Concord Securities Co., Ltd. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2015 and 2014 and Independent Auditors' Report

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, 2015 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 Standards 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 do not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

CONCORD SECURITIES CO., LTD.

By

March 17, 2016

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated balance sheets of Concord Securities Co., Ltd. (the "Corporation") and its subsidiaries as of December 31, 2015 and 2014, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2015 and 2014. These consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. The Corporation's subsidiaries and stock investments measured by equity method included amounts and related disclosures based on financial statements of subsidiaries and associates audited by other auditors. The subsidiaries' assets amounted to $1,183,019 thousand and $1,341,224 thousand, or 3.48% and 3.47% of total assets as of December 31, 2015 and 2014, respectively, and operating income amounted to $41,545 thousand and $79,046 thousand, or 1.70% and 3.40% of consolidated operating income for the years ended December 31, 2015 and 2014, respectively. The investments in associates measured by equity method amounted to $498,604 thousand and $479,122 thousand as of December 31, 2015 and 2014, or 1.47% and 1.24%, respectively, of total assets, and the share of profit (loss) of associates amounted to net profit of $20,493 thousand and net loss of $21,505 thousand, or 7.93% and (19.94%) of consolidated profit before tax for the years ended December 31, 2015 and 2014, respectively.

We conducted our audits in accordance with the Rules Governing the Audit of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Concord Securities Co., Ltd. and its subsidiaries as of December 31, 2015 and 2014 and their consolidated financial performance and their consolidated cash flows for the years ended December 31, 2015 and 2014, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Firms, and Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed by the Financial Supervisory Commission of the Republic of China.

We have also audited the parent company only financial statements of Concord Securities Co., Ltd. as of and for the years ended December 31, 2015 and 2014 on which we have issued an unqualified report with modified wordings.

March 17, 2016

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying 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, 2015 AND 2014
(In Thousands of New Taiwan Dollars)

	2015		2014	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 1,393,539	4	$ 1,118,947	3
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	16,589,139	49	16,813,652	43
Available-for-sale financial assets - current (Notes 4 and 9)	316,262	1	279,073	1
Bond investments under resale agreements (Notes 4 and 10)	1,383,865	4	2,766,814	7
Margin loans receivable (Note 4)	4,319,499	13	5,772,375	15
Refinancing margin	20,941	-	10,109	-
Refinancing collateral receivable	17,994	-	9,400	-
Customers' margin accounts (Notes 4 and 11)	2,949,385	9	2,916,976	8
Futures trading margin receivables (Notes 4 and 12)	225	-	525	-
Security borrowing collateral price (Note 4)	111,528	-	241,856	1
Security borrowing margin (Note 4)	110,950	-	219,835	1
Notes and accounts receivable (Notes 4, 13 and 32)	2,091,633	6	3,672,686	9
Prepayments	17,324	-	19,714	-
Other receivables	14,761	-	13,650	-
Other financial assets - current (Notes 4 and 14)	547,937	2	829,295	2
Current tax assets (Notes 4 and 27)	34,660	-	39,904	-
Restricted assets - current (Note 32)	621,500	2	635,200	2
Other current assets	210,087	1	4,908	-
Total current assets	30,751,229	91	35,364,919	92
NON-CURRENT ASSETS				
Financial assets measured at cost - non-current (Notes 4 and 8)	182,217	-	40,656	-
Available-for-sale financial assets - non-current (Notes 4 and 9)	-	-	120,267	-
Investments accounted for using equity method (Notes 4 and 16)	498,604	1	479,122	1
Property and equipment (Notes 4, 17 and 33)	1,213,364	4	1,193,453	3
Investment properties (Notes 4, 18 and 33)	219,360	1	240,465	1
Intangible assets (Notes 4 and 19)	71,752	-	69,695	-
Deferred tax assets (Notes 4 and 27)	81,023	-	69,171	-
Other non-current assets (Note 20)	930,900	3	1,040,959	3
Total non-current assets	3,197,220	9	3,253,788	8
TOTAL	$ 33,948,449	100	$ 38,618,707	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 21 and 33)	$ 350,000	1	$ 497,000	1
Commercial paper payable (Notes 21 and 33)	3,173,298	9	4,979,068	13
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	1,081,394	3	2,328,410	6
Liabilities for bonds with repurchase agreements (Notes 4, 22 and 32)	13,583,410	40	13,273,990	34
Securities financing refundable deposits (Note 4)	394,820	1	582,678	1
Deposits payable for securities financing (Note 4)	435,252	1	749,159	2
Futures traders' equity (Notes 4, 11 and 32)	2,947,691	9	2,967,913	8
Accounts payable (Note 23)	3,279,685	10	4,959,794	13
Other payables	349,099	1	305,293	1
Current tax liabilities (Notes 4 and 27)	8,868	-	3,004	-
Provisions - current	22,139	-	22,341	-
Other current liabilities	263,239	1	34,253	-
Total current liabilities	25,888,895	76	30,702,903	79
NON-CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss - non-current (Notes 4 and 7)	93,401	-	4,039	-
Provisions - non-current	14,677	-	14,677	-
Deferred tax liabilities (Notes 4 and 27)	5,333	-	4,599	-
Other liability - refundable deposits	2,054	-	1,260	-
Accrued pension liabilities - non-current (Notes 4 and 24)	184,575	1	184,819	1
Total non-current liabilities	300,040	1	209,394	1
Total liabilities	26,188,935	77	30,912,297	80
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Note 25)				
Share capital	6,883,368	20	6,883,368	18
Capital surplus	17,761	-	17,761	-
Retained earnings				
Legal reserve	8,355	-	1,686	-
Special reserve	859,768	3	848,434	2
Unappropriated earnings	286,346	1	66,690	-
Total retained earnings	1,154,469	4	916,810	2
Other equity	(75,162)	-	16,811	-
Treasury stock	(265,151)	(1)	(170,856)	-
Total equity attributable to owners of the Corporation	7,715,285	23	7,663,894	20
NON-CONTROLLING INTERESTS	44,229	-	42,516	-
Total equity	7,759,514	23	7,706,410	20
TOTAL	$ 33,948,449	100	$ 38,618,707	100

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

(With Deloitte & Touche auditors’ report dated March 17, 2016)

CONCORD SECURITIES CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2015		2014	
	Amount	**%**	**Amount**	**%**
REVENUES				
Brokerage commission revenue (Note 32)	$ 1,227,737	50	$ 1,328,763	57
Income from securities lending	708	-	1,596	-
Underwriting commissions	71,734	3	71,697	3
Gains on sale of securities, net	191,925	8	171,845	7
Revenue from providing agency service for stock affairs	12,821	-	11,913	-
Interest income	577,012	24	663,198	29
Dividend income	64,767	3	65,715	3
Valuation gains (losses) on operating securities at fair value through profit or loss, net	47,875	2	(109,028)	(5)
Losses on covering of borrowed securities and bonds with resale agreements, net	(45,617)	(2)	(14,431)	(1)
Valuation gain (losses) on borrowed securities and bonds with resale agreements, net	9,657	-	(8,755)	-
Gains on issuance of stock warrants, net	39,682	2	22,607	1
Gains on derivative instruments - futures, net	145,441	6	60,455	3
Gain (losses) on derivative instruments - OTC, net	32,546	1	(3,161)	-
Other operating income (Note 32)	71,519	3	61,158	3
Total revenues	2,447,807	100	2,323,572	100
EXPENSES				
Handling fee expenses	(193,379)	(8)	(169,824)	(7)
Finance costs (Note 32)	(124,486)	(5)	(130,024)	(6)
Futures commission expense	(58,160)	(2)	(76,877)	(3)
Securities commission expense	(24,390)	(1)	(10,148)	-
Expenses of clearing and settlement	(101,292)	(4)	(81,153)	(3)
Other operating costs	(19,837)	(1)	(18,992)	(1)
Employee benefits expense	(1,159,119)	(47)	(1,184,922)	(51)
Depreciation and amortization	(74,985)	(3)	(90,052)	(4)
Other operating expenses	(585,195)	(24)	(594,384)	(26)
NET OPERATING GAIN (LOSS) (Notes 4 and 26)	106,964	5	(32,804)	(1)
SHARE OF PROFIT OR LOSS OF ASSOCIATES (Notes 4 and 16)	20,493	1	(21,505)	(1)
OTHER INCOME AND EXPENSES (Notes 4 and 26)	130,890	5	162,139	7
PROFIT BEFORE TAX	258,347	11	107,830	5
INCOME TAX EXPENSE (Notes 4 and 27)	(18,094)	(1)	(33,607)	(2)
NET PROFIT FOR THE YEAR	240,253	10	74,223	3

(Continued)

CONCORD SECURITIES CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2015		2014	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 24, 25 and 27)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans	$ 1,465	-	$ (4,911)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	(47)	-	662	-
	1,418	-	(4,249)	-
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations	17,590	1	29,325	1
Unrealized losses on available-for-sale financial assets	(106,106)	(5)	(6,744)	-
Share of the other comprehensive income (loss) of associates	(1,011)	-	669	-
Income tax relating to items that may be reclassified subsequently to profit or loss	(2,446)	-	(4,436)	-
	(91,973)	(4)	18,814	1
Other comprehensive income (loss), net	(90,555)	(4)	14,565	1
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 149,698	6	$ 88,788	4
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Corporation	$ 236,221	10	$ 70,954	3
Non-controlling interests	$ 4,032	-	$ 3,269	-
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Corporation	$ 145,686	6	$ 85,504	4
Non-controlling interests	$ 4,012	-	$ 3,284	-
EARNINGS PER SHARE (Note 28)				
Basic	$0.35		$0.10	
Diluted	$0.35		$0.10	

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

(With Deloitte & Touche auditors' report dated March 17, 2016) (Concluded)

CONCORD SECURITIES CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Corporation (Note 25)										
			Retained Earnings			Other Equity					
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficits)	Exchange Differences on Translating Foreign Operations	Unrealized Gains (Losses) on Available-for-sale Financial Assets	Treasury Stock	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2014	$ 6,883,368	$ 17,761	$ 1,686	$ 892,140	$ (43,706)	$ (5,653)	$ 3,650	$ -	$ 7,749,246	$ 40,940	$ 7,790,186
Appropriation of 2013 earnings											
Offset of accumulated deficits by special reserve	-	-	-	(27,927)	27,927	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(15,779)	15,779	-	-	-	-	-	-
Net profit for the year ended December 31, 2014	-	-	-	-	70,954	-	-	-	70,954	3,269	74,223
Other comprehensive income (loss) for the year ended December 31, 2014, net of income tax	-	-	-	-	(4,264)	24,889	(6,075)	-	14,550	15	14,565
Purchase of treasury stock	-	-	-	-	-	-	-	(170,856)	(170,856)	-	(170,856)
Change in non-controlling interest	-	-	-	-	-	-	-	-	-	(1,708)	(1,708)
BALANCE AT DECEMBER 31, 2014	6,883,368	17,761	1,686	848,434	66,690	19,236	(2,425)	(170,856)	7,663,894	42,516	7,706,410
Appropriation of 2014 earnings											
Legal reserve	-	-	6,669	-	(6,669)	-	-	-	-	-	-
Special reserve	-	-	-	13,338	(13,338)	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(2,004)	2,004	-	-	-	-	-	-
Net profit for the year ended December 31, 2015	-	-	-	-	236,221	-	-	-	236,221	4,032	240,253
Other comprehensive income (loss) for the year ended December 31, 2015, net of income tax	-	-	-	-	1,438	15,144	(107,117)	-	(90,535)	(20)	(90,555)
Purchase of treasury stock	-	-	-	-	-	-	-	(94,295)	(94,295)	-	(94,295)
Change in non-controlling interest	-	-	-	-	-	-	-	-	-	(2,299)	(2,299)
BALANCE AT DECEMBER 31, 2015	$ 6,883,368	$ 17,761	$ 8,355	$ 859,768	$ 286,346	$ 34,380	$ (109,542)	$ (265,151)	$ 7,715,285	$ 44,229	$ 7,759,514

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

(With Deloitte & Touche auditors' report dated March 17, 2016)

CONCORD SECURITIES CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	$ 258,347	$ 107,830
Adjustments for:		
Depreciation	52,393	64,177
Amortization	22,592	25,875
(Reversal of) bad debt expense	(1,164)	1,621
Net loss on fair value changes on financial assets and liabilities at fair value through profit or loss	3,846	121,913
Finance costs	124,486	130,024
Interest income	(624,256)	(713,931)
Dividend income	(138,707)	(77,224)
Share of (profit) loss of associates	(20,493)	21,505
Loss on disposal of property and equipment	358	234
Loss on disposal of intangible assets	-	1,034
Loss (gain) on disposal of investment	90,651	(30,192)
Impairment loss on financial assets	2,110	2,397
(Reversal of) impairment loss on non-financial assets	(13,042)	4,304
Other items	2,230	(14,478)
Changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	220,955	(5,510,887)
Bond investments under resale agreements	1,382,949	(946,716)
Margin loans receivable	1,454,492	(584,044)
Refinancing margin	(10,832)	(4,000)
Refinancing collateral receivable	(8,594)	(3,211)
Customers' margin accounts	(32,409)	651,535
Futures trading margin receivables	300	300
Security borrowing collateral price	130,328	(128,747)
Security borrowing margin	108,885	(115,941)
Notes receivable	244	(66)
Accounts receivable	1,559,146	835,043
Prepayments	2,452	8,435
Other receivables	(1,283)	19,487
Other financial assets	281,358	69,682
Other current assets	(191,479)	212,809
Liabilities for bonds with repurchase agreements	309,420	4,008,560
Financial liabilities at fair value through profit or loss	(1,203,103)	752,574
Securities financing refundable deposits	(187,858)	176,553
Deposits payable for securities financing	(313,907)	126,854
Futures traders' equity	(20,222)	(571,535)
Accounts payable	(1,679,997)	(456,579)
Other payables	43,826	40,836
Accrued pension liabilities	1,221	4,021
Provisions	(202)	2,516
Other current liabilities	228,986	(90,282)
Cash generated from (used in) operations	1,834,027	(1,857,714)

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CONCORD SECURITIES CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars)

	2015	2014
Interest received	$ 646,974	$ 655,625
Dividend received	63,432	73,947
Interest paid	(124,618)	(130,352)
Income tax paid	(20,656)	(54,062)
Net cash generated from (used in) operating activities	2,399,159	(1,312,556)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of available-for-sale financial assets	(96,143)	(367,995)
Disposal of available-for-sale financial assets	73,115	115,882
Purchase of financial assets measured at cost	(189,161)	(15,000)
Disposal of financial assets measured at cost	-	6,244
Acquisition of property and equipment	(37,991)	(21,963)
Proceeds from disposal of property and equipment	3	399
Decrease in operating deposits	96,341	23,805
Decrease (increase) in clearing and settlement fund	10,099	(1,463)
(Increase) decrease in refundable deposits	(317)	1,214
Acquisition of intangible assets	(22,801)	(16,992)
Decrease (increase) in other non-current assets	2,244	(692)
Dividend received	73,940	3,040
Other investing activities items	-	14,300
Net cash used in investing activities	(90,671)	(259,221)
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) increase in short-term borrowings	(147,000)	417,000
(Decrease) increase in commercial paper payable	(1,808,000)	898,000
Increase in other liability - refundable deposits	794	620
Purchase of treasury stock	(94,295)	(170,856)
Change in non-controlling interests	(2,299)	(1,708)
Net cash generated from (used in) financing activities	(2,050,800)	1,143,056
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	16,904	28,676
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	274,592	(400,045)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,118,947	1,518,992
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 1,393,539	$ 1,118,947

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

(With Deloitte & Touche auditors' report dated March 17, 2016) (Concluded)

1. GENERAL INFORMATION

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

The Corporation was further authorized to engage in futures brokerage on February 2, 1998. However, when a subsidiary, Concord Futures Corp., launched its businesses on May 1, 2000, the Corporation transferred all 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, 2015, the Corporation had 20 branches, including offshore securities unit, supporting its head office.

