

Concord Securities Co., Ltd.

**Financial Statements for the
Years Ended December 31, 2021 and 2020 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, 2021 and 2020, 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, 2021 and 2020, 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, 2021. 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, 2021 is as follows:

Accuracy of Brokerage Handling Fee Revenue

Brokerage handling fee revenue of the Corporation amounted to \$1,401,304 thousand in 2021. The calculation of discounts on brokerage handling fee revenue is complicated since it varies based on counterparties, ways of placing orders and transaction volume, and any calculation errors in the discounts will affect the accuracy of brokerage handling fee revenue. Therefore, the accuracy of brokerage handling fee revenue is identified as the key audit matter for the year ended December 31, 2021.

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

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

Other Matter

We did not audit the financial statements of some investments accounted for using equity method included in the financial statements for the years ended December 31, 2021 and 2020, 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, 2021 and 2020, the total investments in subsidiaries amounted to \$565,528 thousand and \$577,414 thousand, accounting for 1.66% and 1.84% of total assets, respectively; for the years ended December 31, 2021 and 2020, the share of the comprehensive income or loss of these subsidiaries amounted to a loss of \$11,886 thousand and a gain of \$29,578 thousand, which accounted for (0.86%) and 2.51% 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, 2021 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 17, 2022

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, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

ASSETS	2021		2020	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6 and 28)	\$ 1,197,568	4	\$ 2,895,595	9
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 28)	8,585,042	25	10,172,525	32
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	27,802	-	15,808	-
Margin loans receivable (Notes 4, 9 and 28)	7,629,748	23	4,695,748	15
Refinancing margin (Notes 4 and 9)	6,910	-	17,314	-
Refinancing collateral receivable (Notes 4 and 9)	6,732	-	14,462	-
Security borrowing collateral price (Notes 4 and 9)	523,023	2	429,612	1
Security borrowing margin (Notes 4 and 9)	474,557	1	389,179	1
Notes receivable (Notes 4 and 9)	146	-	64	-
Accounts receivable (Notes 4, 9 and 28)	6,861,166	20	5,915,650	19
Prepayments	8,205	-	6,507	-
Other receivables (Notes 4, 9 and 28)	6,372	-	6,450	-
Other financial assets - current (Notes 4 and 10)	64,360	-	198,798	1
Current tax assets (Notes 4 and 24)	-	-	11,402	-
Restricted assets - current (Note 29)	317,157	1	225,150	1
Other current assets	<u>1,698,812</u>	<u>5</u>	<u>268,873</u>	<u>1</u>
Total current assets	<u>27,407,600</u>	<u>81</u>	<u>25,263,137</u>	<u>80</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 5 and 8)	2,554,574	7	1,944,419	6
Investments accounted for using equity method (Notes 4 and 11)	1,901,340	6	2,093,751	7
Property and equipment (Notes 4, 12 and 29)	786,949	2	785,072	2
Right-of-use assets (Notes 4, 13 and 28)	118,230	-	65,533	-
Investment property (Notes 4, 14 and 29)	559,693	2	561,717	2
Intangible assets (Notes 4 and 15)	9,181	-	10,443	-
Deferred tax assets (Notes 4 and 24)	125,818	-	197,332	1
Other non-current assets (Note 16)	<u>518,062</u>	<u>2</u>	<u>482,694</u>	<u>2</u>
Total non-current assets	<u>6,573,847</u>	<u>19</u>	<u>6,140,961</u>	<u>20</u>
TOTAL	<u>\$ 33,981,447</u>	<u>100</u>	<u>\$ 31,404,098</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 17 and 29)	\$ 1,650,000	5	\$ 390,000	1
Commercial paper payable (Notes 17 and 29)	4,164,759	12	6,557,680	21
Financial liabilities at fair value through profit or loss - current (Notes 4, 7 and 28)	2,761,630	8	1,736,118	6
Liabilities for bonds with attached repurchase agreements (Notes 4, 18 and 28)	4,098,467	12	4,879,368	16
Securities financing refundable deposits (Note 4)	313,901	1	395,326	1
Deposits payable for securities financing (Note 4)	503,833	2	435,170	1
Refinancing borrowings (Note 4)	1,800,556	5	-	-
Accounts payable (Notes 19 and 28)	5,720,837	17	7,487,122	24
Other payables (Note 28)	662,468	2	463,837	2
Other financial liabilities - current (Note 20)	756,678	2	-	-
Current tax liabilities (Notes 4 and 24)	119,458	1	99,101	-
Provisions - current (Note 4)	20,606	-	19,447	-
Lease liabilities - current (Notes 4, 13 and 28)	38,268	-	43,559	-
Other current liabilities	<u>1,675,337</u>	<u>5</u>	<u>251,206</u>	<u>1</u>
Total current liabilities	<u>24,286,798</u>	<u>72</u>	<u>22,757,934</u>	<u>73</u>
NON-CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss - non-current (Notes 4 and 7)	520,297	1	215,244	1
Provisions - non-current (Note 4)	12,080	-	12,880	-
Lease liabilities - non-current (Notes 4, 13 and 28)	79,196	-	20,809	-
Deferred tax liabilities (Notes 4 and 24)	776	-	666	-
Guarantee deposits received (Note 28)	3,794	-	3,784	-
Net defined benefit liabilities - non-current (Notes 4 and 21)	<u>203,511</u>	<u>1</u>	<u>179,984</u>	<u>-</u>
Total non-current liabilities	<u>819,654</u>	<u>2</u>	<u>433,367</u>	<u>1</u>
Total liabilities	<u>25,106,452</u>	<u>74</u>	<u>23,191,301</u>	<u>74</u>
EQUITY (Notes 4, 8, 11, 21, 22, 24 and 27)				
Share capital	<u>5,944,550</u>	<u>17</u>	<u>5,944,550</u>	<u>19</u>
Capital surplus	<u>175,320</u>	<u>1</u>	<u>175,307</u>	<u>1</u>
Retained earnings				
Legal reserve	132,144	-	28,684	-
Special reserve	821,171	3	614,251	2
Unappropriated retained earnings	<u>1,338,562</u>	<u>4</u>	<u>1,040,583</u>	<u>3</u>
Total retained earnings	<u>2,291,877</u>	<u>7</u>	<u>1,683,518</u>	<u>5</u>
Other equity	<u>463,248</u>	<u>1</u>	<u>409,422</u>	<u>1</u>
Treasury shares	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total equity	<u>8,874,995</u>	<u>26</u>	<u>8,212,797</u>	<u>26</u>
TOTAL	<u>\$ 33,981,447</u>	<u>100</u>	<u>\$ 31,404,098</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated March 17, 2022)

CONCORD SECURITIES CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
REVENUE (Notes 4 and 23)				
Brokerage handling fee revenue (Note 28)	\$ 1,454,428	40	\$ 903,706	35
Income from securities lending	29,987	1	30,438	1
Revenue from underwriting commission	41,303	1	41,178	2
Gains on sale of operating securities, net	1,565,238	43	1,270,402	49
Revenue from providing agency service for stock affairs (Note 28)	24,999	1	22,066	1
Interest income (Note 28)	390,181	11	219,521	8
Dividend income	277,662	8	478,240	19
Valuation gains on operating securities at fair value through profit or loss, net	205,003	6	456,151	18
Gains (losses) on covering of borrowed securities and bonds with resale agreements - short sales, net	(145,953)	(4)	29,011	1
Valuation gains (losses) on borrowed securities and bonds with resale agreements - short sales at fair value through profit or loss, net	22,430	1	(96,473)	(4)
Gains (losses) on issuance of call (put) warrants, net	(163,570)	(5)	7,386	-
Futures commission income (Note 28)	12,869	-	14,878	1
Gains (losses) on derivative instruments - futures, net	656	-	(321,958)	(13)
Losses on derivative instruments - OTC, net (Note 28)	(106,235)	(3)	(465,875)	(18)
Expected credit loss (Notes 8 and 9)	(3,081)	-	(1,195)	-
Other operating income (losses) (Note 28)	2,612	-	(7,678)	-
Total revenue	3,608,529	100	2,579,798	100
COSTS AND EXPENSES (Notes 4 and 23)				
Brokerage handling fee expenses	(125,650)	(4)	(66,962)	(3)
Proprietary handling fee expenses	(10,319)	-	(8,774)	-
Refinancing handling fee expenses	(630)	-	(689)	-
Finance costs (Note 28)	(61,523)	(2)	(51,761)	(2)
Loss from securities borrowing transactions	(6,982)	-	-	-
Securities commission expenses (Note 28)	(8,512)	-	(5,055)	-
Clearing and settlement expenses (Note 28)	(4,462)	-	(3,422)	-
Other operating costs (Note 28)	(35,809)	(1)	(28,279)	(1)
Employee benefits expense (Notes 21 and 28)	(1,415,235)	(39)	(1,071,269)	(42)
Depreciation and amortization expense (Notes 12, 13, 14 and 15)	(76,849)	(2)	(75,779)	(3)
Other operating expenses (Note 28)	(483,308)	(14)	(398,439)	(15)
Total costs and expenses	(2,229,279)	(62)	(1,710,429)	(66)

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CONCORD SECURITIES CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
OPERATING PROFIT	\$ 1,379,250	38	\$ 869,369	34
NON-OPERATING INCOME AND EXPENSES (Notes 4 and 23)				
Share of profit of subsidiaries accounted for using equity method (Note 11)	73,456	2	138,544	5
Other gains and losses (Note 28)	91,329	3	101,313	4
Total non-operating income and expenses	164,785	5	239,857	9
PROFIT BEFORE INCOME TAX	1,544,035	43	1,109,226	43
INCOME TAX EXPENSE (Notes 4 and 24)	(158,112)	(5)	(24,250)	(1)
NET PROFIT FOR THE YEAR	1,385,923	38	1,084,976	42
OTHER COMPREHENSIVE INCOME (Notes 4, 11, 21, 22 and 24)				
Items that will not be reclassified subsequently to profit or loss				
Losses on remeasurement of defined benefit plans	(65,086)	(2)	(65,336)	(3)
Unrealized gains on investments in equity instruments measured at fair value through other comprehensive income	65,417	2	79,568	3
Share of other comprehensive income or loss of subsidiaries accounted for using equity method	(8,314)	-	64,151	3
Income tax relating to items that will not be reclassified subsequently to profit or loss	13,017	-	13,067	1
	5,034	-	91,450	4

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CONCORD SECURITIES CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss				
Exchange differences on the translation of foreign operations	\$ 5,464	-	\$ (6,856)	-
Unrealized gains (losses) on investments in debt instruments measured at fair value through other comprehensive income	(7,221)	-	8,087	-
Income tax relating to items that may be reclassified subsequently to profit or loss	(1,780)	-	185	-
	<u>(3,537)</u>	<u>-</u>	<u>1,416</u>	<u>-</u>
Other comprehensive income for the year, net of income tax	<u>1,497</u>	<u>-</u>	<u>92,866</u>	<u>4</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,387,420</u>	<u>38</u>	<u>\$ 1,177,842</u>	<u>46</u>
EARNINGS PER SHARE (Note 25)				
Basic	<u>\$ 2.33</u>		<u>\$ 1.83</u>	
Diluted	<u>\$ 2.32</u>		<u>\$ 1.82</u>	

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

(With Deloitte & Touche auditors' report dated March 17, 2022)

(Concluded)

CONCORD SECURITIES CO., LTD.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	Share Capital (Note 22)	Capital Surplus (Note 22)	Retained Earnings (Notes 21, 22 and 24)			Other Equity (Notes 4, 8, 11, 22, 24 and 27)		Treasury Shares (Note 22)	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Retained Earnings	Exchange Differences on the Translation of Foreign Operations	Unrealized Gains on Financial Assets Measured at Fair Value Through Other Comprehensive Income		
BALANCE AT JANUARY 1, 2020	\$ 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	5,944,550	175,307	28,684	614,251	1,040,583	(11,116)	420,538	-	8,212,797
Appropriation of 2020 earnings									
Legal reserve	-	-	103,460	-	(103,460)	-	-	-	-
Special reserve	-	-	-	206,920	(206,920)	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(725,235)	-	-	-	(725,235)
Other changes in capital surplus									
Exercise of disgorgement	-	13	-	-	-	-	-	-	13
Net profit for the year ended December 31, 2021	-	-	-	-	1,385,923	-	-	-	1,385,923
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	(52,329)	3,684	50,142	-	1,497
Total comprehensive income for the year ended December 31, 2021	-	-	-	-	1,333,594	3,684	50,142	-	1,387,420
BALANCE AT DECEMBER 31, 2021	<u>\$ 5,944,550</u>	<u>\$ 175,320</u>	<u>\$ 132,144</u>	<u>\$ 821,171</u>	<u>\$ 1,338,562</u>	<u>\$ (7,432)</u>	<u>\$ 470,680</u>	<u>\$ -</u>	<u>\$ 8,874,995</u>

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

(With Deloitte & Touche auditors' report dated March 17, 2022)

CONCORD SECURITIES CO., LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 1,544,035	\$ 1,109,226
Adjustments for:		
Depreciation expense	71,259	69,589
Amortization expense	5,590	6,190
Expected credit loss	3,081	1,195
Net gain on financial assets and liabilities at fair value through profit or loss	(227,433)	(367,709)
Finance costs	61,523	51,761
Interest income (including financial income)	(395,080)	(228,278)
Dividend income	(295,804)	(489,078)
Share of profit of subsidiaries accounted for using equity method	(73,456)	(138,544)
Loss (gain) on disposal of property and equipment	(324)	16
Loss on disposal of investments	8,495	1,030
Gain on lease modifications	-	(13)
Changes in operating assets and liabilities		
Decrease (increase) in financial assets at fair value through profit or loss	1,783,709	(2,934,257)
Decrease in bond investments under resale agreements	-	697,687
Increase in margin loans receivable	(2,934,946)	(1,260,517)
Decrease (increase) in refinancing margin	10,404	(17,287)
Decrease (increase) in refinancing collateral receivable	7,730	(14,439)
Increase in security borrowing collateral price	(93,411)	(327,818)
Increase in security borrowing margin	(85,378)	(296,628)
Decrease (increase) in notes receivable	(82)	19
Increase in accounts receivable	(945,875)	(2,145,336)
Decrease (increase) in prepayments	(1,698)	953
Decrease (increase) in other receivables	(1,996)	780
Decrease (increase) in other financial assets	134,438	(178,798)
Increase in other current assets	(1,521,946)	(55,348)
Increase (decrease) in liabilities for bonds with attached repurchase agreements	(780,901)	1,692,110
Increase in financial liabilities at fair value through profit or loss	1,353,250	775,147
Increase (decrease) in securities financing refundable deposits	(81,425)	40,969
Increase in deposits payable for securities financing	68,663	23,148
Increase in refinancing borrowings	1,800,556	-
Decrease in security lending refundable deposits	-	(2,780)
Increase (decrease) in accounts payable	(1,766,131)	3,853,929
Increase in other payables	198,003	285,414
Decrease in net defined benefit liabilities	(41,559)	(40,021)
Increase (decrease) in provisions	359	(198)
Increase in other financial liabilities	756,678	-
Increase in other current liabilities	<u>1,424,131</u>	<u>219,860</u>
Cash generated from (used in) operations	(15,541)	331,974
Interest received	394,826	221,415

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CONCORD SECURITIES CO., LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
Dividends received	\$ 278,976	\$ 477,065
Interest paid	(60,657)	(50,447)
Income tax paid	<u>(43,492)</u>	<u>(4,606)</u>
Net cash generated from operating activities	<u>554,112</u>	<u>975,401</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(584,825)	(819,760)
Proceeds from disposal of financial assets at fair value through other comprehensive income	15,781	-
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	4,329	6,600
Increase in investments accounted for using equity method	-	(19,500)
Proceeds from disposal of investments accounted for using equity method	180,681	-
Acquisition of property and equipment	(20,785)	(19,021)
Proceeds from disposal of property and equipment	675	-
Increase in clearing and settlement fund	(22,259)	(101)
Increase in refundable deposits	(8,040)	(1,291)
Acquisition of intangible assets	(3,811)	(6,445)
Increase in other non-current assets	(10,816)	(5,966)
Dividends received	<u>95,055</u>	<u>73,130</u>
Net cash used in investing activities	<u>(354,015)</u>	<u>(792,354)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	1,260,000	390,000
Increase in commercial paper payable	-	1,170,000
Decrease in commercial papers payable	(2,393,000)	-
Increase in guarantee deposits received	10	-
Decrease in guarantee deposits received	-	(591)
Payments of lease liabilities	(45,362)	(45,782)
Cash dividends paid	(725,235)	(194,807)
Payments to acquire treasury shares	-	(17,263)
Exercise of disgorgement	<u>13</u>	<u>-</u>
Net cash generated from (used in) financing activities	<u>(1,903,574)</u>	<u>1,301,557</u>

(Continued)

CONCORD SECURITIES CO., LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	\$ <u>5,450</u>	\$ <u>(5,864)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,698,027)	1,478,740
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>2,895,595</u>	<u>1,416,855</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,197,568</u>	<u>\$ 2,895,595</u>

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

(With Deloitte & Touche auditors' report dated March 17, 2022)

(Concluded)

CONCORD SECURITIES CO., LTD.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(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, 2021, 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 17, 2022.

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:

- Amendments to IFRS 16 “Covid-19-Related Rent Concessions” and “Covid-19-Related Rent Concessions beyond 30 June 2021”

The Corporation elected to apply the practical expedient provided in the amendments 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.

The Corporation applies the amendments from January 1, 2021 and since the abovementioned rent concessions is applicable from 2021, the recognition of the cumulative effect of retrospective application does not affect retained earnings on January 1, 2021.

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

New, Revised or Amended Standards and Interpretations	Effective Date Announced by IASB
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 1)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 2)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 3)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 4)

Note 1: 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 2: 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 3: 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 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

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)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	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 2)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 3)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 4)

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

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: 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.

Note 4: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

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 profit, other comprehensive income and equity attributable to shareholders of the parent in the consolidated financial statements, the differences of the accounting treatment between the parent company only basis and the consolidated basis are adjusted under the heading of investments accounted for using equity method, share of profits of subsidiaries and associates and share of other comprehensive income of subsidiaries and associates in the parent company only financial statements.

Classification of Current and Non-current Assets and Liabilities

Current assets include:

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

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

Current liabilities include:

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

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

Foreign Currencies

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

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

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

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

Investments Accounted for Using Equity Method

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

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

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

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

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

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

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

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

Property and Equipment

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

Except for freehold land which is not depreciated, property and equipment are depreciated on a straight-line basis over their estimated useful lives. Each significant part is depreciated separately. The estimated useful lives, residual value and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

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

Investment Property

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

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

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

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

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

Intangible Assets

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

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

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

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

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

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

Financial Instruments

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

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

a. Financial assets

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

1) Measurement category

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

a) Financial assets at FVTPL

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

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

b) Financial assets at amortized cost

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

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

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

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

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

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

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

c) Investments in debt instruments at FVTOCI

Investments in debt instruments that meet the following conditions are subsequently measured at FVTOCI:

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

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

d) Investments in equity instruments at FVTOCI

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

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

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

2) Impairment of financial assets

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

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

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

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

3) Derecognition of financial assets

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

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

b. Equity instruments

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

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

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

c. Financial liabilities

1) Subsequent measurement

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

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

Financial liabilities held for trading are stated at fair value, and any interest paid on such financial liabilities is recognized in finance costs; any remeasurement gains or losses on such financial liabilities are recognized in profit or loss. Fair value is determined in the manner described in Note 27.

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

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

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

For a financial liability designated as at FVTPL, the amount of changes in fair value attributable to changes in the credit risk of the liability is presented in other comprehensive income and will not be subsequently reclassified to profit or loss. The gain or loss accumulated in other comprehensive income will be reclassified to retained earnings when the financial liability is derecognized. The remaining amount of changes in the fair value of that liability is presented in profit or loss. If the fair value changes recognized in other comprehensive are attributable to credit risk, and this accounting treatment would create or enlarge an accounting mismatch, all changes in fair value of the liability are presented in profit or loss. Fair value is determined in the manner described in Note 27.

2) Derecognition of financial liabilities

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

d. Derivative financial instruments

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

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

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

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

Repurchase and Resale Transactions

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

Margin Loans and Securities Financing

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

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

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

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

Securities Business Money Lending and Securities Lending

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

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

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

Operation Guarantee Deposits

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

Clearing and Settlement Fund

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

Provisions

Provisions are measured at the best estimate of the consideration required to settle the 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 accumulated impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

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

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

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

The Corporation negotiates with the lessor for rent concessions as a direct consequence of the Covid-19 to change the lease payments originally due by June 30, 2022, that results in the revised consideration for the lease less than the consideration for the lease immediately preceding the change. There is no substantive change to other terms and conditions. The Corporation elects to apply the practical expedient to all of these rent concessions and, therefore, does not assess whether the rent concessions are lease modifications. Instead, the Corporation recognizes the reduction in lease payment in profit or loss as a deduction of depreciation 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 recognized in the year the shareholders approve to the appropriation of earnings.

