Concord Securities Co., Ltd. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2019 and 2018 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, 2019 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard 10 "Consolidated Financial Statements". Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

CONCORD SECURITIES CO., LTD.

By

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March 12, 2020

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of Concord Securities Co., Ltd. and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2019 and 2018, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to the Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, other regulations, International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion based on our audits and the reports of other auditors.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2019. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we did not provide a separate opinion on these matters.

The key audit matters of the Group's consolidated financial statements for the year ended December 31, 2019 is as follows:

<u>Accuracy of Brokerage Commission Revenue</u>

Brokerage commission revenue of the Group amounted to $1,319,432 thousand in 2019. The calculation of discounts on brokerage commission is complicated since it varies based on counterparties, ways of placing orders and transaction volume, and any calculation errors in the discounts will affect the accuracy of brokerage commission revenue. Therefore, the accuracy of brokerage commission revenue was identified as the key audit matter for the year ended December 31, 2019.

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

Brokerage commission revenue is mainly dependent on automatic calculation through information processing systems, where the control procedures for the input of discount rates and automatic calculation logic have a material impact on the calculation accuracy of brokerage commission revenue. We performed tests of controls to assess the process of recognition of brokerage commission revenue, evaluated the design of the related controls, determined whether the controls have been implemented, and tested the operating effectiveness of the controls. Moreover, we verified the correctness of the recorded brokerage commission revenue by performing our own calculations on sampled transactions.

Other Matter

As of December 31, 2019 and 2018, some of the subsidiaries and investments accounted for using the equity method included amounts and related disclosures based on the financial statements of subsidiaries and associates audited by other auditors. The total assets of these subsidiaries and investments in associates accounted for using the equity method amounted to $548,074 thousand as of December 31, 2019, accounting for 2.14% of consolidated total assets for the year then ended, no operating revenue was recognized for the year ended and the share of the other comprehensive loss of these subsidiaries and associates amounted to $57,434 thousand for the year ended December 31, 2019, accounting for (13.86)% of the consolidated total comprehensive income for the year then ended. The balance of investments in these associates accounted for using the equity method amounted to $604,305 thousand as of December 31, 2018, accounting for 2.92%, of the consolidated total assets for the year then ended; and the share of the other comprehensive income of these associates amounted to $144,662 thousand for the year ended December 31, 2018, accounting for (54.31)% of the consolidated total comprehensive loss for the year then ended.

We have also audited the parent company only financial statements of Concord Securities Co., Ltd. as of and for the years ended December 31, 2019 and 2018 on which we have issued an unmodified opinion with other matter paragraph.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, and other regulations, IFRS, IAS, IFRIC and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2019 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Pi-Yu Chuang and Ching-Pin Shih.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 12, 2020

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

CONCORD SECURITIES CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	2019		2018	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 1,678,341	7	$ 2,015,334	10
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	6,782,651	27	4,553,758	22
Bond investments under resale agreements (Notes 4 and 9)	697,687	3	-	-
Margin loans receivable (Notes 4, 12 and 32)	3,435,417	13	3,262,324	16
Refinancing margin (Notes 4 and 12)	27	-	16,568	-
Refinancing collateral receivable (Notes 4 and 12)	23	-	14,979	-
Customers' margin accounts (Notes 4 and 10)	3,668,531	14	3,655,219	18
Futures trading margin receivables (Notes 4, 5 and 11)	-	-	-	-
Security borrowing collateral price (Notes 4 and 12)	101,794	-	259,472	1
Security borrowing margin (Notes 4 and 12)	92,551	-	241,024	1
Notes and accounts receivable (Notes 4 and 12)	3,765,749	15	2,136,275	10
Prepayments	8,929	-	8,558	-
Other receivables (Notes 4 and 12)	45,674	-	134,702	1
Other financial assets - current (Notes 4 and 13)	556,485	2	537,545	3
Current tax assets (Notes 4 and 28)	22,176	-	22,436	-
Restricted assets - current (Note 33)	374,704	2	407,723	2
Other current assets	66,080	-	47,144	-
Total current assets	21,296,819	83	17,313,061	84
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4, 7 and 33)	10,049	-	-	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 5 and 8)	1,306,145	5	330,344	2
Investments accounted for using the equity method (Notes 4 and 15)	537,605	2	604,305	3
Property and equipment (Notes 3, 4, 16 and 33)	1,028,534	4	1,109,573	5
Right-of-use assets (Notes 3, 4, 17 and 32)	104,993	1	-	-
Investment properties (Notes 4, 18 and 33)	330,829	1	275,094	1
Intangible assets (Notes 4 and 19)	48,633	-	55,729	-
Deferred tax assets (Notes 4 and 28)	170,210	1	162,091	1
Other non-current assets (Notes 4, 17 and 20)	819,148	3	829,319	4
Total non-current assets	4,356,146	17	3,366,455	16
TOTAL	$ 25,652,965	100	$ 20,679,516	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 21 and 33)	$ 3,300	-	$ 275,500	1
Commercial paper payable (Notes 21 and 33)	5,386,999	21	2,627,942	13
Financial liabilities at fair value through profit or loss - current (Notes 4, 7 and 32)	876,119	4	587,568	3
Liabilities for bonds with repurchase agreements (Notes 4, 22 and 32)	3,187,258	13	2,425,375	12
Securities financing refundable deposits (Note 4)	354,357	1	421,453	2
Deposits payable for securities financing (Note 4)	412,022	2	816,140	4
Security lending refundable deposits (Note 4)	2,780	-	-	-
Futures traders' equity (Notes 4 and 10)	3,639,355	14	3,634,472	18
Accounts payable (Note 23)	3,659,518	14	2,013,861	10
Other payables	248,642	1	283,715	1
Current tax liabilities (Notes 4 and 28)	19,285	-	42,785	-
Provisions - current (Notes 4 and 24)	23,404	-	23,961	-
Lease liabilities - current (Notes 3, 4 and 17)	48,242	-	-	-
Other current liabilities	56,406	-	54,938	-
Total current liabilities	17,917,687	70	13,207,710	64
NON-CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss - non-current (Notes 4 and 7)	203,623	1	190,834	1
Provisions - non-current (Notes 4 and 24)	13,245	-	14,095	-
Lease liabilities - non-current (Notes 3, 4 and 17)	55,575	-	-	-
Deferred tax liabilities (Notes 4 and 28)	154	-	3,375	-
Refundable deposits (Notes 17 and 32)	3,060	-	2,555	-
Net defined benefit liabilities - non-current (Notes 4, 5 and 25)	162,629	1	178,287	1
Other non-current liabilities - others	-	-	998	-
Total non-current liabilities	438,286	2	390,144	2
Total liabilities	18,355,973	72	13,597,854	66
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Notes 4, 8, 15, 25, 26, 28 and 31)				
Share capital	6,103,227	24	6,260,803	30
Capital surplus	180,208	1	259,269	1
Retained earnings				
Legal reserve	-	-	63,335	-
Special reserve	556,882	2	770,146	4
Unappropriated earnings (accumulated deficits)	286,844	1	(276,599)	(1)
Total retained earnings	843,726	3	556,882	3
Other equity	266,179	1	143,478	1
Treasury shares	(146,315)	(1)	(184,101)	(1)
Total equity attributable to owners of the Corporation	7,247,025	28	7,036,331	34
NON-CONTROLLING INTERESTS	49,967	-	45,331	-
Total equity	7,296,992	28	7,081,662	34
TOTAL	$ 25,652,965	100	$ 20,679,516	100

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

(With Deloitte & Touche auditors’ report dated March 12, 2020)

CONCORD SECURITIES CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	2019		2018	
	Amount	**%**	**Amount**	**%**
REVENUE (Notes 4 and 27)				
Brokerage commission revenue (Note 32)	$ 1,319,432	61	$ 1,469,074	105
Income from securities lending	42,704	2	15,649	1
Underwriting commission	11,623	1	59,016	4
Losses on sale of securities, net	(34,271)	(2)	(237,489)	(17)
Revenue from providing agency service for stock affairs	22,328	1	18,943	2
Interest income (Note 32)	234,166	11	310,971	22
Dividend income	366,710	17	51,756	4
Valuation gains (losses) on operating securities at fair value through profit or loss, net	144,924	7	(263,688)	(19)
Losses on covering of borrowed securities and bonds with resale agreements, net	(17,130)	(1)	(12,365)	(1)
Valuation gains (losses) on borrowed securities and bonds with resale agreements at fair value through profit or loss, net	(17,052)	(1)	15,758	1
Gains on issuance of share warrants, net	26,093	1	69,139	5
Gains on derivative instruments - futures, net	60,440	3	14,548	1
Gains (losses) on derivative instruments - OTC, net (Note 32)	(17,645)	(1)	129,716	10
Expected credit loss (Notes 8, 11 and 12)	(469)	-	(275,524)	(20)
Other operating income (Note 32)	31,686	1	29,811	2
Total revenue	2,173,539	100	1,395,315	100
COSTS AND EXPENSES (Notes 4 and 27)				
Brokerage handling fee expenses	(160,254)	(7)	(184,411)	(13)
Dealing handling fee expenses	(8,314)	-	(11,393)	(1)
Refinancing handling fee expenses	(579)	-	(919)	-
Finance costs (Note 32)	(60,011)	(3)	(59,804)	(4)
Futures commission expense	(117,207)	(5)	(108,247)	(8)
Clearing and settlement expenses	(80,927)	(4)	(95,610)	(7)
Other operating costs	(27,334)	(1)	(25,272)	(2)
Employee benefits expense (Notes 25 and 32)	(933,506)	(43)	(878,554)	(63)
Depreciation and amortization (Notes 16, 17, 18 and 19)	(97,997)	(5)	(52,750)	(4)
Other operating expenses	(467,048)	(22)	(524,977)	(37)
Total costs and expenses	(1,953,177)	(90)	(1,941,937)	(139)
OPERATING PROFIT (LOSS)	220,362	10	(546,622)	(39)

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CONCORD SECURITIES CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	2019		2018	
	Amount	**%**	**Amount**	**%**
NON-OPERATING INCOME AND EXPENSES (Notes 4 and 27)				
Share of profit or loss of associates (Note 15)	$ (61,668)	(3)	$ 145,268	10
Other gains and losses	149,767	7	135,800	10
Total non-operating income and expenses	88,099	4	281,068	20
PROFIT (LOSS) BEFORE INCOME TAX	308,461	14	(265,554)	(19)
INCOME TAX EXPENSE (Notes 4 and 28)	(20,094)	(1)	(12,194)	(1)
NET PROFIT (LOSS) FOR THE YEAR	288,367	13	(277,748)	(20)
OTHER COMPREHENSIVE INCOME (Notes 4, 15, 25, 26, 28 and 31)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans	3,095	-	9,081	1
Unrealized gain (loss) on investments in equity instruments at fair value through comprehensive income	118,841	6	(1,370)	-
Share of the other comprehensive income (loss) of associates accounted for using the equity method	6,525	-	(606)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	(619)	-	716	-
	127,842	6	7,821	1
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations	(2,951)	-	3,334	-
Unrealized gains on investments in debt instruments at fair value through other comprehensive income	1,115	-	-	-
Income tax relating to items that may be reclassified subsequently to profit or loss	44	-	250	-
	(1,792)	-	3,584	-
Other comprehensive income for the year, net of income tax	126,050	6	11,405	1
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	$ 414,417	19	$ (266,343)	(19)

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CONCORD SECURITIES CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	2019		2018	
	Amount	%	Amount	%
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Corporation	$ 284,352	13	$ (278,067)	(20)
Non-controlling interests	4,015	-	319	-
	$ 288,367	13	$ (277,748)	(20)
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Corporation	$ 409,545	19	$ (266,464)	(19)
Non-controlling interests	4,872	-	121	-
	$ 414,417	19	$ (266,343)	(19)
EARNINGS (LOSS) PER SHARE (Note 29)				
Basic	$ 0.47		$ (0.43)	
Diluted	$ 0.47		$ (0.43)	

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

(With Deloitte & Touche auditors' report dated March 12, 2020) (Concluded)

CONCORD SECURITIES CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Corporation (Notes 4, 8, 15, 25, 26, 28 and 31)											
			Retained Earnings			Other Equity						
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficits)	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Treasury Shares	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2018	$ 6,133,368	$ 221,062	$ -	$ 674,732	$ 633,351	$ (5,122)	$ (28,674)	$ -	$ (118,906)	$ 7,509,811	$ 45,835	$ 7,555,646
Effect of retrospective application and retrospective restatement	-	-	-	-	2,110	-	28,674	126,115	-	156,899	(195)	156,704
BALANCE AT JANUARY 1, 2018 AS RESTATED	6,133,368	221,062	-	674,732	635,461	(5,122)	-	126,115	(118,906)	7,666,710	45,640	7,712,350
Appropriation of 2017 earnings												
Legal reserve	-	-	63,335	-	(63,335)	-	-	-	-	-	-	-
Special reserve	-	-	-	130,103	(130,103)	-	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(148,834)	-	-	-	-	(148,834)	-	(148,834)
Stock dividends on ordinary shares	315,528	-	-	-	(315,528)	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(34,689)	34,689	-	-	-	-	-	-	-
Other changes in capital surplus												
Issuance of share dividends from capital surplus	11,907	(11,907)	-	-	-	-	-	-	-	-	-	-
Net profit (loss) for the year ended December 31, 2018	-	-	-	-	(278,067)	-	-	-	-	(278,067)	319	(277,748)
Other comprehensive income (loss) for the year ended December 31, 2018, net of income tax	-	-	-	-	9,783	3,584	-	(1,764)	-	11,603	(198)	11,405
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	(268,284)	3,584	-	(1,764)	-	(266,464)	121	(266,343)
Purchase of treasury shares	-	-	-	-	-	-	-	-	(215,081)	(215,081)	-	(215,081)
Retirement of treasury shares	(200,000)	50,114	-	-	-	-	-	-	149,886	-	-	-
Disposals of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(20,665)	-	-	20,665	-	-	-	-
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(430)	(430)
BALANCE AT DECEMBER 31, 2018	6,260,803	259,269	63,335	770,146	(276,599)	(1,538)	-	145,016	(184,101)	7,036,331	45,331	7,081,662
Compensation of 2018 deficits												
Offset of accumulated deficits by legal reserve	-	-	(63,335)	-	63,335	-	-	-	-	-	-	-
Offset of accumulated deficits by special reserve	-	-	-	(179,467)	179,467	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(33,797)	33,797	-	-	-	-	-	-	-
Other changes in capital surplus												
Issuance of share dividends from capital surplus	176,424	(176,424)	-	-	-	-	-	-	-	-	-	-
Unpaid dividends	-	126	-	-	-	-	-	-	-	126	-	126
Net profit for the year ended December 31, 2019	-	-	-	-	284,352	-	-	-	-	284,352	4,015	288,367
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	2,492	(2,907)	-	125,608	-	125,193	857	126,050
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	286,844	(2,907)	-	125,608	-	409,545	4,872	414,417
Purchase of treasury shares	-	-	-	-	-	-	-	-	(232,393)	(232,393)	-	(232,393)
Retirement of treasury shares	(334,000)	94,227	-	-	-	-	-	-	239,773	-	-	-
Treasury stock transferred to employees	-	3,010	-	-	-	-	-	-	30,406	33,416	-	33,416
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(236)	(236)
BALANCE AT DECEMBER 31, 2019	$ 6,103,227	$ 180,208	$ -	$ 556,882	$ 286,844	$ (4,445)	$ -	$ 270,624	$ (146,315)	$ 7,247,025	$ 49,967	$ 7,296,992