The names of subsidiaries and their businesses are listed in Note 15.

The consolidated financial statements were prepared and presented New Taiwan dollar which is the functional currency of the group.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Corporation's board of directors on March 17, 2016.

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

a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Firms and the 2013 version of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) endorsed by the FSC.

   Rule No. 1030034680 and Rule No. 1030016580 issued by the FSC, stipulated that the securities firms should apply the 2013 version of IFRS, IAS, IFRIC and SIC (collectively, the "IFRSs") endorsed by the FSC and the related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Firms starting January 1, 2015.

   Except for the following, it doesn't have any material impact on the corporation and subsidiaries's (collectively referred to as the "Group") accounting policies of the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Firms and the 2013 IFRSs version.

1) IFRS 13 “Fair Value Measurement”

IFRS 13 establishes a single source of guidance for fair value measurements. It defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The disclosure requirements in IFRS 13 are more extensive than in past standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy previously required only for financial instruments are extended by IFRS 13 to cover all assets and liabilities within its scope.

The fair value measurements under IFRS 13 are applied prospectively since January 1, 2015. Refer to Note 31 for related disclosures.

2) Amendment to IAS 1 “Presentation of Items of Other Comprehensive Income”

The amendment to IAS 1 requires items of other comprehensive income to be grouped into those items that (1) will not be reclassified subsequently to profit or loss; and (2) may be reclassified subsequently to profit or loss. Income taxes on related items of other comprehensive income are grouped on the same basis. Under the previous IAS 1, there were no such compulsory requirements.

The Group retrospectively applied the above amendments starting in 2015. Items not expected to be reclassified to profit or loss are remeasurements of the defined benefit plans. Items expected to be reclassified to profit or loss are the exchange differences on translating foreign operations, unrealized gain (loss) on available-for-sale financial assets and share of the other comprehensive income (except the share of the remeasurements of the defined benefit plans) of associates and joint ventures accounted for using the equity method. It did not have any impact on the net profit for the year, other comprehensive income for the year (net of income tax), and total comprehensive income for the year due to the application of the above amendments.

3) Revision to IAS 19 “Employee Benefits”

The interest cost and expected return on plan assets used in previous IAS 19 are replaced with a “net interest” amount, which is calculated by applying the discount rate to the net defined benefit liability or asset. In addition, the revised IAS 19 introduces certain changes in the presentation of the defined benefit cost and also includes more extensive disclosure.

It did not have any material impact on the Group of the initial application of the revised IAS 19 in 2015.

b. New IFRSs in issue but not yet endorsed by the FSC

On March 10, 2016, the FSC announced the scope of IFRSs to be endorsed and will take effect from January 1, 2017. The scope includes all IFRSs that were issued by the IASB before January 1, 2016 and have effective dates on or before January 1, 2017, which means the scope excludes those that are not yet effective as of January 1, 2017 such as IFRS 9 “Financial Instruments” and IFRS 15 “Revenue from Contracts with Customers” and those with undetermined effective date. In addition, the FSC announced that the Group should apply IFRS 15 starting from January 1, 2018. As of the date the consolidated financial statements were authorized for issue, the FSC has not announced the effective dates of other new, amended and revised standards and interpretations.

The Group has not applied the following New IFRSs issued by the IASB but not yet endorsed by the FSC.

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016 (Note 3)
IFRS 9 "Financial Instruments"	January 1, 2018
Amendments to IFRS 9 and IFRS 7 "Mandatory Effective Date of IFRS 9 and Transition Disclosures"	January 1, 2018
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 10, IFRS 12 and IAS 28 "Investment Entities: Applying the Consolidation Exception"	January 1, 2016
Amendment to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"	January 1, 2016
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
IFRS 16 "Leases"	January 1, 2019
Amendment to IAS 1 "Disclosure Initiative"	January 1, 2016
Amendment to IAS 7 "Disclosure Initiative"	January 1, 2017
Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017
Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"	January 1, 2016
Amendments to IAS 16 and IAS 41 "Agriculture: Bearer Plants"	January 1, 2016
Amendment to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014
Amendment to IAS 36 "Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets"	January 1, 2014
Amendment to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014
IFRIC 21 "Levies"	January 1, 2014

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after the respective effective dates.

Note 2: The amendment to IFRS 2 applies to share-based payment transactions with grant date on or after July 1, 2014; the amendment to IFRS 3 applies to business combinations with acquisition date on or after July 1, 2014; the amendment to IFRS 13 is effective immediately; the remaining amendments are effective for annual periods beginning on or after July 1, 2014.

Note 3: The amendment to IFRS 5 is applied prospectively to changes in a method of disposal that occur in annual periods beginning on or after January 1, 2016; the remaining amendments are effective for annual periods beginning on or after January 1, 2016.

It would not have any material impact on the Corporation's accounting policies of the initial application of the above New IFRSs, whenever applied, except for the following:

1) IFRS 9 "Financial Instruments"

   <u>Recognition and measurement of financial assets</u>

   With regards to financial assets, all recognized financial assets that are within the scope of IAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at amortized cost or fair value. Under IFRS 9, the requirement for the classification of financial assets is stated below.

   For the Group's debt instruments that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, their classification and measurement are as follows:

   a) For debt instruments, if they are held within a business model whose objective is to collect the contractual cash flows, the financial assets are measured at amortized cost and are assessed for impairment continuously with impairment loss recognized in profit or loss, if any. Interest revenue is recognized in profit or loss by using the effective interest method;

   b) For debt instruments, if they are held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of financial assets, the financial assets are measured at fair value through other comprehensive income (FVTOCI) and are assessed for impairment. Interest revenue is recognized in profit or loss by using the effective interest method, and other gain or loss shall be recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses. When the debt instruments are derecognized or reclassified, the cumulative gain or loss previously recognized in other comprehensive income should be reclassified from equity to profit or loss.

   Except for above, all other financial assets are measured at fair value through profit or loss. However, the Group may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss. No subsequent impairment assessment is required, and the cumulative gain or loss previously recognized in other comprehensive income cannot be reclassified from equity to profit of loss.

   <u>The impairment of financial assets</u>

   IFRS 9 requires that impairment loss on financial assets is recognized by using the "Expected Credit Losses Model". The credit loss allowance is required for financial assets measured at amortized cost. A loss allowance for the 12-month expected credit losses is required for a financial asset if its credit risk has not increased significantly since initial recognition. A loss allowance for full lifetime expected credit losses is required for a financial asset if its credit risk has increased significantly since initial recognition and is not low. However, a loss allowance for full lifetime expected credit losses is not required for trade receivables of material financial constitution.

   For purchased or originated credit-impaired financial assets, the Group takes into account the expected credit losses on initial recognition in calculating the credit-adjusted effective interest rate. Subsequently, any changes in expected losses are recognized as a loss allowance with a corresponding gain or loss recognized in profit or loss.

2) Amendment to IAS 36 "Recoverable Amount Disclosures for Non-financial Assets"

In issuing IFRS 13 "Fair Value Measurement", the IASB made consequential amendment to the disclosure requirements in IAS 36 "Impairment of Assets", introducing a requirement to disclose in every reporting period the recoverable amount of an asset or each cash-generating unit. The amendment clarifies that such disclosure of recoverable amounts is required only when an impairment loss has been recognized or reversed during the period. Furthermore, the Group is required to disclose the discount rate used in measurements of the recoverable amount based on fair value less costs of disposal measured using a present value technique.

3) Annual Improvements to IFRSs: 2010-2012 Cycle

Several standards including IFRS 8 and IFRS 13 were amended in this annual improvement.

The amended IFRS 8 requires an entity to disclose the judgments made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have "similar economic characteristics". The amendment also clarifies that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segments' assets are regularly provided to the chief operating decision-maker.

IFRS 13 was amended to clarify that after application of IFRS 13. Short-term receivables and payables with no stated interest rate can be measured at their original invoice amounts without discounting, if the effect of not discounting is immaterial.

4) Annual Improvements to IFRSs: 2011-2013 Cycle

Several standards, including IFRS 13, were amended in this annual improvement.

The scope in IFRS 13 of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis was amended to clarify that it includes all contracts that are within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within IAS 32.

5) IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers, and it will supersede IAS 18 "Revenue", IAS 11 "Construction Contracts" and a number of revenue-related interpretations from January 1, 2017.

When applying IFRS 15, an entity shall recognize revenue by applying the following steps:

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract; and
- Recognize revenue when the entity satisfies a performance obligation.

When IFRS 15 is effective, an entity may elect to apply this Standard either retrospectively to comparable reporting period or recognize the cumulative effect amount of initially applying this Standard recognized at the date of initial application.

6) Annual Improvements to IFRSs: 2012-2014 Cycle

The amendments to IFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset. Additionally, this standard clarified that in interim report the Corporation does not have to disclose the information of the offsetting financial assets and liabilities except under special circumstances.

Besides the above impact, as of the date the consolidated financial statements were issued, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance, and it will disclose the relevant impact when the assessment is complete.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY

Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulation Governing the Preparation of Financial Reports by Futures Commission Merchant, related regulations and IFRSs which were endorsed 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.

The fair value measurements are grouped into Levels 1 to 3 based on observable level and the importance of the related inputs, which 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; and

b. Assets are expected to be realized within twelve 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 twelve months after the reporting period.

Current liabilities include:

a. Liabilities held primarily for the purpose of trading; and

b. Liabilities due to be settled within twelve months after the reporting period;

c. Liabilities of which the Group does not have an unconditional right to defer settlement for at least twelve months after the reporting period.

Assets and liabilities not mentioned above 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.

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.

<u>Attribution of total comprehensive income to non-controlling interests</u>

Total comprehensive income of subsidiaries is attributed to the owners of the Corporation and to the non-controlling interests even if that results in a deficit balance in the non-controlling interests.

Foreign Currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (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 translated 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 they arise.

Non-monetary items of foreign currencies measured at fair value are translated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the translation of non-monetary items are recognized in profit or loss except for exchange differences arising on the translation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items of foreign currencies that are measured at historical cost are translated by using the rate of transaction date, and it will not retranslated anymore.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including of the subsidiaries or branches operations in other countries or currencies used different with the Corporation) are translated into New Taiwan dollars using 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 arising are recognized in other comprehensive income.

When the Group disposes a foreign operation and loses control or significant influence of that foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Group are reclassified to profit or loss.

Investments in Associates

An associate is an entity over which the Corporation has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting.

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 recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and can not be amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, 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 by the 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 recoverable amount with its carrying amount. Any impairment loss recognized is deducted from the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent of that the recoverable amount of the investment subsequently increases.

Property and Equipment

Property and equipment are initially recognized at cost and subsequently measured based on the cost less accumulated depreciation and accumulated impairment loss.

Property and equipment are depreciated within useful lives by using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual value and depreciation method are reviewed by the Group at least at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

Any gain or loss arising from derecognition of an item of property and equipment is determined by the difference between the proceeds and the carrying amount of the asset and is recognized in profit or loss.

Investment Properties

Investment properties are properties held for earning rentals and/or for capital appreciation. Investment properties also include land held for a currently undetermined purpose of future.

Investment properties are measured initially 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.

Any gain or loss arising from derecognition of investment properties is determined by the difference between the proceeds and the carrying amount of the asset and is recognized in profit or loss.

Goodwill

Goodwill arising from an acquisition of a business is carried at cost at the date of acquisition of the business. Subsequently, it is measured at cost less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

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. The estimated useful life, residual value, and amortization method are reviewed by the Group at least at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives are measured at cost less accumulated impairment loss.

Any gain or loss arising from derecognition of an intangible asset is determined by the difference between the proceeds and the carrying amount of the asset and recognized in profit or loss.

Impairment of Tangible and Intangible Assets Except Goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets, excluding goodwill, 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.

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.

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

Financial Instrument

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss (“FVTPL”)) 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 of purchase or sale of financial assets are recognized and derecognized on a trade date basis.

1) Measurement category

Financial assets are classified into the following specified categories: Financial assets at FVTPL, available-for-sale financial assets and loans and receivables.

a) Financial assets at FVTPL

Financial instruments classified as financial assets measured at FVTPL include financial assets held for trading and those designated as FVTPL on initial recognition.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising from remeasurement recognized in profit or loss.

Investments in equity instruments under financial assets at FVTPL that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are subsequently measured at cost less any identified impairment loss at the end of each reporting period and recognized in a separate line item as financial assets carried at cost. If the fair value of the financial assets can be reliably measured in a subsequent period, the financial assets are remeasured at fair value. The difference between the carrying amount and the fair value is recognized in profit or loss.

b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or not classified as loans and receivables or financial assets at FVTPL.

Available-for-sale financial assets are measured at fair value. Changes in the carrying amount of available-for-sale monetary financial assets due to changes in foreign currency exchange rates, interest income calculated using the effective interest method and dividends on available-for-sale equity investments are recognized in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognized in other comprehensive income and they will be reclassified to profit or loss when investments are disposed of or determined to be impaired.

Dividends on available-for-sale equity instruments are recognized immediately in profit or loss when the Group’s right to receive the dividends is established.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment loss at the end of each reporting period and are recognized in a separate line item as financial assets carried at cost. If, in a subsequent period, the fair value of the financial assets can be reliably measured, the financial assets are remeasured at fair value. The difference between carrying amount and fair value is recognized in other comprehensive income. Any impairment losses are recognized in profit and loss.

c) Loans and receivables

Loans and receivables (including accounts receivable, cash and cash equivalents and other receivables) are measured at amortized cost using the effective interest method, less any impairment, except for short-term receivables when the effect of discount is immaterial.

Cash equivalent includes time deposits and excess futures trading margins with original maturities within three months from the date of acquisition, highly liquid, readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

2) Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been weakened.