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

b. Deferred tax

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

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

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. Deferred tax asset which originally not recognized is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

c. Current and deferred taxes for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Corporation's accounting policies, management is required to make judgments, estimations, and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Corporation considers the possible impact of the recent development of the COVID-19 in Taiwan and its economic environment implications when making its critical accounting estimates on cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Key Sources of Estimation and Uncertainty

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

The Corporation determines the fair value of financial instruments with no public quotes in an active market using valuation methods. Refer to Note 27 for the related assumptions, estimates and book value.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2021	2020
Checking and demand deposits	\$ 719,503	\$ 1,322,119
Foreign currency deposits	256,668	977,425
Cash equivalents		
Excess futures trading margin	221,397	246,146
Short-term bills	-	349,905
	<u>\$ 1,197,568</u>	<u>\$ 2,895,595</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	
	2021	2020
Short-term bills	-	0.17%-0.19%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2021	2020
<u>Financial assets at FVTPL - current</u>		
Financial assets mandatorily measured at FVTPL		
Operating securities - proprietary	\$ 6,613,343	\$ 9,282,809
Operating securities - underwriting	24,538	22,380
Operating securities - hedging	1,315,716	498,898
Futures margin - own funds	105,519	149,181
Call options - non-hedging	-	17,390
Derivative assets - OTC		
Value of asset swap IRS contracts	5,967	6,380
Asset swap options	<u>519,959</u>	<u>195,487</u>
	<u>\$ 8,585,042</u>	<u>\$ 10,172,525</u>
<u>Financial liabilities at FVTPL - current</u>		
Financial liabilities held for trading		
Warrants liabilities	\$ 4,083,550	\$ 2,067,535
Warrants redeemed	(3,905,570)	(1,993,765)
Put options - TAIFEX	-	13,965
Settlement coverage bonds payable of short sale	346,869	-
Liabilities on sale of borrowed securities - hedging	695,972	531,508
Liabilities on sale of borrowed securities - non-hedging	13,233	-
Derivative liabilities - OTC		
Value of asset swap IRS contracts	51,365	32,015
Asset swap options	1,224,650	773,814
Structured instruments	2,191	-
Equity derivatives	<u>74,498</u>	<u>39,740</u>
	2,586,758	1,464,812
Financial liabilities designated as at FVTPL		
Structured instruments	<u>174,872</u>	<u>271,306</u>
	<u>\$ 2,761,630</u>	<u>\$ 1,736,118</u>
<u>Financial liabilities at FVTPL - non-current</u>		
Financial liabilities designated as at FVTPL		
Structured instruments	<u>\$ 520,297</u>	<u>\$ 215,244</u>

a. Operating securities - proprietary

	December 31	
	2021	2020
<u>Current</u>		
Government bonds	\$ 658,315	\$ 1,873,435
Corporate bonds	200,256	200,256
Listed shares	669,909	2,068,569
Shares and convertible bonds traded in the OTC market	3,857,272	3,125,971
Emerging shares	219,023	213,993
Foreign shares and bonds	262,505	368,213
Beneficiary securities	<u>97,693</u>	<u>960,358</u>
	5,964,973	8,810,795
Valuation adjustments	<u>648,370</u>	<u>472,014</u>
	<u>\$ 6,613,343</u>	<u>\$ 9,282,809</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	
	2021	2020
Government bonds	0.50%-1.75%	0.25%-1.75%
Corporate bonds	1.04%	1.04%

As of December 31, 2021 and 2020, the face values of the Corporation's proprietary securities and bond investments under resale agreements were \$4,055,529 thousand and \$4,672,760 thousand, respectively, were provided for repurchase agreements.

b. Operating securities - underwriting

	December 31	
	2021	2020
Listed and OTC shares and convertible bonds	\$ 20,946	\$ 22,093
Valuation adjustments	<u>3,592</u>	<u>287</u>
	<u>\$ 24,538</u>	<u>\$ 22,380</u>

c. Operating securities - hedging

	December 31	
	2021	2020
Listed shares and warrants	\$ 1,009,536	\$ 332,591
Shares, warrants and convertible bonds traded in the OTC market	<u>253,633</u>	<u>138,820</u>
	1,263,169	471,411
Valuation adjustments	<u>52,547</u>	<u>27,487</u>
	<u>\$ 1,315,716</u>	<u>\$ 498,898</u>

d. Warrants

	December 31	
	2021	2020
Warrants liabilities	\$ 4,097,368	\$ 1,803,865
Losses (gains) on changes in fair value	<u>(13,818)</u>	<u>263,670</u>
	<u>4,083,550</u>	<u>2,067,535</u>
Warrants redeemed	3,954,353	1,749,226
Gains (losses) on changes in fair value	<u>(48,783)</u>	<u>244,539</u>
	<u>3,905,570</u>	<u>1,993,765</u>
Net warrants liabilities	<u>\$ 177,980</u>	<u>\$ 73,770</u>

e. Settlement coverage bonds payable of short sale

	December 31	
	2021	2020
Government bonds	\$ 347,124	\$ -
Valuation adjustments	<u>(255)</u>	<u>-</u>
	<u>\$ 346,869</u>	<u>\$ -</u>

f. Liabilities on sale of borrowed securities

	December 31	
	2021	2020
Hedging		
Listed and OTC shares and beneficiary certificates	\$ 619,284	\$ 431,292
Valuation adjustments	<u>76,688</u>	<u>100,216</u>
	<u>\$ 695,972</u>	<u>\$ 531,508</u>
Non - hedging		
Beneficiary certificates	\$ 12,135	\$ -
Valuation adjustments	<u>1,098</u>	<u>-</u>
	<u>\$ 13,233</u>	<u>\$ -</u>

g. Futures and options

	December 31	
	2021	2020
Call options - non-hedging		
Index options	\$ -	\$ 14,945
Gains on open positions	<u>-</u>	<u>2,445</u>
Fair value	<u>\$ -</u>	<u>\$ 17,390</u>
Put options - TAIFEX		
Index options	\$ -	\$ (7,446)
Losses on open positions	<u>-</u>	<u>(6,519)</u>
Fair value	<u>\$ -</u>	<u>\$ (13,965)</u>

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

		December 31, 2021			
Item	Transaction Type	Open Position		Carrying Amount/ Premium Paid (Received)	Fair Value
		Buyer/ Seller	Volume		
Futures	TAIEX futures	Seller	7	\$ 25,471	\$ 25,493
Futures	Share futures	Buyer	4,731	436,732	466,194
Futures	Share futures	Seller	930	96,114	97,878
Futures	NYMEX-CL	Buyer	2	3,998	4,164
Futures	SCN	Seller	5	2,176	2,173
Futures	LCO	Seller	13	28,471	27,988
Futures	GC	Buyer	1	4,983	5,062
Futures	CBOT-UB	Seller	9	47,992	49,108

		December 31, 2020			
Item	Transaction Type	Open Position		Carrying Amount/ Premium Paid (Received)	Fair Value
		Buyer/ Seller	Volume		
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)

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, 2021 and 2020, futures margin arising from futures and options contracts were \$105,519 thousand and \$149,181 thousand, respectively.

h. Derivative instruments - OTC

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

	Nominal Amount	
	December 31	
	2021	2020
Convertible bond asset swaps	\$ 6,072,700	\$ 5,852,900
Structured instruments	1,458,828	488,200
Equity derivatives	345,188	157,412

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2021	2020
<u>Current</u>		
Investments in debt instruments	\$ 27,802	\$ 15,808
<u>Non-current</u>		
Investments in equity instruments	\$ 543,727	\$ 482,639
Investments in debt instruments	2,010,847	1,461,780
	<u>\$ 2,554,574</u>	<u>\$ 1,944,419</u>

a. Investments in equity instruments

	December 31	
	2021	2020
<u>Non-current</u>		
Non-public ordinary shares		
Taiwan Stock Exchange	\$ 241,632	\$ 182,397
Taiwan Futures Exchange	152,404	164,248
Taiwan Depository & Clearing Corporation	133,443	115,308
Asia Pacific Emerging Industry Venture Capital Co., Ltd.	16,248	20,686
Foursun Tech. Inc.	-	-
	<u>\$ 543,727</u>	<u>\$ 482,639</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 October 2021, the Corporation participated in the cash capital increase of Taiwan Stock Exchange, and obtained 62 shares at the issue price of \$10 per share.

In December 2021 and 2020, Asia Pacific Emerging Industry Venture Capital Co., Ltd. implemented cash capital reduction, in which the Corporation reduced its number of shares by 432,900 and 660,000 shares, receiving the capital reduction of \$4,329 thousand and \$6,600 thousand, respectively.

The Corporation recognized dividend revenue of \$18,142 thousand and \$10,838 thousand during 2021 and 2020, which generated from the investments held as of December 31, 2021 and 2020, respectively.

b. Investments in debt instruments

	December 31	
	2021	2020
<u>Current</u>		
Foreign bonds	\$ 27,802	\$ 15,808
<u>Non-current</u>		
Government bonds	\$ 301,475	\$ 301,941
Corporate bonds	601,652	403,152
Foreign bonds	<u>1,107,720</u>	<u>756,687</u>
	<u>\$ 2,010,847</u>	<u>\$ 1,461,780</u>

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

	December 31	
	2021	2020
Gross carrying amount	\$ 2,038,703	\$ 1,469,659
Less: Allowance for impairment loss	<u>(1,972)</u>	<u>(1,210)</u>
Amortized cost	2,036,731	1,468,449
Adjustment to fair value	<u>1,918</u>	<u>9,139</u>
	<u>\$ 2,038,649</u>	<u>\$ 1,477,588</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, 2021
Stage 1	The credit rating on the base date is investment grade and above, and credit risk has not significantly increased	12-month ECLs	0.00%-0.51%	\$ 2,038,703

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

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, 2021	\$ 1,210	\$ -	\$ -
Recognized expected credit loss	<u>762</u>	<u>-</u>	<u>-</u>
Balance at December 31, 2021	<u>\$ 1,972</u>	<u>\$ -</u>	<u>\$ -</u>
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>

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

	December 31	
	2021	2020
Margin loans receivable	\$ 7,631,788	\$ 4,696,842
Less: Allowance for impairment loss	<u>(2,040)</u>	<u>(1,094)</u>
	<u>\$ 7,629,748</u>	<u>\$ 4,695,748</u>

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

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

The Corporation has collected parts of the receivables in 2021, and recognized as gains on reversal of impairment loss of \$212 thousand.

	December 31	
	2021	2020
Notes receivable	\$ 146	\$ 64
Accounts receivable		
Accounts receivable for settlement - brokerage	5,724,414	5,458,677
Accounts receivable for settlement - proprietary	985,847	373,736
Brokerage handling fee revenue and refinancing interest receivable	129,290	60,945
Bond interest receivable	16,337	15,382
Others	5,278	6,910
	<u>6,861,166</u>	<u>5,915,650</u>
	<u>\$ 6,861,312</u>	<u>\$ 5,915,714</u>

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

	December 31	
	2021	2020
0 to 120 days	\$ 6,861,231	\$ 5,915,421
121 to 180 days	81	93
Over 180 days	<u>-</u>	<u>200</u>
	<u>\$ 6,861,312</u>	<u>\$ 5,915,714</u>

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

	December 31	
	2021	2020
Other receivables	\$ 92,938	\$ 91,643
Less: Allowance for impairment loss	<u>(86,566)</u>	<u>(85,193)</u>
	<u>\$ 6,372</u>	<u>\$ 6,450</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, 2021

	Notes and Accounts Receivable	Margin Loans Receivable	Refinancing Collateral Receivable	Refinancing Margin, Security Borrowing Collateral Price and Security Borrowing Margin	Other Receivables	Total
Expected credit loss rate	0%	0.03%	0%	0%	0%; 100%	
Gross carrying amount	\$ 6,861,312	\$ 7,631,788	\$ 6,732	\$ 1,004,490	\$ 92,938	\$ 15,597,260
Loss allowance (Lifetime ECLs)	-	(2,040)	-	-	(86,566)	(88,606)
Amortized cost	<u>\$ 6,861,312</u>	<u>\$ 7,629,748</u>	<u>\$ 6,732</u>	<u>\$ 1,004,490</u>	<u>\$ 6,372</u>	<u>\$ 15,508,654</u>

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>

The movements of the loss allowance of trade receivables for the years ended December 31, 2021 and 2020, respectively, were as follows:

	Notes and Accounts Receivable	Margin Loans Receivable	Other Receivables	Total
Balance at January 1, 2021	\$ -	\$ 1,094	\$ 85,193	\$ 86,287
Add: Net remeasurement of loss allowance	-	946	1,373	2,319
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 2,040</u>	<u>\$ 86,566</u>	<u>\$ 88,606</u>
Balance at January 1, 2020	\$ -	\$ 908	\$ 85,024	\$ 85,932
Add: Net remeasurement of loss allowance	-	186	169	355
Balance at December 31, 2020	<u>\$ -</u>	<u>\$ 1,094</u>	<u>\$ 85,193</u>	<u>\$ 86,287</u>

10. OTHER FINANCIAL ASSETS - CURRENT

	December 31	
	2021	2020
Time deposits	\$ 64,360	\$ 198,798

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	
	2021	2020
Time deposits	0.09%-0.23%	0.45%-2.50%

11. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Subsidiaries included in the financial statements were summarized as follows:

	December 31			
	2021		2020	
	Carrying Amount	Percent-age of Owner-ship (%)	Carrying Amount	Percent-age of Owner-ship (%)
<u>Subsidiaries</u>				
Concord Futures Corp. (Concord Futures)	\$ 1,227,540	95.71	\$ 1,218,379	95.71
Con Lian Asset Management Service Co., Ltd. (Con Lian AMC)	565,528	100.00	577,414	100.00
Concord Capital Holdings (Cayman) Limited (Concord Cayman)	-	-	21,265	100.00
Concord Managed Futures Corp. (Concord Managed Futures)	-	-	159,452	60.00
Concord Capital Management Corp. (Concord Capital Management)	85,266	100.00	90,978	100.00
Concord Insurance Agency Co., Ltd. (Concord Insurance)	<u>23,006</u>	100.00	<u>26,263</u>	100.00
	<u>\$ 1,901,340</u>		<u>\$ 2,093,751</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, 2021 and 2020.

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 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 completed its liquidation procedure on March 31, 2021, and returned the remaining liquidation funds to the Corporation of USD\$744 thousand.

12. PROPERTY AND EQUIPMENT

	For the Year Ended December 31, 2021				Balance at December 31, 2021
	Balance at January 1, 2021	Additions	Reductions	Reclassifi- cations	
<u>Cost</u>					
Land	\$ 607,645	\$ -	\$ -	\$ (785)	\$ 606,860
Buildings	230,898	-	-	(523)	230,375
Equipment	55,988	13,640	(18,531)	-	51,097
Leasehold improvements	29,977	12,375	(1,367)	-	40,985
	<u>924,508</u>	<u>\$ 26,015</u>	<u>\$ (19,898)</u>	<u>\$ (1,308)</u>	<u>929,317</u>
<u>Accumulated depreciation</u>					
Buildings	95,007	\$ 4,091	\$ -	\$ (139)	98,959
Equipment	29,451	11,570	(18,473)	-	22,548
Leasehold improvements	13,721	6,957	(1,074)	-	19,604
	<u>138,179</u>	<u>\$ 22,618</u>	<u>\$ (19,547)</u>	<u>\$ (139)</u>	<u>141,111</u>
<u>Accumulated impairment</u>					
Buildings	<u>1,257</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1,257</u>
Net book value	<u>\$ 785,072</u>				<u>\$ 786,949</u>
	For the Year Ended December 31, 2020				Balance at December 31, 2020
	Balance at January 1, 2020	Additions	Reductions	Reclassifi- cations	
<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	<u>1,257</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1,257</u>
Net book value	<u>\$ 782,853</u>				<u>\$ 785,072</u>

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

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

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

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

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2021	2020
<u>Carrying amount</u>		
Buildings	\$ 112,988	\$ 64,257
Equipment	<u>5,242</u>	<u>1,276</u>
	<u>\$ 118,230</u>	<u>\$ 65,533</u>
	For the Year Ended December 31	
	2021	2020
Additions to right-of-use assets	<u>\$ 98,598</u>	<u>\$ 19,375</u>
Depreciation charge for right-of-use assets		
Buildings	\$ 44,247	\$ 44,987
Equipment	<u>1,201</u>	<u>270</u>
	<u>\$ 45,448</u>	<u>\$ 45,257</u>

b. Lease liabilities

	December 31	
	2021	2020
<u>Carrying amount</u>		
Current	<u>\$ 38,268</u>	<u>\$ 43,559</u>
Non-current	<u>\$ 79,196</u>	<u>\$ 20,809</u>

Ranges of discount rates for lease liabilities were as follows:

	December 31	
	2021	2020
Buildings	0.514%-0.807%	0.514%-0.807%
Equipment	0.521%-0.753%	0.521%-0.753%

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

c. Material leasing activities and terms

Due to the severe impact of COVID-19 on the market economy in 2021 and 2020, the lessor agreed to provide unconditional rent reductions of 20%-100% from May 1 to June 30, 2021, August 1 to December 31, 2021, and September 1 to December 31, 2020. The Corporation recognized the impact of rent concessions at \$453 thousand (recognized as deduction of depreciation) for both the years ended December 31, 2021 and 2020.

d. Other lease information

	For the Year Ended December 31	
	2021	2020
Expenses relating to low-value asset leases	<u>\$ 1,505</u>	<u>\$ 2,539</u>
Total cash outflow for leases	<u>\$ 46,867</u>	<u>\$ 48,321</u>

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

14. INVESTMENT PROPERTY

	For the Year Ended December 31, 2021			
	Balance at January 1, 2021	Additions	Reductions	Balance at December 31, 2021
<u>Cost</u>				
Land	\$ 476,326	\$ -	\$ -	\$ 477,111
Buildings	<u>179,075</u>	<u>-</u>	<u>-</u>	<u>179,598</u>
	655,401	<u>\$ -</u>	<u>\$ -</u>	656,709
<u>Accumulated depreciation</u>				
Buildings	93,023	<u>\$ 3,193</u>	<u>\$ -</u>	<u>\$ 139</u>
				96,355
<u>Accumulated impairment</u>				
Buildings	<u>661</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
				661
Net book value	<u>\$ 561,717</u>			<u>\$ 559,693</u>

	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>

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

Buildings 55 years

As of December 31, 2021 and 2020, the fair value of the Corporation's investment properties amounted to \$677,238 thousand and \$683,556 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	
	2021	2020
Year 1	\$ 17,933	\$ 7,839
Year 2	8,665	1,980
Year 3	8,018	-
Year 4	7,773	-
Year 5	<u>5,830</u>	<u>-</u>
	<u>\$ 48,219</u>	<u>\$ 9,819</u>

15. INTANGIBLE ASSETS

	For the Year Ended December 31, 2021		
	Balance at January 1, 2021	Additions	Balance at December 31, 2021
<u>Cost</u>			
Computer software	\$ 16,615	<u>\$ 4,091</u>	<u>\$ (4,628)</u>
			\$ 16,078
<u>Accumulated amortization</u>			
Computer software	<u>6,172</u>	<u>\$ 5,353</u>	<u>\$ (4,628)</u>
			<u>6,897</u>
Net book value	<u>\$ 10,443</u>		<u>\$ 9,181</u>

	For the Year Ended December 31, 2020		
	Balance at January 1, 2020	Additions	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>

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

16. OTHER NON-CURRENT ASSETS

	December 31	
	2021	2020
Operation guarantee deposits	\$ 330,000	\$ 330,000
Clearing and settlement fund	144,237	121,978
Refundable deposits	32,520	24,480
Prepayments for equipment	9,950	5,511
Deferred expense	<u>1,355</u>	<u>725</u>
	<u>\$ 518,062</u>	<u>\$ 482,694</u>

17. BORROWINGS

a. Short-term borrowings

	December 31	
	2021	2020
Secured borrowings	\$ 950,000	\$ 210,000
Unsecured borrowings	<u>700,000</u>	<u>180,000</u>
	<u>\$ 1,650,000</u>	<u>\$ 390,000</u>

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

	December 31	
	2021	2020
Short-term borrowings	0.80%-1.50%	0.95%-1.05%

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

b. Commercial paper payable

	December 31	
	2021	2020
Commercial paper payable	\$ 4,167,000	\$ 6,560,000
Less: Discount of commercial paper payable	<u>(2,241)</u>	<u>(2,320)</u>
	<u>\$ 4,164,759</u>	<u>\$ 6,557,680</u>

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

	December 31	
	2021	2020
Commercial paper payable	0.30%-0.95%	0.20%-0.48%

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

18. LIABILITIES FOR BONDS WITH ATTACHED REPURCHASE AGREEMENTS

	December 31	
	2021	2020
Government bonds	\$ 922,880	\$ 2,263,283
Corporate bonds	<u>3,175,587</u>	<u>2,616,085</u>
	<u>\$ 4,098,467</u>	<u>\$ 4,879,368</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	
	2021	2020
Government bonds	0.16%-0.17%	0.17%-0.20%
Corporate bonds	0.27%-0.41%	0.24%-3.26%

Liabilities for bonds with attached repurchase agreements that were outstanding as of December 31, 2021 had been repurchased for \$4,099,585 thousand by February 14, 2022.