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

(With Deloitte & Touche auditors' report dated March 12, 2020)

CONCORD SECURITIES CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit (loss) before income tax	$ 308,461	$ (265,554)
Adjustments for:		
Depreciation	83,468	33,030
Amortization	14,529	19,720
Expected credit loss	469	275,524
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	(129,832)	251,669
Finance costs	60,011	59,804
Interest income (including financial income)	(299,399)	(373,105)
Dividend income	(383,003)	(63,089)
Compensation costs of employee share options	3,010	-
Share of profit or loss of associates accounted for using the equity method	61,668	(145,268)
Loss on disposal of property and equipment	396	297
Loss on disposal of intangible assets	51	-
Gain on disposal of investments	(808)	(1,947)
Gain on lease modifications	(5)	-
Changes in operating assets and liabilities		
Decrease (increase) in financial assets at fair value through profit or loss	(2,091,931)	7,847,775
Decrease (increase) in bond investments under resale agreements	(697,687)	2,164,973
Decrease (increase) in margin loans receivable	(173,590)	1,522,171
Decrease (increase) in refinancing margin	16,541	(9,600)
Decrease (increase) in refinancing collateral receivable	14,956	(8,077)
Decrease (increase) in customers' margin accounts	(13,312)	1,013,572
Decrease (increase) in futures trading margin receivables	398	(264,258)
Decrease (increase) in security borrowing collateral price	157,678	(135,672)
Decrease (increase) in security borrowing margin	148,473	(128,330)
Decrease (increase) in notes receivable	(5)	131
Decrease (increase) in accounts receivable	(1,659,230)	1,341,277
Decrease (increase) in prepayments	(371)	196,319
Decrease (increase) in other receivables	84,616	(92,614)
Increase in other financial assets	(18,940)	(31,578)
Decrease (increase) in other current assets	14,083	(12,793)
Increase (decrease) in liabilities for bonds with repurchase agreements	761,883	(5,949,665)
Increase (decrease) in financial liabilities at fair value through profit or loss	284,288	(1,267,041)
Increase (decrease) in securities financing refundable deposits	(67,096)	103,089
Increase (decrease) in deposits payable for securities financing	(404,118)	189,322
Increase in security lending refundable deposits	2,780	-
Increase (decrease) in futures traders' equity	4,883	(994,108)
Increase (decrease) in accounts payable	1,645,203	(2,299,006)
Decrease in other payables	(34,908)	(182,603)

(Continued)

CONCORD SECURITIES CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	2019	2018
Decrease in net defined benefit liabilities	(13,182)	(36,661)
Decrease in provisions	(1,657)	(1,359)
Increase (decrease) in other current liabilities	1,318	(45,955)
Cash generated from (used in) operations	(2,319,911)	2,710,390
Interest received	334,842	401,423
Dividends received	365,440	51,756
Interest paid	(59,772)	(56,299)
Income tax paid	(54,630)	(16,253)
Net cash generated from (used in) operating activities	(1,734,031)	3,091,017
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(856,215)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	70,244
Net cash inflow on disposal of associates	12,240	-
Acquisition of property and equipment	(7,655)	(26,997)
Proceeds from disposal of property and equipment	637	-
Decrease in operating deposits	-	10,690
Decrease in clearing and settlement fund	16,385	10,217
Decrease (increase) in refundable deposits	(2,174)	2,571
Acquisition of intangible assets	(4,152)	(8,034)
Increase in other non-current assets	(7,372)	(2,228)
Dividends received	16,293	11,333
Net cash from generated from (used in) investing activities	(832,013)	67,796
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	(272,200)	(233,000)
Increase (decrease) in commercial paper payable	2,760,000	(2,505,000)
Increase in guarantee deposits received	505	963
Repayment of the principal portion of lease liabilities	(54,204)	-
Cash dividends paid	-	(148,834)
Exercise of employee share options	30,406	-
Purchase of treasury shares	(232,393)	(215,081)
Change in non-controlling interests	(236)	(430)
Unpaid dividends	126	-
Net cash generated from (used in) financing activities	2,232,004	(3,101,382)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(2,953)	3,339

(Continued)

CONCORD SECURITIES CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	2019	2018
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$ (336,993)	$ 60,770
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	2,015,334	1,954,564
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 1,678,341	$ 2,015,334

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

(With Deloitte & Touche auditors' report dated March 12, 2020) (Concluded)

1. GENERAL INFORMATION

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

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

As of December 31, 2019, the Corporation had 15 branches and an offshore securities unit supporting its head office.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Corporation's Board of Directors and issued on March 12, 2020.

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, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the FSC

   Except for the following, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, and the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Group's accounting policies:

   - IFRS 16 "Leases"

     IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessee and lessor. It supersedes IAS 17 "Leases", IFRIC 4 “Determining whether an Arrangement contains a Lease”, and a number of related interpretations. Refer to Note 4 for information relating to the relevant accounting policies.

Definition of a lease

The Group elects to apply the guidance of IFRS 16 in determining whether contracts are, or contain, a lease only to contracts entered into (or changed) on or after January 1, 2019. Contracts identified as containing a lease under IAS 17 and IFRIC 4 are not reassessed and are accounted for in accordance with the transitional provisions under IFRS 16.

The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases on the consolidated balance sheets except for those whose payments under low-value asset and short-term leases are recognized as expenses. On the consolidated statements of comprehensive income, the Group presents the depreciation expense charged on right-of-use assets separately from the interest expense accrued on lease liabilities; interest is computed using the effective interest method. On the consolidated statements of cash flows, cash payments for the principal portion of lease liabilities are classified within financing activities; cash payments for the interest portion are classified within operating activities. Prior to the application of IFRS 16, payments under operating lease contracts were recognized as expenses on a straight-line basis. Cash flows for operating leases were classified within operating activities on the consolidated statements of cash flows. Leased assets and finance lease payables were recognized on the consolidated balance sheets for contracts classified as finance leases.

The Group elects to apply IFRS 16 retrospectively with the cumulative effect of the initial application of this standard recognized in retained earnings on January 1, 2019. Comparative information is not restated.

Lease liabilities were recognized on January 1, 2019 for leases previously classified as operating leases under IAS 17. Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate on January 1, 2019. Right-of-use assets are measured at an amount equal to the lease liabilities. The Group applies IAS 36 to all right-of-use assets.

The Group also applies the following practical expedients:

1) The Group applies a single discount rate to a portfolio of leases with reasonably similar characteristics to measure lease liabilities.

2) The Group accounts for those leases for which the lease term ends on or before December 31, 2019 as short-term leases.

3) The Group uses hindsight, such as in determining lease terms, to measure lease liabilities.

For leases previously classified as finance leases under IAS 17, the carrying amounts of right-of-use assets and lease liabilities on January 1, 2019 are determined as at the carrying amounts of the respective leased assets and finance lease payables on December 31, 2018.

The lessee's weighted average incremental borrowing rate applied to lease liabilities recognized on January 1, 2019 is 0.82%. The difference between the lease liabilities recognized and the future minimum lease payments of non-cancellable operating lease commitments on December 31, 2018, is explained as follows:

The future minimum lease payments of non-cancellable operating lease commitments on December 31, 2018/Undiscounted amounts on January 1, 2019	$ 144,374
Discounted amounts using the incremental borrowing rate on January 1, 2019	$ 129,705
Add: Finance lease liabilities on December 31, 2018	848
Lease liabilities recognized on January 1, 2019	$ 130,553

The Group as lessor

The Group does not make any adjustments for leases in which it is a lessor, and it accounts for those leases with the application of IFRS 16 starting from January 1, 2019.

The impact on assets, liabilities and equity as of January 1, 2019 from the initial application of IFRS 16 is set out as follows:

	As Originally Stated on January 1, 2019	Adjustments Arising from Initial Application	Restated on January 1, 2019
Property and equipment	$ 1,109,573	$ (1,140)	$ 1,108,433
Right-of-use assets	-	130,845	130,845
	$ 1,109,573	$ 129,705	$ 1,239,278
Lease liabilities - current	$ -	$ 50,593	$ 50,593
Lease payable - current	102	(102)	-
Lease liabilities - non-current	-	79,960	79,960
Lease payable - non-current	746	(746)	-
	$ 848	$ 129,705	$ 130,553

b. The IFRSs endorsed by the FSC for application starting from 2020

New, Revised or Amended Standards and Interpretations	Effective Date Announced by IASB
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020 (Note 1)
Amendments to IFRS 9, IAS 39 and IFRS 7 "Interest Rate Benchmark Reform"	January 1, 2020 (Note 2)
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020 (Note 3)

Note 1: The Group shall apply these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.

Note 2: The Group shall apply these amendments retrospectively for annual reporting periods beginning on or after January 1, 2020.

Note 3: The Group shall apply these amendments prospectively for annual reporting periods beginning on or after January 1, 2020.

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

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

New, Revised or Amended Standards and Interpretations	Effective Date Announced by the IASB (Note)
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 the IASB
IFRS 17 "Insurance Contracts"	January 1, 2021
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2022

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, other regulations and IFRSs as endorsed and issued into effect by the FSC.

Basis of Preparation

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

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

a. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

b. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

c. Level 3 inputs are unobservable inputs for the asset or liability.

Classification of Current and Non-current Assets and Liabilities

Current assets include:

a. Assets held primarily for the purpose of trading;

b. Assets expected to be realized within 12 months after the reporting period; and

c. Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

a. Liabilities held primarily for the purpose of trading;

b. Liabilities due to be settled within 12 months after the reporting period; and

c. Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

Basis of Consolidation

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

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

See Note 14 and Table 1 for the detailed information of subsidiaries (including the percentage of ownership and main business).

Foreign Currencies

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

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

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the translation of non-monetary items are recognized in profit or loss.

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

Investments in Associates

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

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

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

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

When the Group subscribes for additional new shares of the associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus. If the Group's ownership interest is reduced due to the additional subscription of the new shares of associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for 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 the recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, which forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

Property and Equipment

Property and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss. Before January 1, 2019, property and equipment also included assets held under finances leases.

Property and equipment are depreciated on a straight-line basis over their estimated useful lives. Each significant part is depreciated separately. For assets which were held under finance leases before January 1, 2019, if their respective lease terms are shorter than their useful lives, such assets are depreciated over their lease terms. The estimated useful lives, residual value and depreciation method are reviewed the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

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

Investment Properties

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

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

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

Intangible Assets

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

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

Impairment of Tangible and Intangible Assets other than 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 Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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

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

Financial Instruments

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

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

a. Financial assets

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

1) Measurement category

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

a) Financial assets at FVTPL

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

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

b) Financial assets at amortized cost

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

i. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

i. Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit adjusted effective interest rate to the amortized cost of such financial assets; and

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

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

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

c) Investments in debt instruments at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

i. The debt instrument is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial assets; and

ii. The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

d) Investments in equity instruments at FVTOCI

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

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

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

2) Impairment of financial assets

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

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

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

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

3) Derecognition of financial assets

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

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

b. Equity instruments

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

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

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

c. Financial liabilities

1) Subsequent measurement

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

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

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

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

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

b) The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and has performance evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

c) The contract contains one or more embedded derivatives so that the entire combined contract (asset or liability) can be designated as at FVTPL.

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

2) Derecognition of financial liabilities

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

d. Derivative financial instruments

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

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

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

Repurchase and Resale Transactions

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

Margin Loans and Securities Financing

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

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

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

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

Securities Business Money Lending and Securities Lending

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

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

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

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 debited to “customers’ margin accounts” and credited to “futures traders’ equity”. The fair value is adjusted daily according to the difference between the carrying amount and the settlement price. When losses result in futures traders’ equity to have debit balance, the debit balance is recognized as futures trading margin receivables. 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 Guarantee Deposits

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

Clearing and Settlement Fund

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

Provisions

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

Revenue Recognition

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

Service income is recognized when services are provided.

Leases

<u>2019</u>

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

a. The Group as lessor

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

b. The Group as lessee

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

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

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

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

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

2018

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.

a. The Group as lessor

   Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease.

b. The Group as lessee

   Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

Employee Benefits

a. Short-term employee benefits

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

b. Retirement benefits

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

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

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

Employee Share Options

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

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

Taxation

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

a. Current tax

   According to the Income Tax Law, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

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

b. Deferred tax

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

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

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

   The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

c. Current and deferred taxes for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations, and assumptions 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 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 estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Key Sources of Estimation and Uncertainty

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

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

b. Estimated impairment of financial assets

The provision for impairment of accounts receivable is based on assumptions about risk of default and expected loss rates. The Group uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Group's historical experience, existing market conditions as well as forward looking estimates. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

c. Recognition and measurement of defined benefit plans

The net defined benefit liabilities and the resulting defined benefit costs under the defined benefit pension plans are calculated using the projected unit credit method. Actuarial assumptions comprise the discount rates, rates of employee turnover, future salary increases, etc. Changes in economic circumstances and market conditions will affect these assumptions and may have a material impact on the amount of related expenses and liabilities. Refer to Note 25 for the book value of net defined benefit liabilities of the Group at the end of the reporting period.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2019	2018
Cash on hand and working fund	$ 211	$ 221
Check and demand deposits	321,218	280,656
Foreign currency deposits	391,869	820,794
Cash equivalents		
Time deposits with original maturities within three months	706,145	620,082
Excess future trading margin	258,898	223,644
Short-term bills	-	69,937
	$ 1,678,341	$ 2,015,334

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

	December 31	
	2019	2018
Time deposits with original maturities within three months	1.60%-2.05%	2.55%-4.18%
Short-term bills	-	0.50%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2019	2018
Financial assets at FVTPL - current		
Financial assets mandatorily measured at FVTPL		
Open-end funds and money market instruments	$ 51,781	$ 43,013
Operating securities - dealing	6,140,738	3,945,059
Operating securities - underwriting	66,582	136,959
Operating securities - hedging	272,569	145,596
Futures margin - own funds	102,544	106,606
Call options - non-hedging	9	-
Derivative assets - OTC		
Value of asset swap IRS contracts	5,651	8,008
Asset swap options	142,777	168,517
	$ 6,782,651	$ 4,553,758
Financial assets at FVTPL - non-current		
Financial assets mandatorily measured at FVTPL		
Operating securities - dealing	$ 10,049	$ -

(Continued)

	December 31	
	2019	2018
Financial liabilities at FVTPL - current		
Financial liabilities held for trading		
Bond investments under resale agreements - short sales	$ 249,189	$ -
Warrant liabilities	1,638,965	1,331,250
Warrants redeemed	(1,593,360)	(1,309,153)
Put options - non-hedging	7	-
Liabilities on sale of borrowed securities - hedging	105,912	255,150
Derivative liabilities - OTC		
Value of asset swap IRS contracts	18,828	12,970
Asset swap options	284,481	251,033
Equity derivatives	24,908	6,375
	728,930	547,625
Financial liabilities designated as at FVTPL		
Structured instruments	147,189	39,943
	$ 876,119	$ 587,568
Financial liabilities at FVTPL - non-current		
Financial liabilities designated as at FVTPL		
Structured instruments	$ 203,623	$ 190,834

(Concluded)

a. Open-end funds and money market instruments

	December 31	
	2019	2018
Open-end funds and money market instruments	$ 59,808	$ 53,000
Valuation adjustments	(8,027)	(9,987)
	$ 51,781	$ 43,013

b. Operating securities - dealing

	December 31	
	2019	2018
Current		
Government bonds	$ 1,807,696	$ 1,668,212
Corporate bonds	100,209	200,000
Listed shares	613,852	143,732
Shares and convertible bonds traded in the OTC market	2,268,503	1,684,146
Emerging shares	224,393	210,465
Foreign shares and bonds	164,995	15,357
Beneficiary securities	920,202	84,232
	6,099,850	4,006,144
Valuation adjustments	40,888	(61,085)
	$ 6,140,738	$ 3,945,059

(Continued)

	December 31	
	2019	2018
Non-current		
Government bonds	$ 10,033	$ -
Valuation adjustments	16	-
	$ 10,049	$ -

(Concluded)

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

	December 31	
	2019	2018
Government bonds	0.500%-1.375%	0.375%-6.250%
Corporate bonds	1.040%	1.460%

As of December 31, 2019 and 2018, the face value of the Group's dealing securities and bond investments under resale agreements of $3,076,300 thousand and $2,287,400 thousand, respectively, were provided for repurchase agreements.