For financial assets carried at amortized cost, such as accounts receivable and other receivables, are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

For available-for-sale equity investments, a significant or permanent decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

a) Significant financial difficulty of the issuer or counterparty; or

b) Breach of contract, such as a default or delay in interest or principal payments; or

c) It is becoming probable that the borrower will enter bankruptcy or financial re-organization; or

d) The disappearance of an active market for financial asset because of financial difficulties.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss.

In respect of available-for-sale equity securities, impairment loss previously recognized in profit or loss can not be reversed through profit or loss. Any increase in fair value subsequently to an impairment loss is recognized in other comprehensive income. In respect of available-for-sale debt instruments, impairment loss is subsequently reversed through profit or loss if an increase in the fair value of the financial assets can be objectively related to an event occurring after the recognition of the impairment loss.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss can not be reversed in subsequent periods.

The carrying amount of a financial asset is reduced by the impairment loss directly for all financial assets with the exception of accounts receivable and other receivables, where the carrying amount is reduced through the use of an allowance account. When accounts receivable and other receivables are considered uncollectible, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

3) Derecognition of financial assets

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

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in 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 after deducting 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 classified as at FVTPL, all financial liabilities are measured at amortized cost using the effective interest method.

Financial liabilities at FVTPL are held for trading and designated as at FVTPL.

In the following circumstances the group initially recognizes financial liabilities as designated as at FVTPL.

a) Such designation eliminates or significantly reduces inconsistency of measurement or recognition; or

b) The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is 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, the entire combined contract (asset or liability) can be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising from remeasurement are recognized in profit or loss (excluding any interest or dividend paid on the financial liability). Fair value is determined in the manner described in Note 31.

2) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized 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 warrants, futures, options, convertible bond asset swaps, structured notes, 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 at fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. 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 asset. Any valuation gain or loss calculated using the settlement price announced by 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 accordingly adjusted.

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 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 Transaction

Bond investments under resale agreements and liabilities for bonds with repurchase agreements are recognized as "bond investments under resale agreements" and "liabilities for bonds with repurchase agreements", respectively, and the related interest income and expense are accounted on the basis of the contracted spread.

Margin Loans and Refinancing

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 can not cover the balance of the loan and the customer can not timely settle the deficiency, the balance of the margin loan is reclassified under "overdue receivables." If a collateral security can not be sold in the open market, the balance of the loan is reclassified under "other receivables" or "overdue receivables." Allowance will be recognized after evaluating the uncollectible amounts.

Stock loans are securities lent to customers for short sales. 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 Taiwan Stock Exchange (TSE) or refinancing collaterals. Operating securities will be transferred to 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 before the reclassification. If borrowed securities from TSE are used to lend to others, the Group will recognize the transaction through a memo entry. If the refinancing collaterals are used to lend to others, the Group will not recognize any asset on the ground that the collaterals belong to the customers.

The Group recognized the amount from securities business money lending and securities lending as margin loans receivable or payable on two business days after the transaction date, and accrue bad expense by evaluating possibility of receivables collection at the end of reporting period. The related collaterals were recognized through memo entry and returned while the transactions were settled. The commission on securities business money lending and securities lending were accounted as business lending commission.

Securities collaterals received in the lending and borrowing business are recognized through memo entry otherwise cash collaterals received are recognized as "securities lending refundable deposits." The amount deposited in TSE 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.

Customers' Margin Accounts 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 debit to "customers' margin accounts" and credit to "futures traders' equity." Gains or losses from daily marking to market of the carrying amounts of the contracts and related commission are charged to the customers' margin accounts and futures traders' equity. 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.

Operating Deposits

According to the Rules of Governing Securities Firms and Rules of Governing Futures Commission Merchants, operating deposits are the legal deposits required to deposit in a specific account by Securities and Futures Bureau, FSC, when corporation is registered or when set up new branches. The Corporation may elect to deposit in the forms of cash, government bonds or financial bonds.

Clearing and Settlement Fund

As required by the Rules Governing Securities Firms, securities firms engage in dealing and brokerage business are required to deposit legal funds deposited before and after operation in TSE or ROC OTC.

Provisions

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

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable and deducted estimation of discount to customer and other similar allowance.

When the results of rendering of services could be measured reasonably, revenue from rendering services such as securities brokerage and underwriting commissions, revenue from providing agency service for stock affairs, and commission revenue for futures would be recognized by reference to the stage of completion of the contract at the end of each reporting period.

Dividend income from investments is recognized when the stockholder's right to receive payment has been certain given that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is recorded on the accrual basis, by reference to the principal outstanding and at the effective interest rate applicable.

Leasing

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

a. The Group as lessor

   Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Contingent rent under operating leases is recognized as income when it occurs.

b. The Group as lessee

   Operating lease payments are recognized as an expense on a straight-line basis over the lease term. Contingent rent under operating leases is recognized as expense when it occurs.

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 service.

b. Retirement benefits

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

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

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Group's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

Service cost (including current service cost, and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Group's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

Income Taxes

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

a. Current tax

According to the Income Tax Law, an additional tax at 10% of unappropriated earnings is provided for as income tax in the year the stockholders approve to retain the 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 in the consolidated financial statements 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 these deductible temporary differences can be utilized.

Taxable temporary differences due to investments in subsidiaries and associates are all recognized as deferred tax liabilities, except 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. Deductible temporary differences which is related to these investments are recognized as deferred assets only to the extent that it is probable that there will be sufficient taxable profits against which to use the benefits of the temporary differences and 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. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the 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 each reporting period, to recover or settle the carrying amount of its assets and liabilities.

c. Current and deferred tax for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about 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 to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

a. Fair value of derivative instruments and financial instruments with no public quote at the active market

The Group determines the fair value of derivative instruments and financial instruments with no public quote at then active market using evaluation methods. Refer to Note 31 for related assumptions, estimates and book value.

b. Evaluate of tangible and intangible assets impairment other than goodwill

While evaluating impairment, the Group determines the useful lives of independent cash-generating assets and the future estimated revenues based on subjective judgments, the pattern of economic value of assets, and characteristics of the industry. Any changes of estimates arising from economic circumstances or Group's strategy will probably result in significant impairment loss.

The Group recognized impairment loss for some property and equipment, investment properties and intangible assets at the end of each reporting period (refer to Notes 17, 18 and 19 for details).

c. Realization of deferred tax assets

The possibility of deferred tax assets to be realizable or not depends on if there will be sufficient profits or the taxable temporary differences. If the actual profit less than expectation then it may cause significant reverse of the deferred tax assets. Such reversal shall be recognized through profit or less. Refer to Note 27 for details of the unrecognized amount of deferred tax assets of the group at the end of reporting period.

d. Recognition and measurement of defined benefit plans

Net defined benefit liabilities (assets) and the resulting defined benefit costs under defined benefit pension plans are calculated using the projected unit credit method. Actuarial assumptions comprise the discount rate, rate of employee turnover, expected incremental rate of salaries, etc. Changes in economic circumstances and market conditions will affect these assumptions and may have a material impact on the amount of the expense and the liability to be recognized.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2015	**2014**
Cash on hand and working fund	$ 267	$ 228
Check and demand deposits	391,858	444,866
Foreign currency deposits	602,711	545,189
Cash equivalents		
Time deposits with original maturities less than three months	32,169	6,500
Excess future trading margin	316,557	122,164
Short-term bills	49,977	-
	$ 1,393,539	$ 1,118,947

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

	December 31	
	2015	**2014**
Time deposits with original maturities less than three months	0.32%	0.94%
Short-term bills	0.38%	-

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2015	**2014**
Financial assets at FVTPL - current		
Financial assets held for trading		
Open-end funds and money market instruments	$ 24,295	$ 124,677
Operating securities - dealing	15,980,765	15,677,247
Operating securities - underwriting	231,714	196,831
Operating securities - hedging	185,811	543,043
Securities investments	27,479	32,074
Futures margin - own funds	70,809	29,456
Long options - nonhedging	2,928	995
Derivative financial assets - OTC		
Value of asset swap IRS contracts	17,090	23,982
Asset swap options	48,248	185,347
	$ 16,589,139	$ 16,813,652

(Continued)

	December 31	
	2015	**2014**
Financial liabilities at FVTPL - current		
Financial liabilities held for trading		
Bond investments under resale agreements - short sales	$ 665,265	$ 905,935
Warrants liabilities	1,332,405	1,214,688
Warrants redeemed	(1,302,246)	(1,127,011)
Short options - nonhedging	2,307	1,115
Settlement coverage bonds payable of short sale	-	548,711
Liabilities on sale of borrowed securities - hedging	113,452	255,778
Derivative financial liabilities - OTC		
Value of asset swap IRS contracts	14,696	13,885
Asset swap options	239,421	397,997
	1,065,300	2,211,098
Financial liabilities at FVTPL, designated as upon initial recognition		
Structured notes	16,094	117,312
	$ 1,081,394	$ 2,328,410
Financial liabilities at FVTPL - non-current		
Financial liabilities at FVTPL, designated as upon initial recognition		
Structured notes	$ 93,401	$ 4,039

a. Open-end funds and money market instruments

	December 31	
	2015	**2014**
Open-end funds and money market instruments	$ 23,001	$ 129,487
Valuation adjustment	1,294	(4,810)
	$ 24,295	$ 124,677

b. Operating securities - dealing

	December 31	
	2015	**2014**
Government bonds	$ 11,810,032	$ 10,991,071
Corporate bonds	600,898	711,532
Listed stocks	288,141	597,208
Stocks and convertible bonds traded in OTC market	2,390,382	2,527,839
Emerging stocks	346,482	421,578
Foreign stocks	578,162	546,279
Beneficiary securities	10,000	10,000
	16,024,097	15,805,507
Valuation adjustment	(43,332)	(128,260)
	$ 15,980,765	$ 15,677,247

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

	December 31	
	2015	2014
Government bonds	0.625%-6.250%	0.625%-6.125%
Corporate bonds	1.230%-1.460%	1.230%-1.550%

As of December 31, 2015 and 2014, the face value of the Group's dealing securities and bond investments under resale agreements of $12,444,600 thousand and $12,327,500 thousand, respectively, were provided for repurchase agreements.

c. Operating securities - underwriting

	December 31	
	2015	2014
Listed and OTC stocks and convertible bonds	$ 232,981	$ 195,584
Valuation adjustment	(1,267)	1,247
	$ 231,714	$ 196,831

d. Operating securities - hedging

	December 31	
	2015	2014
Listed stocks and warrants	$ 102,705	$ 283,215
Stocks and warrants traded in the OTC market	87,252	230,238
	189,957	513,453
Valuation adjustment	(4,146)	29,590
	$ 185,811	$ 543,043

e. Securities investments

	December 31	
	2015	2014
Stocks and bonds	$ 27,563	$ 30,728
Valuation adjustment	(84)	1,346
	$ 27,479	$ 32,074

f. Bond investments under resale agreements - short sales

	December 31	
	2015	2014
Government bonds	$ 662,370	$ 904,871
Valuation adjustment	2,895	1,064
	$ 665,265	$ 905,935

g. Warrants

	December 31	
	2015	2014
Warrants liabilities	$ 1,837,286	$ 1,386,812
Less: Gain on changes in fair value	(504,881)	(172,124)
	1,332,405	1,214,688
Warrants redeemed	1,733,919	1,221,682
Less: Loss on changes in fair value	(431,673)	(94,671)
	1,302,246	1,127,011
Net warrants liabilities	$ 30,159	$ 87,677

h. Liabilities on sale of borrowed securities

	December 31	
	2015	2014
Hedging		
Listed and OTC stocks	$ 111,961	$ 242,799
Valuation adjustment	1,491	12,979
	$ 113,452	$ 255,778

i. Futures and options

	December 31	
	2015	2014
Long options - nonhedging		
Index options	$ 2,739	$ 1,559
Gain (loss) on open positions	189	(564)
Fair value	$ 2,928	$ 995
Short options - nonhedging		
Index options	$ (3,858)	$ (1,081)
Gain (loss) on open positions	1,551	(34)
Fair value	$ (2,307)	$ (1,115)

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

		December 31, 2015			
		Opening Position			
Item	Instrument Type	Long/ Short	Volume	Contract Amount/ Premium Paid (Received)	Fair Value
Futures	Stock futures	Long	4	$ 598	$ 622
	MTX	Long	437	180,802	180,809
	SCN	Long	5	1,727	1,718
	TE	Long	10	13,030	13,044

(Continued)

Item	Instrument Type	December 31, 2015 Opening Position Long/ Short	Volume	Contract Amount/ Premium Paid (Received)	Fair Value
	NYMEX - PL	Long	10	$ 14,567	$ 14,660
	STW	Long	32	32,037	31,974
	FFI	Short	8	24,084	24,133
	TF	Short	15	14,672	14,673
	Stock futures	Short	246	73,373	73,894
	TAIEX futures	Short	191	316,204	316,105
	CME - NQ	Short	5	14,913	15,059
	CEM - ES	Short	11	37,012	36,747
	SSI	Short	5	12,848	12,865
Options	TAIEX options - call	Long	251	2,720	2,906
	TAIEX options - put	Long	122	19	22
	TAIEX options - call	Short	30	(275)	(221)
	TAIEX options - put	Short	263	(2,016)	(1,442)
	DAX options - call	Short	1	(42)	(40)
	DAX options - put	Short	1	(45)	(27)
	HHI options - put	Short	5	(49)	(22)
	Nikkei 225 options - call	Short	48	(317)	(1)
	Nikkei 225 options - put	Short	10	(72)	(16)
	NYMEX - CL option - put	Short	22	(424)	(153)
	Mini-S&P (ES) option - call	Short	8	(211)	(139)
	Mini-S&P (ES) option - put	Short	13	(407)	(246)

(Concluded)

Item	Instrument Type	December 31, 2014 Opening Position Long/ Short	Volume	Contract Amount/ Premium Paid (Received)	Fair Value
Futures	Stock futures	Long	28	$ 75,177	$ 78,020
	MTX	Long	280	126,108	129,934
	SCN	Long	15	5,004	5,531
	YM	Long	1	2,840	2,809
	Stock futures	Short	102	25,903	26,141
	TAIEX futures	Short	73	135,379	135,503
	FFI	Short	4	12,656	12,854
	FESX	Short	5	6,058	6,026
	JY	Short	1	3,305	3,303
Options	TAIEX options - call	Long	115	705	760
	TAIEX options - put	Long	190	854	235
	TAIEX options - call	Short	425	(911)	(1,087)
	TAIEX options - put	Short	40	(170)	(28)

The fair value of futures and option contracts is the product of the closing price used by each futures exchange center at the end of the year times the open interest on the contracts, respectively.