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.

19. ACCOUNTS PAYABLE

	December 31	
	2021	2020
Accounts payable for settlement - brokerage	\$ 5,500,948	\$ 5,414,551
Accounts payable for settlement - proprietary	70,753	1,980,285
Others	<u>149,136</u>	<u>92,286</u>
	<u>\$ 5,720,837</u>	<u>\$ 7,487,122</u>

20. OTHER FINANCIAL LIABILITIES - CURRENT

	December 31	
	2021	2020
<u>Principle value of structured notes - current</u>		
Principal guaranteed notes	<u>\$ 756,678</u>	<u>\$ -</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	
	2021	2020
Present value of defined benefit obligation	\$ 352,673	\$ 294,790
Fair value of plan assets	<u>(149,162)</u>	<u>(114,806)</u>
Net defined benefit liabilities	<u>\$ 203,511</u>	<u>\$ 179,984</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, 2020	<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
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>
Service cost			
Current service cost	3,345	-	3,345
Net interest expense (income)	<u>884</u>	<u>(347)</u>	<u>537</u>
Recognized in profit or loss	<u>4,229</u>	<u>(347)</u>	<u>3,882</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(4,318)	(4,318)
Actuarial (income) loss			
Changes in financial assumptions	(11,437)	-	(11,437)
Experience adjustments	<u>80,841</u>	<u>-</u>	<u>80,841</u>
Recognized in other comprehensive (income) loss	<u>69,404</u>	<u>(4,318)</u>	<u>65,086</u>
Contributions from the employer	<u>-</u>	<u>(45,441)</u>	<u>(45,441)</u>
Benefits paid	<u>(15,750)</u>	<u>15,750</u>	<u>-</u>
Balance at December 31, 2021	<u>\$ 352,673</u>	<u>\$ (149,162)</u>	<u>\$ 203,511</u>

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	
	2021	2020
Discount rate	0.7%	0.3%
Expected incremental rate of salaries	1.5%	1.5%
Expected rate of return on plan assets	0.7%	0.3%

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

	December 31	
	2021	2020
Discount rate		
0.1% increase	\$ (2,779)	\$ (2,595)
0.1% decrease	\$ 2,811	\$ 2,627
Expected incremental rate of salaries		
0.1% increase	\$ 2,436	\$ 2,300
0.1% decrease	\$ (2,415)	\$ (2,279)

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	
	2021	2020
Expected contributions to the plan for the next year	\$ 1,960	\$ 2,000
Average duration of the defined benefit obligation	7.7 years	8.5 years

22. EQUITY

a. Share capital

	December 31	
	2021	2020
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>594,455</u>
Share capital issued	<u>\$ 5,944,550</u>	<u>\$ 5,944,550</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 year 2020 was 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.

b. Capital surplus

	December 31	
	2021	2020
Treasury share transactions	\$ 173,203	\$ 173,203
Gain on sale of fixed assets	682	682
Unclaimed dividends	126	126
Others	<u>1,309</u>	<u>1,296</u>
	<u>\$ 175,320</u>	<u>\$ 175,307</u>

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

The capital surplus arising from the gain on sale of fixed assets, unclaimed dividends, and exercise of disgorgement can only be used to offset deficits.

The capital surplus arising from investments accounted for using equity method and employee share options may not be used for any purpose.

The changes in capital surplus in the year 2021 resulted from recognizing the exercise of disgorgement as capital surplus - others.

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. In addition, the special reserve shall not be used for purposes other than for offsetting the deficit of the Corporation, or when the accumulated special reserve reaches 25% of the amount of paid-in capital, the portion in excess of the 25% of paid-in capital may be used for capitalization.

Under Rule No. 1100365484 issued by the FSC, the Corporation should make appropriations to or reversals from the special reserve.

The appropriation of earnings for 2020 and 2019, which was approved in the shareholder's meeting on July 12, 2021 and June 5, 2020, were as follows:

	For the Year Ended December 31	
	2020	2019
Legal reserve	<u>\$ 103,460</u>	<u>\$ 28,684</u>
Special reserve	<u>\$ 206,920</u>	<u>\$ 57,369</u>
Cash dividends	<u>\$ 725,235</u>	<u>\$ 194,807</u>
Cash dividends per share (NT\$)	\$ 1.22	\$ 0.33

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

The appropriation of earnings for 2021, which was proposed by the Corporations' Board of Directors on March 17, 2022, was as follows:

	For the Year Ended December 31, 2021
Legal reserve	<u>\$ 133,359</u>
Special reserve	<u>\$ 266,719</u>
Cash dividends	<u>\$ 921,405</u>
Cash dividends per share (NT\$)	<u>\$ 1.55</u>

The appropriation of earnings for 2021 is subject to the resolution of the shareholders in the shareholders' meeting to be held on June 8, 2022.

d. Other equity items

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

	For the Year Ended December 31 2021	2020
Balance at January 1	\$ (11,116)	\$ (4,445)
Recognized for the year		
Exchange differences on the translation of the financial statements of foreign operations	(3,400)	(6,856)
Income tax expense related to exchange differences on the translation of the financial statements of foreign operations	(1,780)	185
Reclassification adjustments		
Disposal of subsidiaries	<u>8,864</u>	<u>-</u>
Balance at December 31	<u>\$ (7,432)</u>	<u>\$ (11,116)</u>

2) Unrealized gains on financial assets at FVTOCI

	For the Year Ended December 31 2021	2020
Balance at January 1	<u>\$ 420,538</u>	<u>\$ 270,624</u>
Recognized for the year		
Unrealized gains (losses) - debt instruments	(7,221)	8,087
Unrealized gains - equity instruments	65,417	79,568
Investments accounted for using equity method	<u>(8,054)</u>	<u>62,259</u>
Other comprehensive income recognized for the year	<u>50,142</u>	<u>149,914</u>
Balance at December 31	<u>\$ 470,680</u>	<u>\$ 420,538</u>

- e. Treasury shares (for the year ended December 31, 2021: None)

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>

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 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	
	2021	2020
Handling fee revenue from brokered trading - TWSE	\$ 1,129,224	\$ 664,334
Handling fee revenue from brokered trading - OTC	272,080	207,185
Handling fee revenue from securities financing	8,130	5,537
Others	<u>44,994</u>	<u>26,650</u>
	<u>\$ 1,454,428</u>	<u>\$ 903,706</u>

- b. Revenue from underwriting business

	For the Year Ended December 31	
	2021	2020
Processing fee revenue from underwriting operations	\$ 21,766	\$ 21,825
Revenue from underwriting securities on a firm commitment basis	11,637	10,596
Revenue from underwriting consultation	5,540	8,210
Others	<u>2,360</u>	<u>547</u>
	<u>\$ 41,303</u>	<u>\$ 41,178</u>

c. Gains on sale of operating securities, net

	For the Year Ended December 31	
	2021	2020
Proprietary	\$ 1,650,261	\$ 1,693,980
Underwriting	19,619	(994)
Hedging	<u>(104,642)</u>	<u>(422,584)</u>
	<u>\$ 1,565,238</u>	<u>\$ 1,270,402</u>

d. Interest income

	For the Year Ended December 31	
	2021	2020
Financing interest	\$ 344,168	\$ 179,393
Bond interest	45,284	39,628
Others	<u>729</u>	<u>500</u>
	<u>\$ 390,181</u>	<u>\$ 219,521</u>

e. Valuation gains on operating securities at FVTPL, net

	For the Year Ended December 31	
	2021	2020
Proprietary	\$ 176,383	\$ 431,110
Underwriting	3,305	845
Hedging	25,060	24,196
Settlement coverage bonds payable of short sale	<u>255</u>	<u>-</u>
	<u>\$ 205,003</u>	<u>\$ 456,151</u>

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

	For the Year Ended December 31	
	2021	2020
Gains on change in fair value of warrant liabilities	\$ 4,679,954	\$ 2,940,101
Gains (losses) on exercise of warrants before maturity	12,073	(1,226)
Losses on change in fair value of warrants redeemed - realized	(4,764,973)	(3,158,550)
Gains (losses) on change in fair value of warrants redeemed - unrealized	(48,784)	244,539
Call (put) warrants issuance expenses	<u>(41,840)</u>	<u>(17,478)</u>
	<u>\$ (163,570)</u>	<u>\$ 7,386</u>

g. Gains (losses) on derivative instruments, net

	<u>For the Year Ended December 31</u>	
	2021	2020
<u>Gains (losses) on derivative instruments - futures, net</u>		
Futures contract	\$ 19,127	\$ (341,284)
Options trading	<u>(18,471)</u>	<u>19,326</u>
	<u>\$ 656</u>	<u>\$ (321,958)</u>
<u>Losses on derivative instruments - OTC, net</u>		
Asset swap options	\$ (100,044)	\$ (408,669)
Equity derivatives	29,061	(33,284)
Structured instruments	(10,230)	(7,096)
Value of asset swap IRS contracts	(25,037)	(16,826)
Gain from when - issued trading of government bonds	<u>15</u>	<u>-</u>
	<u>\$ (106,235)</u>	<u>\$ (465,875)</u>

h. Expected credit loss

	<u>For the Year Ended December 31</u>	
	2021	2020
Financial assets at amortized cost	\$ (2,319)	\$ (355)
Financial assets at fair value through other comprehensive income	<u>(762)</u>	<u>(840)</u>
	<u>\$ (3,081)</u>	<u>\$ (1,195)</u>

i. Other operating income (losses)

	<u>For the Year Ended December 31</u>	
	2021	2020
Processing revenue	\$ 27,170	\$ 20,456
Commission revenue	2,392	4,085
Agency revenue	1,303	1,042
Loss on error trading, net	(1,868)	(1,214)
Foreign exchange loss, net	(26,613)	(32,190)
Others	<u>228</u>	<u>143</u>
	<u>\$ 2,612</u>	<u>\$ (7,678)</u>

j. Finance costs

	For the Year Ended December 31	
	2021	2020
Interest of commercial paper payable	\$ 40,388	\$ 29,322
Interest of liabilities for bonds with attached repurchase agreements	11,817	16,929
Bank loan interest	5,059	2,200
Interest of securities financing	1,738	1,247
Interest of lease liabilities	313	589
Others	<u>2,208</u>	<u>1,474</u>
	<u>\$ 61,523</u>	<u>\$ 51,761</u>

k. Employee benefits expense

	For the Year Ended December 31	
	2021	2020
Retirement benefits		
Defined contribution plan	\$ 32,345	\$ 27,331
Defined benefit plan	<u>3,882</u>	<u>4,273</u>
	<u>36,227</u>	<u>31,604</u>
Short-term employee benefits		
Salaries	1,284,017	965,152
Labor and health insurance	65,274	49,774
Others	<u>29,717</u>	<u>24,739</u>
	<u>\$ 1,415,235</u>	<u>\$ 1,071,269</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, 2021 and 2020, which were approved by the Corporation's Board of Directors on March 17, 2022 and March 11, 2021, respectively, are as follows:

	For the Year Ended December 31	
	2021	2020
Compensation of employees	<u>\$ 31,477</u>	<u>\$ 12,669</u>
Remuneration of directors	<u>\$ 81,177</u>	<u>\$ 56,435</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 2020 and 2019 and the amounts recognized in the parent company financial statements for the year ended December 31, 2020 and 2019.

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 expense

	For the Year Ended December 31	
	2021	2020
<u>Depreciation expense</u>		
Property and equipment	\$ 22,618	\$ 21,138
Right-of-use assets	45,448	45,257
Investment property	<u>3,193</u>	<u>3,194</u>
	<u>\$ 71,259</u>	<u>\$ 69,589</u>
<u>Amortization expense</u>		
Intangible assets	\$ 5,353	\$ 6,004
Deferred expense	<u>237</u>	<u>186</u>
	<u>\$ 5,590</u>	<u>\$ 6,190</u>

n. Other operating expenses

	For the Year Ended December 31	
	2021	2020
Taxes	\$ 216,511	\$ 170,547
Information technology expenses	42,409	47,647
Custody fees	41,436	23,538
Professional service fees	28,568	15,310
Securities borrowing fees	25,234	28,272
Postage expenses	25,110	22,109
Others	<u>104,040</u>	<u>91,016</u>
	<u>\$ 483,308</u>	<u>\$ 398,439</u>

o. Other gains and losses

	For the Year Ended December 31	
	2021	2020
Rental revenue from the use of venue and equipment	\$ 44,668	\$ 43,505
Other rental income from investment properties	17,921	18,591
Dividend income	18,142	10,838
Financial income	4,899	8,757
Valuation gains on non-operating financial assets at fair value through profit or loss, net	-	8,031
Losses on disposals of investments	(8,495)	(1,030)
Others	<u>14,194</u>	<u>12,621</u>
	<u>\$ 91,329</u>	<u>\$ 101,313</u>

24. INCOME TAX FROM CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Year Ended December 31	
	2021	2020
Current tax		
In respect of the current year	\$ 101,870	\$ 88,662
Income tax on unappropriated retained earnings	-	299
Adjustment for prior year	<u>(26,619)</u>	<u>4,041</u>
	75,251	93,002
Deferred tax		
In respect of the current year	<u>82,861</u>	<u>(68,752)</u>
Income tax expense recognized in profit or loss	<u>\$ 158,112</u>	<u>\$ 24,250</u>

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

	For the Year Ended December 31	
	2021	2020
Profit before tax from continuing operations	<u>\$ 1,544,035</u>	<u>\$ 1,109,226</u>
Income tax expense calculated at the statutory rate	\$ 308,807	\$ 221,845
Nondeductible expenses in determining taxable income	(49,516)	(113,175)
Tax-exempt income	(274,619)	(216,600)
Adjustments for prior years' tax expense	(26,619)	4,041
Income tax on unappropriated retained earnings	-	299
Others	<u>200,059</u>	<u>127,840</u>
Income tax expense recognized in profit or loss	<u>\$ 158,112</u>	<u>\$ 24,250</u>

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2021	2020
<u>Deferred tax</u>		
In respect of the current year		
Translation of foreign operations	\$ 1,780	\$ (185)
Remeasurement of defined benefit plans	<u>(13,017)</u>	<u>(13,067)</u>
Total income tax benefit recognized in other comprehensive income	<u>\$ (11,237)</u>	<u>\$ (13,252)</u>

c. Current tax assets and liabilities

	December 31	
	2021	2020
Current tax assets		
Tax refund receivable	\$ <u>-</u>	\$ <u>11,402</u>
Current tax liabilities		
Income tax payable	\$ <u>119,458</u>	\$ <u>99,101</u>

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Losses on foreign subsidiary accounted for using equity method	\$ 53,233	\$ (53,233)	\$ -	\$ -
Defined benefit plans	35,997	(8,312)	13,017	40,702
Payables for annual leave	3,889	232	-	4,121
Unrealized exchange losses	23,145	5,009	-	28,154
Exchange differences on the translation of foreign operations	1,780	-	(1,780)	-
Losses on derivative financial instruments	58,892	(6,133)	-	52,759
Valuation losses on foreign futures	<u>20,396</u>	<u>(20,314)</u>	<u>-</u>	<u>82</u>
	<u>\$ 197,332</u>	<u>\$ (82,751)</u>	<u>\$ 11,237</u>	<u>\$ 125,818</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Valuation gains on foreign operating securities	<u>\$ 666</u>	<u>\$ 110</u>	<u>\$ -</u>	<u>\$ 776</u>

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				
Losses 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
Losses on derivative financial instruments	3,076	55,816	-	58,892
Valuation losses 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 gains on foreign operating securities	<u>\$ 154</u>	<u>\$ 512</u>	<u>\$ -</u>	<u>\$ 666</u>

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

	December 31	
	2021	2020
Asset impairment	<u>\$ 1,918</u>	<u>\$ 1,918</u>

- f. Income tax assessments

The income tax returns of the Corporation through 2019 have been examined by the tax authorities.

25. EARNINGS PER SHARE

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, 2021</u>			
Basic earnings per share			
Earnings attributable to ordinary shareholders of the Corporation	\$ 1,385,923	594,455	<u>\$ 2.33</u>
Effect of potentially dilutive ordinary shares			
Compensation of employees	<u>-</u>	<u>2,259</u>	
Diluted earnings per share			
Earnings attributable to ordinary shareholders of the Corporation	<u>\$ 1,385,923</u>	<u>596,714</u>	<u>\$ 2.32</u>
<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	<u>\$ 1.83</u>
Effect of potentially dilutive ordinary shares			
Compensation of employees	<u>-</u>	<u>993</u>	
Diluted earnings per share			
Earnings attributable to ordinary shareholders of the Corporation	<u>\$ 1,084,976</u>	<u>595,448</u>	<u>\$ 1.82</u>

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

The 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 363% and 264% for the years ended December 31, 2021 and 2020, 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, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Financial assets mandatorily measured at FVTPL	\$ 4,842,189	\$ 3,742,853	\$ -	\$ 8,585,042
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Unlisted shares	-	-	543,727	543,727
Investments in debt instruments				
Government bonds	-	301,475	-	301,475
Corporate bonds	-	601,652	-	601,652
Foreign bonds	-	1,135,522	-	1,135,522
	<u>\$ 4,842,189</u>	<u>\$ 5,781,502</u>	<u>\$ 543,727</u>	<u>\$ 11,167,418</u>
<u>Financial liabilities at FVTPL</u>				
Financial liabilities held for trading	\$ 1,234,054	\$ 1,352,704	\$ -	\$ 2,586,758
Financial liabilities designated as at FVTPL	-	695,169	-	695,169
	<u>\$ 1,234,054</u>	<u>\$ 2,047,873</u>	<u>\$ -</u>	<u>\$ 3,281,927</u>

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				
Government bonds	-	301,941	-	301,941
Corporate bonds	-	403,152	-	403,152
Foreign 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>

Transfers between Levels 1 and 2 for the years ended December 31, 2021 and 2020 were due mainly to the determination of whether part of the Corporation's investments in emerging market shares and convertible bonds with an active market based on observation of the transaction volume of these investments.

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

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

	<u>For the Year Ended December 31</u>	
	2021	2020
Balance at January 1	\$ 482,639	\$ 409,671
Recognized in other comprehensive income (included in unrealized gains on financial assets at FVTOCI)	65,417	79,568
Capital reduction	<u>(4,329)</u>	<u>(6,600)</u>
Balance at December 31	<u>\$ 543,727</u>	<u>\$ 482,639</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 with doing the same or similar business in an active market, and its price value multiplier and other related information, where the significant unobservable input used is the discount for lack of marketability.

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

	December 31	
	2021	2020
Discount for lack of marketability		
10% increase	\$ (11,929)	\$ (10,161)
10% decrease	\$ 11,959	\$ 10,158

b. Categories of financial instruments

	December 31	
	2021	2020
<u>Financial assets</u>		
FVTPL		
Mandatorily measured at FVTPL	\$ 8,585,042	\$ 10,172,525
Financial assets at amortized cost (Note 1)	17,087,739	14,788,022
FVTOCI		
Equity instrument investments	543,727	482,639
Debt instrument investments	2,038,649	1,477,588
Operation guarantee deposits	330,000	330,000
Clearing and settlement fund	144,237	121,978
Refundable deposits	32,520	24,480
<u>Financial liabilities</u>		
FVTPL		
Held for trading	2,586,758	1,464,812
Designated as at FVTPL	695,169	486,550
Financial liabilities at amortized cost (Note 2)	19,671,499	20,608,503
Guarantee deposits received	3,794	3,784

Note 1: The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, margin loans receivable, refinancing margin, refinancing collateral receivable, security borrowing collateral price, security borrowing margin, notes and accounts receivable (including related parties), other receivable (including related parties), other financial assets - current and restricted assets - current.