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

c. Operating securities - underwriting

	December 31	
	2019	2018
Listed and OTC shares and convertible bonds	$ 67,140	$ 176,842
Valuation adjustments	(558)	(39,883)
	$ 66,582	$ 136,959

d. Operating securities - hedging

	December 31	
	2019	2018
Listed shares and warrants	$ 131,337	$ 84,823
Shares and warrants traded in the OTC market	137,941	61,094
	269,278	145,917
Valuation adjustments	3,291	(321)
	$ 272,569	$ 145,596

e. Bond investments under resale agreements - short sales

	December 31	
	2019	2018
Government bonds	$ 249,167	$ -
Valuation adjustments	22	-
	$ 249,189	$ -

f. Warrants

	December 31	
	2019	2018
Warrant liabilities	$ 1,780,955	$ 1,827,635
Less: Gain on changes in fair value	(141,990)	(496,385)
	1,638,965	1,331,250
Warrants redeemed	1,680,867	1,713,163
Less: Loss on changes in fair value	(87,507)	(404,010)
	1,593,360	1,309,153
Net warrant liabilities	$ 45,605	$ 22,097

g. Liabilities on sale of borrowed securities

	December 31	
	2019	2018
Hedging		
Listed and OTC shares	$ 102,191	$ 268,459
Valuation adjustments	3,721	(13,309)
	$ 105,912	$ 255,150

h. Futures and options

	December 31	
	2019	2018
Call options - non-hedging		
Index options	$ 20	$ -
Loss on open positions	(11)	-
Fair value	$ 9	$ -
Put options - non-hedging		
Index options	$ (25)	$ -
Gain on open positions	18	-
Fair value	$ (7)	$ -

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

		December 31, 2019			
		Open Position		Carrying Amount/ Premium Paid (Received)	Fair Value
Item	Transaction Type	Buyer/ Seller	Volume		
Futures	TAIEX futures	Buyer	69	$ 165,702	$ 165,417
Futures	TAIEX futures	Seller	22	52,771	52,753
Futures	MTX	Buyer	32	19,212	19,190
Futures	MTX	Seller	200	120,058	119,840
Futures	Share futures	Buyer	395	67,394	67,777
Futures	Share futures	Seller	49	10,695	10,677
Futures	CBOT-UB	Buyer	2	11,289	10,892
Futures	MGC	Buyer	1	439	457
Futures	NYMEX-CL	Seller	531	962,371	972,025
Futures	CME - NQ	Seller	8	41,304	41,982
Futures	YM	Seller	10	42,232	42,733
Futures	SCN	Seller	59	25,284	25,488
Futures	LCO	Seller	16	30,440	31,658
Futures	CFE-VX	Seller	25	11,653	11,621
Futures	HG	Seller	4	8,059	8,385
Futures	S	Seller	3	4,107	4,297
Futures	GC	Seller	5	22,153	22,831
Options	TAIEX options - put	Buyer	22	20	9
Options	TAIEX options - put	Seller	21	(25)	(7)

		December 31, 2018			
		Open Position		Carrying Amount/ Premium Paid (Received)	Fair Value
Item	Transaction Type	Buyer/ Seller	Volume		
Futures	Share futures	Buyer	1,533	$ 228,322	$ 220,460
Futures	TAIEX futures	Buyer	386	736,095	746,390
Futures	Share futures	Seller	220	24,538	24,149
Futures	TAIEX futures	Seller	137	265,608	264,931
Futures	HG	Seller	6	12,644	12,122
Futures	NYMEX-CL	Seller	19	26,616	26,501
Futures	S	Seller	4	5,436	5,498
Futures	SCN	Seller	74	23,724	23,667
Futures	MTX	Seller	1,544	734,867	746,390

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

As of December 31, 2019 and 2018, futures margins arising from futures and option contracts were $102,544 thousand and $106,606 thousand, respectively.

i. Derivative instruments - OTC

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

	Nominal Amount	
	December 31	
	2019	2018
Convertible bond asset swaps	$ 4,845,000	$ 4,300,500
Structured instruments	351,200	230,800
Equity derivatives	114,509	19,061

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2019	2018
Non-current		
Investments in equity instruments	$ 655,500	$ 330,344
Investments in debt instruments	650,645	-
	$ 1,306,145	$ 330,344

a. Investments in equity instruments

	December 31	
	2019	2018
Non-current		
Non-public ordinary shares		
Taiwan Futures Exchange	$ 335,345	$ 202,412
Taiwan Stock Exchange	172,447	-
Taiwan Depository & Clearing Corporation	84,090	63,507
Guoyuan Futures Co., Ltd.	37,562	39,452
Asia Pacific Emerging Industry Venture Capital Co., Ltd.	21,660	21,660
FundRich Securities Co., Ltd.	4,396	3,313
Foursun Tech. Inc.	-	-
	$ 655,500	$ 330,344

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

In June 2019, the Corporation obtained 1,500 thousand ordinary shares of Taiwan Stock Exchange at $78.21 per share, for a total investment amount of $117,315 thousand.

In December 2019, the Corporation's subsidiary, Concord Futures obtained 1,000 thousand ordinary shares of Taiwan Futures Exchange at $89 per share, for a total investment amount of $89,000 thousand.

The Group recognized dividend revenue of $16,293 thousand and $11,333 thousand during 2019 and 2018, which were generated from the investments held as of December 31, 2019 and 2018, respectively.

b. Investments in debt instruments

	December 31	
	2019	2018
Non-current		
Government bonds	$ 300,260	$ -
Corporate bonds	200,497	-
Foreign bonds	149,888	-
	$ 650,645	$ -

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

December 31, 2019

	At FVTOCI
Gross carrying amount	$ 649,900
Less: Allowance for impairment loss	(370)
Amortized cost	649,530
Adjustment to fair value	1,115
	$ 650,645

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

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

Category	Description	Basis for Recognizing Expected Credit Losses (ECLs)	Expected Loss Rate	Gross Carrying Amount on December 31, 2019
Stage 1	The credit rating on the base date is investment grade and above, and credit risk has not significantly increased	12m ECLs	0.00%-0.11%	$ 649,900

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

	Credit Rating		
	12-month ECLs	**Lifetime ECLs - Not Credit Impaired**	**Lifetime ECLs - Credit Impaired**
Balance at January 1, 2019	$ -	$ -	$ -
Recognized expected credit loss	370	-	-
Balance at December 31, 2019	$ 370	$ -	$ -

9. BOND INVESTMENTS UNDER RESALE AGREEMENTS

	December 31	
	2019	**2018**
Government bonds	$ 697,687	$ -

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

	December 31	
	2019	**2018**
Government bonds	0.2%-0.5%	-

Bonds investments under resale agreements as of December 31, 2019 were resold for $697,699 thousand by January 6, 2020.

10. CUSTOMERS' MARGIN ACCOUNTS AND FUTURES TRADERS' EQUITY

	December 31	
	2019	**2018**
Customers' margin accounts		
Cash in banks	$ 2,661,303	$ 3,008,425
Futures clearing institution	758,232	472,208
Other futures commission merchant	248,996	174,586
Customers' margin accounts	3,668,531	3,655,219
Adjustment		
Brokerage commission revenue and futures transactions tax	(53,834)	(56,099)
Timing differences in receiving customers' deposits	24,658	35,352
Futures traders' equity	$ 3,639,355	$ 3,634,472

11. FUTURES TRADING MARGIN RECEIVABLES

The volatility of the global share markets in February and October 2018 cause some customers of the Corporation's subsidiary, Concord Futures to exceed their loss limit. The customers' obligation for the loss in excess of limit amounted to $265,890 thousand, of which the customers have paid $2,030 thousand as of December 31, 2019. The subsidiary, Concord Futures had recognized as expected credit loss unrecovered margin of $263,860 thousand, and been actively recovering the bad debt from customers. Part of the loss in the amount of $198,421 thousand was incurred by the customers who were assisted in their futures transactions by the Corporation; therefore, the Corporation negotiated with the subsidiary, Concord Futures in April 2018 and based on their lawyer's suggestion, the Corporation agreed to bear 50% of the loss amount, i.e. $99,210 thousand. The amount was paid in May 2018.

As of December 31, 2019 and 2018, futures trading margin receivables and allowance for doubtful accounts were as follows:

	December 31	
	2019	2018
Futures trading margin receivables	$ 263,860	$ 264,258
Less: Allowance for impairment loss	(263,860)	(264,258)
	$ -	$ -

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

	December 31	
	2019	2018
Margin loans receivable	$ 3,436,325	$ 3,262,735
Less: Allowance for impairment loss	(908)	(411)
	$ 3,435,417	$ 3,262,324

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

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

	December 31	
	2019	2018
Notes receivable	$ 83	$ 78
Accounts receivable		
Accounts receivable for settlement - brokerage	3,036,581	1,842,228
Accounts receivable for settlement - dealing	628,975	160,317
Brokerage commissions and refinancing interest receivable	81,692	84,369
Bond interest receivable	8,558	39,587
Others	9,860	9,696
	3,765,666	2,136,197
	$ 3,765,749	$ 2,136,275

The aging of receivables was as follows:

	December 31	
	2019	2018
0 to 120 days	$ 3,765,662	$ 2,135,490
121 to 180 days	82	185
Over 180 days	5	600
	$ 3,765,749	$ 2,136,275

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

	December 31	
	2019	2018
Other receivables	$ 130,698	$ 219,726
Less: Allowance for impairment loss	(85,024)	(85,024)
	$ 45,674	$ 134,702

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

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

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

December 31, 2019

	Notes and Accounts Receivable	Margin Loans Receivable	Refinancing Collateral Receivable	Refinancing Margin, Security Borrowing Collateral Price and Security Borrowing Margin	Other Receivables	Total
Expected credit loss rate	0%	0.03%	0%	0%	0%; 100%	
Gross carrying amount	$ 3,765,749	$ 3,436,325	$ 23	$ 194,372	$ 130,698	$ 7,527,167
Loss allowance (Lifetime ECLs)	-	(908)	-	-	(85,024)	(85,932)
Amortized cost	$ 3,765,749	$ 3,435,417	$ 23	$ 194,372	$ 45,674	$ 7,441,235

December 31, 2018

	Notes and Accounts Receivable	Margin Loans Receivable	Refinancing Collateral Receivable	Refinancing Margin, Security Borrowing Collateral Price and Security Borrowing Margin	Other Receivables	Total
Expected credit loss rate	0%	0.01%	0%	0%	0%; 100%	
Gross carrying amount	$ 2,136,275	$ 3,262,735	$ 14,979	$ 517,064	$ 219,726	$ 6,150,799
Loss allowance (Lifetime ECLs)	-	(411)	-	-	(85,024)	(85,435)
Amortized cost	$ 2,136,275	$ 3,262,324	$ 14,979	$ 517,064	$ 134,702	$ 6,065,344

The movements of the loss allowance of trade receivables for the years ended December 31, 2019 and 2018, respectively, were as follows:

	Notes and Accounts Receivable	Margin Loans Receivable	Other Receivables	Total
Balance at January 1, 2019	$ -	$ 411	$ 85,024	$ 85,435
Add: Net remeasurement of loss allowance	-	497	-	497
Balance at December 31, 2019	$ -	$ 908	$ 85,024	$ 85,932

	Notes and Accounts Receivable	Margin Loans Receivable	Other Receivables	Total
Balance at January 1, 2018 per IAS 39	$ 60	$ 1,022	$ 73,147	$ 74,229
Adjustment on initial application of IFRS 9	-	-	-	-
Balance at January 1, 2018 per IFRS 9	60	1,022	73,147	74,229
Add: Net remeasurement of loss allowance	-	(611)	11,877	11,266
Less: Amounts written off	(60)	-	-	(60)
Balance at December 31, 2018	$ -	$ 411	$ 85,024	$ 85,435

13. OTHER FINANCIAL ASSETS - CURRENT

	December 31	
	2019	2018
Time deposits	$ 556,485	$ 537,545

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	
	2019	2018
Time deposits	0.62%-2.57%	0.77%-2.25%

14. SUBSIDIARIES

Subsidiaries included in consolidated financial statements were summarized as follows:

			Percentage of Ownership (%)		
			December 31		
Investor	Investee	Main Business	2019	2018	Remarks
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 and trust services	100.00	100.00	Note a
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	100.00	100.00	Note b

Note a: The Corporation’s direct shareholding is 60%, while the combined shareholding is 100%. Concord Managed Futures terminated futures managing and trust services on February 1, 2019, which was approved by the relevant authorities in January 2019. In addition, Concord Managed Futures obtained approval for liquidation in March 2019, according to Rule No. 1080304430 issued by the FSC. However, as of March 12, 2020, the liquidation had not been completed.

Note b: The subsidiary, Concord Cayman, implemented a capital reduction in cash amounting to US$12,000 thousand in June 2018, and the Corporation received the capital reduction amount of $356,730 thousand on June 11, 2018.

15. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31			
	2019		2018	
Investment in Associates	Carrying Amount	Percentage of Shareholding (%)	Carrying Amount	Percentage of Shareholding (%)
Individually immaterial associates:				
HWA-HO Asset Management Corp.	$ 537,605	46.59	$ 604,305	47.62

The summarized information of individually immaterial associates was as follows:

	For the Year Ended December 31	
	2019	2018
The Group's share of:		
Net profit (loss) for the year	$ (61,668)	$ 145,268
Other comprehensive income (loss)	6,525	(606)
Total comprehensive income (loss) for the year	$ (55,143)	$ 144,662

The Group's share of profit or loss and other comprehensive income or loss of associates were calculated based on the audited financial statements for the years ended December 31, 2019 and 2018.

