
Key management personnel	\$ <u>260,969</u>	\$ <u>340,547</u>

The transaction terms of bonds with attached repurchase agreements with related parties were not significantly different compared to those with third parties.

g. Accounts payable

	December 31	
	2023	2022
Subsidiary	\$ <u>520</u>	\$ <u>427</u>

h. Other payables

	December 31	
	2023	2022
Subsidiary	\$ <u>1,050</u>	\$ <u>1,050</u>

i. Equity for each customer in the account

	December 31	
	2023	2022
Key management personnel	\$ <u>31,315</u>	\$ <u>-</u>

j. Brokerage handling fee revenue

	For the Year Ended December 31	
	2023	2022
Key management personnel	\$ <u>2,928</u>	\$ <u>2,331</u>

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

k. Revenue from providing agency services for stock affairs

	For the Year Ended December 31	
	2023	2022
Subsidiary	\$ <u>36</u>	\$ <u>36</u>

l. Interest income

For the Year Ended December 31
2023 2022

Key management personnel

\$ 1,229

\$ 1,455

m. Futures commission income

For the Year Ended December 31
2023 2022

Subsidiary

Concord Futures

\$ 8,677

\$ 11,724

n. Other operating income

For the Year Ended December 31
2023 2022

Subsidiary

Concord Insurance

Concord Capital Management

\$ 3,845

\$ 2,336

423

350

\$ 4,268

\$ 2,686

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.

o. Finance costs

For the Year Ended December 31
2023 2022

Subsidiary

Key management personnel

\$ 20

\$ 11

3,251

926

\$ 3,271

\$ 937

p. Clearing and settlement expenses

For the Year Ended December 31
2023 2022

Subsidiary

Concord Futures

\$ 3,955

\$ 2,223

q. Securities commission expense

For the Year Ended December 31
2023 2022

Subsidiary

Concord Futures

\$ 6,189

\$ 6,370

r. Other operating costs

For the Year Ended December 31
2023 **2022**

Subsidiary \$ 16 \$ 15

s. Other operating expenses

For the Year Ended December 31
2023 **2022**

Subsidiary \$ 12,600 \$ 12,600

t. Other gains and losses

For the Year Ended December 31
2023 **2022**

Subsidiary \$ 11,162 \$ 8,007

u. Acquisition of property (for the year ended December 31, 2023: None)

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

Subsidiary \$ 1,994

v. Lease agreements

December 31
2023 **2022**

Lease liabilities

Supervisor of the subsidiary \$ 4,400 \$ 8,772

For the Year Ended December 31
2023 **2022**

Finance costs

Supervisor of the subsidiary \$ 39 \$ 66

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- w. For the years ended December 31, 2023 and 2022, 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, 2023					
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	109
	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 the equity method	2023.01.01-2024.12.31	B3, No. 176, Sec. 1, Keelung Rd., Xinyi District, Taipei City	Monthly	Contract	54
	2023.01.01-2023.06.30	B3, No. 176, Sec. 1, Keelung Rd., Xinyi District, Taipei City	Monthly	Contract	27
					<u>\$ 8,207</u>
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 the 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>

As of December 31, 2023 and 2022, the balance of the rental deposits received by the Corporation from the related parties were \$1,354 thousand and \$1,364 thousand, respectively.

x. Equity derivative transactions

The Corporation's key management personnel bought equity derivatives from the Corporation, and the unexpired amount as of December 31, 2023 and 2022 were \$391 thousand and \$414 thousand (recognized as financial liabilities at fair value through profit or loss - current). The related gains in 2023 and 2022 were as follows:

	For the Year Ended December 31	
	2023	2022
Gains on derivative instruments, net	\$ 239	\$ 19
Other operating income (processing revenue)	\$ 25	\$ 32

y. 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, 2023 and 2022 were as follows:

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	\$ 194,001	\$ 82,696
Retirement benefits	<u>2,605</u>	<u>2,725</u>
	<u>\$ 196,606</u>	<u>\$ 85,421</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.

28. PLEDGED OR MORTGAGED ASSETS

At the end of each reporting period, the Corporation pledges the following assets as bid bonds to the Central Bank of ROC for bond transactions and as collateral to financial institutions for bank loans, credit lines.

	December 31	
	2023	2022
Restricted demand and time deposits	\$ 167,040	\$ 165,705
Government bonds	10,041	-
Property and equipment, net		
Land	518,421	518,421
Buildings	91,924	95,176
Investment property, net		
Land	474,350	474,350
Buildings	<u>67,227</u>	<u>70,141</u>
	<u>\$ 1,329,003</u>	<u>\$ 1,323,793</u>

29. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

- 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. Chen's 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.
- As of December 31, 2023, the Corporation applied for a guarantee of \$220,000 thousand from financial institutions, which was for the securities lending and borrowing business.

30. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Other than the information disclosed in other notes, there were no significant subsequent events.

