

Concord Securities Co., Ltd.

**Financial Statements for the
Years Ended December 31, 2022 and 2021 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, 2022 and 2021, 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, 2022 and 2021, 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 the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the 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, 2022. 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, 2022 is as follows:

Accuracy of Brokerage Handling Fee Revenue

Brokerage handling fee revenue of the Corporation amounted to \$802,885 thousand in 2022. 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, 2022.

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, 2022 and 2021, 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, 2022 and 2021, the total investments in subsidiaries amounted to \$547,497 thousand and \$565,528 thousand, accounting for 1.77% and 1.66% of total assets, respectively; for the years ended December 31, 2022 and 2021, the share of the comprehensive loss of these subsidiaries amounted to \$18,032 thousand and \$11,886 thousand, which accounted for 15.65% and (0.86%) of the total comprehensive income or loss, 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 Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the 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, 2022 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 9, 2023

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, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6 and 28)	\$ 4,398,025	14	\$ 1,197,568	4
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 28)	7,885,625	26	8,585,042	25
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	177,633	1	27,802	-
Margin loans receivable (Notes 4, 9 and 28)	4,229,493	14	7,629,748	23
Refinancing margin (Notes 4 and 9)	40,461	-	6,910	-
Refinancing collateral receivable (Notes 4 and 9)	31,124	-	6,732	-
Security borrowing collateral price (Notes 4 and 9)	960,904	3	523,023	2
Security borrowing margin (Notes 4 and 9)	1,046,647	3	474,557	1
Notes receivable (Notes 4 and 9)	95	-	146	-
Accounts receivable (Notes 4, 9 and 28)	4,422,355	14	6,861,166	20
Prepayments	8,031	-	8,205	-
Other receivables (Notes 4, 9 and 28)	7,037	-	6,372	-
Other financial assets - current (Notes 4 and 10)	-	-	64,360	-
Restricted assets - current (Note 29)	165,705	1	317,157	1
Other current assets	<u>160,445</u>	<u>-</u>	<u>1,698,812</u>	<u>5</u>
Total current assets	<u>23,533,580</u>	<u>76</u>	<u>27,407,600</u>	<u>81</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 5 and 8)	3,181,959	10	2,554,574	7
Investments accounted for using equity method (Notes 4 and 11)	1,976,551	7	1,901,340	6
Property and equipment (Notes 4, 12 and 29)	806,045	3	786,949	2
Right-of-use assets (Notes 4, 13 and 28)	108,173	-	118,230	-
Investment property (Notes 4, 14 and 29)	559,069	2	559,693	2
Intangible assets (Notes 4 and 15)	18,973	-	9,181	-
Deferred tax assets (Notes 4 and 24)	27,539	-	125,818	-
Net defined benefit assets - non-current (Notes 4 and 21)	3,854	-	-	-
Other non-current assets (Note 16)	<u>637,675</u>	<u>2</u>	<u>518,062</u>	<u>2</u>
Total non-current assets	<u>7,319,838</u>	<u>24</u>	<u>6,573,847</u>	<u>19</u>
TOTAL	<u>\$ 30,853,418</u>	<u>100</u>	<u>\$ 33,981,447</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 17 and 29)	\$ 690,000	2	\$ 1,650,000	5
Commercial paper payable (Notes 17 and 29)	5,222,701	17	4,164,759	12
Financial liabilities at fair value through profit or loss - current (Notes 4, 7 and 28)	2,522,930	8	2,761,630	8
Liabilities for bonds with attached repurchase agreements (Notes 4, 18 and 28)	4,498,096	15	4,098,467	12
Securities financing refundable deposits (Note 4)	675,595	2	313,901	1
Deposits payable for securities financing (Note 4)	620,246	2	503,833	2
Refinancing borrowings (Note 4)	100,240	-	1,800,556	5
Securities lending refundable deposits	16,185	-	-	-
Accounts payable (Notes 19 and 28)	3,562,940	12	5,720,837	17
Other payables (Note 28)	199,782	1	662,468	2
Other financial liabilities - current (Note 20)	3,622,333	12	756,678	2
Current tax liabilities (Notes 4 and 24)	34,665	-	119,458	1
Provisions - current (Note 4)	21,608	-	20,606	-
Lease liabilities - current (Notes 4, 13 and 28)	45,145	-	38,268	-
Other current liabilities	<u>126,976</u>	<u>-</u>	<u>1,675,337</u>	<u>5</u>
Total current liabilities	<u>21,959,442</u>	<u>71</u>	<u>24,286,798</u>	<u>72</u>
NON-CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss - non-current (Notes 4 and 7)	913,241	3	520,297	1
Provisions - non-current (Note 4)	12,560	-	12,080	-
Lease liabilities - non-current (Notes 4, 13 and 28)	62,159	-	79,196	-
Deferred tax liabilities (Notes 4 and 24)	63,871	1	776	-
Guarantee deposits received (Note 28)	3,811	-	3,794	-
Net defined benefit liabilities - non-current (Notes 4 and 21)	<u>-</u>	<u>-</u>	<u>203,511</u>	<u>1</u>
Total non-current liabilities	<u>1,055,642</u>	<u>4</u>	<u>819,654</u>	<u>2</u>
Total liabilities	<u>23,015,084</u>	<u>75</u>	<u>25,106,452</u>	<u>74</u>
EQUITY (Notes 4, 8, 11, 21, 22, 24 and 27)				
Share capital	<u>5,944,550</u>	<u>19</u>	<u>5,944,550</u>	<u>17</u>
Capital surplus	<u>175,320</u>	<u>1</u>	<u>175,320</u>	<u>1</u>
Retained earnings				
Legal reserve	265,503	1	132,144	-
Special reserve	1,087,890	3	821,171	3
Unappropriated retained earnings (accumulated deficits)	<u>(26,110)</u>	<u>-</u>	<u>1,338,562</u>	<u>4</u>
Total retained earnings	<u>1,327,283</u>	<u>4</u>	<u>2,291,877</u>	<u>7</u>
Other equity	<u>391,181</u>	<u>1</u>	<u>463,248</u>	<u>1</u>
Total equity	<u>7,838,334</u>	<u>25</u>	<u>8,874,995</u>	<u>26</u>
TOTAL	<u>\$ 30,853,418</u>	<u>100</u>	<u>\$ 33,981,447</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated March 9, 2023)