16. PROPERTY AND EQUIPMENT

	For the Year Ended December 31, 2019						
	Balance at January 1, 2019	Effect of Retrospective Application of IFRS 16	Balance at January 1, 2019 (IFRS 16)	Additions	Reductions	Reclassifi-cations	Balance at December 31, 2019
Cost							
Land	$ 848,263	$ -	$ 848,263	$ -	$ -	$ (47,054)	$ 801,209
Buildings	335,631	-	335,631	-	-	(20,593)	315,038
Equipment	135,468	-	135,468	6,887	(37,557)	-	104,798
Leasehold improvements	42,898	-	42,898	1,018	(5,700)	-	38,216
Leased assets	1,243	(1,243)	-	-	-	-	-
	1,363,503	$ (1,243)	1,362,260	$ 7,905	$ (43,257)	$ (67,647)	1,259,261
Accumulated depreciation							
Buildings	138,742	$ -	138,742	$ 5,720	$ -	$ (10,349)	134,113
Equipment	91,334	-	91,334	18,674	(37,369)	-	72,639
Leasehold improvements	22,067	-	22,067	5,079	(4,855)	-	22,291
Leased assets	103	(103)	-	-	-	-	-
	252,246	$ (103)	252,143	$ 29,473	$ (42,224)	$ (10,349)	229,043
Accumulated impairment	1,684	$ -	1,684	$ -	$ -	$ -	1,684
Net book value	$ 1,109,573		$ 1,108,433				$ 1,028,534

	For the Year Ended December 31, 2018				
	Balance at January 1, 2018	Additions	Reductions	Reclassifi-cations	Balance at December 31, 2018
Cost					
Land	$ 847,477	$ -	$ -	$ 786	$ 848,263
Buildings	335,108	-	-	523	335,631
Equipment	139,858	19,450	(23,840)	-	135,468
Leasehold improvements	34,214	11,866	(3,182)	-	42,898
Leased assets	-	1,243	-	-	1,243
	1,356,657	$ 32,559	$ (27,022)	$ 1,309	1,363,503
Accumulated depreciation					
Buildings	132,677	5,955	-	110	138,742
Equipment	93,509	21,481	(23,656)	-	91,334
Leasehold improvements	20,974	4,162	(3,069)	-	22,067
Leased assets	-	103	-	-	103
	247,160	$ 31,701	$ (26,725)	$ 110	252,246
Accumulated impairment	1,684	$ -	$ -	$ -	1,684
Net book value	$ 1,107,813				$ 1,109,573

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

Buildings	55 years
Equipment	2-15 years
Leasehold improvements	1-11 years
Leased assets	5 years

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

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

17. LEASE ARRANGEMENTS

a. Right-of-use assets - 2019

	December 31, 2019
Carrying amounts	
Buildings	$ 103,978
Equipment	1,015
	$ 104,993

	For the Year Ended December 31, 2019
Additions to right-of-use assets	$ 28,445
Depreciation charge for right-of-use assets	
Buildings	$ 52,121
Equipment	311
	$ 52,432

b. Lease liabilities - 2019

	December 31, 2019
Carrying amounts	
Current	$ 48,242
Non-current	$ 55,575

Ranges of discount rates for lease liabilities were as follows:

	December 31, 2019
Buildings	0.764%-1.410%
Equipment	0.753%-1.300%

The Group leases buildings for operational uses with lease terms of 1 to 5 years. The Group does not have bargain purchase options to acquire the leasehold buildings at the end of the lease terms. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

c. Other lease information

2019

	For the Year Ended December 31, 2019
Expenses relating to low-value asset leases	$ 4,466
Total cash outflow for leases	$ 58,670

The Group's leases of certain office equipment qualify as low-value asset leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

2018

1) 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 for the operating leases were as follows:

	December 31, 2018
Refundable deposits paid	$ 13,551

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

	December 31, 2018
Within 1 year	$ 55,985
Between 1 and 5 years	88,389
	$ 144,374

2) 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 a priority option to renew or extend the lease for 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 due to the operating lease arrangements were as follows:

	December 31, 2018
Guarantee deposits received	$ 2,495

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

	December 31, 2018
Within 1 year	$ 9,656
Between 1 and 5 years	4,210
	$ 13,866

18. INVESTMENT PROPERTIES

	For the Year Ended December 31, 2019			
	Balance at January 1, 2019	Additions	Reclassifi-cations	Balance at December 31, 2019
Cost				
Land	$ 235,709	$ -	$ 47,054	$ 282,763
Buildings	74,342	-	20,593	94,935
	310,051	$ -	$ 67,647	377,698
Accumulated depreciation				
Buildings	34,723	$ 1,563	$ 10,349	46,635
Accumulated impairment				
Buildings	234	$ -	$ -	234
Net book value	$ 275,094			$ 330,829

	For the Year Ended December 31, 2018			
	Balance at January 1, 2018	Additions	Reclassifi-cations	Balance at December 31, 2018
Cost				
Land	$ 236,495	$ -	$ (786)	$ 235,709
Buildings	74,865	-	(523)	74,342
	311,360	$ -	$ (1,309)	310,051
Accumulated depreciation				
Buildings	33,504	$ 1,329	$ (110)	34,723
Accumulated impairment				
Buildings	234	$ -	$ -	234
Net book value	$ 277,622			$ 275,094

The Group's investment properties are land and buildings. The buildings are depreciated on straight-line basis over their estimated useful lives of 55 years.

As of December 31, 2019 and 2018, the fair value of the Group's investment properties amounted to $437,238 thousand and $339,507 thousand, respectively. The fair value was quoted based on the market price of similar properties.

Some investment properties were pledged as collateral for loans and loan credit line (refer to Note 33 for the details).

19. INTANGIBLE ASSETS

	December 31	
	2019	2018
Memberships in foreign futures exchanges	$ 33,392	$ 33,392
Computer software	15,241	22,280
Website construction expenses	-	57
	$ 48,633	$ 55,729

	For the Year Ended December 31, 2019			
	Balance at January 1, 2019	**Additions**	**Reductions**	**Balance at December 31, 2019**
Cost				
Computer software	$ 47,226	$ 7,277	$ (14,451)	$ 40,052
Memberships in foreign futures exchanges	33,392	-	-	33,392
Website construction expenses	270	-	(270)	-
	80,888	$ 7,277	$ (14,721)	73,444
Accumulated amortization				
Computer software	24,946	$ 14,316	$ (14,451)	24,811
Website construction expenses	213	6	(219)	-
	25,159	$ 14,322	$ (14,670)	24,811
Net book value	$ 55,729			$ 48,633

	For the Year Ended December 31, 2018			
	Balance at January 1, 2018	**Additions**	**Reductions**	**Balance at December 31, 2018**
Cost				
Computer software	$ 64,266	$ 10,838	$ (27,878)	$ 47,226
Memberships in foreign futures exchanges	33,392	-	-	33,392
Website construction expenses	270	-	-	270
	97,928	$ 10,838	$ (27,878)	80,888
Accumulated amortization				
Computer software	33,468	$ 19,356	$ (27,878)	24,946
Website construction expenses	164	49	-	213
	33,632	$ 19,405	$ (27,878)	25,159
Net book value	$ 64,296			$ 55,729

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

Computer software	2-5 years
Website construction expenses	5 years

For the purpose of business development, the subsidiary, Concord Futures, acquired memberships in foreign futures exchanges - CME, CBOT and COMEX. The subsidiary treats the memberships as intangible assets with an indefinite useful life with estimated net cash inflows over an indefinite time span. Memberships in foreign futures exchanges will not be amortized until the memberships turn into intangible assets with definite useful life. Memberships are tested for impairment at least annually whether there is an indication that the asset may be impaired.

20. OTHER NON-CURRENT ASSETS

	December 31	
	2019	**2018**
Operating guarantee deposits	$ 572,000	$ 572,000
Clearing and settlement fund	189,425	205,810
Guarantee deposits paid	50,894	48,720
Prepayments for equipment	6,373	2,315
Deferred expense	456	474
	$ 819,148	$ 829,319

21. BORROWINGS

a. Short-term borrowings

	December 31	
	2019	**2018**
Secured borrowings	$ -	$ 272,000
Unsecured borrowings	3,300	3,500
	$ 3,300	$ 275,500

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

	December 31	
	2019	**2018**
Short-term borrowings	1.41%	0.99%-1.41%

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

b. Commercial paper payable

	December 31	
	2019	**2018**
Commercial paper payable	$ 5,390,000	$ 2,630,000
Less: Discount of commercial paper payable	(3,001)	(2,058)
	$ 5,386,999	$ 2,627,942

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

	December 31	
	2019	**2018**
Commercial paper payable	0.38%-0.77%	0.36%-0.865%

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

22. LIABILITIES FOR BONDS WITH ATTACHED REPURCHASE AGREEMENTS

	December 31	
	2019	2018
Government bonds	$ 1,829,697	$ 1,725,214
Corporate bonds	1,357,561	700,161
	$ 3,187,258	$ 2,425,375

The market rates of the liabilities for bonds with attached repurchase agreements at the end of each reporting period were as follows:

	December 31	
	2019	2018
Government bonds	0.30%-0.59%	0.36%-0.48%
Corporate bonds	0.59%-2.38%	0.51%-0.57%

The bonds with attached repurchase agreements that were outstanding as of December 31, 2019 had been repurchased for $3,188,747 thousand by February 12, 2020.

The bonds with attached repurchase agreements that were outstanding as of December 31, 2018 had been repurchased for $2,425,996 thousand by January 25, 2019.

23. ACCOUNTS PAYABLE

	December 31	
	2019	2018
Accounts payable for settlement - brokerage	$ 2,983,659	$ 1,900,377
Accounts payable for settlement - dealing	567,707	24,121
Brokerage commissions payable	48,502	53,245
Others	59,650	36,118
	$ 3,659,518	$ 2,013,861

24. PROVISIONS

	December 31	
	2019	2018
Current		
Employee benefits	$ 23,404	$ 23,961
Non-current		
Decommissioning provision	$ 13,245	$ 14,095

25. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The Corporation and its subsidiaries in the ROC adopted a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plan

The Corporation and its subsidiaries in the ROC adopted the pension plan under the Labor Standards Law, which is a state-managed defined benefit plan. Pension costs are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Group makes monthly contributions to a pension fund based on a fixed percentage of gross salaries. Pension contributions are deposited in several banks in the pension fund committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund deposited in the Bank of Taiwan is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Group has no right to influence the investment policy and strategy.

The amounts included in the accompanying consolidated balance sheets in respect of the Group's defined benefit plans are as follows:

	December 31	
	2019	**2018**
Present value of defined benefit obligation	$ 252,980	$ 260,868
Fair value of plan assets	(90,351)	(82,581)
Net defined benefit liabilities	$ 162,629	$ 178,287

Movements in net defined benefit liabilities were as follows:

	Present Value of Defined Benefit Obligation	**Fair Value of Plan Assets**	**Net Defined Benefit Liabilities**
Balance at January 1, 2018	$ 300,469	$ (75,724)	$ 224,745
Service cost			
Current service cost	4,373	-	4,373
Net interest expense (income)	3,018	(768)	2,250
Recognized in profit or loss	7,391	(768)	6,623
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(722)	(722)
Actuarial loss - changes in financial assumptions	2,518	-	2,518
Actuarial gain - experience adjustments	(10,877)	-	(10,877)
Recognized in other comprehensive income	(8,359)	(722)	(9,081)
Contributions from the employer	-	(41,597)	(41,597)
Benefits paid	(38,633)	36,230	(2,403)
Balance at December 31, 2018	260,868	(82,581)	178,287

(Continued)

	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Liabilities
Service cost			
Current service cost	$ 3,420	$ -	$ 3,420
Net interest expense (income)	2,348	(760)	1,588
Liquidation benefits	(205)	-	(205)
Recognized in profit or loss	5,563	(760)	4,803
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(3,523)	(3,523)
Actuarial loss - changes in financial assumptions	4,335	-	4,335
Actuarial gain - experience adjustments	(3,907)	-	(3,907)
Recognized in other comprehensive (income) loss	428	(3,523)	(3,095)
Contributions from the employer	-	(14,904)	(14,904)
Corporation paid	(1,040)	-	(1,040)
Benefits paid	(11,417)	11,417	-
Liabilities extinguished on settlement	(1,422)	-	(1,422)
Balance at December 31, 2019	$ 252,980	$ (90,351)	$ 162,629

(Concluded)

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 interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on debt investments of plan assets.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the Group's defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations are as follows:

	December 31, 2019		
	The Corporation	Concord Futures	Concord Managed Futures
Discount rate	0.7%	0.7%	-
Expected incremental rate of salaries	1.5%	1.0%	-
Expected rate of return on plan assets	0.7%	0.7%	-

	December 31, 2018		
	The Corporation	Concord Futures	Concord Managed Futures
Discount rate	0.9%	1.0%	1.1%
Expected incremental rate of salaries	1.5%	1.0%	1.0%
Expected rate of return on plan assets	0.9%	1.0%	1.1%

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	
	2019	2018
Discount rate		
0.5% increase	$ (11,318)	$ (12,817)
0.5% decrease	$ 12,072	$ 13,717
Expected incremental rate of salaries		
0.5% increase	$ 10,618	$ 12,224
0.5% decrease	$ (10,092)	$ (11,582)

The sensitivity analysis previously presented may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that changes in assumptions will occur in isolation of one another as some of the assumptions may be correlated.

	December 31, 2019		
	The Corporation	Concord Futures	Concord Managed Futures
Expected contributions to the plan for the next year	$ 1,960	$ 108	$ -
Average duration of the defined benefit obligation	8.9 years	11.5 years	-

	December 31, 2018		
	The Corporation	Concord Futures	Concord Managed Futures
Expected contributions to the plan for the next year	$ 2,010	$ 108	$ -
Average duration of the defined benefit obligation	9.9 years	10.8 years	14.9 years

26. EQUITY

a. Share capital

	December 31	
	2019	2018
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)	610,322	626,080
Shares issued	$ 6,103,227	$ 6,260,803

Every issued ordinary share with a par value of $10 entitles its holder to one vote on matters requiring such vote and to receive dividends.

It was resolved in the shareholders' meeting on June 6, 2019 to increase the Corporation's capital by transferring from the capital surplus the amount of $176,424 thousand, which increased the share capital issued by 17,642 thousand ordinary shares.

It was resolved in the shareholders' meeting on June 8, 2018 to increase the Corporation's capital by declaring share dividends in the amount of $315,528 thousand, and by transferring the capital surplus of $11,907 thousand to ordinary shares, which increased the share capital issued to 32,744 thousand ordinary shares.

b. Capital surplus

	December 31	
	2019	2018
Treasury share transactions	$ 178,104	$ 257,291
Gain on sale of fixed assets	682	682
Unclaimed dividends	126	-
Others	1,296	1,296
	$ 180,208	$ 259,269

The capital surplus arising from shares issued in excess of par (including additional paid-in capital, premium from mergers and treasury share transactions, etc.) and donations may be used to offset deficits; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Corporation's paid-in capital each year).

