

Concord Securities Co., Ltd.

**Financial Statements for the
Years Ended December 31, 2020 and 2019 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of Concord Securities Co., Ltd. (the "Corporation"), which comprise the balance sheets as of December 31, 2020 and 2019, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to the Other Matter paragraph), the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as of December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Firms and other regulations.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Corporation's financial statements for the year ended December 31, 2020 is as follows:

Accuracy of Brokerage Handling Fee Revenue

Brokerage handling fee revenue of the Corporation amounted to \$871,519 thousand in 2020. The calculation of discounts on brokerage handling fee revenue is complicated since it varies based on counterparties, ways of placing orders and transaction volume, and any calculation errors in the discounts will affect the accuracy of brokerage handling fee revenue. Therefore, the accuracy of brokerage handling fee revenue was identified as the key audit matter for the year ended December 31, 2020.

Refer to Notes 4, 23 and 28 to the financial statements for the accounting policies and disclosures related to brokerage handling fee revenue.

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

Other Matter

We did not audit the financial statements of some investments accounted for using equity method included in the financial statements for the years ended December 31, 2020 and 2019, but such financial statements were audited by other auditors. Therefore, our opinion, insofar as it relates to the amounts and other relevant information of the aforementioned investee companies as disclosed in the notes, is based solely on the report of other auditors. As of December 31, 2020 and 2019, the total investments in subsidiaries amounted to \$577,414 thousand and \$547,836 thousand, accounting for 1.84% and 2.51% of total assets, respectively; for the years ended December 31, 2020 and 2019, the share of the comprehensive income or loss of these subsidiaries amounted to a gain of \$29,578 thousand and a loss of \$57,434 thousand, which accounted for 2.51% and (14.02%) of the total comprehensive income, respectively.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Firms and other regulations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Corporation to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Pi-Yu Chuang and Hsiu-Chun Huang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 11, 2021

Notice to Readers

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

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

CONCORD SECURITIES CO., LTD.

BALANCE SHEETS DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

ASSETS	2020		2019	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6 and 28)	\$ 2,895,595	9	\$ 1,416,855	7
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 28)	10,172,525	32	6,765,067	31
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	15,808	-	-	-
Bond investments under resale agreements (Notes 4 and 9)	-	-	697,687	3
Margin loans receivable (Notes 4, 10 and 28)	4,695,748	15	3,435,417	16
Refinancing margin (Notes 4 and 10)	17,314	-	27	-
Refinancing collateral receivable (Notes 4 and 10)	14,462	-	23	-
Security borrowing collateral price (Notes 4 and 10)	429,612	1	101,794	1
Security borrowing margin (Notes 4 and 10)	389,179	1	92,551	-
Notes receivable (Notes 4 and 10)	64	-	83	-
Accounts receivable (Notes 4, 10 and 28)	5,915,650	19	3,762,316	17
Prepayments	6,507	-	7,460	-
Other receivables (Notes 4, 10 and 28)	6,450	-	7,359	-
Other financial assets - current (Notes 4 and 11)	198,798	1	20,000	-
Current tax assets (Notes 4 and 24)	11,402	-	19,983	-
Restricted assets - current (Note 29)	225,150	1	372,704	2
Other current assets	<u>268,873</u>	<u>1</u>	<u>65,971</u>	<u>-</u>
Total current assets	<u>25,263,137</u>	<u>80</u>	<u>16,765,297</u>	<u>77</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4, 7 and 29)	-	-	10,049	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 5 and 8)	1,944,419	6	1,060,316	5
Investments accounted for using equity method (Notes 4 and 12)	2,093,751	7	1,934,775	9
Property and equipment (Notes 4, 13, 28 and 29)	785,072	2	782,853	4
Right-of-use assets (Notes 4, 14 and 28)	65,533	-	99,055	-
Investment property (Notes 4, 15 and 29)	561,717	2	566,143	3
Intangible assets (Notes 4 and 16)	10,443	-	6,749	-
Deferred tax assets (Notes 4 and 24)	197,332	1	114,816	-
Other non-current assets (Note 17)	<u>482,694</u>	<u>2</u>	<u>481,895</u>	<u>2</u>
Total non-current assets	<u>6,140,961</u>	<u>20</u>	<u>5,056,651</u>	<u>23</u>
TOTAL	<u>\$ 31,404,098</u>	<u>100</u>	<u>\$ 21,821,948</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 18 and 29)	\$ 390,000	1	\$ -	-
Commercial paper payable (Notes 18 and 29)	6,557,680	21	5,386,999	25
Financial liabilities at fair value through profit or loss - current (Notes 4, 7 and 28)	1,736,118	6	876,119	4
Liabilities for bonds with attached repurchase agreements (Notes 4, 19 and 28)	4,879,368	16	3,187,258	14
Securities financing refundable deposits (Note 4)	395,326	1	354,357	2
Deposits payable for securities financing (Note 4)	435,170	1	412,022	2
Security lending refundable deposits (Note 4)	-	-	2,780	-
Accounts payable (Notes 20 and 28)	7,487,122	24	3,633,224	17
Other payables (Note 28)	463,837	2	178,348	1
Current tax liabilities (Notes 4 and 24)	99,101	-	19,285	-
Provisions - current (Note 4)	19,447	-	19,280	-
Lease liabilities - current (Notes 4, 14 and 28)	43,559	-	44,751	-
Other current liabilities	<u>251,206</u>	<u>1</u>	<u>31,346</u>	<u>-</u>
Total current liabilities	<u>22,757,934</u>	<u>73</u>	<u>14,145,769</u>	<u>65</u>
NON-CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss - non-current (Notes 4 and 7)	215,244	1	203,623	1
Provisions - non-current (Note 4)	12,880	-	13,245	-
Lease liabilities - non-current (Notes 4, 14 and 28)	20,809	-	53,088	-
Deferred tax liabilities (Notes 4 and 24)	666	-	154	-
Guarantee deposits received (Note 28)	3,784	-	4,375	-
Net defined benefit liabilities - non-current (Notes 4, 5 and 21)	<u>179,984</u>	<u>-</u>	<u>154,669</u>	<u>1</u>
Total non-current liabilities	<u>433,367</u>	<u>1</u>	<u>429,154</u>	<u>2</u>
Total liabilities	<u>23,191,301</u>	<u>74</u>	<u>14,574,923</u>	<u>67</u>
EQUITY (Notes 4, 8, 12, 21, 22, 24 and 27)				
Share capital	<u>5,944,550</u>	<u>19</u>	<u>6,103,227</u>	<u>28</u>
Capital surplus	<u>175,307</u>	<u>1</u>	<u>180,208</u>	<u>1</u>
Retained earnings				
Legal reserve	28,684	-	-	-
Special reserve	614,251	2	556,882	3
Unappropriated retained earnings	<u>1,040,583</u>	<u>3</u>	<u>286,844</u>	<u>1</u>
Total retained earnings	<u>1,683,518</u>	<u>5</u>	<u>843,726</u>	<u>4</u>
Other equity	<u>409,422</u>	<u>1</u>	<u>266,179</u>	<u>1</u>
Treasury shares	<u>-</u>	<u>-</u>	<u>(146,315)</u>	<u>(1)</u>
Total equity	<u>8,212,797</u>	<u>26</u>	<u>7,247,025</u>	<u>33</u>
TOTAL	<u>\$ 31,404,098</u>	<u>100</u>	<u>\$ 21,821,948</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated March 11, 2021)

CONCORD SECURITIES CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
REVENUE (Notes 4 and 23)				
Brokerage handling fee revenue (Note 28)	\$ 903,706	35	\$ 615,420	43
Income from securities lending	30,438	1	42,704	3
Revenue from underwriting commission	41,178	2	11,623	1
Gains (losses) on sale of operating securities, net	1,270,402	49	(34,271)	(2)
Revenue from providing agency service for stock affairs (Note 28)	22,066	1	22,364	1
Interest income (Note 28)	219,521	8	234,166	16
Dividend income	478,240	19	366,710	25
Valuation gains on operating securities at fair value through profit or loss, net	456,151	18	144,924	10
Gains (losses) on covering of borrowed securities and bonds with resale agreements - short sales, net	29,011	1	(17,130)	(1)
Valuation losses on borrowed securities and bonds with resale agreements - short sales at fair value through profit or loss, net	(96,473)	(4)	(17,052)	(1)
Gains on issuance of share warrants, net	7,386	-	26,093	2
Futures commission income (Note 28)	14,878	1	11,406	1
Gains (losses) on derivative instruments - futures, net	(321,958)	(13)	48,874	3
Losses on derivative instruments - OTC, net (Note 28)	(465,875)	(18)	(17,645)	(1)
Expected credit loss (Notes 8 and 10)	(1,195)	-	(867)	-
Other operating loss (Note 28)	(7,678)	-	(4,122)	-
Total revenue	<u>2,579,798</u>	<u>100</u>	<u>1,433,197</u>	<u>100</u>
COSTS AND EXPENSES (Notes 4 and 23)				
Brokerage handling fee expenses	(66,962)	(3)	(45,976)	(3)
Proprietary handling fee expenses	(8,774)	-	(6,130)	(1)
Refinancing handling fee expenses	(689)	-	(579)	-
Finance costs (Note 28)	(51,761)	(2)	(59,735)	(4)
Futures commission expenses (Note 28)	(5,055)	-	(3,529)	-
Clearing and settlement expenses (Note 28)	(3,422)	-	(3,225)	-
Other operating costs (Note 28)	(28,279)	(1)	(15,506)	(1)
Employee benefits expense (Notes 21 and 28)	(1,071,269)	(42)	(725,169)	(51)
Depreciation and amortization (Notes 13, 14, 15 and 16)	(75,779)	(3)	(81,641)	(6)
Other operating expenses (Note 28)	(398,439)	(15)	(348,323)	(24)
Total costs and expenses	<u>(1,710,429)</u>	<u>(66)</u>	<u>(1,289,813)</u>	<u>(90)</u>
OPERATING PROFIT	<u>869,369</u>	<u>34</u>	<u>143,384</u>	<u>10</u>

(Continued)

CONCORD SECURITIES CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
NON-OPERATING INCOME AND EXPENSES (Notes 4 and 23)				
Share of profit or loss of subsidiaries accounted for using equity method (Note 12)	\$ 138,544	5	\$ 22,215	1
Other gains and losses (Note 28)	<u>101,313</u>	<u>4</u>	<u>112,051</u>	<u>8</u>
Total non-operating income and expenses	<u>239,857</u>	<u>9</u>	<u>134,266</u>	<u>9</u>
PROFIT BEFORE INCOME TAX	1,109,226	43	277,650	19
INCOME TAX BENEFIT (EXPENSE) (Notes 4 and 24)	<u>(24,250)</u>	<u>(1)</u>	<u>6,702</u>	<u>1</u>
NET PROFIT FOR THE YEAR	<u>1,084,976</u>	<u>42</u>	<u>284,352</u>	<u>20</u>
OTHER COMPREHENSIVE INCOME (Notes 4, 12, 21, 22 and 24)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans	(65,336)	(3)	3,547	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	79,568	3	97,411	7
Share of comprehensive income of subsidiaries accounted for using equity method	64,151	3	26,736	2
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>13,067</u>	<u>1</u>	<u>(709)</u>	<u>-</u>
	<u>91,450</u>	<u>4</u>	<u>126,985</u>	<u>9</u>
Items that may be reclassified subsequently to profit or loss				
Exchange differences on the translation of foreign operations	(6,856)	-	(2,951)	-
Unrealized gains on investments in debt instruments at fair value through other comprehensive income	8,087	-	1,115	-
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>185</u>	<u>-</u>	<u>44</u>	<u>-</u>
	<u>1,416</u>	<u>-</u>	<u>(1,792)</u>	<u>-</u>
Other comprehensive income for the year, net of income tax	<u>92,866</u>	<u>4</u>	<u>125,193</u>	<u>9</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,177,842</u>	<u>46</u>	<u>\$ 409,545</u>	<u>29</u>

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CONCORD SECURITIES CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
EARNINGS PER SHARE (Note 25)				
Basic	<u>\$ 1.83</u>		<u>\$ 0.47</u>	
Diluted	<u>\$ 1.82</u>		<u>\$ 0.47</u>	

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

(With Deloitte & Touche auditors' report dated March 11, 2021)

(Concluded)

CONCORD SECURITIES CO., LTD.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	Share Capital (Note 22)	Capital Surplus (Note 22)	Retained Earnings (Notes 21, 22 and 24)			Other Equity (Notes 4, 8, 12, 22, 24 and 27)		Treasury Shares (Note 22)	Total
			Legal Reserve	Special Reserve	Unappropriated Retained Earnings (Accumulated Deficits)	Exchange Differences on the Translation of Foreign Operations	Unrealized Gain on Financial Assets at Fair Value Through Other Comprehensive Income		
BALANCE AT JANUARY 1, 2019	\$ 6,260,803	\$ 259,269	\$ 63,335	\$ 770,146	\$ (276,599)	\$ (1,538)	\$ 145,016	\$ (184,101)	\$ 7,036,331
Offset 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
Net profit for the year ended December 31, 2019	-	-	-	-	284,352	-	-	-	284,352
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	2,492	(2,907)	125,608	-	125,193
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	286,844	(2,907)	125,608	-	409,545
Purchase of treasury shares	-	-	-	-	-	-	-	(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
BALANCE AT DECEMBER 31, 2019	6,103,227	180,208	-	556,882	286,844	(4,445)	270,624	(146,315)	7,247,025
Appropriation of 2019 earnings									
Legal reserve	-	-	28,684	-	(28,684)	-	-	-	-
Special reserve	-	-	-	57,369	(57,369)	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(194,807)	-	-	-	(194,807)
Other changes in capital surplus									
Issuance of share dividends from capital surplus	41,323	(41,323)	-	-	-	-	-	-	-
Net profit for the year ended December 31, 2020	-	-	-	-	1,084,976	-	-	-	1,084,976
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	(50,377)	(6,671)	149,914	-	92,866
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	1,034,599	(6,671)	149,914	-	1,177,842
Purchase of treasury shares	-	-	-	-	-	-	-	(17,263)	(17,263)
Retirement of treasury shares	(200,000)	36,422	-	-	-	-	-	163,578	-
BALANCE AT DECEMBER 31, 2020	<u>\$ 5,944,550</u>	<u>\$ 175,307</u>	<u>\$ 28,684</u>	<u>\$ 614,251</u>	<u>\$ 1,040,583</u>	<u>\$ (11,116)</u>	<u>\$ 420,538</u>	<u>\$ -</u>	<u>\$ 8,212,797</u>

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

(With Deloitte & Touche auditors' report dated March 11, 2021)

CONCORD SECURITIES CO., LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 1,109,226	\$ 277,650
Adjustments for:		
Depreciation	69,589	74,169
Amortization	6,190	7,472
Expected credit loss	1,195	867
Net gain on financial assets and liabilities at fair value through profit or loss	(367,709)	(129,835)
Finance costs	51,761	59,735
Interest income (including financial income)	(228,278)	(264,688)
Dividend income	(489,078)	(378,892)
Compensation costs of employee share options	-	2,646
Share of profit or loss of subsidiaries accounted for using equity method	(138,544)	(22,215)
Loss on disposal of property and equipment	16	173
Loss on disposal of investments	1,030	-
Gain on lease modifications	(13)	-
Changes in operating assets and liabilities		
Increase in financial assets at fair value through profit or loss	(2,934,257)	(2,132,288)
Decrease (increase) in bond investments under resale agreements	697,687	(697,687)
Increase in margin loans receivable	(1,260,517)	(173,590)
Decrease (increase) in refinancing margin	(17,287)	16,541
Decrease (increase) in refinancing collateral receivable	(14,439)	14,956
Decrease (increase) in security borrowing collateral price	(327,818)	157,678
Decrease (increase) in security borrowing margin	(296,628)	148,473
Decrease (increase) in notes receivable	19	(5)
Increase in accounts receivable	(2,145,336)	(1,658,846)
Decrease (increase) in prepayments	953	(582)
Decrease in other receivables	780	600
Increase in other financial assets	(178,798)	-
Decrease (increase) in other current assets	(55,348)	14,130
Increase in liabilities for bonds with attached repurchase agreements	1,692,110	761,883
Increase in financial liabilities at fair value through profit or loss	775,147	284,288
Increase (decrease) in securities financing refundable deposits	40,969	(67,096)
Increase (decrease) in deposits payable for securities financing	23,148	(404,118)
Increase (decrease) in security lending refundable deposits	(2,780)	2,780
Increase in accounts payable	3,853,929	1,641,199
Increase in other payables	285,414	36,277
Decrease in net defined benefit liabilities	(40,021)	(9,943)
Decrease in provisions	(198)	(1,054)
Increase (decrease) in other current liabilities	219,860	(2,461)
Cash generated from (used in) operations	331,974	(2,441,783)
Interest received	221,415	300,105
Dividends received	477,065	365,440

(Continued)

CONCORD SECURITIES CO., LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
Interest paid	\$ (50,447)	\$ (59,611)
Income tax refund (paid)	<u>(4,606)</u>	<u>14,087</u>
Net cash generated from (used in) operating activities	<u>975,401</u>	<u>(1,821,762)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(819,760)	(767,215)
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	6,600	-
Increase in investments accounted for using equity method	(19,500)	-
Acquisition of property and equipment	(19,021)	(6,654)
Proceeds from disposal of property and equipment	-	635
Decrease (increase) in clearing and settlement fund	(101)	11,198
Increase in refundable deposits	(1,291)	(1,803)
Acquisition of intangible assets	(6,445)	(1,185)
Increase in other non-current assets	(5,966)	(7,068)
Dividends received	<u>73,130</u>	<u>17,447</u>
Net cash used in investing activities	<u>(792,354)</u>	<u>(754,645)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	390,000	-
Decrease in short-term borrowings	-	(272,000)
Increase in commercial paper payable	1,170,000	2,760,000
Increase in guarantee deposits received	-	319
Decrease in guarantee deposits received	(591)	-
Payments of lease liabilities	(45,782)	(49,925)
Cash dividends paid	(194,807)	-
Exercise of employee share options	-	30,406
Payments to acquire treasury shares	(17,263)	(232,393)
Unpaid dividends	<u>-</u>	<u>126</u>
Net cash generated from financing activities	<u>1,301,557</u>	<u>2,236,533</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>(5,864)</u>	<u>(2,733)</u>
		(Continued)

CONCORD SECURITIES CO., LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 1,478,740	\$ (342,607)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,416,855</u>	<u>1,759,462</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 2,895,595</u>	<u>\$ 1,416,855</u>

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

(With Deloitte & Touche auditors' report dated March 11, 2021)

(Concluded)

CONCORD SECURITIES CO., LTD.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

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

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

As of December 31, 2020, the Corporation had 15 branches and an offshore securities unit supporting its head office.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Corporation’s Board of Directors and issued on March 11, 2021.

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

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

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

- Amendment to IFRS 16 “Covid-19 - Related Rent Concessions”

The Corporation elected to apply the practical expedient provided in the amendment to IFRS 16 with respect to rent concessions negotiated with the lessor as a direct consequence of the COVID-19. The related accounting policies are stated in Note 4. Prior to the application of the amendment, the Corporation shall determine whether or not the abovementioned rent concessions need to be accounted for as lease modifications.

The Corporation applied the amendment from January 1, 2020. Because the abovementioned rent concessions only affect 2020, retrospective application of the amendment has no impact on retained earnings as of January 1, 2020.

- b. The IFRSs endorsed by the FSC for application starting from 2021

New, Revised or Amended Standards and Interpretations	Effective Date Announced by IASB
Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform - Phase 2”	January 1, 2021

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

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

New, Revised or Amended Standards and Interpretations	Effective Date Announced by the IASB (Note 1)
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 2)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 6)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 7)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 4)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 5)

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

Note 2: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 4: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

Note 6: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 7: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Firms and other regulations.

Basis of Preparation

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

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

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

When preparing the parent company only financial statements, the Corporation accounted for subsidiaries and associates by using the equity method. In order to agree with the amount of net income, other comprehensive income and equity attributable to shareholders of the parent in the consolidated financial statements, the differences of the accounting treatment between the parent company only basis and the consolidated basis are adjusted under the heading of investments accounted for using equity method, share of profits of subsidiaries and associates and share of other comprehensive income of subsidiaries and associates in the parent company only financial statements.

Classification of Current and Non-current Assets and Liabilities

Current assets include:

- a. Assets held primarily for the purpose of trading;
- b. Assets expected to be realized within 12 months after the reporting period; and

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

Current liabilities include:

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

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

Foreign Currencies

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

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

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

For the purposes of presenting the financial statements, the assets and liabilities of the Corporation'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 Accounted for Using Equity Method

Investments accounted for using the equity method include investments in subsidiaries.

A subsidiary is an entity that is controlled by the Corporation.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Corporation's share of profit or loss and other comprehensive income of the subsidiary as well as the distribution received. The Corporation also recognizes its share in the changes in the equity of subsidiaries.

Changes in the Corporation's ownership interests in subsidiaries that do not result in the Corporation losing control over the subsidiaries are accounted for as equity transactions. Any difference between the carrying amount of the subsidiary and the fair value of the consideration paid or received is recognized directly in equity.

When the Corporation's share of loss of a subsidiary equals or exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using equity method and long-term interests that, in substance, form part of the Corporation's net investment in the subsidiary), the Corporation continues recognizing its share of further loss, if any.

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

The Corporation assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Corporation recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Corporation loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Corporation accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Corporation directly disposed of the related assets or liabilities.

Property and Equipment

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

Except for freehold land which is not depreciated, property and equipment are depreciated on a straight-line basis over their estimated useful lives. Each significant part is depreciated separately. The estimated useful lives, residual value and depreciation method are reviewed 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 Property

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

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

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

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

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is 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 Corporation at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

Impairment of Property and Equipment, Investment Property, Right-of-use Assets and Intangible Assets other than Goodwill

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

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

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

Financial Instruments

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

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

a. Financial assets

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

1) Measurement category

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

a) Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, and any dividends, interest earned and remeasurement gains or losses on such financial assets are recognized in profit or loss. Fair value is determined in the manner described in Note 27.

b) Financial assets at amortized cost

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

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

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

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

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

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

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

c) Investments in debt instruments at FVTOCI

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

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

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

d) Investments in equity instruments at FVTOCI

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

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

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

2) Impairment of financial assets

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

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

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

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

3) Derecognition of financial assets

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

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

b. Equity instruments

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

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

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 27.

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

- a) Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- b) The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and has performance evaluated on a fair value basis, in accordance with the Corporation's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

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

For a financial liability designated as at FVTPL, the amount of changes in fair value attributable to changes in the credit risk of the liability is presented in other comprehensive income and will not be subsequently reclassified to profit or loss. The 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 27.

2) Derecognition of financial liabilities

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

d. Derivative financial instruments

Derivative financial instruments the Corporation engaged in include warrants, futures, options, convertible bond asset swaps, structured instruments, bond options, etc.

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

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

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

Repurchase and Resale Transactions

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

Margin Loans and Securities Financing

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

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

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

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

Securities Business Money Lending and Securities Lending

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

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

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.

Operating Guarantee Deposits

According to the Rules Governing Securities Firms 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 proprietary and brokerage business are required to make clearing and settlement fund deposits with the TWSE or the Taipei Exchange before or after operations.

Provisions

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

Revenue Recognition

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

Service income is recognized when services are provided.

Leases

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

a. The Corporation as lessor

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

b. The Corporation as lessee

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

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

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

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

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

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

Employee Benefits

a. Short-term employee benefits

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

b. Retirement benefits

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

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

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

Employee Share Options

a. Employee share options granted to employees

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

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

b. Employee share options granted to the employees of a subsidiary

The grant by the Corporation of its equity instruments to the employees of a subsidiary under options is treated as a capital contribution. The fair value of employee services received under the arrangement is measured by reference to the grant-date fair value and is recognized over the vesting period as an addition to the investment in the subsidiary, with a corresponding credit to capital surplus - employee share options.