31. 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						
2023			2022			
Foreign Currency	Exchange Rate	New Taiwan Dollars	Foreign Currency	Exchange Rate	New Taiwan Dollars	
<u>Financial assets</u>						
Monetary items						
USD	\$ 39,051	30.7050	\$ 1,199,052	\$ 42,750	30.710	\$ 1,312,859
CNY	118,474	4.3270	512,637	87,888	4.408	387,411
HKD	3,466	3.9290	13,619	42,388	3.938	166,925
JPY	73,661	0.2172	15,999	73,660	0.232	17,119
VND	2,978,600	0.0012	3,574	-	-	-
Non-monetary items						
CNY	11,195	4.3270	48,441	13,296	4.408	58,610
USD	8,050	30.7050	247,162	1,597	30.710	49,041
HKD	-	-	-	9,212	3.938	36,275
<u>Financial liabilities</u>						
Monetary items						
USD	16,048	30.7050	492,760	16,912	30.710	519,354
CNY	-	-	-	21,976	4.408	96,870
HKD	356	3.9290	1,399	480	3.938	1,889

For the years ended December 31, 2023 and 2022, realized and unrealized net foreign exchange gains or losses were loss \$2,020 thousand and gain \$83,897 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.

32. 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.

33. DISCLOSURES REQUIRED UNDER RULE NO. 10703209011 ISSUED BY THE FSC DATED JUNE 1, 2018

The Corporation have no investment of foreign entity registered as a non-IOSCO MMoU member or without formal permission as a securities or futures firm from an IOSCO MMoU member.

- 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.

34. 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, 2023
(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, 2023			Operating Income of the Investee	Net Profit (Loss) of the Investee	Share of Profit (Loss)	Cash Dividends	Note
						December 31, 2023	December 31, 2022	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	\$ 1,329,491	\$ 599,119	\$ 105,299	\$ 100,826	\$ 79,511	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	573,072	-	21,786	21,786	-	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	76,437	26,821	(4,790)	(4,790)	-	Subsidiary
	Concord Insurance Agency Co., Ltd.	10 th 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	16,314	10,730	(3,162)	(3,162)	-	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	575,955	207,692	54,569	25,425	-	Investments of subsidiary accounted for using the equity method

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TABLE 2

CONCORD SECURITIES CO., LTD.

INVESTMENTS IN MAINLAND CHINA

DECEMBER 31, 2023

(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, 2022 (Note 1)	Investment Flows		Accumulated Outflow of Investment as of December 31, 2023 (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, 2023 (Note 6)	Accumulated Inward Remittance of Earnings as of December 31, 2023
					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.	\$ 3,470,264 (CNY 802,002 thousand)	Others	\$ 51,561 (US\$ 1,579 thousand)	\$ -	\$ -	\$ 51,561 (US\$ 1,579 thousand)	\$ 307,820 (CNY 70,029 thousand)	1.21	\$ -	\$ 75,507	\$ -

2. Upper limit of investment in mainland China:

Accumulated Investment in Mainland China as of December 31, 2023 (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)	\$49,540 (US\$1,613 thousand)	\$833,273

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, 2023.

Note 3: The NTD amount was converted using the average USD buying and selling rates for the year ended December 31, 2023.

Note 4: The amount was calculated based on 60% of Concord Futures' net asset value as of December 31, 2023.

Note 5: The NTD amount was converted using the average CNY buying and selling rates during 2023.

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	2023	2022	Change	
			Amount	%
Current Assets	33,955,233	29,268,209	4,687,024	16.01
Property and Equipment	1,055,970	1,051,657	4,313	0.41
Intangible Assets	60,377	65,137	(4,760)	(7.31)
Other Assets	5,243,433	5,462,024	(218,591)	(4.00)
Total Assets	40,315,013	35,847,027	4,467,986	12.46
Current Liabilities	30,099,486	26,887,347	3,212,139	11.95
Non-current Liabilities	1,287,332	1,061,909	225,423	21.23
Total Liabilities	31,386,818	27,949,256	3,437,562	12.30
Equity Attributable to Owners of the Parent	8,868,649	7,838,334	1,030,315	13.14
Capital Stock	5,944,550	5,944,550	0	0.00
Additional Paid-In Capital	175,331	175,320	11	0.01
Retained Earnings	2,306,912	1,327,283	979,629	73.81
Other Equity	441,856	391,181	50,675	12.95
Treasury Stock	0	0	0	0
Non-controlling Interest	59,546	59,437	109	0.18
Total Equity	8,928,195	7,897,771	1,030,424	13.05

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

1. Non-current Liabilities: Mainly due to the increase in financial liabilities at fair value through profit or loss and net defined benefit liability.
2. Retained earnings: Mainly due to the better operating profit in 2023.