As of December 31, 2015 and 2014, futures margins arising from futures and option contracts were \$70,809 thousand and \$29,456 thousand, respectively.

j. Derivative instruments - OTC

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

	Nominal Amount	
	December 31	
	2015	2014
Convertible bond asset swaps	\$ 4,242,400	\$ 4,385,100
Structured notes	132,700	120,800

8. FINANCIAL ASSETS MEASURED AT COST

	December 31	
	2015	2014
Non-current		
Nonpublic common stocks		
Guoyuan Futures Co., Ltd.	\$ 51,561	\$ -
Asia Pacific Emerging Industry Venture Capital Co., Ltd.	30,000	30,000
Taiwan Futures Exchange	98,000	8,000
Taiwan Depository & Clearing Corporation	2,656	2,656
Foursun Tech. Inc.	-	-
	\$ 182,217	\$ 40,656

Management believed that the fair value of the above nonpublic stocks held by the Group cannot be reliably measured due to the very wide range of reasonable fair value estimates; therefore the stocks were measured at cost less accumulated impairment at the end of reporting period.

The Group acquired 1,000 thousand shares of Taiwan Futures Exchange for \$90,000 thousand in December 2015, and the Group holds 0.74% of the shares of Taiwan Futures Exchange after the acquisition.

The Group acquired 1.59% of the ordinary shares of Guoyuan Futures Co., Ltd. for \$51,561 thousand (US\$1,579 thousand) in the second half of 2015.

Foursun Tech. Inc. has terminated its plan to list in the emerging market, so the Group reclassified it from financial assets at FVTPL - current to financial assets measured at cost - non-current, and recognized impairment loss of \$2,110 thousand in the third quarter of 2015.

Taiwan Integrated Shareholder Service Company was merged by Taiwan Depository & Clearing Corporation through the interim stockholders meeting in February 2014. The Group received \$6,244 thousand and recognized loss on disposal of \$356 thousand.

The Group invested Asia Pacific Emerging Industry Venture Capital Co., Ltd. by \$15,000 thousand in February 2014.

The Group assessed the impairment of AnnCare Bio-Tech Center Inc. and recognized impairment loss \$2,397 thousand for the year ended December 31, 2014. As of December 2014, the Group disposed all the shares of AnnCare Bio-Tech Center Inc. and recognized loss on disposal of \$1,003 thousand.

9. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	December 31	
	2015	2014
Current		
Listed and OTC stocks	$ 200,031	$ 279,073
Listed preferred stocks	116,231	-
	$ 316,262	$ 279,073
Non-current		
Listed preferred stocks	$ -	$ 120,267

10. BOND INVESTMENTS UNDER RESALE AGREEMENTS

	December 31	
	2015	2014
Government bonds	$ 1,383,865	$ 2,766,814

The market rates of the bond investments under resale agreements at the end of each reporting period were summarized as follows:

	December 31	
	2015	2014
Government bonds	0.2000%-0.3000%	0.0012%-0.5000%

Bonds outstanding as of December 31, 2015 were resold for $1,383,898 thousand by January 8, 2016 under resale agreements.

Bonds outstanding as of December 31, 2014 were resold for $2,766,884 thousand by January 7, 2015 under resale agreements.

11. CUSTOMERS' MARGIN ACCOUNTS AND FUTURES TRADERS' EQUITY

	December 31	
	2015	2014
Customers' margin accounts		
Cash in banks	$ 2,081,285	$ 1,983,458
Futures clearing institution	620,233	681,370
Other futures commission	247,867	252,148
Customers' margin accounts	2,949,385	2,916,976
Less: Brokerage commission revenue and other operating expenses	(17,834)	(48,949)
Timing differences in receiving customers' deposits	16,140	99,886
Futures traders' equity	$ 2,947,691	$ 2,967,913

12. FUTURES TRADING MARGIN RECEIVABLES

The subsidiary, Concord Futures, brokered futures trading in 2015 and 2011. Due to the huge fluctuations in the futures market, some of the customers barely had time to close out the open position and had defaulted on settlement, which led to bad debt loss of $12 thousand and $50 thousand in 2015 and 2011, respectively. The Group assessed and concluded that the allowance for doubtful accounts recognized in 2011 could not be recovered, so the Group wrote off the allowance for doubtful accounts of $50 thousand in July 2015. At the end of each reporting period, futures trading margin receivables and allowance for doubtful accounts were as follows:

	December 31	
	2015	**2014**
Futures trading margin receivables	$ 237	$ 575
Less: Allowance for doubtful accounts	(12)	(50)
	$ 225	$ 525

13. NOTES AND ACCOUNTS RECEIVABLE

	December 31	
	2015	**2014**
Accounts receivable for settlement - brokerage	$ 1,834,217	$ 2,288,337
Bonds interest receivable	140,604	163,155
Brokerage commissions and refinancing interest receivable	85,749	122,701
Accounts receivable for settlement - dealing	16,517	1,079,937
Notes receivable	136	380
Other	14,410	18,176
	$ 2,091,633	$ 3,672,686

14. OTHER FINANCIAL ASSETS - CURRENT

	December 31	
	2015	**2014**
Time deposits	$ 547,937	$ 829,295

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	
	2015	**2014**
Time deposits	0.62%-1.42%	0.60%-3.30%

15. SUBSIDIARIES

Subsidiaries included in consolidated financial statements were summarized as follows:

Investor	Investee	Main Business	% of Ownership December 31 2015	2014	Remark
The Corporation	Concord Futures Corp. Ltd. (Concord Futures)	Foreign and domestic futures dealing, 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	Kang-Lian AMC. Co., Ltd. (Kang-Lian AMC)	Business management advisory services and asset management services	100.00	100.00	
The Corporation	Concord Managed Futures Corp. (Concord Managed Futures)	Foreign and domestic futures managing, consulting and trust services	100.00	100.00	Note
The Corporation	Concord Insurance Agent Corp. (Concord Insurance)	Life insurance agency	100.00	100.00	
The Corporation	Concord Capital Holdings (Cayman) Limited (Concord Cayman)	Holding company, recognized gain (loss) on invested companies	100.00	100.00	
Concord Capital Holdings (Cayman) Limited	Taiwan Concord Capital Securities (Hong Kong) Limited (TCCS)	Securities and futures brokerage and dealing related services	100.00	100.00	
Taiwan Concord Capital Securities (Hong Kong) Limited	Concord Asset Management (HK) Limited (CAM)	Financial planning and asset management services	100.00	100.00	

Note: The Corporation’s direct shareholding is 60%, up to 100% with all indirect holdings.

16. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Investment in Associates	December 31 2015 Carrying Value	2015 % of Shareholdings	2014 Carrying Value	2014 % of Shareholdings
Individually Immaterial Associates:				
HWA-HO Asset Management Corp.	$ 415,318	47.62	$ 386,075	47.62
Value Partners Concord Assets Management Co., Ltd.	83,286	25.00	93,047	25.00
	$ 498,604		$ 479,122	

The summarized information of individually immaterial associates was as follows:

	For the Years Ended December 31 2015	2014
The Group’s share of:		
Profit (loss) from continuing operations	$ 20,493	$ (21,505)
Other comprehensive income (loss)	(1,011)	669
The comprehensive income (loss)	$ 19,482	$ (20,386)

The Group’s share of profit or loss and other comprehensive income of associates accounted for using equity method were recognized based on the audited financial statements for the years ended December 31, 2015 and 2014.

17. PROPERTY AND EQUIPMENT

	For the Year Ended December 31, 2015					
	Balance at January 1, 2015	Additions	Reductions	Reclassifi-cations	Effect of Exchange Rate Changes, Net	Balance at December 31, 2015
Cost						
Land	$ 874,159	$ -	$ -	$ 22,609	$ -	$ 896,768
Buildings	340,765	-	-	15,639	-	356,404
Equipment	160,508	37,175	(21,444)	-	1,374	177,613
Leasehold improvements	108,210	816	(17,421)	-	208	91,813
	1,483,642	$ 37,991	$ (38,865)	$ 38,248	$ 1,582	1,522,598
Accumulated depreciation						
Buildings	120,404	$ 4,643	$ -	$ 5,387	$ -	130,434
Equipment	102,385	27,170	(21,315)	-	854	109,094
Leasehold improvements	66,973	18,037	(17,192)	-	204	68,022
	289,762	$ 49,850	$ (38,507)	$ 5,387	$ 1,058	307,550
Accumulated impairment	427	$ -	$ (13,042)	$ 14,299	$ -	1,684
Net book value	$ 1,193,453					$ 1,213,364

	For the Year Ended December 31, 2014					
	Balance at January 1, 2014	Additions	Reductions	Reclassifi-cations	Effect of Exchange Rate Changes, Net	Balance at December 31, 2014
Cost						
Land	$ 875,730	$ -	$ -	$ (1,571)	$ -	$ 874,159
Buildings	341,812	-	-	(1,047)	-	340,765
Equipment	174,360	18,396	(33,671)	-	1,423	160,508
Leasehold improvements	180,970	3,567	(76,641)	-	314	108,210
	1,572,872	$ 21,963	$ (110,312)	$ (2,618)	$ 1,737	1,483,642
Accumulated depreciation						
Buildings	114,467	$ 6,086	$ -	$ (149)	$ -	120,404
Equipment	104,820	29,294	(32,835)	-	1,106	102,385
Leasehold improvements	113,473	27,744	(74,535)	-	291	66,973
	332,760	$ 63,124	$ (107,370)	$ (149)	$ 1,397	289,762
Accumulated impairment	427	$ -	$ -	$ -	$ -	427
Net book value	$ 1,239,685					$ 1,193,453

The Corporation disposed the Yuanlin branch in August 2014. The book value of property and equipment of the branch was $2,309 thousand on the date of disposal.

The lands and buildings in Taichung were idle assets until the Corporation used them in business as the office for Taiping branch in August 2015. As a result, the Group recognized gain on reversal of impairment of $13,042 thousand in the third quarter of 2015.

Property and equipment are depreciated on straight-line basis over the following estimated useful lives.

Buildings	55 years
Equipment	2-15 years
Leasehold improvements	2-10 years

The significant part of the Group's building is main building.

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

18. INVESTMENT PROPERTIES

	For the Year Ended December 31, 2015				
	Balance at January 1, 2015	Additions	Reductions	Reclassifi-cations	Balance at December 31, 2015
Cost					
Land	$ 209,813	$ -	$ -	$ (22,609)	$ 187,204
Buildings	69,208	-	-	(15,639)	53,569
	279,021	$ -	$ -	$ 38,248)	240,773
Accumulated depreciation	24,023	$ 2,543	$ -	$ (5,387)	21,179
Accumulated impairment	14,533	$ -	$ -	$ (14,299)	234
Net book value	$ 240,465				$ 219,360

	For the Year Ended December 31, 2014				
	Balance at January 1, 2014	Additions	Reductions	Reclassifi-cations	Balance at December 31, 2014
Cost					
Land	$ 208,242	$ -	$ -	$ 1,571	$ 209,813
Buildings	68,161	-	-	1,047	69,208
	276,403	$ -	$ -	$ 2,618	279,021
Accumulated depreciation	22,821	$ 1,053	$ -	$ 149	24,023
Accumulated impairment	14,533	$ -	$ -	$ -	14,533
Net book value	$ 239,049				$ 240,465

Investment properties are depreciated on straight-line basis over the following estimated useful life of the assets:

Buildings	55 years

As of December 31, 2015 and 2014, the fair value of the Group's investment properties amounted to $307,306 thousand and $335,697 thousand, respectively. The fair value was quoted at the market price of similar properties.

Some investment properties were pledged as collateral for loans (refer to Note 33 for details).

19. INTANGIBLE ASSETS

	December 31 2015	December 31 2014
Computer software	$ 33,910	$ 32,164
Memberships in foreign futures exchanges	33,392	33,392
Trading rights	4,236	4,080
Website constructing expenses	214	59
	$ 71,752	$ 69,695

	For the Year Ended December 31, 2015					
	Balance at January 1, 2015	Additions	Reductions	Reclassifi-cations	Effect of Exchange Rate Changes, Net	Balance at December 31, 2015
Cost						
Computer software	$ 74,206	$ 22,611	$ (33,013)	$ -	$ -	$ 63,804
Memberships in foreign futures exchanges	33,392	-	-	-	-	33,392
Trading rights	5,288	-	-	-	202	5,490
Website constructing expenses	80	190	-	-	-	270
Goodwill	4,494	-	(4,494)	-	-	-
	117,460	$ 22,801	$ (37,507)	$ -	$ 202	102,956
Accumulated amortization						
Computer software	42,042	$ 20,865	$ (33,013)	$ -	$ -	29,894
Website constructing expenses	21	35	-	-	-	56
	42,063	$ 20,900	$ (33,013)	$ -	$ -	29,950
Accumulated impairment						
Trading rights	1,208	$ -	$ -	$ -	$ 46	1,254
Goodwill	4,494	-	(4,494)	-	-	-
	5,702	$ -	$ (4,494)	$ -	$ 46	1,254
Net book value	$ 69,695					$ 71,752

	For the Year Ended December 31, 2014					
	Balance at January 1, 2014	Additions	Reductions	Reclassifi-cations	Effect of Exchange Rate Changes, Net	Balance at December 31, 2014
Cost						
Computer software	$ 97,373	$ 16,992	$ (40,159)	$ -	$ -	$ 74,206
Trademark rights	474	-	(474)	-	-	-
Goodwill	4,233	-	-	-	261	4,494
Trading rights	4,980	-	-	-	308	5,288
Memberships in foreign futures exchanges	33,392	-	-	-	-	33,392
Website constructing expenses	80	-	-	-	-	80
	140,532	$ 16,992	$ (40,633)	$ -	$ 569	117,460

(Continued)

	For the Year Ended December 31, 2014					
	Balance at January 1, 2014	**Additions**	**Reductions**	**Reclassifi-cations**	**Effect of Exchange Rate Changes, Net**	**Balance at December 31, 2014**
Accumulated amortization						
Computer software	$ 57,211	$ 23,878	$ (39,047)	$ -	$ -	$ 42,042
Trademark rights	474	-	(474)	-	-	-
Website constructing expenses	5	16	-	-	-	21
	57,690	$ 23,894	$ (39,521)	$ -	$ -	42,063
Accumulated impairment						
Trading rights	1,138	$ -	$ -	$ -	$ 70	1,208
Goodwill	-	4,304	-	-	190	4,494
	1,138	$ 4,304	$ -	$ -	$ 260	5,702
Net book value	$ 81,704					$ 69,695

(Concluded)

Intangible assets with definite useful lives are amortized on straight-line basis over the following estimated useful lives:

Computer software	2-5 years
Trademark rights	9 years
Website constructing expenses	5 years

The subsidiary, Concord Futures, treated the memberships as intangible assets with an indefinite useful life that will bring net cash inflows over an indefinite time span. Memberships in foreign futures exchanges will not be amortized until the memberships turn into intangible assets with definite useful life. Memberships are tested for impairment at least annually whether there is an indication that the asset may be impaired or not.

Indirect subsidiary, TCCS, assessed that goodwill and trading rights were impaired, so it recognized accumulated impairment.