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

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

	December 31	
	2021	2020
Financial liabilities designated as at FVTPL	\$ 695,169	\$ 486,550
Amount payable at maturity	<u>(729,876)</u>	<u>(506,084)</u>
	<u>\$ (34,707)</u>	<u>\$ (19,534)</u>

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

c. Financial risk management objectives and policies

1) Risk management system

Policies of risk management

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

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

The process of formulating and approving risk management policies

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

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

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

Organizational structure of the risk management system

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

a) Board of directors

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

b) Risk management committee

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

c) Risk management office

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

d) Department of finance

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

e) Department of internal audit

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

f) Department of compliance

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

g) Business units

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

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

2) Market risk

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

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

Historical VaR (Confidence Level 99%, One-day)	For the Year Ended December 31, 2021			December 31	
	Average	Minimum	Maximum	2021	2020
<u>Type of risk</u>					
Equity securities	\$ 128,507	\$ 65,072	\$ 207,863	\$ 91,384	\$ 98,361
Interest rate	14,482	131	43,189	16,804	17,583
Diversification of risks	<u>(15,433)</u>			<u>(15,462)</u>	<u>(13,555)</u>
Total VaR exposure	<u>\$ 127,556</u>			<u>\$ 92,726</u>	<u>\$ 102,389</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 \$709 thousand and \$2,346 thousand as of December 31, 2021 and 2020, 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 \$15,544 and \$18,112 thousand for the years ended December 31, 2021 and 2020, 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	
	2021	2020
Interest rate risk of fair value		
Financial assets	\$ 11,105,424	\$ 9,226,734
Financial liabilities	12,995,849	12,721,912
Interest rate risk of cash flow		
Financial assets	3,761,623	3,564,283

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	
	2021	2020
Margin loans receivable	<u>\$ 7,629,748</u>	<u>\$ 4,695,748</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, 2021

	Within 1 Year	Between 1 and 2 Years	Between 2 and 5 Years	Over 5 Years	Total
<u>Derivative financial liabilities</u>					
Non-interest bearing	\$ 1,479,319	\$ -	\$ -	\$ -	\$ 1,479,319
Fixed interest rate	3,205,788	-	-	-	3,205,788
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	7,092,510	-	3,794	-	7,096,304
Fixed interest rate	12,880,626	-	-	-	12,880,626
Lease liabilities	<u>38,860</u>	<u>33,719</u>	<u>45,148</u>	<u>-</u>	<u>117,727</u>
	<u>\$ 24,697,103</u>	<u>\$ 33,719</u>	<u>\$ 48,942</u>	<u>\$ -</u>	<u>\$ 24,779,764</u>

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>

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

Financing facilities

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

	December 31	
	2021	2020
Financing facilities	<u>\$ 15,910,000</u>	<u>\$ 16,090,000</u>
Unused amount	<u>\$ 9,062,444</u>	<u>\$ 10,890,000</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, 2021

Type of Financial Asset	The Book Value of Financial Assets Transferred	The Book Value of Related Financial Liabilities	The Fair Value of Financial Assets Transferred	The Fair Value of Related Financial Liabilities	Fair value of Net Position
Repurchase agreements	\$ 6,461,841	\$ 4,098,467	\$ 6,461,841	\$ 4,098,467	\$ 2,363,374

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

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, 2021

Financial Instrument	Gross Amount of Recognized Financial Assets (Liabilities)	Gross Amount of Recognized and offset Financial Assets/ Liabilities in the Balance Sheet	Net Amount of Financial Assets (Liabilities) Presented in the Balance Sheet	Related Amount Not Offset in the Balance Sheet		Net Amount
				Financial Instruments	Cash Collateral Received	
Accounts receivable	\$ 6,902,067	\$ (40,901)	\$ 6,861,166	\$ (39,295)	\$ -	\$ 6,821,871
Accounts payable	\$ (5,761,738)	\$ 40,901	\$ (5,720,837)	\$ 39,295	\$ -	\$ (5,681,542)
Liabilities for bonds with attached repurchase agreements	\$ (4,098,467)	\$ -	\$ (4,098,467)	\$ 4,098,467	\$ -	\$ -

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	\$ -	\$ -

28. TRANSACTIONS WITH RELATED PARTIES

Besides information disclosed elsewhere in the other notes, details of major transactions between the Corporation and other related parties are summarized as below:

Related party names and categories

Related Party Name	Related Party Category
Concord Futures Corp. (Concord Futures)	Subsidiary
Con Lian Asset Management Service Co., Ltd. (Con Lian AMC)	Subsidiary
Concord Capital Holdings (Cayman) Limited (Concord Cayman)	Subsidiary (liquidated in March 2021)
Concord Managed Futures Corp. (Concord Managed Futures)	Subsidiary (liquidated in January 2021)
Concord Capital Management Corp (Concord Capital Management)	Subsidiary
Concord Insurance Agency Co., Ltd. (Concord Insurance)	Subsidiary

(Continued)

Related Party Name	Related Party Category
CHENG, TAI-CHENG	Supervisor of the subsidiary (related since May 2020)
Hwa-Ho Asset Management Corp.	Subsidiary's investment accounted for using equity method
The Corporation's directors, president, vice presidents, assistant vice presidents, and department heads	Key management personnel
	(Concluded)

a. Cash and cash equivalents

	December 31	
	2021	2020
Subsidiary		
Concord Futures	\$ 80,963	\$ 84,965

b. Futures trading margin

	December 31	
	2021	2020
Subsidiary	\$ 22,936	\$ 57,568

c. Margin loans receivable

	December 31	
	2021	2020
Key management personnel	\$ 42,362	\$ 6,558

d. Accounts receivable

	December 31	
	2021	2020
Subsidiary	\$ 993	\$ 1,673

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	
	2021	2020
Subsidiary	\$ 151	\$ 151

f. Liabilities for bonds with attached repurchase agreements

	December 31	
	2021	2020
Key management personnel	\$ 296,117	\$ 182,060

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	
	2021	2020
Subsidiary	\$ <u>850</u>	\$ <u>626</u>

h. Other payables

	December 31	
	2021	2020
Subsidiary	\$ <u>680</u>	\$ <u>500</u>

i. Brokerage handling fee revenue

	For the Year Ended December 31	
	2021	2020
Key management personnel	\$ <u>3,160</u>	\$ <u>1,543</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	
	2021	2020
Subsidiary	\$ <u>36</u>	\$ <u>36</u>

k. Interest income

	For the Year Ended December 31	
	2021	2020
Key management personnel	\$ <u>1,349</u>	\$ <u>91</u>

l. Futures commission income

	For the Year Ended December 31	
	2021	2020
Subsidiary		
Concord Futures	\$ <u>12,869</u>	\$ <u>14,878</u>

m. Other operating income

	<u>For the Year Ended December 31</u>	
	2021	2020
Subsidiary		
Concord Insurance	\$ 2,392	\$ 4,085
Concord Capital Management	<u>488</u>	<u>548</u>
	<u>\$ 2,880</u>	<u>\$ 4,633</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

	<u>For the Year Ended December 31</u>	
	2021	2020
Subsidiary	\$ 11	\$ 14
Key management personnel	<u>420</u>	<u>593</u>
	<u>\$ 431</u>	<u>\$ 607</u>

o. Clearing and settlement expenses

	<u>For the Year Ended December 31</u>	
	2021	2020
Subsidiary		
Concord Futures	<u>\$ 2,351</u>	<u>\$ 1,496</u>

p. Securities commission expense

	<u>For the Year Ended December 31</u>	
	2021	2020
Subsidiary		
Concord Futures	<u>\$ 8,512</u>	<u>\$ 5,055</u>

q. Other operating costs

	<u>For the Year Ended December 31</u>	
	2021	2020
Subsidiary	<u>\$ 193</u>	<u>\$ 2</u>

r. Other operating expenses

	<u>For the Year Ended December 31</u>	
	2021	2020
Subsidiary	<u>\$ 8,160</u>	<u>\$ 6,000</u>

s. Other gains and losses

For the Year Ended December 31
2021 2020

Subsidiary	\$ <u>9,291</u>	\$ <u>8,318</u>
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t. Lease agreements

For the Year Ended December 31
2021 2020

Acquisition of right-of-use assets

Supervisor of the subsidiary	\$ <u>13,117</u>	\$ <u>-</u>
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December 31
2021 2020

Lease liabilities

Supervisor of the subsidiary	\$ <u>13,117</u>	\$ <u>4,397</u>
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For the Year Ended December 31
2021 2020

Finance costs

Supervisor of the subsidiary	\$ <u>14</u>	\$ <u>24</u>
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u. For the years ended December 31, 2021 and 2020, the rental revenue generated by leasing some office and parking spaces to related parties were as follows:

Related Party Category/Name	Lease Term	Underlying Asset	Rental Payment - Timing	Rental Payment - Basis	Rental Amount
For the year ended December 31, 2021					
Subsidiary	2018.10.01-2021.09.30	5F, No. 143, Fuxing N. Rd., Taipei City	Monthly	Contract	\$ 2,915
	2021.10.01-2026.09.30	5F, No. 143, Fuxing N. Rd., Taipei City	Monthly	Contract	971
	2016.07.01-2021.06.30	6F, No. 143, Fuxing N. Rd., Taipei City	Monthly	Contract	1,943
	2021.07.01-2026.09.30	6F, No. 143, Fuxing N. Rd., Taipei City	Monthly	Contract	1,943
	2021.01.01-2021.12.31	B3, No. 176, Jilung Rd., Sec. 1, Xinyi Dist., Taipei City	Monthly	Contract	164
	2021.01.01-2021.12.31	B3, No. 176, Jilung Rd., Sec. 1, Xinyi Dist., Taipei City	Monthly	Contract	82
	2021.01.01-2021.12.31	B3, No. 176, Jilung Rd., Sec. 1, Xinyi Dist., Taipei City	Quarterly	Contract	108
	2021.03.15-2021.12.31	B3, No. 176, Jilung Rd., Sec. 1, Xinyi Dist., Taipei City	Monthly	Contract	<u>43</u>
Subsidiary's investment account for using equity method					<u>43</u>

\$ 8,169

(Continued)

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
Subsidiary's investment account for using equity method	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> (Concluded)

As of December 31, 2021 and 2020, the balance of the rental deposits received by the Corporation from the related parties were \$1,355 thousand and \$1,345 thousand, respectively.

v. Equity derivative transactions

The Corporation's key management personnel bought equity derivatives from the Corporation, and the unexpired amount as of December 31, 2021 and 2020 were \$150 thousand and \$226 thousand (recognized as financial liabilities at fair value through profit or loss - current). The related gains (losses) in 2021 and 2020 were as follows:

	For the Year Ended December 31	
	2021	2020
Gains (losses) on derivative instruments, net	<u>\$ 1,241</u>	<u>\$ (219)</u>
Other operating income (processing revenue)	<u>\$ 121</u>	<u>\$ 61</u>

w. 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, 2021 and 2020 were as follows:

	For the Year Ended December 31	
	2021	2020
Short-term employee benefits	\$ 307,874	\$ 198,977
Retirement benefits	<u>6,775</u>	<u>1,415</u>
	<u>\$ 314,649</u>	<u>\$ 200,392</u>

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

29. PLEDGED OR MORTGAGED ASSETS

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

	December 31	
	2021	2020
Restricted demand and time deposits	\$ 317,157	\$ 225,150
Property and equipment, net		
Land	521,885	521,885
Buildings	98,699	101,961
Investment property, net		
Land	470,886	470,886
Buildings	<u>72,785</u>	<u>75,691</u>
	<u>\$ 1,481,412</u>	<u>\$ 1,395,573</u>

30. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

- a. On March 3, 2021, the Corporation received a civil complaint in which eight plaintiffs claimed that the Corporation's manager had violated the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies when the Corporation's manager was mandated by Company A to handle the matters regarding voting rights and the solicitation of proxies for attendance at the shareholders' meeting, and requested the Corporation and its manager to be jointly liable for the compensation of \$9,624 thousand for the damages incurred. The case is currently under the trial of Taiwan Taipei District Court. The Corporation's management assessed that there is no significant impact of the aforementioned case on its operations and financial performance.
- b. On August 18, 2021, the Corporation received a civil complaint in which two plaintiffs claimed that Miss Chen, a natural person, and Mr. Chen, a sales representative of the Corporation, deceived them into the fake transaction circumstance. Miss Chen and Mr. Chens' intention of unjust enrichment had harmed the plaintiffs, the plaintiffs therefore filed a civil lawsuit against Miss Chen and Mr. Chen and demanded a joint liability of \$52,000 thousand from the Corporation. The case is currently on trial in Taiwan Taipei District Court. The Corporation's management assessed that there is no significant impact of the aforementioned case on its operations and financial performance.
- c. On February 15, 2022, the Corporation received a civil complaint in which two plaintiffs claimed that Miss Chen, a natural person, and Mr. Chen, a sales representative of the Corporation, deceived them into the fake transaction circumstance. Miss Chen and Mr. Chens' intention of unjust enrichment had harmed the plaintiffs, the plaintiffs therefore filed a civil lawsuit against Miss Chen and Mr. Chen and demanded a joint liability of \$16,000 thousand from the Corporation. The case is currently on trial in Taiwan New Taipei District Court. The Corporation's management assessed that there is no significant impact of the aforementioned case on its operations and financial performance.
- d. As of December 31, 2021, the Corporation applied for a guarantee of \$230,000 thousand from financial institutions, which was for the securities lending and borrowing business.

31. OTHER ITEMS

The management of the Corporation assessed that the COVID-19 has no significant impact on the Corporation's operating performance and financial status.

32. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

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

33. SIGNIFICANT FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

Unit: Foreign Currencies/NT\$ in Thousands

December 31						
	2021			2020		
	Foreign Currency	Exchange Rate	New Taiwan Dollars	Foreign Currency	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>						
Monetary items						
USD	\$ 15,680	27.680	\$ 434,025	\$ 33,791	28.480	\$ 962,362
CNY	64,924	4.344	282,031	91,889	4.377	402,199
JPY	418,891	0.241	100,743	6	0.276	2
HKD	3,233	3.549	11,472	7,222	3.673	26,526
Non-monetary items						
USD	43,982	27.680	1,217,140	31,526	28.480	897,860
CNY	43,942	4.344	190,883	40,246	4.377	176,158
HKD	-	-	-	39,536	3.673	145,216
<u>Financial liabilities</u>						
Monetary items						
USD	345	27.680	9,545	1,617	28.480	46,052
HKD	719	3.549	2,550	11,166	3.673	41,012
CNY	-	-	-	55	4.377	239
Non-monetary items						
USD	32,329	27.680	894,874	27,049	28.480	770,351
CNY	-	-	-	40,709	4.377	178,182

For the years ended December 31, 2021 and 2020, realized and unrealized net foreign exchange losses were \$26,613 thousand and \$32,190 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions of the Corporation.

34. ADDITIONAL DISCLOSURES

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

- 1) Financing provided: None.
- 2) Endorsements/guarantees provided: None.
- 3) Acquisition of real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None.
- 4) Disposal of real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
- 5) Total discounts of handling fee to related parties of at least NT\$5 million: None.

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

b. Information of investees

- 1) When the Corporation directly or indirectly exercises significant influence on or obtains control of investees, related information should be disclosed: Table 1 (attached).
- 2) When the Corporation directly or indirectly obtains control of investees, the following information regarding significant transactions with the investee should be disclosed:
 - a) Financing provided: None.
 - b) Endorsements/guarantees provided: None.
 - c) Acquisition of real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None.
 - d) Disposal of real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
 - e) Total discounts of handling fee to related parties of at least NT\$5 million: None.
 - f) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.

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

d. Information on investments in mainland China:

Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment gains or losses, carrying amount of the investment at the end of the period, repatriations of investments income, and limit on the amount of investment in the mainland China area: Table 2 (attached).

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

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

The foreign entity registered in non-IOSCO MMoU member or without formal permission as securities or futures firm from IOSCO MMoU member in which the Corporation has invested in Concord Capital Holdings (Cayman) Ltd. Concord Capital Holdings (Cayman) Ltd. is a holding company mainly for investments. On November 30, 2020, Concord Capital Holdings (Cayman) Ltd. obtained approval for liquidation based on letter No. 1090373948 issued by the FSC. The subsidiary has completed its liquidation procedures in March 31, 2021. Therefore, there are no supplementary disclosures of the financial statements for the year ended December 31, 2021.

- a. Balance sheets: None.
- b. Statements of comprehensive income: None.
- c. Securities held: None.

- d. Derivative financial instrument transactions and the source of capital: None.
- e. Revenue from assets management business, services and litigation: None.

36. SEGMENT INFORMATION

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

TABLE 1

CONCORD SECURITIES CO., LTD.

NAMES, LOCATIONS, AND RELATED INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2021
(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, 2021			Operating Income of the Investee	Net Profit (Loss) of the Investee	Share of Profit (Loss)	Cash Dividends	Note
						December 31, 2021	December 31, 2020	Number of Shares	Percentage of Ownership (%)	Carrying Amount					
The Corporation	Concord Futures Corp.	5F, No. 143, Fuhsing N. Rd., Taipei City	July 7, 1999		Foreign and domestic futures proprietary, brokerage and consulting services	\$ 559,654	\$ 559,654	78,005,571	95.71	\$ 1,227,540	\$ 694,484	\$ 97,888	\$ 93,351	\$ 76,913	Subsidiary
	Con Lian Asset Management Service Co., Ltd.	14F, No. 176, Jilung Rd., Sec. 1, Taipei City	September 5, 2003	Aug. 5, 2003 No. Tai-Tsai-Cheng (2) 0920135652	Investment, business management advisory services and asset management services	230,000	230,000	54,900,000	100.00	565,528	-	(10,228)	(10,228)	-	Subsidiary
	Concord Capital Holdings (Cayman) Limited	Cayman Islands	May 12, 1997	Apr. 23, 1997 (1997) No. Tai-Tsai-Cheng (2) 26713	Note 2	-	296,334	-	-	-	-	(77)	(77)	-	Subsidiary (Note 2)
	Concord Managed Futures Corp.	14F, No. 176, Jilung Rd., Sec. 1, Taipei City	December 16, 2003		Note 1	-	198,664	-	-	-	-	-	-	-	Subsidiary (Note 1)
	Concord Capital Management Corp.	9F, No. 176, Jilung Rd., Sec. 1, Taipei City	May 25, 1988		Securities investment advisory services	81,599	81,599	7,000,000	100.00	85,266	22,710	(6,333)	(6,333)	-	Subsidiary
	Concord Insurance Agency Co., Ltd.	10F, No. 176, Jilung Rd., Sec. 1, Taipei City	October 4, 2013	Jan. 10, 2013 No. Financial-Supervisory -Securities-Firms-101 0056608 and Jun. 23, 2020 No. Jin-Guan-Bao-Zong-Zi-1090421845	Life insurance agency and property insurance agency	5,000	5,000	2,500,000	100.00	23,006	7,977	(3,257)	(3,257)	-	Subsidiary
Concord Futures Corp.	Concord Managed Futures Corp.	14F, No. 176, Jilung Rd., Sec. 1, Taipei City	December 16, 2003		Note 1	-	148,360	-	-	-	-	-	-	-	Subsidiary (Note 1)
Con Lian Asset Management Service 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	561,421	156,386	(15,133)	(7,050)	-	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 completed its liquidation procedures in March 31, 2021, and returned the remaining liquidation fund to the Corporation of USD\$744 thousand.

CONCORD SECURITIES CO., LTD.

INVESTMENTS IN MAINLAND CHINA
DECEMBER 31, 2021
(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, 2021 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, 2020 (Note 1)	Investment Flows		Accumulated Outflow of Investment as of December 31, 2021 (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, 2021 (Note 6)	Accumulated Inward Remittance of Earnings as of December 31, 2021
					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.	\$ 2,648,513 (CNY 609,695 thousand)	Others	\$ 51,561 (US\$ 1,579 thousand)	\$ -	\$ -	\$ 51,561 (US\$ 1,579 thousand)	\$ 387,226 (CNY 89,196 thousand)	1.59	\$ -	\$ 55,589	\$ -

2. Upper limit of investment in mainland China:

Accumulated Investment in Mainland China as of December 31, 2021 (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)	\$44,660 (US\$1,613 thousand)	\$769,457

- 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, 2021.
- Note 3: The NTD amount was converted using the average USD buying and selling rates for the year ended December 31, 2021.
- Note 4: The amount was calculated based on 60% of Concord Futures’ net asset value as of December 31, 2021.
- Note 5: The NTD amount was converted using the average CNY buying and selling rates during 2021.
- Note 6: The investment was accounted for as financial assets at FVTOCI and no investment gains or losses were recognized in the current year.

STATEMENT 1**CONCORD SECURITIES CO., LTD.****STATEMENT OF CASH AND CASH EQUIVALENTS****DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Item	Description	Amount
Bank deposits		
Checking accounts		\$ 10,120
Demand deposits		709,383
Foreign currency deposits	CNY12,805,805 @4.344	55,628
	USD4,161,765 @27.680	115,198
	HKD1,925,199 @3.549	6,832
	JPY328,506,401 @0.241	79,006
	GBP101 @37.300	4
		<u>976,171</u>
Cash equivalents		
Excess futures trading margin	NTD	220,899
	HKD140,022 @3.549	497
	JPY5,800 @0.241	1
		<u>221,397</u>
		<u>\$ 1,197,568</u>

CONCORD SECURITIES CO., LTD.