Taxation

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

a. Current tax

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

According to the Income Tax Act in the ROC, an additional tax on unappropriated retained earnings is 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 Corporation 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 Corporation expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

c. Current and deferred taxes for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Corporation's accounting policies, management is required to make judgments, estimations, and assumptions 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 Corporation considers the economic implications of the COVID-19 when making its critical accounting 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 Corporation determines the fair value of financial instruments with no public quotes in an active market using valuation methods. Refer to Note 27 for the related assumptions, estimates and book value.

b. Recognition and measurement of defined benefit plans

The net defined benefit liabilities and the resulting defined benefit costs under the defined benefit retirement 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 21 for the book value of net defined benefit liabilities of the Corporation at the end of the reporting period.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2020	2019
Checking and demand deposits	\$ 1,322,119	\$ 136,057
Foreign currency deposits	977,425	383,968
Cash equivalents		
Time deposits with original maturities within three months	-	706,145
Excess futures trading margin	246,146	190,685
Short-term bills	<u>349,905</u>	<u>-</u>
	<u>\$ 2,895,595</u>	<u>\$ 1,416,855</u>

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

	December 31	
	2020	2019
Time deposits with original maturities within three months	-	1.60%-2.05%
Short-term bills	0.17%-0.19%	-

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2020	2019
<u>Financial assets at FVTPL - current</u>		
Financial assets mandatorily measured at FVTPL		
Open-end funds and money market instruments	\$ -	\$ 41,969
Operating securities - proprietary	9,282,809	6,140,738
Operating securities - underwriting	22,380	66,582
Operating securities - hedging	498,898	272,569
Futures margin - own funds	149,181	94,772
Call options - non-hedging	17,390	9
Derivative assets - OTC		
Value of asset swap IRS contracts	6,380	5,651
Asset swap options	<u>195,487</u>	<u>142,777</u>
	<u>\$ 10,172,525</u>	<u>\$ 6,765,067</u>
<u>Financial assets at FVTPL - non-current</u>		
Financial assets mandatorily measured at FVTPL		
Operating securities - proprietary	<u>\$ -</u>	<u>\$ 10,049</u>
<u>Financial liabilities at FVTPL - current</u>		
Financial liabilities held for trading		
Bond investments under resale agreements - short sales	\$ -	\$ 249,189
Warrants liabilities	2,067,535	1,638,965
Warrants redeemed	(1,993,765)	(1,593,360)
Put options - TAIFEX	13,965	7
Liabilities on sale of borrowed securities - hedging	531,508	105,912
Derivative liabilities - OTC		
Value of asset swap IRS contracts	32,015	18,828
Asset swap options	773,814	284,481
Equity derivatives	<u>39,740</u>	<u>24,908</u>
	<u>1,464,812</u>	<u>728,930</u>
Financial liabilities designated as at FVTPL		
Structured instruments	<u>271,306</u>	<u>147,189</u>
	<u>\$ 1,736,118</u>	<u>\$ 876,119</u>
<u>Financial liabilities at FVTPL - non-current</u>		
Financial liabilities designated as at FVTPL		
Structured instruments	<u>\$ 215,244</u>	<u>\$ 203,623</u>

a. Open-end funds and money market instruments

	December 31	
	2020	2019
Open-end funds and money market instruments	\$ -	\$ 50,000
Valuation adjustments	<u>-</u>	<u>(8,031)</u>
	<u>\$ -</u>	<u>\$ 41,969</u>

b. Operating securities - proprietary

	December 31	
	2020	2019
<u>Current</u>		
Government bonds	\$ 1,873,435	\$ 1,807,696
Corporate bonds	200,256	100,209
Listed shares	2,068,569	613,852
Shares and convertible bonds traded in the OTC market	3,125,971	2,268,503
Emerging shares	213,993	224,393
Foreign shares and bonds	368,213	164,995
Beneficiary securities	<u>960,358</u>	<u>920,202</u>
	8,810,795	6,099,850
Valuation adjustments	<u>472,014</u>	<u>40,888</u>
	<u>\$ 9,282,809</u>	<u>\$ 6,140,738</u>
<u>Non-current</u>		
Government bonds	\$ -	\$ 10,033
Valuation adjustments	<u>-</u>	<u>16</u>
	<u>\$ -</u>	<u>\$ 10,049</u>

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

	December 31	
	2020	2019
Government bonds	0.25%-1.75%	0.50%-1.375%
Corporate bonds	1.04%	1.04%

As of December 31, 2020 and 2019, the face values of the Corporation's proprietary securities and bond investments under resale agreements of \$4,672,760 thousand and \$3,076,300 thousand, respectively, were provided for repurchase agreements.

c. Operating securities - underwriting

	December 31	
	2020	2019
Listed and OTC shares and convertible bonds	\$ 22,093	\$ 67,140
Valuation adjustments	<u>287</u>	<u>(558)</u>
	<u>\$ 22,380</u>	<u>\$ 66,582</u>

d. Operating securities - hedging

	December 31	
	2020	2019
Listed shares and warrants	\$ 332,591	\$ 131,337
Shares and warrants traded in the OTC market	<u>138,820</u>	<u>137,941</u>
	471,411	269,278
Valuation adjustments	<u>27,487</u>	<u>3,291</u>
	<u>\$ 498,898</u>	<u>\$ 272,569</u>

e. Bond investments under resale agreements - short sales

	December 31	
	2020	2019
Government bonds	\$ -	\$ 249,167
Valuation adjustments	<u>-</u>	<u>22</u>
	<u>\$ -</u>	<u>\$ 249,189</u>

f. Warrants

	December 31	
	2020	2019
Warrants liabilities	\$ 1,803,865	\$ 1,780,955
Less: Loss (gain) on changes in fair value	<u>263,670</u>	<u>(141,990)</u>
	<u>2,067,535</u>	<u>1,638,965</u>
Warrants redeemed	1,749,226	1,680,867
Less: Gain (loss) on changes in fair value	<u>244,539</u>	<u>(87,507)</u>
	<u>1,993,765</u>	<u>1,593,360</u>
Net warrants liabilities	<u>\$ 73,770</u>	<u>\$ 45,605</u>

g. Liabilities on sale of borrowed securities

	December 31	
	2020	2019
Hedging		
Listed and OTC shares and beneficiary certificates	\$ 431,292	\$ 102,191
Valuation adjustments	<u>100,216</u>	<u>3,721</u>
	<u>\$ 531,508</u>	<u>\$ 105,912</u>

h. Futures and options

	December 31	
	2020	2019
Call options - non-hedging		
Index options	\$ 14,945	\$ 20
Gain (loss) on open positions	<u>2,445</u>	<u>(11)</u>
Fair value	<u>\$ 17,390</u>	<u>\$ 9</u>
Put options - TAIFEX		
Index options	\$ (7,446)	\$ (25)
Gain (loss) on open positions	<u>(6,519)</u>	<u>18</u>
Fair value	<u>\$ (13,965)</u>	<u>\$ (7)</u>

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

		December 31, 2020			
		Open Position		Carrying Amount/ Premium Paid (Received)	Fair Value
		Buyer/ Seller	Volume		
Item	Transaction Type				
Futures	TAIEX futures	Buyer	18	\$ 48,227	\$ 51,922
Futures	TAIEX futures	Seller	2	5,676	5,871
Futures	Share futures	Buyer	5,044	396,270	473,956
Futures	Share futures	Seller	272	20,726	20,990
Futures	NYMEX-CL	Seller	1	1,376	1,382
Futures	SCN	Seller	81	39,820	40,860
Futures	LCO	Seller	82	117,247	120,973
Futures	SI	Seller	12	42,045	45,133
Futures	CFE-VX	Seller	1	701	674
Futures	HG	Seller	13	32,850	32,572
Futures	S	Seller	463	769,923	864,367
Futures	GC	Seller	3	16,233	16,192
Options	TAIEX options - call	Buyer	106	5,091	15,434
Options	TAIEX options - put	Buyer	494	9,854	1,956
Options	TAIEX options - call	Seller	182	(6,122)	(13,225)
Options	TAIEX options - put	Seller	88	(1,324)	(740)

		December 31, 2019			
Item	Transaction Type	Open Position		Carrying Amount/ Premium Paid (Received)	Fair Value
		Buyer/ Seller	Volume		
Futures	TAIEX futures	Buyer	19	\$ 45,664	\$ 45,577
Futures	TAIEX futures	Seller	14	33,464	33,563
Futures	Share futures	Buyer	395	67,394	67,777
Futures	Share futures	Seller	49	10,695	10,677
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	CBOT-UB	Buyer	2	11,289	10,892
Futures	HG	Seller	4	8,059	8,385
Futures	S	Seller	3	4,107	4,297
Futures	GC	Seller	5	22,153	22,831
Futures	MGC	Buyer	1	439	457
Options	TAIEX options - put	Buyer	22	20	9
Options	TAIEX options - put	Seller	21	(25)	(7)

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, 2020 and 2019, futures margin arising from futures and option contracts were \$149,181 thousand and \$94,772 thousand, respectively.

i. Derivative instruments - OTC

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

	Nominal Amount	
	December 31	
	2020	2019
Convertible bond asset swaps	\$ 5,852,900	\$ 4,845,000
Structured instruments	488,200	351,200
Equity derivatives	157,412	114,509

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2020	2019
<u>Current</u>		
Investments in debt instruments	\$ <u>15,808</u>	\$ <u>-</u>
<u>Non-current</u>		
Investments in equity instruments	\$ 482,639	\$ 409,671
Investments in debt instruments	<u>1,461,780</u>	<u>650,645</u>
	<u>\$ 1,944,419</u>	<u>\$ 1,060,316</u>

a. Investments in equity instruments

	December 31	
	2020	2019
<u>Non-current</u>		
Non-public ordinary shares		
Taiwan Stock Exchange	\$ 182,397	\$ 172,447
Taiwan Futures Exchange	164,248	131,474
Taiwan Depository & Clearing Corporation	115,308	84,090
Asia Pacific Emerging Industry Venture Capital Co., Ltd.	20,686	21,660
Foursun Tech. Inc.	<u>-</u>	<u>-</u>
	<u>\$ 482,639</u>	<u>\$ 409,671</u>

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

In June 2019, the Corporation acquired 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 2020, Asia Pacific Emerging Industry Venture Capital Co., Ltd. implemented a cash capital reduction, in which the Corporation reduced its number of shares held by 660,000 shares and received the capital reduction amount of \$6,600 thousand.

The Corporation recognized dividend revenue of \$10,838 thousand and \$12,182 thousand during 2020 and 2019, which were generated from the investments held as of December 31, 2020 and 2019, respectively.

b. Investments in debt instruments

	December 31	
	2020	2019
<u>Current</u>		
Foreign bonds	\$ 15,808	\$ -
<u>Non-current</u>		
Government bonds	\$ 301,941	\$ 300,260
Corporate bonds	403,152	200,497
Foreign bonds	756,687	149,888
	<u>\$ 1,461,780</u>	<u>\$ 650,645</u>

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

	December 31	
	2020	2019
Gross carrying amount	\$ 1,469,659	\$ 649,900
Less: Allowance for impairment loss	(1,210)	(370)
Amortized cost	1,468,449	649,530
Adjustment to fair value	9,139	1,115
	<u>\$ 1,477,588</u>	<u>\$ 650,645</u>

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

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

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

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	12-month 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, 2020	\$ 370	\$ -	\$ -
Recognized expected credit loss	<u>840</u>	<u>-</u>	<u>-</u>
Balance at December 31, 2020	<u>\$ 1,210</u>	<u>\$ -</u>	<u>\$ -</u>
Balance at January 1, 2019	\$ -	\$ -	\$ -
Recognized expected credit loss	<u>370</u>	<u>-</u>	<u>-</u>
Balance at December 31, 2019	<u>\$ 370</u>	<u>\$ -</u>	<u>\$ -</u>

9. BOND INVESTMENTS UNDER RESALE AGREEMENTS

	December 31	
	2020	2019
Government bonds	<u>\$ -</u>	<u>\$ 697,687</u>

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

	December 31	
	2020	2019
Government bonds	-	0.2%-0.5%

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

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

	December 31	
	2020	2019
Margin loans receivable	\$ 4,696,842	\$ 3,436,325
Less: Allowance for impairment loss	<u>(1,094)</u>	<u>(908)</u>
	<u>\$ 4,695,748</u>	<u>\$ 3,435,417</u>

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

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

	December 31	
	2020	2019
Notes receivable	\$ 64	\$ 83
Accounts receivable		
Accounts receivable for settlement - brokerage	5,458,677	3,036,581
Accounts receivable for settlement - proprietary	373,736	628,975
Brokerage handling fee revenue and refinancing interest receivable	60,945	81,692
Bond interest receivable	15,382	8,558
Others	<u>6,910</u>	<u>6,510</u>
	<u>5,915,650</u>	<u>3,762,316</u>
	<u>\$ 5,915,714</u>	<u>\$ 3,762,399</u>

The aging of receivables was as follows:

	December 31	
	2020	2019
0 to 120 days	\$ 5,915,421	\$ 3,762,312
121 to 180 days	93	82
Over 180 days	<u>200</u>	<u>5</u>
	<u>\$ 5,915,714</u>	<u>\$ 3,762,399</u>

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

	December 31	
	2020	2019
Other receivables	\$ 91,643	\$ 92,383
Less: Allowance for impairment loss	<u>(85,193)</u>	<u>(85,024)</u>
	<u>\$ 6,450</u>	<u>\$ 7,359</u>

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

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

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

December 31, 2020

	Notes and Accounts Receivable	Margin Loans Receivable	Refinancing Collateral Receivable	Refinancing Margin, Security Borrowing Collateral Price and Security Borrowing Margin	Other Receivables	Total
Expected credit loss rate	0%	0.03%	0%	0%	0%; 100%	
Gross carrying amount	\$ 5,915,714	\$ 4,696,842	\$ 14,462	\$ 836,105	\$ 91,643	\$ 11,554,766
Loss allowance (Lifetime ECLs)	-	(1,094)	-	-	(85,193)	(86,287)
Amortized cost	<u>\$ 5,915,714</u>	<u>\$ 4,695,748</u>	<u>\$ 14,462</u>	<u>\$ 836,105</u>	<u>\$ 6,450</u>	<u>\$ 11,468,479</u>

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	\$ 3,762,399	\$ 3,436,325	\$ 23	\$ 194,372	\$ 92,383	\$ 7,485,502
Loss allowance (Lifetime ECLs)	-	(908)	-	-	(85,024)	(85,932)
Amortized cost	<u>\$ 3,762,399</u>	<u>\$ 3,435,417</u>	<u>\$ 23</u>	<u>\$ 194,372</u>	<u>\$ 7,359</u>	<u>\$ 7,399,570</u>

The movements of the loss allowance of trade receivables for the years ended December 31, 2020 and 2019, respectively, were as follows:

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

	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	<u>-</u>	<u>497</u>	<u>-</u>	<u>497</u>
Balance at December 31, 2019	<u>\$ -</u>	<u>\$ 908</u>	<u>\$ 85,024</u>	<u>\$ 85,932</u>

11. OTHER FINANCIAL ASSETS - CURRENT

	December 31	
	2020	2019
Time deposits	<u>\$ 198,798</u>	<u>\$ 20,000</u>

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

	December 31	
	2020	2019
Time deposits	0.45%-2.50%	0.62%-1.065%

12. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Subsidiaries included in the financial statements were summarized as follows:

	December 31			
	2020		2019	
	Carrying Amount	Percent-age of Owner-ship (%)	Carrying Amount	Percent-age of Owner-ship (%)
<u>Subsidiaries</u>				
Concord Futures Corp. Ltd. (Concord Futures)	\$ 1,218,379	95.71	\$ 1,115,471	95.71
Kang-Lian AMC. Co., Ltd. (Kang-Lian AMC)	577,414	100.00	547,836	100.00
Concord Capital Holdings (Cayman) Limited (Concord Cayman)	21,265	100.00	8,986	100.00
Concord Managed Futures Corp. (Concord Managed Futures)	159,452	60.00	158,696	60.00
Concord Capital Management Corp (Concord Capital Management)	90,978	100.00	76,770	100.00
Concord Insurance Agent Corp. (Concord Insurance)	<u>26,263</u>	100.00	<u>27,016</u>	100.00
	<u>\$ 2,093,751</u>		<u>\$ 1,934,775</u>	

The Corporation's share of profit or loss and other comprehensive income or loss of subsidiaries was calculated based on the audited financial statements for the years ended December 31, 2020 and 2019.

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

In June 2020, the subsidiary, Concord Insurance, received letter No. 1090421845 issued by the FSC and obtained approval for the increase in the business scope of its property insurance agent business.

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

On November 30, 2020, the subsidiary, Concord Cayman, received letter No. 1090373948 issued by the FSC, and is in the process of dissolution and liquidation. As of March 11, 2021, the liquidation process has not been completed.

13. PROPERTY AND EQUIPMENT

For the Year Ended December 31, 2020					
	Balance at January 1, 2020	Additions	Reductions	Reclassifi- cations	Balance at December 31, 2020
<u>Cost</u>					
Land	\$ 606,817	\$ -	\$ -	\$ 828	\$ 607,645
Buildings	230,347	-	-	551	230,898
Equipment	59,576	15,726	(19,314)	-	55,988
Leasehold improvements	23,562	6,415	-	-	29,977
	<u>920,302</u>	<u>\$ 22,141</u>	<u>\$ (19,314)</u>	<u>\$ 1,379</u>	<u>924,508</u>
<u>Accumulated depreciation</u>					
Buildings	90,771	\$ 4,089	\$ -	\$ 147	95,007
Equipment	36,979	11,770	(19,298)	-	29,451
Leasehold improvements	8,442	5,279	-	-	13,721
	<u>136,192</u>	<u>\$ 21,138</u>	<u>\$ (19,298)</u>	<u>\$ 147</u>	<u>138,179</u>
<u>Accumulated impairment</u>					
Buildings	1,257	\$ -	\$ -	\$ -	1,257
Net book value	<u>\$ 782,853</u>				<u>\$ 785,072</u>

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
<u>Cost</u>							
Land	\$ 607,398	\$ -	\$ 607,398	\$ -	\$ -	\$ (581)	\$ 606,817
Buildings	230,734	-	230,734	-	-	(387)	230,347
Equipment	81,212	-	81,212	5,830	(27,466)	-	59,576
Leasehold improvements	25,387	-	25,387	824	(2,649)	-	23,562
Leased assets	1,243	(1,243)	-	-	-	-	-
	<u>945,974</u>	<u>\$ (1,243)</u>	<u>944,731</u>	<u>\$ 6,654</u>	<u>\$ (30,115)</u>	<u>\$ (968)</u>	<u>920,302</u>
<u>Accumulated depreciation</u>							
Buildings	86,767	\$ -	86,767	\$ 4,100	\$ -	\$ (96)	90,771
Equipment	50,480	-	50,480	13,903	(27,404)	-	36,979
Leasehold improvements	5,586	-	5,586	4,759	(1,903)	-	8,442
Leased assets	103	(103)	-	-	-	-	-
	<u>142,936</u>	<u>\$ (103)</u>	<u>142,833</u>	<u>\$ 22,762</u>	<u>\$ (29,307)</u>	<u>\$ (96)</u>	<u>136,192</u>
<u>Accumulated impairment</u>							
Buildings	1,257	\$ -	1,257	\$ -	\$ -	\$ -	1,257
Net book value	<u>\$ 801,781</u>		<u>\$ 800,641</u>				<u>\$ 782,853</u>

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

Buildings	55 years
Equipment	3-5 years
Leasehold improvements	5 years
Leased assets	5 years

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

Some property and equipment were pledged as collateral for loans (refer to Note 29 for the details).

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2020	2019
<u>Carrying amount</u>		
Buildings	\$ 64,257	\$ 98,164
Equipment	<u>1,276</u>	<u>891</u>
	<u>\$ 65,533</u>	<u>\$ 99,055</u>
	For the Year Ended December 31	
	2020	2019
Additions to right-of-use assets	<u>\$ 19,375</u>	<u>\$ 28,445</u>
Depreciation charge for right-of-use assets		
Buildings	\$ 44,987	\$ 47,975
Equipment	<u>270</u>	<u>249</u>
	<u>\$ 45,257</u>	<u>\$ 48,224</u>

b. Lease liabilities

	December 31	
	2020	2019
<u>Carrying amount</u>		
Current	<u>\$ 43,559</u>	<u>\$ 44,751</u>
Non-current	<u>\$ 20,809</u>	<u>\$ 53,088</u>

Ranges of discount rates for lease liabilities were as follows:

	December 31	
	2020	2019
Buildings	0.514%-0.807%	0.764%-0.815%
Equipment	0.521%-0.753%	0.753%

The Corporation leases buildings for operational uses with lease terms of 2 to 5 years. The Corporation does not have bargain purchase options to acquire the leasehold buildings at the end of the lease terms. In addition, the Corporation is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

c. Material leasing activities and terms

Due to the severe impact of COVID-19 on the market economy in 2020, the lessor agreed to provide unconditional rent reductions of 20%-100% from September 30 to December 31, 2020. The Corporation recognized in profit or loss the impact of rent concessions of \$453 thousand (recognized as deduction of depreciation) for the year ended December 31, 2020.

d. Other lease information

	For the Year Ended December 31	
	2020	2019
Expenses relating to low-value asset leases	\$ 2,539	\$ 3,243
Total cash outflow for leases	\$ 48,321	\$ 53,168

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

15. INVESTMENT PROPERTY

	For the Year Ended December 31, 2020				
	Balance at January 1, 2020	Additions	Reductions	Reclassifi- cations	Balance at December 31, 2020
<u>Cost</u>					
Land	\$ 477,154	\$ -	\$ -	\$ (828)	\$ 476,326
Buildings	<u>179,626</u>	<u>-</u>	<u>-</u>	<u>(551)</u>	<u>179,075</u>
	656,780	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,379)</u>	655,401
<u>Accumulated depreciation</u>					
Buildings	89,976	<u>\$ 3,194</u>	<u>\$ -</u>	<u>\$ (147)</u>	93,023
<u>Accumulated impairment</u>					
Buildings	<u>661</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>661</u>
Net book value	<u>\$ 566,143</u>				<u>\$ 561,717</u>
	For the Year Ended December 31, 2019				
	Balance at January 1, 2020	Additions	Reductions	Reclassifi- cations	Balance at December 31, 2020
<u>Cost</u>					
Land	\$ 476,573	\$ -	\$ -	\$ 581	\$ 477,154
Buildings	<u>179,239</u>	<u>-</u>	<u>-</u>	<u>387</u>	<u>179,626</u>
	655,812	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 968</u>	656,780
<u>Accumulated depreciation</u>					
Buildings	86,697	<u>\$ 3,183</u>	<u>\$ -</u>	<u>\$ 96</u>	89,976
<u>Accumulated impairment</u>					
Buildings	<u>661</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>661</u>
Net book value	<u>\$ 568,454</u>				<u>\$ 566,143</u>

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

Buildings	55 years
-----------	----------

As of December 31, 2020 and 2019, the fair value of the Corporation's investment properties amounted to \$683,556 thousand and \$723,904 thousand, respectively. The fair value was quoted based on the market price of similar properties.

Some investment properties were pledged as collateral for loans and loan credit line (refer to Note 29 for the details).

The abovementioned investment properties are leased out for 7 months to 5 years under operating leases. The lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.

Due to the impact of the COVID-19 pandemic on the market economy in 2020, the Corporation agreed to provide an unconditional rent reduction of 20% for some of the leases for the period from May 1 to July 31, 2020. As there is no contractual mechanism to adjust rent in the original lease contract, the rent concessions will be accounted for as adjustments to rental income over the remaining lease term.

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

	December 31	
	2020	2019
Year 1	\$ 7,839	\$ 19,008
Year 2	1,980	7,486
Year 3	<u>-</u>	<u>1,980</u>
	<u>\$ 9,819</u>	<u>\$ 28,474</u>

16. INTANGIBLE ASSETS

	For the Year Ended December 31, 2020			
	Balance at January 1, 2020	Additions	Reductions	Balance at December 31, 2020
<u>Cost</u>				
Computer software	\$ 20,189	<u>\$ 9,698</u>	<u>\$ (13,272)</u>	\$ 16,615
<u>Accumulated amortization</u>				
Computer software	<u>13,440</u>	<u>\$ 6,004</u>	<u>\$ (13,272)</u>	<u>6,172</u>
Net book value	<u>\$ 6,749</u>			<u>\$ 10,443</u>

	For the Year Ended December 31, 2019		
	Balance at January 1, 2019	Additions	Balance at December 31, 2019
<u>Cost</u>			
Computer software	\$ 22,974	<u>\$ 3,488</u>	<u>\$ (6,273)</u>
			\$ 20,189
<u>Accumulated amortization</u>			
Computer software	<u>12,448</u>	<u>\$ 7,265</u>	<u>\$ (6,273)</u>
			<u>13,440</u>
Net book value	<u>\$ 10,526</u>		<u>\$ 6,749</u>

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

17. OTHER NON-CURRENT ASSETS

	December 31	
	2020	2019
Operating deposits	\$ 330,000	\$ 330,000
Clearing and settlement fund	121,978	121,877
Refundable deposits	24,480	23,189
Prepayments for equipment	5,511	6,373
Deferred expense	<u>725</u>	<u>456</u>
	<u>\$ 482,694</u>	<u>\$ 481,895</u>

18. BORROWINGS

a. Short-term borrowings

	December 31	
	2020	2019
Secured borrowings	\$ 210,000	\$ -
Unsecured borrowings	<u>180,000</u>	<u>-</u>
	<u>\$ 390,000</u>	<u>\$ -</u>

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

	December 31	
	2020	2019
Short-term borrowings	0.95%-1.05%	-

Some demand deposits, property and equipment, and investment properties were provided as collateral for bank borrowings and credit line (refer to Note 29 for the details).

b. Commercial paper payable

	December 31	
	2020	2019
Commercial paper payable	\$ 6,560,000	\$ 5,390,000
Less: Discount of commercial paper payable	<u>(2,320)</u>	<u>(3,001)</u>
	<u>\$ 6,557,680</u>	<u>\$ 5,386,999</u>

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

	December 31	
	2020	2019
Commercial paper payable	0.20%-0.48%	0.38%-0.77%

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

19. LIABILITIES FOR BONDS WITH ATTACHED REPURCHASE AGREEMENTS

	December 31	
	2020	2019
Government bonds	\$ 2,263,283	\$ 1,829,697
Corporate bonds	<u>2,616,085</u>	<u>1,357,561</u>
	<u>\$ 4,879,368</u>	<u>\$ 3,187,258</u>

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

	December 31	
	2020	2019
Government bonds	0.17%-0.20%	0.30%-0.59%
Corporate bonds	0.24%-3.26%	0.59%-2.38%

Liabilities for bonds with attached repurchase agreements that were outstanding as of December 31, 2020 had been repurchased for \$4,881,026 thousand by February 25, 2021.

Liabilities for 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.

20. ACCOUNTS PAYABLE

	December 31	
	2020	2019
Accounts payable for settlement - brokerage	\$ 5,414,551	\$ 2,983,659
Accounts payable for settlement - proprietary	1,980,285	567,707
Others	<u>92,286</u>	<u>81,858</u>
	<u>\$ 7,487,122</u>	<u>\$ 3,633,224</u>

21. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

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

b. Defined benefit plan

The Corporation adopted the pension plan under the Labor Standards Act, which is a state-managed defined benefit plan. Pension costs are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Corporation makes monthly contributions to a pension fund based on 2% of gross salaries. Pension contributions are deposited in Banks of Yuanta, First and Taiwan in the pension fund committee’s name. Before the end of each year, the Corporation assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Corporation is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund deposited in the Bank of Taiwan is managed by the Bureau of Labor Funds, Ministry of Labor (“the Bureau”); the Corporation has no right to influence the investment policy and strategy.

The amounts included in the accompanying balance sheets in respect of the Corporation’s defined benefit plans are as follows:

	December 31	
	2020	2019
Present value of defined benefit obligation	\$ 294,790	\$ 240,943
Fair value of plan assets	<u>(114,806)</u>	<u>(86,274)</u>
Net defined benefit liabilities	<u>\$ 179,984</u>	<u>\$ 154,669</u>

Movements in net defined benefit liabilities were as follows:

	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2019	\$ 244,411	\$ (76,252)	\$ 168,159
Service cost			
Current service cost	3,348	-	3,348
Net interest expense (income)	<u>2,200</u>	<u>(695)</u>	<u>1,505</u>
Recognized in profit or loss	<u>5,548</u>	<u>(695)</u>	<u>4,853</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(3,416)	(3,416)
Actuarial loss - changes in financial assumptions	4,335	-	4,335
Actuarial gain - experience adjustments	<u>(4,466)</u>	<u>-</u>	<u>(4,466)</u>
Recognized in other comprehensive income	<u>(131)</u>	<u>(3,416)</u>	<u>(3,547)</u>
Contributions from the employer	<u>-</u>	<u>(14,796)</u>	<u>(14,796)</u>
Benefits paid	<u>(8,885)</u>	<u>8,885</u>	<u>-</u>
Balance at December 31, 2019	<u>240,943</u>	<u>(86,274)</u>	<u>154,669</u>
Service cost			
Current service cost	3,197	-	3,197
Net interest expense (income)	<u>1,687</u>	<u>(611)</u>	<u>1,076</u>
Recognized in profit or loss	<u>4,884</u>	<u>(611)</u>	<u>4,273</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(10,517)	(10,517)
Actuarial loss - changes in financial assumptions	10,192	-	10,192
Actuarial loss - experience adjustments	<u>65,661</u>	<u>-</u>	<u>65,661</u>
Recognized in other comprehensive (income) loss	<u>75,853</u>	<u>(10,517)</u>	<u>65,336</u>
Contributions from the employer	<u>-</u>	<u>(44,294)</u>	<u>(44,294)</u>
Benefits paid	<u>(26,890)</u>	<u>26,890</u>	<u>-</u>
Balance at December 31, 2020	<u>\$ 294,790</u>	<u>\$ (114,806)</u>	<u>\$ 179,984</u>

Through the defined benefit plans under the Labor Standards Act, the Corporation is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on debt investments of plan assets.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

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

	December 31	
	2020	2019
Discount rate	0.3%	0.7%
Expected incremental rate of salaries	1.5%	1.5%
Expected rate of return on plan assets	0.3%	0.7%

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	
	2020	2019
Discount rate		
0.1% increase	<u>\$ (2,595)</u>	<u>\$ (2,182)</u>
0.1% decrease	<u>\$ 2,627</u>	<u>\$ 2,210</u>
Expected incremental rate of salaries		
0.1% increase	<u>\$ 2,300</u>	<u>\$ 1,951</u>
0.1% decrease	<u>\$ (2,279)</u>	<u>\$ (1,931)</u>

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

	December 31	
	2020	2019
Expected contributions to the plan for the next year	<u>\$ 2,000</u>	<u>\$ 1,960</u>
Average duration of the defined benefit obligation	8.5 years	8.9 years

22. EQUITY

a. Share capital

	December 31	
	2020	2019
Number of shares authorized (in thousands)	<u>1,500,000</u>	<u>1,500,000</u>
Share capital authorized	<u>\$ 15,000,000</u>	<u>\$ 15,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>594,455</u>	<u>610,322</u>
Share capital issued	<u>\$ 5,944,550</u>	<u>\$ 6,103,227</u>

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

The change in the Corporation's share capital for the years 2020 and 2019 are mainly due to purchase and retirement of the treasury shares.

It was resolved in the shareholders' meeting on June 5, 2020 to increase the Corporation's capital by transferring from the capital surplus the amount of \$41,323 thousand, which increased the share capital issued by 4,132 thousand ordinary shares.