CONCORD SECURITIES CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

	2022		2021	
	Amount	%	Amount	%
REVENUE (Notes 4 and 23)				
Brokerage handling fee revenue (Note 28)	\$ 846,984	63	\$ 1,454,428	40
Income from securities lending	43,420	3	29,987	1
Revenue from underwriting commission	34,993	3	41,303	1
Gains (losses) on sale of operating securities, net	(1,827,681)	(137)	1,565,238	43
Revenue from providing agency service for stock affairs (Note 28)	26,669	2	24,999	1
Interest income (Note 28)	349,939	26	390,181	11
Dividend income	1,448,951	109	277,662	8
Valuation gains (losses) on operating securities at fair value through profit or loss, net	(650,731)	(49)	205,003	6
Gains (losses) on covering of borrowed securities and bonds with resale agreements - short sales, net	16,012	1	(145,953)	(4)
Valuation gains on borrowed securities and bonds with resale agreements - short sales at fair value through profit or loss, net	140,680	10	22,430	1
Gains (losses) on issuance of call (put) warrants, net	423,225	32	(163,570)	(5)
Futures commission income (Note 28)	11,724	1	12,869	-
Gains (losses) on derivative instruments - futures, net	(28,461)	(2)	656	-
Gains (losses) on derivative instruments - OTC, net (Note 28)	368,562	28	(106,235)	(3)
Impairment gains and reversal of impairment losses (impairment losses) (Notes 8 and 9)	1,319	-	(3,081)	-
Other operating income (Note 28)	<u>127,426</u>	<u>10</u>	<u>2,612</u>	<u>-</u>
Total revenue	<u>1,333,031</u>	<u>100</u>	<u>3,608,529</u>	<u>100</u>
COSTS AND EXPENSES (Notes 4 and 23)				
Brokerage handling fee expenses	(75,484)	(6)	(125,650)	(4)
Proprietary handling fee expenses	(11,821)	(1)	(10,319)	-
Refinancing handling fee expenses	(737)	-	(630)	-
Finance costs (Note 28)	(96,540)	(7)	(61,523)	(2)
Loss from securities borrowing transactions	(4,558)	-	(6,982)	-
Securities commission expenses (Note 28)	(6,370)	(1)	(8,512)	-
Clearing and settlement expenses (Note 28)	(3,880)	-	(4,462)	-
Other operating costs (Note 28)	(20,027)	(2)	(35,809)	(1)
Employee benefits expenses (Notes 21 and 28)	(736,097)	(55)	(1,415,235)	(39)
Depreciation and amortization expenses (Notes 12, 13, 14 and 15)	(79,319)	(6)	(76,849)	(2)
Other operating expenses (Note 28)	<u>(493,249)</u>	<u>(37)</u>	<u>(483,308)</u>	<u>(14)</u>
Total costs and expenses	<u>(1,528,082)</u>	<u>(115)</u>	<u>(2,229,279)</u>	<u>(62)</u>
OPERATING PROFIT (LOSS)	<u>(195,051)</u>	<u>(15)</u>	<u>1,379,250</u>	<u>38</u>

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CONCORD SECURITIES CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

	2022		2021	
	Amount	%	Amount	%
NON-OPERATING INCOME AND EXPENSES				
(Notes 4 and 23)				
Share of profit of subsidiaries accounted for using equity method (Note 11)	\$ 91,850	7	\$ 73,456	2
Other gains and losses (Note 28)	<u>108,724</u>	<u>8</u>	<u>91,329</u>	<u>3</u>
Total non-operating income and expenses	<u>200,574</u>	<u>15</u>	<u>164,785</u>	<u>5</u>
PROFIT BEFORE INCOME TAX	5,523	-	1,544,035	43
INCOME TAX EXPENSE (Notes 4 and 24)	<u>(154,258)</u>	<u>(11)</u>	<u>(158,112)</u>	<u>(5)</u>
NET PROFIT (LOSS) FOR THE YEAR	<u>(148,735)</u>	<u>(11)</u>	<u>1,385,923</u>	<u>38</u>
OTHER COMPREHENSIVE INCOME (Notes 4, 11, 21, 22 and 24)				
Items that will not be reclassified subsequently to profit or loss				
Gains (losses) on remeasurement of defined benefit plans	133,142	10	(65,086)	(2)
Unrealized gains (losses) on investments in equity instruments measured at fair value through other comprehensive income	(29,820)	(2)	65,417	2
Share of other comprehensive income or loss of subsidiaries accounted for using equity method	48,731	3	(8,314)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>(26,628)</u>	<u>(2)</u>	<u>13,017</u>	<u>-</u>
	<u>125,425</u>	<u>9</u>	<u>5,034</u>	<u>-</u>

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CONCORD SECURITIES CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	2022		2021	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss				
Exchange differences on the translation of foreign operations	\$ 9,046	1	\$ 5,464	-
Unrealized losses on investments in debt instruments measured at fair value through other comprehensive income	(100,992)	(8)	(7,221)	-
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>-</u>	<u>-</u>	<u>(1,780)</u>	<u>-</u>
	<u>(91,946)</u>	<u>(7)</u>	<u>(3,537)</u>	<u>-</u>
Other comprehensive income for the year, net of income tax	<u>33,479</u>	<u>2</u>	<u>1,497</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u>\$ (115,256)</u>	<u>(9)</u>	<u>\$ 1,387,420</u>	<u>38</u>
EARNINGS (LOSS) PER SHARE (Note 25)				
Basic	<u>\$ (0.25)</u>		<u>\$ 2.33</u>	
Diluted	<u>\$ (0.25)</u>		<u>\$ 2.32</u>	

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

(With Deloitte & Touche auditors' report dated March 9, 2023)

(Concluded)

CONCORD SECURITIES CO., LTD.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (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)		Total Equity
			Legal Reserve	Special Reserve	Unappropriated Retained Earnings (Accumulated Deficits)	Exchange Differences on the Translation of Foreign Operations	Unrealized Gains (Losses) on Financial Assets at Fair Value Through Other Comprehensive Income	
BALANCE AT JANUARY 1, 2021	\$ 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	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(52,329)</u>	<u>3,684</u>	<u>50,142</u>	<u>1,497</u>
Total comprehensive income for the year ended December 31, 2021	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,333,594</u>	<u>3,684</u>	<u>50,142</u>	<u>1,387,420</u>
BALANCE AT DECEMBER 31, 2021	5,944,550	175,320	132,144	821,171	1,338,562	(7,432)	470,680	8,874,995
Appropriation of 2021 earnings								
Legal reserve	-	-	133,359	-	(133,359)	-	-	-
Special reserve	-	-	-	266,719	(266,719)	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(921,405)	-	-	(921,405)
Net loss for the year ended December 31, 2022	-	-	-	-	(148,735)	-	-	(148,735)
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>107,646</u>	<u>9,046</u>	<u>(83,213)</u>	<u>33,479</u>
Total comprehensive income (loss) for the year ended December 31, 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(41,089)</u>	<u>9,046</u>	<u>(83,213)</u>	<u>(115,256)</u>
Disposal of investments in equity instruments designated at fair value through other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,100)</u>	<u>-</u>	<u>2,100</u>	<u>-</u>
BALANCE AT DECEMBER 31, 2022	<u>\$ 5,944,550</u>	<u>\$ 175,320</u>	<u>\$ 265,503</u>	<u>\$ 1,087,890</u>	<u>\$ (26,110)</u>	<u>\$ 1,614</u>	<u>\$ 389,567</u>	<u>\$ 7,838,334</u>

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

(With Deloitte & Touche auditors' report dated March 9, 2023)