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

DECEMBER 31, 2021

(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										
Unimicron Technology Corp.		827	\$ 10.00	\$ 8,270		\$ 128,108	\$ 231.00	\$ 191,037	\$ -	
Global Unichip Corp.		219	10.00	2,190		119,310	586.00	128,334	-	
Jentech Precision Industrial Co., Ltd		142	10.00	1,420		49,804	408.00	57,936	-	
Advanced Energy Solution Holding Co., Ltd.		103	10.00	1,030		90,704	1,825.00	187,975	-	
Nan Ya Printed Circuit Board Corporation		360	10.00	3,600		158,423	572.00	205,920	-	
Others		-	-	-		123,560	-	139,700	-	Note
								910,902		
Shares and convertible bonds traded in the OTC market										
E Ink Holdings Inc.		2,494	10.00	24,940		240,591	151.00	376,594	-	
Others		-	-	-		3,616,681	-	3,868,053	-	Note
								4,244,647		
Emerging shares										
Ofuna Technology Co., Ltd.		1,092	10.00	10,920		32,929	37.78	41,258	-	
Long Time Technology Co., Ltd.		192	10.00	1,920		11,664	59.67	11,460	-	
VisEra Technologies Company Ltd.		42	10.00	420		18,431	532.49	22,365	-	
3D Global Biotech Inc.		485	10.00	4,850		22,134	39.49	19,151	-	
Msscrops Co., Ltd.		76	10.00	760		12,087	165.11	12,548	-	
Forward Science Corporation		227	10.00	2,270		15,815	70.48	15,987	-	
Others		-	-	-		105,963	-	102,240	-	Note
								225,009		
Beneficiary securities										
Yuanta S&P GSCI Gold 1x Inverse ER Futures ETF		447	10.00	4,470		5,871	13.07	5,842	-	
Cathay Bloomberg Barclays U.S. Treasury 20+ Year Daily Leveraged 2X ETF		1,000	10.00	10,000		23,834	24.71	24,710	-	
JKO S&P GSCI Brent Crude 2x Leveraged ER Futures ETF		1,169	10.00	11,690		11,558	10.50	12,275	-	
Fubon ICE FactSet Taiwan Core Semiconductor ETF		512	10.00	5,120		8,825	17.37	8,893	-	
SinoPac Taiwan Electric Vehicle Supply Chain ETF		658	10.00	6,580		10,141	15.54	10,225	-	
Shin Kong No.1 REIT		1,000	10.00	10,000		10,000	19.50	19,500	-	
Others		-	-	-		27,464	-	27,679	-	Note
								109,124		

(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		
Government bonds										
A01105	2022.03.07	1,500	\$ 100.00	\$ 150,000	1.250%	\$ 151,930	\$ 100.16	\$ 150,256	-	
A02110	2023.09.18	2,000	100.00	200,000	1.750%	206,458	102.22	204,460	-	
A09101	2025.01.10	2,000	100.00	200,000	0.500%	200,558	100.00	200,007	-	
A10113	2051.12.23	1,000	100.00	100,000	1.125%	99,369	101.45	101,450	-	
								<u>656,173</u>		
Corporate bonds										
Yulon Motor Co., Ltd. (B87201)	2022.12.12	2,000	100.00	200,000	1.040%	200,256	100.02	<u>200,037</u>	-	
Foreign shares and bonds										
Sanan Optoelectronics Co., Ltd.	SSE	230	-	-		35,140	-	37,592	-	
NVIDIA	NYSE	5	-	-		37,921	-	38,922	-	
QUALCOMM Incorporated	NYSE	6	-	-		27,879	-	28,650	-	
Taiwan Semiconductor Manufacturing Co., Ltd.	NYSE	42	-	-		139,545	-	139,202	-	
Others	-	-	-	-		22,020	-	23,085	-	Note
								<u>267,451</u>		
								<u>6,613,343</u>		
Operating securities - underwriting										
Listed shares										
TRK Corporation		200	10.00	2,000		2,200	11.75	2,350	-	
Taichung Commercial Bank Co., Ltd.		160	10.00	1,600		1,784	12.15	<u>1,944</u>	-	
								<u>4,294</u>		
Convertible bonds in the OTC market										
Ta Liang Technology Co., Ltd. (31671)		11	100.00	1,100		1,111	127.55	1,404	-	
Coremax Corporation (47393)		50	100.00	5,000		5,801	153.00	7,650	-	
Chailease Holding Company Limited (58711)		100	100.00	10,000		10,050	111.90	<u>11,190</u>	-	
								<u>20,244</u>		
								<u>24,538</u>		
Operating securities - hedging										
Listed shares and warrants										
Tung Ho Steel Enterprise Corp.		894	10.00	8,940		53,871	67.10	59,989	-	
AU Optronics Corp.		3,150	10.00	31,500		70,821	22.90	72,135	-	
LARGAN Precision Co., Ltd.		31	10.00	310		73,105	2,465.00	75,429	-	
Unimicron Technology Corp.		389	10.00	3,890		81,395	231.00	89,859	-	
Innolux Corporation		3,102	10.00	31,020		56,847	19.60	60,799	-	
Others		-	-	-		673,497	-	<u>698,168</u>	-	Note
								<u>1,056,379</u>		

(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	Notes
							Unit Price (Dollars)	Total amount		
Shares, warrants, and convertible bonds in the OTC market										
ADATA Technology Co., Ltd.		210	\$ 10.00	\$ 2,100		\$ 18,654	\$ 92.30	\$ 19,383	\$ -	
AlgolTek, Inc.		84	10.00	840		13,807	166.50	13,986	-	
E Ink Holdings Inc.		181	10.00	1,810		23,944	151.00	27,331	-	
Phison Electronics Corp.		89	10.00	890		43,459	512.00	45,568	-	
Others		-	-	-		153,769	-	153,069	-	Note 1
								259,337		
								1,315,716		
Futures margin - own funds								105,519	-	Note 1
Derivative assets - OTC								525,926	-	Note 1
								<u>\$ 8,585,042</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, 2021
(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 3.65 03/05/22 Corp	Repayment on 2022.03.05	-	\$ -	\$ -	3.65%	<u>\$ 27,767</u>	<u>\$ 9</u>	\$ -	<u>\$ 27,802</u>	

CONCORD SECURITIES CO., LTD.**STATEMENT OF MARGIN LOANS RECEIVABLE****DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars)**

Name of Security	Shares (In Thousand)	Amount	Note
Others (Note)		\$ 7,631,788	
Less: Allowance for impairment loss		<u>(2,040)</u>	
		<u>\$ 7,629,748</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, 2021****(In Thousands of New Taiwan Dollars)**

Client Name	Description	Amount	Note
Non-related parties			
Brokerage Customers	Mainly for settlement	\$ 5,853,704	
Taipei Exchange	Mainly for settlement	386,321	
Taiwan Stock Exchange	Mainly for settlement	615,862	
Others (Note)		<u>4,286</u>	
		6,860,173	
Related parties			
Subsidiaries	Mainly including futures commission income	<u>993</u>	
		<u>\$ 6,861,166</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, 2021****(In Thousands of New Taiwan Dollars)**

Client Name	Description	Amount	Note
Others (Note)	Insurance, information service fees, maintenance fees and other items	<u>\$ 8,205</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, 2021****(In Thousands of New Taiwan Dollars)**

Item	Description	Amount	Note
Non-related parties			
Default receivable		\$ 88,786	
Rents receivable	Rents receivable	3,370	
Interest receivable	Mainly including interest receivable from time deposits	150	
Others	Mainly including rewards of the transaction tax	481	
Less: Allowance for impairment loss		<u>(86,566)</u>	
		6,221	
Related parties			
Subsidiaries	Mainly including management service fee receivable	<u>151</u>	
		<u>\$ 6,372</u>	

CONCORD SECURITIES CO., LTD.**STATEMENT OF OTHER CURRENT ASSETS****DECEMBER 31, 2021****(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	\$ 55,313	
Cash and cash equivalents - receipts under custody	Cash and cash equivalents - receipts under custody from customers security subscription and exercise of warrant	1,643,416	
Temporary debits	Mainly including employee advance for business trip expenses	<u>83</u>	
		<u>\$ 1,698,812</u>	

CONCORD SECURITIES CO., LTD.

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2021

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

Name of Financial Instrument	Balance at January 1, 2021		Increase		Decrease		Balance at December 31, 2021		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	1,622	\$ 182,397	195	\$ 59,235	-	\$ -	1,817	\$ 241,632	Not applicable	Nil	
Taiwan Futures Exchange	1,471	164,248	206	-	-	11,844	1,677	152,404	Not applicable	Nil	
Taiwan Depository & Clearing Corporation	947	115,308	114	18,135	-	-	1,061	133,443	Not applicable	Nil	
Asia Pacific Emerging Industry Venture Capital Co., Ltd.	2,340	20,686	-	-	433	4,438	1,907	16,248	Not applicable	Nil	
Foursun Tech. Inc.	193	-	-	-	-	-	193	-		Nil	
	-	<u>482,639</u>		<u>77,370</u>		<u>16,282</u>		<u>543,727</u>			
Bonds											
HB0802	-	301,941	-	-	-	466	-	301,475	\$ -	Nil	
B84305	-	100,848	-	22	-	-	-	100,870	100	Nil	
RBS Float 08/30/24 Corp	-	142,394	-	-	-	4,025	-	138,369	43	Nil	
HAIDIL 2.15 01/14/26	-	-	-	109,965	-	-	-	109,965	110	Nil	
FORCAY 3.375 04/22/25	-	74,172	-	54,238	-	-	-	128,410	129	Nil	
HONHAI 3 09/23/26 Corp	-	217,753	-	-	-	14,042	-	203,711	64	Nil	
Others	-	<u>624,672</u>	-	<u>403,375</u>	-	<u>-</u>	-	<u>1,028,047</u>	<u>1,517</u>	Nil	Note
		<u>1,461,780</u>		<u>567,600</u>		<u>18,533</u>		<u>2,010,847</u>	<u>1,963</u>		
		<u>\$ 1,944,419</u>		<u>\$ 644,970</u>		<u>\$ 34,815</u>		<u>\$ 2,554,574</u>	<u>\$ 1,963</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, 2021
(In Thousands of New Taiwan Dollars)

Investee	Balance at January 1, 2021		Increase		Decrease		Balance at December 31, 2021			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. (Concord Futures)	78,005,571	\$ 1,218,379	-	\$ 93,351	-	\$ 84,190	78,005,571	95.71	\$ 1,227,540	\$15.74	\$ 1,227,442	Nil	Note 1
Con Lian Asset Management Service Co., Ltd. (Con Lian AMC)	54,900,000	577,414	-	-	-	11,886	54,900,000	100.00	565,528	10.30	565,528	Nil	Note 2
Concord Capital Holdings (Cayman) Limited (Concord Cayman)	9,333,000	21,265	-	41	9,333,000	21,306	-	-	-	-	-	Nil	Note 3
Concord Managed Futures Corp. (Concord Managed Futures)	18,000,000	159,452	-	-	18,000,000	159,452	-	-	-	-	-	Nil	Note 4
Concord Capital Management Corp. (Concord Capital Management)	7,000,000	90,978	-	621	-	6,333	7,000,000	100.00	85,266	12.18	85,266	Nil	Note 5
Concord Insurance Agency Co., Ltd. (Concord Insurance)	2,500,000	<u>26,263</u>	-	<u>-</u>	-	<u>3,257</u>	2,500,000	100.00	<u>23,006</u>	9.20	<u>23,006</u>	Nil	Note 6
		<u>\$ 2,093,751</u>		<u>\$ 94,013</u>		<u>\$ 286,424</u>			<u>\$ 1,901,340</u>		<u>\$ 1,901,242</u>		

Note 1: The increase is due to gains on investments accounted for using equity method that amounted to \$93,351 thousand. The decrease is due to unrealized losses on investments in equity instruments at fair value through other comprehensive income that amounted to \$7,017 thousand, losses on remeasurement of defined benefit plans that amounted to \$260 thousand, and distribution of cash dividends that amounted to \$76,913 thousand.

Note 2: The decrease is due to the losses on investments accounted for using equity method that amounted to \$10,228 thousand and unrealized losses on investments in equity instruments at fair value through other comprehensive income that amounted to \$1,658 thousand.

Note 3: The increase is due to exchange differences on the translation of foreign operations that amounted to \$41 thousand. The decrease is due to losses on investments accounted for using equity method that amounted to \$77 thousand and the allocation of liquidate recover that amounted to \$21,229 thousand.

Note 4: The decrease is due to the allocation of liquidate recover that amounted to \$159,452 thousand.

Note 5: The increase is due to unrealized gains on investments in equity instruments at fair value through other comprehensive income that amounted to \$621 thousand. The decrease is due to losses on investments accounted for using equity method that amounted to \$6,333 thousand.

Note 6: The decrease is due to losses on investments accounted for using equity method that amounted to \$3,257 thousand.

CONCORD SECURITIES CO., LTD.

STATEMENT OF CHANGES IN PROPERTY AND EQUIPMENT
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (In Thousands of New Taiwan Dollars)

Item	Balance at January 1, 2021	Additions	Reductions	Reclassifi- cations	Balance at December 31, 2021	Collateral	Note
Cost							
Land	\$ 607,645	\$ -	\$ -	\$ (785)	\$ 606,860	Note	
Buildings	230,898	-	-	(523)	230,375	Note	
Equipment	55,988	13,640	(18,531)	-	51,097		
Leasehold improvements	<u>29,977</u>	<u>12,375</u>	<u>(1,367)</u>	<u>-</u>	<u>40,985</u>		
	<u>\$ 924,508</u>	<u>\$ 26,015</u>	<u>\$ (19,898)</u>	<u>\$ (1,308)</u>	<u>\$ 929,317</u>		

Note: Property and equipment pledged with banks as collateral for loans amounted to \$620,584 thousand.

CONCORD SECURITIES CO., LTD.
**STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION OF PROPERTY AND EQUIPMENT
FOR THE YEAR ENDED DECEMBER 31, 2021**
(In Thousands of New Taiwan Dollars)

Item	Balance at January 1, 2021	Additions	Reductions	Reclassifi- cations	Balance at December 31, 2021	Collateral
Accumulated depreciation						
Buildings	\$ 95,007	\$ 4,091	\$ -	\$ (139)	\$ 98,959	Note
Equipment	29,451	11,570	(18,473)	-	22,548	Note
Leasehold improvements	<u>13,721</u>	<u>6,957</u>	<u>(1,074)</u>	<u>-</u>	<u>19,604</u>	Note
	<u>\$ 138,179</u>	<u>\$ 22,618</u>	<u>\$ (19,547)</u>	<u>\$ (139)</u>	<u>\$ 141,111</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, 2021**
(In Thousands of New Taiwan Dollars)

Item	Balance at January 1, 2021	Additions	Reductions	Reclassifi- cations	Balance at December 31, 2021	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, 2021
 (In Thousands of New Taiwan Dollars)

Item	Balance at January 1, 2021	Additions	Reductions	Balance at December 31, 2021	Note
Cost					
Buildings	\$ 143,178	\$ 93,431	\$ (83,178)	\$ 153,431	
Equipment	<u>1,899</u>	<u>5,167</u>	<u>-</u>	<u>7,066</u>	
	<u>\$ 145,077</u>	<u>\$ 98,598</u>	<u>\$ (83,178)</u>	<u>\$ 160,497</u>	

CONCORD SECURITIES CO., LTD.

STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION OF RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Item	Balance at January 1, 2021	Additions	Reductions	Balance at December 31, 2021	Note
Accumulated depreciation					
Buildings	\$ 78,921	\$ 44,700	\$ (83,178)	\$ 40,443	Note
Equipment	<u>623</u>	<u>1,201</u>	<u>-</u>	<u>1,824</u>	Note
	<u>\$ 79,544</u>	<u>\$ 45,901</u>	<u>\$ (83,178)</u>	<u>\$ 42,267</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, 2021
 (In Thousands of New Taiwan Dollars)

Item	Balance at January 1, 2021		Additions		Reductions		Reclassifications		Balance at December 31, 2021		Note
	Book Value	Fair Value	Book Value	Fair Value	Book Value	Fair Value	Book Value	Fair Value	Book Value	Fair Value	
Cost											
Buildings	\$ 476,326	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 785	\$ -	\$ 477,111	\$ -	Note
Equipment	<u>179,075</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>523</u>	<u>-</u>	<u>179,598</u>	<u>-</u>	Note
	<u>\$ 655,401</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,308</u>	<u>\$ -</u>	<u>\$ 656,709</u>	<u>\$ -</u>	

Note: Investment properties pledged with banks as collateral for loans amounted to \$543,671 thousand.

CONCORD SECURITIES CO., LTD.
**STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION OF INVESTMENT PROPERTY
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (In Thousands of New Taiwan Dollars)**

Item	Balance at January 1, 2021	Additions	Reductions	Reclassifi- cations	Balance at December 31, 2021	Note
Accumulated depreciation						
Buildings	\$ 93,023	\$ 3,193	\$ -	\$ 139	\$ 96,355	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, 2021
 (In Thousands of New Taiwan Dollars)**

Item	Balance at January 1, 2021	Additions	Reductions	Reclassifi- cations	Balance at December 31, 2021	Note
Accumulated impairment Buildings	\$ 661	\$ -	\$ -	\$ -	\$ 661	

CONCORD SECURITIES CO., LTD.**STATEMENT OF DEFERRED TAX ASSETS****DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars)**

Item	Description	Amount	Note
Losses on derivative financial instrument		\$ 52,759	
Defined benefit plan		40,702	
Unrealized exchange losses		28,154	
Valuation loss on foreign futures		82	
Payables for annual leave		<u>4,121</u>	
		<u>\$ 125,818</u>	

CONCORD SECURITIES CO., LTD.**STATEMENT OF OTHER NON-CURRENT ASSETS****DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars)**

Item	Description	Amount	Note
Operation guarantee 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	144,237	
Refundable deposits	Mainly including housing rental deposits	32,520	
Prepayments for equipment	Prepayments for equipment	9,950	
Deferred expense	Telephone device fee and other expense	<u>1,355</u>	
		<u>\$ 518,062</u>	

CONCORD SECURITIES CO., LTD.

STATEMENT OF SHORT-TERM BORROWINGS

DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Type	Description	Balance at December 31, 2021	Contract Term	Interest Rate	Loan Commitment	Collateral	Note
Collateralized loan							
First Commercial Bank	Bank borrowings	\$ 250,000	2021.12.03-2022.02.10	0.94%-1.50%	\$ 286,000	Properties	
Mega International Commercial Bank Co., Ltd.	Bank borrowings	120,000	2021.12.06-2022.02.14	1.10%	120,000	Properties	
Chang Hwa Commercial Bank, Ltd.	Bank borrowings	50,000	2021.12.21-2022.02.16	1.25%	120,000	Demand deposits	
Bank of Taiwan	Bank borrowings	300,000	2021.12.03-2022.02.09	1.05%	300,000	Demand deposits	
Hua Nan Commercial Bank, Ltd.	Bank borrowings	50,000	2021.12.29-2022.02.25	1.13%	100,000	Time deposits	
Mega International Commercial Bank Co., Ltd.	Bank borrowings	<u>180,000</u>	2021.12.21-2022.02.18	1.10%	<u>180,000</u>	Demand deposits and time deposits	
		<u>950,000</u>			<u>1,106,000</u>		
Credit loan							
E.SUN Commercial Bank, Ltd.	Bank borrowings	400,000	2021.12.03-2022.02.11	0.98%	700,000	Nil	
Yuanta Commercial Bank	Bank borrowings	30,000	2021.12.15-2022.01.24	0.95%	200,000	Nil	
KGI Bank Co., Ltd.	Bank borrowings	70,000	2021.12.21-2022.02.21	1.09%	300,000	Nil	
Sunny Bank Ltd.	Bank borrowings	<u>200,000</u>	2021.12.29-2022.02.25	0.80%	<u>200,000</u>	Nil	
		<u>700,000</u>			<u>1,400,000</u>		
		<u>\$ 1,650,000</u>			<u>\$ 2,506,000</u>		

CONCORD SECURITIES CO., LTD.**STATEMENT OF COMMERCIAL PAPER PAYABLE
DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars)**

Name of Guarantee Agency	Balance at December 31, 2021	Contract Term	Range of Interest Rate (%)	Collateral
China Bills Finance Corporation	\$ 1,350,000	2021.06.17-2022.02.15	0.30-0.50	Nil
International Bills Finance Corporation	450,000	2021.11.17-2022.02.17	0.39-0.95	Nil
KGI Bank Co., Ltd.	307,000	2021.12.16-2022.01.20	0.35	Nil
Taishin International Bank Co., Ltd.	300,000	2021.12.28-2022.01.27	0.39	Nil
Union Bank Of Taiwan	1,260,000	2021.11.02-2022.02.17	0.37-0.46	Nil
Hua Nan Commercial Bank, Ltd.	<u>500,000</u>	2021.12.17-2022.03.28	0.39-0.49	Nil
	4,167,000			
Less: Discount of commercial paper payable	<u>(2,241)</u>			
	<u>\$ 4,164,759</u>			

CONCORD SECURITIES CO., LTD.