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.

b. Capital surplus

	December 31	
	2020	2019
Treasury share transactions	\$ 173,203	\$ 178,104
Gain on sale of fixed assets	682	682
Unclaimed dividends	126	126
Others	<u>1,296</u>	<u>1,296</u>
	<u>\$ 175,307</u>	<u>\$ 180,208</u>

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

The capital surplus arising from the gain on sale of fixed assets can only be used to offset deficits.

The capital surplus arising from investments accounted for using equity method and employee share options may not be used for any purpose. The capital surplus arising from unclaimed dividends may only be used to offset deficits. Changes in the capital surplus for the year 2020 resulted from the transferred share capital and retirement of treasury shares.

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the amended Articles, where the Corporation made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, and as special reserve 20% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Corporation's Board of Directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors, refer to "Compensation of employees and remuneration of directors" in Note 23.

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

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

According to the Regulations Governing Securities Firms, a securities firm should set aside 20% of their annual after-tax profit as special reserve until the special reserve equals the firm's paid-in capital. 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% of the amount of paid-in capital, the portion in excess of the 25% of paid-in capital may be used for capitalization.

Under Rule No. 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.

The appropriation of earnings for 2019, which was approved in the shareholders' meeting on June 5, 2020, was as follows:

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

On June 5, 2020, it was approved for transferring \$41,323 thousand from the capital surplus to ordinary shares in the shareholders' meeting.

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 transferring \$176,424 thousand from the capital surplus to ordinary shares.

The appropriation of earnings for 2020, which was proposed by the Corporation's Board of Directors on March 11, 2021 was as follows:

	For the Year Ended December 31, 2020
Legal reserve	\$ <u>103,460</u>
Special reserve	\$ <u>206,920</u>
Cash dividends	\$ <u>725,235</u>
Cash dividends per share (NT\$)	\$ 1.22

The appropriation of earnings for 2020 is subject to the resolution of the shareholders in the shareholders' meeting to be held on June 4, 2021.

d. Other equity

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

	For the Year Ended December 31	
	2020	2019
Balance at January 1	\$ (4,445)	\$ (1,538)
Recognized for the year		
Exchange differences on the translation of the financial statements of foreign operations	(6,856)	(2,951)
Income tax expense related to exchange differences on the translation of the financial statements of foreign operations	<u>185</u>	<u>44</u>
Balance at December 31	<u>\$ (11,116)</u>	<u>\$ (4,445)</u>

2) Unrealized gain on financial assets at FVTOCI

	For the Year Ended December 31	
	2020	2019
Balance at January 1	\$ 270,624	\$ 145,016
Recognized for the year		
Unrealized gain - debt instruments	8,087	1,115
Unrealized gain - equity instruments	79,568	97,411
Investments accounted for using the equity method	<u>62,259</u>	<u>27,082</u>
Other comprehensive income recognized for the year	<u>149,914</u>	<u>125,608</u>
Balance at December 31	<u>\$ 420,538</u>	<u>\$ 270,624</u>

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, 2020	-	17,837	17,837
Increase during the year	-	2,163	2,163
Decrease during the year	<u>-</u>	<u>(20,000)</u>	<u>(20,000)</u>
Number of shares at December 31, 2020	<u>-</u>	<u>-</u>	<u>-</u>
Number of shares at January 1, 2019	18,000	8,612	26,612
Increase during the year	-	29,225	29,225
Decrease during the year	<u>(18,000)</u>	<u>(20,000)</u>	<u>(38,000)</u>
Number of shares at December 31, 2019	<u>-</u>	<u>17,837</u>	<u>17,837</u>

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

On 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 thousand treasury 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 \$2,646 thousand for the year ended December 31, 2019.

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 thousand 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 January 10, 2020 (the last day of the share buyback period), the Corporation purchased 20,000 thousand treasury shares for \$163,578 thousand and cancelled the treasury shares on March 13, 2020.

23. ANALYSIS OF STATEMENT OF COMPREHENSIVE INCOME ITEMS

a. Brokerage handling fee revenue

	For the Year Ended December 31	
	2020	2019
Handling fee revenue from brokered share trading	\$ 871,519	\$ 590,056
Handling fee revenue from securities lending	7,594	11,738
Handling fees from securities financing	5,537	4,037
Others	<u>19,056</u>	<u>9,589</u>
	<u><u>\$ 903,706</u></u>	<u><u>\$ 615,420</u></u>

b. Revenue from underwriting commission

	For the Year Ended December 31	
	2020	2019
Processing fee revenue from underwriting operations	\$ 21,825	\$ 2,138
Revenue from underwriting securities on a firm commitment basis	10,596	4,660
Revenue from underwriting consultation	8,210	3,480
Others	<u>547</u>	<u>1,345</u>
	<u>\$ 41,178</u>	<u>\$ 11,623</u>

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

	For the Year Ended December 31	
	2020	2019
Proprietary	\$ 1,693,980	\$ 302,282
Underwriting	(994)	(19,425)
Hedging	<u>(422,584)</u>	<u>(317,128)</u>
	<u>\$ 1,270,402</u>	<u>\$ (34,271)</u>

d. Interest income

	For the Year Ended December 31	
	2020	2019
Financing interest	\$ 179,393	\$ 179,855
Bond interest	39,628	53,811
Interest from bond investments under resale agreements	17	79
Others	<u>483</u>	<u>421</u>
	<u>\$ 219,521</u>	<u>\$ 234,166</u>

e. Valuation gains on operating securities at FVTPL, net

	For the Year Ended December 31	
	2020	2019
Proprietary	\$ 431,110	\$ 101,987
Underwriting	845	39,325
Hedging	<u>24,196</u>	<u>3,612</u>
	<u>\$ 456,151</u>	<u>\$ 144,924</u>

f. Gains on issuance of share warrants, net

	For the Year Ended December 31	
	2020	2019
Gains on change in fair value of warrant liabilities	\$ 2,940,101	\$ 3,905,375
Gains (losses) on exercise of warrants before maturity	(1,226)	141
Losses on change in fair value of warrants redeemed - realized	(3,158,550)	(3,772,942)
Gains (losses) on change in fair value of warrants redeemed - unrealized	244,539	(87,507)
Share warrants issuance expenses	<u>(17,478)</u>	<u>(18,974)</u>
	<u>\$ 7,386</u>	<u>\$ 26,093</u>

g. Gains (losses) on derivative instruments, net

	For the Year Ended December 31	
	2020	2019
<u>Gains (losses) on derivative instruments - futures, net</u>		
Futures transactions	\$ (341,284)	\$ 50,316
Options transactions	<u>19,326</u>	<u>(1,442)</u>
	<u>\$ (321,958)</u>	<u>\$ 48,874</u>
<u>Gains (losses) on derivative instruments - OTC, net</u>		
Asset swap options	\$ (408,669)	\$ (8,253)
Equity derivatives	(33,284)	4,279
Structured instruments	(7,096)	(6,081)
Value of asset swap IRS contracts	<u>(16,826)</u>	<u>(7,590)</u>
	<u>\$ (465,875)</u>	<u>\$ (17,645)</u>

h. Expected credit loss

	For the Year Ended December 31	
	2020	2019
Financial assets at amortized cost	\$ (355)	\$ (497)
Financial assets at fair value through other comprehensive income	<u>(840)</u>	<u>(370)</u>
	<u>\$ (1,195)</u>	<u>\$ (867)</u>

i. Other operating loss

	For the Year Ended December 31	
	2020	2019
Processing revenue	\$ 20,456	\$ 13,704
Commission revenue	4,085	7,883
Agency revenue	1,042	1,581
Loss on error trading	(1,214)	(1,727)
Foreign exchange loss, net	(32,190)	(25,637)
Others	<u>143</u>	<u>74</u>
	<u>\$ (7,678)</u>	<u>\$ (4,122)</u>

j. Finance costs

	For the Year Ended December 31	
	2020	2019
Interest of commercial paper payable	\$ 29,322	\$ 34,971
Interest of liabilities for bonds with attached repurchase agreements	16,929	18,315
Loan interest	2,200	3,456
Interest of securities financing	1,247	1,391
Interest of lease liabilities	589	777
Others	<u>1,474</u>	<u>825</u>
	<u>\$ 51,761</u>	<u>\$ 59,735</u>

k. Employee benefits expense

	For the Year Ended December 31	
	2020	2019
Retirement benefits		
Defined contribution plan	\$ 27,331	\$ 25,714
Defined benefit plan	<u>4,273</u>	<u>4,853</u>
	31,604	30,567
Short-term employee benefits		
Salaries	965,152	623,337
Labor and health insurance	49,774	47,889
Others	<u>24,739</u>	<u>23,376</u>
	<u>\$ 1,071,269</u>	<u>\$ 725,169</u>

l. Compensation of employees and remuneration of directors

The Corporation accrues compensation of employees and remuneration of directors at rates of 1% to 2% and no higher than 5%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and the remuneration of directors for the years ended December 31, 2020 and 2019, which were approved by the Corporation's Board of Directors on March 11, 2021 and March 12, 2020, respectively, are as follows:

	<u>For the Year Ended December 31</u>	
	2020	2019
Compensation of employees	<u>\$ 12,669</u>	<u>\$ 3,097</u>
Remuneration of directors	<u>\$ 56,435</u>	<u>\$ 13,796</u>

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

There is no difference between the actual amount of compensation of employees and remuneration of directors resolved by the Board of Directors for 2019 and the amounts recognized in the annual parent company only financial statements for the year ended December 31, 2019.

The Corporation incurred a net loss in 2018, hence, there was no distribution of compensation of employees and remuneration of directors.

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

m. Depreciation and amortization

	<u>For the Year Ended December 31</u>	
	2020	2019
<u>Depreciation</u>		
Property and equipment	\$ 21,138	\$ 22,762
Right-of-use assets	45,257	48,224
Investment property	<u>3,194</u>	<u>3,183</u>
	<u>\$ 69,589</u>	<u>\$ 74,169</u>
<u>Amortization</u>		
Intangible assets	\$ 6,004	\$ 7,265
Deferred expense	<u>186</u>	<u>207</u>
	<u>\$ 6,190</u>	<u>\$ 7,472</u>

n. Other operating expenses

	For the Year Ended December 31	
	2020	2019
Taxes	\$ 170,547	\$ 113,202
Information technology expenses	47,647	55,584
Securities borrowing fees	28,272	39,691
Depository service expenses	23,538	17,290
Postage expenses	22,109	20,653
Repairs and maintenance expenses	18,867	17,536
Others	<u>87,459</u>	<u>84,367</u>
	<u>\$ 398,439</u>	<u>\$ 348,323</u>

o. Other gains and losses

	For the Year Ended December 31	
	2020	2019
Rental income from the use of venue and equipment	\$ 43,505	\$ 44,363
Other rental income from investment property	18,591	18,396
Dividend income	10,838	12,182
Financial income	8,757	30,522
Valuation gains on non-operating financial assets at fair value through profit or loss, net	8,031	1,963
Others	<u>11,591</u>	<u>4,625</u>
	<u>\$ 101,313</u>	<u>\$ 112,051</u>

24. INCOME TAX FROM CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

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

	For the Year Ended December 31	
	2020	2019
Current tax		
In respect of the current year	\$ 88,662	\$ 27,909
Income tax on unappropriated retained earnings	299	-
Adjustment for prior year	<u>4,041</u>	<u>(22,711)</u>
	93,002	5,198
Deferred tax		
In respect of the current year	<u>(68,752)</u>	<u>(11,900)</u>
Income tax expense (benefit) recognized in profit or loss	<u>\$ 24,250</u>	<u>\$ (6,702)</u>

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

	For the Year Ended December 31	
	2020	2019
Profit before tax from continuing operations	\$ <u>1,109,226</u>	\$ <u>277,650</u>
Income tax expense calculated at the statutory rate	\$ 221,845	\$ 55,530
Nondeductible expenses in determining taxable income	(113,175)	(32,541)
Tax-exempt income	(216,600)	(4,952)
Adjustments for prior years' tax expense	4,041	(22,711)
Income tax on unappropriated retained earnings	299	-
Others	<u>127,840</u>	<u>(2,028)</u>
Income tax expense (benefit) recognized in profit or loss	\$ <u>24,250</u>	\$ <u>(6,702)</u>
b. Income tax recognized in other comprehensive income (loss)		

	For the Year Ended December 31	
	2020	2019
<u>Deferred tax</u>		
In respect of the current year		
Translation of foreign operations	\$ (185)	\$ (44)
Remeasurement of defined benefit plans	<u>(13,067)</u>	<u>709</u>
Total income tax expense (benefit) recognized in other comprehensive income (loss)	\$ <u>(13,252)</u>	\$ <u>665</u>

c. Current tax assets and liabilities

	December 31	
	2020	2019
Current tax assets		
Tax refund receivable	\$ <u>11,402</u>	\$ <u>19,983</u>
Current tax liabilities		
Income tax payable	\$ <u>99,101</u>	\$ <u>19,285</u>

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2020

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Loss on foreign subsidiary accounted for using equity method	\$ 55,874	\$ (2,641)	\$ -	\$ 53,233
Defined benefit plans	30,934	(8,004)	13,067	35,997
Payables for annual leave	3,856	33	-	3,889
Unrealized exchange losses	16,717	6,428	-	23,145
Exchange differences on the translation of foreign operations	1,595	-	185	1,780
Loss on derivative financial instruments	3,076	55,816	-	58,892
Valuation loss on foreign futures	<u>2,764</u>	<u>17,632</u>	<u>-</u>	<u>20,396</u>
	<u>\$ 114,816</u>	<u>\$ 69,264</u>	<u>\$ 13,252</u>	<u>\$ 197,332</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Valuation gain on foreign operating securities	<u>\$ 154</u>	<u>\$ 512</u>	<u>\$ -</u>	<u>\$ 666</u>

For the year ended December 31, 2019

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Loss on foreign subsidiary accounted for using equity method	\$ 55,872	\$ 2	\$ -	\$ 55,874
Defined benefit plans	33,632	(1,989)	(709)	30,934
Payables for annual leave	3,897	(41)	-	3,856
Unrealized exchange losses	11,850	4,867	-	16,717
Exchange differences on the translation of foreign operations	1,551	-	44	1,595
Loss on derivative financial instruments	-	3,076	-	3,076
Valuation loss on foreign futures	<u>-</u>	<u>2,764</u>	<u>-</u>	<u>2,764</u>
	<u>\$ 106,802</u>	<u>\$ 8,679</u>	<u>\$ (665)</u>	<u>\$ 114,816</u>

Deferred tax liabilities

Temporary differences				
Valuation gain on foreign operating securities	\$ -	\$ 154	\$ -	\$ 154
Gain on derivative financial instruments	3,253	(3,253)	-	-
Valuation loss on foreign futures	<u>122</u>	<u>(122)</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,375</u>	<u>\$ (3,221)</u>	<u>\$ -</u>	<u>\$ 154</u>

- e. Deductible temporary differences that have not been recognized as deferred tax assets in the balance sheets

	December 31	
	2020	2019
Asset impairment	<u>\$ 1,918</u>	<u>\$ 1,918</u>

f. Income tax assessments

The income tax returns of the Corporation through 2018, except 2017, have been examined by the tax authorities, who made the decision to reduce the Corporation's tax refund receivable for the years 2014 to 2016. However, the Corporation disagreed with the tax assessments of 2014 to 2016 and applied for a recheck. In June 2019, the Corporation received the letter of the recheck decision for the tax assessments for 2014 and 2015, and recognized the income tax benefit of \$17,748 thousand. In July 2019, the Corporation received the recheck decision for 2016, and recognized the income tax benefit of \$4,963 thousand.

25. EARNINGS PER SHARE

The weighted average number of shares outstanding used for the earnings per share computation was adjusted retroactively for the issuance of bonus shares on August 17, 2020. The basic and diluted earnings per share adjusted retrospectively for the year ended December 31, 2019 were as follows:

Unit: NT\$ Per Share

	Before Retrospective Adjustment	After Retrospective Adjustment
Basic earnings per share	\$ 0.47	\$ 0.47
Diluted earnings per share	\$ 0.47	\$ 0.47

The calculation of earnings per share was as follows:

	Amount (Numerator) After Income Tax	Number of Shares (Denominator) (In Thousands)	Earnings Per Share After Income Tax (In Dollars)
<u>For the year ended December 31, 2020</u>			
Basic earnings per share			
Earnings attributable to ordinary shareholders of the Corporation	\$ 1,084,976	594,455	\$ 1.83
Effect of potentially dilutive ordinary shares			
Compensation of employees	-	993	
Diluted earnings per share			
Earnings attributable to ordinary shareholders of the Corporation	\$ 1,084,976	595,448	\$ 1.82
<u>For the year ended December 31, 2019</u>			
Basic earnings per share			
Earnings attributable to ordinary shareholders of the Corporation	\$ 284,352	608,883	\$ 0.47
Effect of potentially dilutive ordinary shares			
Compensation of employees	-	382	
Diluted earnings per share			
Earnings attributable to ordinary shareholders of the Corporation	\$ 284,352	609,265	\$ 0.47

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

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

26. CAPITAL MANAGEMENT

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

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

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

The Corporation files the capital adequacy ratio to relevant authorities on a monthly basis in accordance with the Regulations Governing Securities Firms. The Corporation's capital adequacy ratio is 264% and 338% for the years ended December 31, 2020 and 2019, respectively.

27. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments

1) Financial instruments not measured at fair value

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

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

Fair value hierarchy

December 31, 2020

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Financial assets mandatorily measured at FVTPL	\$ 7,568,786	\$ 2,603,739	\$ -	\$ 10,172,525
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Unlisted shares	-	-	482,639	482,639
Investments in debt instruments				
Domestic government bonds	-	301,941	-	301,941
Domestic corporate bonds	-	403,152	-	403,152
Foreign corporate bonds	-	772,495	-	772,495
	<u>\$ 7,568,786</u>	<u>\$ 4,081,327</u>	<u>\$ 482,639</u>	<u>\$ 12,132,752</u>
<u>Financial liabilities at FVTPL</u>				
Financial liabilities held for trading	\$ 619,243	\$ 845,569	\$ -	\$ 1,464,812
Financial liabilities designated as at FVTPL	-	486,550	-	486,550
	<u>\$ 619,243</u>	<u>\$ 1,332,119</u>	<u>\$ -</u>	<u>\$ 1,951,362</u>

December 31, 2019

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Financial assets mandatorily measured at FVTPL	\$ 3,811,172	\$ 2,963,944	\$ -	\$ 6,775,116
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Unlisted shares	-	-	409,671	409,671
Investments in debt instruments				
Domestic government bonds	-	300,260	-	300,260
Domestic corporate bonds	-	200,497	-	200,497
Foreign corporate bonds	-	149,888	-	149,888
	<u>\$ 3,811,172</u>	<u>\$ 3,614,589</u>	<u>\$ 409,671</u>	<u>\$ 7,835,432</u>
<u>Financial liabilities at FVTPL</u>				
Financial liabilities held for trading	\$ 400,712	\$ 328,218	\$ -	\$ 728,930
Financial liabilities designated as at FVTPL	-	350,812	-	350,812
	<u>\$ 400,712</u>	<u>\$ 679,030</u>	<u>\$ -</u>	<u>\$ 1,079,742</u>

Transfers between Levels 1 and 2 for the years ended December 31, 2020 and 2019 were due mainly to the determination of whether part of the Corporation'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	
	2020	2019
Balance at January 1	\$ 409,671	\$ 194,945
Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at FVTOCI)	79,568	97,411
Capital reduction	(6,600)	-
Purchases	-	117,315
Balance at December 31	<u>\$ 482,639</u>	<u>\$ 409,671</u>

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

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

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

The fair values of unlisted equity securities were determined by using the market and asset approaches. In these approaches, the fair value of the unlisted securities is determined based on the share price of comparable companies 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	
	2020	2019
Discount for lack of marketability		
10% increase	<u>\$ (10,161)</u>	<u>\$ (8,662)</u>
10% decrease	<u>\$ 10,158</u>	<u>\$ 8,623</u>

b. Categories of financial instruments

	December 31	
	2020	2019
<u>Financial assets</u>		
FVTPL		
Mandatorily measured at FVTPL	\$ 10,172,525	\$ 6,775,116
Financial assets at amortized cost (Note 1)	14,788,022	9,906,816
FVTOCI		
Equity instrument investments	482,639	409,671
Debt instrument investments	1,477,588	650,645
Operating deposits	330,000	330,000
Clearing and settlement fund	121,978	121,877
Refundable deposits	24,480	23,189
<u>Financial liabilities</u>		
FVTPL		
Held for trading	1,464,812	728,930
Designated as at FVTPL	486,550	350,812
Financial liabilities at amortized cost (Note 2)	20,608,503	13,154,988
Guarantee deposits received	3,784	4,375

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, security borrowing collateral price, security borrowing margin, notes and accounts receivable (including related parties), other receivable (including related parties), other financial assets - current and restricted assets - current.

Note 2: The balances included financial liabilities measured at amortized cost, which comprise short-term borrowings, commercial paper payable, liabilities for bonds with attached repurchase agreements, securities financing refundable deposits, deposits payable for securities financing, security lending refundable deposits, accounts payable (including related parties), and other payables (including related parties).

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

	December 31	
	2020	2019
Financial liabilities designated as at FVTPL	\$ 486,550	\$ 350,812
Amount payable at maturity	<u>(506,084)</u>	<u>(361,814)</u>
	<u>\$ (19,534)</u>	<u>\$ (11,002)</u>

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

c. Financial risk management objectives and policies

1) Risk management system

Policies of risk management

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

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

The process of formulating and approving risk management policies

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

The risk management committee, which is under the Board of Directors (the highest risk management unit), is responsible for strengthening the overall risk management control and setting relationships between goals and risks in order to determine capital allocation and operating policies. The responsibilities of the risk management office are to verify the source of risks and to evaluate and quantify the influence of risks. Managers of business units are responsible for the daily risk management and reporting of their respective units.

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

Organizational structure of the risk management system

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

a) Board of directors

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

b) Risk management committee

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

c) Risk management office

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

d) Department of finance

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

e) Department of internal audit

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

f) Department of compliance

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

g) Business units

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

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

2) Market risk

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

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

Historical VaR (Confidence Level 99%, One-day)	For the Year Ended December 31, 2020			December 31	
	Average	Minimum	Maximum	2020	2019
<u>Type of risk</u>					
Equity securities	\$ 88,561	\$ 21,584	\$ 143,566	\$ 98,361	\$ 33,755
Interest rate	12,606	4,265	29,902	17,583	10,400
Diversification of risks	<u>(17,074)</u>			<u>(13,555)</u>	<u>(15,130)</u>
Total VaR exposure	<u>\$ 84,093</u>			<u>\$ 102,389</u>	<u>\$ 29,025</u>

The Corporation uses sensitivity analysis to measure the sensitivity of its bond investments to individual risk factors. The Corporation controls the upper limit of trading positions based on the impact of a 0.01% change in interest rates on the profit or loss of the investment portfolio. If the market interest rate increased by 0.01%, the fair value of the bond investments would have decreased by \$2,346 thousand and \$1,748 thousand as of December 31, 2020 and 2019, respectively. The Corporation uses the scenario of the appreciation and depreciation of the New Taiwan dollar to analyze the sensitivity of foreign currency risk. When the New Taiwan dollar appreciates/depreciates 3% against the relevant foreign currencies, there would be a decrease/increase in profit of \$18,112 thousand and \$11,540 thousand for the years ended December 31, 2020 and 2019, respectively.

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

	December 31	
	2020	2019
Interest rate risk of fair value		
Financial assets	\$ 9,226,734	\$ 7,766,388
Financial liabilities	12,721,912	9,441,255
Interest rate risk of cash flow		
Financial assets	3,564,283	1,443,168

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

3) Credit risk

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

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

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

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

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

	Maximum Exposure to Credit Risk	
	December 31	
	2020	2019
Margin loans receivable	<u>\$ 4,695,748</u>	<u>\$ 3,435,417</u>

4) Liquidity risk

Liquidity risk and interest rate risk table

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

December 31, 2020

	Within 1 Year	Between 1 and 2 Years	Between 2 and 5 Years	Over 5 Years	Total
<u>Derivative financial liabilities</u>					
Non-interest bearing	\$ 901,289	\$ -	\$ -	\$ -	\$ 901,289
Fixed interest rate	2,287,854	-	-	-	2,287,854
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	8,482,467	-	3,784	-	8,486,251
Fixed interest rate	12,659,864	-	-	-	12,659,864
Lease liabilities	<u>43,839</u>	<u>11,496</u>	<u>9,165</u>	<u>-</u>	<u>64,500</u>
	<u>\$ 24,375,313</u>	<u>\$ 11,496</u>	<u>\$ 12,949</u>	<u>\$ -</u>	<u>\$ 24,399,758</u>

December 31, 2019

	Within 1 Year	Between 1 and 2 Years	Between 2 and 5 Years	Over 5 Years	Total
<u>Derivative financial liabilities</u>					
Non-interest bearing	\$ 355,001	\$ -	\$ -	\$ -	\$ 355,001
Fixed interest rate	2,010,887	-	-	-	2,010,887
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	4,166,673	-	4,375	-	4,171,048
Fixed interest rate	9,346,417	-	-	-	9,346,417
Lease liabilities	<u>45,312</u>	<u>39,404</u>	<u>13,991</u>	<u>-</u>	<u>98,707</u>
	<u>\$ 15,924,290</u>	<u>\$ 39,404</u>	<u>\$ 18,366</u>	<u>\$ -</u>	<u>\$ 15,982,060</u>

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

Financing facilities

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

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Financing facilities	<u>\$ 16,090,000</u>	<u>\$ 14,403,000</u>
Unused amount	<u>\$ 10,890,000</u>	<u>\$ 10,633,000</u>

d. Transfers of financial assets

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

December 31, 2020

Type of Financial Asset	The Book Value of Financial Assets Transferred	The Book Value of Related Financial Liabilities	The Fair Value of Financial Assets Transferred	The Fair Value of Related Financial Liabilities	Fair value of Net Position
Repurchase agreements	\$ 6,651,160	\$ 4,879,368	\$ 6,651,160	\$ 4,879,368	\$ 1,771,792

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

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, 2020

Financial Instrument	Gross Amount of Recognized Financial Assets (Liabilities)	Gross Amount of Recognized and offset Financial Assets/ Liabilities in the Balance Sheet	Net Amount of Financial Assets (Liabilities) Presented in the Balance Sheet	Related Amount Not Offset in the Balance Sheet		Net Amount
				Financial Instruments	Cash Collateral Received	
Accounts receivable	\$ 5,920,580	\$ (4,930)	\$ 5,915,650	\$ (304)	\$ -	\$ 5,915,346
Accounts payable	\$ (7,492,052)	\$ 4,930	\$ (7,487,122)	\$ 304	\$ -	\$ (7,486,818)
Liabilities for bonds with attached repurchase agreements	\$ (4,879,368)	\$ -	\$ (4,879,368)	\$ 4,879,368	\$ -	\$ -

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	\$ 3,791,619	\$ (29,303)	\$ 3,762,316	\$ (548,085)	\$ -	\$ 3,214,231
Bond investment under resale agreements	\$ 697,687	\$ -	\$ 697,687	\$ (697,687)	\$ -	\$ -
Accounts payable	\$ (3,662,527)	\$ 29,303	\$ (3,633,224)	\$ 548,085	\$ -	\$ (3,085,139)
Liabilities for bonds with attached repurchase agreements	\$ (3,187,258)	\$ -	\$ (3,187,258)	\$ 3,187,258	\$ -	\$ -

28. TRANSACTIONS WITH RELATED PARTIES

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

Related party names and categories

Related Party Name	Related Party Category
Concord Futures Corp. Ltd. (Concord Futures)	Subsidiary
Kang-Lian AMC. Co., Ltd. (Kang-Lian AMC)	Subsidiary
Concord Capital Holdings (Cayman) Limited (Concord Cayman)	Subsidiary
Concord Managed Futures Corp. (Concord Managed Futures)	Subsidiary
Concord Capital Management Corp (Concord Capital Management)	Subsidiary
Concord Insurance Agent Corp. (Concord Insurance)	Subsidiary
Tai-Yo Investment Corp.(Tai-Yo Investment)	Related party in substance (unrelated since December 2019)
Supervisor of Concord Futures	Supervisor of the subsidiary(related since May 2020)
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. Cash and cash equivalents