CONCORD SECURITIES CO., LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 5,523	\$ 1,544,035
Adjustments for:		
Depreciation expense	72,666	71,259
Amortization expense	6,653	5,590
Expected credit loss (gain)	(1,319)	3,081
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	512,992	(227,433)
Finance costs	96,540	61,523
Interest income (including financial income)	(359,621)	(395,080)
Dividend income	(1,470,404)	(295,804)
Share of profit of subsidiaries accounted for using equity method	(91,850)	(73,456)
Gain on disposal of property and equipment	-	(324)
Loss on disposal of investments	-	8,495
Changes in operating assets and liabilities		
Decrease in financial assets at fair value through profit or loss	45,922	1,783,709
Decrease (increase) in margin loans receivable	3,401,223	(2,934,946)
Decrease (increase) in refinancing margin	(33,551)	10,404
Decrease (increase) in refinancing collateral receivable	(24,392)	7,730
Increase in security borrowing collateral price	(437,881)	(93,411)
Increase in security borrowing margin	(572,090)	(85,378)
Decrease (increase) in notes receivable	51	(82)
Decrease (increase) in accounts receivable	2,441,183	(945,875)
Decrease (increase) in prepayments	174	(1,698)
Increase in net defined benefit assets	(3,854)	-
Decrease (increase) in other receivables	428	(1,996)
Decrease in other financial assets	64,360	134,438
Decrease (increase) in other current assets	1,689,819	(1,521,946)
Increase (decrease) in liabilities for bonds with attached repurchase agreements	399,629	(780,901)
Increase in financial liabilities at fair value through profit or loss	294,669	1,353,250
Increase (decrease) in securities financing refundable deposits	361,694	(81,425)
Increase in deposits payable for securities financing	116,413	68,663
Increase (decrease) in refinancing borrowings	(1,700,316)	1,800,556
Increase in securities lending refundable deposits	16,185	-
Decrease in accounts payable	(2,161,627)	(1,766,131)
Increase (decrease) in other payables	(462,542)	198,003
Decrease in net defined benefit liabilities	(70,369)	(41,559)
Increase in provisions	887	359
Increase in other financial liabilities	2,865,655	756,678
Increase (decrease) in other current liabilities	(1,548,361)	1,424,131
Cash generated from (used in) operations	3,454,489	(15,541)
Interest received	356,484	394,826
Dividends received	1,448,632	278,976

(Continued)

CONCORD SECURITIES CO., LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
Interest paid	\$ (107,326)	\$ (60,657)
Income tax paid	<u>(104,305)</u>	<u>(43,492)</u>
Net cash generated from operating activities	<u>5,047,974</u>	<u>554,112</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(1,059,750)	(584,825)
Proceeds from disposal of financial assets at fair value through other comprehensive income	147,249	15,781
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	1,526	4,329
Proceeds from disposal of investments accounted for using equity method	-	180,681
Acquisition of property and equipment	(47,349)	(20,785)
Proceeds from disposal of property and equipment	-	675
Increase in clearing and settlement fund	-	(22,259)
Decrease in clearing and settlement fund	5,842	-
Increase in refundable deposits	(131,288)	(8,040)
Acquisition of intangible assets	(8,697)	(3,811)
Increase in other non-current assets	(2,615)	(10,816)
Dividends received	<u>86,822</u>	<u>95,055</u>
Net cash used in investing activities	<u>(1,008,260)</u>	<u>(354,015)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	-	1,260,000
Decrease in short-term borrowings	(960,000)	-
Increase in commercial papers payable	1,073,000	-
Decrease in commercial papers payable	-	(2,393,000)
Increase in guarantee deposits received	17	10
Payments of lease liabilities	(43,055)	(45,362)
Cash dividends paid	(921,405)	(725,235)
Exercise of disgorgement	<u>-</u>	<u>13</u>
Net cash used in financing activities	<u>(851,443)</u>	<u>(1,903,574)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>12,186</u>	<u>5,450</u>
		(Continued)

CONCORD SECURITIES CO., LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 3,200,457	\$ (1,698,027)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,197,568</u>	<u>2,895,595</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 4,398,025</u>	<u>\$ 1,197,568</u>

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

(With Deloitte & Touche auditors' report dated March 9, 2023)

(Concluded)

CONCORD SECURITIES CO., LTD.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(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, 2022, 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 9, 2023.

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)

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

- b. The IFRSs endorsed by the FSC for application starting from 2023

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

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

Note 2: The amendments will be 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 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occur on or after January 1, 2022.

The Corporation assessed that the application of the above amended IFRSs endorsed and issued into effect by the FSC 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, Amended and Revised Standards and Interpretations	Effective Date Announced by the IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
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, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

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

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

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 assets/liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

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

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

When preparing the parent company only financial statements, the Corporation accounted for subsidiaries and associates by using the equity method. In order to agree with the amount of net profit, other comprehensive income and equity attributable to shareholders of the parent in the consolidated financial statements, the differences of the accounting treatment between the parent company only basis and the consolidated basis are adjusted under the heading of investments accounted for using 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 obligation at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the estimated of the discounted cash flows needed to settle the obligation, its carrying amount is the present value of those cash flows. The Corporation’s provisions are primarily short-term paid vacation entitlements and lease restoration costs.

Time of Revenue Recognition

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

Service income is recognized when services are provided.

Leases

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

a. The Corporation as lessor

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

b. The Corporation as lessee

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

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

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

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

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

The Corporation negotiates with the lessor for rent concessions as a direct consequence of the Covid-19 to change the lease payments originally due by December 31, 2022, that results in the revised consideration for the lease less than the consideration for the lease immediately preceding the change. There is no substantive change to other terms and conditions. The Corporation elects to apply the practical expedient to all of these rent concessions and, therefore, does not assess whether the rent concessions are lease modifications. Instead, the Corporation recognizes the reduction in lease payment in profit or loss as a deduction of depreciation expense of right-of-use assets and other non-operating income, in the period in which the events or conditions that trigger the concession occur, and makes a corresponding adjustment to the lease liability.

Employee Benefits

a. Short-term employee benefits

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

b. Retirement benefits

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

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

Net defined benefit assets (liabilities) represent the actual surplus (deficit) in the Corporation's defined benefit retirement plans.

Taxation

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

a. Current tax

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

According to the Income Tax Act in the ROC, an additional tax on unappropriated retained earnings is recognized in the year the shareholders approve to the appropriation of earnings.