20. OTHER NON-CURRENT ASSETS

	December 31	
	2015	**2014**
Operating deposits	$ 660,136	$ 756,477
Clearing and settlement fund	225,379	235,478
Refundable deposits	40,481	40,164
Deferred expense	2,648	3,817
Others	2,256	5,023
	$ 930,900	$ 1,040,959

21. BORROWINGS

a. Short-term borrowings

	December 31	
	2015	2014
Secured borrowings	$ 100,000	$ 347,000
Unsecured borrowings	250,000	150,000
	$ 350,000	$ 497,000

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

	December 31	
	2015	2014
Short-term borrowings	1.00%-1.13%	1.05%-1.31%

Some time deposits, property and equipment, investments properties were provided as collateral for bank borrowings and credit line (refer to Note 33 for details).

b. Commercial paper payable

	December 31	
	2015	2014
Commercial paper payable	$ 3,175,000	$ 4,983,000
Less: Discount of commercial paper payable	(1,702)	(3,932)
	$ 3,173,298	$ 4,979,068

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

	December 31	
	2015	2014
Commercial paper payable	0.82%-0.91%	1.00%-1.16%

All commercial papers payable mentioned above were underwritten by bills finance companies or banks. Some time deposits were provided as collateral for commercial paper payable (refer to Note 33 for details).

22. LIABILITIES FOR BONDS WITH REPURCHASE AGREEMENTS

	December 31	
	2015	2014
Government bonds	$ 11,976,230	$ 11,313,741
Corporate bonds	1,607,180	1,960,249
	$ 13,583,410	$ 13,273,990

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

	December 31	
	2015	2014
Government bonds	0.34%-0.46%	0.53%-0.57%
Corporate bonds	0.48%-0.63%	0.63%-0.82%

The bonds outstanding as of December 31, 2015 were repurchased for $13,587,076 thousand by March 10, 2016, under repurchase agreements.

The bonds outstanding as of December 31, 2014 were repurchased for $13,278,144 thousand by March 30, 2015, under repurchase agreements.

23. ACCOUNTS PAYABLE

	December 31	
	2015	2014
Accounts payable for settlement - brokerage	$ 1,514,588	$ 1,745,629
Accounts payable for settlement - dealing	938,180	2,363,778
Others	826,917	850,387
	$ 3,279,685	$ 4,959,794

24. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The Group's companies in the ROC adopt a pension plan under the Labor Pension Act (the "LPA"), which is a government-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages. TCCS and CAM both adopted defined contribution plans and recognized the amount they contributed as pension cost.

b. Defined benefit plan

The Group adopts the pension plan under the Labor Standards Law, which is a government-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 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 consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	December 31 2015	December 31 2014
Present value of defined benefit obligation	$ 234,602	$ 240,087
Fair value of plan assets	(50,027)	(55,268)
Net defined benefit liability	$ 184,575	$ 184,819

Movements in net defined benefit liability were as follows:

	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Liability
Balance at January 1, 2015	$ 240,087	$ (55,268)	$ 184,819
Service cost			
Current service cost	8,578	-	8,578
Net interest expense (income)	4,339	(1,004)	3,335
Recognized in profit or loss	12,917	(1,004)	11,913
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	979	979
Actuarial loss - changes in financial assumptions	414,260	-	414,260
Actuarial gain - experience adjustments	(416,704)	-	(416,704)
Recognized in other comprehensive (income) loss	(2,444)	979	(1,465)
Contributions from the employer	-	(10,692)	(10,692)
Benefits paid	(15,959)	15,959	-
Balance at December 31, 2015	$ 234,602	$ (50,027)	$ 184,575

	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Liability
Balance at January 1, 2014	$ 246,541	$ (70,654)	$ 175,887
Service cost			
Current service cost	8,369	-	8,369
Net interest expense (income)	4,023	(1,018)	3,005
Recognized in profit or loss	12,392	(1,018)	11,374
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	135	135
Actuarial gain - changes in financial assumptions	(147)	-	(147)
Actuarial loss - experience adjustments	4,923	-	4,923
Recognized in other comprehensive income	4,776	135	4,911
Contributions from the employer	-	(2,910)	(2,910)
Benefits paid	(23,622)	19,179	(4,443)
Balance at December 31, 2014	$ 240,087	$ (55,268)	$ 184,819

Through the defined benefit plans under the Labor Standards Law, 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 amounts which are calculated by 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 defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's other debt investments.

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 salary of the plan participants will increase the present value of the defined benefit obligation.

The valuations of the Group's plan assets and the present value of defined benefit obligation were carried out by qualified actuaries. The primary actuarial assumptions were as follows:

	December 31, 2015		
	Corporation	**Concord Futures**	**Concord Managed Futures**
Discount rate	1.2%	1.2%	1.6%
Expected incremental rate of salaries	2.0%	0.5%	1.0%
Expected rate of return on plan assets	1.2%	1.2%	1.6%

	December 31, 2014		
	Corporation	**Concord Futures**	**Concord Managed Futures**
Discount rate	1.8%	1.9%	2.3%
Expected incremental rate of salaries	2.0%	0.5%	1.0%
Expected rate of return on plan assets	1.8%	1.9%	2.3%

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

	December 31, 2015
Discount rate	
1% increase	$ (23,216)
1% decrease	$ 28,867
Expected incremental rate of salaries	
1% increase	$ 22,988
1% decrease	$ (21,065)

Because some of the actuarial assumptions may be correlated, it is unlikely that any of them will change in isolation. The sensitivity analysis presented above may not be representative of the actual change in the present value of defined benefit obligation.

	December 31, 2015		
	Corporation	Concord Futures	Concord Managed Futures
The expected contributions to the plan for the next year	$ 2,910	$ 125	$ -
The average duration of the defined benefit obligation	11.1 years	11.9 years	18.6 years

	December 31, 2014		
	Corporation	Concord Futures	Concord Managed Futures
The expected contributions to the plan for the next year	$ 2,910	$ 85	$ -
The average duration of the defined benefit obligation	11.6 years	12.6 years	20.6 years

25. EQUITY

a. Share capital

	December 31	
	2015	2014
Number of shares authorized (in thousands)	1,500,000	1,500,000
Shares authorized	$ 15,000,000	$ 15,000,000
Number of shares issued and fully paid (in thousands)	688,337	688,337
Shares issued	$ 6,883,368	$ 6,883,368

There are one vote per share and a right of receiving dividends on issued common stocks with a par value of $10 per share.

b. Capital surplus

	December 31	
	2015	2014
Additional paid-in capital	$ 554	$ 554
Treasury stock transactions	15,129	15,129
Gain on sale of fixed assets	682	682
Premium from merger	100	100
Others	1,296	1,296
	$ 17,761	$ 17,761

The capital surplus arising from shares issued in excess of par (including additional paid-in capital, premium from merger and treasury stock transactions) 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 gain on sale of fixed assets 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

According to the Articles of Incorporation, the Corporation should make appropriations from its net income after deducting tax and offsetting any deficit, and set aside reserves as follows:

1) Legal reserve 10%.
2) Special reserve 20% until the reserve balance equals the amount of paid-in capital.

Any remaining amount plus accumulated undistributed earnings, after retention of a portion for operation, may be distributed upon the proposal by the board of directors and approval by the stockholders in their meeting. The distribution of earnings should include the following:

1) Within 5% as remuneration to directors.
2) 1% to 2% as bonus to employees.

Because of rapidly changing securities industry environment and the positive stage of development, the Corporation needs sufficient capital to ensure competitiveness and business development. The Corporation adopts stock dividend policy and distributes appropriate cash dividend considering earnings and capital requirements in the future.

When distributing the profit, dividends should not be less than 50% net profit for the current year, and stock dividends should not be less than 80% of total proposed dividends.

In accordance with the amendments to the Company Act in May 2015, the recipients of dividends and bonuses are limited to shareholders but excluding employees. The consequential amendments to the Corporation's Articles of Incorporation had been proposed by the Corporation's board of directors on March 17, 2016 and are subject to the resolution of the shareholders in their meeting to be held on June 17, 2016. For information about the accrual basis of the employees' compensation and remuneration to directors and the actual appropriations, please refer to Note 26 (k).

The Corporation recognized and reverse the special reserves under Rule No. 1010028514 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs". Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and thereafter distributed.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Corporation's paid-in capital. Legal reserve can be used to offset deficit. If the Corporation has no deficit and the legal reserve has exceeded 25% of the Corporation's paid-in capital, the excess can be transferred to capital or distributed in cash.

Except for non-ROC resident stockholders, all stockholders receiving the dividends are allowed a tax credit equal to their proportionate share of the income tax paid by the Corporation.

The appropriation of earnings for 2014 and offset of accumulated deficit for 2013 had been approved in the stockholders' meetings on June 12, 2015 and June 20, 2014, respectively. The amounts of appropriations and deficit offset by reserves were as follows:

	Earnings Appropriation and Distribution 2014	Offset of Accumulated Deficit 2013
Offset of accumulated deficits by special reserve	$ -	$ (27,927)
Reversal of special reserve	(2,004)	(15,779)
Legal reserve	6,669	-
Special reserve	13,338	-

The appropriation of earnings for 2015 had been proposed by the Corporation's board of directors on March 17, 2016. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal reserve	$ 23,622	$ -
Special reserve	122,408	-
Cash dividends	127,667	0.2

The earnings appropriation and distribution for 2015 are subject to the resolution in the stockholders' meeting to be held on June 17, 2016.

d. Other equity

1) Exchange differences on translating foreign operations

	For the Years Ended December 31	
	2015	2014
Beginning balance at January 1	$ 19,236	$ (5,653)
Exchange differences on translating foreign operations	17,590	29,325
Income tax expense related to exchange differences on translating foreign operations	(2,446)	(4,436)
Ending balance at December 31	$ 34,380	$ 19,236

2) Unrealized gains (losses) on available-for-sale financial assets

	For the Years Ended December 31	
	2015	2014
Beginning balance at January 1	$ (2,425)	$ 3,650
Unrealized losses on available-for-sale financial assets	(106,106)	(6,744)
Share of unrealized (losses) gains on available-for-sale financial assets of associates accounted for using the equity method	(1,011)	669
Ending balance at December 31	$ (109,542)	$ (2,425)

e. Treasury stock

Unit: Number of Shares (In Thousands)

	For the Years Ended December 31	
	2015	**2014**
Beginning balance at January 1	20,000	-
Purchase of treasury stock	13,881	20,000
Ending balance at December 31	33,881	20,000

The Corporation's treasury stocks are intended for maintaining credit standing and stockholders' equity and for transferring to employees.

Under the Securities and Exchange Act, the Corporation shall neither pledge treasury stock nor exercise stockholders' rights on these shares, such as rights to dividends and to vote.

The Corporation purchased treasury stocks based on resolutions of the board of directors on December 4, 2015. The Corporation purchased treasury stocks which totaled 13,881 thousand shares at cost of $94,295 thousand by the end of 2015.

The Corporation purchased treasury stocks based on resolutions of the board of directors on August 12, 2014. The Corporation purchased treasury stocks which totaled 20,000 thousand shares at cost of $170,856 thousand.

26. ANALYSIS OF STATEMENT OF COMPREHENSIVE INCOME ITEMS

a. Securities brokerage commissions

	For the Years Ended December 31	
	2015	**2014**
Handling fee revenues from brokered futures trading	$ 607,243	$ 564,153
Handling fee revenues from brokered stock trading	603,135	740,210
Handling fees from securities financing	9,852	13,950
Others	7,507	10,450
	$ 1,227,737	$ 1,328,763

b. Underwriting commissions

	For the Years Ended December 31	
	2015	**2014**
Revenues from underwriting securities on a firm commitment basis	$ 32,157	$ 28,987
Revenues from underwriting consultation	18,881	26,626
Processing fee revenues from underwriting operations	16,915	13,984
Others	3,781	2,100
	$ 71,734	$ 71,697

c. Gains on sale of securities, net

	For the Years Ended December 31	
	2015	2014
Dealing	$ 112,865	$ 132,303
Hedging	49,422	29,599
Underwriting	29,638	9,943
	$ 191,925	$ 171,845

d. Interest income

	For the Years Ended December 31	
	2015	2014
Financing interest	$ 291,365	$ 339,017
Bond interest	280,276	309,617
Interest of bond investment under resale agreements	2,246	7,204
Others	3,125	7,360
	$ 577,012	$ 663,198

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

	For the Years Ended December 31	
	2015	2014
Dealing	$ 83,789	$ (127,424)
Hedging	(2,347)	18,652
Underwriting	(33,735)	62
Settlement coverage bonds payable of short sale	168	(318)
	$ 47,875	$ (109,028)

f. Gains on issuance of stock warrants, net

	For the Years Ended December 31	
	2015	2014
Gains on change in fair value of warrants liabilities	$ 4,447,072	$ 3,959,348
Gains (losses) on exercise of warrants before maturity	(2,423)	6,971
Losses on change in fair value of warrants redeemed - realized	(3,948,573)	(3,824,879)
Losses on change in fair value of warrants redeemed - unrealized	(431,673)	(94,671)
Expenses of stock warrant issuance	(24,721)	(24,162)
	$ 39,682	$ 22,607

g. Gain (losses) on derivative instruments, net

	For the Years Ended December 31	
	2015	2014
Gains on derivative instruments - futures, net		
Net gains from futures transactions	$ 61,373	$ 56,721
Net gains from option transactions	84,068	3,734
	$ 145,441	$ 60,455
Gains (losses) on derivative instruments - OTC, net		
Value of Asset swap IRS contracts	$ 6,789	$ 13,200
Gains (losses) from when-issued trading of government bonds	39	(39)
Bond options	166	(2,044)
Structured notes	(4,140)	(4,389)
Asset swap options	29,692	(9,889)
	$ 32,546	$ (3,161)

h. Other operating income

	For the Years Ended December 31	
	2015	2014
Commission revenue	$ 41,883	$ 27,482
Management commissions	22,773	28,265
Advisory revenue	3,161	2,796
Others	3,702	2,615
	$ 71,519	$ 61,158

i. Handling fee expenses

	For the Years Ended December 31	
	2015	2014
Brokerage	$ 168,951	$ 155,508
Dealing	24,094	13,977
Others	334	339
	$ 193,379	$ 169,824

j. Finance costs

	For the Years Ended December 31	
	2015	2014
Interest of liabilities for bonds with repurchase agreements	$ 67,435	$ 71,553
Interest of commercial paper payable	49,535	53,998
Loan interest	4,510	1,371
Interest of securities financing	1,638	1,968
Others	1,368	1,134
	$ 124,486	$ 130,024

k. Employee benefits expense

	For the Years Ended December 31	
	2015	2014
Retirement benefit		
Defined contribution plan	$ 39,837	$ 40,784
Defined benefit plan	11,913	11,374
	51,750	52,158
Short-term employee benefits		
Salaries	1,002,472	1,019,386
Insurance	77,081	75,158
Others	27,816	38,220
	$ 1,159,119	$ 1,184,922

For the years ended December 31, 2015 and 2014, the numbers of employees of the Corporation were 1,079 and 1,165 respectively.