Analysis of Financial Status - Parent Company Only

Expressed in thousands of NT\$

Item \ Year	2023	2022	Change	
			Amount	%
Current Assets	26,636,355	23,533,580	3,102,775	13.18
Property and Equipment	809,656	806,045	3,611	0.45
Intangible Assets	16,718	18,973	(2,255)	(11.89)
Other Assets	6,286,363	6,494,820	(208,457)	(3.21)
Total Assets	33,749,092	30,853,418	2,895,674	9.39
Current Liabilities	23,596,658	21,959,442	1,637,216	7.46
Non-current Liabilities	1,283,785	1,055,642	228,143	21.61
Total Liabilities	24,880,443	23,015,084	1,865,359	8.10
Capital Stock	5,944,550	5,944,550	0	0.00
Additional Paid-In Capital	175,331	175,320	11	0.01
Retained Earnings	2,306,912	1,327,283	979,629	73.81
Other Equity	441,856	391,181	50,675	12.95
Treasury Stock	0	0	0	0
Total Equity	8,868,649	7,838,334	1,030,315	13.14

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

1. Non-current Liabilities: Mainly due to the increase in financial liabilities at fair value through profit or loss and net defined benefit liability.
2. Retained earnings: Mainly due to the better operating profit in 2023.

7.2 Analysis of Operation Results

Analysis of Operation Results - Consolidated

Expressed in thousands of NT\$

Item \ Year	2023	2022	Increase (decrease) Amount	Percentage of Change (%)
Revenue	\$ 3,424,191	\$ 2,056,778	1,367,413	66.48
Operating Expenses and Expenditure	<u>2,616,921</u>	<u>2,158,828</u>	458,093	21.22
Operating Income (Loss)	870,270	(102,050)	972,320	952.79
Share of Profit (Loss) of Associates Accounted for Using Equity Method	25,425	(8,844)	34,269	387.48
Other Gains and Losses	<u>237,966</u>	<u>147,558</u>	90,408	61.27
Profit before Tax	1,070,661	36,664	1,033,997	2,820.20
Tax Expenses	<u>66,394</u>	<u>180,364</u>	(113,970)	(63.19)
Profit (Loss) after Tax	<u>\$ 1,004,267</u>	<u>\$ (143,700)</u>	1,147,967	798.86

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 or unrealized 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 or unrealized of securities compared with the same period last year.

Analysis of Operation Results - Parent Company Only

Expressed in thousands of NT\$

Item \ Year	2023	2022	Increase (decrease) Amount	Percentage of Change (%)
Revenue	\$ 2,823,329	\$ 1,333,031	1,490,298	111.80
Operating Expenses and Expenditure	<u>2,047,097</u>	<u>1,528,082</u>	519,015	33.97
Operating Income (Loss)	776,232	(195,051)	971,283	497.96
Share of Profit (Loss) of Subsidiary Accounted for Using Equity Method	114,660	91,850	22,810	24.83
Other Gains and Losses	<u>150,344</u>	<u>108,724</u>	41,620	38.28
Profit before Tax	1,041,236	5,523	1,035,713	18,752.72
Tax Expenses	<u>41,484</u>	<u>154,258</u>	(112,774)	(73.11)
Profit (Loss) after Tax	<u>\$ 999,752</u>	<u>\$ (148,735)</u>	1,148,487	772.17

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 or unrealized 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 or unrealized of securities compared with the same period last year.

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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	2023	2022	Percentage of Increase (Decrease) %
Cash Flow Ratio (%)	Note	17.99	-
Cash Flow Adequacy Ratio (%)	86.90	386.26	(77.50)
Cash Flow Reinvestment Ratio (%)	Note	42.64	-

Liquidity analysis – Parent Company only

Item \ Year	2023	2022	Percentage of Increase (Decrease) %
Cash Flow Ratio (%)	Note	22.99	-
Cash Flow Adequacy Ratio (%)	68.34	379.95	(82.01)
Cash Flow Reinvestment Ratio (%)	Note	45.65	-

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
1,740,731	2,953,289	2,783,638	1,910,382	-	-

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
1,603,026	2,805,019	2,688,516	1,719,529	-	-

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

In recent years, the Company's investment policy focused on the business or investment targets that will contribute the most to the Company's future profits within the current business scope and among the investment projects by securities firms upon approval of the competent authority, in order to increase the Company's overall operating revenue and profit. The purpose of the reinvestment is to establish the diversity of 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. In the face of fierce competition in the industrial environment, the Company has continued to focus on core and promising business with development potential in recent years so as to operate permanently, steadily and sustainably.

7.5.2 The condition of profits generated by the invested company

Among the four subsidiaries invested by the Company in 2023, Concord Futures and Con Lian Asset Management Service Corp. made a profit, while Concord Capital Management and Concord Insurance Agency made a loss. In 2023, Concord Futures made a profit of NT\$105,299 thousand after tax, Con Lian Asset Management made a profit of NT\$21,786 thousand after tax, Concord Capital Management made a loss of NT\$4,790 thousand after tax, and Concord Insurance Agency made a loss of NT\$3,162 thousand after tax.

In 2023, the domestic futures turnover of Concord Futures Corp. was 7,253,146 lots, ranking 7th place among the futures houses. Its overseas futures trade volume was 2,160,254 lots, ranking 7th place among the futures houses. Stock futures and overseas futures were both the focus of the business promotion of Concord Futures Corp. in 2023. A number of financial seminars and promotional events have been organized to raise traders' awareness and willingness to place orders to support business development.