STATEMENT OF FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT
DECEMBER 31, 2021

(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									
Yuanta Taiwan Dividend Plus ETF		1,814	\$ 10.00	\$ 18,140		\$ 33.58	\$ 60,914	\$ -	Note 1
AU Optronics Corp.		6,308	10.00	63,080		22.90	144,453	-	Note 1
Novatek Microelectronics Corp.		246	10.00	2,460		539.00	132,594	-	Note 1
ADATA Technology Co., Ltd.		1,112	10.00	11,120		92.30	102,638	-	Note 1
Innolux Corporation		3,373	10.00	33,730		19.60	66,111	-	Note 1
Others		-	-	-		-	<u>189,262</u>	-	Notes 1 and 2
							<u>695,972</u>		
Liabilities on sale of borrowed securities - non - hedging									
Beneficiary certificate									
Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF		195	10.00	1,950		19.17	3,738	-	
Cathay Taiwan 5G PLUS ETF		500	10.00	5,000		18.99	<u>9,495</u>	-	
							<u>13,233</u>		
Settlement coverage bonds payable of short sale							346,869		Note 2
Warrants liabilities							4,083,550		Note 2
Warrants redeemed							(3,905,570)		Note 2
Derivative liabilities - OTC							1,352,704		Note 2
Structured instruments							<u>174,872</u>		Note 2
							<u>\$ 2,761,630</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, 2021

(In Thousands of New Taiwan Dollars)

Name of Security	Contract Terms		Interest Rate (%)	Type	Amount		Turnover	Note
	Start Date	Maturity Date			Par Value			
A02110	2021.12.02	2022.01.13	0.16	Government bonds	\$ 199,900		\$ 217,670	
A09101	2021.12.02	2022.01.10	0.16	Government bonds	198,200		219,653	
HB0802	2021.12.02	2022.01.18	0.16	Government bonds	298,000		330,181	
Others (Note)							<u>3,330,963</u>	
							<u>\$ 4,098,467</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, 2021****(In Thousands of New Taiwan Dollars)**

Name of Security	Shares (In Thousands)	Amount	Note
Faraday Technology Corp.	147	\$ 26,308	
Yageo Corporation	75	19,919	
Others (Note)		<u>267,674</u>	
		<u>\$ 313,901</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, 2021****(In Thousands of New Taiwan Dollars)**

Name of Security	Shares (In Thousands)	Amount	Note
Yang Ming Marine Transport Corp.	1,637	\$ 151,539	
Yageo Corporation	75	35,448	
Faraday Technology Corp.	147	26,372	
Others (Note)		<u>290,474</u>	
		<u>\$ 503,833</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, 2021****(In Thousands of New Taiwan Dollars)**

Client Name	Description	Amount	Note
Non-related parties			
Brokerage customers	Mainly for settlement	\$ 5,638,859	
Taipei Exchange	Mainly for settlement	14,709	
Taiwan Stock Exchange	Mainly for settlement	56,684	
Others (Note)		<u>9,735</u>	
		5,719,987	
Related parties			
Subsidiaries	Securities commission fee	<u>850</u>	
		<u>\$ 5,720,837</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, 2021****(In Thousands of New Taiwan Dollars)**

Item	Description	Amount	Note
Non-related parties			
Accrued expenses			
Salary and bonus	Salaries and bonuses payable	\$ 485,743	
Compensation of employees and remuneration of directors	Compensation of employees and remuneration of directors payable	125,323	
Others (Note)		<u>50,722</u>	
		661,788	
Related parties			
Subsidiaries	Consultancy fee payable	<u>680</u>	
		<u>\$ 662,468</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, 2021****(In Thousands of New Taiwan Dollars)**

Item	Description	Lease Term	Discount Rate (%)	Balance at December 31, 2021	Note
Buildings	Business offices	2 to 5 years	0.514-0.807	\$ 112,424	
Equipment	Recording equipment and vehicle	3 to 5 years	0.521-0.753	5,040	
Less: Due within one year				<u>(38,268)</u>	
				<u>\$ 79,196</u>	

CONCORD SECURITIES CO., LTD.**STATEMENT OF PROVISIONS - CURRENT****DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars)**

Item	Description	Amount	Note
Employee benefits liabilities provisions	Estimated paid leave compensation when employees rendered services	<u>\$ 20,606</u>	

CONCORD SECURITIES CO., LTD.**STATEMENT OF OTHER CURRENT LIABILITIES****DECEMBER 31, 2021****(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	\$ 1,674,977	
Others (Note)		<u>360</u>	
		<u>\$ 1,675,337</u>	

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

CONCORD SECURITIES CO., LTD.

STATEMENT OF FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS - NON - CURRENT
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (In Thousands of New Taiwan Dollars)

Name	Balance at January 1, 2021		Increase		Decrease		Balance at December 31, 2021		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>\$ 215,244</u>	-	<u>\$ 643,200</u>	-	<u>\$ 338,147</u>	-	<u>\$ 520,297</u>	Nil	

CONCORD SECURITIES CO., LTD.**STATEMENT OF PROVISIONS - NON-CURRENT****DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars)**

Item	Description	Amount	Note
Provisions - non-current	Lease restoration costs	<u>\$ 12,080</u>	

CONCORD SECURITIES CO., LTD.**STATEMENT OF DEFERRED TAX LIABILITIES****DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars)**

Item	Description	Amount	Note
Valuation gains on foreign operating securities		<u>\$ 776</u>	

CONCORD SECURITIES CO., LTD.**STATEMENT OF OTHER NON-CURRENT LIABILITIES****DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars)**

Item	Description	Amount	Note
Net defined benefit liabilities - non-current	Accrued pension liabilities	\$ 203,511	
Guarantee deposits received	Mainly including lease deposits	<u>3,794</u>	
		<u>\$ 207,305</u>	

CONCORD SECURITIES CO., LTD.

STATEMENT OF BROKERAGE HANDLING FEE REVENUE
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (In Thousands of New Taiwan Dollars)

Month	Handling Fee Revenues from Brokered Trading		Handling Fees Revenues from Securities Financing	Other Handling Fee Revenue	Total	Note
	TSE Market	OTC Market				
January	\$ 93,128	\$ 22,677	\$ 580	\$ 3,353	\$ 119,738	
February	53,546	12,686	291	3,467	69,990	
March	85,347	22,812	341	3,523	112,023	
April	110,879	26,431	536	4,378	142,224	
May	125,139	20,002	915	3,503	149,559	
June	119,184	21,246	801	3,345	144,576	
July	149,382	32,431	802	4,431	187,046	
August	92,373	22,501	886	3,431	119,191	
September	69,496	19,447	823	3,069	92,835	
October	65,321	18,463	822	3,189	87,795	
November	90,875	28,520	791	5,247	125,433	
December	<u>74,554</u>	<u>24,864</u>	<u>542</u>	<u>4,058</u>	<u>104,018</u>	
	<u>\$ 1,129,224</u>	<u>\$ 272,080</u>	<u>\$ 8,130</u>	<u>\$ 44,994</u>	<u>\$ 1,454,428</u>	

CONCORD SECURITIES CO., LTD.

STATEMENT OF REVENUE FROM UNDERWRITING COMMISSION
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (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	\$ 9	\$ 218	\$ 2,110	\$ 60	\$ 2,397	
February	-	13	1,110	-	1,123	
March	4,099	176	510	100	4,885	
April	103	152	80	250	585	
May	6,835	18,671	80	-	25,586	
June	11	79	310	-	400	
July	13	148	80	130	371	
August	95	281	80	120	576	
September	103	195	310	-	608	
October	131	540	110	800	1,581	
November	20	406	110	-	536	
December	<u>218</u>	<u>887</u>	<u>650</u>	<u>900</u>	<u>2,655</u>	
	<u>\$ 11,637</u>	<u>\$ 21,766</u>	<u>\$ 5,540</u>	<u>\$ 2,360</u>	<u>\$ 41,303</u>	

CONCORD SECURITIES CO., LTD.

STATEMENT OF GAINS (LOSSES) ON SALE OF SECURITIES
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (In Thousands of New Taiwan Dollars)

Item	Revenue from Sale of Securities	Cost of Sale of Securities	Net Gains (Losses) on Sale of Securities	Note
Proprietary				
TSE market:				
Stocks	\$ 16,595,549	\$ 15,654,488	\$ 941,061	
Others	13,967,568	13,603,321	364,247	
OTC market:				
Stocks	12,086,542	11,899,948	186,594	
Bonds	77,500,158	77,221,079	279,079	
Others	434,244	430,807	3,437	
Foreign market:	<u>4,326,971</u>	<u>4,451,128</u>	<u>(124,157)</u>	
	<u>\$ 124,911,032</u>	<u>\$ 123,260,771</u>	<u>\$ 1,650,261</u>	
Underwriting				
TSE market:				
Stocks	\$ 19,965	\$ 19,562	\$ 403	
OTC market:				
Stocks	11,598	10,998	600	
Bonds	<u>111,980</u>	<u>93,364</u>	<u>18,616</u>	
	<u>\$ 143,543</u>	<u>\$ 123,924</u>	<u>\$ 19,619</u>	
Hedging				
TSE market:				
Stocks	\$ 21,818,634	\$ 21,917,985	\$ (99,351)	
OTC market:				
Stocks	3,345,179	3,353,972	(8,793)	
Bonds	<u>335,197</u>	<u>331,695</u>	<u>3,502</u>	
	<u>\$ 25,499,010</u>	<u>\$ 25,603,652</u>	<u>\$ (104,642)</u>	

CONCORD SECURITIES CO., LTD.**STATEMENT OF INTEREST INCOME
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)**

Item	Description	Amount	Note
Financing interest	Brokerage financing interest	\$ 344,168	
Bond interest	Mainly including bond interest from the proprietary business	45,284	
Others (Note)		<u>729</u>	
		<u>\$ 390,181</u>	

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

CONCORD SECURITIES CO., LTD.**STATEMENT OF FINANCE COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)**

Item	Description	Amount	Note
Interest of commercial paper payable	Interest of short-term commercial paper payable	\$ 40,388	
Interest of liabilities for bonds with attached repurchase agreements	Interest of liabilities for bonds with attached repurchase agreements	11,817	
Loan interest	Interest expense of short-term borrowings	5,059	
Others (Note)		<u>4,259</u>	
		<u>\$ 61,523</u>	

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

CONCORD SECURITIES CO., LTD.

STATEMENT OF EMPLOYEE BENEFIT, DEPRECIATION, AMORTIZATION AND OTHER
OPERATING EXPENSES

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars)

Item	2021	2020
Employee benefit expense (Notes 1 and 2)		
Salary and bonus	\$ 1,147,844	\$ 871,818
Labor and health insurance	65,274	49,774
Pension	36,227	31,604
Remuneration of directors	136,173	93,334
Others	<u>29,717</u>	<u>24,739</u>
	<u>\$ 1,415,235</u>	<u>\$ 1,071,269</u>
Depreciation expense	<u>\$ 71,259</u>	<u>\$ 69,589</u>
Amortization expense	<u>\$ 5,590</u>	<u>\$ 6,190</u>
Other operating expenses		
Taxes	\$ 216,511	\$ 170,547
Information technology expenses	42,409	47,647
Custody fees	41,436	23,538
Professional service fees	28,568	15,310
Securities borrowing fees	25,234	28,272
Postage expenses	25,110	22,109
Others (Note 3)	<u>104,040</u>	<u>91,016</u>
	<u>\$ 483,308</u>	<u>\$ 398,439</u>

Note 1: For the current year and the previous year, the average number of employees was 655 and 639, 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 employee benefit expense was \$1,989 thousand for the current year. Average employee benefit expense was \$1,560 thousand for the previous year.
- b. Average salary and bonus was \$1,785 thousand for the current year. Average salary and bonus was \$1,390 thousand for the previous year.
- c. The average salary and bonus increased by 28.4% 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, 2021 and 2020 is both NT\$0.
- e. Please explain the Security firms' remuneration policies including directors, supervisors, managers and employees:
 - 1) Directors: The remuneration of the 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 same industry.
 - 2) Supervisors: In June 2015, the Corporation has set up The Audit Committee to replace the supervisor system. The remuneration of the 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 same 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 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 same 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, 2021 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, 2021. 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 17, 2022. 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, 2021 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, 2021 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 17, 2022

CONCORD SECURITIES CO., LTD.

OTHER DISCLOSURES IN FINANCIAL REPORTS FOR THE YEAR ENDED DECEMBER 31, 2021

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) 2017

None.

b) 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.

c) 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.

d) 2020

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 was in the process of dissolution and liquidation.

e) 2021

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

Concord Cayman has completed its liquidation procedures on March 31, 2021, and returned the remaining liquidation funds to the Corporation of US\$744 thousand.

- 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, president, vice presidents, and Chairperson 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) and the Percentage of Net Income (Note 10)				Relevant Remuneration Received by Directors Who Are Also Employees								Total Remuneration (A + B + C + D + E + F + G) and the 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)				
														Cash	Stock	Cash	Stock			The Corporation	All Companies Listed in the Financial Reports					
	Zhong Yang Investment Co., Ltd.	-	-	-	-	-	19,238	-	-	19,238	1.39%	19,238	1.39%	-	-	-	-	-	-	-	-	19,238	1.39%	19,238	1.39%	None
Chairperson	Representative: CHENG, TA-YU (Note 12)	29,719	29,872	-	-	-	-	1,260	1,270	30,979	2.24%	31,142	2.25%	-	-	-	-	-	-	-	-	30,979	2.24%	31,142	2.25%	None
Director	Representative: LEE, CHIN-SHEN (Note 12)	497	510	-	-	-	-	34	38	531	0.04%	548	0.04%	-	-	-	-	-	-	-	-	531	0.04%	548	0.04%	None
Director	Representative: CHANG, JINNDER (Note 12)	497	497	-	-	-	-	30	30	527	0.04%	527	0.04%	-	-	-	-	-	-	-	-	527	0.04%	527	0.04%	None
Corporate Director	Tai Ming Development Co., Ltd.	52	52	-	-	-	3,847	-	3,847	10	10	3,909	0.28%	3,909	0.28%	-	-	-	-	-	-	3,909	0.28%	3,909	0.28%	None
	Representative: CHENG, KUO-HWA (Note 13)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	None
	Representative: LI, CHUANG-YUAN (Note 13)	445	445	-	-	-	-	15	15	460	0.03%	460	0.03%	-	-	-	-	-	-	-	-	460	0.03%	460	0.03%	None
	Yuan Lung Construction and Development Co., Ltd.	650	650	-	-	-	8,118	-	8,118	55	55	8,823	0.64%	8,823	0.64%	-	-	-	-	-	-	8,823	0.64%	8,823	0.64%	None
Director	Representative: MA, PEI-CHUN (Note 12)	575	575	-	-	-	-	-	-	575	0.04%	575	0.04%	-	-	-	-	-	-	-	-	575	0.04%	575	0.04%	None
	Sky Corp.	-	-	-	-	-	3,847	-	3,847	-	-	3,847	0.28%	3,847	0.28%	-	-	-	-	-	-	3,847	0.28%	3,847	0.28%	None
Director	Representative: CHEN, QIONG-LING (Note 12)	497	497	-	-	-	-	30	30	527	0.04%	527	0.04%	-	-	-	-	-	-	-	-	527	0.04%	527	0.04%	None
	Te Yeh Investment Co., Ltd.	1,210	1,210	-	-	-	8,118	-	8,118	-	-	9,328	0.67%	9,328	0.67%	-	-	-	-	-	-	9,328	0.67%	9,328	0.67%	None
Director	Representative: YANG, MING-WANG (Note 12)	15	15	-	-	-	-	55	55	70	0.01%	70	0.01%	-	-	-	-	-	-	-	-	70	0.01%	70	0.01%	None
	Jia Yi Corp.	-	-	-	-	-	8,118	-	8,118	-	-	8,118	0.59%	8,118	0.59%	-	-	-	-	-	-	8,118	0.59%	8,118	0.59%	None
Director	Representative: TSAI, SUNG-PO (Note 12)	1,225	1,225	-	-	-	-	50	50	1,275	0.09%	1,275	0.09%	-	-	-	-	-	-	-	-	1,275	0.09%	1,275	0.09%	None
	Te Sheng Development Co., Ltd.	728	728	-	-	-	25,621	-	25,621	-	-	26,349	1.90%	26,349	1.90%	-	-	-	-	-	-	26,349	1.90%	26,349	1.90%	None
Chairperson	Representative: CHENG, TA-YU (Note 14)	3,910	4,037	-	-	-	-	25	32	3,935	0.28%	4,069	0.29%	-	-	-	-	-	-	-	-	3,935	0.28%	4,069	0.29%	None
Director	Representative: CHENG, KUO-HWA (Note 14)	728	728	-	-	-	-	20	20	748	0.05%	748	0.05%	-	-	-	-	-	-	-	-	748	0.05%	748	0.05%	None
Director	Representative: LIN, HSIU-CHENG (Note 14)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	None
	Representative: CHEN, QIONG-LING (Note 14)	-	-	-	-	-	-	20	20	20	-	20	-	-	-	-	-	-	-	-	-	20	-	20	-	None
Director	Representative: CHAO, KAO-SHEN (Note 14)	728	770	-	-	-	-	25	31	753	0.05%	801	0.06%	-	-	-	-	-	-	-	-	753	0.05%	801	0.06%	None
Corporate Director	Chih Wei Development Co., Ltd.	259	259	-	-	-	4,270	-	4,270	-	-	4,529	0.33%	4,529	0.33%	-	-	-	-	-	-	4,529	0.33%	4,529	0.33%	None
	Representative: LIN, YOU-HE (Note 14)	229	229	-	-	-	-	15	15	244	0.02%	244	0.02%	-	-	-	-	-	-	-	-	244	0.02%	244	0.02%	None
	Representative: CHEN, TANG-SHENG (Note 14)	240	264	-	-	-	-	10	14	250	0.02%	278	0.02%	-	-	-	-	-	-	-	-	250	0.02%	278	0.02%	None
	Hong Chi Investment Co., Ltd.	30	30	-	-	-	-	-	-	30	-	30	-	-	-	-	-	-	-	-	-	30	-	30	-	None
Director	Representative: CHEN, TANG-SHENG (Note 14)	459	477	-	-	-	-	15	17	474	0.03%	494	0.04%	-	-	-	-	-	-	-	-	474	0.03%	494	0.04%	None
Independent Director	LEE, CHIN-SHEN (Note 14)	812	812	-	-	-	-	73	73	885	0.06%	885	0.06%	-	-	-	-	-	-	-	-	885	0.06%	885	0.06%	None
Independent Director	CHANG, YAO-REN (Note 12)	1,365	1,365	-	-	-	-	152	152	1,517	0.11%	1,517	0.11%	-	-	-	-	-	-	-	-	1,517	0.11%	1,517	0.11%	None
Independent Director	HUANG, TIEN-CHANG (Note 12)	1,365	1,378	-	-	-	-	144	148	1,509	0.11%	1,526	0.11%	-	-	-	-	-	-	-	-	1,509	0.11%	1,526	0.11%	None
Independent Director	HUANG, HSIU-HUI (Note 12)	1,365	1,365	-	-	-	-	144	144	1,509	0.11%	1,509	0.11%	-	-	-	-	-	-	-	-	1,509	0.11%	1,509	0.11%	None
1. The Corporation's remuneration policy for independent directors shall be handled by the Corporation's Regulations for Compensation of Directors. When an independent director performs his/her duties, regardless of profit or loss in the Corporation's operation, the maximum annual compensation by the Corporation is NT\$1,800,000 divided into separate payments, which may be adjusted as appropriate by the remuneration committee based on his/her participation in the Corporation's operation and value of contribution. In addition, the allowance for conducting business shall include attendance pay at the committees, which is NT\$2,000-5,000 each time, as transportation expenses and travel expenses may be reimbursed based on actual needs when performing the Corporation duties. No additional director allowance, severance, bonuses, pension, the profit distribution as remuneration to directors, special disbursement, and other allowance for independent directors.																										
2. In addition to the disclosures in the above table, the total amount of remuneration received during the most recent fiscal year by the directors providing services (such as serving as non-employee consultants, etc.) for all of the companies listed in the financial reports: None.																										

Note 1: 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 Vice President concurrently, please list him/her in this table and table 2). Renumeration to President and Vice President.

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 the latest year (if it hasn't been approved by the Board of Directors, please fill out CPA audited amount of accounts).

Note 4: It refers to the compensation of professional practice paid to Directors over the latest years (ex. travelling expense, special disbursement, various allowance, dormitory, vehicle and other physical objects etc. provided). In case that house, car and other transportation are provided or exclusive personal expenses are allowed, please disclose the nature and cost of such assets, actual rent or rent calculated based on fair value, fuel and other payments. In addition, if a driver is provided, please give a remark to indicate the related compensation paid by the Corporation to the driver, but excluded in the remuneration.

Note 5: It refers to salary, duty bonus, severance payment, various bonus, incentives, travelling expense, special disbursement, various allowance, dormitory, vehicle and other physical objects etc. received by the Director who hold an employee position concurrently over the latest year (included adjunct President, Vice President, other managers and employee). In case that house, car and other transportation are provided or exclusive personal expenses are allowed, please disclose the nature and cost of such assets, actual rent or rent calculated based on fair value, fuel and other payments. In addition, if a driver is provided, please give a remark to indicate the related compensation paid by the Corporation to the driver, but exclude it in the remuneration, salary expenses recognized in accordance with IFRS 2 "Share-based Payment" include employee stock options, restricted stock awards and participating in subscription for shares with cash capital increase should also be included in 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, Vice 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 amount of account).