The existing (2014) Articles of Incorporation of the Corporation stipulate to distribute bonus to employees and remuneration to directors at the rates between 1% and 2% and no higher than 5%, respectively, of net income for the current year. In compliance with the Company Act as amended in May 2015, the Corporation proposed amendments to its Articles of Incorporation to distribute employees' compensation and directors' remuneration at the rates between 1% and 2% and no higher than 5%, respectively, of net profit before income tax, employees' compensation, and directors' remuneration. For the year ended December 31, 2015, the employees' compensation and directors' remuneration were $2,515 thousand and $12,540 thousand, respectively, under the above mentioned regulation. The employees' compensation and directors' remuneration for the year ended December 31, 2015 have been approved by the Corporation's board of directors on March 17, 2016. In addition they will be submitted to the shareholders' meeting after the amendments to the Corporation's Articles of Incorporation are approved in shareholders' meeting on June 17, 2016.

If there are material differences between estimated amounts and the amounts proposed by the board of directors before the issue date of annual consolidated financial statements such differences will be recognized as expense for the current year. If differences occur after the issue date of annual consolidated financial statements, they will be recorded as a change in accounting estimate in next year.

The bonus to employees and the remuneration to directors for the years ended December 31, 2014 and 2013 approved in the shareholders' meetings on June 12, 2015 and June 20, 2014 and the amounts recognized in the consolidated financial statements for the years ended December 31, 2014 and 2013, respectively, were as follows:

	For the Years Ended December 31			
	2014		2013	
	Bonus to Employees	**Remuneration to Directors**	**Bonus to Employees**	**Remuneration to Directors**
Amounts approved in shareholders' meetings	$ -	$ -	$ -	$ -
Amounts recognized in respective financial statements	$ 512	$ 2,558	$ -	$ -

The differences were adjusted to profit and loss for the year ended December 31, 2015.

Information on the employees' compensation and directors' remuneration resolved by the Corporation's board of directors in 2016 and employees' bonus and directors' remuneration resolved by the shareholders' meetings in 2015 and 2014 is available on the Market Observation Post System website of the Taiwan Stock Exchange Corporation.

l. Depreciation and amortization

	For the Years Ended December 31	
	2015	**2014**
Depreciation		
Properties and equipment	$ 49,850	$ 63,124
Investment properties	2,543	1,053
	$ 52,393	$ 64,177
Amortization		
Intangible assets	$ 20,900	$ 23,894
Deferred expense	1,692	1,981
	$ 22,592	$ 25,875

m. Other operating expenses

	For the Years Ended December 31	
	2015	**2014**
Taxes	$ 178,232	$ 149,887
Rent	90,746	93,855
Information technology expense	83,105	83,290
Postage expense	37,847	37,038
Repairs and maintenance expense	24,535	21,787

(Continued)

	For the Years Ended December 31	
	2015	2014
Utilities	$ 24,326	$ 27,448
Professional service fees	22,154	29,087
Custody fees	15,534	17,463
Entertainment	14,832	20,745
Others	93,884	113,784
	$ 585,195	$ 594,384

(Concluded)

n. Other income and expenses

	For the Years Ended December 31	
	2015	2014
Dividend revenue	$ 73,940	$ 11,509
Rent revenue	57,035	58,958
Financial revenue	47,244	50,733
Exchange gain, net	19,103	29,173
Gain (loss) on reversal of impairment loss of non-financial assets	13,042	(4,304)
Loss on disposal of investment	(90,651)	(339)
Others	11,177	16,409
	$ 130,890	$ 162,139

27. INCOME TAX

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Years Ended December 31	
	2015	2014
Current tax		
In respect of the current period	$ 37,845	$ 44,110
In respect of prior periods	(6,140)	(516)
	31,705	43,594
Deferred tax		
In respect of the current period	(13,611)	(10,831)
In respect of prior periods	-	844
	(13,611)	(9,987)
Income tax expense recognized in profit or loss	$ 18,094	$ 33,607

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

	For the Years Ended December 31	
	2015	**2014**
Income tax expense calculated at the statutory rate	$ 65,105	$ 32,518
Nondeductible expenses in determining taxable income	19,206	7,587
Tax-exempt income	(49,674)	(9,502)
Unrecognized deductible temporary differences	(985)	(10)
Adjustments for prior years' tax	(6,140)	328
Additional income tax on unappropriated earnings	4,872	30
Others	(14,290)	2,656
Income tax expense recognized in profit or loss	$ 18,094	$ 33,607

The applicable tax rate used by Group entities in ROC is the corporate tax rate of 17%. Tax rates used by other group entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

As the status of earnings appropriations in the 2016 stockholders' meetings is uncertain, the potential income tax consequences of additional 10% tax payment levied on 2015 unappropriated earnings are not reliably determinable.

b. Income tax recognized in other comprehensive income (loss)

	For the Years Ended December 31	
	2015	**2014**
Deferred tax		
Recognized in other comprehensive income (loss):		
Translation of foreign operations	$ 2,446	$ 4,436
Actuarial gains and losses on defined benefit plan	47	(662)
	$ 2,493	$ 3,774

c. Current tax assets and liabilities

	December 31	
	2015	**2014**
Current tax assets		
Tax refund receivable	$ 34,660	$ 39,904
Current tax liabilities		
Income tax payable	$ 8,868	$ 3,004

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2015

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Closing Balance
Deferred tax assets				
Temporary difference				
Loss of foreign associates accounted for using equity method	$ 38,348	$ 11,897	$ -	$ 50,245
Defined benefit plans	30,516	110	(47)	30,579
Allowance for doubtful accounts	8	(6)	-	2
Payable for annual leave	275	(106)	-	169
Others	24	4	-	28
	$ 69,171	$ 11,899	$ (47)	$ 81,023
Deferred tax liabilities				
Temporary difference				
Unrealized exchange gains (losses)	$ 2,262	$ (1,712)	$ -	$ 550
Exchange differences on translating foreign operations	2,337	-	2,446	4,783
	$ 4,599	$ (1,712)	$ 2,446	$ 5,333

For the year ended December 31, 2014

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Closing Balance
Deferred tax assets				
Temporary difference				
Loss of foreign associates accounted for using equity method	$ 26,218	$ 12,130	$ -	$ 38,348
Exchange differences on translating foreign operations	2,099	-	(2,099)	-

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Closing Balance
Defined benefit plans	$ 29,182	$ 672	$ 662	$ 30,516
Allowance for doubtful accounts	852	(844)	-	8
Payable for annual leave	-	275	-	275
Others	20	4	-	24
	$ 58,371	$ 12,237	$ (1,437)	$ 69,171
Deferred tax liabilities				
Temporary difference				
Unrealized exchange gains	$ 12	$ 2,250	$ -	$ 2,262
Exchange differences on translating foreign operations	-	-	2,337	2,337
	$ 12	$ 2,250	$ 2,337	$ 4,599

(Concluded)

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

	December 31 2015	December 31 2014
Asset impairments	$ 1,918	$ 7,710
Loss carryforwards	$ 63,980	$ 40,501

f. Integrated income tax

There are no unappropriated earnings generated before January 1, 1998 of the Group.

	December 31 2015	December 31 2014
The balances of Imputation Credit Accounts (ICA) of the Corporation	$ 630,386	$ 592,806

	December 31 2015 (Expected)	December 31 2014 (Actual)
Creditable ratio for distribution of earning of the Corporation	22.76%	20.48%

g. Income tax assessments

The income tax returns filing of the Corporation through 2013 have been examined by the tax authorities.

The income tax returns filing of Concord Futures through 2013 have been examined by the tax authorities.

The income tax returns filing of Concord Managed Futures, Concord Capital Management and Kang-Lian AMC through 2014 have been examined by the tax authorities.

28. EARNINGS PER SHARE

The calculation of earnings per share was as follows:

	Amounts (Numerator) After Income Tax	Shares (Denominator) (In Thousands)	Earnings Per Share After Income Tax (In Dollars)
For the year ended December 31, 2015			
Basic earnings per share			
Earnings available to ordinary owners of the Corporation	$ 236,221	667,180	$ 0.35
Effect of dilutive potential ordinary shares			
Employees' compensation	-	281	
Diluted earnings per share			
Earnings available to ordinary owners of the Corporation	$ 236,221	667,461	$ 0.35
For the year ended December 31, 2014			
Basic earnings per share			
Earnings available to ordinary owners of the Corporation	$ 70,954	680,675	$ 0.10
Effect of dilutive potential ordinary shares			
Bonus to employees	-	63	
Diluted earnings per share			
Earnings available to ordinary owners of the Corporation	$ 70,954	680,738	$ 0.10

If the Corporation could settle the bonus or compensation to employees by cash or shares, the Corporation presumed that the entire amount of the bonus will be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the calculation of diluted EPS, as the shares have a dilutive effect. Such dilutive effect of the potential shares is included in the calculation of diluted EPS until the stockholders resolve the number of shares to be distributed to employees at their meeting in the following year.

The weighted average number of shares outstanding for earnings per share calculation had been adjusted retrospectively for the impact of the number of treasury stocks.

29. OPERATING LEASE ARRANGEMENTS

a. The Group as lessee

Operating leases relate to leases of premises with lease terms between 1 and 5 years. The Group does not have a bargain purchase option to acquire the leased premises at the expiration of the lease.

At the end of each reporting period, the refundable deposits of the group caused by the operating leases arrangements were as follows:

	December 31	
	2015	2014
The payment of guarantee deposits	$ 19,930	$ 23,695

The future minimum lease payments of non-cancellable operating lease commitments were as follows:

	December 31	
	2015	2014
Within 1 year	$ 68,100	$ 85,686
Between 1 and 5 years	42,553	94,327
	$ 110,653	$ 180,013

b. The Group as lessor

Operating leases relate to the investment properties owned by the Group with lease terms between 1 and 5 years. The lessee has an option to renew or extend an additional 2 to 10 years. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have a bargain purchase option to acquire the properties at the expiration of the lease.

At the end of each reporting period, the refundable deposits of the group received from the operating lease arrangements were as follows:

	December 31	
	2015	2014
Guarantee deposits received	$ 1,975	$ 1,200

The future minimum lease payments of non-cancellable operating lease were as follows:

	December 31	
	2015	2014
Within 1 year	$ 7,898	$ 150
Between 1 and 5 years	3,667	-
	$ 11,565	$ 150

30. CAPITAL MANAGEMENT

The Corporation manages its capital to ensure that the Corporation will be able to continue operating 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 filed the capital adequacy ratio to relevant authorities monthly according to the Regulations Governing Securities Firms.

31. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments

1) Financial instruments not carried at fair value

The management of the Group believes the carrying amounts of financial assets and financial liabilities recognized in the financial statements approximate their fair value or their fair value cannot be reliably measured.

2) Financial instruments carried at fair value

Fair value hierarchy

December 31, 2015

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Financial assets held for trading	$ 15,918,528	$ 670,611	$ -	$ 16,589,139
Available-for-sale financial assets				
Listed and OTC stocks and preferred stocks	316,262	-	-	316,262
	$ 16,234,790	$ 670,611	$ -	$ 16,905,401
Financial liabilities at FVTPL				
Financial liabilities held for trading	$ 811,183	$ 254,117	$ -	$ 1,065,300
Initial recognition financial liabilities designated as at FVTPL	-	109,495	-	109,495
	$ 811,183	$ 363,612	$ -	$ 1,174,795

December 31, 2014

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Financial assets held for trading	$ 15,900,233	$ 913,419	$ -	$ 16,813,652
Available-for-sale financial assets				
Listed and OTC stocks and preferred stocks	399,340	-	-	399,340
	$ 16,299,573	$ 913,419	$ -	$ 17,212,992

(Continued)

	Level 1	Level 2	Level 3	Total
Financial liabilities at FVTPL				
Financial liabilities held for trading	$ 1,799,216	$ 411,882	$ -	$ 2,211,098
Initial recognition financial liabilities designated as at FVTPL	-	121,351	-	121,351
	$ 1,799,216	$ 533,233	$ -	$ 2,332,449

(Concluded)

There were no significant transfers between Levels 1 and 2 for the years ended December 31, 2015 and 2014.

3) Valuation techniques and inputs applied to Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Domestic corporate bond investments	Discounted cash flow method: Discounted using the market rate that Taipei Exchange announced.
Value of asset swap IRS contracts	Discounted cash flow method: Discounted using the risk-adjusted premium based on the short-term commercial paper rate that Bloomberg announced.
Asset swap options	The closing price of the convertible bond at 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 according to Bloomberg.
Structured notes	Discounted cash flow method: Discounted using the risk-adjusted premium based on the short-term commercial paper rate that Bloomberg announced.

b. Categories of financial instruments

	December 31	
	2015	2014
Financial assets		
Financial assets at FVTPL	$ 16,589,139	$ 16,813,652
Loans and receivables	13,583,757	18,207,668
Available-for-sale financial assets	498,479	439,996
Financial liabilities		
Financial liabilities at FVTPL	1,174,795	2,332,449
Financial liabilities measured at amortized cost	24,515,310	28,316,155

The difference between carrying amount and contractual amount at maturity of financial liabilities designated as at FVTPL was as follows:

	December 31	
	2015	**2014**
The difference between carrying amount and contractual amount at maturity		
Financial liabilities designated as at FVTPL	$ 109,495	$ 121,351
Amount payable at maturity	(115,011)	(123,982)
	$ (5,516)	$ (2,631)

The Group designated structured notes as financial liabilities designated as at FVTPL. The change in fair value was attributable to market risk factors.

c. Risk management system

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 in risk management should be 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 authorized departments based on suggestions and opinions of other departments. The authorized departments will report them to the risk management committee.

The board of directors designates a Risk Management Committee to be responsible for reinforcing the overall risk management control, setting relationships between goals and risks, and determining the capital allocation and operating goals. The duties 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 obligated to manage and report the ordinary operating risks in their business units.

Members assigned by the chairman of the board of directors hold risk management meeting at least twice a year. The meeting determines the authorization and investment quotas based on market risks, credit risks, liquidity risks, operation risks and legal risks. Every manager of every business unit should manage the risks according to the authorization and investment quotas. Any revisions of 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 Auditing, Department of Compliance and each business unit. The duties and functions of divisions are as follows:

a) Board of directors

The Corporation's board of directors is the supreme risk management unit. It ensures the risk management policies, which helps to mitigate the risks securities firms encounter in daily operation, are compiled by the whole corporation and takes the final responsibility for risk management.

b) Risk management committee

The committee is under the board of directors and it consists of members of the board of directors. Its function is to assist the board of directors in 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 normal risks and to ensure risks of the Corporation and every business units are within the authorized investment quotas. The appointment and removal of the head of risk management office should be approved by the board of directors. The head of risk management office evaluates and monitors the daily risks.

d) Department of finance

The department of finance is independent of each business department. It should monitor the fund resources of each business unit. When there is an urgent condition for fund procurement, the department of finance can respond based on the emergency response procedures.

e) Department of internal auditing

The department of internal auditing is under the board of directors and independent of other departments. It is designed to plan and execute auditing business. It is responsible for auditing items related to finance, business execution, internal control and implementation of the laws in the company and subsidiary companies, and help to implement effective operation of risk management.

f) Department of compliance

The department of compliance is responsible for the compliance with 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 any time and maintains complete auditing procedures to assure the appropriateness and legality of all transactions.

g) Business units

The supervisor of every business unit take the first-line responsibility to analyze and monitor all risks and ensure all risks are under control and all risk management procedures are effective.