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

b. Deferred tax

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

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

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

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

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

c. Current and deferred taxes for the year

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

5. 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	
	2022	2021
Checking and demand deposits	\$ 615,139	\$ 719,503
Foreign currency deposits	153,177	256,668
Cash equivalents		
Excess futures trading margin	309,406	221,397
Short-term bills	<u>3,320,303</u>	<u>-</u>
	<u>\$ 4,398,025</u>	<u>\$ 1,197,568</u>

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

	December 31	
	2022	2021
Short-term bills	0.9%-1.0%	-

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2022	2021
<u>Financial assets at FVTPL - current</u>		
Financial assets mandatorily measured at FVTPL		
Open-end funds and money market instruments	\$ 47,059	\$ -
Operating securities - proprietary	6,309,864	6,613,343
Operating securities - underwriting	50,818	24,538
Operating securities - hedging	1,053,477	1,315,716
Futures margin - own funds	208,438	105,519
Derivative assets - OTC		
Value of asset swap IRS contracts	6,225	5,967
Asset swap options	209,744	519,959
	<u>\$ 7,885,625</u>	<u>\$ 8,585,042</u>
<u>Financial liabilities at FVTPL - current</u>		
Financial liabilities held for trading		
Warrants liabilities	\$ 2,098,112	\$ 4,083,550
Warrants redeemed	(1,934,273)	(3,905,570)
Settlement coverage bonds payable of short sale	-	346,869
Liabilities on sale of borrowed securities - hedging	907,024	695,972
Liabilities on sale of borrowed securities - non-hedging	52,355	13,233
Derivative liabilities - OTC		
Value of asset swap IRS contracts	31,586	51,365
Asset swap options	662,121	1,224,650
Structured instruments	23,572	2,191
Equity derivatives	74,426	74,498
	1,914,923	2,586,758
Financial liabilities designated as at FVTPL		
Structured instruments	608,007	174,872
	<u>\$ 2,522,930</u>	<u>\$ 2,761,630</u>
<u>Financial liabilities at FVTPL - non-current</u>		
Financial liabilities designated as at FVTPL		
Structured instruments	<u>\$ 913,241</u>	<u>\$ 520,297</u>

a. Open-end funds and money market instruments

	December 31	
	2022	2021
Open-end funds and money market instruments	\$ 50,000	\$ -
Valuation adjustments	(2,941)	-
	<u>\$ 47,059</u>	<u>\$ -</u>

b. Operating securities - proprietary

	December 31	
	2022	2021
<u>Current</u>		
Government bonds	\$ 353,794	\$ 658,315
Corporate bonds	-	200,256
Listed shares	516,164	669,909
Shares and convertible bonds traded in the OTC market	4,862,071	3,857,272
Emerging shares	197,265	219,023
Foreign shares and bonds	126,184	262,505
Beneficiary securities	<u>170,079</u>	<u>97,693</u>
	6,225,557	5,964,973
Valuation adjustments	<u>84,307</u>	<u>648,370</u>
	<u>\$ 6,309,864</u>	<u>\$ 6,613,343</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	
	2022	2021
Government bonds	0.50%-1.75%	0.50%-1.75%
Corporate bonds	-	1.04%

As of December 31, 2022 and 2021, the face values of the Corporation's proprietary securities and bond investments under resale agreements were \$4,460,507 thousand and \$4,055,529 thousand, respectively, were provided for repurchase agreements.

c. Operating securities - underwriting

	December 31	
	2022	2021
Listed and OTC shares and convertible bonds	\$ 51,157	\$ 20,946
Valuation adjustments	<u>(339)</u>	<u>3,592</u>
	<u>\$ 50,818</u>	<u>\$ 24,538</u>

d. Operating securities - hedging

	December 31	
	2022	2021
Listed shares, beneficiary certificates and warrants	\$ 737,815	\$ 1,009,536
Shares, beneficiary certificates, warrants, and convertible bonds traded in the OTC market	<u>345,676</u>	<u>253,633</u>
	1,083,491	1,263,169
Valuation adjustments	<u>(30,014)</u>	<u>52,547</u>
	<u>\$ 1,053,477</u>	<u>\$ 1,315,716</u>

e. Warrants

	December 31	
	2022	2021
Warrants liabilities	\$ 4,294,041	\$ 4,097,368
Gains on changes in fair value	<u>(2,195,929)</u>	<u>(13,818)</u>
	<u>2,098,112</u>	<u>4,083,550</u>
Warrants redeemed	3,422,996	3,954,353
Losses on changes in fair value	<u>(1,488,723)</u>	<u>(48,783)</u>
	<u>1,934,273</u>	<u>3,905,570</u>
Net warrants liabilities	<u>\$ 163,839</u>	<u>\$ 177,980</u>

f. Settlement coverage bonds payable of short sale

	December 31	
	2022	2021
Government bonds	\$ -	\$ 347,124
Valuation adjustments	<u>-</u>	<u>(255)</u>
	<u>\$ -</u>	<u>\$ 346,869</u>

g. Liabilities on sale of borrowed securities

	December 31	
	2022	2021
Hedging		
Listed and OTC shares and beneficiary certificates	\$ 964,657	\$ 619,284
Valuation adjustments	<u>(57,633)</u>	<u>76,688</u>
	<u>\$ 907,024</u>	<u>\$ 695,972</u>
Non - hedging		
Beneficiary certificates	\$ 57,616	\$ 12,135
Valuation adjustments	<u>(5,261)</u>	<u>1,098</u>
	<u>\$ 52,355</u>	<u>\$ 13,233</u>

h. Futures and options

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

		December 31, 2022			
Item	Transaction Type	Open Position		Carrying Amount/ Premium Paid (Received)	Fair Value
		Buyer/ Seller	Volume		
Futures	TAIEX futures	Seller	4	\$ 11,288	\$ 11,308
Futures	Share futures	Buyer	7,195	1,043,675	993,478
Futures	Share futures	Seller	693	102,397	100,608
Futures	TE	Seller	4	10,494	10,300
Futures	YM	Seller	1	5,280	5,111
Futures	LCO	Seller	43	111,668	113,446
Futures	GC	Seller	1	5,492	5,608
Futures	USDX	Seller	2	6,373	6,347
Futures	CBOT-UB	Seller	1	4,198	4,125

		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

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

As of December 31, 2022 and 2021, futures margin arising from futures contracts were \$208,438 thousand and \$105,519 thousand, respectively.

i. Derivative instruments - OTC

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

	Nominal Amount	
	December 31	
	2022	2021
Convertible bond asset swaps	\$ 6,930,200	\$ 6,072,700
Structured instruments	5,181,267	1,458,828
Equity derivatives	318,764	345,188

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2022	2021
<u>Current</u>		
Investments in debt instruments	\$ 177,633	\$ 27,802
<u>Non-current</u>		
Investments in equity instruments	\$ 512,371	\$ 543,727
Investments in debt instruments	2,669,588	2,010,847
	<u>\$ 3,181,959</u>	<u>\$ 2,554,574</u>

a. Investments in equity instruments

	December 31	
	2022	2021
<u>Non-current</u>		
Non-public ordinary shares		
Taiwan Stock Exchange	\$ 216,475	\$ 241,632
Taiwan Futures Exchange	164,332	152,404
Taiwan Depository & Clearing Corporation	119,247	133,443
Asia Pacific Emerging Industry Venture Capital Co., Ltd.	12,317	16,248
Foursun Tech. Inc.	-	-
	<u>\$ 512,371</u>	<u>\$ 543,727</u>

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

In August 2022, and October 2021, the Corporation participated in the cash capital increase of Taiwan Stock Exchange, and obtained 48 and 62 shares at the issue price of \$10 per share, respectively.

In December 2022 and 2021, Asia Pacific Emerging Industry Venture Capital Co., Ltd. implemented cash capital reduction, in which the Corporation reduced its number of shares by 152,568 shares and 432,900 shares, receiving the capital reduction of \$1,526 thousand and \$4,329 thousand, respectively.

In September 2022, the Corporation sold all shares of Foursun Tech. Inc. for \$10 thousand, and other equity - unrealized losses on financial assets measured at fair value through other comprehensive income of \$2,100 thousand was transferred to retained earnings.