Note 7: Please disclose the lump sum of various remunerations that all companies listed in consolidated 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 listed in consolidated 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 related amount of remuneration that the Directors of the Corporation receive from reinvestment other than subsidiary or 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 compensation from professional practice 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 re-elected the 12th board of directors on July 12, 2021, and the term of office was from July 12, 2021 to July 11, 2024.

Note 13: The corporate director Tai Ming Development Co., Ltd. changed its representative to LI, CHUANG-YUAN in place of CHENG, KUO-HWA on August 1, 2021.

Note 14: The 11th term of directors of the Corporation was dismissed on July 11, 2021. The director Te Sheng Development Co., Ltd. changed its representative to CHEN, QIONG-LING in place of LIN, HSIU-CHENG on April 7, 2021. The director Hong Chi Investment Co., Ltd. resigned on April 22, 2021. The Corporate direct of Chih Wei Development Co., Ltd. change its representative to CHENG, TANG-SHENG in place of LIN, YOU-HE.

Note 15: NT\$1,355 thousand paid as compensation to the driver, without accounting in remuneration.

Note 16: The compensation of professional practice paid to the chairperson, including the rental of the vehicle, fuel and other related payment, totaled \$1,230 thousand.

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(D) (Note4)				Total Remuneration (A + B + C + D) and the 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 Consolidated Financial Reports (Note 5)						
		The Corporation	All Companies Listed in the Consolidated Financial Reports (Note 5)	The Corporation	All Companies Listed in the Consolidated Financial Reports (Note 5)	The Corporation	All Companies Listed in the Consolidated Financial Reports (Note 5)	Cash	Stock	Cash	Stock	The Corporation	All Companies Listed in the Consolidated Financial Reports			
President	CHIU, JUNG-CHEN	35,392	35,392	1,644	1,644	118,064	118,717	5,036	-	5,036	-	160,136	11.55%	160,789	11.60%	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															
Vice President	DING, YONG-KANG (Note 10)															
Vice President	CHEN, WEI-TUNG (Note11)															

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)	LIU, PI-YIN; CHEN, WEI-TUNG	LIU, PI-YIN; CHEN, WEI-TUNG
NT\$3,500,000 (inclusive) - NT\$5,000,000 (exclusive)	CHIU, CHAO-SHAN; CHENG, HUNG-TAI; SHIH, SHU-CHEN; LEE, AI-CHEN; DING, YONG-KANG	CHIU, CHAO-SHAN; CHENG, HUNG-TAI; SHIH, SHU-CHEN; LEE, AI-CHEN; DING, YONG-KANG
NT\$5,000,000 (inclusive) - NT\$10,000,000 (exclusive)	WANG, HSIU-CHING; LEU, SUH-LING; YEN, CHIH-LUNG; LIN, HSU-SHENG	WANG, HSIU-CHING; LEU, SUH-LING; YEN, CHIH-LUNG; LIN, HSU-SHENG
NT\$10,000,000 (inclusive) - NT\$15,000,000 (exclusive)	LIAO, CHI-HUNG; TSENG, LI-KUO; CHANG, JYH-CHIAN	LIAO, CHI-HUNG; TSENG, LI-KUO; CHANG, JYH-CHIAN
NT\$15,000,000 (inclusive) - NT\$30,000,000 (exclusive)	-	-
NT\$30,000,000 (inclusive) - NT\$50,000,000 (exclusive)	CHIU, JUNG-CHEN; CHEN, CHIH-HAO	CHIU, JUNG-CHEN; CHEN, CHIH-HAO
NT\$50,000,000 (inclusive) - NT\$100,000,000 (exclusive)	-	-
More than NT\$100,000,000	-	-
Total	16 persons	16 persons

Note 1: The names of President and Vice President shall be listed separately and each 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) Remuneration of Directors and Independent Directors.

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 disbursement, 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 are provided or exclusive personal expenses are allowed, the nature and cost of these assets, the actual rent or calculated based on fair value, 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, restricted stock awards 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 Vice President approved by the Board of Directors in the latest fiscal year (included stocks 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 amount of accounts).

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

Note 6: The names of President and Vice 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 disclosed the names of President and Vice 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 related amount of remuneration that the President and Vice President of the Corporation receive from reinvestment other than subsidiary or parent company shall be filled out explicitly (in case of null, please fill out 'None').
- b. The Presidents and Vice 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 Vice 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 DING, YONG-KANG assumed office on January 1,2021.

Note 11: Vice President CHEN, WEI-TUNG assumed office on July 1,2021.

Note 12: NT\$1,093 thousand paid as compensation to the driver, without accounting in remuneration.

Note 13: The bonus and special disbursement of the President and the Vice President, including the vehicle amortization, depreciation, fuel, and other related payment, totaled \$2,571 thousand; and the book value of the vehicle totaled \$242 thousand, without accounting in remuneration.

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	0.04%

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, 2021 and 2020, the numbers of employees in the non-supervisor positions were 520 person and 485 person, respectively, and increased by 35 person. The annual average employee benefit expenses were \$1,471 thousand and \$1,119 thousand, respectively, and increased by \$352 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, company trip 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 obtain professional qualification certificates. Besides, in order to provide diversified outlet of learning, the Corporation not only arrange physical (internal and external) education and training courses, but also 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 Labor Standard 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 make contribution to the Bureau of Labor Insurance for appropriating 6% of the monthly gross salaries and wages of the employees to their individual labor pension accounts. For employees who choose the retirement mechanism, the Corporation shall appropriate 2% of the monthly gross salaries and 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 due to labor-management controversy 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) Statement on Internal Control

Concord Securities Co., Ltd.

**Internal Control System Statement
March 17, 2022**

Base on the results of self-assessment of the Corporation's internal control system for the year of 2021, 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) Based on the results of assessment as stated in Item IV, the Corporation believes, until December 31, 2021, that the design and implementation of its internal control system (including supervision and management of subsidiaries, and the whole implementation of cyber security), such as understanding the degree of achievement of operational effectiveness and efficiency objectives, the reporting of the Corporation being reliable, timely, transparent, and complying with applicable rules, and applicable laws, regulations, and bylaws having been complied with, are effective except matters that list in the attachment, thereby reasonably ensuring the achievement of the above-mentioned objectives.
- f) 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.

- g) We also hereby declare that the statement has been approved by the Board of Directors at the meeting held on March 17, 2022. Among the 11 directors attended, 0 persons held objection, and the rest all agreed on the content of the Statement.

Concord Securities Co., Ltd.
Chairman: CHENG, TA-YU
President: CHIU, JUNG-CHEN
Internal Audit Officer: SHIH, SHU-CHEN
Chief Information Officer: CHANG, JYH-CHIAN

Concord Securities Co., Ltd.
Internal Control System Matters to be Improved and Corrective Measures
(Record Date: December 31, 2021)

Matters to be Improved	Corrective Measures	Estimated Completion Time
<p>Taipei Exchange conducted audits on the Corporation on July 17, September 9, and September 10, 2020 and found deficiencies in the information security including the Corporation Co-location (hereinafter referred to as the “Co-Lo”) service only available to specific persons who were highly related to the system vendor without substantial control over the Co-Lo transaction host and retaining complete time records for accepting the customer’s order, and loose settings for log and access control on the firewall set by the system. (A disciplinary warning and a fine of NT\$1,440,000 were imposed on the Corporation as per Sanction No. Financial-Supervisory-Securities-Futures-Penalties-Zi-1100360648 dated March 4, 2021 of the Financial Supervisory Commission.)</p>	<ol style="list-style-type: none"> 1. The Corporation currently suspends the Co-Lo service. If the business will be resumed in the future, it will be handled in accordance with the Corporation’s “Guidelines for Using the Host Co-location Service”, and the relevant visit records will be retained by quarters for the eligible customers. In the future, if there is a customer applying for Co-Lo service, the Corporation will also carefully evaluate the suitability for the customer to use Co-Lo service. 2. Review the Corporation’s current DMA business, all customer instruction records have been kept for five years in accordance with the regulations; 3. Review again the relevant logs of all important transaction hosts (including DMA, electronic trading systems, etc.), all the logs have been set to enable; 4. Review again the important transaction hosts (including DMA, electronic trading systems, etc.) within the domain, the requirement for changing the password regularly every three months has been met; 5. Review the current DMA business, the vendor has been requested to provide the source code security declaration; 6. Review again the firewall (including OA, electronic trading, B2B, etc.), all the access records have been enabled; 	<p>These improvements have been completed.</p>

(Continued)

Matters to be Improved	Corrective Measures	Estimated Completion Time
	7. All hosts related to important transactions have been included in the vulnerability scanning and repair operations.	
<p>Taiwan Stock Exchange along with Taipei Exchange sent officers to the Corporation for auditing on December 30 and 31, 2020, and found the following shortcomings:</p> <p>(I) The subsidiary Con Lian Asset Management Services Co., Ltd. (hereinafter referred to as the “Con Lian AMC”) invested by the Corporation after participating in the establishment and cash capital increase of Hwa-Ho Asset Management Co., Ltd. (formerly known as Concord Securities Asset Management Co., Ltd., the company name changed in 2013, hereinafter referred to as “Hwa-Ho”) in 2003 to 2019, the profit and loss of Con Lian AMC is recognized mainly from the profit and loss on investments of Hwa-Ho, and the main business item of Hwa-Ho are real estate development and trading, which was found in violation of the business scope of the invested investment asset management service company requested when the former Securities and Futures Commission, Ministry of Finance approved the Company’s application for investment in Con Lian AMC, which should be in compliance with the Letter No. Taiwan-Finance-Securities-(II)-001 501 dated March 7, 2002 (91), and had gone against the scope of the investments in domestic business by securities firms approved as per Order No. Financial-Supervisory-Securities-Zi-1070320901 dated June 1, 2018 of the Financial Supervisory Commission.</p>	<p>a. The subsidiary Con Lian AMC has reported to the Corporation with the Business Report, the Statement of Cash Flows, and the material for loaning of fund on a monthly basis since March 2021 and replied that no loans of funds or endorsements/guarantees were made.</p> <p>b. By far, the Corporation has made no loans of funds to others; therefore, the Procedures for Loaning Funds to Others has not been formulate. It also requires all its subsidiaries to comply with the relevant regulations of the Corporation, so the subsidiary Con Lian AMC shall also not engage in making loans of funds to others. The Corporation proposed not to formulate the Procedures for Loaning Funds to Others accordingly.</p> <p>c. The Corporation has assisted the subsidiary Con Lian AMC in completing the establishment of the necessary internal control system and relevant regulations before June 30.</p> <p>d. The subsidiary Con Lian AMC has set up dedicated personnel for executing its finance or business, and the finance and business have been differentiated independently from those of Hwa-Ho.</p>	<p>The defect items listed on the left have all been improved, but the part of hiring a non-certified accountant to issue a special audit report, which is expected to be done in the second quarter of 2022.</p>

(Continued)

Matters to be Improved	Corrective Measures	Estimated Completion Time
<p>(II) The Corporation did not disclose its investment in Hwa-Ho in the 2003 financial reports, did not disclose in detail the main business item of Hwa-Ho it invested in the 2004 - 2010 financial report, and did not disclose the fact that in 2004 Con Lian AMC had engaged in loaning of funds to Hwa-Ho in the Section of Related-party Transactions and Loans to Others of the 2004 financial report.</p> <p>(III) The Corporation has the following circumstance that it does not implement supervision and management on the subsidiary Con Lian AMC verified and found to be true:</p> <ol style="list-style-type: none"> 1. It did not acquire the Business Report, Cash Flow Monthly Report, and Loaning of Funds and Making of Endorsements/Guarantees Monthly Report of the subsidiary Con Lian AMC. 2. Con Lian AMC made loans to others, and the Corporation did not ask Con Lian AMC to formulate the Procedures for Loaning Funds to Others, document retention, and other necessary internal control systems. 3. The finance or business of Con Lian AMC and Hwa-Ho cannot be differentiated independently from each other. 4. When the internal auditors conducted supervision on a subsidiary and other internal auditing procedures, they did not discover defects therein and supervise the subsidiary to build the internal control system. 	<p>e. The Corporation's internal auditor has in accordance with the Internal audit Implementation Rules AM-19100, conducted annual audits on the supervision of the subsidiaries and the examination on the related parties for the parties of equity transactions, further strengthened the investigation on the related-party list generated from the "Related Party Register Data File" in the Corporation's system, and retrieved the "Related Party Identification Checklist" as the attachment.</p>	

(Continued)

Matters to be Improved	Corrective Measures	Estimated Completion Time
(As per Letter No. Financial-Supervisory-Securities-Zi-11003639491, Sanction No. Financial-Supervisory-Securities-Penalties-Zi-1100363949 dated October 06, 2021 of the Financial Supervisory Commission, the FSC imposed a fine of NT\$240,000 as a corrective measure, and the Corporation was asked to hire a non-certified accountant to issue a special audit report.)		

(Concluded)

Note: Warnings (inclusive) or above or more or fines of NT\$240,000 or more imposed by the competent authority are listed in detail and the improvement status of the information security deficiencies found in the audits of the competent authority, Taiwan Stock Exchange, Taipei Exchange, or Taiwan Futures Exchange.

- 2) Where a CPA has been hired to carry out a special audit of the internal control system, the CPA audit report shall be disclosed: None.

f. Cyber security management

- 1) Cyber security risk assessment and analysis, and measures to be taken in response

The Corporation has implemented the Information Security Management System (ISMS) since 2011, and established the information and communication security implementation force, with the President acting as the general convener. In addition to formulating information security policies and specific management regulations and rules, the Corporation continuously make amendments and improvements to relevant regulations and rules in response to the development of information security threats, the demand for business changes, or the requirements of the competent authority. The Corporation conducts regular evaluations on information security risks every year and reports the collected information security overall implementation statement to the Board of Directors. The latest date of reporting to the Board of Directors was March 17, 2022. The key points of the Corporation's information security evaluation are as follows:

- a) Information architecture review
- b) Internet activity review
- c) Network equipment, server, and terminal equipment testing
- d) Website security detection
- e) Security settings review
- f) Email social engineering drill

2) The assessment points and specific management plan are respectively described as follows:

a) Information architecture review

i. Review the suitability of relevant measures taken for continuous operation

Review the architecture of relevant measures and maintenance mechanism to see if any risk of single-point failure exists conducting risk analysis on the suitability for continuous business operation, and provide the results and recommendations of the information architecture security assessment.

ii. Review the maximum impact and risk tolerance capacity of single-point failure

Evaluate whether the impact is within the risk tolerance, if not, discuss and implement the improvement plan.

b) Internet activity review

Review the access records and account permissions of the equipment, review the access records of network equipment, information security equipment, and servers, and whether granting account permissions and monitoring mechanism conform to the internal control operation regulations; inspect the account permissions and access records of the equipment based on the principle of least privilege, identify abnormal records, and verify warning mechanisms.

c) Network equipment, server, and terminal equipment testing

Perform vulnerability scan and repair operations; regularly conduct vulnerability scanning for network equipment, servers, and terminals every six months, and conduct the improvement and repair operations for the vulnerability found.

Evaluate the scope of the vulnerability scanning operation, mode of operation, and the vulnerability improvement plan and repair status, provide evaluation suggestions for the scanning results, aiming at identifying the vulnerability and flaws that possibly exist in the architecture for improvement and repair, reduce the overall information security risk.

d) Website security detection

Conducting penetration testing on the website; penetration testing is divided into three steps: data collection, information analysis, and target penetration; the way it is implemented is to simulate hacker attacks, using security detection tools (such as Qualys or Nmap), and conducting penetration testing on websites with outbound links to discover and repair the vulnerability of the website as early as possible.

e) Security settings review

For server security policy settings, review the “Password Setting Policy” and “Account Lockout Policy” settings on the server (such as Domain Services Active Directory), and through tool analysis and manual operations, review whether the relevant domain security policy settings conform to internal control regulations.

f) Email social engineering drill

Within the scope of internal security monitoring, send exercise emails to all personnel of the group; test, promote, and strengthen information security learning. The steps taken for exercise are as follows:

- i. Exercises are held on April and October every year regularly.
 - ii. The unit holding the exercise sends phishing emails to induce users to click or download from an external link.
 - iii. Statistics of Email open rate and click through rate are obtained, and the email notification on the list of the staff who have touched by accident is sent to the supervisor of the relevant unit.
 - iv. Collect the exercise results of all units after exercise and submit them to President for approval in May and November every year
 - v. The follow-up improvement mechanism mainly focuses on co-workers' better understanding of the risk of using emails, enhancing co-workers' awareness of a crisis to prevent social engineering attacks, and constantly exercising to reduce the risk of social engineering attacks to further achieve the purpose of protecting customer data and important operational information as well as services.
- 3) List any losses suffered by the Corporation in the most recent fiscal year due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken: None.

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)				
		2021	2020	2019	2018	2017
Current assets		\$ 27,407,600	\$ 25,263,137	\$ 16,765,297	\$ 12,696,117	\$ 25,318,258
Property and equipment		786,949	785,072	782,853	801,781	800,931
Other non-current assets		5,786,898	5,355,889	4,273,798	3,258,404	3,403,241
Current liabilities	Before distribution	24,286,798	22,757,934	14,145,769	9,338,453	21,730,001
	After distribution (Note 2)	(Note 3)	23,483,169	14,340,576	9,338,453	21,878,835
Non-current liabilities		819,654	433,367	429,154	381,518	282,618
Capital stock		5,944,550	5,944,550	6,103,227	6,260,803	6,133,368
Retained earnings	Before distribution	2,291,877	1,683,518	843,726	556,882	1,308,083
	After distribution (Note 2)	(Note 3)	958,283	648,919	556,882	843,721
Total assets		33,981,447	31,404,098	21,821,948	16,756,302	29,522,430
Total liabilities	Before distribution	25,106,452	23,191,301	14,574,923	9,719,971	22,012,619
	After distribution (Note 2)	(Note 3)	23,916,536	14,769,730	9,719,971	22,161,453
Total equity	Before distribution	8,874,995	8,212,797	7,247,025	7,036,331	7,509,811
	After distribution (Note 2)	(Note 3)	7,487,562	7,052,218	7,036,331	7,360,977

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 2021 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)				
	2021	2020	2019	2018	2017
Revenue	\$ 3,608,529	\$ 2,579,798	\$ 1,433,197	\$ 814,036	\$ 2,017,826
Costs and expenses	2,229,279	1,710,429	1,289,813	1,321,303	1,598,911
Share of profit of subsidiaries accounted for using equity method	73,456	138,544	22,215	139,246	197,206
Other gains and losses	91,329	101,313	112,051	102,158	83,180
Profit before income tax	1,544,035	1,109,226	277,650	(265,863)	699,301
Net profit for the year	1,385,923	1,084,976	284,352	(278,067)	686,615
Earnings (loss) per share (NT\$)	2.33	1.83	0.47	(0.43)	1.09

Note: The above financial data 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
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
2021	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)				
			2021	2020	2019	2018	2017
Financial structure (%)	Debt-asset ratio		73.88	73.85	66.79	58.01	74.56
	Ratio of long-term capital to property and equipment		1,231.93	1,101.32	980.54	925.17	972.92
Solvency (%)	Current ratio		112.85	111.01	118.52	135.96	116.51
	Quick ratio		112.82	110.98	118.47	135.88	115.58
Profitability	Return on assets (%)		4.24	4.08	1.47	(1.20)	2.61
	Return on shareholders' equity (%)		16.22	14.04	3.98	(3.82)	9.57
	Ratio of paid-in capital (%)	Operating profit (loss)	23.20	14.62	2.35	(8.10)	6.83
		Profit (loss) before tax	25.97	18.66	4.55	(4.25)	11.40
	Profit margin (loss) before tax (%)		38.41	42.06	19.84	(34.16)	34.03
	Earnings (loss) per share (NT\$)		2.33	1.83	0.47	(0.43)	1.09
	Cash flow ratio (%)		2.28	4.29	(Note 2)	34.58	(Note 2)
Cash flow (%)	Cash flow adequacy ratio (%)		186.87	221.42	624.93	811.46	(Note 2)
	Cash flow reinvestment ratio (%)		(Note 2)	8.88	(Note 2)	40.73	(Note 2)
Special regulations ratio (%)	Ratio of total liabilities to net capital		210.51	188.89	134.70	86.61	168.02
	Ratio of property and equipment to total assets		2.73	2.94	4.22	5.65	3.19
	Ratio of total amount of underwriting securities on a firm commitment basis to the balance of current assets minus current liabilities		7.13	8.82	3.75	3.60	38.17
	Ratio of total margin purchase to net value		85.99	57.19	47.42	46.37	63.72
	Ratio of total short sale to net value		5.68	5.30	5.69	11.60	8.35
Please state the causes of changes in each financial ratio for the preceding (increased or decreased by 20%) two fiscal years:							
1. Ratio of operating profit to paid-in capital: Mainly due to the increase in operating profit for the year compared with the same period of last year							
2. Ratio of profit before tax to paid-in capital: Mainly due to the increase in profit before tax for the year compared with the same period of last year.							
3. Earnings per share: Mainly due to the increase in profit after tax for the year compared with the same period of last year.							
4. Cash flow ratio: Mainly due to the decrease in net cash in-flows from operating activities for the year compared with the same period of last year.							
5. Ratio of total margin purchase to net value: Mainly due to the increase in total margin purchase for the year compared with the same period of last year.							