Concord Capital Management's business strategies for year 2023 emphasized business diversity development, integrated marketing, and diversified channels. Currently, the largest source of operating revenue for the Company is the management fee profit generated from the foreign fund inventory. However, in 2023, the global financial markets were still highly volatile, and the net worth of the funds represented by the Company declined and thereby caused the decrease in the management scale and affected the income from management expenses.

In 2023, the overall life insurance commission revenue of Concord Insurance Agency grew by 49% in 2023 from 2022, while the property insurance commission revenue grew by 17%. However, in the life insurance business, due to the significant fluctuation in the USD exchange rate and the aggressive lift rate activated by Fed in March 2022 in order to suppress the inflation, it is difficult for the declared interest rate for USD policies to match the USD time deposit interest rate. The sales of traditional life insurance primarily denominated in USD in the whole market was affected accordingly. In terms of the property insurance business, as various property insurance companies are still trapped in the post-pandemic policy loss stage, in the context of property insurance companies' conservative operations, high commission and killer niche products are adjusted and removed. Meanwhile, the property insurance companies tend to be conservative in underwriting increasingly. This is disadvantageous to development of new insurance business.

The Company's Board of Directors resolved to dissolve Con Lian 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 investees to control the operating risks and costs proactively and effectively and strives for opportunities to make profits this year. The Company will also continue to use the best effort to help subsidiaries with their business development to achieve the goal of contributing positive profit 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.

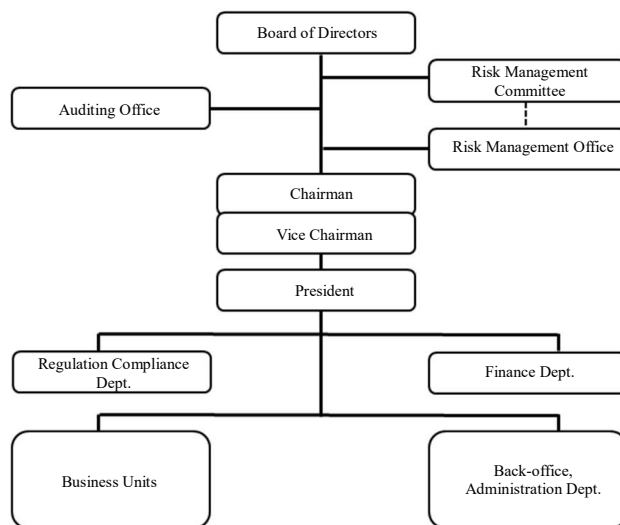
3. Organizational structure and duties of risk management

- (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

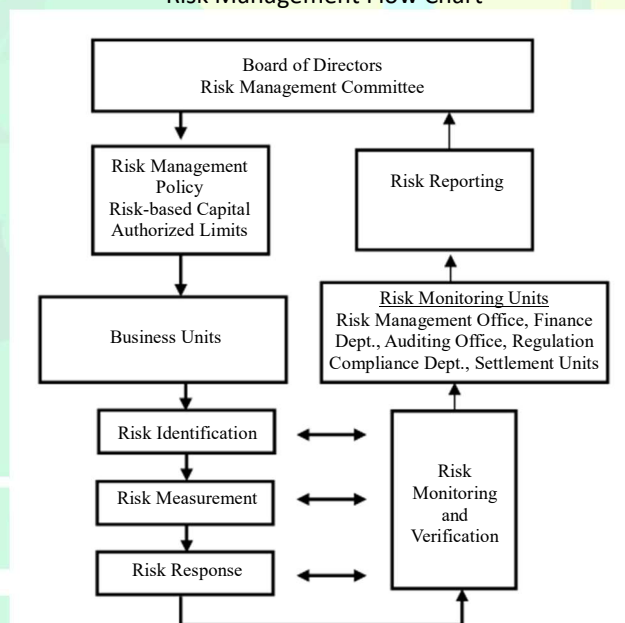


4. Risk Management Process:

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, 2023 is as follows:

A. Capital adequacy ratio (CAR):

Date	December 31, 2023	Average	Maximum	Minimum
Capital adequacy ratio (CAR)	296%	280%	324%	240%

B. Various risk exposure amount:

December 31, 2023

Item	Risk Equivalent (Expressed in thousands of NT\$)
Market Risk	1,071,655
Credit Risk	516,806
Operational Risk	413,393
Total	2,001,854

C. Ratios of Risk Equivalents:

December 31, 2023

Item	Ratio of Risk Equivalent (%)
Market Risk	53.33
Credit Risk	25.82
Operational Risk	20.65
Total	100.00

(2) The Company's market value at risk for the year 2023 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, 2023	Average	Minimum	Maximum
Equity risk	109,251	133,498	69,215	174,042
Interest Rate Risk	9,105	12,489	1,866	27,697
Subtotal	118,356	145,987	-	-
Less: Risk Diversification Benefits	(19,811)	(24,040)	-	-
Total Risks	98,545	121,948	58,229	162,984