	December 31	
	2020	2019
Subsidiary		
Concord Futures	\$ 84,965	\$ 97,955

b. Futures trading margin

	December 31	
	2020	2019
Subsidiary	\$ 57,568	\$ 2,884

c. Margin loans receivable

	December 31	
	2020	2019
Key management personnel	\$ 6,558	\$ 3,078

d. Accounts receivable

	December 31	
	2020	2019
Subsidiary	\$ 1,673	\$ 2,725

Accounts receivable are mainly the futures commission revenue, insurance agency commission revenue and fund agency revenue generated by subsidiaries entrusting the Corporation as its fund sales agency.

e. Other receivables

	December 31	
	2020	2019
Subsidiary	\$ <u>151</u>	\$ <u>155</u>

f. Liabilities for bonds with attached repurchase agreements

	December 31	
	2020	2019
Key management personnel	\$ <u>182,060</u>	\$ <u>203,227</u>

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

g. Accounts payable

	December 31	
	2020	2019
Subsidiary	\$ <u>626</u>	\$ <u>314</u>

h. Other payables

	December 31	
	2020	2019
Subsidiary	\$ <u>500</u>	\$ <u>220</u>

i. Brokerage handling fee revenue

	For the Year Ended December 31	
	2020	2019
Key management personnel	\$ <u>1,543</u>	\$ <u>1,852</u>

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

j. Revenue from providing agency services for stock affairs

	For the Year Ended December 31	
	2020	2019
Subsidiary	\$ <u>36</u>	\$ <u>36</u>

k. Interest income

For the Year Ended December 31	
2020	2019

Key management personnel	\$ <u>91</u>	\$ <u>174</u>
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l. Futures commission income

For the Year Ended December 31	
2020	2019

Subsidiary		
Concord Futures	\$ <u>14,878</u>	\$ <u>11,406</u>

m. Other operating income

For the Year Ended December 31	
2020	2019

Subsidiary		
Concord Insurance	\$ 4,085	\$ 7,883
Concord Capital Management	<u>548</u>	<u>942</u>
	\$ <u>4,633</u>	\$ <u>8,825</u>

Other operating income is mainly the insurance agency commission revenue and fund agency revenue in accordance with the insurance agency and fund sales contracts signed by the Corporation and its subsidiaries.

n. Finance costs

For the Year Ended December 31	
2020	2019

Subsidiary	\$ 14	\$ 15
Key management personnel	<u>593</u>	<u>254</u>
	\$ <u>607</u>	\$ <u>269</u>

o. Clearing and settlement expenses

For the Year Ended December 31	
2020	2019

Subsidiary		
Concord Futures	\$ <u>1,496</u>	\$ <u>780</u>

p. Securities commission fee

For the Year Ended December 31	
2020	2019

Subsidiary		
Concord Futures	\$ <u>5,055</u>	\$ <u>3,529</u>

q. Other operating costs

For the Year Ended December 31
2020 2019

Subsidiary

Concord Capital Management

\$ 2

\$ 5

r. Other operating expenses

For the Year Ended December 31
2020 2019

Subsidiary

\$ 6,000

\$ 2,640

s. Other gains and losses

For the Year Ended December 31
2020 2019

Subsidiary

\$ 8,318

\$ 2,701

t. Acquisition of property and equipment

For the Year Ended December 31
2020 2019

Subsidiary

\$ -

\$ 198

u. Lease agreements

For the Year Ended December 31
2020 2019

Acquisition of right-of-use assets

Tai-Yo Investment

\$ -

\$ 26,181

For the Year Ended December 31
2020 2019

Lease liabilities

Supervisor of the subsidiary

\$ 4,397

\$ -

Finance costs

Supervisor of the subsidiary

\$ 24

\$ -

Tai-Yo Investment

-

151

\$ 24

\$ 151

- v. For the years ended December 31, 2020 and 2019, the rental revenue generated by leasing some of the parking spaces to related parties were as follows:

Related Party Category/Name	Lease Term	Underlying Asset	Rental Payment - Timing	Rental Payment - Basis	Rental Amount
For the year ended December 31, 2020					
Subsidiary	2018.10.01-2021.09.30	5F, No. 143, Fuxing N. Rd., Taipei City	Monthly	Contract	\$ 3,886
	2016.07.01-2021.06.30	6F, No. 143, Fuxing N. Rd., Taipei City	Monthly	Contract	3,886
	2020.01.01-2020.12.31	B3 and B5, No. 176, Jilung Rd., Sec. 1, Xinyi Dist., Taipei City	Monthly	Contract	163
	2020.01.01-2020.03.31	B3, No. 176, Jilung Rd., Sec. 1, Xinyi Dist., Taipei City	Monthly	Contract	14
	2020.01.01-2020.12.31	B3, No. 176, Jilung Rd., Sec. 1, Xinyi Dist., Taipei City	Monthly	Contract	82
Associate	2020.01.01-2020.12.31	B3, No. 176, Jilung Rd., Sec. 1, Xinyi Dist., Taipei City	Quarterly	Contract	<u>108</u>
					<u>\$ 8,139</u>
For the year ended December 31, 2019					
Subsidiary	2018.10.01-2021.09.30	5F, No. 143, Fuxing N. Rd., Taipei City	Monthly	Contract	\$ 3,886
	2016.07.01-2021.06.30	6F, No. 143, Fuxing N. Rd., Taipei City	Monthly	Contract	3,886
	2019.01.01-2019.05.15	4F, No. 143, Fuxing N. Rd., Taipei City	Monthly	Contract	209
	2018.07.01-2019.08.28	B5, No. 176, Jilung Rd., Sec. 1, Xinyi Dist., Taipei City	Monthly	Contract	14
	2019.07.03-2019.12.31	B5, No. 176, Jilung Rd., Sec. 1, Xinyi Dist., Taipei City	Monthly	Contract	40
	2018.07.01-2019.12.31	B3, No. 176, Jilung Rd., Sec. 1, Xinyi Dist., Taipei City	Monthly	Contract	82
Associate	2019.01.01-2019.12.31	B3, No. 176, Jilung Rd., Sec. 1, Xinyi Dist., Taipei City	Quarterly	Contract	<u>72</u>
					<u>\$ 8,189</u>

As of December 31, 2020 and 2019, the balance of the rental deposits received by the Corporation from the related parties were \$1,345 thousand and \$1,335 thousand, respectively.

- w. Equity derivative transactions

The Corporation's key management personnel bought equity derivatives from the Corporation in 2019, and the unexpired amount as of December 31, 2020 and 2019 were \$226 thousand and \$148 thousand (recognized as financial liabilities at fair value through profit or loss - current). The related income (loss) in 2020 and 2019 were as follows:

	For the Year Ended December 31	
	2020	2019
Gain (loss) on derivative instruments, net	\$ (219)	\$ 1,196
Other operating income (processing revenue)	<u>\$ 61</u>	<u>\$ 106</u>

x. Remuneration of key management personnel

The remuneration of the Corporation's directors and key management personnel for their services rendered for the years ended December 31, 2020 and 2019 were as follows:

	For the Year Ended December 31	
	2020	2019
Short-term employee benefits	\$ 198,977	\$ 96,872
Retirement benefits	<u>1,415</u>	<u>1,337</u>
	<u>\$ 200,392</u>	<u>\$ 98,209</u>

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

29. PLEDGED OR MORTGAGED ASSETS

At the end of each reporting period, the Corporation pledges the following assets as 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 and credit lines.

	December 31	
	2020	2019
Restricted demand and time deposits	\$ 225,150	\$ 372,704
Government bonds	-	10,049
Property and equipment, net		
Land	521,885	521,885
Buildings	101,961	105,223
Investment property, net		
Land	470,886	470,886
Buildings	<u>75,691</u>	<u>78,596</u>
	<u>\$ 1,395,573</u>	<u>\$ 1,559,343</u>

30. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

- On March 3, 2021, the Corporation received a civil complaint in which eight plaintiffs claimed that the Corporation's manager had violated the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies when the Corporation's manager was mandated by Company A to handle the matters regarding voting rights and the solicitation of proxies for attendance at the shareholders' meeting, and requested the Corporation and its manager to be jointly liable for the compensation of \$9,624 thousand for the damages incurred. The Corporation's management assessed that there is no significant impact of the aforementioned case on its operations and financial performance.
- As of December 31, 2020, the Corporation applied for a guarantee amounting to \$150,000 thousand from financial institutions, which was for the securities lending and borrowing business.

31. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

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

32. 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						
2020			2019			
Foreign Currency	Exchange Rate	New Taiwan Dollars	Foreign Currency	Exchange Rate	New Taiwan Dollars	
<u>Financial assets</u>						
Monetary items						
USD	\$ 35,035	28.480	\$ 997,811	\$ 35,183	29.980	\$ 1,054,799
CNY	92,177	4.377	403,457	42,752	4.305	184,046
HKD	9,023	3.673	33,142	10,074	3.849	38,776
JPY	6	0.276	2	59,406	0.276	16,396
Non-monetary items						
USD	31,526	28.480	897,860	10,667	29.980	319,797
CNY	40,246	4.377	176,158	8,963	4.305	38,587
HKD	39,536	3.673	145,216	23,020	3.849	88,605
<u>Financial liabilities</u>						
Monetary items						
USD	1,617	28.480	46,052	116	29.980	3,475
CNY	55	4.377	239	-	-	-
HKD	11,166	3.673	41,012	4,354	3.849	16,758
Non-monetary items						
USD	27,049	28.480	770,351	4,505	29.980	135,047
CNY	40,709	4.377	178,182	-	-	-

For the years ended December 31, 2020 and 2019, realized and unrealized net foreign exchange losses were \$32,190 thousand and \$25,637 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions of the Corporation.

33. 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.
- 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 2 (attached).
 - e. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: None.

34. 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 is Concord Capital Holdings (Cayman) Ltd. It is a holding company for investment. Supplementary disclosures of the financial statements for the year ended December 31, 2020 were as follows:

- a. Balance sheets: Table 3 (attached).
- b. Statements of comprehensive income: Table 4 (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.

35. SEGMENT INFORMATION

Under Article 26 of the Regulations Governing the Preparation of Financial Reports by Securities Firms, a securities firm preparing its parent company only financial reports is not required to prepare segment information.

TABLE 1

CONCORD SECURITIES CO., LTD.

**NAMES, LOCATIONS, AND RELATED INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investor Company	Investee Company	Location	Date of Incorporation	Rule No. Issued by Financial Supervisory Commission	Main Businesses	Investment Amount		Balance as of December 31, 2020			Operating Income of the Investee	Net Profit (Loss) of the Investee	Share of Profit (Loss)	Cash Dividends	Note
						December 31, 2020	December 31, 2019	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	Apr. 23, 1997 (1997) No. Tai-Tsai-Cheng (2) 26713	Foreign and domestic futures proprietary, brokerage and consulting services	\$ 559,654	\$ 559,654	78,005,571	95.71	\$ 1,218,379	\$ 762,358	\$ 112,829	\$ 107,973	\$ 62,292	Subsidiary
	Kang-Lian AMC. Co., Ltd.	14F, No. 176, Jilung Rd., Sec. 1, Taipei City	September 5, 2003		Investment, business management advisory services and asset management services	230,000	230,000	54,900,000	100.00	577,414	-	23,052	23,052	-	Subsidiary
	Concord Capital Holdings (Cayman) Limited	Cayman Islands	May 12, 1997		Holding company	296,334	296,334	9,333,000	100.00	21,265	-	13,206	13,206	-	Subsidiary (Note 2)
	Concord Managed Futures Corp.	14F, No. 176, Jilung Rd., Sec. 1, Taipei City	December 16, 2003		Note 1	198,664	198,664	18,000,000	60.00	159,452	-	1,261	756	-	Subsidiary
	Concord Capital Management Corp.	9F, No. 176, Jilung Rd., Sec. 1, Taipei City	May 25, 1988	Jan. 10, 2013 No. Financial-Supervisory -Securities-Firms-101 0056608 and Jun. 23, 2020 No. Jin-Guan-Bao-Zong-Zi-1090421845	Securities investment advisory services	81,599	90,326	7,000,000	100.00	90,978	21,483	(5,690)	(5,690)	-	Subsidiary (Note 3)
	Concord Insurance Agent Corp.	10F, No. 176, Jilung Rd., Sec. 1, Taipei City	October 4, 2013		Life insurance agency and property insurance agency	5,000	5,000	2,500,000	100.00	26,263	13,901	(753)	(753)	-	Subsidiary (Note 4)
Concord Futures Corp. Ltd.	Concord Managed Futures Corp.	14F, No. 176, Jilung Rd., Sec. 1, Taipei City	December 16, 2003		Note 1	148,360	148,360	12,000,000	40.00	106,302	-	1,261	505	-	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	195,668	56,472,021	46.59	570,130	296,927	55,803	25,999	-	Investments of subsidiary accounted for using equity method

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

Note 2: On November 30, 2020, Concord Cayman, received letter No. 1090373948 issued by the FSC, and is in the process of dissolution and liquidation. As of March 11, 2021, the liquidation process has not been completed.

Note 3: Concord Capital Management implemented a capital reduction of \$25,000 thousand to offset deficits in December 2020, and also issued 1,500 thousand ordinary shares at \$13 per share for a total amount of \$19,500 thousand, which were fully subscribed by the Corporation.

Note 4: In June 2020, Concord Insurance, received letter No. 1090421845 issued by the FSC and obtained approval for the increase in the business scope of its property insurance agent business.

CONCORD SECURITIES CO., LTD.**INVESTMENTS IN MAINLAND CHINA****DECEMBER 31, 2020****(In Thousands of New Taiwan Dollars and Foreign Currencies)**

1. Investee company's name, main business and products, total amount of paid-in capital, investment type, investment outflows and inflows, net income (loss) of the investee, % ownership, investment gain (loss), carrying value as of December 31, 2020 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, 2019 (Note 1)	Investment Flows		Accumulated Outflow of Investment as of December 31, 2020 (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, 2020 (Note 6)	Accumulated Inward Remittance of Earnings as of December 31, 2020
					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.	\$ 2,668,633 (CNY 609,695 thousand)	Others	\$ 51,561 (US\$ 1,579 thousand)	\$ -	\$ -	\$ 51,561 (US\$ 1,579 thousand)	\$ 205,670 (CNY 48,035 thousand)	1.59	\$ -	\$ 44,555	\$ -

2. Upper limit of investment in mainland China:

Accumulated Investment in Mainland China as of December 31, 2020 (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)	\$45,950 (US\$1,613 thousand)	\$763,736

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, 2020.

Note 3: The NTD amount was converted using the average USD buying and selling rates for the year ended December 31, 2020.

Note 4: The amount was calculated based on 60% of Concord Futures' net asset value as of December 31, 2020.

Note 5: The NTD amount was converted using the average CNY buying and selling rates during 2020.

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 3**CONCORD CAPITAL HOLDINGS (CAYMAN) LIMITED****BALANCE SHEETS****DECEMBER 31, 2020 AND 2019****(In Thousands of U.S. Dollars)**

	2020		2019	
	Amount	%	Amount	%
ASSETS				
CURRENT ASSETS				
Cash	\$ 743	99	\$ 10	1
Other receivables	1	-	11	1
Prepayments	5	1	-	-
Other financial assets - current	<u>-</u>	<u>-</u>	<u>730</u>	<u>98</u>
Total current assets	<u>749</u>	<u>100</u>	<u>751</u>	<u>100</u>
TOTAL	<u>\$ 749</u>	<u>100</u>	<u>\$ 751</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Other payables	\$ 2	-	\$ 2	-
Other current liabilities	<u>-</u>	<u>-</u>	<u>449</u>	<u>60</u>
Total current liabilities	<u>2</u>	<u>-</u>	<u>451</u>	<u>60</u>
EQUITY				
Share capital	9,333	1,246	9,333	1,243
Accumulated deficits	<u>(8,586)</u>	<u>(1,146)</u>	<u>(9,033)</u>	<u>(1,203)</u>
Total equity	<u>747</u>	<u>100</u>	<u>300</u>	<u>40</u>
TOTAL	<u>\$ 749</u>	<u>100</u>	<u>\$ 751</u>	<u>100</u>

TABLE 4**CONCORD CAPITAL HOLDINGS (CAYMAN) LIMITED****STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of U.S. Dollars)**

	2020		2019	
	Amount	%	Amount	%
COSTS AND EXPENSES				
Other operating expenses	\$ (12)	(3)	\$ (11)	-
OPERATING LOSSES	(12)	(3)	(11)	-
NON-OPERATING INCOME AND EXPENSES				
Non-operating revenue and expenses	459	103	11	-
NET GAIN FOR THE YEAR	447	100	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	\$ 447	100	\$ -	-

STATEMENT 1**CONCORD SECURITIES CO., LTD.****STATEMENT OF CASH AND CASH EQUIVALENTS****DECEMBER 31, 2020****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Item	Description	Amount
Bank deposits		
Checking accounts		\$ 93,490
Demand deposits		1,228,629
Foreign currency deposits	CNY50,872,228 @4.377	222,668
	USD25,631,974 @28.480	729,999
	HKD6,739,541 @3.673	24,754
	GBP101 @38.900	4
		<u>2,299,544</u>
Cash equivalents		
Excess futures trading margin	NTD	246,145
	JPY5,800 @0.2763	1
Short-term bills		<u>349,905</u>
		<u>596,051</u>
		<u>\$ 2,895,595</u>

CONCORD SECURITIES CO., LTD.

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT

DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Name of Financial Instrument	Description	Thousand Shares or Units	Par Value (Dollars)	Total Amount	Interest Rate	Acquisition Cost	Fair Value		Fair Value Changes Is Attributable to the Changes in Credit Risk	Note
							Unit Price (Dollars)	Total amount		
Operating securities - proprietary										
Listed shares										
United Microelectronics Corp.		2,720	\$ 10.00	\$ 27,200		\$ 130,060	\$ 47.15	\$ 128,248	\$ -	
Taiwan Semiconductor Manufacturing Co., Ltd.		1,185	10.00	11,850		616,770	530.00	628,050	-	
Winbond Electronics Corporation		4,100	10.00	41,000		120,912	29.05	119,105	-	
MediaTek Inc.		189	10.00	1,890		139,990	747.00	141,183	-	
Unimicron Technology Corp.		1,790	10.00	17,900		155,709	87.40	156,446	-	
Jentech Precision Industrial Co., Ltd.		710	10.00	7,100		194,873	247.50	175,725	-	
Nan Ya Printed Circuit Board Corporation		985	10.00	9,850		174,280	182.00	179,270	-	
Others		-	-	-		535,975	-	542,488	-	Note
								2,070,515		
Shares and convertible bonds traded in the OTC market										
Yang Ming Marine Transport Corp. (26095)		1,474	100.00	147,400		155,876	276.00	406,824	-	
China Airlines Ltd. (26106)		1,843	100.00	184,300		190,954	104.15	191,948	-	
Others		-	-	-		2,779,141	-	2,840,732	-	Note
								3,439,504		
Emerging shares										
Kanpai Co., Ltd.		186	10.00	1,860		21,809	75.87	14,093	-	
Ofuna Technology Co., Ltd.		1,120	10.00	11,200		32,853	23.89	26,760	-	
Das Technology Co., Ltd.		178	10.00	1,780		13,165	70.86	12,579	-	
3D Global Biotech Inc.		1,152	10.00	11,520		58,369	48.86	56,308	-	
Others		-	-	-		87,797	-	86,759	-	Note
								196,499		
Beneficiary securities										
JKO S&P GSCI Soybeans ER Futures ETF		42,481	10.00	424,810		744,810	20.10	853,874	-	
JKO S&P GSCI Brent Crude 2X Leverage ER Futures ETF		13,482	10.00	134,820		53,104	4.57	61,613	-	
Others		-	-	-		162,444	-	188,740	-	Note
								1,104,227		
Government bonds										
A01105	2022.03.07	1,500	100.00	150,000	1.250%	152,176	101.29	151,955	-	
A02110	2023.09.18	2,000	100.00	200,000	1.750%	209,231	104.27	208,578	-	
A08110	2049.11.08	2,000	100.00	200,000	1.000%	201,247	114.77	229,545	-	
A08111	2021.11.22	1,000	100.00	100,000	0.500%	100,341	100.30	100,308	-	
A09101	2025.01.10	2,000	100.00	200,000	0.500%	202,034	101.22	202,449	-	
A09107	2025.07.17	1,000	100.00	100,000	0.250%	100,223	100.23	100,232	-	
A09109	2030.10.14	5,000	100.00	500,000	0.250%	498,186	99.38	496,872	-	

(Continued)

Name of Financial Instrument	Description	Thousand Shares or Units	Par Value (Dollars)	Total Amount	Interest Rate	Acquisition Cost	Fair Value		Fair Value Changes Is Attributable to the Changes in Credit Risk	Note
							Unit Price (Dollars)	Total amount		
A09113	2040.12.29	1,500	\$ 100.00	\$ 150,000	0.375%	\$ 147,853	\$ 98.84	\$ 148,252	\$ -	
Others	-	-	-	-	-	262,144	-	261,239	-	Note
								<u>1,899,430</u>		
Corporate bonds										
Yulon Motor Co., Ltd. (B87201)	2022.12.12	2,000	100.00	200,000	1.040%	200,256	100.55	<u>201,093</u>	-	
Foreign shares and bonds										
Alibaba Group Holding Limited	HKEX	37	-	-		29,641	-	31,781	-	
Pop Mart International Group Limited	HKEX	105	-	-		31,682	-	31,434	-	
Others	-	-	-	-		306,890	-	<u>308,326</u>	-	Note
								<u>371,541</u>		
								<u>9,282,809</u>		
Operating securities - underwriting										
Listed shares										
Shin Kong Financial Holding Co., Ltd. (2888B)		140	10.00	1,400		6,300	42.35	5,929	-	
Uniflex Technology Inc.		55	10.00	550		632	15.35	<u>843</u>	-	
								<u>6,772</u>		
Convertible bonds in the OTC market										
Yonggu Group Inc. (55461)		45	100.00	4,500		4,608	99.50	4,478	-	
Sun Max Tech Limited (65912)		105	100.00	10,500		10,553	106.00	<u>11,130</u>	-	
								<u>15,608</u>		
								<u>22,380</u>		
Operating securities - hedging										
Listed shares and warrants										
Taiwan Semiconductor Manufacturing Co., Ltd.		35	10.00	350		18,009	530.00	18,732	-	
Nan Ya Printed Circuit Board Corporation		153	10.00	1,530		25,534	182.00	27,846	-	
Winbond Electronics Corporation		1,296	10.00	12,960		30,619	29.05	37,649	-	
United Microelectronics Corp.		1,392	10.00	13,920		53,414	47.15	65,633	-	
Others	-	-	-	-		205,015	-	<u>209,792</u>	-	Note
								<u>359,652</u>		
Shares, warrants, and convertible bonds in the OTC market										
Dimerco Express Corporation		130	10.00	1,300		8,942	66.30	8,639	-	
Wafer Works Corporation		370	10.00	3,700		15,943	42.80	15,836	-	
Co-Tech Development Corp.		176	10.00	1,760		9,295	53.30	9,381	-	
Fulltech Fiber Glass Corp.		607	10.00	6,070		8,173	14.60	8,862	-	
GlobalWafers Co., Ltd.		54	10.00	540		37,711	708.00	38,232	-	
Others	-	-	-	-		58,756	-	<u>58,296</u>	-	Note
								<u>139,246</u>		
								<u>498,898</u>		
								<u>17,390</u>	-	Note
Call options - non-hedging								<u>149,181</u>	-	Note
Futures margin - own funds								<u>201,867</u>	-	Note
Derivative assets - OTC										
								<u>\$ 10,172,525</u>		

Note: The amount of the financial instrument does not exceed 5% of each account balance. Therefore, no further details were disclosed.

(Concluded)

CONCORD SECURITIES CO., LTD.

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - CURRENT
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Name of Financial Instrument	Description	Thousand Shares or Units	Par Value (Dollars)	Total Amount	Interest Rate	Acquisition Cost	Accumulated Impairment	Fair Value		Note
								Unit Price (Dollars)	Total Amount	
Bond										
ICBCIL 2.5 09/29/21 Crop	Repayment on 2021.09.29	-	<u>\$ -</u>	<u>\$ 15,664</u>	2.500%	<u>\$ 15,781</u>	<u>\$ 6</u>	\$ -	<u>\$ 15,808</u>	

CONCORD SECURITIES CO., LTD.**STATEMENT OF MARGIN LOANS RECEIVABLE****DECEMBER 31, 2020****(In Thousands of New Taiwan Dollars)**

Name of Security	Shares (In Thousand)	Amount	Note
United Microelectronics Corp.	5,151	\$ 145,795	
Taiwan Semiconductor Manufacturing Co., Ltd.	395	110,839	
Yageo Corporation	383	106,068	
Genius Electronic Optical Co., Ltd.	263	97,376	
Others (Note)		4,236,764	
Less: Allowance for impairment loss		<u>(1,094)</u>	
		<u>\$ 4,695,748</u>	

Note: The amount of individual security included in others does not exceed 5% of the account balance.

CONCORD SECURITIES CO., LTD.**STATEMENT OF ACCOUNTS RECEIVABLE****DECEMBER 31, 2020****(In Thousands of New Taiwan Dollars)**

Client Name	Description	Amount	Note
Non-related parties			
Brokerage Customers	Mainly for settlement	\$ 5,519,622	
Taipei Exchange	Mainly for settlement	374,704	
Taiwan Stock Exchange	Mainly for settlement	14,414	
Others (Note)		<u>5,237</u>	
		5,913,977	
Related parties			
Subsidiaries	Mainly including futures commission income	<u>1,673</u>	
		<u>\$ 5,915,650</u>	

Note: The amount of individual client included in others does not exceed 5% of the account balance.

CONCORD SECURITIES CO., LTD.**STATEMENT OF PREPAYMENTS****DECEMBER 31, 2020****(In Thousands of New Taiwan Dollars)**

Client Name	Description	Amount	Note
Others (Note)	Insurance, information service fees, maintenance fees and other items	<u>\$ 6,507</u>	

Note: The amount of individual client included in others does not exceed 5% of the account balance.

CONCORD SECURITIES CO., LTD.**STATEMENT OF OTHER RECEIVABLES****DECEMBER 31, 2020****(In Thousands of New Taiwan Dollars)**

Item	Description	Amount	Note
Non-related parties			
Default receivable		\$ 87,272	
Rents receivable	Rents receivable	2,824	
Interest receivable	Mainly including interest receivable from time deposits	851	
Others	Mainly including rewards of the transaction tax	545	
Less: Allowance for impairment loss		<u>(85,193)</u>	
		6,299	
Related parties			
Subsidiaries	Mainly including management service fee receivable	<u>151</u>	
		<u>\$ 6,450</u>	

CONCORD SECURITIES CO., LTD.**STATEMENT OF OTHER CURRENT ASSETS****DECEMBER 31, 2020****(In Thousands of New Taiwan Dollars)**

Item	Description	Amount	Note
Amounts held for settlement	Net settlement receivable and payable to the Taiwan Stock Exchange or Taipei Exchange	\$ 46,000	
Receipts under custody	Receipts under custody from customers and exercise of warrant	222,814	
Margin trading	Payments of margin trading	15	
Temporary debits	Mainly including employee advance for business trip expenses	<u>44</u>	
		<u>\$ 268,873</u>	

CONCORD SECURITIES CO., LTD.