The Corporation recognized dividend revenue of \$21,453 thousand and \$18,142 thousand during 2022 and 2021, which generated from the investments held as of December 31, 2022 and 2021, respectively.

b. Investments in debt instruments

	December 31	
	2022	2021
<u>Current</u>		
Corporate bonds	\$ 99,572	\$ -
Foreign bonds	<u>78,061</u>	<u>27,802</u>
	<u>\$ 177,633</u>	<u>\$ 27,802</u>
<u>Non-current</u>		
Government bonds	\$ 297,138	\$ 301,475
Corporate bonds	1,096,680	601,652
Foreign bonds	<u>1,275,770</u>	<u>1,107,720</u>
	<u>\$ 2,669,588</u>	<u>\$ 2,010,847</u>

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

	December 31	
	2022	2021
Gross carrying amount	\$ 2,953,314	\$ 2,038,703
Less: Allowance for impairment loss	<u>(1,630)</u>	<u>(1,972)</u>
Amortized cost	2,951,684	2,036,731
Adjustment to fair value	<u>(104,463)</u>	<u>1,918</u>
	<u>\$ 2,847,221</u>	<u>\$ 2,038,649</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, 2022
Stage 1	The credit rating on the base date is investment grade and above, and credit risk has not significantly increased	12-month ECLs	0.00%-0.51%	\$ 2,953,314

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

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, 2022	\$ 1,972	\$ -	\$ -
Reversed expected credit loss	<u>(342)</u>	<u>-</u>	<u>-</u>
Balance at December 31, 2022	<u>\$ 1,630</u>	<u>\$ -</u>	<u>\$ -</u>
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>

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

	December 31	
	2022	2021
Margin loans receivable	\$ 4,230,565	\$ 7,631,788
Less: Allowance for impairment loss	<u>(1,072)</u>	<u>(2,040)</u>
	<u>\$ 4,229,493</u>	<u>\$ 7,629,748</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 2022, and recognized as gains on reversal of impairment loss of \$122 thousand.

	December 31	
	2022	2021
Notes receivable	\$ 95	\$ 146
Accounts receivable		
Accounts receivable for settlement - brokerage	3,388,985	5,724,414
Accounts receivable for settlement - proprietary	896,372	985,847
Brokerage handling fee revenue and refinancing interest receivable	111,909	129,290
Bond interest receivable	18,703	16,337
Others	6,699	5,278
Less: Allowance for impairment loss	(313)	-
	<u>4,422,355</u>	<u>6,861,166</u>
	<u>\$ 4,422,450</u>	<u>\$ 6,861,312</u>

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

	December 31	
	2022	2021
0 to 120 days	\$ 4,422,387	\$ 6,861,231
121 to 180 days	344	81
Over 180 days	<u>32</u>	<u>-</u>
	<u>\$ 4,422,763</u>	<u>\$ 6,861,312</u>

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

	December 31	
	2022	2021
Other receivables	\$ 93,281	\$ 92,938
Less: Allowance for impairment loss	<u>(86,244)</u>	<u>(86,566)</u>
	<u>\$ 7,037</u>	<u>\$ 6,372</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, 2022

	Notes and Accounts Receivable	Margin Loans Receivable	Refinancing Collateral Receivable	Refinancing Margin, Security Borrowing Collateral Price and Security Borrowing Margin	Other Receivables	Total
Expected credit loss rate	0%	0.03%	0%	0%	0%; 100%	
Gross carrying amount	\$ 4,422,763	\$ 4,230,565	\$ 31,124	\$ 2,048,012	\$ 93,281	\$ 10,825,745
Loss allowance (Lifetime ECLs)	<u>(313)</u>	<u>(1,072)</u>	<u>-</u>	<u>-</u>	<u>(86,244)</u>	<u>(87,629)</u>
Amortized cost	<u>\$ 4,422,450</u>	<u>\$ 4,229,493</u>	<u>\$ 31,124</u>	<u>\$ 2,048,012</u>	<u>\$ 7,037</u>	<u>\$ 10,738,116</u>

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)	<u>-</u>	<u>(2,040)</u>	<u>-</u>	<u>-</u>	<u>(86,566)</u>	<u>(88,606)</u>
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>

The movements of the loss allowance of trade receivables for the years ended December 31, 2022 and 2021, respectively, were as follows:

	Notes and Accounts Receivable	Margin Loans Receivable	Other Receivables	Total
Balance at January 1, 2022	\$ -	\$ 2,040	\$ 86,566	\$ 88,606
Add: Net remeasurement (reversed) of loss allowance	<u>313</u>	<u>(968)</u>	<u>(322)</u>	<u>(977)</u>
Balance at December 31, 2022	<u>\$ 313</u>	<u>\$ 1,072</u>	<u>\$ 86,244</u>	<u>\$ 87,629</u>
Balance at January 1, 2021	\$ -	\$ 1,094	\$ 85,193	\$ 86,287
Add: Net remeasurement of loss allowance	<u>-</u>	<u>946</u>	<u>1,373</u>	<u>2,319</u>
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 2,040</u>	<u>\$ 86,566</u>	<u>\$ 88,606</u>

10. OTHER FINANCIAL ASSETS - CURRENT

	December 31	
	2022	2021
Time deposits	<u>\$ -</u>	<u>\$ 64,360</u>

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

	December 31	
	2022	2021
Time deposits	-	0.09%-0.23%

11. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Subsidiaries included in the financial statements were summarized as follows:

	December 31			
	2022		2021	
	Carrying Amount	Percent- age of Owner- ship (%)	Carrying Amount	Percent- age of Owner- ship (%)
<u>Subsidiaries</u>				
Concord Futures Corp. (Concord Futures)	\$ 1,327,025	95.71	\$ 1,227,540	95.71
Con Lian Asset Management Service Co., Ltd. (Con-Lian AMC)	547,497	100.00	565,528	100.00

(Continued)

	December 31			
	2022		2021	
	Carrying Amount	Percent-age of Owner-ship (%)	Carrying Amount	Percent-age of Owner-ship (%)
Concord Capital Management Corp. (Concord Capital Management)	\$ 82,553	100.00	\$ 85,266	100.00
Concord Insurance Agency Co., Ltd. (Concord Insurance)	<u>19,476</u>	100.00	<u>23,006</u>	100.00
	<u>\$ 1,976,551</u>		<u>\$ 1,901,340</u>	

(Concluded)

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, 2022 and 2021.

The subsidiary, Concord Managed Futures Corp. (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.

On November 30, 2020, the subsidiary, Concord Capital Holdings (Cayman) Limited (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.

On November 8, 2022, the Corporation's board of directors approved resolutions to process the dissolution and liquidation of the subsidiary, Con-Lian AMC, and the relevant liquidation procedures will be approved by the relevant authorities.