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
Revision of the new Diamond trading system	NT\$3 million	December 2027	Parallel Processing
			High Performance Computing
FPGA High Frequency Trading System	NT\$3 million	December 2027	Improving Parallel Computing Capabilities
			Synthesis of higher-order languages circuits
			Core IP development and integration
			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. Establishment of the "Regulations Governing the Reporting of Material Contingency by Securities Firms." (Jin-Guan-Zheng-Quan-Zi No. 1120351844)

Effect on financial operations:

A material contingency refers to any of the following events that affects the reputation the securities firm's reputation, jeopardizes securities firm's normal operations, impairs customers' interests and rights or affects the financial order:

- (1) Man-made or natural disasters (e.g. earthquake, flood, fire and typhoon, etc.).
- (2) Cases of fraud due to poor internal control or major deficiency in operations.
- (3) Security maintenance (e.g. robbery, major theft, damage to business places or equipment, or intimidation).

- (4) There is a material deficiency or loss in business or finance.
- (5) Matters reported by the media that could affect the reputation or operation of the business.
- (6) Occurrence of material cyber security incidents.
- (7) The relevant business of overseas investment of the securities firm is found to have violated the anti-money laundering and countering of terrorism financing.
- (8) In the event of major credit risk overseas and in mainland China, the amount of loss on credits or investment is assessed to be equivalent to US\$10 million or more.
- (9) Other significant events.

Countermeasures: The Company shall amend the "Regulations Governing the Reporting of and Urgent Response to Material Contingency" to handle the relevant reports, if any, in accordance with laws and regulations.

2. Establishment of the "Directions for Securities Firms Entrusting Others to Handle Operations." (Jin-Guan-Zheng-Quan-Zi No. 1120345336)

Effect on financial operations:

The Directions are promulgated in accordance with the subparagraph 18, Paragraph 1, Article 8 of the Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets.

- (1) A securities firm that entrusts a third party to perform operations (hereinafter referred to as "outsourcing") shall enter into a written contract and observe the Directions. However, matters involving foreign exchange shall be handled in accordance with the relevant regulations of the Central Bank.
- (2) For the outsourcing of operations involving the business items stated in the business license or customer information, it shall be limited to the following: (I) Data processing: including the data registration, processing and export in the information system, development, monitoring and maintenance of the information system, and the logistic operations for the business involving data processing. (II) The operation for preservation of data, such as forms and certificates. (III) Electronic channel customers' service including automatic voice mail system service, reply and processing of customer's e-mail, consultation and assistance to electronic channel customers, and phone customer service specialists' service. (IV) Certain items of the internal audit operations. However, it is prohibited from entrusting its independent auditors to handle the matters. (V) Other items that may be outsourced, upon approval by the competent authority.

Countermeasure: The Company will establish the "Directions for Entrusting Others to Handle Operations" to handle the relevant matters, if any, in accordance with laws and regulations.

3. The order concerning amendments to Paragraph 2, Article 37-1 of the "Regulations Governing Securities Firms." (Jin-Guan-Zheng-Fa-Zi No. 11203860677)

Effect on financial operations:

The type and scope of marketable securities stipulated in Paragraph 2, Article 37-1 of the Regulations Governing Securities Firms are stated as follows:

- (1) "FTSE TWSE Taiwan 50 Index," "TWSE Taiwan Mid-Cap 100 Index" and "TPEX 50 Index."
- (2) The subject matter of issuance of call (put) warrants (including the subject matter of incentive A-rated issuers), securities of margin trading and short sale or the subject matter of securities borrowing/lending, or as published by TWSE or TPEX.
- (3) The listed securities whose trading methods or disposal has been changed per the announcement by TWSE or TPEX, or stocks listed on Taiwan Innovation Board, shall be excluded.

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

4. Amendments to Article 2 and Article 8 of the "Standards Governing Eligibility of Securities for Margin Purchase and Short Sale." (Jin-Guan-Zheng-Tou-Zi No. 1120364320)

Effect on financial operations:

- (1) The review standards for margin trading and short sale of TWSE-listed stocks shall apply to the ordinary stocks listed on Taiwan Innovation Board as the subject matter of credit trading; after Taiwan Innovation Board-listed stocks for margin trading and short sale is restated as TWSE-listed stocks, same as the TPEX-listed stocks for margin trading and short sale restated as TWSE-listed stocks, they may be considered as the subject matter of the margin trading and short sale, unless there are excessive concentration of the equity. (amendments to Article 2)
- (2) In response to the application of the Standards to ordinary stocks listed on Taiwan Innovation Board allowed for margin trading and short sale since January 1, 2024, it expressly states that the amended provision shall be enforced as of January 1, 2024 (amendments to Article 8).

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

5. Amendments to Articles 10, 11 and 31 of the "Regulations Governing the Preparation of Financial Reports by Securities Issuers." (Jin-Guan-Zheng-Shen-Zi No. 1120386049)

Effect on financial operations:

- (1) Amendments to the requirements on the classification of current or non-current liabilities in accordance with IAS 1 "Presentation of Financial Statements" (Amended Article 10).
- (2) Considering that on the record date of cash capital increase, the Company already recognized the raised fund as the share capital or capital collected in advance, or issued new shares to employees exercising stock options or holding convertible corporate bonds, who shall be limited to those failing to register it with the competent authority in charge of company registration, the amendments are made to the definition of the share capital and the relevant facts about the pending change registration shall also be disclosed in the Note (amended Article 11).
- (3) Adjust the date of enforcement in response to the amendments (amended Article 31).