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 is not calculated; where the total net cash flow from operating activities are negative, cash flow adequacy ratio is not calculated; where net cash flow from operating activities less cash dividends issued in the current year is negative, cash flow reinvestment ratio is not calculated.

c. Financial difficulties that the Corporation and its affiliates 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	2021	2020	Change	
			Amount	%
Current assets	\$ 27,407,600	\$ 25,263,137	\$ 2,144,463	8
Non-current assets	6,573,847	6,140,961	432,886	7
Total assets	33,981,447	31,404,098	2,577,349	8
Current liabilities	24,286,798	22,757,934	1,528,864	7
Non-current liabilities	819,654	433,367	386,287	89
Total liabilities	25,106,452	23,191,301	1,915,151	8
Capital stock	5,944,550	5,944,550	-	-
Retained earnings	2,291,877	1,683,518	608,359	36
Other equity	463,248	409,422	53,826	13
Total equity	8,874,995	8,212,797	662,198	8

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) Non-current liabilities: Mainly due to the increase in financial liabilities at fair value through profit and loss and lease liabilities.
- 2) Retained earnings: Mainly due to the better operating profit in 2021.

b. Analysis of operation results

Expressed in Thousands of NT\$

Item \ Year	2021	2020	Increase (Decrease) Amount	Percentage of Change (%)
Revenue	\$ 3,608,529	\$ 2,579,798	\$ 1,028,731	40
Costs and expenses	<u>2,229,279</u>	<u>1,710,429</u>	<u>518,850</u>	30
Operating profit	1,379,250	869,369	509,881	59
Share of profit or loss of subsidiaries accounted for using equity method	73,456	138,544	(65,088)	(47)
Other gains and losses	<u>91,329</u>	<u>101,313</u>	<u>(9,984)</u>	(10)
Profit before income tax	1,544,035	1,109,226	434,809	39
Income tax benefit (expense)	<u>(158,112)</u>	<u>(24,250)</u>	<u>(133,862)</u>	552
Net profit for the year	\$ <u>1,385,923</u>	\$ <u>1,084,976</u>	\$ <u>300,947</u>	28

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

a) Operating profit

The increase in operating profit was mainly due to the increase in brokerage handling fee revenue and gains on sale of operating 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 brokerage handling fee revenue and gains on sale of operating securities compared with the same period of 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 most recent fiscal year

a) Operating activities

Net cash generated from operating activities amounted to \$554,112 thousand, was mainly due to the increase of financial liabilities at fair value through profit or loss and refinancing borrowings.

b) Investing activities

Net cash used in investing activities amounted to \$354,015 thousand, was mainly due to the acquisition of financial assets at fair value through other comprehensive income.

c) Financing activities

Net cash used in financing activities amounted to \$1,903,574 thousand was mainly due to the decrease 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	2021	2020	Percentage of Increase (Decrease) %
Cash flow ratio (%)	2.28	4.29	(47)
Cash flow adequacy ratio (%)	186.87	221.42	(16)
Cash flow reinvestment ratio (%)	Note	8.88	-

Note: Where net cash flow from operating activities less cash dividends issued in the current year is negative, cash flow reinvestment ratio is not calculated.

Analysis of changes in the ratio: The decrease in cash flow ratio was mainly due to the decrease in net cash in-flow from operating activities for the year; the decrease in cash flow adequacy ratio was mainly due to the increase in cash dividends issued for the year compared with the same period of last year.

b) Liquidity analysis for the coming year

Expressed in Thousands of NT\$

Cash Balances - Beginning of The 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
\$ 1,197,568	\$ 2,983,533	\$ 2,851,353	\$ 1,329,748	\$ -	\$ -

- d. Major capital expenditure items and affect on financial results: None.
- e. Reinvestment policy for the most recent fiscal 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 Corporation 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 2021, among the four subsidiaries, Concord Futures made a profit; Concord Capital Management, Concord Insurance, and Con Lian AMC made a loss. The liquidation procedure of Concord Managed Futures and Concord Cayman have been completed.

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, 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 interest rate swap 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

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 did not engaged in high-risk high-leverage investments in the most recent fiscal years.
- b) Except for handling securities lending and borrowing business in accordance with the law, the Corporation does not engaged in loans to other parties.
- c) The Corporation does 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
Promulgate the order of Article 18-1 of the "Regulations Governing Securities Firms" (As per Order No. Financial-Supervisory-Securities-Zi-11003637896)	For any additions by the securities firm to its types of operations or lines of business, any establishment of additional branch offices, and any equity investment in any domestic or foreign enterprises, the application form shall include the "Information Security Self-assessment Table for the Application by the Securities Firm for Additions to Its Types of Operations or Lines of Business, Establishment of Additional Branch Offices, and Equity Investment in Domestic or Foreign Enterprises".	The Corporation shall take measures in accordance with the regulations.
Promulgate Subparagraph 4, Paragraph 1, Paragraph 4, Article 6 of the "Regulations Governing Securities Firms Accepting Orders to Trade Foreign Securities" (As Per Order No. Financial-Supervisory-Securities-Zi-1100362907)	<p>a) The securities firms meeting the provisions of Article 6-1 may broker trades of the offshore funds "without the character of securities investment trust funds", and shall comply with the following requirements:</p> <ul style="list-style-type: none"> i. Principals are limited to "high net worth juristic person investors" and "high-asset customers", and the total number of principals shall not exceed 99. ii. The securities firm shall sign a contract with the foreign asset management institution thereof or its designated institution, and the contract shall clearly specify that no other institution shall be authorized to accept orders in the country. 	The Corporation shall take 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>iii. The securities firm shall, within five days from the day when the fund payment is completed, present the investment status form for the offshore funds without the character of securities investment trust funds and report to the Securities Investment Trust and Consulting Association of the R.O.C. (hereinafter referred to the "SITCA"), and shall, before the tenth business day of each month, report the changes of the previous month to the SITCA.</p> <p>b) The securities firms meeting the provisions of Article 6-1 may broker trades of the offshore funds "without the character of securities investment trust funds" for professional institutional investors and shall report to the SITCA in accordance with the reporting procedures and reporting documents specified in the Subparagraph 3 of the preceding paragraph (Paragraph 4 of Article 6).</p>	
<p>Formulate the securities firms conducting securities lending business shall comply with Article 38 of the " Regulations Governing Securities Finance Enterprises", Article 15 of the "Regulations Governing Securities Borrowing and Lending by Securities Firms", Article 82-2 of the "Operating Rules of the Taiwan Stock Exchange Corporation", and the relevant requirements to be met when selling in the market (Issue No. Financial-Supervisory-Securities -Transaction-Zi-1100362039)</p>	<p>a) The aggregate total of the balance of selling borrowed securities and the balance of short selling with margin trading shall not exceed 25% of TWSE/TPEX listed shares or number of beneficial units of the securities thereof.</p> <p>b) The balance of selling borrowed securities shall not exceed 10% of TWSE/TPEX listed shares or number of beneficial units of the securities thereof.</p>	<p>The Corporation shall take 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>c) The volume of sales of borrowed securities in the orders in daily intraday session shall not exceed 30% of the daily average transacted volume of the first 30 business days of the securities thereof. However, a securities firm that sells borrowed securities for purposes of meeting hedging needs in connection with put warrant issuance, exchange-traded notes (ETN), conducting structured products and equity derivatives trading business at business locations, acting as a liquidity provider for beneficiary certificates, or a futures dealer acting as a market maker of stock options or stock futures, or a securities firm acting as a stock market maker and providing trading quotes or for purposes of meeting hedging needs, it may be exempted from the restrictions.</p> <p>d) The calculation method relating to the volume and the daily number of shares that can be borrowed and sold referred in the previous point shall be handled in accordance with the announcement of the Taiwan Stock Exchange Corporation.</p> <p>e) Where the aggregate total of the balance of selling borrowed securities and the balance of short selling with margin trading exceeds 20% of TWSE/TPEX listed shares or number of beneficial units of the securities thereof, the relevant matters shall be handled in accordance with the Taiwan Stock Exchange Corporation/Taipei Exchange Operation Directions for the Allocation of Limits for Margin Purchases and Short Sales and for Sales of Borrowed Securities Permitted for Securities Trading.</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
	f) The calculation of the number of beneficial units of exchange traded fund beneficiary certificates shall be based on the total number of issued beneficiary units on the previous business day.	
Promulgate the order of Subparagraph 3, Article 15 of the "Securities and Exchange Act" (As per Order No. Financial-Supervisory-Securities-Zi-11003617675)	<p>a) A securities broker acting as the fund sales institution of securities investment trust funds and offshore funds may operate brokerage business for trading and exchanging beneficial certificates of funds. The aforesaid funds refer to the securities investment trust funds and offshore funds set forth in Article 5 of the Securities Investment Trust and Consulting Act but shall not include the funds already listed and traded on the Taiwan Stock Exchange Corporation/Taipei Exchange.</p> <p>b) A company applying for the business referred in the previous point shall apply for the establishment of or conversion into a securities firm in accordance with Article 9 or Article 10-2 of the Standards Governing the Establishment of Securities Firms, or shall apply for the increase of the type of business or business item in accordance with Chapter 6 of the same Standards, and shall submit all of the relevant documentation to the Taipei Exchange for review and report to the FSC for approval.</p>	The Corporation shall operate brokerage business for trading and exchanging beneficial certificates of funds in accordance with the regulations and submit the aforesaid documentation to the competent authority for application.

(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>Amendments to the “Regulations Governing the Offering and Issuance of Overseas Securities by Issuers” (Issue No. Financial-Supervisory-Securities-Issue-Zi-1100335023)</p>	<p>a) In the cases a TIB-listed company carries out cash capital increase through an issue of new shares to be sold in the public offering prior to initial listing, and in the cases a TIB-listed company applying to be reclassified as a generally listed company under Chapter II of the Taiwan Stock Exchange Corporation Rules Governing Review of Securities Listings issues new shares for cash capital increase, the TIB-listed company shall allocate a certain percentage of the aggregate new shares to be publicly offered, and shall ask the securities underwriter and a lawyer to issue an evaluation report, legal opinion, the waiting period for effective registration, and the exemption from the application of the provisions of rejection in such cases. (Amendment to Article 6, 8, 13 and 17)</p> <p>b) In response to the trading method for emerging stocks at the PSB adopting the automatic transaction matching mechanism in accordance with that for TPEX-listed stocks, which is different from the price negotiations driven by the recommended securities firm's quote adopted by the current emerging stock market, therefore, it is added that the definition of the “weighted average trade price for the company's common shares during the period preceding the price determination date” referred in the Rules is applicable to the PSB listed emerging stock companies. (Amendment to Article 14)</p>	<p>When handling the underwriting business of related companies, the Corporation shall take measures in accordance with the regulations.</p>

(Concluded)

- 4) Effect on the Corporation's financial operations of developments in science and technology (including cyber security risks) as well as industrial change, and measures to be taken in response

The era of "FinTech" is coming, and the traditional securities industry faces new challenges. To rise to the challenge of new digital financial development trend, the Corporation has made preparations, utilizing technologies such as cloud services and big data and developing AI investments, to establish a competitive advantage of finding differences in similarities, conducted employee transformation and cultivation, training employees to utilize FinTech, and integrated digital technology into FinTech innovation to create a digitalized branches and service platform and satisfy investors' trading needs, thereby providing physical branches and business associates with digitalization capabilities, which will be the future core competitiveness of the Corporation.

With the advance of emerging technologies, the risks and challenges related to information security have also increased relatively. In response to these risks, the first and foremost action is to conduct regular information security education and training to improve information security awareness and basic knowledge of all members of the organization. In the aspect of management, the Corporation acquires real-time information related to Information and Communication security to strengthen protection by means of joining the information security analysis and sharing organization to avoid high-risk attacks. The Corporation should conduct regular vulnerability scans required for systems and networks, and where a high-risk weakness or vulnerability is found, it should act in response and make repairs as soon as possible to avoid such weaknesses or vulnerabilities being collected and exploited by hackers to cause harm to the Corporation.

As far as the routine system maintenance, in addition to real-time monitoring on the normal operation of the service, it is also necessary to strengthen the collection of events from the core network and system environment for behavior analysis and monitoring on real-time events, making the network and system environment transparent, thereby responding to suspicious information security incidents immediately and reducing potential information security risks. To achieve the above goals, the organization needs to continuously invest appropriate human resources, materials, and finance to support the relevant measures.

The Corporation has taken necessary response measures to face the effect on the Corporation's financial operations of developments in science and technology (including cyber security risks) as well as industrial change.

- 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

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 concentration 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

The Corporation's equity is stable and no associated risks arise.

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

- 11) Litigious and non-litigious matters. List major litigious, non-litigious or administrative disputes that: (1) involve the Corporation and/or any Corporation's director, any Corporation's supervisor, the president, any person with actual responsibility for the Corporation, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the Corporation; and (2) have been concluded by means of a final and unappealable judgment, or are still under litigation. Where such a dispute which might have a material impact on shareholders' rights and interests or securities prices, the status of the dispute as of the end of the fiscal year.

- a) 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.
- b) 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 of the Taiwan Chiayi District Court. This case does not have a material impact on shareholders' rights and interests or securities prices.

- c) 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 a violation of criminal aggravated defamation. The case is currently under the investigation of Taiwan Taipei District Prosecutor's Office. This case does not have a material impact on shareholders' rights and interests or securities prices.
- d) 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 of 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. This case does not have a material impact on shareholders' rights and interests or securities prices.
- e) The 2 plaintiffs and the other person claimed that the natural person and salesperson Mr./Ms. Chen, with the intention of obtaining unlawful gains for himself/herself, deceived the plaintiff by not telling the truth behind transactions and caused damage to the plaintiffs. Therefore, the plaintiffs filed a civil action against the defendant and the Corporation on August 18, 2021, requesting the Corporation to bear joint and several liabilities for the damage compensation in a total amount of NT\$52,000 thousand. The case is currently under the trial of the Taiwan Taipei District Court. This case does not have a material impact on shareholders' rights and interests or securities prices.
- f) The defendant, a client of the Corporation's Brokerage Department., who failed to fulfill the settlement obligations, has been reported a default on the record by the Corporation. The Corporation first carried out the settlement procedures with its own assets in accordance with the regulations of Taiwan Stock Exchange, and filed a lawsuit against the defendant on December 6, 2021, requesting for the payment of a stock settlement amount of NT\$115 thousand. The case is currently under the trial of the Taiwan Taoyuan District Court. This case does not have a material impact on shareholders' rights and interests or securities prices.
- g) The plaintiff filed a lawsuit claiming that the natural person and salesperson Mr./Ms. Chen, with the intention of obtaining unlawful gains for himself/herself, deceived the plaintiff by not telling the truth behind transactions and caused damage. Therefore, the plaintiff filed a civil action against the defendant and the Corporation on February 15, 2022, requesting the Corporation to bear joint and several liabilities for the damage compensation in a total amount of NT\$16,000 thousand. The case is currently under the trial of the Taiwan New Taipei District Court. This case does not have a material impact on shareholders' rights and interests or securities prices.
- h) As the customer of Corporation Yanping (formerly known as Chengchung) Branch was reported a default on October 2, 2006, the Corporation filed a motion to Taiwan Taipei District Court for issuance of a payment order in a total amount of NT\$289 thousand on December 15, 2016. The payment order has been determined. Now the debtor is in the process of paying off the debt. This case does not have a material impact on shareholders' rights and interests or securities prices.

- i) As the customer of Corporation Taichung (formerly known as Yuanlin) Branch was reported a default 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, which has been replaced with a Certificate of the Obligatory Claim. Because the customer passed away on May 6, 2020, the Corporation applied for compulsory enforcement and compensated in the amount of NT\$680 thousand. The case was closed. This case does not have a material impact on shareholders' rights and interests or securities prices.
- j) As the customer of Corporation Taichung (formerly known as Yuanlin) Branch was reported a default 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, which has been replaced with a Certificate of the Obligatory Claim. The Corporation will continue to claim for recovery from the debtor. This case does not have a material impact on shareholders' rights and interests or securities prices.
- k) As the customer of Corporation Taichung Branch was reported a default 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 determined. Now the Corporation applies for compulsory enforcement; however, the amount is not paid off, which has been replaced with a Certificate of the Obligatory Claim. The Corporation will continue to claim for recovery from the debtor. This case does not have a material impact on shareholders' rights and interests or securities prices.
- l) As the customer of Corporation Taichung Branch was reported a default 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 determined. Now the Corporation applies for compulsory enforcement; however, the amount is not paid off, which has been replaced with a Certificate of the Obligatory Claim. The Corporation will continue to claim for recovery from the debtor. This case does not have a material impact on shareholders' rights and interests or securities prices.
- m) As the customer of Corporation Yonghe Branch was reported a default 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 determined. Now the Corporation applies for compulsory enforcement; however, the amount is not paid off, which has been replaced with a Certificate of the Obligatory Claim. The Corporation will continue to claim for recovery from the debtor. This case does not have a material impact on shareholders' rights and interests or securities prices.
- n) As the customer of Corporation Yonghe Branch was reported a default 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 determined. Now the debtor is in the process of paying off the debt. This case does not have a material impact on shareholders' rights and interests or securities prices.
- o) As the customer of Corporation Renai Branch was reported a default 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 determined. Now the Corporation applies for compulsory enforcement; however, the amount is not paid off, which has been replaced with a Certificate of the Obligatory Claim. The Corporation will continue to claim for recovery from the debtor. This case does not have a material impact on shareholders' rights and interests or securities prices.

- p) As the customer of Corporation Shipai Branch was reported a default in 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 determined. Now the Corporation applies for compulsory enforcement; however, the amount is not paid off, which has been replaced with a Certificate of the Obligatory Claim. The Corporation will continue to claim for recovery from the debtor. This case does not have a material impact on shareholders' rights and interests or securities prices.
- q) As the customer of Corporation Shipai Branch was reported a default in 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 determined. Now the Corporation applies for compulsory enforcement; however, the amount is not paid off, which has been replaced with a Certificate of the Obligatory Claim. The Corporation will continue to claim for recovery from the debtor. This case does not have a material impact on shareholders' rights and interests or securities prices.
- r) As the customer of Corporation Kaohsiung Branch was reported a default 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 determined. Now the Corporation applies for compulsory enforcement; however, the amount is not paid off, which has been replaced with a Certificate of the Obligatory Claim. The Corporation will continue to claim for recovery from the debtor. This case does not have a material impact on shareholders' rights and interests or securities prices.
- s) As the Corporation Brokerage Department customer was reported a default 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 and filed a motion to Taiwan New Taipei District Court for issuance of a payment order in a total amount of NT\$136 thousand in January 2021. The payment order has been determined. Now the Corporation applies for compulsory enforcement; however, the amount is not paid off, which has been replaced with a Certificate of the Obligatory Claim. The Corporation will continue to claim for recovery from the debtor. This case does not have a material impact on shareholders' rights and interests or securities prices.
- t) As the Corporation Brokerage Department customer was reported defaults on April 20, 2021 and April 22, 2021, with a total default amount of NT\$622 thousand. Because the customer passed away right after the default, the Corporation filed a motion to Taiwan Taoyuan District Court for electing an administrator of the deceased property on August 17, 2021. The case is now pending in Taiwan Taoyuan District Court. This case does not have a material impact on shareholders' rights and interests or securities prices.
- u) As the customer of Corporation Neihu Branch was reported a default on December 30, 2021, the Corporation filed a motion to Taiwan Taipei District Court for ruling on promissory notes in a total amount of NT\$661 thousand on February 10, 2022. Now the debtor is in the process of paying off the debt. This case does not have a material impact on shareholders' rights and interests or securities prices.

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

Expressed in Thousands of NT\$

Name of Accounting Firm	Name of CPA	CPA Audit Period	Audit Fees	Non-audit Fees	Subtotal	Remark
Deloitte Taiwan	CHUANG, PI-YU	Full-year of 2021	\$ 2,550	\$ 200	\$ 2,750	Note 1
	HUANG, HSIU-CHUN					
Deloitte Taiwan	JIANG, YU-WEI	Full-year of 2021	-	300	300	Note 2
PwC Taiwan	HSU, LIN-SHUN	October and November in 2020	-	289	289	Note 3
	YAO, CHING-JU					

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

Note 2: Non-audit Fees including CRS compliance consultation and operation and other professional fees.

Note 3: Non-audit Fees including internal control system special audit.

1) 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.

2) 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: None

c. Where the corporation's chairperson, president, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm: None.