The risk management office periodically reports the results of risk management objective, profit or loss of positions, sensitivity analysis, stress tests, etc. to the risk management committee or board of directors. The Corporation also has 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 to the management for approvals.

2) Market risk

The Corporation had established effective risk measurement system to identify the effect of risk factors, such as interest rate, exchange rate, equity and price risk. The Corporation would measure the potential internal and external risk of transaction position by checking the changes in risk factors.

The Corporation measures market risk using Value at Risk (VaR) and sensitivity analysis. The Corporation execute the stress test in end of the each month to see the level of tolerance that Corporation can bear when face 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)	**Average**	**Minimum**	**Maximum**	**December 31, 2015**	**December 31, 2014**
Type of risk					
Equity securities	$ 68,758	$ 37,452	$ 135,262	$ 41,009	$ 37,321
Interest rate	9,140	434	22,396	15,822	8,114
Diversification of risks	(20,375)			(20,987)	(11,615)
	$ 57,523			$ 35,844	$ 33,820

The Corporation uses sensitivity analysis to measure the risk factors of the bond investments. The Corporation controls the interest rate risks by maintaining the effect on the profit or loss of the investment portfolio within 0.01% interest rate fluctuation. If the market interest rate increased by 0.01%, the fair value of the bond investments would decrease by $3,932 thousand and $1,806 thousand as of December 31, 2015 and 2014, respectively.

The carrying amount of the Group's financial assets and financial liabilities with risk exposure to interest rates at the end of each reporting period was as follows:

	December 31	
	2015	**2014**
Interest rate risk of fair value		
Financial assets	$ 15,070,710	$ 15,876,020
Financial liabilities	18,166,793	20,238,671
Interest rate risk of cash flow		
Financial assets	4,949,140	4,604,837
Financial liabilities	2,947,690	2,967,913

Besides above measurement of market risk, the Corporation measures risk not only using scenario analysis but also implementing stress tests to measure abnormal loss under extreme condition at the end of every month.

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 instrument trading in primary and secondary market resulting in 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 could be effectively reduced.

There is no concentration of credit risk on accounts receivable because of the large number of customers; no transactions are concentrated in one single customer and the operating areas are diversified. To decrease credit risk, the Group evaluates the financial conditions of customers regularly and continuously. However, guarantee is usually not required.

At the end of each reporting period, the carrying amount of financial assets is the largest amount of credit risk to be exposed to.

The table below analyzes the collaterals and their financial effect in respect of financial assets recognized in the Group's consolidated balance sheet.

	Maximum Exposure to Credit Risk Mitigate	
	December 31	
	2015	**2014**
Securities financing receivables	$ 4,319,499	$ 5,772,375

4) Liquidity risk

Liquidity risk and interest rate risk table

The following table details the maturity analysis of remaining contractual of financial liabilities with agreed repayment periods which owned by the Group. 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, 2015

	Within 1 Year	**Between 1 and 2 Years**	**Between 2 and 5 Years**	**Over 5 Years**	**Total**
Derivative financial liabilities					
Non-interest bearing	$ 269,580	$ -	$ -	$ -	$ 269,580
Fixed interest rate	894,262	-	-	-	894,262
Non-derivative financial liabilities					
Non-interest bearing	4,177,488	-	2,054	-	4,179,542
Variable interest rate	2,947,691	-	-	-	2,947,691
Fixed interest rate	18,168,495	-	-	-	18,168,495
	$ 26,457,516	$ -	$ 2,054	$ -	$ 26,459,570

December 31, 2014

	Within 1 Year	Between 1 and 2 Years	Between 2 and 5 Years	Over 5 Years	Total
Derivative financial liabilities					
Non-interest bearing	$ 485,674	$ -	$ -	$ -	$ 485,674
Fixed interest rate	613,042	-	-	-	613,042
Non-derivative financial liabilities					
Non-interest bearing	6,818,735	-	1,260	-	6,819,995
Variable interest rate	2,967,913	-	-	-	2,967,913
Fixed interest rate	20,242,603	-	-	-	20,242,603
	$ 31,127,967	$ -	$ 1,260	$ -	$ 31,129,227

The amounts of financial liabilities with variable interest rates which mentioned 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	
	2015	2014
Financing facilities	$ 16,217,125	$ 13,244,250
Unused amount	$ 13,192,125	$ 9,842,250

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 agreement. In such transactions, the cash flows have been transferred to outsiders and the Group has obligation to recognize the related liabilities of transferred financial assets which have to be repurchased in a fixed amount in the future. In addition, the Group have no right to conduct, sell, or pledge the transferred financial assets during the effective period of transaction, but the Group still bear interest risks and credit risks. As a result, the transferred financial assets can not be derecognized entirely. The following table shows the transferred financial assets not qualified for derecognition and its related financial liabilities.

December 31, 2015

Type of Financial Assets	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 agreement	$ 14,456,220	$ 13,583,410	$ 14,456,220	$ 13,583,410	$ 872,810

e. Offsetting 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 sheet or that are covered by enforceable master netting arrangements or similar agreements.

December 31, 2015

Financial Instruments	Gross Amounts of Recognized Financial Assets (Liabilities)	Gross Amounts of Recognized and offset Financial Assets/ Liabilities in the Balance Sheet	Net Amounts of Financial Assets (Liabilities) Presented in the Balance Sheet	Related Amounts Not Offset in the Balance Sheet		Net Amount
				Financial Instruments	Cash Collateral Received	
Accounts receivable	$ 2,091,638	$ (5)	$ 2,091,633	$ (9,208)	$ -	$ 2,082,425
Bond investment under resale agreements	$ 1,383,865	$ -	$ 1,383,865	$ (1,383,865)	$ -	$ -
Accounts payable	$ (3,279,690)	$ 5	$ (3,279,685)	$ 9,208	$ -	$ (3,240,477)
Liability for bonds with repurchase agreements	$ (13,583,410)	$ -	$ (13,583,410)	$ 13,583,410	$ -	$ -

December 31, 2014

Financial Instruments	Gross Amounts of Recognized Financial Assets (Liabilities)	Gross Amounts of Recognized and offset Financial Assets/ Liabilities in the Balance Sheet	Net Amounts of Financial Assets (Liabilities) Presented in the Balance Sheet	Related Amounts Not Offset in the Balance Sheet		Net Amount
				Financial Instruments	Cash Collateral Received	
Accounts receivable	$ 3,680,231	$ (7,545)	$ 3,672,686	$ (270,654)	$ -	$ 3,402,032
Bond investment under resale agreements	$ 2,766,814	$ -	$ 2,766,814	$ (2,766,814)	$ -	$ -
Accounts payable	$ (4,967,339)	$ 7,545	$ (4,959,794)	$ 270,654	$ -	$ (4,689,140)
Liability for bonds with repurchase agreements	$ (13,273,990)	$ -	$ (13,273,990)	$ 13,273,990	$ -	$ -

32. TRANSACTIONS WITH RELATED PARTIES

In addition to the information disclosed in other notes, the significant transactions with the related parties were summarized as follows:

a. Accounts receivable

	December 31	
	2015	2014
Futures trust fund managed by the Group	$ 1,493	$ 3,133
Associates	2	10
	$ 1,495	$ 3,143

Accounts receivables are primary from management fee revenues of the futures trust fund managed by the Group.

b. Liabilities for bond with repurchase agreements

	December 31	
	2015	2014
Other related parties	$ 27,067	$ 36,064

The repurchase/resell trade terms with related parties have no significant difference compared to those with third parties.

c. Futures traders equity

	December 31	
	2015	2014
Futures trust fund managed by the Group	$ 81,302	$ 182,811

d. Securities brokerage commissions

	For the Years Ended December 31	
	2015	2014
Futures trust fund managed by the Group	$ 30,351	$ 59,277
Institutional directors	-	1
Other related parties	1,751	814
	$ 32,102	$ 60,092

The terms of the securities brokerage transactions with related parties have no significant difference compared with third parties.

e. Interest income

	For the Years Ended December 31	
	2015	2014
Other related parties	$ 304	$ 10

f. Other operating income

	For the Years Ended December 31	
	2015	2014
Associates	$ 62	$ 131

The Group had signed contracts with associates for selling overseas funds, and recognizes the income in "other operating income" based on the above contracts.

g. Finance costs

	For the Years Ended December 31	
	2015	2014
Futures trust fund managed by the Group	$ -	$ 504
Institutional directors	-	9
Other related parties	166	366
	$ 166	$ 879

h. Compensation of key management personnel

The compensation of the Group's directors and key management personnel for the years ended December 31, 2015 and 2014 were as follows:

	For the Years Ended December 31	
	2015	2014
Short-term employee benefits	$ 83,085	$ 75,641
Retirement benefits	2,335	3,301
	$ 85,420	$ 78,942

The compensation of the Group's directors and key management personnel were determined in accordance with the Corporation's Articles of Incorporation and regulations, and were made by reference to market compensation level and financial performance.

33. PLEDGED OR MORTGAGED ASSETS

At the end of each reporting period, the Group pledged the following assets as collaterals to financial institutions for issuance of guaranteed commercial papers, bank loans, credit lines and guarantees of equipment leasing.

	December 31	
	2015	2014
Time deposits - current	$ 621,500	$ 635,200
Property and equipment, net		
Land	$ 811,850	$ 811,850
Buildings	$ 187,893	$ 193,394
Investment property, net		
Land	$ 180,921	$ 180,921
Buildings	$ 20,593	$ 21,259

34. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

The ex-dealer of the Xinchu branch illegally undertook share transfer transactions with third parties. The Corporation's management assessed the illegal transactions were attributed to the dealer's personal behavior and the event would not have any significant impact on the Corporation's financial performance or customers' settlement accounts.

35. SIGNIFICANT SUBSEQUENT EVENTS

None.

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:

		December 31					
		2015		2014			
	Calculation Formula	Equation	Time/ Ratios (%)	Equation	Time/ Ratios (%)	Benchmark	Conclusion
1)	Equities / Total liabilities - Futures traders' equity	$1,031,538 / $129,385	=7.97	$991,581 / $105,425	=9.41	≧1	Conform with law
2)	Current assets / Current liabilities	$3,680,148 / $3,178,640	=1.16	$3,690,372 / $3,106,767	=1.19	≧1	Conform with law
3)	Equities / Minimum paid-in capital	$1,031,538 / $660,000	=156.29%	$991,581 / $660,000	=150.24%	≧60% ≧40%	Conform with law
4)	Adjusted net capital / Amount of customer margin accounts for open position of futures traders' equity	$680,572 / $552,237	=123.24%	$761,985 / $509,381	=149.59%	≧20% ≧15%	Conform with law

37. SPECIFIC RISK OF FUTURES DEALING, BROKERAGE AND MANAGED FUTURES

Futures Dealing

While the subsidiary, Concord Futures engages in futures dealing, the specific risk is the market price risk of the underlying assets. The Group set up a stop-loss strategy while engage in futures dealing, therefore, the incurrence of loss can be controlled within the range of anticipation.

Futures Brokerage

The characteristic of futures transaction is low-margin leveraged. Risks of futures transactions are as follows: When the futures market price is not favorable to the futures contract held by the traders, futures commission merchants can require the traders to put additional margin deposits in order to maintain margin level; if the traders fail to do so in the required period, futures commission merchants have duty to offset the futures contracts on behalf of the traders. Due to the dramatic changes of the market, the traders' futures contracts which may not be settled and ends with increased losses.

Managed Futures

Discretionary futures investment services mean that the subsidiary, Concord Managed Futures, is engaged in trading of futures with pre-arranged capital on behalf of customers. Before appointing Concord Managed Futures, customers are advised to carefully consider if their own financial position are suit with futures transactions which are leverage of low-margin leveraged. It may have huge gain but on the other hand it may also cause huge loss. Discretionary futures investment is not free of risk. The minimum income is not guaranteed to the customer by the past performance of Concord Managed Futures. Concord Managed Futures exercises due care in fund management and guarantees no future results or minimum yields.

38. EXCHANGE RATE OF 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 Thousand

	December 31					
	2015			2014		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial assets						
Monetary items						
USD	$ 13,700	32.8250	$ 449,691	$ 27,441	31.6500	$ 868,508
HKD	12,672	4.2350	53,665	23,953	4.0800	97,728
JPY	92,906	0.2727	25,336	196,501	0.2646	51,994
CNY	3,265	4.9950	16,309	10,931	5.0920	55,661
EUR	613	35.8800	21,981	760	38.4700	29,237
GBP	91	48.6700	4,435	93	49.2700	4,582
Non-monetary items						
CNY	121,740	4.9950	608,091	99,986	5.0920	509,129
USD	12,777	32.8250	419,405	1,005	31.6500	31,808
HKD	731	4.2350	3,096	-	-	-
Financial liabilities						
Monetary items						
USD	12,080	32.8250	396,515	15,217	31.6500	481,618
HKD	13,533	4.2350	57,314	47,294	4.0800	192,960
JPY	78,712	0.2727	21,465	178,873	0.2646	47,330
EUR	327	35.8800	11,738	570	38.4700	21,928
GBP	48	48.6700	2,332	71	49.2700	3,498
CNY	25	4.9950	124	4,366	5.0920	22,232

For the years ended December 31, 2015 and 2014, realized and unrealized net foreign exchange gains were $19,103 thousand and $29,173 thousand, respectively. It is impractical to disclose net foreign exchange gains by each significant foreign currency due to the variety of the foreign currency transactions of the group entities.

39. ADDITIONAL DISCLOSURES

a. Information regarding significant transactions for the year ended December 31, 2015, and b. information regarding investees:

1) Financing provided: None.

2) Endorsement/guarantee 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) Handling fee discounts for transactions with related parties at least NT$5 million: None.

6) Receivables from related parties at least NT$100 million or 20% of the paid-in capital: None.

7) Intercompany relationships and significant transactions: Table 2 (attached).

8) Names, locations, and related information of investees on which the Corporation exercises significant influence: Table 1 (attached).

c. Investment in Mainland China: Table 3 (attached).

40. DISCLOSURES REQUIRED UNDER RULE NO. 10300375782 ISSUED BY FSC DATED OCTOBER 3, 2014

The foreign entity registered in non-IOSCO MMoU member or without formal permission as securities or futures firm from IOSCO MMoU member in which the Corporation has invested includes Concord Capital Holdings (Cayman) Ltd. The primary purpose of the investment is to recognize investment income (loss) from the investee. Supplementary disclosures are as follows:

a. Balance sheets: Table 4 (attached).

b. Statements of comprehensive income: Table 5 (attached).

c. Securities held: Table 6 (attached).

d. Derivative financial transactions and the source of capital: None.

e. Revenues from assets management business, services and litigation: None.