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

6. Issue the order in relation to Article 28-4 of the Securities and Exchange Act. (Jin-Guan-Zheng-Fa-Zi No. 11203848301)

Effect on financial operations:

- (1) According to Article 28-4 of the Securities and Exchange Act, the total issuance amount of corporate bonds shall not exceed 200% of the balance of all assets less all liabilities. The total amount includes the secured ordinary corporate bonds, secured convertible corporate bonds, unsecured convertible corporate bonds, secured corporate bonds with warrants and unsecured corporate bonds with warrants.
- (2) The Order is effective immediately; the letter of Securities and Futures Commission, Ministry of Finance under (89) Tai-Cai-Zhen-(1)-Zi No. 69202 dated September 11, 2000 shall cease to be applicable immediately according to the FSC's letter under Jin-Guan-Zheng-Fa-Zi No. 11203848305 dated November 9, 2023.

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

7. Amendments to the Regulations Governing Securities Firms Entrusted to Manage Private Equity Funds. (Jin-Guan-Zheng-Quan-Zi No. 1120384438)

Effect on financial operations:

The key points of this amendment are stated as follows:

- (1) Securities firms shall formulate sound internal control system and risk control and management mechanism with respect to the management philosophy, operating procedures, division of responsibilities, anti-money laundering and countering of terrorism financing, settlement of business dispute, personnel education, training and management, separation from the existing business and prevention of conflict of interest when they are entrusted to manage private equity fund or accept the appointment from private equity fund-related institutions, and execute the same precisely.
- (2) Clearly define the business involving conflict of interest with the securities firms.
- (3) In case of any change in the personnel of the department dedicated to managing the private equity funds, the securities firm shall report and register the change with the industry association within 5 business days as of the date following the change.

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

8. Amendments to certain provisions of the "Regulations Governing Permission and Administration of Securities and Futures Business Dealings and Investment Between the Taiwan Area and the Mainland Area." (Jin-Guan-Zheng-Quan-Zi No. 1120134018)

Effect on financial operations:

The key points of this amendment are stated as follows:

- (1) In response to the deletion of Paragraph 2, Article 100 announced in the amendments to the Futures Trading Act on January 16, 2019, amend the item numbers of the provisions citing the Futures Trading Act (amendments to Article 12 and Articles 16~18).
- (2) Expressly specify the timing for subsequent reporting of material incidents suffered by the securities and futures houses in the mainland China invested by domestic securities/futures houses or any of their subsidiaries in a third region (amended Article 22).

- (3) Expressly specifying the eligibility, application documents and related procedures for domestic securities/futures houses or any of their subsidiaries in a third region to invest in securities and futures subsidiaries in the mainland China (Amended Article 24-1~Article 24-5).
- (4) Expressly specifying the eligibility, application documents and related procedures for domestic securities/futures houses to apply for establishing additional branch companies of their securities or futures subsidiaries in the mainland China (Amended Article 24-6~Article 24-7).
- (5) Regulating the matters to be reported by domestic securities/futures houses to the competent authority, in the case of any changes in the business lines of their securities/futures subsidiaries in the mainland China after they invest in such securities/futures subsidiaries, and the business overview and various financial and business data to be reported in the manner prescribed by the competent authority (amended Article 24-8 to Article 24-11).

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):

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. The Company established the IT Dept. as the dedicated unit. 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.

To rise to the challenge of the industrial changes caused by the digital financial development, the Company has proactively utilized the technologies such as cloud services and big data, and developed AI investments, to establish a competitive advantage of finding differences in similarities, continued to conduct employee transformation and cultivation, create digitalized branches and service platforms, 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.

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, and provides professional and comprehensive services for the investing public. In recent years, the Company has also been committed to promoting the practicing of ESG into the corporate culture to enhance the corporate social responsibility. Therefore, the Company has never suffered the crisis management 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:


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. On April 6, 2023, the Company received the judgment rendered by Taiwan Taipei District Court revoking the motion for reconsideration. Therefore, the judgment became final and irrevocable. This case does not have a material impact on shareholders' rights and interests or securities prices.

The plaintiff and the other person claimed that the natural person and salesperson Mr./Ms. Chen, with the intention of obtaining unlawful gains for himself/herself, deceived the plaintiff by not telling the truth behind transactions and caused damage to the plaintiff and the other person. Therefore, the plaintiff filed a civil action against the defendant and the Company on August 18, 2021, requesting the Company to bear joint and several liabilities for the damage compensation in a total amount of NT\$52,000 thousand. The case is currently under the trial of the Taiwan Taipei District Court. This case does not have a material impact on shareholders' rights and interests or securities prices.