12. PROPERTY AND EQUIPMENT

	For the Year Ended December 31, 2022				Balance at December 31, 2022
	Balance at January 1, 2022	Additions	Reductions	Reclassifi-cations	
<u>Cost</u>					
Land	\$ 606,860	\$ -	\$ -	\$ (2,679)	\$ 604,181
Buildings	230,375	-	-	33	230,408
Equipment	51,097	47,004	(12,055)	-	86,046
Leasehold improvements	<u>40,985</u>	<u>1,045</u>	<u>(11,781)</u>	<u>-</u>	<u>30,249</u>
	<u>929,317</u>	<u>\$ 48,049</u>	<u>\$ (23,836)</u>	<u>\$ (2,646)</u>	<u>950,884</u>

(Continued)

	For the Year Ended December 31, 2022				
	Balance at January 1, 2022	Additions	Reductions	Reclassifi- cations	Balance at December 31, 2022
<u>Accumulated depreciation</u>					
Buildings	\$ 98,959	\$ 4,086	\$ -	\$ (72)	\$ 102,973
Equipment	22,548	14,759	(12,055)	-	25,252
Leasehold improvements	19,604	7,534	(11,781)	-	15,357
	<u>141,111</u>	<u>\$ 26,379</u>	<u>\$ (23,836)</u>	<u>\$ (72)</u>	<u>143,582</u>
<u>Accumulated impairment</u>					
Buildings	<u>1,257</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1,257</u>
Net book value	<u>\$ 786,949</u>				<u>\$ 806,045</u>
					(Concluded)

	For the Year Ended December 31, 2021				
	Balance at January 1, 2021	Additions	Reductions	Reclassifi- cations	Balance at December 31, 2021
<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>

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	
	2022	2021
<u>Carrying amount</u>		
Buildings	\$ 104,404	\$ 112,988
Equipment	<u>3,769</u>	<u>5,242</u>
	<u>\$ 108,173</u>	<u>\$ 118,230</u>
	For the Year Ended December 31	
	2022	2021
Additions to right-of-use assets	<u>\$ 33,259</u>	<u>\$ 98,598</u>
Depreciation charge for right-of-use assets		
Buildings	\$ 40,966	\$ 44,247
Equipment	<u>2,123</u>	<u>1,201</u>
	<u>\$ 43,089</u>	<u>\$ 45,448</u>

b. Lease liabilities

	December 31	
	2022	2021
<u>Carrying amount</u>		
Current	<u>\$ 45,145</u>	<u>\$ 38,268</u>
Non-current	<u>\$ 62,159</u>	<u>\$ 79,196</u>

Ranges of discount rates for lease liabilities were as follows:

	December 31	
	2022	2021
Buildings	0.514%-1.572%	0.514%-0.807%
Equipment	0.521%-1.336%	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 2022 and 2021, the lessor agreed to provide unconditional rent reductions of 20%-100% from January 1 to December 31, 2022, May 1 to June 30, 2021, and August 1 to December 31, 2021. The Corporation recognized the impact of rent concessions at \$453 thousand (recognized as deduction of depreciation expenses and other non-operating income) for both the years ended December 31, 2022 and 2021.

d. Other lease information

	For the Year Ended December 31	
	2022	2021
Expenses relating to short-term or low-value asset leases	\$ 4,715	\$ 1,505
Total cash outflow for leases	\$ 47,770	\$ 46,867

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, 2022				
	Balance at January 1, 2022	Additions	Reductions	Reclassifi- cations	Balance at December 31, 2022
<u>Cost</u>					
Land	\$ 477,111	\$ -	\$ -	\$ 2,679	\$ 479,790
Buildings	179,598	-	-	(33)	179,565
	<u>656,709</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,646</u>	<u>659,355</u>
<u>Accumulated depreciation</u>					
Buildings	96,355	\$ 3,198	\$ -	\$ 72	99,625
<u>Accumulated impairment</u>					
Buildings	<u>661</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>661</u>
Net book value	<u>\$ 559,693</u>				<u>\$ 559,069</u>
	For the Year Ended December 31, 2021				
	Balance at January 1, 2021	Additions	Reductions	Reclassifi- cations	Balance at December 31, 2021
<u>Cost</u>					
Land	\$ 476,326	\$ -	\$ -	\$ 785	\$ 477,111
Buildings	179,075	-	-	523	179,598
	<u>655,401</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,308</u>	<u>656,709</u>
<u>Accumulated depreciation</u>					
Buildings	93,023	\$ 3,193	\$ -	\$ 139	96,355
<u>Accumulated impairment</u>					
Buildings	<u>661</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>661</u>
Net book value	<u>\$ 561,717</u>				<u>\$ 559,693</u>

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

Buildings	55 years
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As of December 31, 2022 and 2021, the fair value of the Corporation's investment properties amounted to \$700,095 thousand and \$677,238 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 1 to 5 years under operating leases. The lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.

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

	December 31	
	2022	2021
Year 1	\$ 18,028	\$ 17,933
Year 2	17,691	8,665
Year 3	8,448	8,018
Year 4	5,830	7,773
Year 5	<u>-</u>	<u>5,830</u>
	<u>\$ 49,997</u>	<u>\$ 48,219</u>

15. INTANGIBLE ASSETS

	For the Year Ended December 31, 2022			
	Balance at January 1, 2022	Additions	Reductions	Balance at December 31, 2022
<u>Cost</u>				
Computer software	\$ 16,078	<u>\$ 16,096</u>	<u>\$ (3,289)</u>	\$ 28,885
<u>Accumulated amortization</u>				
Computer software	<u>6,897</u>	<u>\$ 6,304</u>	<u>\$ (3,289)</u>	<u>9,912</u>
Net book value	<u>\$ 9,181</u>			<u>\$ 18,973</u>

	For the Year Ended December 31, 2021			
	Balance at January 1, 2021	Additions	Reductions	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>

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	
	2022	2021
Operation guarantee deposits	\$ 330,000	\$ 330,000
Clearing and settlement fund	138,395	144,237
Refundable deposits	163,808	32,520
Prepayments for equipment	4,465	9,950
Deferred expense	<u>1,007</u>	<u>1,355</u>
	<u>\$ 637,675</u>	<u>\$ 518,062</u>

17. BORROWINGS

a. Short-term borrowings

	December 31	
	2022	2021
Secured borrowings	\$ 50,000	\$ 950,000
Unsecured borrowings	<u>640,000</u>	<u>700,000</u>
	<u>\$ 690,000</u>	<u>\$ 1,650,000</u>

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

	December 31	
	2022	2021
Short-term borrowings	1.45%-1.99%	0.80%-1.50%

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	
	2022	2021
Commercial paper payable	\$ 5,240,000	\$ 4,167,000
Less: Discount of commercial paper payable	<u>(17,299)</u>	<u>(2,241)</u>
	<u>\$ 5,222,701</u>	<u>\$ 4,164,759</u>

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

	December 31	
	2022	2021
Commercial paper payable	0.65%-1.72%	0.30%-0.95%

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

18. LIABILITIES FOR BONDS WITH ATTACHED REPURCHASE AGREEMENTS

	December 31	
	2022	2021
Government bonds	\$ 649,910	\$ 922,880
Corporate bonds	<u>3,848,186</u>	<u>3,175,587</u>
	<u>\$ 4,498,096</u>	<u>\$ 4,098,467</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	
	2022	2021
Government bonds	0.70%-0.75%	0.16%-0.17%
Corporate bonds	0.95%-5.16%	0.27%-0.41%

Liabilities for bonds with attached repurchase agreements that were outstanding as of December 31, 2022 had been repurchased for \$4,505,709 thousand by February 22, 2023.