The capital surplus arising from the gain on sale of fixed assets 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. The capital surplus arising from unclaimed dividends may only be used to offset deficits. Changes in the capital surplus resulted from the transferred share capital, retirement of treasury shares and unclaimed dividends.

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the amended Articles, where the Corporation made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, and as special reserve 20% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Corporation's Board of Directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors, refer to "Employees' compensation and remuneration of directors" in Note 27.

In line with the current and future development plans, the Corporation's dividend policy takes into consideration the investment environment, funding needs and domestic and foreign competition, at the same time taking into account shareholders' interests. Annually, the total amount of dividends and bonuses distributed to shareholders shall not be lower than 50% of the earnings available for distribution, except when the cumulative earnings available for distribution are lower than 0.5% of the share capital, in which case no dividends or bonuses may be distributed. The dividends can be distributed in the form of cash or shares, of which the cash portion shall be no less than 10% of the total amount of dividends distributed.

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

According to the Regulations Governing Securities Firms, a securities firm should set aside 20 percent of their annual after-tax profit as special reserve until the special reserve equals the firm's paid-in capital. According to the revised Regulations Governing Securities Firms announced on December 5, 2017, the special reserve shall not be used for purposes other than for offsetting the losses of the company, or when the accumulated special reserve reaches 25 percent of the amount of paid-in capital, the portion in excess of the 25 percent of paid-in capital may be used for capitalization.

Under Rule No. 1010028514, 1030008251 and 10500278285 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", the Corporation should make appropriations to or reversals from a special reserve.

After reversing $33,797 thousand from the special reserve, the offset of the accumulated deficit for 2018 as approved in the shareholders' meeting on June 6, 2019, was made by reversal of $242,802 thousand from the special reserve and the legal reverse, and by the transfer of $176,424 thousand from the capital surplus to ordinary shares.

The appropriation of earnings for 2017 approved in the shareholders' meeting on June 8, 2018 was as follows:

	Appropriation of Earnings
Legal reserve	$ 63,335
Special reserve	$ 130,103
Reversal of special reserve	$ (34,689)
Share dividends	$ 315,528
Cash dividends	$ 148,834
Cash dividends per share (NT$)	$ 0.53
Share dividends per share (NT$)	$ 0.25

On June 8, 2018, it was approved in the shareholders' meeting the transfer of $11,907 thousand from the capital surplus to ordinary shares.

The appropriation of earnings for 2019 which had been proposed by the Corporation's Board of Directors on March 12, 2020 was as follows:

	For the Year Ended December 31, 2019
Legal reserve	$ 28,684
Special reserve	$ 57,369
Cash dividends	$ 194,807
Cash dividends per share (NT$)	$ 0.33

On March 12, 2020, the Board of Directors proposed to transfer $41,323 thousand from the capital surplus to ordinary shares.

The appropriation of earnings for 2019 is subject to the resolution of the shareholders in the shareholders' meeting held on June 5, 2020.

d. Other equity

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

	For the Year Ended December 31	
	2019	2018
Balance at January 1	$ (1,538)	$ (5,122)
Recognized for the year		
Exchange differences on translating the financial statements of foreign operations	(2,951)	3,334
Income tax expense related to exchange differences on translating the financial statements of foreign operations	44	250
Balance at December 31	$ (4,445)	$ (1,538)

2) Unrealized valuation gain on financial assets at FVTOCI

	For the Year Ended December 31	
	2019	2018
Balance at January 1	$ 145,016	$ 126,115
Recognized for the year		
Unrealized gain - debt instruments	1,115	-
Unrealized gain (loss) - equity instruments	124,493	(1,764)
Other comprehensive income (loss) recognized for the year	125,608	(1,764)
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal of equity instruments	-	20,665
Balance at December 31	$ 270,624	$ 145,016

e. Treasury shares

Unit: Number of Shares (In Thousands)

Reason for Purchasing Treasury Shares	Shares Transferred to Employees	Maintaining Credit-worthiness and Shareholders' Equity	Total
Number of shares at January 1, 2018	18,000	-	18,000
Increase during the year	-	28,612	28,612
Decrease during the year	-	(20,000)	(20,000)
Number of shares at December 31, 2018	18,000	8,612	26,612
Increase during the year	-	29,225	29,225
Decrease during the year	(18,000)	(20,000)	(38,000)
Number of shares at December 31, 2019	-	17,837	17,837

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

On October 27, 2016, the Corporation's Board of Directors resolved to purchase a total of 20,000 thousand treasury shares for transferring to its employees. Accordingly, as of December 27, 2016 (the last day of the share buyback period), the Corporation purchased 18,000 thousand treasury shares for $118,906 thousand. In August 2019, the Corporation's Board of Directors resolved to transfer 4,600 thousand treasury shares to employees of the Corporation and its subsidiaries at $6.61 per share. The number of shares transferred was 4,060 thousand and 540 thousand, respectively, and were not allowed to be transferred within two years from the date of resolution. On December 20, 2019, the Corporation's Board of Directors resolved to cancel the remaining 13,400 shares.

The weighted-average share price of the employee share options on the exercise date was $7.39.

Employee share options granted in August 2019 were priced using the Black-Scholes pricing model, which had a weighted-average fair value of $0.6743. The inputs to the model are as follows:

	August 2019
Grant-date share price	$7.28
Exercise price	$6.61
Expected volatility	12.67%
Expected life	28 days
Expected dividend yield	-
Risk-free interest rate	0.81%

Compensation costs recognized amounted to $3,010 thousand for the year ended December 31, 2019.

On September 26, 2018, the Corporation's Board of Directors resolved to purchase and cancel a total of 20,000 thousand treasury shares for the purpose of maintaining creditworthiness and shareholders' equity. Accordingly, as of November 26, 2018 (the last day of the share buyback period), the Corporation purchased 20,000 thousand treasury shares for $149,886 thousand and cancelled the treasury shares on December 24, 2018.

On December 21, 2018, the Corporation's Board of Directors resolved to purchase and cancel a total of 20,000 thousand treasury shares for the purpose of maintaining creditworthiness and shareholders' equity. Accordingly, as of February 11, 2019 (the last day of the share buyback period), the Corporation purchased 20,000 thousand treasury shares for $151,272 and cancelled the treasury shares on March 18, 2019.

On November 8, 2019, the Corporation's Board of Directors resolved to purchase and cancel a total of 20,000 thousand treasury shares for the purpose of maintaining creditworthiness and shareholders' equity. Accordingly, as of December 31, 2019, the Corporation purchased 17,837 thousand treasury shares for $146,316 thousand.

27. ANALYSIS OF STATEMENT OF COMPREHENSIVE INCOME ITEMS

a. Brokerage commission revenue

	For the Year Ended December 31	
	2019	**2018**
Handling fee revenue from brokered futures trading	$ 703,917	$ 766,436
Handling fee revenue from brokered share trading	590,056	681,176
Handling fee revenue from securities lending	11,738	3,197
Handling fees from securities financing	4,037	6,467
Others	9,684	11,798
	$ 1,319,432	$ 1,469,074

b. Underwriting commission

	For the Year Ended December 31	
	2019	**2018**
Revenue from underwriting securities on a firm commitment basis	$ 4,660	$ 12,353
Revenue from underwriting consultation	3,480	8,870
Processing fee revenue from underwriting operations	2,138	37,593
Others	1,345	200
	$ 11,623	$ 59,016

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

	For the Year Ended December 31	
	2019	**2018**
Dealing	$ 302,282	$ (184,542)
Underwriting	(19,425)	(11,994)
Hedging	(317,128)	(40,953)
	$ (34,271)	$ (237,489)

d. Interest income

	For the Year Ended December 31	
	2019	2018
Financing interest	$ 179,855	$ 241,461
Bond interest	53,811	68,582
Interest from bond investments under resale agreements	79	502
Others	421	426
	$ 234,166	$ 310,971

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

	For the Year Ended December 31	
	2019	2018
Dealing	$ 101,987	$ (206,848)
Underwriting	39,325	(57,306)
Hedging	3,612	(298)
Settlement coverage of short sale of bonds payable	-	764
	$ 144,924	$ (263,688)

f. Gains on issuance of share warrants, net

	For the Year Ended December 31	
	2019	2018
Gains on change in fair value of warrant liabilities	$ 3,905,375	$ 5,395,690
Gains on exercise of warrants before maturity	141	1,412
Losses on change in fair value of warrants redeemed - realized	(3,772,942)	(4,897,325)
Losses on change in fair value of warrants redeemed - unrealized	(87,507)	(404,010)
Share warrant issuance expenses	(18,974)	(26,628)
	$ 26,093	$ 69,139

g. Gains (losses) on derivative instruments, net

	For the Year Ended December 31	
	2019	2018
Gains (losses) on derivative instruments - futures, net		
Net gains (losses) from options transactions	$ 62,309	$ 23,005
Net losses from futures transactions	(1,869)	(8,457)
	$ 60,440	$ 14,548
Gains (losses) on derivative instruments - OTC, net		
Asset swap options	$ (8,253)	$ 137,538
Equity derivatives	4,279	3,697
Gains from government bonds before issuance	-	25
Structured notes	(6,081)	(4,843)
Value of asset swap IRS contracts	(7,590)	(6,701)
	$ (17,645)	$ 129,716

h. Expected credit loss

	For the Year Ended December 31	
	2019	2018
Financial assets at amortized cost	$ 99	$ 275,524
Financial assets at fair value through other comprehensive income	370	-
	$ 469	$ 275,524

i. Other operating income

	For the Year Ended December 31	
	2019	2018
Commission revenue	$ 25,328	$ 21,767
Management commission	15,344	18,464
Processing revenue	13,704	-
Advisory revenue	3,792	4,231
Agency revenue	639	1,343
Exchange loss, net	(25,637)	(15,929)
Misstatement loss, net	(1,558)	(1,845)
Others	74	1,780
	$ 31,686	$ 29,811

j. Finance costs

	For the Year Ended December 31	
	2019	2018
Interest of commercial paper payable	$ 34,971	$ 30,024
Interest of liabilities for bonds with repurchase agreements	18,315	19,828
Loan interest	3,505	7,455
Interest of securities financing	1,391	1,800
Interest of lease liabilities	893	-
Others	936	697
	$ 60,011	$ 59,804

k. Employee benefits expense

	For the Year Ended December 31	
	2019	2018
Retirement benefits		
Defined contribution plan	$ 32,982	$ 36,608
Defined benefit plan	4,803	6,623
	37,785	43,231
Short-term employee benefits		
Salaries	805,084	736,978
Insurance	61,832	71,440
Others	28,805	26,905
	$ 933,506	$ 878,554

l. Employees' compensation and remuneration of directors

The Corporation accrued employees' compensation and remuneration of directors at rates of 1% to 2% and no higher than 5%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors.

The employees' compensation and the remuneration of directors for the year ended December 31, 2020, which were approved by the Corporation's Board of Directors on March 12, 2020, are as follows:

	For the Year Ended December 31, 2019
Employees' compensation	$ 3,097
Remuneration of directors	13,796
	$ 16,893

The Corporation incurred a net loss in 2018, therefore no employees' compensation and remuneration of directors were accrued.

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

The Corporation incurred a net loss in 2018, hence, there was no distribution of employees' compensation and remuneration of directors. There was no difference between the amount of employees' compensation and remuneration of directors resolved by the Board of Directors for 2017 and the amounts recognized in the standalone financial statements for the year ended December 31, 2017.

The information on the employees' compensation and remuneration of directors resolved by the Corporation's Board of Directors for 2019 and 2018 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

m. Depreciation and amortization

	For the Year Ended December 31	
	2019	**2018**
Depreciation		
Property and equipment	$ 29,473	$ 31,701
Right-of-use assets	52,432	-
Investment properties	1,563	1,329
	$ 83,468	$ 33,030
Amortization		
Intangible assets	$ 14,322	$ 19,405
Deferred expense	207	315
	$ 14,529	$ 19,720

n. Other operating expenses

	For the Year Ended December 31	
	2019	2018
Taxes	$ 138,680	$ 162,451
Information technology expenses	102,153	100,404
Securities lending fees	39,691	11,782
Postage expenses	35,814	39,317
Repair and maintenance expenses	24,547	20,514
Custody fees	17,390	18,408
Utilities fees	14,759	17,715
Professional service fees	14,694	22,005
Entertainment	10,266	9,004
Rental	4,466	59,972
Others	64,588	63,405
	$ 467,048	$ 524,977

o. Other gains and losses

	For the Year Ended December 31	
	2019	2018
Financial revenue	$ 65,233	$ 62,134
Rental revenue from investment properties	54,642	53,907
Dividend revenue	16,293	11,333
Net gain (loss) on fair value changes of non-operating financial assets at fair value through profit or loss	1,960	(3,739)
Gain on disposal of investments	808	1,947
Loss on disposal of property and equipment	(396)	(297)
Exchange gain (loss), net	(1,641)	441
Others	12,868	10,074
	$ 149,767	$ 135,800

28. INCOME TAX

a. Income tax recognized in profit or loss

The major components of tax expense (benefit) were as follows:

	For the Year Ended December 31	
	2019	2018
Current tax		
In respect of the current year	$ 54,723	$ 53,439
Income tax on unappropriated earnings	-	1,089
Adjustment for prior year	(22,714)	(1,042)
	32,009	53,486
Deferred tax		
In respect of the current year	(11,915)	(23,149)
Change in tax rate	-	(18,143)
	(11,915)	(41,292)
Income tax expense recognized in profit or loss	$ 20,094	$ 12,194

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

	For the Year Ended December 31	
	2019	2018
Profit (loss) before tax from continuing operations	$ 308,461	$ (265,554)
Income tax expense (benefit) calculated at the statutory rate	$ 79,064	$ (55,377)
Nondeductible expenses in determining taxable income	(32,142)	35,156
Tax-exempt income	(2,580)	48,774
Change in tax rate	-	(18,143)
Adjustments for prior years' tax expense	(22,714)	(1,042)
Income tax on unappropriated earnings	-	1,089
Others	(1,534)	1,737
Income tax expense recognized in profit or loss	$ 20,094	$ 12,194

The Income Tax Act in the ROC was amended in 2018, and the corporate income tax rate was adjusted from 17% to 20%. In addition, the rate of the corporate surtax applicable to the 2018 unappropriated earnings was reduced from 10% to 5%.