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. On September 8, 2022, Xinyi Precinct issued a letter explaining that nothing has been found yet, and the case was archived preliminarily. This case does not have a material impact on shareholders' rights and interests or securities prices.

On August 18, 2022, the Company reported the hacker's intrusion to the Company's website to the Sanchangli Police Station, Xinyi Precinct, Taipei City Police Department, and filed a criminal complaint in accordance with the law. On September 19, 2022, Xinyi Precinct issued a letter explaining that nothing has been found yet, and the case was archived preliminarily. This case does not have a material impact on shareholders' rights and interests or securities prices.

On September 1, 2022, the Company reported the organization of online investment forum by unknown person in the name of the Company falsely to the Sanchangli Police Station, Xinyi Precinct, Taipei City Police Department, and filed a criminal complaint in accordance with the law. On December 5, 2022,



Xinyi Precinct issued a letter explaining that nothing has been found yet, and the case was archived preliminarily. This case does not have a material impact on shareholders' rights and interests or securities prices.

On November 2, 2022, the Company reported the unknown person's intrusion to the Company's system to the Sanchangli Police Station, Xinyi Precinct, Taipei City Police Department, and filed a criminal complaint in accordance with the law. On September 19, 2022, Xinyi Precinct issued a letter explaining that nothing has been found yet, and the case was archived preliminarily. This case does not have a material impact on shareholders' rights and interests or securities prices.

On November 25, 2022, an unknown person placed two toilets with threatening and insulting words in front of the Company. On November 29, 2022, the Company reported the case to the Sanchangli Police Station, Xinyi Precinct, Taipei City Police Department, and filed a criminal complaint in accordance with the law. Then, the Company petitioned for a reconsideration against the ruling not to prosecute rendered by Taiwan Taipei District Prosecutors Office. On May 30, 2023, the Company received the written decision rendered by Taiwan High Prosecutors Office revoking the petition for reconsideration. The case was concluded accordingly. This case does not have a material impact on shareholders' rights and interests or securities prices.

On July 17, 2023, the Company reported that the Company's app logo was misappropriated by an unknown person to promote unknown stock investment information in the line group to the Sanchangli Police Station, Xinyi Precinct, Taipei City Police Department, and filed a criminal complaint in accordance with the law. On August 14, 2023, Xinyi Precinct issued a letter explaining that nothing has been found yet, and the case was archived preliminarily. This case does not have a material impact on shareholders' rights and interests or securities prices.

On August 7, 2023, the Company reported to the Sanchangli Police Station, Xinyi Precinct, Taipei City Police Department that the Company's customer data were sold by an unknown person via the dark web, and filed a criminal complaint in accordance with the law. On September 4, 2023, Xinyi Precinct issued a letter explaining that nothing has been found yet, and the case was archived preliminarily. This case does not have a material impact on shareholders' rights and interests or securities prices.

When a customer of the Company received a phone call from a person other than the Company's sales representatives, it was possible that the Company's system might be invaded by unknown hackers. On September 5, 2023, the Company filed a criminal complaint with the Taipei City Field Division, Investigation Bureau, Ministry of Justice. This case does not have a material impact on shareholders' rights and interests or securities prices.

On October 11, 2023, the Company received a civil complaint from the plaintiff requesting the payment of labor pension, for a total amount of NT\$637 thousand. The case is currently pending trial by Taiwan Taichung District Court. 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 October 11, 2023. The Company filed a motion to Taiwan Taipei District Court for issuance of a payment order in a total amount of NT\$281 thousand on October 31, 2023. The case is currently pending trial by Taiwan Taipei District Court. 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, Taiwan Taipei District Court ruled the exemption from liability for the debtor's petition for liquidation of debts. The Company filed an appeal in accordance with the law. On July 7, 2023, the Company received the civil judgment rendered by Taiwan Taipei District Court revoking the appeal. The case became final and irrevocable. 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 on May 15, 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 on July 1, 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 12, 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 on December 20, 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 12, 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 on December 20, 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 on February 4, 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. On November 19, 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 8, 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. The debtor has repaid the debt in full on November 24, 2023. 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. The debtor has repaid the debt in full on May 7, 2023. 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 defaulted 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 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 Renai Branch customer was reported to have defaulted 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 on February 4, 2023. 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 Neihu Branch customer was reported to have defaulted on June 12, 2023, the Company filed a motion to Taiwan Taipei District Court for ruling on promissory notes in a total amount of NT\$639 thousand on August 11, 2023. 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 Yenping Branch customer was reported to have defaulted on July 14, 2023, the Company filed a motion to Taiwan Taipei District Court for ruling on promissory notes in a total amount of NT\$100 thousand on July 14, 2023. 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 Kaohsiung Branch customer was reported to have defaulted on July 4, 2023, the Company filed a motion to Taiwan New Taipei District Court for issuance of a payment order in a total amount of NT\$494 thousand on August 10, 2023. 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 September 13, 2023, the Company filed a motion to Taiwan Taipei District Court for ruling on promissory notes in a total amount of NT\$904 thousand on September 28, 2023. The ruling on promissory notes has been determined. Now, the Company is applying with the court for the issuance of the Certificate of the Obligatory Claim. 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 October 27, 2023, the Company filed a motion to Taiwan Taipei District Court for ruling on promissory notes in a total amount of NT\$1,159 thousand on November 2, 2023. 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 Branch customer was reported to have defaulted on December 19, 2023, for a total of NT\$317 thousand. 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 March 24, 2022 and March 28, 2022. The Company filed a complaint against the defendant claiming the payment of stock payment,