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.

19. ACCOUNTS PAYABLE

	December 31	
	2022	2021
Accounts payable for settlement - brokerage	\$ 3,377,383	\$ 5,500,948
Accounts payable for settlement - proprietary	102,071	70,753
Others	<u>83,486</u>	<u>149,136</u>
	<u>\$ 3,562,940</u>	<u>\$ 5,720,837</u>

20. OTHER FINANCIAL LIABILITIES - CURRENT

	December 31	
	2022	2021
<u>Principle value of structured notes - current</u>		
Principal guaranteed notes	<u>\$ 3,622,333</u>	<u>\$ 756,678</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	
	2022	2021
Present value of defined benefit obligation	\$ 213,920	\$ 352,673
Fair value of plan assets	<u>(217,774)</u>	<u>(149,162)</u>
Net defined benefit (assets) liabilities	<u>\$ (3,854)</u>	<u>\$ 203,511</u>

Movements in net defined benefit (assets) liabilities were as follows:

	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2021	<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>
Service cost			
Current service cost	3,911	-	3,911
Net interest expense (income)	<u>2,469</u>	<u>(1,051)</u>	<u>1,418</u>
Recognized in profit or loss	<u>6,380</u>	<u>(1,051)</u>	<u>5,329</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(4,987)	(4,987)
Actuarial (income) loss			
Changes in financial assumptions	(8,011)	-	(8,011)
Experience adjustments	<u>(120,144)</u>	<u>-</u>	<u>(120,144)</u>
Recognized in other comprehensive (income) loss	<u>(128,155)</u>	<u>(4,987)</u>	<u>(133,142)</u>
Contributions from the employer	<u>-</u>	<u>(79,552)</u>	<u>(79,552)</u>
Benefits paid	<u>(16,978)</u>	<u>16,978</u>	<u>-</u>
Balance at December 31, 2022	<u>\$ 213,920</u>	<u>\$ (217,774)</u>	<u>\$ (3,854)</u>

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	
	2022	2021
Discount rate	1.2%	0.7%
Expected incremental rate of salaries	1.5%	1.5%
Expected rate of return on plan assets	1.2%	0.7%

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	
	2022	2021
Discount rate		
0.1% increase	\$ (1,551)	\$ (2,779)
0.1% decrease	\$ 1,568	\$ 2,811
Expected incremental rate of salaries		
0.1% increase	\$ 1,349	\$ 2,436
0.1% decrease	\$ (1,338)	\$ (2,415)

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	
	2022	2021
Expected contributions to the plan within a year	\$ 1,850	\$ 1,960
Average duration of the defined benefit obligation	7.2 years	7.7 years

22. EQUITY

a. Share capital

	December 31	
	2022	2021
Number of shares authorized (in thousands)	1,500,000	1,500,000
Share capital authorized	\$ 15,000,000	\$ 15,000,000
Number of shares issued and fully paid (in thousands)	594,455	594,455
Share capital issued	\$ 5,944,550	\$ 5,944,550

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

b. Capital surplus

	December 31	
	2022	2021
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>1,309</u>
	<u>\$ 175,320</u>	<u>\$ 175,320</u>

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

The capital surplus arising from the gain on sale of fixed assets, unclaimed dividends, and exercise of disengagement 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.

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 23-1.

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

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

According to the Regulations Governing Securities Firms, a securities firm should set aside 20% of their annual after-tax profit as special reserve until the special reserve equals the firm's paid-in capital. In addition, the special reserve shall not be used for purposes other than for offsetting the deficit of the Corporation, or when the accumulated special reserve reaches 25% of the amount of paid-in capital, the portion in excess of the 25% of paid-in capital may be used for capitalization.

The appropriation of earnings for 2021 and 2020, which was approved in the shareholder's meeting on June 8, 2022 and July 12, 2021, were as follows:

	For the Year Ended December 31	
	2021	2020
Legal reserve	\$ 133,359	\$ 103,460
Special reserve	\$ 266,719	\$ 206,920
Cash dividends	\$ 921,405	\$ 725,235
Cash dividends per share (NT\$)	\$ 1.55	\$ 1.22

The compensation offset of the accumulated deficits for 2022 as proposed by the board of directors on March 9, 2023, which amounted to \$26,110 thousand, by using legal reserve, and it is subject to resolution in the shareholders' meeting on June 7, 2023.

d. Other equity items

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

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ (7,432)	\$ (11,116)
Recognized for the year		
Exchange differences on the translation of the financial statements of foreign operations	9,046	(3,400)
Income tax expense related to exchange differences on the translation of the financial statements of foreign operations	-	(1,780)
Reclassification adjustments		
Disposal of subsidiaries	-	8,864
Balance at December 31	\$ 1,614	\$ (7,432)

2) Unrealized gains on financial assets at FVTOCI

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ 470,680	\$ 420,538
Recognized for the year		
Unrealized losses - debt instruments	(100,992)	(7,221)
Unrealized gains (losses) - equity instruments	(29,820)	65,417
Investments accounted for using equity method	47,599	(8,054)
Other comprehensive income recognized for the year	(83,213)	50,142
Cumulative unrealized gains of equity instruments transferred to retained earnings due to disposal	2,100	-
Balance at December 31	\$ 389,567	\$ 470,680

23. ANALYSIS OF STATEMENT OF COMPREHENSIVE INCOME ITEMS

a. Brokerage handling fee revenue

	For the Year Ended December 31	
	2022	2021
Handling fee revenue from brokered trading - TWSE	\$ 617,636	\$ 1,129,224
Handling fee revenue from brokered trading - OTC	185,249	272,080
Handling fee revenue from securities financing	7,441	8,130
Others	<u>36,658</u>	<u>44,994</u>
	<u>\$ 846,984</u>	<u>\$ 1,454,428</u>

b. Revenue from underwriting business

	For the Year Ended December 31	
	2022	2021
Processing fee revenue from underwriting operations	\$ 11,430	\$ 21,766
Revenue from underwriting securities on a firm commitment basis	10,983	11,637
Revenue from underwriting consultation	6,730	5,540
Others	<u>5,850</u>	<u>2,360</u>
	<u>\$ 34,993</u>	<u>\$ 41,303</u>

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

	For the Year Ended December 31	
	2022	2021
Proprietary	\$ (83,640)	\$ 1,650,261
Underwriting	3,950	19,619
Hedging	<u>(1,747,991)</u>	<u>(104,642)</u>
	<u>\$ (1,827,681)</u>	<u>\$ 1,565,238</u>

d. Interest income

	For the Year Ended December 31	
	2022	2021
Financing interest	\$ 291,548	\$ 344,168
Bond interest	57,717	45,284
Others	<u>674</u>	<u>729</u>
	<u>\$ 349,939</u>	<u>\$ 390,181</u>