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Name of Financial Instrument	Balance at January 1, 2020		Increase		Decrease		Balance at December 31, 2020		Collateral	Note
	Shares (In Thousand) or Units	Fair Value	Shares (In Thousand) or Units	Amount	Shares (In Thousand) or Units	Amount	Shares (In Thousand) or Units	Fair Value		
Government bond A06102	100	\$ 10,049	-	\$ -	100	\$ 10,049	-	\$ -		

CONCORD SECURITIES CO., LTD.

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Name of Financial Instrument	Balance at January 1, 2020		Increase		Decrease		Balance at December 31, 2020		Accumulated Impairment	Collateral	Note
	Shares (In Thousand) or Units	Fair Value	Shares (In Thousand) or Units	Amount	Shares (In Thousand) or Units	Amount	Shares (In Thousand) or Units	Fair Value			
Stocks											
Taiwan Stock Exchange	1,575	\$ 172,447	47	\$ 9,950	-	\$ -	1,622	\$ 182,397	\$ -	Nil	
Taiwan Futures Exchange	1,415	131,474	56	32,774	-	-	1,471	164,248	-	Nil	
Taiwan Depository & Clearing Corporation	924	84,090	23	31,218	-	-	947	115,308	-	Nil	
Asia Pacific Emerging Industry Venture Capital Co., Ltd.	3,000	21,660	-	5,626	660	6,600	2,340	20,686	-	Nil	
Foursun Tech. Inc.	193	-	-	-	-	-	193	-	-	Nil	
		<u>409,671</u>		<u>79,568</u>		<u>6,600</u>	-	<u>482,639</u>			
Bonds											
HB0802	-	300,260	-	1,681	-	-	-	301,941	-	Nil	
B95120	-	100,497	-	652	-	-	-	101,149	107	Nil	
B84305	-	100,000	-	848	-	-	-	100,848	107	Nil	
B97630	-	-	-	100,870	-	-	-	100,870	533	Nil	
B9A503	-	-	-	100,285	-	-	-	100,285	106	Nil	
RBS Float08/30/24 Corp	-	149,888	-	-	-	7,494	-	142,394	55	Nil	
QNBK 3.82 02/06/25 Crop	-	-	-	92,668	-	-	-	92,668	11	Nil	
QIBKQD Float 02/07/25 Crop	-	-	-	85,434	-	-	-	85,434	33	Nil	
FORCAY 3.375 04/22/25	-	-	-	74,172	-	-	-	74,172	81	Nil	
HONHAI 3 09/23/26 Crop	-	-	-	217,753	-	-	-	217,753	84	Nil	
Others	-	-	-	144,266	-	-	-	144,266	87	Nil	Note
		<u>650,645</u>		<u>818,629</u>		<u>7,494</u>		<u>1,461,780</u>	<u>1,204</u>		
		<u>\$ 1,060,316</u>		<u>\$ 898,197</u>		<u>\$ 14,094</u>		<u>\$ 1,944,419</u>	<u>\$ 1,204</u>		

Note: The amount of the financial instrument does not exceed 5% of each account balance. Therefore, no further details were disclosed.

CONCORD SECURITIES CO., LTD.

**STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)**

Investee	Balance at January 1, 2020		Increase		Decrease		Balance at December 31, 2020			Market Value or Net Asset Value		Collateral	Note
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Percentage of Ownership (%)	Amount	Unit Price	Carrying Amount		
Concord Futures Corp. Ltd. (Concord Futures)	78,005,571	\$ 1,115,471	-	\$ 165,200	-	\$ 62,292	78,005,571	95.71	\$ 1,218,379	\$15.62	\$ 1,218,316	Nil	Note 1
Kang-Lian AMC. Co., Ltd. (Kang-Lian AMC)	54,900,000	547,836	-	29,578	-	-	54,900,000	100.00	577,414	10.52	577,414	Nil	Note 2
Concord Capital Holdings (Cayman) Limited (Concord Cayman)	9,333,000	8,986	-	13,206	-	927	9,333,000	100.00	21,265	2.28	21,265	Nil	Note 3
Concord Managed Futures Corp. (Concord Managed Futures)	18,000,000	158,696	-	756	-	-	18,000,000	60.00	159,452	8.86	159,452	Nil	Note 4
Concord Capital Management Corp. (Concord Capital Management)	8,000,000	76,770	1,500,000	19,898	2,500,000	5,690	7,000,000	100.00	90,978	13.00	90,978	Nil	Note 5
Concord Insurance Agent Corp. (Concord Insurance)	2,500,000	<u>27,016</u>	-	<u>-</u>	-	<u>753</u>	2,500,000	100.00	<u>26,263</u>	10.51	<u>26,263</u>	Nil	Note 6
		<u>\$ 1,934,775</u>		<u>\$ 228,638</u>		<u>\$ 69,662</u>			<u>\$ 2,093,751</u>		<u>\$ 2,093,688</u>		

Note 1: The increase is due to the gains on investments accounted for using equity method that amounted to \$107,973 thousand, unrealized gain on investments in equity instruments at fair value through other comprehensive income that amounted to \$55,335 thousand and the allocation of remeasurement of defined benefit plans that amounted to \$1,892 thousand. The decrease is due to the distribution of cash dividends that amounted to \$62,292 thousand.

Note 2: The increase is due to the gains on investments accounted for using equity method that amounted to \$23,052 thousand and the allocation of unrealized gain on investments in equity instruments at fair value through other comprehensive income that amounted to \$6,526 thousand.

Note 3: The increase is due to the gains on investments accounted for using equity method that amounted to \$13,206 thousand, and the decrease is due to the allocation of exchange differences on the translation of foreign operations that amounted to \$927 thousand.

Note 4: The increase is due to the gains on investments accounted for using equity method that amounted to \$756 thousand.

Note 5: The increase is due to the allocation of unrealized gain on investments in equity instruments at fair value through other comprehensive income that amounted to \$398 thousand and a capital injection that amounted to \$19,500 thousand. The decrease is due to losses on investments accounted for using equity method that amounted to \$5,690 thousand.

Note 6: The decrease is due to losses on investments accounted for using equity method that amounted to \$753 thousand.

CONCORD SECURITIES CO., LTD.

STATEMENT OF CHANGES IN PROPERTY AND EQUIPMENT
 FOR THE YEAR ENDED DECEMBER 31, 2020
 (In Thousands of New Taiwan Dollars)

Item	Balance at January 1, 2020	Additions	Reductions	Reclassifi- cations	Balance at December 31, 2020	Collateral	Note
Cost							
Land	\$ 606,817	\$ -	\$ -	\$ 828	\$ 607,645	Note	
Buildings	230,347	-	-	551	230,898	Note	
Equipment	59,576	15,726	(19,314)	-	55,988		
Leasehold improvements	<u>23,562</u>	<u>6,415</u>	<u>-</u>	<u>-</u>	<u>29,977</u>		
	<u>\$ 920,302</u>	<u>\$ 22,141</u>	<u>\$ (19,314)</u>	<u>\$ 1,379</u>	<u>\$ 924,508</u>		

Note: Property and equipment pledged with banks as collateral for loans amounted to \$623,846 thousand.

CONCORD SECURITIES CO., LTD.

STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION OF PROPERTY AND EQUIPMENT
 FOR THE YEAR ENDED DECEMBER 31, 2020
 (In Thousands of New Taiwan Dollars)

Item	Balance at January 1, 2020	Additions	Reductions	Reclassifi- cations	Balance at December 31, 2020	Collateral
Accumulated depreciation						
Buildings	\$ 90,771	\$ 4,089	\$ -	\$ 147	\$ 95,007	Note
Equipment	36,979	11,770	(19,298)	-	29,451	Note
Leasehold improvements	<u>8,442</u>	<u>5,279</u>	<u>-</u>	<u>-</u>	<u>13,721</u>	Note
	<u>\$ 136,192</u>	<u>\$ 21,138</u>	<u>\$ (19,298)</u>	<u>\$ 147</u>	<u>\$ 138,179</u>	

Note: Property and equipment are depreciated using the straight-line method.

CONCORD SECURITIES CO., LTD.

STATEMENT OF CHANGES IN ACCUMULATED IMPAIRMENT OF PROPERTY AND EQUIPMENT
 FOR THE YEAR ENDED DECEMBER 31, 2020
 (In Thousands of New Taiwan Dollars)

Item	Balance at January 1, 2020	Additions	Reductions	Reclassifi- cations	Balance at December 31, 2020	Collateral
Accumulated impairment						
Buildings	\$ 1,257	\$ -	\$ -	\$ -	\$ 1,257	

CONCORD SECURITIES CO., LTD.

STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS
 FOR THE YEAR ENDED DECEMBER 31, 2020
 (In Thousands of New Taiwan Dollars)

Item	Balance at January 1, 2020	Additions	Reductions	Balance at December 31, 2020	Note
Cost					
Buildings	\$ 140,732	\$ 18,720	\$ (16,274)	\$ 143,178	
Equipment	<u>1,244</u>	<u>655</u>	<u>-</u>	<u>1,899</u>	
	<u>\$ 141,976</u>	<u>\$ 19,375</u>	<u>\$ (16,274)</u>	<u>\$ 145,077</u>	

CONCORD SECURITIES CO., LTD.

STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION OF RIGHT-OF-USE ASSETS
 FOR THE YEAR ENDED DECEMBER 31, 2020
 (In Thousands of New Taiwan Dollars)

Item	Balance at January 1, 2020	Additions	Reductions	Balance at December 31, 2020	Note
Accumulated depreciation					
Buildings	\$ 42,568	\$ 45,440	\$ (9,087)	\$ 78,921	Note
Equipment	<u>353</u>	<u>270</u>	<u>-</u>	<u>623</u>	Note
	<u>\$ 42,921</u>	<u>\$ 45,710</u>	<u>\$ (9,087)</u>	<u>\$ 79,544</u>	

Note: Right-of-use assets are depreciated using the straight-line method.

CONCORD SECURITIES CO., LTD.

STATEMENT OF CHANGES IN INVESTMENT PROPERTY
 FOR THE YEAR ENDED DECEMBER 31, 2020
 (In Thousands of New Taiwan Dollars)

Item	Balance at January 1, 2020		Additions		Reductions		Reclassifications		Balance at December 31, 2020		Note
	Book Value	Fair Value	Book Value	Fair Value	Book Value	Fair Value	Book Value	Fair Value	Book Value	Fair Value	
Cost											
Buildings	\$ 477,154	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (828)	\$ -	\$ 476,326	\$ -	Note
Equipment	<u>179,626</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(551)</u>	<u>-</u>	<u>179,075</u>	<u>-</u>	Note
	<u>\$ 656,780</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,379)</u>	<u>\$ -</u>	<u>\$ 655,401</u>	<u>\$ -</u>	

Note: Investment properties pledged with banks as collateral for loans amounted to \$546,577 thousand.

CONCORD SECURITIES CO., LTD.
**STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION OF INVESTMENT PROPERTY
 FOR THE YEAR ENDED DECEMBER 31, 2020
 (In Thousands of New Taiwan Dollars)**

Item	Balance at January 1, 2020	Additions	Reductions	Reclassifi- cations	Balance at December 31, 2020	Note
Accumulated depreciation						
Buildings	<u>\$ 89,976</u>	<u>\$ 3,194</u>	<u>\$ -</u>	<u>\$ (147)</u>	<u>\$ 93,023</u>	Note

Note: Investment properties are depreciated using the straight-line method.

CONCORD SECURITIES CO., LTD.
**STATEMENT OF CHANGES IN ACCUMULATED IMPAIRMENT OF INVESTMENT PROPERTY
 FOR THE YEAR ENDED DECEMBER 31, 2020
 (In Thousands of New Taiwan Dollars)**

Item	Balance at January 1, 2020	Additions	Reductions	Reclassifi- cations	Balance at December 31, 2020	Note
Accumulated impairment						
Buildings	\$ 661	\$ -	\$ -	\$ -	\$ 661	

CONCORD SECURITIES CO., LTD.**STATEMENT OF DEFERRED TAX ASSETS****DECEMBER 31, 2020****(In Thousands of New Taiwan Dollars)**

Item	Description	Amount	Note
Loss on derivative financial instruments		\$ 58,892	
Loss on foreign subsidiary accounted for using equity method		53,233	
Defined benefit plan		35,997	
Unrealized exchange losses		23,145	
Valuation loss on foreign futures		20,396	
Payables for annual leave		3,889	
Exchange differences on the translation of foreign operations		<u>1,780</u>	
		<u>\$ 197,332</u>	

CONCORD SECURITIES CO., LTD.**STATEMENT OF OTHER NON-CURRENT ASSETS****DECEMBER 31, 2020****(In Thousands of New Taiwan Dollars)**

Item	Description	Amount	Note
Operating deposits	Guarantee deposits recognized according to the Rules Governing Securities Firms Commission Merchants	\$ 330,000	
Clearing and settlement fund	The reserve fund deposited at the TWSE and the Taipei Exchange	121,978	
Refundable deposits	Mainly including housing rental deposits	24,480	
Prepayments for equipment	Prepayments for equipment	5,511	
Deferred expense	Telephone device fee and other expense	<u>725</u>	
		<u>\$ 482,694</u>	

CONCORD SECURITIES CO., LTD.

STATEMENT OF SHORT-TERM BORROWINGS

DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Type	Description	Balance at December 31, 2020	Contract Term	Interest Rate	Loan Commitment	Collateral	Note
Collateralized loan							
Bank of Taiwan	Bank borrowings	\$ 100,000	2020.12.30-2021.01.29	1.050%	\$ 300,000	Demand deposits	
First Commercial Bank	Bank borrowings	<u>110,000</u>	2020.12.18-2021.01.15	0.970%	<u>286,000</u>	Properties	
		<u>210,000</u>			<u>586,000</u>		
Credit loan							
Yuanta Commercial Bank	Bank borrowings	100,000	2020.12.29-2021.01.28	0.980%	100,000	Nil	
E.SUN Commercial Bank, Ltd.	Bank borrowings	<u>80,000</u>	2020.12.21-2021.01.19	0.950%	<u>700,000</u>	Nil	
		<u>180,000</u>			<u>800,000</u>		
		<u>\$ 390,000</u>			<u>\$ 1,386,000</u>		

CONCORD SECURITIES CO., LTD.**STATEMENT OF COMMERCIAL PAPER PAYABLE
DECEMBER 31, 2020****(In Thousands of New Taiwan Dollars)**

Name of Guarantee Agency	Balance at December 31, 2020	Contract Term	Range of Interest Rate (%)	Collateral
Ta Ching Bills Finance Corporation	\$ 555,000	2020.12.11-2021.01.29	0.26-0.30	None
China Bills Finance Corporation	1,040,000	2020.12.04-2021.02.25	0.25-0.33	None
Taiperfubon Commercial Bank Co., Ltd.	430,000	2020.12.11-2021.01.15	0.44-0.45	None
Taiwan Finance Corporation	255,000	2020.12.09-2021.01.08	0.43	None
Mega Bills Finance Co., Ltd.	125,000	2020.11.20-2021.01.22	0.30-0.48	None
International Bills Finance Corporation	1,090,000	2020.12.16-2021.02.22	0.25-0.31	None
KGI Bank Co., Ltd.	920,000	2020.10.29-2021.01.26	0.25-0.33	None
Sunny Bank Ltd.	915,000	2020.12.10-2021.03.08	0.26-0.31	None
Taishin International Bank Co., Ltd.	530,000	2020.12.11-2021.03.02	0.20-0.26	None
Union Bank Of Taiwan	600,000	2020.12.07-2021.01.21	0.27-0.32	None
Bank Sinopac Co., Ltd.	<u>100,000</u>	2020.12.21-2021.01.19	0.28	None
	6,560,000			
Less: Discount of commercial paper payable	<u>(2,320)</u>			
	<u>\$ 6,557,680</u>			

CONCORD SECURITIES CO., LTD.

STATEMENT OF FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT
DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Name of Financial Instrument	Description	Shares (In Thousands or Units)	Par Value (Dollars)	Total Amount	Interest Rate	Fair Value		Fair Value Changes Is Attributable to the Changes in Credit Risk	Note
						Unit Price (Dollars)	Total Amount		
Liabilities on sale of borrowed securities - hedging									
Shares and beneficiary certificate									
Evergreen Marine Corp. (Taiwan) Ltd.		6,622	\$ 10.00	\$ 66,220		\$ 40.70	\$ 269,515	\$ -	Note 1
Eva Airways Corporation		2,557	10.00	25,570		13.15	33,625	-	Note 1
Globalwafers Co., Ltd.		51	10.00	510		708.00	36,108	-	Note 1
Others		-	-	-		-	<u>192,260</u>	-	Notes 1 and 2
							531,508		
Put options - TAIFEX							13,965		Note 2
Warrants liabilities							2,067,535		Note 2
Warrants redeemed							(1,993,765)		Note 2
Derivative liabilities - OTC							845,569		Note 2
Structured instruments							<u>271,306</u>		Note 2
							<u>\$ 1,736,118</u>		

Note 1: For warrants liabilities-hedged and equity derivatives-hedged.

Note 2: The amount of the financial instrument does not exceed 5% of each account balance. Therefore, no further details were disclosed.

CONCORD SECURITIES CO., LTD.

STATEMENT OF LIABILITIES FOR BONDS WITH ATTACHED REPURCHASE AGREEMENTS
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Name of Security	Contract Terms			Type	Amount		Turnover	Note
	Start Date	Maturity Date	Range of Interest Rate (%)		Par Value			
A09109	2020.12.03	2021.01.21	0.17-0.18	Government bonds	\$	498,200	\$	553,017
HB0802	2020.12.03	2021.01.14	0.20	Government bonds		297,900		330,378
RBS Float 08/30/24 Corp	2020.12.01	2021.02.04	0.38-0.45	Foreign bonds		284,800		276,165
Others (Note)								<u>3,719,808</u>
								<u>\$ 4,879,368</u>

Note: The amount of individual security included in others does not exceed 5% of the account balance.

CONCORD SECURITIES CO., LTD.**STATEMENT OF SECURITIES FINANCING REFUNDABLE DEPOSITS****DECEMBER 31, 2020****(In Thousands of New Taiwan Dollars)**

Name of Security	Shares (In Thousands)	Amount	Note
Fubon S&P 500 VIX Short-Term Futures ETF	9,418	\$ 40,546	
Fubon SSE 180 Leveraged 2X Index ETF	538	25,526	
Yuanta Daily CSI300 Bull 2X ETF	1,108	23,735	
Genius Electronic Optical Co., Ltd.	45	22,851	
Others (Note)		<u>282,668</u>	
		<u>\$ 395,326</u>	

Note: The amount of individual security included in others does not exceed 5% of the account balance.

CONCORD SECURITIES CO., LTD.**STATEMENT OF DEPOSITS PAYABLE FOR SECURITIES FINANCING****DECEMBER 31, 2020****(In Thousands of New Taiwan Dollars)**

Name of Security	Shares (In Thousands)	Amount	Note
Fubon S&P 500 VIX Short-Term Futures ETF	9,418	\$ 44,803	
Fubon SSE 180 Leveraged 2X Index ETF	538	28,225	
Yuanta Daily CSI300 Bull 2X ETF	1,108	26,228	
Genius Electronic Optical Co., Ltd.	45	25,259	
Others (Note)		<u>310,655</u>	
		<u>\$ 435,170</u>	

Note: The amount of individual security included in others does not exceed 5% of the account balance.

CONCORD SECURITIES CO., LTD.**STATEMENT OF ACCOUNTS PAYABLES****DECEMBER 31, 2020****(In Thousands of New Taiwan Dollars)**

Client Name	Description	Amount	Note
Non-related parties			
Brokerage customers	Mainly for settlement	\$ 5,496,539	
Taipei Exchange	Mainly for settlement	32,744	
Taiwan Stock Exchange	Mainly for settlement	1,948,336	
Others (Note)		<u>8,877</u>	
		7,486,496	
Related parties			
Subsidiaries	Securities commission fee	<u>626</u>	
		<u>\$ 7,487,122</u>	

Note: The amount of individual client included in others does not exceed 5% of the account balance.

CONCORD SECURITIES CO., LTD.**STATEMENT OF OTHER PAYABLES****DECEMBER 31, 2020****(In Thousands of New Taiwan Dollars)**

Item	Description	Amount	Note
Non-related parties			
Accrued expenses			
Salary and bonus	Salaries and bonuses payable	\$ 349,693	
Compensation of employees and remuneration of directors	Compensation of employees and remuneration of directors payable	72,201	
Others (Note)		<u>41,443</u>	
		463,337	
Related parties			
Subsidiaries	Consultancy fee payable	<u>500</u>	
		<u>\$ 463,837</u>	

Note: The amount of each item in others does not exceed 5% of the account balance.

CONCORD SECURITIES CO., LTD.

STATEMENT OF LEASE LIABILITIES

DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Item	Description	Lease Term	Discount Rate (%)	Balance at December 31, 2020	Note
Buildings	Business offices	2 to 5 years	0.514-0.807	\$ 63,354	
Equipment	Recording equipment	5 years	0.521-0.753	1,014	
Less: Due within one year				<u>(43,559)</u>	
				<u>\$ 20,809</u>	

CONCORD SECURITIES CO., LTD.**STATEMENT OF PROVISIONS - CURRENT****DECEMBER 31, 2020****(In Thousands of New Taiwan Dollars)**

Item	Description	Amount	Note
Employee benefits liabilities provisions	Estimated paid leave compensation when employees rendered services	<u>\$ 19,447</u>	

CONCORD SECURITIES CO., LTD.**STATEMENT OF OTHER CURRENT LIABILITIES****DECEMBER 31, 2020****(In Thousands of New Taiwan Dollars)**

Item	Description	Amount	Note
Receipts under custody	Mainly including receipts under custody from customer's security subscription and labor and health insurance	\$ 250,955	
Temporary credits	Mainly including advance postage	<u>251</u>	
		<u>\$ 251,206</u>	

CONCORD SECURITIES CO., LTD.

STATEMENT OF FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS - NON - CURRENT
 FOR THE YEAR ENDED DECEMBER 31, 2020
 (In Thousands of New Taiwan Dollars)

Name	Balance at January 1, 2020		Increase		Decrease		Balance at December 31, 2020		Collateral	Note
	Shares or Units	Fair Value	Shares or Units	Amount	Shares or Units	Amount	Shares or Units	Fair Value		
Financial liabilities designated as at FVTPL										
Structured instruments	-	<u>\$ 203,623</u>	-	<u>\$ 333,500</u>	-	<u>\$ 321,879</u>	-	<u>\$ 215,244</u>	Nil	

CONCORD SECURITIES CO., LTD.**STATEMENT OF PROVISIONS - NON-CURRENT****DECEMBER 31, 2020****(In Thousands of New Taiwan Dollars)**

Item	Description	Amount	Note
Provisions - non-current	Lease restoration costs	<u>\$ 12,880</u>	

CONCORD SECURITIES CO., LTD.**STATEMENT OF DEFERRED TAX LIABILITIES****DECEMBER 31, 2020****(In Thousands of New Taiwan Dollars)**

Item	Description	Amount	Note
Valuation gain on foreign operating securities		<u>\$ 666</u>	

CONCORD SECURITIES CO., LTD.**STATEMENT OF OTHER NON-CURRENT LIABILITIES****DECEMBER 31, 2020****(In Thousands of New Taiwan Dollars)**

Item	Description	Amount	Note
Net defined benefit liabilities - non-current	Accrued pension liabilities	\$ 179,984	
Guarantee deposits received	Mainly including lease deposits	<u>3,784</u>	
		<u>\$ 183,768</u>	

CONCORD SECURITIES CO., LTD.

STATEMENT OF BROKERAGE HANDLING FEE REVENUE
 FOR THE YEAR ENDED DECEMBER 31, 2020
 (In Thousands of New Taiwan Dollars)

Month	Brokerage Commission		Handling Fees from Securities Financing	Other Brokerage Commission	Total	Note
	TSE Market	OTC Market				
January	\$ 34,610	\$ 9,719	\$ 265	\$ 1,595	\$ 46,189	
February	37,689	12,740	402	1,632	52,463	
March	55,633	14,676	600	1,870	72,779	
April	47,490	14,079	439	1,811	63,819	
May	50,675	17,584	491	1,969	70,719	
June	57,393	20,090	396	2,673	80,552	
July	77,987	30,326	631	3,275	112,219	
August	66,420	19,660	568	2,432	89,080	
September	55,522	16,381	476	2,227	74,606	
October	41,158	11,429	367	1,432	54,386	
November	58,549	18,163	423	2,478	79,613	
December	81,208	22,338	479	3,256	107,281	
	<u>\$ 664,334</u>	<u>\$ 207,185</u>	<u>\$ 5,537</u>	<u>\$ 26,650</u>	<u>\$ 903,706</u>	

CONCORD SECURITIES CO., LTD.

STATEMENT OF REVENUE FROM UNDERWRITING COMMISSION
 FOR THE YEAR ENDED DECEMBER 31, 2020
 (In Thousands of New Taiwan Dollars)

Month	Revenue from Underwriting Securities On A Firm Commitment Basis	Processing Fee Revenue from Underwriting Operations	Revenue from Underwriting Consultation	Others	Total	Note
January	\$ 26	\$ 37	\$ 4,130	\$ -	\$ 4,193	
February	-	26	450	-	476	
March	-	31	170	-	201	
April	34	384	40	160	618	
May	5,916	18,488	400	-	24,804	
June	47	218	170	-	435	
July	-	35	70	160	265	
August	11	154	340	-	505	
September	3,222	696	170	117	4,205	
October	1,213	952	1,670	110	3,945	
November	15	187	380	-	582	
December	<u>112</u>	<u>617</u>	<u>220</u>	<u>-</u>	<u>949</u>	
	<u>\$ 10,596</u>	<u>\$ 21,825</u>	<u>\$ 8,210</u>	<u>\$ 547</u>	<u>\$ 41,178</u>	

CONCORD SECURITIES CO., LTD.

STATEMENT OF GAINS (LOSSES) ON SALE OF SECURITIES
 FOR THE YEAR ENDED DECEMBER 31, 2020
 (In Thousands of New Taiwan Dollars)

Item	Revenue from Sale of Securities	Cost from Sale of Securities	Net gains (Losses) from Sale of Securities	Note
Proprietary				
TSE market:				
Stocks	\$ 15,823,852	\$ 15,237,138	\$ 586,714	
Others	13,130,636	12,505,966	624,670	
OTC market:				
Stocks	9,177,050	9,131,945	45,105	
Bonds	147,841,003	147,648,829	192,174	
Others	2,426	2,143	283	
Foreign market:	<u>3,367,116</u>	<u>3,122,082</u>	<u>245,034</u>	
	<u>\$ 189,342,083</u>	<u>\$ 187,648,103</u>	<u>\$ 1,693,980</u>	
Underwriting				
TSE market:				
Stocks	\$ 72,988	\$ 75,957	\$ (2,969)	
OTC market:				
Stocks	635	538	97	
Bonds	<u>90,162</u>	<u>88,284</u>	<u>1,878</u>	
	<u>\$ 163,785</u>	<u>\$ 164,779</u>	<u>\$ (994)</u>	
Hedging				
TSE market:				
Stocks	\$ 14,702,746	\$ 15,122,065	\$ (419,319)	
OTC market:				
Stocks	2,259,946	2,285,312	(25,366)	
Bonds	<u>246,244</u>	<u>224,143</u>	<u>22,101</u>	
	<u>\$ 17,208,936</u>	<u>\$ 17,631,520</u>	<u>\$ (422,584)</u>	

CONCORD SECURITIES CO., LTD.**STATEMENT OF INTEREST INCOME
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)**

Item	Description	Amount	Note
Financing interest	Brokerage financing interest	\$ 179,393	
Bond interest	Mainly including bond interest from the proprietary business	39,628	
Others (Note)		<u>500</u>	
		<u>\$ 219,521</u>	

Note: The amount of each item in others does not exceed 5% of the account balance.