NT\$407 thousand, on August 1, 2022. On December 14, 2022, the Company received the final and irrevocable judgment rendered by Taiwan Taipei District Court in favor of the Company. The Company applied for compulsory enforcement; however, the amount is not paid off. 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 February 2, 2021. The Company filed a complaint against the defendant claiming the payment of stock payment, NT\$115 thousand, on December 12, 2021. On August 19, 2022, the Company received the final and irrevocable judgment rendered by Taiwan Taipei District Court in favor of the Company. Both parties reached the agreement on repayment, and the debt was repaid in full on September 4, 2023. 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. So far, both parties have reached settlement for most cases. Meanwhile, the judgment rendered by Taiwan Taipei District Court in favor of Concord Futures became final and irrevocable. The remaining one case is pending trial by Taiwan High Court. This case does not have a material impact on shareholders' rights and interests or securities prices.

Due to the event of a negative price of overseas small light crude oil on April 21, 2020, Concord Futures, one of the Company's important subsidiaries, has conducted civil debt settlement and compensation for damages with a total of 3 investors since October 2020, a lawsuit requesting a total of 16,585 thousand. So far, the judgment rendered by Taiwan Taipei District Court in favor of Concord Futures has become final and irrevocable. The remaining two cases are still pending trial by Taiwan High Court and Supreme 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, 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.
- (10) The implementation status of the Company's intellectual property management plan was reported to the board of directors in December 16, 2022.
- (11) Obtained the invention patent for "Device generating data index value, method for generating data index value and computer program product therefor" on October 21, 2023, as one of the research results in the FPGA R&D project cooperating with National Yang Ming Chiao Tung University.
- (12) The implementation status of the Company's intellectual property management plan as reported to the Board of Directors in December 15, 2023.

2. Achievement of obtaining intellectual property

Patents: As of November 1, 2023, a total of 3 international patents have been approved and are still valid, and a total of 4 international patents under application in other countries.

Status	Invention in Taiwan	Invention in China	Total
Approved and Valid	4 (Note 1)	0	4
Under application	1	3	4

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	-
Device generating data index value, method for generating data index value and computer program product therefor	2023.10.21	2023/10/21~2042/12/29	-

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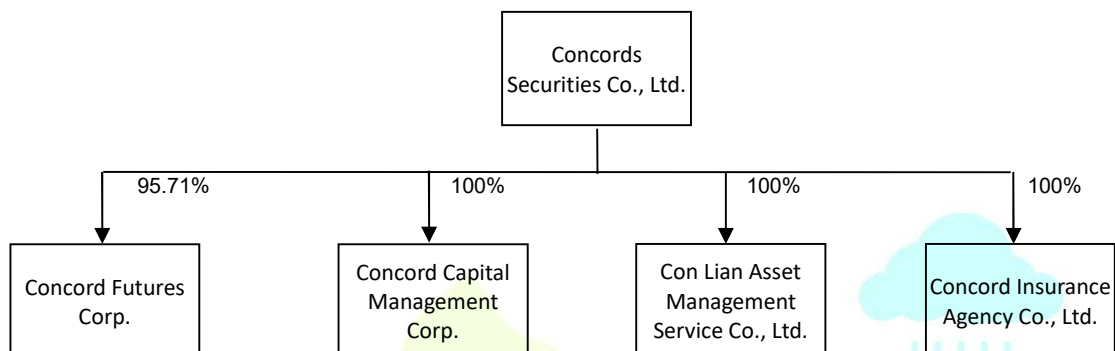
VIII. Special Disclosure

8.1 Summary of Affiliated Companies

8.1.1 Consolidated Business Report

8.1.1.1 Organizational chart of affiliated enterprises

March 31, 2024



8.1.1.2 Name, date of incorporation, address, paid in capital, and main business items of affiliated enterprises

March 31, 2024

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, 2024

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	Pai, Kuang-Hui			
	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 2023)

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	88,487	12,050	76,437	26,821	(5,397)	(4,790)	(0.68)
Concord Futures Corp.	815,000	8,319,984	6,931,195	1,388,789	599,119	24,233	105,299	1.29
Con Lian Asset Management Service Co., Ltd.	549,000	579,972	6,900	573,072	0	0	21,786	0.40
Concord Insurance Agency Co., Ltd.	25,000	21,835	5,521	16,314	10,730	(3,400)	(3,162)	(1.26)

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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, 2023 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

February 27, 2024

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 2023, our capital adequacy rate stood at 296%, As of March 2024, our capital adequacy rate stood at 313%.

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

Concord Securities Co., Ltd.

Chairman

CHENG, TA-YU

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