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

	For the Year Ended December 31	
	2019	2018
Deferred tax		
Effect of change in tax rate	$ -	$ 2,408
In respect of the current year		
Translation of foreign operations	44	21
Actuarial losses on defined benefit plans	(619)	(1,463)
Total income tax benefit (expense) recognized in other comprehensive income (loss)	$ (575)	$ 966

c. Current tax assets and liabilities

	December 31	
	2019	2018
Current tax assets		
Tax refund receivable	$ 22,176	$ 22,436
Current tax liabilities		
Income tax payable	$ 19,285	$ 42,785

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2019

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Closing Balance
Deferred tax assets				
Temporary differences				
Loss on foreign associates accounted for using the equity method	$ 55,872	$ 2	$ -	$ 55,874
Defined benefit plans	35,814	(1,980)	(619)	33,215
Unrealized losses	52,852	(80)	-	52,772
Payables for annual leave	4,105	(43)	-	4,062
Unrealized exchange losses	11,871	4,945	-	16,816
Exchange differences on translating foreign operations	1,551	-	44	1,595
Valuation loss on foreign futures	-	2,764	-	2,764
Loss on derivative financial instruments	-	3,076	-	3,076
Others	26	10	-	36
	$ 162,091	$ 8,694	$ (575)	$ 170,210
Deferred tax liabilities				
Temporary differences				
Valuation gain on foreign operating securities	$ -	$ 154	$ -	$ 154
Valuation gain on foreign futures	122	(122)	-	-
Gain on derivative financial instruments	3,253	(3,253)	-	-
	$ 3,375	$ (3,221)	$ -	$ 154

For the year ended December 31, 2018

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Closing Balance
Deferred tax assets				
Temporary differences				
Loss on foreign associates accounted for using the equity method	$ 47,485	$ 8,387	$ -	$ 55,872
Defined benefit plans	37,639	(2,541)	716	35,814
Unrealized losses	-	52,852	-	52,852
Payables for annual leave	3,706	399	-	4,105
Unrealized exchange losses	7,863	4,008	-	11,871
Exchange differences on translating foreign operations	1,301	-	250	1,551
Valuation loss on foreign futures	3,430	(3,430)	-	-
Loss on derivative financial instruments	15,118	(15,118)	-	-
Others	28	(2)	-	26
	$ 116,570	$ 44,555	$ 966	$ 162,091
Deferred tax liabilities				
Temporary differences				
Valuation gain on foreign operating securities	$ 112	$ (112)	$ -	$ -
Valuation gain on foreign futures	-	122	-	122
Gain on derivative financial instruments	-	3,253	-	3,253
	$ 112	$ 3,263	$ -	$ 3,375

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

	December 31	
	2019	2018
Asset impairment	$ 1,918	$ 1,918
Loss carryforwards	$ 47,249	$ 147,635

f. Income tax assessments

The income tax returns of the Corporation through 2016 have been examined by the tax authorities. However, the Corporation disagreed with the tax assessments of 2014 to 2016 and applied for a recheck and reduced the tax refund receivable. The Corporation received the recheck decision letter of 2014 and 2015 in June 2019, and recognized the income tax benefit of $17,748 thousand. The Corporation had received the notice of assessment for correction of 2016, and recognized the income tax benefit of $4,963 thousand.

The income tax returns of Concord Futures, Concord Managed Futures, Kang-Lian AMC and Concord Capital Management through 2017 have been examined by the tax authorities.

The income tax returns of Concord Insurance through 2018 have been examined by the tax authorities.

29. EARNINGS (LOSS) PER SHARE

The weighted average number of shares outstanding used for the earnings (loss) per share computation was adjusted retroactively for the issuance of bonus shares on July 26, 2019. The basic and diluted earnings per share adjusted retrospectively for the year ended December 31, 2018 are as follows:

Unit: NT$ Per Share

	Before Retrospective Adjustment	**After Retrospective Adjustment**
Basic earnings per share	$ (0.45)	$ (0.43)
Diluted earnings per share	$ (0.45)	$ (0.43)

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

	Amount (Numerator) After Income Tax	**Number of Shares (Denominator) (In Thousands)**	**Earnings (Loss) Per Share After Income Tax (In Dollars)**
For the year ended December 31, 2019			
Basic earnings per share			
Earnings attributable to ordinary shareholders of the Corporation	$ 284,352	604,751	$ 0.47
Effect of potentially dilutive ordinary shares			
Employees' compensation	-	382	
Diluted earnings per share			
Earnings attributable to ordinary shareholders of the Corporation	$ 284,352	605,133	$ 0.47
For the year ended December 31, 2018			
Basic loss per share			
Losses attributable to ordinary shareholders of the Corporation	$ (278,067)	639,949	$ (0.43)

Since the Corporation offered to settle the compensation paid to employees in cash or shares, the Corporation assumed the entire amount of the compensation was settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect was dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

As the Corporation incurred a net loss for 2018, employees' compensation is anti-dilutive and excluded from the computation of diluted loss per share.

The impact of outstanding treasury shares had been considered during the calculation of earnings (loss) per share.

30. CAPITAL MANAGEMENT

The Corporation manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stockholders through the optimization of the debt and equity balance.

The capital structure of the Corporation consists of net debt and equity.

Key management personnel of the Corporation review the cost of capital of the Group and related risk of the capital structure on a regular basis. They also adjust the overall capital structure by paying dividends, issuing new debts, settling original debts, etc.

The Corporation files the capital adequacy ratio to relevant authorities on a monthly basis in accordance with the Regulations Governing Securities Firms. The Corporation’s capital adequacy ratio is 338% and 438% for the years ended December 31, 2019 and 2018, respectively.

31. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments

1) Financial instruments not measured at fair value

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

2) Financial instruments measured at fair value that are measured at fair value on a recurring basis

Fair value hierarchy

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Financial assets mandatorily measured at FVTPL	$ 3,828,756	$ 2,963,944	$ -	$ 6,792,700
Financial assets at FVTOCI				
Investments in equity instruments				
Unlisted shares	-	-	655,500	655,500
Investments in debt instruments				
Government bonds	-	300,260	-	300,260
Domestic corporate bonds	-	200,497	-	200,497
Foreign corporate bonds	-	149,888	-	149,888
	$ 3,828,756	$ 3,614,589	$ 655,500	$ 8,098,845
Financial liabilities at FVTPL				
Financial liabilities held for trading	$ 400,712	$ 328,218	$ -	$ 728,930
Financial liabilities designated as at FVTPL	-	350,812	-	350,812
	$ 400,712	$ 679,030	$ -	$ 1,079,742

December 31, 2018

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Financial assets mandatorily measured at FVTPL	$ 1,664,379	$ 2,889,379	$ -	$ 4,553,758
Financial assets at FVTOCI				
Investments in equity instruments				
Unlisted shares	-	-	330,344	330,344
	$ 1,664,379	$ 2,889,379	$ 330,344	$ 4,884,102
Financial liabilities at FVTPL				
Financial liabilities held for trading	$ 277,247	$ 270,378	$ -	$ 547,625
Financial liabilities designated as at FVTPL	-	230,777	-	230,777
	$ 277,247	$ 501,155	$ -	$ 778,402

Transfers between Levels 1 and 2 for the years ended December 31, 2019 and 2018 were due mainly to the determination of whether part of the Group's emerging market shares and convertible bonds were investments with an active market based on observation of the transaction volume of these investments.

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

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

	For the Year Ended December 31	
	2019	2018
Balance at January 1	$ 330,344	$ 341,921
Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at FVTOCI)	118,841	(11,577)
Purchases	206,315	-
Balance at December 31	$ 655,500	$ 330,344

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

Financial Instrument	Valuation Techniques and Inputs
Corporate bond investments	Discounted using the market rate announced by the Taipei Exchange or using the credit rating equal or equivalent to the yield rate curve.
Value of asset swap IRS contracts	Discounted cash flow method: Discounted using the risk-adjusted premium based on the short-term commercial paper rate announced by Bloomberg.
Asset swap options	The closing price of the convertible bond on the same day minus straight bond value: Straight bond value is the present value of future cash flows discounted at the risk-adjusted premium based on the zero-risk rate that a convertible bond would provide. The zero-risk rate is the short-term commercial paper rate announced by Bloomberg.
Structured notes	Discounted cash flow method: Discounted using the risk-adjusted premium based on the short-term commercial paper rate announced by Bloomberg.
Emerging stock	Fair value estimated based on the average transaction price on the base date or the first 20 business days (including the base date).

5) Valuation techniques and inputs applied for Level 3 fair value measurement

The fair values of unlisted equity securities were determined by using the market and asset approaches. In these approaches, the fair value of the unlisted securities is determined based on the share price of comparable companies in an active market, and its price value multiplier and other related information, where the significant unobservable input used is the discount for lack of marketability.

If the discount for lack of marketability used in the valuation model was changed to reflect reasonably possible alternative assumptions while all the other variables were held constant, the fair value of the shares would increase (decrease) as follows:

	December 31	
	2019	**2018**
Discount for lack of marketability		
10% increase	$ (11,040)	$ (7,130)
10% decrease	$ 11,001	$ 7,123

b. Categories of financial instruments

	December 31	
	2019	**2018**
Financial assets		
Financial assets at FVTPL		
Mandatorily measured at FVTPL	$ 6,792,700	$ 4,553,758
Financial assets at amortized cost (Note 1)	14,416,983	12,681,130
Financial assets at FVTOCI		
Equity instrument investments	655,500	330,344
Debt instrument investments	650,645	-
Operating guarantee deposits	572,000	572,000
Clearing and settlement fund	189,425	205,810
Refundable deposits	50,894	48,720
Financial liabilities		
Financial liabilities at FVTPL		
Held for trading	728,930	547,625
Designated as at FVTPL	350,812	230,777
Financial liabilities at amortized cost (Note 2)	16,894,231	12,498,458
Guarantee deposits received	3,060	2,555

Note 1: The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, bond investments under resale agreements, margin loans receivable, refinancing margin, refinancing collateral receivable, customers’ margin accounts (excluding securities), futures trading margin receivable, security borrowing collateral price and security borrowing margin, notes and accounts receivable (including related parties), other receivable, other financial assets - current and restricted assets - current.

Note 2: The balances included financial liabilities measured at amortized cost, which comprise short-term loans, commercial paper payable, liabilities for bonds with repurchase agreements, securities financing refundable deposits, deposits payable for securities financing, security lending refundable deposits, futures traders’ equity, accounts payable and other payables.

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

	December 31	
	2019	**2018**
Financial liabilities designated as at FVTPL	$ 350,812	$ 230,777
Amount payable at maturity	(361,814)	(240,344)
	$ (11,002)	$ (9,567)

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

c. Financial risk management objectives and policies

1) Risk management system

Policies of risk management

The Corporation's risk management policies in accordance with operating goals are to prevent any possible loss within the bearable risk exposures, maximize stockholders' wealth by balancing risks and returns, and optimize the asset allocation.

Risk management policies are the prime directives of the Group's risk management. They are applied to the Corporation and each subsidiary. All regulations related to risk management should be made in accordance with the risk management policies.

The process of formulating and approving risk management policies

The Corporation's risk management policies, risk management regulations and commodity operation procedures are drafted and revised by the authorized departments based on suggestions and opinions of other departments before reporting them to the risk management committee.

The Board of Directors designated the Risk Management Committee as the highest risk management unit, which is 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 responsible for the daily risk management and reporting of their respective units.

The Corporation holds risk management meetings at least twice a year, where the participants are appointed by the chairman. In the meetings, the authorization and investment quotas are determined based on market risk, credit risk, liquidity risk, operational risk and legal risk, and the managers of each business unit should manage the risks according to the authorization and investment quotas. Any revisions of the investment quotas should be approved by the general manager and reported to the Risk Management Committee for approval.

Organizational structure of the risk management system

The Corporation's risk management organizational structure includes the Board of Directors, risk management committee, risk management office, department of finance, department of internal audit, department of compliance and the business units. The duties and functions of each division are as follows:

a) Board of directors

The Corporation's Board of Directors is the highest risk management unit. In compliance with the laws and with the promotion and implementation of the Corporation's overall risk management as the goal, the board of directors takes the ultimate responsibility for risk management and ensures the effectiveness of risk management by understanding the risks faced by its securities operations.

b) Risk management committee

The committee is under the Board of Directors and it consists of members of the Board of Directors. Its function is to assist the Board of Directors in the planning and monitoring of the related risk management affairs.

c) Risk management office

The risk management office is under the Board of Directors and independent of other departments. It is in charge of monitoring, measuring and evaluating the daily risks and to ensure the risks of the Corporation and each business unit are within the authorized investment quotas. The head of the risk management office evaluates and monitors the daily risks, and the appointment or removal of the head should be approved by the Board of Directors.

d) Department of finance

The department of finance is independent of other business units, and is responsible for monitoring the use of funds of each business unit. When there is an urgent need for fund procurement, the department of finance can respond based on the emergency response procedures.

e) Department of internal audit

The department of internal audit is under the Board of Directors and independent of other departments, and is responsible for the planning and execution of the audit business. It is responsible for auditing items related to finance, business execution, internal control and implementation of the laws of the Corporation and its subsidiaries, in order to ensure the Corporation manages the operational risk effectively.

f) Department of compliance

The department of compliance is responsible for compliance with the laws and legal review of contracts. In order to mitigate the effect of changes in laws and regulations issued by the authorities, the department examines the internal regulations at announced times and maintains complete audit procedures to assure the appropriateness and legality of all transactions.

g) Business units

The manager of each business unit takes first-line responsibility in analyzing and monitoring all risks and ensures all risks are under control and all risk management procedures are effective.

The risk management office periodically reports the results of the risk management objective, profit or loss of positions, sensitivity analysis, stress tests, etc. to the risk management committee or the Board of Directors. The Corporation also put in place effective reporting procedures, transaction limits and stop-loss strategy. If the transaction meets the stop-loss criteria, the strategy should be immediately executed, otherwise the business unit should report the reason for not executing the stop-loss strategy and the corresponding plan to the management for approval.

2) Market risk

The Corporation had established an effective risk measurement system to identify the effect of market risk factors, such as interest rate, exchange rate and equity and commodity price risks on its trading positions, and measures the potential risks of the Corporation's on- and off- balance sheet positions based on changes in these risk factors.

The Corporation measures market risk using Value at Risk (VaR) and sensitivity analysis. The Corporation executes stress testing at the end of each month to identify the bearable level of tolerance in the face of financial crisis. VaR refers to the maximum potential loss of financial instruments in a given holding period and specified confidence level. To ensure the accuracy of the VaR model, the Corporation performs backtesting regularly.

Historical VaR (Confidence Level 99%, One-day)	For the Year Ended December 31, 2019			December 31	
	Average	Minimum	Maximum	2019	2018
Type of risk					
Equity securities	$ 41,474	$ 9,043	$ 64,792	$ 33,755	$ 12,236
Interest rate	7,376	50	19,856	10,400	2,777
Diversification of risks	(10,988)			(15,130)	(2,849)
Total VaR exposures	$ 37,862			$ 29,025	$ 12,164

The Corporation uses sensitivity analysis to measure the sensitivity of its bond investments to individual risk factors. The Corporation controls the upper limit of trading positions based on the impact of a 0.01% change in interest rates on the profit or loss of the investment portfolio. If the market interest rate increased by 0.01%, the fair value of the bond investments would have decreased by $1,748 thousand and $347 thousand as of December 31, 2019 and 2018, respectively.