CONCORD SECURITIES CO., LTD.**STATEMENT OF FINANCIAL COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)**

Item	Description	Amount	Note
Interest of commercial paper payable	Interest of short-term commercial paper payable	\$ 29,322	
Interest of liabilities for bonds with attached repurchase agreements	Interest of liabilities for bonds with attached repurchase agreements	16,929	
Loan interest	Interest expense of short-term borrowings	2,200	
Others (Note)		<u>3,310</u>	
		<u>\$ 51,761</u>	

Note: The amount of each item in others does not exceed 5% of the account balance.

CONCORD SECURITIES CO., LTD.

STATEMENT OF LABOR, DEPRECIATION, AMORTIZATION AND OTHER OPERATING EXPENSES

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

Item	2020	2019
Labor cost (Notes 1 and 2)		
Salary and bonus	\$ 871,818	\$ 582,567
Labor and health insurance	49,774	47,889
Pension	31,604	30,567
Remuneration of directors	93,334	40,770
Others	<u>24,739</u>	<u>23,376</u>
	<u>\$ 1,071,269</u>	<u>\$ 725,169</u>
Depreciation	<u>\$ 69,589</u>	<u>\$ 74,169</u>
Amortization	<u>\$ 6,190</u>	<u>\$ 7,472</u>
Other operating expenses		
Taxes	\$ 170,547	\$ 113,202
Information technology expenses	47,647	55,584
Securities borrowing fees	28,272	39,691
Depository service expenses	23,538	17,290
Postage expenses	22,109	20,653
Repairs and maintenance expenses	18,867	17,536
Others (Note 3)	<u>87,459</u>	<u>84,367</u>
	<u>\$ 398,439</u>	<u>\$ 348,323</u>

Note 1: For the current year and the previous year, the average number of employees was 639 and 651, respectively, out of which 12 were non-employee directors for both years.

Note 2: The additional disclosures of the annual parent company only financial statements were as follows:

- a. Average labor cost was \$1,560 thousand for the current year. Average labor cost was \$1,071 thousand for the previous year.
- b. Average salary and bonus was \$1,390 thousand for the current year. Average salary and bonus was \$912 thousand for the previous year.
- c. The average salary and bonus increased by 52.4% year over year.

(Continued)

- d. The Corporation has set up the audit committee to replace the supervisor system, and the compensation to the supervisor for the years ended December 31, 2020 and 2019 is both NT\$0.
- e. Please explain the Securities firms' remuneration policies including directors, supervisors, managers and employees:
- 1) Directors: The remuneration of Corporation's directors shall be implemented in accordance with remuneration policies of Corporation's directors. And according to the Articles of Incorporation, if there is profit at the end of each fiscal year, the Corporation shall appropriate not more than 5% of the above profit for remuneration to directors by a resolution to be adopted by the board of directors. If there are accumulated losses in the previous years, the Corporation's accumulated losses shall have been covered first, and then the remaining shall be appropriated to remuneration to directors according to the ratios as mentioned above. And the board of directors shall be authorized to determine the remuneration paid to all directors based on the degree of their participation in the Corporation's operations and value of contribution and by taking into account the general pay levels in the industry.
 - 2) Supervisors: In June 2015, the Corporation has set up the audit committee to replace the supervisor system. The remuneration of Corporation's independent directors shall be implemented in accordance with remuneration policies of Corporation's directors.
 - 3) Appointment managers:
 - a) Salary: The Corporation shall determine the salary with reference to the individual's education, working experience, background, the salary levels in the market or industry, and the Corporation's salary standards.
 - b) Performance bonus: To boost profit and share the Corporation's operating results, the Corporation has established the different bonus plans, allowing its managers to participate in the bonus distribution based on annual business performance and individual assessment results and contributions, etc.
 - c) Employees' compensation: According to the Articles of Incorporation, if there is profit at the end of each fiscal year, the Corporation shall have 1% to 2% of above profit distributable as employees' compensation, which may be distributed in the form of shares or in cash by a resolution to be adopted by the board of directors. The employees entitled to receive shares or cash include the employees of parents or subsidiaries of the Corporation meeting certain specific requirements. To participate in the distribution of employees' compensation in accordance with the Corporation's regulations for distribution of employees' compensation and with reference to the time spent and responsibilities, job performance and contribution as well as performance achievement status in each position.

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

(Continued)

- 4) Employees: The Corporation shall determine the salary with reference to the individual's education, working experience, background, the salary levels in the market or industry, and the Corporation's salary standards. And through the complete probation period assessment system, performance appraisal system, and regular promotion and raise. Except performance bonus of salespeople which calculated by remuneration policies of salespeople and the different bonus plans, to share the Corporation's operating results, the Corporation allows its employees to participate in the bonus distribution and employees' compensation based on annual business performance and individual assessment results and contributions, etc.

Note 3: The amount of each item in others does not exceed 5% of the account balance.

(Concluded)

CONCORD SECURITIES CO., LTD.

**Other Disclosures in Financial Reports for the
Year Ended December 31, 2020 and
Review Report**

Review Report of Other Disclosures in Financial Reports

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

We have audited the financial statements of Concord Securities Co., Ltd. (the “Corporation”) for the year ended December 31, 2020. Our audit was made 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, and we issued the audit report thereon on March 11, 2021. Our objective is to express an opinion on the financial statements as a whole. The accompanying Other Disclosures in Financial Reports of the Corporation for the year ended December 31, 2020 were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Firms. We have reviewed the relevant information in accordance with Article 32, Paragraph 2 of the Regulations Governing the Preparation of Financial Reports by Securities Firms, enacted by the Financial Supervisory Commission.

In our opinion, the Other Disclosures in Financial Reports of the Corporation for the year ended December 31, 2020 were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Firms. The financial information was consistent with the financial statements and there are no requirements for significant modifications.

The engagement partners on the review resulting in this review report are Pi-Yu Chuang and Hsiu-Chun Huang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 11, 2021

CONCORD SECURITIES CO., LTD.

OTHER DISCLOSURES IN FINANCIAL REPORTS FOR THE YEAR ENDED DECEMBER 31, 2020

1. BUSINESS STATUS

a. Significant Business Matters

Significant business matters for the last 5 years:

1) Acquisition or merger of other companies: None.

2) Demerger: None.

3) Investments in affiliated enterprises:

a) 2016

The Corporation increased investments on Concord Managed Futures Corp. (Concord Managed Futures) for the consideration of \$24,000 thousand.

b) 2017

None.

c) 2018

Concord Capital Holdings (Cayman) Limited (Concord Cayman) had a cash reduction of capital and the Corporation had received the reduction amount of \$356,730 thousand.

d) 2019

Concord Managed Futures terminated its futures management and trust services on February 1, 2019, which was approved by the relevant authorities in January 2019. In addition, Concord Managed Futures obtained approval for liquidation in March 2019 based on letter No. 1080304430 issued by the FSC.

e) 2020

Concord Managed Futures has completed its liquidation procedures in January 2021, and returned the remaining liquidation funds to the Corporation and Concord Futures Corp. Ltd. of \$159,452 thousand and \$106,302 thousand, respectively.

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

On November 30, 2020, Concord Cayman, received letter No. 1090373948 issued by the FSC, and is in the process of dissolution and liquidation. As of March 11, 2021, the liquidation process has not been completed.

- 4) Reorganization: None.
- 5) Acquisition or disposal of major assets: None.
- 6) Significant change in operating method or business activity: None.

b. Remuneration to directors, supervisors, the president, vice presidents, and Chairmen of the board and presidents rehired as consultants after retiring from the securities firms or its affiliated enterprises and related information

1) Remuneration of Directors and Independent Directors

Expressed in Thousands of NT\$

Title	Name (Note 1)	Remuneration to Directors								Total Remuneration (A + B + C + D) as A Percentage of Net Income (Note 10)		Relevant Remuneration Received by Directors Who Are Also Employees								Total Remuneration (A + B + C + D + E + F + G) as A Percentage of Net Income (Note 10)		Remuneration Received from An Invested Company Other than the Corporation's Subsidiary (Note 11)	
		Compensation (A) (Note 2)		Severance (B)		Compensation to Directors (C) (Note 3)		Allowance (D) (Note 4)				Salary, Bonus, Allowance (E) (Note 5)		Severance (F)		Compensation to Employees (G) (Note 6)							
		The Corporation	All Companies Listed in the Financial Reports (Note 7)	The Corporation	All Companies Listed in the Financial Reports (Note 7)	The Corporation	All Companies Listed in the Financial Reports (Note 7)	The Corporation	All Companies Listed in the Financial Reports (Note 7)	The Corporation	All Companies Listed in the Financial Reports (Note 7)	The Corporation	All Companies Listed in the Financial Reports (Note 7)	The Corporation	All Companies Listed in the Financial Reports (Note 7)	The Corporation		All Companies Listed in the Financial Reports (Note 7)		The Corporation	All Companies Listed in the Financial Reports		
	Te Sheng Development Co., Ltd.	\$ 864	\$ 864	\$ -	\$ -	\$ 30,783	\$ 30,783	\$ 5	\$ 5	2.92%	2.92%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	2.92%	2.92%	None	
Chairman	Representative: CHENG, TA-YU	22,100	22,735	-	-	-	-	30	50	2.04%	2.10%	-	-	-	-	-	-	-	-	2.04%	2.10%	None	
Director	Representative: HUANG, YAO-TUNG (Note 12)	8,936	9,080	-	-	25,652	25,652	200	216	3.21%	3.22%	-	-	-	-	-	-	-	-	3.21%	3.22%	None	
Director	Representative: CHENG, KUO-HWA (Note 12)																						
Director	Representative: HSIEH, CHENG-YU (Note 13)																						
Director	Representative: CHEN, CHIUNG-CHU (Note 13)																						
Director	Representative: LIN, HSIU-CHENG (Note 15)																						
Director	Representative: CHAO, KAO-SHEN																						
Corporate Director	Chih Wei Development Co., Ltd.																						
	Representative: LIN, TING																						
	Representative: LIN, YOU-HE (Note 16)																						
	Yuan Lung Construction and Development Co., Ltd.																						
Director	Representative: MA, PEI-CHUN																						
	Hong Chi Investment Co., Ltd.																						
Director	Representative: CHEN, TANG-SHENG																						
	Te Yeh Investment Co., Ltd.																						
Director	Representative: YANG, MING-WANG																						
	JIAYI PROGRESSIVE ENTERPRISES LTD																						
Director	Representative: TSAI, SUNG-PO																						
Independent Director	LEE, CHIN-SHEN	4,429	4,429	-	-	-	-	334	334	0.44%	0.44%	-	-	-	-	-	-	-	-	0.44%	0.44%	None	
Independent Director	CHANG, YAO-REN																						
Independent Director	T.C. HUANG (Note 14)																						
Independent Director	HUANG, HSIU-HUI (Note 14)																						
1. The Corporation's remuneration policy for independent directors shall be handled by the Corporation's Regulations for Compensation of Directors. When an independent director performs his/her duties, regardless of profit or loss in the Corporation's operation, the maximum annual compensation by the Corporation is NT\$1,800,000 divided into separate payments, which may be adjusted as appropriate by the remuneration committee based on his/her participation in the Corporation's operation and value of contribution. In addition, the allowance for conducting business shall include attendance pay at the committees, which is NT\$2,000-5,000 each time, as transportation expenses and travel expenses may be reimbursed based on actual needs when performing the Corporation duties. No additional director allowance, severance, bonuses, pension, the profit distribution as remuneration to directors, special disbursement, and other allowance for independent directors.																							
2. In addition to the disclosures in the above table, the total amount of remuneration received during the most recent fiscal year by the directors providing services (such as serving as non-employee consultants, etc.) for all of the companies listed in the financial reports: NT\$425 thousand.																							

Remuneration Range Table:

Range of Remuneration to Directors of the Corporation	Name of Director			
	Total Remuneration (A + B + C + D)		Total Remuneration (A + B + C + D + E + F + G)	
	The Corporation (Note 8)	All Companies Listed in the Financial Reports (Note 9) H	The Corporation (Note 8)	All Companies Listed in the Financial Reports (Note 9) I
Less than NT\$1,000,000	HUANG, YAO-TUNG; CHENG, KUO-HWA; HSIEH, CHENG-YU; CHEN, CHIUNG-CHU; LIN, HSIU-CHENG; LIN, TING; LIN, YOU-HENG; MA, PEI-CHUN; YANG, MING-WANG; T.C. HUANG; HUANG, HSIU-HUI	HUANG, YAO-TUNG; CHENG, KUO-HWA; HSIEH, CHENG-YU; CHEN, CHIUNG-CHU; LIN, HSIU-CHENG; LIN, TING; LIN, YOU-HENG; MA, PEI-CHUN; YANG, MING-WANG; T.C. HUANG; HUANG, HSIU-HUI	HUANG, YAO-TUNG; CHENG, KUO-HWA; HSIEH, CHENG-YU; CHEN, CHIUNG-CHU; LIN, HSIU-CHENG; LIN, TING; LIN, YOU-HENG; MA, PEI-CHUN; YANG, MING-WANG; T.C. HUANG; HUANG, HSIU-HUI	HUANG, YAO-TUNG; CHENG, KUO-HWA; HSIEH, CHENG-YU; CHEN, CHIUNG-CHU; LIN, HSIU-CHENG; LIN, TING; LIN, YOU-HENG; MA, PEI-CHUN; YANG, MING-WANG; T.C. HUANG; HUANG, HSIU-HUI
NT\$1,000,000 (inclusive) - NT\$2,000,000 (exclusive)	CHAO, KAO-SHEN; CHEN, TANG-SHENG; TSAI, SUNG-PO; LEE, CHIN-SHEN; CHANG, YAO-REN	CHAO, KAO-SHEN; CHEN, TANG-SHENG; TSAI, SUNG-PO; LEE, CHIN-SHEN; CHANG, YAO-REN	CHAO, KAO-SHEN; CHEN, TANG-SHENG; TSAI, SUNG-PO; LEE, CHIN-SHEN; CHANG, YAO-REN	CHAO, KAO-SHEN; CHEN, TANG-SHENG; TSAI, SUNG-PO; LEE, CHIN-SHEN; CHANG, YAO-REN
NT\$2,000,000 (inclusive) - NT\$3,500,000 (exclusive)				
NT\$3,500,000 (inclusive) - NT\$5,000,000 (exclusive)				
NT\$5,000,000 (inclusive) - NT\$10,000,000 (exclusive)	Chih Wei Development Co., Ltd., Yuan Lung Construction and Development Co., Ltd., Hong Chi Investment Co., Ltd., Te Yeh Investment Co., Ltd., JIAYI PROGRESSIVE ENTERPRISES LTD.	Chih Wei Development Co., Ltd., Yuan Lung Construction and Development Co., Ltd., Hong Chi Investment Co., Ltd., Te Yeh Investment Co., Ltd., JIAYI PROGRESSIVE ENTERPRISES LTD.	Chih Wei Development Co., Ltd., Yuan Lung Construction and Development Co., Ltd., Hong Chi Investment Co., Ltd., Te Yeh Investment Co., Ltd., JIAYI PROGRESSIVE ENTERPRISES LTD.	Chih Wei Development Co., Ltd., Yuan Lung Construction and Development Co., Ltd., Hong Chi Investment Co., Ltd., Te Yeh Investment Co., Ltd., JIAYI PROGRESSIVE ENTERPRISES LTD.
NT\$10,000,000 (inclusive) - NT\$15,000,000 (exclusive)				
NT\$15,000,000 (inclusive) - NT\$30,000,000 (exclusive)	CHENG, TA-YU	CHENG, TA-YU	CHENG, TA-YU	CHENG, TA-YU
NT\$30,000,000 (inclusive) - NT\$50,000,000 (exclusive)	Te Sheng Development Co., Ltd.	Te Sheng Development Co., Ltd.	Te Sheng Development Co., Ltd.	Te Sheng Development Co., Ltd.
NT\$50,000,000 (inclusive) - NT\$100,000,000 (exclusive)				
More than NT\$100,000,000				
Total	23 persons	23 persons	23 persons	23 persons

Note 1: The names of Directors (legal entity shareholders shall list names and representatives separately), ordinary directors and independent directors shall be listed separately and the amount paid to them shall be disclosed by aggregation. If a Director takes position of President or Deputy President concurrently, please list him/her in this table and table (2).

Note 2: It refers to the remuneration paid to directors over the latest year (it contains salary, duty bonus, severance payment, various bonus, incentives etc. paid to a Director).

Note 3: It refers to the remuneration approved by the Board of Directors for a Director over latest year (if it hasn't been approved by the Board of Directors, please fill out CPA audited accounts).

Note 4: It refers to expenses for related business execution by Directors over latest years (ex. travelling fee, special expense, various allowance, dormitory, vehicle and other physical objects etc.). In case that house, car and other transportation tools are provided or dedicated personal expenses are allowed, please disclose the nature and cost of such assets, actual rent or rent calculated on market price base, fuel and other payments. In case of extra driver(s) is provided, please remark remuneration paid by the Corporation, but exclude it in the remuneration.

Note 5: It refers to physical objects including but not limited to salary, duty bonus, severance payment, various bonus, incentives, travelling fee, special expenses, various allowance, dormitory, vehicle received by the Director Employee over latest year (included adjunct President, Deputy President, other managers and employee). In case that house, car and other transportation tools are provided or dedicated personal expenses are allowed, please disclose the nature and cost of such assets, actual rent or rent calculated on market price base, fuel and other payments. In case of extra driver(s) is provided, please remark remuneration paid by the Corporation, but exclude it in the remuneration. In addition, salary expenses recognized in accordance with IFRS 2 "Payment by Shares" covering employee share warrant, new shares constricting employee right and participation in share subscription by capital increase in cash etc., also should be included into the remuneration.

Note 6: It refers that the remuneration approved by the Board of Directors for an employee over latest year should be disclosed in case of director who takes position of employee concurrently (included adjunct President, Deputy President, other Managers and employee); if it is difficult to predict, please calculate the amount planned for this year pursuant to the proportional actual paid one last year (if it hasn't been approved by the Board of Directors, please fill out CPA audited account).

Note 7: Please disclose the lump sum of various remunerations that all companies of financial statements (included the Corporation) paid to the Directors of the Corporation.

Note 8: Please disclose the names of Directors by belonged scale to whom the Corporation has paid total amount of various remuneration.

Note 9: Please disclose the lump sum of remuneration that all companies of financial statements (included the Corporation) paid various remuneration to every Director and the names of Directors by the scale where they belong to.

Note 10: Net profit after tax refers to that on accompanying or individual financial report.

Note 11:

- a. The amount of remuneration that the Directors of the Corporation receive from reinvestment other than subsidiary or related with parent company shall be filled out explicitly (in case of null, please fill out "None").
- b. The Directors of the Corporation who receive remuneration related with reinvestment other than subsidiary or parent company shall incorporate such remuneration into Column I of the Remuneration Scale and rename the column as "Parent Company and All Reinvestments".
- c. Remuneration refers to those that the Directors of the Corporation receive with positions of Director, Supervisor or Manager in reinvested company other than subsidiary or parent company (included remuneration for employee, director and supervisor) and business expenses etc.

* The remuneration disclosed in above table is different from the income of the Income Tax Act; Hence, above table is for reference of disclosure only, not for taxation.

Note 12: The corporate director Te Sheng Development Co., Ltd. changed its representative to CHENG, KUO-HWA in place of HUANG, YAO-TUNG on March 10, 2020.

Note 13: The corporate director Te Sheng Development Co., Ltd. changed its representative to CHEN, CHIUNG-CHU in place of HSIEH, CHENG-YU on June 16, 2020.

Note 14: Elected by the shareholders meeting on June 5, 2020.

Note 15: The corporate director Te Sheng Development Co., Ltd. changed its representative to LIN, HSIU-CHENG in place of CHEN, CHIUNG-CHU on July 9, 2020.

Note 16: The corporate director Chih Wei Development Co., Ltd. changed its representative to LIN, YOU-HENG in place of LIN, TING on December 7, 2020.

Note 17: NT\$1,092 thousand paid as compensation to the driver.

2) Remuneration to President and Vice President

Expressed in Thousands of NT\$

Title	Name (Note 1)	Salary (A) (Note 2)		Severance (B)		Bonus and Special Disbursement(C) (Note 3)		Amount of Employee Compensation (Note 4)				Total Remuneration (A + B + C + D) as A Percentage of Net Income (Note 8)		Remuneration Received from An Invested Company Other than the Corporation's Subsidiary (Note 9)
		The Corporation	All Companies Listed in the Financial Reports (Note 5)	The Corporation	All Companies Listed in the Financial Reports (Note 5)	The Corporation	All Companies Listed in the Financial Reports (Note 5)	The Corporation		All Companies Listed in the Financial Reports (Note 5)		The Corporation	All Companies Listed in the Financial Reports	
								Cash	Stock	Cash	Stock			
President	CHIU, JUNG-CHEN	\$ 31,598	\$ 31,598	\$ 1,036	\$ 1,036	\$ 69,809	\$ 70,359	\$ 3,041	\$ -	\$ 3,041	\$ -	9.72%	9.77%	None
Senior Executive Vice President	LIAO, CHI-HUNG													
Senior Executive Vice President	TSENG, LI-KUO													
Senior Executive Vice President	CHEN, CHIH-HAO													
Senior Executive Vice President	CHANG, JYH-CHIAN													
Senior Vice President	CHIU, CHAO-SHAN													
Vice President	CHENG, HUNG-TAI													
Vice President	SHIH, SHU-CHEN													
Vice President	LEE, AI-CHEN													
Vice President	WANG, HSIU-CHING													
Vice President	LEU, SUH-LING													
Vice President	LIU, PI-YIN													
Vice President	YEN, CHIH-LUNG													
Vice President	LIN, HSU-SHENG													

Remuneration Range Table:

Range of Remuneration to Presidents and Vice Presidents of the Corporation	Name of President or Vice President	
	The Corporation (Note 6)	All Companies Listed in the Financial Reports (Note 7) E
Less than NT\$1,000,000	-	-
NT\$1,000,000 (inclusive) - NT\$2,000,000 (exclusive)	-	-
NT\$2,000,000 (inclusive) - NT\$3,500,000 (exclusive)	LEE, AI-CHEN; LEU, SUH-LING	LEE, AI-CHEN; LEU, SUH-LING
NT\$3,500,000 (inclusive) - NT\$5,000,000 (exclusive)	CHIU, CHAO-SHAN; CHENG, HUNG-TAI; SHIH, SHU-CHEN; WANG, HSIU-CHING; YEN, CHIH-LUNG; LIN, HSU-SHENG	CHIU, CHAO-SHAN; CHENG, HUNG-TAI; SHIH, SHU-CHEN; WANG, HSIU-CHING; YEN, CHIH-LUNG; LIN, HSU-SHENG
NT\$5,000,000 (inclusive) - NT\$10,000,000 (exclusive)	LIAO, CHI-HUNG; TSENG, LI-KUO; CHANG, JYH-CHIAN; LIU, PI-YIN	LIAO, CHI-HUNG; TSENG, LI-KUO; CHANG, JYH-CHIAN; LIU, PI-YIN
NT\$10,000,000 (inclusive) - NT\$15,000,000 (exclusive)	-	-
NT\$15,000,000 (inclusive) - NT\$30,000,000 (exclusive)	CHEN, CHIH-HAO; CHIU, JUNG-CHEN	CHEN, CHIH-HAO; CHIU, JUNG-CHEN
NT\$30,000,000 (inclusive) - NT\$50,000,000 (exclusive)	-	-
NT\$50,000,000 (inclusive) - NT\$100,000,000 (exclusive)	-	-
More than NT\$100,000,000	-	-
Total	14 persons	14 persons

Note 1: The names of President and Vice President shall be listed separately and every payment is disclosed after aggregation. In the case that Directors concurrently take the position of President or Vice President, please fill out this table and preceding table (1).

Note 2: It refers to the salary, extra duty fee, and resignation fee paid in the latest fiscal year.

Note 3: It refers to the amount of various bonuses, incentives, travelling expenses, special expenses, various allowances, dormitories, vehicles and other remunerations paid to President and Vice Presidents in the latest fiscal year. In case that house, cars and other means of transportation or exclusive personal expenses are provided, the nature and cost of these assets, the actual rent or calculated based on fair market price, fuel and other payments should be disclosed. In addition, if a driver is provided, please give a remark to indicate the related remuneration paid by the Corporation to the driver, but excluded in the remuneration. Furthermore, salary expenses recognized in accordance with IFRS 2 "Share-based Payment" include employee stock options, new shares restricting employee rights and participating in subscription for shares with cash capital increase should also be included in remuneration.

Note 4: It refers to the remuneration for the employee subordinated under President and Deputy President approved by the Board of Directors in the latest fiscal year (included shares and cash); if it is difficult to predict, the proposed amount to appropriate this year is calculated based on the proportional actual amount appropriated last year (if it has not yet been approved by the Board of Directors, please fill out CPA audited accounts).

Note 5: It shall be the lump sum of diversified remuneration that all companies exposed in the consolidated financial statements (included the Corporation) paid to the President and Deputy President of the Corporation.

Note 6: The names of President and Deputy President to whom the lump sum of diversified remuneration paid by the Corporation are disclosed in the scale where it belongs to.

Note 7: It shall be the names of President and Deputy President to whom the lump sum of diversified remuneration paid by all companies (included the Corporation) disclosed in the consolidated financial statements are disclosed in the scale where it belongs to.

Note 8: Net profit after tax refers to that in the accompanying or individual financial report of the latest fiscal year.

- Note 9:
- a. The amount of remuneration that the President and Deputy President of the Corporation receive from reinvestment other than subsidiary or related with parent company shall be filled out explicitly (in case of null, please fill out ‘None’).
 - b. The Presidents and Deputy Presidents of the Corporation who receive remuneration related with reinvestment other than subsidiary or parent company shall incorporate such remuneration into Column E of the Remuneration Scale and rename the column as “Parent Company and All Reinvestments”.
 - c. Remuneration refers to those that the President and Deputy President of the Corporation receive with positions of Director, Supervisor or Manager in reinvested company other than subsidiary or parent company (included remuneration for employee, director and supervisor) and business expenses etc.

* The remuneration disclosed in above table is different from the income of the Income Tax Act; Hence, above table is for reference of disclosure only, not for taxation.

Note 10: Vice President LIN, HSU-SHENG assumed office on May 8, 2020.

Note 11: NT\$956 thousand paid as compensation to the driver.

3) Chairmen of the board and presidents rehired as consultants of securities firms after retirement

Expressed in Thousands of NT\$

Title	Name	Title before Retirement		Consultant Hired Date	Purpose of Employment	Division of Powers and Responsibilities	Remuneration (Note 1)	Total Remuneration as A Percentage of Net Income (Notes 1 and 2)
		Institution and Position	Retirement Date					
Public relations department consultant	LIN, MAO-JUNG	The chairman of Concord Managed Futures Corp.	2019/03/20	2019/03/21	Served the Corporation for years, had been the chairman of Concord Capital Management and Concord Managed Futures with good connections, hired as public relations department consultant to leverage on his experience	Provides consultation in the specialization, and regularly participates in the advisory council held by the Corporation	\$ 600	0.06%

Note 1: The securities firm shall disclose the remuneration paid to each individual consultant in accordance with Article 28 Subparagraph 2 Item 2 of Regulations Governing the Preparation of Financial Reports by Securities Firms, otherwise, the remuneration and total remuneration as a percentage of net income could be disclosed by aggregation.

Note 2: Net profit after tax refers to that in the accompanying or individual financial report of the latest fiscal year.

- c. Numbers of employees in the non-supervisor positions, annual average employee benefit expenses, and differences from the previous year

For the years ended December 31, 2020 and 2019, the numbers of employees in the non-supervisor positions were 485 person and 490 person, respectively, and decreased by 5 person. The annual average employee benefit expenses were \$1,119 thousand and \$825 thousand, respectively, and increased by \$294 thousand.