41. SEGMENT FINANCIAL 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, dealing, brokerage and underwriting departments' information should be reported by the Group.

The dealing 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 revenues and results

The following was an analysis of the Group's revenue and operating performance from continuing operations by reporting segments.

Unit: NT$ Thousand

Item	For the Year Ended December 31, 2015 Dealing	Brokerage	Underwriting	Other	Total
Profits and losses attributed to each segment					
Revenues					
Brokerage commission revenue	$ -	$ 1,227,489	$ -	$ 248	$ 1,227,737
Income from securities lending	-	708	-	-	708
Underwriting commissions	-	-	71,734	-	71,734
Gains on sale of securities, net	162,287	-	29,638	-	191,925
Revenue from providing agency service for stock affairs	-	-	12,821	-	12,821
Interest income	282,890	291,379	-	2,743	577,012
Dividend income	64,184	-	583	-	64,767
Valuation gains (losses) on operating securities at fair value through profit or loss, net	50,390	-	(2,515)	-	47,875
Losses on covering of borrowed securities and bonds with resale agreements, net	(45,617)	-	-	-	(45,617)
Valuation gains on borrowed securities and bonds with resale agreements short sales at fair value through profit or loss, net	9,657	-	-	-	9,657
Gains on issuance of stock warrants, net	39,682	-	-	-	39,682
Gains (losses) on derivative instruments	178,756	(769)	-	-	177,987
Other operating income	-	6,585	-	64,934	71,519
	742,229	1,525,392	112,261	67,925	2,447,807
Handling fee expenses	(24,095)	(169,284)	-	-	(193,379)
Finance costs	(67,446)	(2,661)	-	(33)	(70,140)
Futures commission expense	(1,802)	(56,358)	-	-	(58,160)
Securities commission expense	-	(24,390)	-	-	(24,390)
Expenses of clearing and settlement	(12,448)	(88,844)	-	-	(101,292)
Other operating costs	(111)	(181)	-	(19,545)	(19,837)
Operating expenses	(282,451)	(918,938)	(107,051)	(127,898)	(1,436,338)
Profits and losses - by segment	$ 353,876	$ 264,736	$ 5,210	$ (79,551)	544,271
Profit and losses not attributed to segments					(285,924)
Profit before tax					258,347
Income tax expense					(18,094)
Net profit for the year					240,253
Other comprehensive income					(90,555)
Total comprehensive income for the year					$ 149,698

Item	For the Year Ended December 31, 2014 Dealing	Brokerage	Underwriting	Other	Total
Profits and losses attributed to each segment					
Revenues					
Brokerage commission revenue	$ -	$ 1,328,395	$ -	$ 368	$ 1,328,763
Income from securities lending	1	1,595	-	-	1,596
Underwriting commissions	-	-	71,697	-	71,697
Gains on sale of securities, net	161,902	-	9,943	-	171,845
Revenue from providing agency service for stock affairs	-	-	11,913	-	11,913
Interest income	317,191	339,030	-	6,977	663,198
Dividend income	63,127	-	2,588	-	65,715
Valuation gains (losses) on operating securities at fair value through profit or loss, net	(109,090)	-	62	-	(109,028)
Losses on covering of borrowed securities and bonds with resale agreements, net	(14,431)	-	-	-	(14,431)

(Continued)

Item	Dealing	Brokerage	Underwriting	Other	Total
	For the Year Ended December 31, 2014				
Valuation losses on borrowed securities and bonds with resale agreements short sales at fair value through profit or loss, net	$ (8,755)	$ -	$ -	$ -	$ (8,755)
Gains on issuance of stock warrants, net	22,607	-	-	-	22,607
Gains on derivative instruments	57,294	-	-	-	57,294
Other operating income	-	5,018	-	56,140	61,158
	489,846	1,674,038	96,203	63,485	2,323,572
Handling fee expenses	(13,977)	(155,787)	(60)	-	(169,824)
Finance costs	(71,571)	(2,418)	-	(314)	(74,303)
Futures commission expense	(2,805)	(74,072)	-	-	(76,877)
Securities commission expense	-	(10,148)	-	-	(10,148)
Expenses of clearing and settlement	(5,635)	(75,518)	-	-	(81,153)
Other operating costs	(122)	(710)	-	(18,160)	(18,992)
Operating expenses	(209,189)	(1,009,143)	(115,992)	(153,034)	(1,487,358)
Profits and losses - by segment	$ 186,547	$ 346,262	$ (19,849)	$ (108,023)	404,917
Profit and losses not attributed to segments					(297,087)
Profit before tax					107,830
Income tax expense					(33,607)
Net profit for the year					74,223
Other comprehensive income					14,565
Total comprehensive income for the year					$ 88,788

(Concluded)

TABLE 1

CONCORD SECURITIES CO., LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Corporation	Investee Corporation	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2015			Net Profit (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2015	December 31, 2014	Shares	Percentage of Ownership	Carrying Value			
The Corporation	Concord Futures Corp. Ltd.	5F, No. 143, Fuhsing N. Rd., Taipei City	Foreign and domestic futures dealing, brokerage and consulting services	$ 561,639	$ 561,639	72,262,830	95.71	$ 987,310	$ 94,044	$ 90,012	Subsidiary (Note)
	Kang-Lian AMC. Co., Ltd.	l4F, No. 176, Jilung Rd., Sec. 1, Taipei	Business management advisory services and asset management services	233,498	233,498	38,150,000	100.00	423,224	27,460	27,460	Subsidiary (Note)
	Concord Capital Holdings (Cayman) Limited	The Cayman Island	Holding company, recognized gain (loss) on invested companies	653,670	653,670	21,333,000	100.00	386,247	(69,981)	(69,981)	Subsidiary (Note)
	Concord Managed Futures Corp.	l4F, No. 176, Jilung Rd., Sec. 1, Taipei	Foreign and domestic futures managing, consulting and trust services	199,128	199,128	18,000,000	60.00	174,059	(18,863)	(11,318)	Subsidiary (Note)
	Concord Capital Management Corp.	9F, No. 176, Jilung Rd., Sec. 1, Taipei	Securities investment advisory services	114,400	114,400	8,000,000	100.00	95,131	(5,158)	(5,158)	Subsidiary (Note)
	Concord Insurance Agent Corp.	l4F, No. 176, Jilung Rd., Sec. 1, Taipei	Life insurance agency	5,000	5,000	687,158	100.00	14,149	7,070	7,070	Subsidiary (Note)
	Value Partners Concord Assets Management Co., Ltd.	13F, No. 89, Nanjing E. Rd., Sec. 5, Taipei	Securities investment advisory services and discretionary investment services	160,163	160,163	7,500,000	25.00	83,286	(38,307)	(9,577)	Investments accounted for using equity method
Concord Capital Holdings (Cayman) Limited	Taiwan Concord Capital Securities (Hong Kong) Limited	Room, 702, 7/F., Tower 1, Admiralty Centre, No. 18 Harcourt Road, Admiralty Hong Kong	Securities and futures brokerage and dealing related services	US$ 21,353 thousand	US$ 21,353 thousand	165,750,000	100.00	US$ 11,770 thousand	US$ (2,205) thousand	US$ (2,205) thousand	Indirect subsidiary (Note)
Taiwan Concord Capital Securities (Hong Kong) Limited	Concord Asset Management (HK) Limited	Room, 702, 7/F., Tower 1, Admiralty Centre, No. 18 Harcourt Road, Admiralty Hong Kong	Financial planning and asset management services	HK$ 10,510 thousand	HK$ 10,510 thousand	10,000,000	100.00	HK$ 6,977 thousand	HK$ (623) thousand	HK$ (623) thousand	Indirect subsidiary (Note)
Kang-Lian AMC. Co., Ltd.	HWA-HO Asset Management Corp.	l4F, No. 176, Jilung Rd., Sec. 1, Taipei	Real estate commerce, development and business management advisory services	200,000	200,000	40,172,215	47.62	415,318	62,764	30,070	Investments of subsidiary accounted for using equity method

Note: Share of profits (loss) of associates have been eliminated for consolidation purpose.

CONCORD SECURITIES CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 2)	Transaction Corporation	Counterparty	Relationship (Note 3)	Transaction Details			
				Financial Statement Account	Amount (Note 1)	Transaction Terms	% to Total Revenues or Assets
0	Concord Securities Co., Ltd.	Concord Futures Corp. Ltd.	a.	Cash and cash equivalents	$ 101,903	Not significantly different from those to third parties	0.30
		Concord Futures Corp. Ltd.	a.	Futures trading margin	10,757	Not significantly different from those to third parties	0.03
		Concord Futures Corp. Ltd.	a.	Accounts receivable	1,148	Not significantly different from those to third parties	-
		Concord Futures Corp. Ltd.	a.	Refundable deposits	1,342	Not significantly different from those to third parties	-
		Concord Futures Corp. Ltd.	a.	Futures commission revenue	14,838	In conformity with contracts, no those to third parties for comparison	0.61
		Concord Futures Corp. Ltd.	a.	Other income and expenses	11,839	In conformity with contracts, no those to third parties for comparison	0.48
		Concord Futures Corp. Ltd.	a.	Securities commission fees	10,839	In conformity with contracts, no those to third parties for comparison	0.44
		Concord Capital Management Corp.	a.	Professional service fees	2,000	In conformity with contracts, no those to third parties for comparison	0.08
		Concord Managed Futures Corp.	a.	Other operating revenue	3,448	In conformity with contracts, no those to third parties for comparison	0.14
		Taiwan Concord Capital Securities (Hong Kong) Limited	a.	Prepayments	10,190	Not significantly different from those to third parties	0.03
		Taiwan Concord Capital Securities (Hong Kong) Limited	a.	Other operating costs	1,069	In conformity with contracts, no those to third parties for comparison	0.04
1	Concord Futures Corp. Ltd.	Taiwan Concord Capital Securities (Hong Kong) Limited	c.	Customers' margin accounts	17,218	Not significantly different from those to third parties	0.05
		Taiwan Concord Capital Securities (Hong Kong) Limited	c.	Futures commission fees	2,146	In conformity with contracts, no those to third parties for comparison	0.09

Note 1: Intercompany transactions have been eliminated for consolidation purpose.

Note 2: Intercompany transactions between parent corporation and subsidiaries should indicate the number filled in the column as follows:

a. Parent corporation fill in 0.
b. Subsidiaries are sequentially numbered from 1.

Note 3: Mark the number in relationship column: (The same transaction between the parent corporation and its subsidiary or between two subsidiaries is unnecessary to be disclosed again. For example, the transaction between the parent corporation and its subsidiary had been disclosed by the parent corporation, 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 another one).

a. Transactions from parent corporation to subsidiary.
b. Transactions from subsidiary to parent corporation.
c. Transactions from subsidiary to subsidiary.

Note 4: The percentages are calculated by the consolidated total assets or the consolidated total revenues. If the account shown in balance sheets, it will be calculated by the percentage of the ending balance divided by the consolidated total assets. Otherwise, if the account shown in income statement, it will be counted by the percentage of the cumulative amount divided by the consolidated total revenues.

Note 5: Disclosure of important transactions will be depended on the Corporation's materiality.

CONCORD SECURITIES CO., LTD. AND SUBSIDIARIES

INVESTMENT IN MAINLAND CHINA
DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars and Foreign Currency)

1. Investee corporation name, main business and products, total amount of paid-in capital, investment type, investment outflows and inflows, % ownership, investment gain (loss), carrying value as of December 31, 2015 and inward remittance of earnings:

Investee Corporation Name	Main Businesses and Products	Total Amount of Paid-in Capital (Note 2)	Investment Type	Accumulated Outflow of Investment as of December 31, 2014	Investment Flows - Outflow	Investment Flows - Inflow	Accumulated Outflow of Investment as of December 31, 2015 (Note 1)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 5)	Carrying Value as of December 31, 2015	Accumulated Inward Remittance of Earnings as of December 31, 2015
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.	$ 3,045,425 (CNY 609,695)	Others	$ -	$ 51,561 (US$ 1,579)	$ -	$ 51,561 (US$ 1,579)	$ 32,228 (CNY 6,403)	1.59	$ -	$ 51,561	$ -

2. Upper limit of investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2015 (Note 1)	Investment Amounts Authorized by Investment Commission, MOEA (Note 3)	Upper Limit of Investment Authorized by Investment Commission MOEA
$51,561 (US$1,579)	$52,961 (US$1,613)	$4,655,708

Note 1: The rate of USD used is the rate on the day the original outward remittance was made.

Note 2: The rate of CNY used is based on the average of selling and purchasing on December 31, 2015.

Note 3: The rate of USD used is based on the average of selling and purchasing on December 31, 2015.

Note 4: The amount is 60% of net value of the Group on December 31, 2015.

Note 5: Financial assets measured at cost.

TABLE 4

CONCORD CAPITAL HOLDINGS (CAYMAN) LIMITED

BALANCE SHEETS
DECEMBER 31, 2015 AND 2014
(In Thousands of U.S. Dollars)

	2015		2014	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash	$ 1	-	$ 2	-
Other receivables	1	-	1	-
Other financial assets - current	20	-	20	-
Total current assets	22	-	23	-
INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD	11,770	100	13,964	100
TOTAL	$ 11,792	100	$ 13,987	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Other payables	$ 25	-	$ 27	-
EQUITY				
Share capital	21,333	181	21,333	153
Capital surplus	19	-	19	-
Accumulated deficits	(9,686)	(81)	(7,482)	(53)
Exchange differences on translating foreign operations	101	-	90	-
Total equity	11,767	100	13,960	100
TOTAL	$ 11,792	100	$ 13,987	100

TABLE 5

CONCORD CAPITAL HOLDINGS (CAYMAN) LIMITED

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of U.S. Dollars)

	2015		2014	
	Amount	%	Amount	%
COSTS AND EXPENSES				
Operating expenses	$ -	-	$ 10	-
Nonoperating expenses and losses	2,204	100	2,345	100
Total costs and expenses	2,204	100	2,355	100
NET LOSS FOR THE YEAR	(2,204)	100	(2,355)	100
OTHER COMPREHENSIVE INCOME				
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations	11	-	25	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	$ (2,193)	100	$ (2,330)	100

CONCORD CAPITAL HOLDINGS (CAYMAN) LIMITED

SECURITIES HELD
DECEMBER 31, 2015
(In Thousands of U.S. Dollars, Unless Stated Otherwise)

Securities Type and Issuer	Securities Issuer's Relationship with the Holding Company	Financial Statement Account	December 31, 2015				Note
			Shares	Carrying Amount	Percentage of Ownership	Net Worth	
Stock Taiwan Concord Capital Securities (Hong Kong) Limited	Subsidiary	Investments accounted for using equity method	165,750,000	$ 11,770	100.00	$ 11,770	Note

Note: Share of profits (loss) of associates have been eliminated for consolidation purpose.