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

	December 31	
	2019	2018
Interest rate risk of fair value		
Financial assets	$ 8,162,193	$ 6,800,391
Financial liabilities	9,447,233	6,566,410
Interest rate risk of cash flow		
Financial assets	5,830,530	6,070,182
Financial liabilities	3,642,655	3,634,472

Besides the above-mentioned measurement of market risk, the Corporation also uses scenario analysis to assess the changes in value of its asset portfolio and implements stress testing at the end of each month to measure the abnormal loss under extreme conditions.

3) Credit risk

Credit risk refers to the risk that an issuer, guarantor or counterparty will default on its contractual obligations in securities or derivative instruments trading in the primary and secondary markets, resulting in a financial loss to the Group. The Group has in place a rating system to control the credit risk from counterparties.

The monitoring of brokerage customers is supported by credit check procedures. The credit check procedures are required to be authorized by different levels of management to ensure the settlement risk is effectively reduced.

There is no concentration of credit risk on accounts receivable because of the large number of customers; no transactions are concentrated on one single customer and the operating locations are diversified. To decrease credit risk, the Group evaluates the financial conditions of customers regularly and continuously, and customers are required to provide sufficient collateral before credit is extended.

At the end of each reporting period, the carrying amount of financial assets is the amount of maximum exposure to credit risk.

The financial effect related to the amount of maximum exposure to credit risk of financial assets recognized in the consolidated balance sheets and the collateral held is as follows:

	Maximum Exposure to Credit Risk	
	December 31	
	2019	**2018**
Margin loans receivable	$ 3,435,417	$ 3,262,324

4) Liquidity risk

Liquidity risk and interest rate risk table

The following table details the maturity analysis of the Group’s remaining contractual financial liabilities with agreed repayment periods. The table had been drawn up based on the undiscounted cash flows of financial liabilities and the earliest date on which the Group was likely to be required to pay.

December 31, 2019

	Within 1 Year	**Between 1 and 2 Years**	**Between 2 and 5 Years**	**Over 5 Years**	**Total**
Derivative financial liabilities					
Non-interest bearing	$ 355,001	$ -	$ -	$ -	$ 355,001
Fixed interest rate	2,010,887	-	-	-	2,010,887
Non-derivative financial liabilities					
Non-interest bearing	4,263,261	-	3,060	-	4,266,321
Variable interest rate	3,642,655	-	-	-	3,642,655
Fixed interest rate	9,346,417	-	-	-	9,346,417
Lease liabilities	48,862	41,698	14,203	-	104,763
	$ 19,667,083	$ 41,698	$ 17,263	$ -	$ 19,726,044

December 31, 2018

	Within 1 Year	Between 1 and 2 Years	Between 2 and 5 Years	Over 5 Years	Total
Derivative financial liabilities					
Non-interest bearing	$ 279,504	$ -	$ -	$ -	$ 279,504
Fixed interest rate	1,667,380	-	-	-	1,667,380
Non-derivative financial liabilities					
Non-interest bearing	2,553,725	-	2,555	-	2,556,280
Variable interest rate	3,634,472	-	-	-	3,634,472
Fixed interest rate	6,568,468	-	-	-	6,568,468
	$ 14,703,549	$ -	$ 2,555	$ -	$ 14,706,104

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

Financing facilities

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

	December 31	
	2019	2018
Financing facilities	$ 15,013,000	$ 15,963,000
Unused amount	$ 11,239,700	$ 13,742,500

d. Transfers of financial assets

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

December 31, 2019

Type of Financial Asset	The Book Value of Financial Assets Transferred	The Book Value of Related Financial Liabilities	The Fair Value of Financial Assets Transferred	The Fair Value of Related Financial Liabilities	Fair value of Net Position
Repurchase agreements	$ 4,527,080	$ 3,187,258	$ 4,527,080	$ 3,187,258	$ 1,339,822

December 31, 2018

Type of Financial Asset	The Book Value of Financial Assets Transferred	The Book Value of Related Financial Liabilities	The Fair Value of Financial Assets Transferred	The Fair Value of Related Financial Liabilities	Fair value of Net Position
Repurchase agreements	$ 3,409,729	$ 2,425,375	$ 3,409,729	$ 2,425,375	$ 984,354

e. Offsetting of financial assets and financial liabilities

The tables below present the quantitative information on financial assets and financial liabilities that have been offset in the balance sheets or that are covered by enforceable master netting arrangements or similar agreements.

December 31, 2019

Financial Instrument	Gross Amount of Recognized Financial Assets (Liabilities)	Gross Amount of Recognized and offset Financial Assets/ Liabilities in the Balance Sheet	Net Amount of Financial Assets (Liabilities) Presented in the Balance Sheet	Related Amount Not Offset in the Balance Sheet		Net Amount
				Financial Instruments	Cash Collateral Received	
Accounts receivable	$ 3,794,969	$ (29,303)	$ 3,765,666	$ (548,085)	$ -	$ 3,217,581
Bond investment under resale agreements	$ 697,687	$ -	$ 697,687	$ (697,687)	$ -	$ -
Accounts payable	$ (3,688,821)	$ 29,303	$ (3,659,518)	$ 548,085	$ -	$ (3,111,433)
Liabilities for bonds with repurchase agreements	$ (3,187,258)	$ -	$ (3,187,258)	$ 3,187,258	$ -	$ -

December 31, 2018

Financial Instrument	Gross Amount of Recognized Financial Assets (Liabilities)	Gross Amount of Recognized and offset Financial Assets/ Liabilities in the Balance Sheet	Net Amount of Financial Assets (Liabilities) Presented in the Balance Sheet	Related Amount Not Offset in the Balance Sheet		Net Amount
				Financial Instruments	Cash Collateral Received	
Accounts receivable	$ 2,136,197	$ -	$ 2,136,197	$ (7,331)	$ -	$ 2,128,866
Accounts payable	$ (2,013,861)	$ -	$ (2,013,861)	$ 7,331	$ -	$ (2,006,530)
Liabilities for bonds with repurchase agreements	$ (2,425,375)	$ -	$ (2,425,375)	$ 2,425,375	$ -	$ -

32. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Corporation and its subsidiaries, which are related parties of the Corporation, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Corporation and other related parties are disclosed below:

Related party names and categories

Related Party Name	Related Party Category
Concord Dream Futures Trust Fund	Futures trust fund managed by the Group (liquidation in December 2018)
Concord Prosperity Futures Trust Fund	Futures trust fund managed by the Group (liquidation in May 2018)
Tai-Yo Investment Corp.	Related party in substance (unrelated since December 2019)
Hwa-Ho Asset Management Corp.	Associate
The Corporation’s directors, general manager, vice general managers, assistant vice presidents, and department heads	Key management personnel

a. Margin loans receivable

	December 31	
	2019	2018
Key management personnel	$ 3,078	$ 2,441

b. Liabilities for bonds with repurchase agreements

	December 31	
	2019	2018
Key management personnel	$ 203,227	$ 41,742

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

c. Brokerage commission revenue

	For the Year Ended December 31	
	2019	2018
Key management personnel	$ 1,852	$ 1,403
Futures trust fund managed by the Group	-	7,514
	$ 1,852	$ 8,917

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

d. Interest income

	For the Year Ended December 31	
	2019	**2018**
Key management personnel	$ 174	$ 147

e. Finance costs

	For the Year Ended December 31	
	2019	**2018**
Key management personnel	$ 254	$ 118
Futures trust fund managed by the Group	-	140
	$ 254	$ 258

f. Lease agreements (2018: None)

	For the Year Ended December 31, 2019
Acquisition of right-of-use assets	
Tai-Yo Investment Corp.	$ 26,181

	For the Year Ended December 31, 2019
Finance costs	
Related party in substance	$ 151

g. For the year ended December 31, 2019 (2018: None), the rental revenue generated by leasing some of the parking spaces to a related party is as follows:

Related Party Category/Name	Lease Term	Underlying Asset	Rental Payment - Timing	Rental Payment - Basis	Rental Amount
For the year ended December 31, 2019					
Associate	2019.01.01-2019.12.31	B3, No. 176, Jilung Rd., Sec. 1, Xinyi Dist., Taipei City	Quarterly	Contract	$72

As of December 31, 2019, the balance of the rental deposits received by the Group from the related party was $20 thousand.

h. Equity derivative transactions (2018: None)

The Group's key management personnel bought equity derivatives from the Group in 2019, and the unexpired amount as of December 31, 2019 was $148 thousand (recognized as financial liabilities at fair value through profit or loss - current). The related income in 2019 is as follows:

	For the Year Ended December 31, 2019
Net gain on derivative instruments	$ 1,196
Other operating income (processing fee revenue)	$ 106

i. Remuneration of key management personnel

The remuneration of the Group's directors and key management personnel for their services rendered for the years ended December 31, 2019 and 2018 is as follows:

	For the Year Ended December 31	
	2019	2018
Short-term employee benefits	$ 99,526	$ 62,113
Retirement benefits	1,337	1,120
	$ 100,863	$ 63,233

The Group determines the remuneration of the directors and key management personnel in accordance with the Corporation's Articles of Incorporation and other regulations, and by reference to the market compensation level and financial performance. The remuneration committee periodically reviews the regulations and makes recommendations for amendments.

33. PLEDGED OR MORTGAGED ASSETS

At the end of each reporting period, the Group pledged the following assets as bid bonds to the Central Bank of ROC for bond transactions and as collateral to financial institutions for the issuance of guaranteed commercial papers, bank loans, credit lines and guarantees for equipment leasing.

	December 31	
	2019	2018
Restricted demand and time deposits	$ 374,704	$ 407,723
Government bonds	10,049	-
Property and equipment, net		
Land	715,507	761,980
Buildings	145,755	160,581
Investment property, net		
Land	277,264	230,791
Buildings	38,064	29,405
	$ 1,561,343	$ 1,590,480

34. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

a. A former dealer of the Hsinchu branch illegally offered stock trading services to customers. The victims jointly filed a civil action against the Corporation. The amount of claimed compensation was $884,498 thousand as of the reporting date. Among others, the claim for the amount of $862,580 thousand was dismissed according to the final and binding judgement of the Taiwan Hsinchu District Court, Taiwan Taipei District Court and Taiwan High Court. Since the illegal action was attributed to the personal behavior of the dealer, the management of Corporation estimated that there was a low possibility of losing the lawsuit. Therefore, there was no significant impact on the financial position and operations of the Corporation and customers' settlement money.

b. As of December 31, 2019, the Corporation applied for a guarantee amounting to $150,000 thousand from financial institutions, which is for the securities lending and borrowing business.

35. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

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

36. FINANCIAL RATIOS BASED ON THE FUTURES TRADING LAW

All financial ratios of the subsidiary, Concord Futures, were in conformity with the Futures Trading Law and were summarized as follows:

		December 31					
		2019		2018			
	Calculation Formula	Equation	Ratio (%)	Equation	Ratio (%)	Benchmark	Conclusion
1)	Equities / Total liabilities - Futures traders' equity	$1,165,357 / $130,214	=8.95	$1,057,238 / $217,229	=4.87	≧1	Conform with law
2)	Current assets / Current liabilities	$4,351,009 / $3,857,055	=1.13	$4,449,193 / $3,955,549	=1.12	≧1	Conform with law
3)	Equities / Minimum paid-in capital	$1,165,357 / $645,000	=180.68%	$1,057,238 / $660,000	=160.19%	≧60% ≧40%	Conform with law
4)	Adjusted net capital / Amount of customer margin accounts for open position of futures traders' equity	$826,007 / $759,403	=108.77%	$620,497 / $516,397	=120.16%	≧20% ≧15%	Conform with law

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

Futures Dealing

When the subsidiary, Concord Futures engages in futures dealing, the specific risk is the market price risk of the underlying assets. The Group set stop-loss limits for the futures transactions so that any loss incurred can be controlled within the expected range.

Futures Brokerage

Since futures transactions are leveraged transactions with low margin, the risks include the following: When the futures market price is not favorable to the futures contract held by the traders, futures commission merchants can require the traders to top up their margin deposits in order to maintain the margin level; if the traders fail to do so in the required period, futures commission merchants have the duty to offset the futures contracts on behalf of the traders. In addition, there is also the risk of increased losses due to the inability of traders to settle their futures contracts as a result of dramatic changes in the market.

Managed Futures

Discretionary futures investment services refer to the trading of futures by its subsidiary, Concord Managed Futures, with pre-arranged capital on behalf of its customers. Before appointing Concord Managed Futures, customers are advised to take note of the low margin and high leverage characteristics of futures transactions and the possibility of both huge gains and huge losses, and carefully consider if their own financial position is suitable for such transactions. Discretionary futures transactions are not free of risk, and no minimum income is guaranteed to the customer based on the past performance of Concord Managed Futures. Concord Managed Futures exercises due care in fund management and does not guarantee future results or minimum yields.

38. SIGNIFICANT FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The significant financial assets and liabilities denominated in foreign currencies were summarized as follows:

Unit: Foreign Currencies/NT$ in Thousands

	December 31					
	2019			2018		
	Foreign Currency	Exchange Rate	New Taiwan Dollars	Foreign Currency	Exchange Rate	New Taiwan Dollars
Financial assets						
Monetary items						
USD	$ 49,253	29.9800	$ 1,476,603	$ 28,504	30.7150	$ 875,505
CNY	43,534	4.3050	187,414	171,718	4.4720	767,921
HKD	14,885	3.8490	57,292	55,351	3.9210	217,032
JPY	122,097	0.2760	33,699	115,450	0.2782	32,118
EUR	534	33.5900	17,935	331	35.2000	11,647
GBP	102	39.3600	4,026	81	38.8800	3,140
Non-monetary items						
USD	10,824	29.9800	324,507	2,617	30.7150	80,359
HKD	23,020	3.8490	88,605	-	-	-
CNY	8,963	4.3050	38,587	-	-	-
Financial liabilities						
Monetary items						
USD	13,338	29.9800	399,873	10,527	30.7150	323,332
HKD	12,554	3.8490	48,321	7,866	3.9210	30,842
JPY	61,183	0.2760	16,887	51,555	0.2782	14,343
EUR	431	33.5900	14,481	214	35.2000	7,522
GBP	97	39.3600	3,811	71	38.8800	2,754
CNY	781	4.3050	3,363	2,655	4.4720	11,871

For the years ended December 31, 2019 and 2018, realized and unrealized net foreign exchange losses were $27,278 thousand and $15,488 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions of the entities in the Group.

39. ADDITIONAL DISCLOSURES

a. Following are additional disclosures required by the SFB for the Corporation:

1) Financing provided: None.

2) Endorsements/guarantees provided: None.

3) Acquisition of real estate at costs of at least NT$300 million or 20% of the paid-in capital: None.

4) Disposal of real estate at prices of at least NT$300 million or 20% of the paid-in capital: None.

5) Total discounts of commissions to related parties of at least NT$5 million: None.

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

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

b. Information of investees

1) When the Corporation directly or indirectly exercises significant influence on or obtains control of investees, related information should be disclosed: Table 1 (attached).

2) When the Corporation directly or indirectly obtains control of investees, the following information regarding significant transactions with the investee should be disclosed:

a) Financing provided: None.

b) Endorsements/guarantees provided: None.

c) Acquisition of real estate at costs of at least NT$300 million or 20% of the paid-in capital: None.

d) Disposal of real estate at prices of at least NT$300 million or 20% of the paid-in capital: None.

e) Total discounts of commissions to related parties of at least NT$5 million: None.