- d. Labor relations

- 1) Current important labor-management agreements and implementation status

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

- a) Insurance systems

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

- b) Employee Welfare Committee

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

- c) Continuing education and training mechanism

- i. To improve the employees' professional quality and skills and to take into account both the career development of employees and compliance with laws and regulations, the Corporation has formulated relevant education and training regulations and supplementary measures to provide employees with learning and development opportunities.

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

d) Retirement mechanism

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

e) Other significant agreements

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

2) Any losses suffered by the Corporation in the most recent 2 fiscal years: None.

3) Results of labor inspection

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

e. The state of implementation of the Corporation's internal control system

1) A Statement on Internal Control

Concord Securities Co., Ltd.

**Internal Control System Statement
March 11, 2021**

Base on the results of self-assessment of the Corporation's internal control system for the year of 2020, we hereby declare as follows:

- a) The Corporation acknowledge that the establishment, implementation and maintenance of an internal control system are the responsibility of its Board of Directors and management. The Corporation has established such a system for purpose of reasonably ensuring the objectives of the effectiveness and efficiency of operations (including profits, performance and safeguarding of asset security), reliability, timeliness, transparency, and regulatory compliance of reporting, and compliance with applicable laws, regulations, and bylaws.
- b) An internal control system, no matter how well designed, has inherent limitations and therefore can provide only reasonable assurance with respect to the accomplishment of the above objectives. Furthermore, because of changing conditions and circumstances, the effectiveness of an internal control system may vary over time. Notwithstanding, the internal control system of the Corporation contains self-monitoring mechanisms, and actions are taken to correct deficiencies as they are identified.
- c) The Corporation examined the design and effective implementation of its internal control system according to the criteria prescribed in "Guidelines for Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets" (hereinafter referred to the "Guidelines"). The criteria for an internal control system adopted in the "Guidelines" divide internal control into five constituents in line with the process of management control: 1. control environment, 2. risk assessment, 3. control activities, 4. information and communication, and 5. monitoring activities. Each constituent contains several criteria. Please refer to the "Guidelines" for details.
- d) The Corporation has evaluated the design and effectiveness implementation of its internal control system in accordance with the above criteria.
- e) With respect to the fact that the screening for traders placing online orders from the same IP address conducted by the Corporation's Hsinchu Branch did not comply with the requirements under the Corporation's internal control system for operation of futures introducing broker business and for the former associated person engaged in the business of brokerage trading accepting discretionary trading authorization of a trader, the Corporation did not report the violation as required by law and regulation, the Corporation has been requested to ensure attention to improvement and punish relevant supervisors and personnel per July 17, 2020 Letter No. Financial-Supervisory-Securities-Futures-10903407012 and Sanction No. Financial-Supervisory-Securities-Futures-Penalty-10903407011 by the Financial Supervisory Commission with an administrative fine of NT\$240,000 being imposed. The above-mentioned deficiencies have been improved, which has no impact on the achievement of the objectives of the Corporation's overall internal control system.

- f) Based on the results of assessment as stated in Item IV, the Corporation believes, until December 31, 2020, that the design and implementation of its internal control system (including supervision and management of subsidiaries), such as understanding the degree of achievement of operational effectiveness and efficiency objectives, the reporting of the Corporation being reliable, timely, transparent, and complying with applicable rules, and applicable laws, regulations, and bylaws having been complied with, are effective, thereby reasonably ensuring the achievement of the above-mentioned objectives.
- g) The Statement will be provided as the main content of the Corporation's annual report and prospectus and will be made public. Any false representation or concealment in the above content being made public shall be subjected to legal consequences as stipulated in Articles 20, 32, 171, 174 of the Securities and Exchange Act and Article 115 of the Futures Trading Act.
- h) We also hereby declare that the STATEMENT has been approved by the Board of Directors at the meeting held on March 11, 2021. Among the 12 directors attended, 0 persons held objection, 1 person held reservations and the rest all agreed on the content of the Statement.

Concord Securities Co., Ltd.
Chairman: CHENG, TA-YU
President: CHIU, JUNG-CHEN

Concord Securities Co., Ltd.

Internal Control System Matters to Be Improved and Plans for Improvement

Matters to Be Improved	Matters to Be Improved	Expected Completion Date
<p>As Financial Examination Bureau and Taiwan Futures Exchange came to Hsinchu Branch for conducting routine and special audits on July 2019 and December 2019, respectively, the Branch was found that the screening for traders placing online orders from the same IP address being conducted, the responsible supervisor of the business department accepting the order neither carried out trade confirmation and retained relevant records where no written statement for the trader confirmation on the authenticity of the trade nor conducted a random inspection interview with the traders not presenting the letter of authorization to find if any abnormality in placing orders with relevant records being retained. Furthermore, for the former associated person engaged in the business of brokerage trading accepting discretionary trading authorization of a trader, the Corporation did not report the violation as required by law and regulation. (The Corporation has been requested to ensure attention to improvement and punish relevant supervisors and personnel per July 17, 2020 Letter No. Financial-Supervisory-Securities-Futures-10903407012 and Sanction No. Financial-Supervisory-Securities Futures-Penalty-10903407011 by the Financial Supervisory Commission with an administrative fine of NT\$240,000 being imposed.)</p>	<p>a) In order for the employees to pay attention on legalities, the Corporation's brokerage business group reaffirms the Corporation's Brokerage Business Group, has been reiterating the operating regulations of the associated persons of the Corporation and advocating relevant laws and regulations as well as sharing violation cases of the market during the quarterly internal education and awareness programs.</p> <p>b) Where there are violation cases occurred in the market, the branch is also requested to raise awareness of the colleagues in the morning or monthly meeting.</p> <p>c) The Brokerage Business Group of the Corporation has announced the "Confirmation Operation for Placing Online Orders from the Same IP Address" to the branches on January 7, 2020 and September 28, 2020, respectively; where it has been found the customer from the same IP without an authorization letter and reasonable relationship, the branch should carry out trade confirmation in writing or by phone with the customer.</p>	<p>Actions completed.</p>

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

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

Concord Securities Co., Ltd.

**TRADETRON DMA, SYSPower DMA, K WAY DMA System Brokerage Trading and
Information System Operation
Internal Control System Special Audit**

No. Zi-Hui-Zong-Zi-20006576

We have audited the accompanying statement of Concord Securities Co., Ltd. as of December 31, 2020 that it believed that the internal control systems of TRADETRON DMA, SYSPower DMA, and K WAY DMA system brokerage trading and information system operation were effectively designed and implemented from October 1, 2020 to November 30, 2020 after evaluation. Maintaining an effective internal control system and evaluating its effectiveness are the responsibility of the Corporation's management. Our responsibility is to express an opinion on the effectiveness of the Corporation's internal control systems of TRADETRON DMA, SYSPower DMA, and K WAY DMA system brokerage trading and information system operation and the above companies' Internal Control System Statements according to the audit results.

We conducted our audits in accordance with the "Guidelines for Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets" and auditing standards generally accepted in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether, in all material respects, are free of violation of the above regulations and requiring corrective measures. An audit includes understanding the internal control system, and testing and assessing the effectiveness of the design and implementation of those internal control systems in "I. Scope of Audit". We believe that our audits provide a reasonable basis for our opinion.

Any internal control system has its inherent limitations so the Corporation's internal control systems of TRADETRON DMA, SYSPower DMA, and K WAY DMA system brokerage trading and information system operation may still be unable to prevent or detect mistakes or frauds that have occurred. In addition, the environment may change in the future and the degree of compliance with the management control system may also decreased; therefore, the management control system that is effective for the current period does not mean that it will be effective in the future.

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

In our opinion, the results of the audit in accordance with the "Guidelines for Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets" show that the design and implementation of the internal control systems of TRADETRON DMA, SYSPower DMA, and K WAY DMA system brokerage trading and information system operation from October 1, 2020 to November 30, 2020, in all material respects, are free of violation of the above regulations and requiring corrective measures. The statement of Concord Securities Co., Ltd. presented on December 31, 2020 that the internal control systems of TRADETRON DMA, SYSPower DMA, and K WAY DMA system brokerage trading and information system operation were effectively designed and implemented after evaluation, in all material respects, are free of violation of the above regulations and requiring corrective measures.

The purpose of the Audit Report is for reference by Concord Securities Co., Ltd. and Taipei Exchange (TPEX) to the information required for understanding and assessing the internal control systems of TRADETRON DMA, SYSPower DMA, and K WAY DMA system brokerage trading and information system operation.

PwC Taiwan
CPA Hsu, Lin-Shun
Yao, Ching-Ju

December 31, 2020

2. FINANCIAL INFORMATION

a. Five-year financial summary

1) Balance Sheets

Expressed in Thousands of NT\$

Item \ Year		Financial Data for the Past 5 Fiscal Years (Note 1)				
		2020	2019	2018	2017	2016
Current assets		\$ 25,263,137	\$ 16,765,297	\$ 12,696,117	\$ 25,318,258	\$ 19,032,584
Property and equipment		785,072	782,853	801,781	800,931	813,968
Other non-current assets		5,355,889	4,273,798	3,258,404	3,403,241	3,257,108
Current liabilities	Before distribution	22,757,934	14,145,769	9,338,453	21,730,001	15,939,262
	After distribution (Note 2)	(Note 3)	14,340,576	9,338,453	21,878,835	15,939,262
Non-current liabilities		433,367	429,154	381,518	282,618	322,021
Capital stock		5,944,550	6,103,227	6,260,803	6,133,368	6,333,368
Retained earnings	Before distribution	1,683,518	843,726	556,882	1,308,083	674,732
	After distribution (Note 2)	(Note 3)	648,919	556,882	843,721	674,732
Total assets		31,404,098	21,821,948	16,756,302	29,522,430	23,103,660
Total liabilities	Before distribution	23,191,301	14,574,923	9,719,971	22,012,619	16,261,283
	After distribution (Note 2)	(Note 3)	14,769,730	9,719,971	22,161,453	16,261,283
Total equity	Before distribution	8,212,797	7,247,025	7,036,331	7,509,811	6,842,377
	After distribution (Note 2)	(Note 3)	7,052,218	7,036,331	7,360,977	6,842,377

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

Note 2: The above after distribution data are accordance with the resolution in the next year shareholders' meeting.

Note 3: The appropriation of earnings for 2020 is subject to the resolution in the shareholders' meeting.

2) Statements of comprehensive income

Expressed in Thousands of NT\$

Item \ Year	Financial Data for the Past 5 Fiscal Years (Note)				
	2020	2019	2018	2017	2016
Operating revenue	\$ 2,579,798	\$ 1,433,197	\$ 814,036	\$ 2,017,826	\$ 862,123
Operating cost and expenses	1,710,429	1,289,813	1,321,303	1,598,911	1,217,490
Share of profit or loss of subsidiaries accounted for using equity method	138,544	22,215	139,246	197,206	(86,042)
Other gains and losses	101,313	112,051	102,158	83,180	79,112
Profit before income tax	1,109,226	277,650	(265,863)	699,301	(362,297)
Profit after income tax	1,084,976	284,352	(278,067)	686,615	(354,324)
Earnings (loss) per share (NT\$)	1.83	0.47	(0.43)	1.09	(0.54)

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

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

Year	Name of CPA	Auditor's Opinion
2016	CHEN, CHUN-HUNG; KUO, CHENG-HUNG	Unqualified opinion
2017	CHEN, CHUN-HUNG; KUO, CHENG-HUNG	Unqualified opinion
2018	CHEN, CHUN-HUNG; CHUANG, PI-YU	Unqualified opinion
2019	CHUANG, PI-YU; SHIH, CHING-PIN	Unqualified opinion
2020	CHUANG, PI-YU; HUANG, HSIU-CHUN	Unqualified opinion

b. Five-year financial analysis

Significant financial ratio

Item		Year	Financial Data for the Past 5 Fiscal Years (Note 1)				
			2020	2019	2018	2017	2016
Financial structure (%)	Debt-asset ratio		73.85	66.79	58.01	74.56	70.38
	Ratio of long-term capital to property and equipment		1,101.32	980.54	925.17	972.92	880.18
Solvency (%)	Current ratio		111.01	118.52	135.96	116.51	119.41
	Quick ratio		110.98	118.47	135.88	115.58	118.65
Profitability	Return on assets (%)		4.08	1.47	(1.20)	2.61	(1.33)
	Return on shareholders' equity (%)		14.04	3.98	(3.82)	9.57	(4.87)
	Ratio of paid-in capital (%)	Operating profit	14.62	2.35	(8.10)	6.83	(5.43)
		Income before tax	18.66	4.55	(4.25)	11.40	(5.72)
	Profit margin (loss) before tax (%)		42.06	19.84	(34.16)	34.03	(40.57)
	Earnings (loss) per share (NT\$)		1.83	0.47	(0.43)	1.09	(0.54)
Cash flow (%)	Cash flow ratio (%)		4.29	(Note 2)	34.58	(Note 2)	(Note 2)
	Cash flow adequacy ratio (%)		221.42	624.93	811.46	(Note 2)	66.89
	Cash flow reinvestment ratio (%)		8.88	(Note 2)	40.73	(Note 2)	(Note 2)
Special regulations ratio (%)	Ratio of total liabilities to net capital		188.89	134.70	86.61	168.02	126.70
	Ratio of property and equipment to total assets		2.94	4.22	5.65	3.19	4.15
	Ratio of total amount of underwriting to the balance of current assets minus current liabilities		8.82	3.75	3.60	38.17	6.56
	Ratio of total margin purchase to net value		57.19	47.42	46.37	63.72	56.58
	Ratio of total short sale to net value		5.30	5.69	11.60	8.35	5.51
Please state the causes of changes in each financial ratio for the preceding (increased or decreased by 20%) two fiscal years:							
1. Return on assets and return on equity: Mainly due to the increase in income after tax for the year compared with the same period last year.							
2. Ratio of operating profit to paid-in capital: Mainly due to the increase in operating profit for the year compared with the same period last year							
3. Ratio of income before tax to paid-in capital: Mainly due to the increase in income before tax for the year compared with the same period last year.							
4. Profit margin before tax and Earnings per share: Mainly due to the increase in income after tax for the year compared with the same period last year.							
5. Cash flow adequacy ratio: Mainly due to the increase in net cash in-flows from operating activities for the current fiscal year.							
6. Ratio of total liabilities to net capital: Mainly due to the increase in external liabilities at the end of the current year compared with last year.							
7. Ratio of property and equipment to total assets: Mainly due to the increase in total assets at the end of the current year compared with last year.							
8. Ratio of total amount of underwriting to the balance of current assets minus current liabilities: Mainly due to the increase in total amount of underwriting for the current period compared with the same period last year.							
9. Ratio of total margin purchase to net value: Mainly due to the increase in total margin purchase for the current period compared with the same period last year.							

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

Note 2: Where net cash flow from operating activities is negative, cash flow ratio and cash flow reinvestment ratio are not calculated; where the total net cash flow from operating activities are negative, cash flow ratio is not calculated.

- c. Financial difficulties that the Corporation and affiliated enterprises have encountered in recent years, and the impacts on the Corporation's financial condition: None.

3. REVIEW OF FINANCIAL CONDITIONS, OPERATING RESULTS, AND RISK MANAGEMENT

- a. Analysis of financial status

Expressed in Thousands of NT\$

Item \ Year	2020	2019	Change	
			Amount	%
Current assets	\$ 25,263,137	\$ 16,765,297	\$ 8,497,840	51
Non-current assets	6,140,961	5,056,651	1,084,310	21
Total assets	31,404,098	21,821,948	9,582,150	44
Current liabilities	22,757,934	14,145,769	8,612,165	61
Non-current liabilities	433,367	429,154	4,213	1
Total liabilities	23,191,301	14,574,923	8,616,378	59
Capital stock	5,944,550	6,103,227	(158,677)	(3)
Retained earnings	1,683,518	843,726	839,792	100
Other equity	409,422	266,179	143,243	54
Total equity	8,212,797	7,247,025	965,772	13

The causes of significant changes in assets, liabilities and equity for the preceding (Increased or decreased by 20%) two fiscal years, the impacts and the response measures to be taken in the future:

- 1) Current assets: Mainly due to the increase in cash and cash equivalents, financial assets at fair value through profit and loss, securities margin loans receivable, and accounts receivable.
- 2) Non-current assets: Mainly due to the increase in financial assets at fair value through other comprehensive income and investments accounted for using equity method.
- 3) Current liabilities: Mainly due to the increase in commercial paper payable, liabilities for bonds with repurchase agreements, and accounts payable.
- 4) Retained earnings: Mainly due to the better operating profit in 2020.
- 5) Other Equity: Mainly due to the increase in other comprehensive income in 2020.

b. Analysis of operation results

Expressed in Thousands of NT\$

Item \ Year	2020	2019	Increase (Decrease) Amount	Percentage of Change (%)
Revenue	\$ 2,579,798	\$ 1,433,197	\$ 1,146,601	80
Operating costs and expenses	<u>1,710,429</u>	<u>1,289,813</u>	<u>420,616</u>	33
Operating income	869,369	143,384	725,985	506
Share of profit or loss of subsidiaries accounted for using equity method	138,544	22,215	116,329	524
Other gains and losses	<u>101,313</u>	<u>112,051</u>	<u>(10,738)</u>	(10)
Profit before income tax	1,109,226	277,650	831,576	300
Income tax benefit (expense)	<u>(24,250)</u>	<u>6,702</u>	<u>(30,952)</u>	(462)
Net profit for the year	<u>\$ 1,084,976</u>	<u>\$ 284,352</u>	<u>\$ 800,624</u>	282

- 1) The causes of significant changes in operating income and profit before income tax for the preceding two fiscal years:

a) Operating income

The increase in operating income was mainly due to the increase in gains on sale of securities compared with the same period last year.

b) Profit before income tax

The increase in Profit before Tax was mainly due to the increase in gains on sale of securities compared with the same period last year.

- 2) The impacts on the Corporation's business and the response measures to be taken in the future:
None.

c. Analysis of cash flow

- 1) The analysis of cash flow for the preceding fiscal years

a) Operating activities

Net cash generated from operating activities amounted to \$975,401 thousand, and was mainly due to the increase of liabilities for bonds with attached repurchase agreements and accounts payable.

b) Investing activities

Net cash used in investing activities amounted to \$792,354 thousand, and was mainly due to the acquisition of financial assets at fair value through other comprehensive income.

c) Financing activities

Net cash generated from financing activities amounted to \$1,301,557 thousand, and was mainly due to the increase of commercial paper payable.

2) The improvement plans of insufficient liquidity, and the liquidity analysis for the coming year

a) Liquidity analysis for the preceding two fiscal years

Item \ Year	2020	2019	Percentage of Increase (Decrease) %
Cash flow ratio (%)	4.29	Note	-
Cash flow adequacy ratio (%)	Note	624.93	-
Cash flow reinvestment ratio (%)	8.88	Note	-

Note: Where net cash flow from operating activities is negative, cash flow ratio and cash flow reinvestment ratio are not calculated; where the total net cash flow from operating activities during the 2 most recent fiscal years are negative, cash flow ratio is not calculated.

b) Liquidity analysis for the coming year

Expressed in Thousands of NT\$

Cash Balances - Beginning of Period A.	Net Cash Generated from (Used in) Operating Activities B	Expected Cash (In) Out Flow for the Full Year C.	Expected Amount of Excess (Insufficient) Cash A + B - C	Expected Remedial Measures for Cash Deficit	
				Investment Plan	Financial Plan
\$ 2,895,595	\$ 251,264	\$ 1,167,867	\$ 1,978,992	\$ -	\$ -

d. Major capital expenditure items: None.

e. Investment policy in last year, main causes for profits or losses, improvement plans and the investment plans for the coming year

1) Reinvestment policy for the most recent fiscal year

The Corporation's reinvestment strategy in recent years has been to the business or investment target that is the most profitable for the Corporation's operations within the current business scope and among the investments by securities firms approved by the competent authority. The purpose of the reinvestment is to diversify the overall operation, increase diversified income and stabilize profit sources, and improve the overall competitiveness and operating performance of the company in the hope of building the best operating model of the group. However, in the face of fierce competition in the industrial environment, the Corporation has also transformed itself and focused on core and promising business in recent years so as to operate steadily and sustainably.

2) The condition of profits generated by the invested company

In 2020, among the six subsidiaries, Concord Futures, Concord Asset Management, and Concord Capital Holdings (Cayman) show the profits; Concord Capital Management and Concord Insurance Agency show the losses. The liquidation procedure of Concord Managed Futures Enterprises has been completed in January 2021, and returned the remaining liquidation funds.

3) Investment plans for the coming year

In the coming year, the Corporation will strengthen and develop business entities with potential to achieve a positive contribution to the group in the overall reinvestment business, hoping to increase sources of profit through diversified investments.

f. Analysis of risk management for the coming year and the year ended

1) The effect upon the Corporation's profits (losses) of interest, exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future:

a) Interest rate changes

The Corporation's interest rate-related business includes bond business, interest rate derivatives business, and securities lending and borrowing business. Among them, the responsible department for the bond and interest rate derivatives business has established appropriate risk management guidelines, and carries out limit on position, stop-loss mechanism, sensitivity analysis, etc. to effectively control the interest rate risk of this type of business. The Corporation's securities lending and borrowing business makes profit mainly from financing spread, so it is not greatly affected by changes in interest rates. In addition, changes in interest rates also affect the Corporation's borrowing costs. If interest rates show an unfavorable trend, the Corporation can also use exchange interest rates or issuing corporate bonds or convertible bonds to avoid the risk of rising interest rates.

b) Exchange rate changes

The Corporation's main business targets and business areas are all in Taiwan, and is also dedicated itself to developing overseas business, such as overseas long-term investment and financial trading, which may impact the Corporation's profit and loss or net value due to changes in exchange rates. However, as the Corporation's operating income is still dominated by domestic business, the impact should be limited. And also, risk limits are set for positions involving exchange rates and appropriate hedging measures are adopted to effectively control exchange rate risks.

c) Inflation rate

The Corporation belongs to the securities service industry, so that inflation has no significant impact on the Corporation's finance and business.

d) Response measures to be taken in the future

- i. Periodically collect information on interest rates and macroeconomics to understand market trends.
- ii. Adjusting the direction of business operations or conducting hedging operations according to interest rate trends to reduce the impact of changes in interest rates on the Corporation's profit and loss.

2) The Corporation's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future

- a) The Corporation has not engaged in high-risk high-leverage investments in the most recent fiscal year.

- b) Except for handling securities lending and borrowing business in accordance with the law, the Corporation has not engaged in loans to other parties.
 - c) The Corporation has not engaged in endorsements or guarantees.
 - d) The Corporation engages in derivatives trading in accordance with the law and regulation of the competent authority and within the scope permitted by the Corporation's regulations, and it makes reasonable profit under the tolerable risk of the authorized positions.
- 3) Effect on the Corporation's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response

Important Policies Adopted in the Legal Environment at Home and Abroad in the Most Recent Fiscal Year	Effect on the Corporation's Financial Operations	Measures to Be Taken in Response
Amendment to partial articles of the "Regulations Governing Securities Firms" (Per Issue No. Financial-Supervisory-Securities-Zi-1090364783)	<ul style="list-style-type: none"> a) In response to the addition of Article 228-1 of the Company Act, which requires that surplus earning distribution or loss off-setting proposal by a securities firm shall be made based on the financial statements audited or certified by a certified public accountant. (Amendment to Article 14-6). b) In compliance with Subparagraph 1, Paragraph 1, Article 36 of the Securities and Exchange Act, which requires that the financial reports to be approved by the board of directors, and recognized by the supervisors shall be duly signed or sealed by the chairperson, managerial officer, and accounting officer. (Amendment to Article 21). c) To improve the quality of credit investigation and credit extension, the Regulations Governing Securities Firms requires that the TWSE may collect, process, or use all types of credit data of investors, and may request securities firms and the Financial Supervisory Commission (hereinafter referred to as FSC) approved institutions to provide relevant data. The TWSE shall also adopt operational rules regarding the scope of the data as above, and shall report the operational rules in writing to the FSC for approval. (Amendment to Article 35-2). 	The Corporation takes measures in accordance with the regulations.