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

c. Information on foreign branches and representative offices abroad: None.

d. Information on investments in mainland China:

Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investments income, and limit on the amount of investment in the mainland China area: Table 3 (attached).

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

The foreign entity registered in non-IOSCO MMoU member or without formal permission as securities or futures firm from IOSCO MMoU member in which the Corporation has invested includes Concord Capital Holdings (Cayman) Ltd. It is a holding company for investment. Supplementary disclosures are as follows:

a. Balance sheets: Table 4 (attached).

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

c. Securities held: None.

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

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

41. SEGMENT INFORMATION

Information which is provided to the chief operating decision-maker for the purposes of allocating resources and evaluating the segment performance focuses on types of services provided. According to primary revenues, 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 revenue and results

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

Unit: NT$ Thousand

Item	For the Year Ended December 31, 2019				
	Dealing	**Brokerage**	**Underwriting**	**Other**	**Total**
Profit and loss attributed to each segment					
Revenue					
Brokerage commission revenue	$ -	$ 1,319,337	$ -	$ 95	$ 1,319,432
Income from securities lending	-	42,704	-	-	42,704
Underwriting commission	-	-	11,623	-	11,623
Losses on sale of securities, net	(14,846)	-	(19,425)	-	(34,271)
Revenue from providing agency service for stock affairs	-	-	22,328	-	22,328
Interest income	54,275	179,891	-	-	234,166
Dividend income	366,710	-	-	-	366,710
Valuation gains on operating securities at fair value through profit or loss, net	105,599	-	39,325	-	144,924
Losses on covering of borrowed securities and bonds with resale agreements, net	(17,130)	-	-	-	(17,130)
Valuation losses on borrowed securities and bonds with resale agreements short sales at fair value through profit or loss, net	(17,052)	-	-	-	(17,052)
Gains on issuance of share warrants, net	26,093	-	-	-	26,093
Gains on derivative instruments	42,795	-	-	-	42,795
Expected credit loss	(370)	(99)	-	-	(469)
Other operating income (loss)	(10,851)	1,804	(6)	40,739	31,686
	535,223	1,543,637	53,845	40,834	2,173,539

(Continued)

Item	For the Year Ended December 31, 2019				
	Dealing	Brokerage	Underwriting	Other	Total
Costs and expenses					
Handling fee expenses	$ (8,314)	$ (160,833)	$ -	$ -	$ (169,147)
Finance costs	(18,365)	(2,708)	(68)	(96)	(21,237)
Futures commission expense	(906)	(116,301)	-	-	(117,207)
Clearing and settlement expenses	(3,914)	(77,013)	-	-	(80,927)
Other operating expenses	(12,188)	(3,313)	-	(11,833)	(27,334)
Operating expenses	(213,031)	(848,904)	(59,878)	(18,630)	(1,140,443)
	(256,718)	(1,209,072)	(59,946)	(30,559)	(1,556,295)
Profit and loss - by segment	$ 278,505	$ 334,565	$ (6,101)	$ 10,275	617,244
Profit and loss not attributed to segments					(308,783)
Profit before income tax					308,461
Income tax expense					(20,094)
Net profit for the year					288,367
Other comprehensive income					126,050
Total comprehensive income for the year					$ 414,417

(Concluded)

Item	For the Year Ended December 31, 2018				
	Dealing	Brokerage	Underwriting	Other	Total
Profit and loss attributed to each segment					
Revenue					
Brokerage commission revenue	$ -	$ 1,468,940	$ -	$ 134	$ 1,469,074
Income from securities lending	4	15,645	-	-	15,649
Underwriting commission	-	-	59,016	-	59,016
Losses on sale of securities, net	(225,495)	-	(11,994)	-	(237,489)
Revenue from providing agency service for stock affairs	-	-	18,943	-	18,943
Interest income	69,455	241,516	-	-	310,971
Dividend income	47,308	-	4,448	-	51,756
Valuation losses on operating securities at fair value through profit or loss, net	(206,382)	-	(57,306)	-	(263,688)
Losses on covering of borrowed securities and bonds with resale agreements, net	(12,365)	-	-	-	(12,365)
Valuation gains on borrowed securities and bonds with resale agreements short sales at fair value through profit or loss, net	15,758	-	-	-	15,758
Gains on issuance of share warrants, net	69,139	-	-	-	69,139
Gains on derivative instruments	144,264	-	-	-	144,264
Expected credit loss	-	(275,524)	-	-	(275,524)
Other operating income (loss)	(14,738)	4,132	(118)	40,535	29,811
	(113,052)	1,454,709	12,989	40,669	1,395,315
Costs and expenses					
Handling fee expenses	(11,393)	(185,330)	-	-	(196,723)
Finance costs	(19,828)	(2,387)	-	(39)	(22,254)
Futures commission expense	(1,217)	(107,030)	-	-	(108,247)
Clearing and settlement expenses	(5,179)	(90,431)	-	-	(95,610)
Other operating expenses	(12,228)	(3,734)	-	(9,310)	(25,272)
Operating expenses	(203,122)	(934,726)	(73,201)	(32,410)	(1,243,459)
	(252,967)	(1,323,638)	(73,201)	(41,759)	(1,691,565)
Profit and loss - by segment	$ (366,019)	$ 131,071	$ (60,212)	$ (1,090)	(296,250)
Profit and loss not attributed to segments					30,696
Loss before income tax					(265,554)
Income tax expense					(12,194)
Net loss for the year					(277,748)
Other comprehensive income					11,405
Total comprehensive loss for the year					$ (266,343)

CONCORD SECURITIES CO., LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Date of Incorporation	Rule No. Issued by Financial Supervisory Commission	Main Businesses and Products	Investment Amount		Balance as of December 31, 2019			Operating Income of the Investee	Net Profit (Loss) of the Investee	Share of Profit (Loss)	Cash Dividends	Note
						December 31, 2019	December 31, 2018	Number of Shares	Percentage of Ownership (%)	Carrying Amount					
The Corporation	Concord Futures Corp. Ltd.	5F, No. 143, Fuhsing N. Rd., Taipei City	July 7, 1999		Foreign and domestic futures dealing, brokerage and consulting services	$ 559,654	$ 559,654	78,005,571	95.71	$ 1,115,471	$ 724,084	$ 93,338	$ 89,403	$ 5,265	Subsidiary
	Kang-Lian AMC. Co., Ltd.	14F, No. 176, Jilung Rd., Sec. 1, Taipei City	September 5, 2003		Business management advisory services and asset management services	230,000	230,000	54,900,000	100.00	547,836	-	(63,959)	(63,959)	-	Subsidiary
	Concord Capital Holdings (Cayman) Limited	The Cayman Island	May 12, 1997	Apr. 23, 1997 (1997) No. Tai-Tsai-Cheng (2) 26713	Holding company	296,334	296,334	9,333,000	100.00	8,986	-	(11)	(11)	-	Subsidiary
	Concord Managed Futures Corp.	14F, No. 176, Jilung Rd., Sec. 1, Taipei City	December 16, 2003		Note 2	198,664	198,664	18,000,000	60.00	158,696	-	(1,256)	(753)	-	Subsidiary
	Concord Capital Management Corp.	9F, No. 176, Jilung Rd., Sec. 1, Taipei City	May 25, 1988		Securities investment advisory services	90,326	90,326	8,000,000	100.00	76,770	18,150	(4,384)	(4,384)	-	Subsidiary
	Concord Insurance Agent Corp.	10F, No. 176, Jilung Rd., Sec. 1, Taipei City	October 4, 2013	Rule No. 1010056608	Life insurance agency	5,000	5,000	2,500,000	100.00	27,016	25,328	1,919	1,919	-	Subsidiary
Concord Futures Corp. Ltd.	Concord Managed Futures Corp.	14F, No. 176, Jilung Rd., Sec. 1, Taipei City	December 16, 2003		Note 2	148,360	148,360	12,000,000	40.00	105,797	-	(1,256)	(503)	-	Subsidiary
Kang-Lian AMC. Co., Ltd.	HWA-HO Asset Management Corp.	14F, No. 176, Jilung Rd., Sec. 1, Taipei City	September 29, 2003		Real estate commerce, development and business management advisory services	195,668	200,000	56,472,021	46.59	537,605	1,267,380	(129,113)	(61,668)	-	Investments of subsidiary accounted for using the equity method

Note 1: Share of profits (losses) of subsidiaries has been eliminated upon consolidation.

Note 2: Concord Managed Futures terminated its futures management and trust services on February 1, 2019, which was approved by the relevant authorities in January 2019. In addition, Concord Managed Futures obtained approval for liquidation in March 2019, according to Rule No. 1080304430 issued by the FSC. However, as of March 12, 2020, the liquidation has not been completed.

TABLE 2

CONCORD SECURITIES CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 2)	Company	Counterparty	Relationship (Note 3)	Transaction Details				
				Financial Statement Account	Amount (Note 1)		Transaction Terms	% of Total Revenues or Assets
0	Concord Securities Co., Ltd.	Concord Futures Corp. Ltd.	a.	Cash and cash equivalents	$ 97,955		Not significantly different from those to third parties	0.38
		Concord Futures Corp. Ltd.	a.	Futures trading margin	2,884		Not significantly different from those to third parties	0.01
		Concord Futures Corp. Ltd.	a.	Accounts receivable	1,045	(Note 1)	Not significantly different from those to third parties	-
		Concord Futures Corp. Ltd.	a.	Refundable deposits	1,295	(Note 1)	Not significantly different from those to third parties	0.01
		Concord Futures Corp. Ltd.	a.	Futures commission revenue	11,406	(Note 1)	In accordance with the contract, no third-party transactions for comparison	0.52
		Concord Futures Corp. Ltd.	a.	Securities commission fee	3,529	(Note 1)	In accordance with the contract, no third-party transactions for comparison	0.16
		Concord Futures Corp. Ltd.	a.	Other gains and losses	9,994	(Note 1)	In accordance with the contract, no third-party transactions for comparison	0.46
		Concord Capital Management Corp.	a.	Professional service fees	2,640	(Note 1)	In accordance with the contract, no third-party transactions for comparison	0.12
		Concord Insurance Agent Corp.	a.	Accounts receivable	1,404	(Note 1)	Not significantly different from those to third parties	0.01
		Concord Insurance Agent Corp.	a.	Other operating income	7,883	(Note 1)	In accordance with the contract, no third-party transactions for comparison	0.36

Note 1: Intercompany transactions have been eliminated upon consolidation.

Note 2: Intercompany transactions between the parent company and its subsidiaries are numbered as follows:

a. Parent company: 0.
b. Subsidiaries are sequentially numbered from 1.

Note 3: The relationships between the parties of the transactions are as follows: (The same transaction between the parent company and its subsidiary or between two subsidiaries is unnecessary to be disclosed again. For example, if the transaction between the parent company and its subsidiary had been disclosed by the parent company, it is unnecessary to be disclosed by the subsidiary. If the transaction between two subsidiaries had been disclosed by a subsidiary, it is unnecessary to be disclosed by the other one).

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

Note 4: The transactional amounts are calculated as a percentage of the consolidated total assets or the consolidated total revenues. For balance sheet accounts, it will be calculated based on the ending balance divided by the consolidated total assets. For income statement accounts, it will be calculated based on the cumulative amount divided by the consolidated total revenues.

Note 5: Disclosure of significant intercompany transactions is determined based on the Corporation’s principle of materiality.

CONCORD SECURITIES CO., LTD. AND SUBSIDIARIES

INVESTMENTS IN MAINLAND CHINA
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars and Foreign Currency)

1. Investee company's name, main business and products, total amount of paid-in capital, investment type, investment outflows and inflows, net income (loss) of the investee, % ownership, investment gain (loss), carrying value as of December 31, 2019 and inward remittance of earnings:

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital (Note 2)	Investment Type	Accumulated Outflow of Investment as of December 31, 2018 (Note 1)	Investment Flows		Accumulated Outflow of Investment as of December 31, 2019 (Note 1)	Net Income (Loss) of the Investee (Note 5)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 6)	Carrying Value as of December 31, 2019 (Note 6)	Accumulated Inward Remittance of Earnings as of December 31, 2019
					Outflow	Inflow						
Guoyuan Futures Co., Ltd.	Commodities futures brokerage, financial futures brokerage, futures investment consulting, assets management, and other businesses that CSRC permits or acquired to put on record.	$ 2,624,735 (CNY 609,695 thousand)	Others	$ 51,561 (US$ 1,579 thousand)	$ -	$ -	$ 51,561 (US$ 1,579 thousand)	$ 119,004 (CNY 26,610 thousand)	1.59	$ -	$ 37,562	$ -

2. Upper limit of investment in mainland China:

Accumulated Investment in Mainland China as of December 31, 2019 (Note 1)	Investment Amounts Authorized by the Investment Commission, MOEA (Note 3)	Upper Limit of Investment Authorized by the Investment Commission MOEA (Note 4)
$51,561 (US$1,579 thousand)	$48,370 (US$1,613 thousand)	$699,214

Note 1: The NTD amount was converted using the USD buying rate when the original investments were transferred from the account.

Note 2: The NTD amount was converted using the average CNY buying and selling rates for the year ended December 31, 2019.

Note 3: The NTD amount was converted using the average USD buying and selling rates for the year ended December 31, 2019.

Note 4: The amount was calculated based on 60% of Concord Futures' net asset value as of December 31, 2019.

Note 5: The NTD amount was converted using the average CNY buying and selling rates during 2019.

Note 6: The investment was accounted for as financial assets at FVTOCI and no investment gains or losses were recognized in the current year.

TABLE 4

CONCORD CAPITAL HOLDINGS (CAYMAN) LIMITED

BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(In Thousands of U.S. Dollars)

	2019		2018	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash	$ 10	1	$ 11	1
Other receivables	11	1	6	1
Prepayments	-	-	5	1
Other financial assets - current	730	98	727	97
Total current assets	751	100	749	100
TOTAL	$ 751	100	$ 749	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Other payables	$ 2	-	$ 2	-
Other current liabilities	449	60	447	60
Total current liabilities	451	60	449	60
EQUITY				
Share capital	9,333	1,243	9,333	1,247
Accumulated deficits	(9,033)	(1,203)	(9,033)	(1,207)
Total equity	300	40	300	40
TOTAL	$ 751	100	$ 749	100

TABLE 5

CONCORD CAPITAL HOLDINGS (CAYMAN) LIMITED

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of U.S. Dollars)

	2019		2018	
	Amount	**%**	**Amount**	**%**
COSTS AND EXPENSES				
Other operating expenses	$ (11)	-	$ (13)	-
OPERATING LOSSES	(11)	-	(13)	-
NON-OPERATING INCOME AND EXPENSES				
Non-operating revenue and expenses	11	-	12	-
NET LOSS FOR THE YEAR	-	-	(1)	-
OTHER COMPREHENSIVE INCOME				
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations	-	-	-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	$ -	-	$ (1)	-