(Continued)

Important Policies Adopted in the Legal Environment at Home and Abroad in the Most Recent Fiscal Year	Effect on the Corporation's Financial Operations	Measures to Be Taken in Response
Amendment to the Form 8-7, Article 23 of the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" (Per Issue No. Financial-Supervisory-Securities-Review-Zi-1090364819)	In response to the addition of Paragraph 5, Article 14 of the Securities and Exchange Act, when a company whose stock is listed for trading on the stock exchange or over-the-counter securities exchange prepares its annual financial report in accordance with paragraph 2, it shall additionally disclose relevant information, including the Corporation's remuneration policy and the remuneration of the directors and supervisors in accordance with the regulations prescribed by the competent authority. Therefore, the amendment is made to Form 8-7 Summary statement of current period employee benefits, depreciation, depletion and amortization expenses by function, Article 23 of these Regulations, requiring that TWSE/GTSM Listed Companies shall additionally disclose the remuneration of the supervisors and the Corporation's remuneration policy in the annual parent company only financial reports.	The Corporation takes measures in accordance with the regulations, and additionally disclose in the new version of form the remuneration of the supervisors and the Corporation's remuneration policy in the annual parent company only financial reports.
The order to issue Subparagraph 5, Paragraph 4, Article 8 of the Regulations Governing Borrowing or Lending Money in Connection with Securities Business by Securities Firms (Per Issue No. Financial-Supervisory-Securities-Zi-1090143575)	<p>a) A securities firm conducting securities business money lending approved in accordance with the regulation may accept a collateral in foreign currency provided by offshore overseas Chinese and foreign nationals.</p> <p>b) A dedicated account shall be established for management of the collateral in foreign currency accepted by securities firms. The types of foreign currency are limited to US Dollar, Euro, Japanese Yen, British Pound, Australian Dollar, and Hong Kong Dollar. Dedicated accounts for foreign currency collateral shall be established at banks that have been approved by the Central Bank to handle foreign exchange business ("designated banks").</p>	<p>The Corporation takes measures in accordance with the regulations, and accepts foreign currency collateral in compliance with the following regulations:</p> <p>a) Foreign currency collateral may be returned to customers only in the original currency, and may not be converted to New Taiwan dollars.</p>

(Continued)

Important Policies Adopted in the Legal Environment at Home and Abroad in the Most Recent Fiscal Year	Effect on the Corporation's Financial Operations	Measures to Be Taken in Response
		<p>b) The collateral value of foreign currency collateral shall be calculated according to the settlement exchange rate at the point of time as agreed in the contract.</p> <p>c) The exchange rate a securities firm uses for marking foreign currency collateral to market shall be the foreign currency spot buying rate posted by the designated bank at which the securities firm opened the dedicated foreign currency deposit account.</p>
<p>The order related to Paragraph 1, Article 5 of the Regulations Governing Securities Trading on the Taipei Exchange effective from this date (Per Issue No. Financial-Supervisory-Securities-Zi-10903641201)</p>	<p>a) Within the scope of proprietary trading of foreign bonds, if not foreign currency denominated structured bonds, and shall meet the scope of a securities firm accepting brokerage trading orders of foreign securities from various types of professional investors set out in Article 6 of the Regulations Governing Securities Firms Accepting Orders to Trade Foreign Securities.</p> <p>b) Opening of securities firms and designated foreign exchange banks (DBUs) that conducts securities business and high-asset customers to operate proprietary trading of structured bonds denominated in foreign currencies.</p>	<p>The Corporation conducting proprietary trading of foreign bonds, structured bonds denominated in foreign currencies, accepting orders to trade foreign bonds from high-asset customers are subject to the restriction with respect to the credit rating.</p>

(Continued)

Important Policies Adopted in the Legal Environment at Home and Abroad in the Most Recent Fiscal Year	Effect on the Corporation's Financial Operations	Measures to Be Taken in Response
	<p>c) Opening of securities firms and high-asset customers to engage in proprietary trading of structured bonds denominated in foreign currencies.</p> <p>d) Lifting restrictions on securities firms, and relevant qualifications are set for the securities firms (including designated foreign exchange banks (DBUs) and offshore banking units (OBUs) conducting conducts securities dealership business) that may conduct such business.</p> <p>e) Securities firms are bound to comply with the regulations of the Taipei Exchange when conducting proprietary trading of foreign bonds. In addition, the agent in Taiwan on behalf of the offshore structured product issuing institution or guarantor is subject mutatis mutandis to the provisions of Article 10 of the Regulations Governing Offshore Structured Products, and shall report the relevant information on the offshore structured product it distributes in a format and with the content prescribed by the FSC through the Offshore Structured Product Observation Post System of the Taiwan Depository & Clearing Corporation.</p>	

(Continued)

Important Policies Adopted in the Legal Environment at Home and Abroad in the Most Recent Fiscal Year	Effect on the Corporation's Financial Operations	Measures to Be Taken in Response
<p>Amendment to partial articles of the "Regulations Governing Securities Firms Accepting Orders to Trade Foreign Securities" (Per Issue No. Financial-Supervisory-Securities-Zi-1090364100)</p>	<p>a) Specifying the definition of high-asset customers in these Regulations and the responsibility a securities firm shall fulfill for due diligence, and a natural person or juristic person having the status as a high-asset customer shall be deemed to have the status of a natural person or juristic person professional investor under relevant laws or regulations governing the financial products or services provided by the securities firm. (Amendment to Article 3-1).</p> <p>b) Specifying the qualifications and conditions that a securities firm shall meet to provide services to high-asset customers for brokering trades in foreign securities, and that the stipulations concerning review procedures related to products and master agent may not apply to a securities firm brokering trades in offshore structured products for high-asset customers when certain requirements are met. (Amendments to Article 2, Article 6-1, Article 6-2) Specifying that to roker trades in an offshore structured product for high-asset customers, a securities firm shall agree with or obtain written confirmation from the domestic agent on the provision of product information, dispute handling, material event reporting procedure, and other matters, and information reporting obligation of the domestic agent. (Amendment to Article 6-3).</p> <p>c) Specifying that a securities firm brokering trades in an offshore structured product for high-asset customers shall establish a product suitability system, and review standards for the launch of products, review procedures, and monitoring and control mechanisms. (Amendment to Article 6-4).</p>	<p>The Corporation takes measures in accordance with the regulations, makes amendments to the relevant internal operating procedures, and formulates the relevant regulations for services provided to high-asset customers for brokering trades in foreign securities.</p>

(Continued)

Important Policies Adopted in the Legal Environment at Home and Abroad in the Most Recent Fiscal Year	Effect on the Corporation's Financial Operations	Measures to Be Taken in Response
<p>The order to issue Article 45 of the Securities and Exchange Act, Article 2 of the Standards Governing the Establishment of Securities Firms, Paragraph 1, Article 31 and Paragraph 2, Article 36-1 of the Regulations Governing Securities Firm (Per Issue No. Financial-Supervisory-Securities-Zi-1090333093)</p>	<p>a) A securities firm may apply to concurrently operate consulting business may only through its brokerage department recommend trades in securities to customers in accordance with the relevant regulations of the Operational Regulations Governing Securities Firms Recommending Trades in Securities to Customers.</p> <p>b) When conducting the following business, a securities firm is exempt from the restrictions of Paragraph 1, Article 31 of the Regulations Governing Securities Firms:</p> <ul style="list-style-type: none"> i. Conducting central government bond, assuming obligations to quote for, buy, and sell of call (put) warrants, Exchange Traded Note (ETN), exchange-traded securities investment trust funds, futures exchange-traded funds, offshore exchange-traded funds to the liquidity providers, beneficiary certificates of open-end securities investment trust funds to the market makers, or their recommended emerging stocks. ii. Hedging operations conducted for issuing call (put) warrants, Exchange Traded Note (ETN), or derivative financial product as referred to in Article 19-3 of the Regulations Governing Securities Firms, or subscription, redemption, or relevant hedging operations of exchange-traded securities investment trust funds, futures exchange-traded funds, offshore exchange-traded funds to the liquidity providers, or beneficiary certificates of open-end securities investment trust funds conducted for liquidity providers and market makers. 	<p>The Corporation takes measures in accordance with the regulations.</p>

(Continued)

Important Policies Adopted in the Legal Environment at Home and Abroad in the Most Recent Fiscal Year	Effect on the Corporation's Financial Operations	Measures to Be Taken in Response
	<p>iii. Engaging in the contract performance of securities, such as call (put) warrants.</p> <p>iv. Other business approved by the FSC.</p>	
<p>Amendment to Article 22 and Article 40 of the "Regulations Governing the Preparation of Financial Reports by Securities Firms" and Article 24 and Article 41 of the "Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants" (Per Issue No. Financial-Supervisory-Securities-Zi-1090360934)</p>	<p>To strengthen a securities firm's corporate governance, and help securities firms and investors understand a securities firm's major shareholders structure to enhance the transparency of a securities firm's equity and financial reports, additionally specifying that a securities firm whose stock is listed on the TWSE or traded on the TPEX shall disclose the names, numbers of shares held, and shareholding percentages of shareholders who hold 5 percent or more of the securities firm's equity in the quarterly financial statements. (Amendment to Article 22).</p>	<p>The Corporation takes measures in accordance with the regulations.</p>
<p>Issuance and amendment to partial articles of the "Regulations Governing Information to be Published in Order Tickets, Trade Reports, and Reconciliation Statements Prepared by Securities Brokers Upon Receiving Orders to Buy or Sell Securities" (Per Issue No. Financial-Supervisory-Securities-Zi-1090360577)</p>	<p>a) Amending that the Financial Supervisory Commission is the competent authority for the purposes of these Regulations (Amendment to Article 2).</p> <p>b) Adding that an order ticket shall include order price (the limit price or market price) and time in force (rest-of-day, immediate-or-cancel, fill-or-kill) Additionally, in response to the addition of multiple time in force, a securities firm shall specify the time in force when entering the order. In order to avoid misunderstanding that a securities firm can directly enter rest-of-day as the time in force for the investor, the stipulation of "those who do not provide the time in force shall be deemed rest-of-day" is deleted. (Amendment to Article 4).</p>	<p>The Corporation takes measures in accordance with the regulations.</p>

(Continued)

Important Policies Adopted in the Legal Environment at Home and Abroad in the Most Recent Fiscal Year	Effect on the Corporation's Financial Operations	Measures to Be Taken in Response
	c) Adding that the relevant written records of a trading order are submitted through electronic media shall include order price (the limit price or market price) and time in force (rest-of-day, immediate-or-cancel, fill-or-kill) Additionally, amending the provisions with respect to a trading order submitted through electronic media in line with current electronic trading practices (Amendment to Article 12).	
Amendment to Article 28 and Article 31 of the “Regulations Governing the Preparation of Financial Reports by Securities Firms” and Article 30 and Article 33 of the “Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants” (Per Issue No. Financial-Supervisory-Securities-Zi-1090360289)	a) Enhancing information transparency of remuneration to directors, supervisors, and senior managers and reasonableness of its establishment: i. Adding that the remuneration paid to individual directors, supervisors, presidents, vice presidents, and consultants shall be disclosed: Amending the current stipulation that a company that has posted after-tax deficits in the parent company only financial reports or individual financial reports within “the two most recent fiscal years” shall disclose the remuneration paid to individual directors, supervisors, presidents, vice presidents, and consultants to “the three most recent fiscal years”. (Amendment to Article 28).	The Corporation takes measures in accordance with the regulations.

(Continued)

Important Policies Adopted in the Legal Environment at Home and Abroad in the Most Recent Fiscal Year	Effect on the Corporation's Financial Operations	Measures to Be Taken in Response
	<p>ii. Adding that the remuneration paid to each individual director and supervisor shall be disclosed if a company listed on the Taiwan Stock Exchange (TWSE) or the Taipei Exchange (TPEX) is ranked in the lowest tier in the corporate governance evaluation for the most recent fiscal year, or in the most recent fiscal year or up to the date of publication of the annual report for that year, the Corporation's securities have been placed under an altered trading method, suspended from trading, delisted from the TWSE or the TPEX, or the Corporate Governance Evaluation Committee has resolved that the Corporation shall be excluded from evaluation, or the average annual salary of the full-time non-supervisory employees in a TWSE or TPEX listed company is less than NT\$500,000. (Amendment to Article 28).</p>	

(Continued)

Important Policies Adopted in the Legal Environment at Home and Abroad in the Most Recent Fiscal Year	Effect on the Corporation's Financial Operations	Measures to Be Taken in Response
	<p>iii. Adding that a securities firm listed on the TWSE or the TPEX shall disclose the individual remuneration paid to each of its top five management personnel: Specifying that a securities firm that has posted after-tax deficits in the parent company only financial reports or individual financial reports within the three most recent fiscal years (this requirement, however, shall not apply if the Corporation has posted net income after tax and such net income after tax is sufficient to offset the accumulated deficits), or a securities firm listed on the Taiwan Stock Exchange (TWSE) or the Taipei Exchange (TPEX) is ranked in the lowest tier in the corporate governance evaluation for the most recent fiscal year, or in the most recent fiscal year or up to the date of publication of the annual report for that year, the Corporation's securities have been placed under an altered trading method, suspended from trading, delisted from the TWSE or the TPEX, or the Corporate Governance Evaluation Committee has resolved that the Corporation shall be excluded from evaluation shall disclose the remuneration paid to individual directors and supervisors. (Amendment to Article 28).</p>	

(Continued)

Important Policies Adopted in the Legal Environment at Home and Abroad in the Most Recent Fiscal Year	Effect on the Corporation's Financial Operations	Measures to Be Taken in Response
	b) Enhancing the quality for disclosure of non-financial information: Reducing the percentage to 10% from 15% by which or more when the audit fees paid for the current fiscal year are lower than those for the previous fiscal year, the reduction percentage of audit fees and other information shall be disclosed. (Amendment to Article 31).	

(Concluded)

4) Effect on the Corporation's financial operations of developments in science and technology, and industry

The advent of a digital finance era has brought about new market challenges for the financial industry. In order to rise to the new FinTech development trend, the Corporation has actively utilized with cloud services, Big Data, blockchain, deep learning, etc., and developed artificial intelligence investment and financial systems to gain a competitive advantage in the future. In the meantime, it is also proactively carrying out employee transformation and cultivation, training employees on the application of FinTech, combining digital technology and finance innovation, and building core competitiveness for the Corporation with digitalized branches and service platforms to fulfill investors' transaction demand. It will become the key to the future competition of securities companies when physical branches and salespeople have digitalized abilities.

5) Effect on the Corporation's crisis management of changes in the Corporation's corporate image, and measures to be taken in response

The Corporation's business policy always adheres to the business principles of "Ethics, Stability, Service, and Sustainability", providing high-quality, professional and differentiated services as the business philosophy and core value. The Corporation strengthens internal control and risk control mechanisms, enhances the corporate constitution and competitiveness, and provides professional and comprehensive services to the investing public, so there is no crisis of changing the corporate image.

6) Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken

Before the initiation of a merger and acquisition case, the Corporation will conduct all feasibility assessments and seek expert opinions to fully grasp the benefits and accompanying risks that can be generated after mergers and acquisitions, and conduct feasibility assessments, so all risks will be controlled with caution. There is no specific M&A plan by far.

- 7) Expected benefits and possible risks associated with any business place expansion, and mitigation measures being or to be taken

In response to continuous decrease in the trading volume in the securities market for recent years, the Corporation has adopted measures to consolidate branches and weed out the weak and retain the strong of salespersons, with the main goals of developing FinTech, employing Big Data, and creating a digitalized branch and service platforms. Therefore, the chance to adopt business place expansion for future development is slim. The Corporation has complied with the relevant regulations of the competent authority in business place expansion, and has had extensive experience in related establishment application procedures, so the potential risk is limited.

- 8) Risks associated with any consolidation of business operations, and mitigation measures being or to be taken

The Corporation's major customers include natural persons, legal persons, and qualified foreign institutional investors. There is no such issue that a single customer accounting for the customer structure is overly concentrated.

- 9) Effect upon and risk to the Corporation in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the Corporation has been transferred or has otherwise changed hands, and mitigation measures being or to be taken

In recent years, the shareholding structure of the Corporation's major shareholders has not changed significantly, indicating that the Corporation's equity is stable and no associated risks arise.

- 10) Effect upon and risk to company associated with any change in governance personnel or top management, and mitigation measures being or to be taken: None.

- 11) The Corporation and/or any Corporation director, any Corporation supervisor, the president, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the Corporation; and have been concluded by means of a final and unappeasable judgment, or are still under litigation. Where such a dispute which might materially affect shareholders' equity or the price of the Corporation's securities, as of the end of fiscal years

- a) Because the Corporation's former salespersons was engaged in the business of Type C advance not within the scope of the Corporation's business for fund collection before taking office, and was prosecuted for violation of the Banking Act of The Republic of China by the Taiwan Hsinchu District Prosecutors Office on August 2014. During the trial of the Criminal Court of Taiwan Hsinchu District Court, there were more than ten investors filing incidental civil lawsuits with amounts ranging from NT\$2,599 thousand to NT\$178,014 thousand, requesting the salesperson and the Corporation to jointly pay the above-mentioned amount and legal interest. Among the incidental civil lawsuits filed by more than ten investors, the Corporation has won the case in the first instance judgment rendered by the Civil Court of Taiwan Hsinchu District Court, and the case has been appealed to the Taiwan High Court by the plaintiffs (more than ten investors). At present, the judgment of second instance has been rendered in most of the appeal cases, only some of which are appealed to the Supreme Court of the third instance. For the appeal cases of the third instance, the Supreme Court has declared that the Corporation won the case on October 28, 2020, and all lawsuits in this case have been closed. This case does not have a material impact on shareholders' rights and interests or securities prices.

- b) The plaintiffs, a total of 28 persons, including former and current salespersons of the Corporation, jointly filed a lawsuit with the Taiwan Taipei District Court, requesting that the defendant deducted the back-office administrative service fee from their respective salary amounts receivable during their respective terms of office in November 2016. Later, during the trial of the court of first instance, one plaintiff withdrew the lawsuit and reduced the lawsuit claim, requesting a total of NT\$9,767 thousand and the legal interest thereof as the amount of compensation for damage. The Corporation has won the case in the first instance judgment rendered by the Taiwan Taipei District Court; however, among the plaintiffs there were 23 persons appealed to second instance, requesting a total of NT\$8,119 thousand and the legal interest thereof as the amount of compensation for damage. The Corporation has won the case in the second instance judgment rendered by the Taiwan High Court; however, among them 13 appellants dissatisfied and appealed to the Supreme Court, requesting a total of NT\$4,583 thousand and the legal interest thereof as the amount of compensation for damage. On August 21, 2020, the Supreme Court has declared that the Corporation won the lawsuit and the case was closed. This case does not have a material impact on shareholders' rights and interests or securities prices.
- c) The plaintiff Securities and Futures Investors Protection Center filed a class-action lawsuit against the total 27 defendants including the Corporation and XPEC Entertainment, requesting compensation for damage caused by the case in violations of the Securities and Exchange Act. The plaintiff sued the Corporation on August 23, 2017, requesting a total of NT\$4,112 thousand. The case is currently under the trial of the Taiwan Taipei District Court. This case does not have a material impact on shareholders' rights and interests or securities prices.
- d) The plaintiff is one of the Corporation's customers, claiming that the Corporation's former salesperson, with the intention of obtaining unlawful gains for himself/herself, did not carry out the purchase/sale of stock according to the brokerage order of the plaintiff and others, and embezzled all the amount paid to purchase shares, a total of approximately NT\$10,000 thousand, by the customer over the years. The former salesperson has been prosecuted by the Taiwan Chiayi District Prosecutors Office for offenses of breach of trust. The plaintiff and others recognized that the former salesperson was a salesperson of the Corporation when committing a crime, so they filed an incidental civil lawsuit against the Corporation and the former salesperson on November 8, 2019, requesting the Corporation and the former salesperson to bear joint and several liabilities for the damage compensation, a total of NT\$9,940 thousand (current 5,940 thousand). The case is currently under the trial by the Taiwan Chiayi District Court. This case does not have a material impact on shareholders' rights and interests or securities prices.
- e) The Corporation filed criminal proceedings against a natural person with the last name Wang on January 11, 2021 for offenses against reputation and credit and violation of criminal aggravated defamation. The case is currently under the investigation of the Taipei City Police Department and is then sent to the Taiwan Taipei District Prosecutor's Office. This case does not have a material impact on shareholders' rights and interests or securities prices.
- f) The 8 plaintiffs filed a lawsuit claiming that the Corporation handled the affairs concerning proxy soliciting for attending a shareholders meeting and voting rights at the shareholders meeting, as the Corporation's managerial officer violated the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies when allocating the numbers of votes in the election of directors, and thus caused damage to the rights and interests of 8 plaintiffs. Because the managerial officer was appointed by the Corporation, the plaintiff filed a civil action against the Corporation and the managerial officer, requesting the Corporation and the managerial officer to bear joint and several liabilities for the damage compensation, a total of NT\$9,624 thousand. The case is currently under the trial of the Taiwan Taipei District Court, and does not have a material impact on shareholders' rights and interests or securities prices.

- g) As the customer of the Corporation's Nan-kan Branch breaching the contract was reported on February 12, 2003, the Corporation filed a motion to Taiwan Taoyuan District Court for issuance of a payment order in a total amount of NT\$721 thousand on April 7, 2003. The payment order has been verified, and the certificate of the obligatory claim has been issued. Now the amount has been fully paid off by the customer in this case on November 9, 2020. This case does not have a material impact on shareholders' rights and interests or securities prices.
- h) As the customer of the Corporation's Yanping Branch (formerly Chengchung Branch) breaching the contract was reported on October 2, 2006, the Corporation filed a motion to Taipei District Court for issuance of a payment order in a total amount of NT\$289 thousand on December 15, 2016. The payment order has been verified. Now the Corporation applies for compulsory enforcement; however, the amount is not paid off. The certificate of the obligatory claim has been issued, and the Corporation will continue to recover the debt from the debtor. This case does not have a material impact on shareholders' rights and interests or securities prices.
- i) As the customer of the Corporation's Taichung Branch (formerly Yuanlin Branch) breaching the contract was reported on September 9, 2008, the Corporation made a settlement transcript with the debtor in Taiwan Taichung District Court in a total settlement amount of NT\$4,041 thousand on June 4, 2009. The Corporation applies for compulsory enforcement; however, the amount is not paid off. The certificate of the obligatory claim has been issued, and the Corporation will continue to recover the debt from the debtor. This case does not have a material impact on shareholders' rights and interests or securities prices.
- j) As the customer of the Corporation's Taichung Branch (formerly Yuanlin Branch) breaching the contract was reported on September 9, 2008, the Corporation made a settlement transcript with the debtor in Taiwan Taichung District Court in a total settlement amount of NT\$2,917 thousand on June 4, 2009. The Corporation applies for compulsory enforcement; however, the amount is not paid off. The certificate of the obligatory claim has been issued, and the Corporation will continue to recover the debt from the debtor. This case does not have a material impact on shareholders' rights and interests or securities prices.
- k) As the customer of the Corporation's Taichung Branch breaching the contract was reported on February 23, 2009, the Corporation filed a motion to Taiwan Changhua District Court for issuance of a payment order in a total amount of NT\$5,996 thousand on March 2, 2009. The payment order has been verified. Now the Corporation applies for compulsory enforcement; however, the amount is not paid off. The certificate of the obligatory claim has been issued, and the Corporation will continue to recover the payment from the debtor. This case does not have a material impact on shareholders' rights and interests or securities prices.
- l) As the customer of the Corporation's Taichung Branch breaching the contract was reported on February 23, 2009, the Corporation filed a motion to Taiwan Changhua District Court for issuance of a payment order in a total amount of NT\$6,119 thousand on March 2, 2009. The payment order has been verified. Now the Corporation applies for compulsory enforcement; however, the amount is not paid off. The certificate of the obligatory claim has been issued, and the Corporation will continue to recover the debt from the debtor. This case does not have a material impact on shareholders' rights and interests or securities prices.
- m) As the customer of the Corporation's Yonghe Branch breaching the contract was reported on May 19, 2017, the Corporation filed a motion to Taiwan Shihlin District Court for issuance of a payment order in a total amount of NT\$73,147 thousand on July 18, 2017. The payment order has been verified. Now the Corporation applies for compulsory enforcement; however, the amount is not paid off. The certificate of the obligatory claim has been issued, and the Corporation will continue to recover the debt from the debtor. This case does not have a material impact on shareholders' rights and interests or securities prices.

- n) As the customer of the Corporation's Yonghe Branch breaching the contract was reported on May 19, 2017, the Corporation filed a motion to Taiwan New Taipei District Court for issuance of a payment order in a total amount of NT\$12,527 thousand on July 18, 2017. The payment order has been verified. Now the debtor continues to pay the debt. This case does not have a material impact on shareholders' rights and interests or securities prices.
- o) As the customer of the Corporation's Renai Branch breaching the contract was reported in May 2018 and the customer did not repay the amount as scheduled after an agreement was reached, the Corporation filed a motion to Taiwan Taipei District Court for ruling on promissory notes in a total amount of NT\$2,520 thousand in July 2018. The ruling on promissory notes has been verified. Now the Corporation applies for compulsory enforcement; however, the amount is not paid off. The certificate of the obligatory claim has been issued, and the Corporation will continue to recover the debt from the debtor. This case does not have a material impact on shareholders' rights and interests or securities prices.
- p) As the customer of the Corporation's Shipai Branch breaching the contract was reported on November 2018, the Corporation filed a motion to Taiwan Shihlin District Court for issuance of a payment order in a total amount of NT\$3,397 thousand in December 2018. The payment order has been verified. Now the Corporation applies for compulsory enforcement; however, the amount is not paid off. The certificate of the obligatory claim has been issued, and the Corporation will continue to recover the debt from the debtor. This case does not have a material impact on shareholders' rights and interests or securities prices.
- q) As the customer of the Corporation's Shipai Branch breaching the contract was reported on November 2018, the Corporation filed a motion to Taiwan New Taipei District Court for issuance of a payment order in a total amount of NT\$959 thousand in December 2018. The payment order has been verified. Now the Corporation applies for compulsory enforcement; however, the amount is not paid off. The certificate of the obligatory claim has been issued, and the Corporation will continue to recover the debt from the debtor. This case does not have a material impact on shareholders' rights and interests or securities prices.
- r) As the customer of the Corporation's Kaohsiung Branch breaching the contract was reported on February 3, 2020, the Corporation filed a motion to Taiwan Taipei District Court for ruling on promissory notes in a total amount of NT\$171 thousand in February 2020. The ruling on promissory notes has been verified. Now the Corporation applies for compulsory enforcement; however, the amount is not paid off. The certificate of the obligatory claim has been issued, and the Corporation will continue to recover the debt from the debtor. This case does not have a material impact on shareholders' rights and interests or securities prices.
- s) As the customer of the Corporation's Brokerage Department breaching the contract was reported on November 6, 2020, the Corporation filed a motion to Taiwan New Taipei District Court for provisional attachment, and a ruling of approved was made. Now the Corporation has filed a motion to Taiwan New Taipei District Court for issuance of a payment order in a total amount of NT\$136 thousand on January 8, 2021. The payment order is now pending issued by the Taiwan New Taipei District Court. This case does not have a material impact on shareholders' rights and interests or securities prices.

12) Other important risks, and mitigation measures being or to be taken: None.

g. Crisis management mechanisms

In accordance with the Corporation's regulation of material contingencies reporting and emergency procedure, matters that have a significant impact on the Corporation's finance, business, shareholders' rights and interests or securities prices, are described as follows:

- 1) Man-made or natural disasters (such as earthquakes, floods, fire, hurricanes, etc.)

- 2) Fraud due to insufficient internal control or material deficiencies during the processes of transactions and operations (such as misstatements on financial and business information, serious violation of operating procedures or regulations, etc.)
- 3) Safety maintenance (such as abrupt taking, robbery, felonious larceny, extortion, damage of office or equipment, etc.)
- 4) Business conduct or unethical behaviors that result in significant losses in finance, goodwill or litigation, etc.
- 5) Media reports that have an impact on goodwill.
- 6) Cyber security incidents that result in damage to the rights and interests of customers or influence the Corporation's sound operations, for example, level 1 to level 3 cyber security incidents on the securities and futures market.
- 7) When accepting the examination of authorities, it refers to "involving the material violation of regulations or deficiencies in the internal control" in the financial examination report, where the result of legal penalty might have a material impact on the Corporation.
- 8) Other material matters

The above material matters are not determined solely by the loss amount. Non-quantitative matter are considered material when they endanger the operations of the Corporation and the order of finance, even if there is no monetary loss.

When a material matter occurs, if necessary, the "Emergency Response Team" shall be convened by the Corporation's chairman as convenor and president as vice convenor and business executive supervisor to deal with any contingencies immediately.

The Corporation also values the severity of the operation crisis. If necessary, an interim board of directors meeting shall be convened. Management reports to directors about the occurrence, cause, response procedures, etc., and comes up with the countermeasures responsive to those emergencies together with the directors.

In addition, the Corporation also established the "emergencies countermeasures operation procedures" to respond to the damage from typhoons, earthquakes, floods, fire, power outage, toxic gas leakage, infectious disease, etc. to maintain business operations and ensure employees' safety.

h. Other important matters: None

4. CPA INFORMATION

a. Information regarding the Corporation's audit fee and independence

CPA Professional Fee Range Table:

Name of Accounting Firm	Name of CPA		Audit Period	Remark
Deloitte Taiwan	CHUANG, PI-YU	SHIH, CHING-PIN	2020 Q1-Q2	-

Name of Accounting Firm	Name of CPA		Audit Period	Remark
Deloitte Taiwan	CHUANG, PI-YU	HUANG, HSIU-CHUN	2020 Q3-Q4	-

Expressed in Thousands of NT\$

Professional Fee Details		Audit Fees	Non-audit Fees	Total
Fee Range				
1	Less than NT\$2,000 thousand	\$ -	\$ 1,031	\$ 1,031
2	NT\$2,000 thousand (inclusive) - NT\$4,000 thousand	2,900	-	2,900
3	NT\$4,000 thousand (inclusive) - NT\$6,000 thousand	-	-	-
4	NT\$6,000 thousand (inclusive) - NT\$8,000 thousand	-	-	-
5	NT\$8,000 thousand (inclusive) - NT\$10,000 thousand	-	-	-
6	More than NT\$10,000 thousand (inclusive)	-	-	-

- 1) Non-audit fees are one quarter or more of the audit fees:

Name of Accounting Firm	Name of CPA	Audit Fees	Non-audit Fees					CPA Audit Period	Remark
			System Design	Business Registration	Human Resources	Others	Subtotal		
Deloitte Taiwan	CHUANG, PI-YU	NT\$ 2,900 thousand	\$ -	\$ -	\$ -	NT\$ 743 thousand	NT\$ 743 thousand	Full-year 2020	Note 1
	SHIH, CHING-PIN								
	HUANG, HSIU-CHUN								
PwC Taiwan	HSU, LIN-SHUN	-	-	-	-	NT\$ 288 thousand	NT\$ 288 thousand	October and November in 2020	Note 2
	YAO, CHING-JU								

Note 1: Others mainly including CRS compliance operation and other professional fees.

Note 2: Others mainly including internal control system special audit.

- 2) When the Corporation changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year: None.
- 3) When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more: None.
- b. Information on replacement of certified public accountant
- Because of job rotation within the accounting firm, the CPAs CHUANG, PI-YU and SHIH, CHING-PIN were replaced by CHUANG, PI-YU and HUANG, HSIU-CHUN.
- c. Where the corporation's chairman, president, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm: None.