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

	For the Year Ended December 31	
	2022	2021
Proprietary	\$ (563,984)	\$ 176,383
Underwriting	(3,931)	3,305
Hedging	(82,561)	25,060
Settlement coverage bonds payable of short sale	<u>(255)</u>	<u>255</u>
	<u>\$ (650,731)</u>	<u>\$ 205,003</u>

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

	For the Year Ended December 31	
	2022	2021
Gains on change in fair value of warrant liabilities	\$ 11,158,182	\$ 4,679,954
Gains on exercise of warrants before maturity	1,438	12,073
Losses on change in fair value of warrants redeemed - realized	(9,188,375)	(4,764,973)
Losses on change in fair value of warrants redeemed - unrealized	(1,488,723)	(48,784)
Call (put) warrants issuance expenses	<u>(59,297)</u>	<u>(41,840)</u>
	<u>\$ 423,225</u>	<u>\$ (163,570)</u>

- g. Gains (losses) on derivative instruments, net

	For the Year Ended December 31	
	2022	2021
<u>Gains (losses) on derivative instruments - futures, net</u>		
Futures contract	\$ (24,801)	\$ 19,127
Options trading	<u>(3,660)</u>	<u>(18,471)</u>
	<u>\$ (28,461)</u>	<u>\$ 656</u>
<u>Gains (losses) on derivative instruments - OTC, net</u>		
Asset swap options	\$ 451,088	\$ (100,044)
Equity derivatives	(30,055)	29,061
Structured instruments	(41,213)	(10,230)
Value of asset swap IRS contracts	(11,243)	(25,037)
Gains (losses) from when - issued trading of government bonds	<u>(15)</u>	<u>15</u>
	<u>\$ 368,562</u>	<u>\$ (106,235)</u>

h. Impairment gains and reversal of impairment losses (impairment losses)

	For the Year Ended December 31	
	2022	2021
Financial assets at amortized cost	\$ 977	\$ (2,319)
Financial assets at fair value through other comprehensive income	<u>342</u>	<u>(762)</u>
	<u>\$ 1,319</u>	<u>\$ (3,081)</u>

i. Other operating income

	For the Year Ended December 31	
	2022	2021
Foreign exchange gains (losses), net	\$ 83,897	\$ (26,613)
Processing revenue	40,560	27,170
Commission revenue	2,336	2,392
Agency revenue	1,057	1,303
Losses on error trading, net	(556)	(1,868)
Others	<u>132</u>	<u>228</u>
	<u>\$ 127,426</u>	<u>\$ 2,612</u>

j. Finance costs

	For the Year Ended December 31	
	2022	2021
Interest of commercial paper payable	\$ 48,357	\$ 40,388
Interest of liabilities for bonds with attached repurchase agreements	34,886	11,817
Bank loan interest	8,205	5,059
Interest of securities financing	1,930	1,738
Refinancing interest	725	699
Interest of lease liabilities	685	313
Others	<u>1,752</u>	<u>1,509</u>
	<u>\$ 96,540</u>	<u>\$ 61,523</u>

k. Employee benefits expense

	For the Year Ended December 31	
	2022	2021
Retirement benefits		
Defined contribution plan	\$ 31,441	\$ 32,345
Defined benefit plan	<u>5,329</u>	<u>3,882</u>
	36,770	36,227
Short-term employee benefits		
Salaries	605,018	1,284,017
Labor and health insurance	64,410	65,274
Others	<u>29,899</u>	<u>29,717</u>
	<u>\$ 736,097</u>	<u>\$ 1,415,235</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. In addition, the amendment to the Article to revise the compensation rate of employees from 1% to 3% was subject to a resolution by the shareholders in their meeting in June 2022. The compensation of employees and the remuneration of directors for the years ended December 31, 2022 and 2021, which were approved by the Corporation's board of directors on March 9, 2023 and March 17, 2022, respectively, are as follows:

	<u>For the Year Ended December 31</u>	
	2022	2021
Compensation of employees	\$ <u>112</u>	\$ <u>31,477</u>
Remuneration of directors	\$ <u>290</u>	\$ <u>81,177</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 2021 and 2020 and the amounts recognized in the parent company financial statements for the year ended December 31, 2021 and 2020.

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 expenses

	<u>For the Year Ended December 31</u>	
	2022	2021
<u>Depreciation expenses</u>		
Property and equipment	\$ 26,379	\$ 22,618
Right-of-use assets	43,089	45,448
Investment property	<u>3,198</u>	<u>3,193</u>
	<u>\$ 72,666</u>	<u>\$ 71,259</u>
<u>Amortization expenses</u>		
Intangible assets	\$ 6,304	\$ 5,353
Deferred expense	<u>349</u>	<u>237</u>
	<u>\$ 6,653</u>	<u>\$ 5,590</u>

n. Other operating expenses

	For the Year Ended December 31	
	2022	2021
Taxes	\$ 212,797	\$ 216,511
Information technology expenses	43,219	42,409
Securities borrowing fees	37,750	25,234
Professional service fees	29,679	28,568
Custody fees	27,340	41,436
Postage expenses	25,229	25,110
Others	<u>117,235</u>	<u>104,040</u>
	<u>\$ 493,249</u>	<u>\$ 483,308</u>

o. Other gains and losses

	For the Year Ended December 31	
	2022	2021
Rental revenue from the use of venue and equipment	\$ 51,141	\$ 44,668
Other rental income from investment properties	16,755	17,921
Dividend income	21,453	18,142
Financial income	9,682	4,899
Valuation losses on non-operating financial assets at fair value through profit or loss, net	(2,941)	-
Losses on disposals of investments	-	(8,495)
Others	<u>12,634</u>	<u>14,194</u>
	<u>\$ 108,724</u>	<u>\$ 91,329</u>

24. INCOME TAX

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Year Ended December 31	
	2022	2021
Current tax		
In respect of the current year	\$ 18,907	\$ 101,870
Income tax on unappropriated retained earnings	605	-
Adjustment for prior year	<u>-</u>	<u>(26,619)</u>
	19,512	75,251
Deferred tax		
In respect of the current year	<u>134,746</u>	<u>82,861</u>
Income tax expense recognized in profit or loss	<u>\$ 154,258</u>	<u>\$ 158,112</u>

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

	For the Year Ended December 31	
	2022	2021
Profit before tax from continuing operations	\$ <u>5,523</u>	\$ <u>1,544,035</u>
Income tax expense calculated at the statutory rate	\$ 1,105	\$ 308,807
Nondeductible expenses in determining taxable income	98,908	(49,516)
Tax-exempt income	44,833	(274,619)
Adjustments for prior years' tax expense	-	(26,619)
Income tax on unappropriated retained earnings	605	-
Others	<u>8,807</u>	<u>200,059</u>
Income tax expense recognized in profit or loss	\$ <u>154,258</u>	\$ <u>158,112</u>
b. Income tax recognized in other comprehensive income		
	For the Year Ended December 31	
	2022	2021
<u>Deferred tax</u>		
In respect of the current year		
Translation of foreign operations	\$ -	\$ 1,780
Remeasurement of defined benefit plans	<u>26,628</u>	<u>(13,017)</u>
Total income tax expense (benefit) recognized in other comprehensive income	\$ <u>26,628</u>	\$ <u>(11,237)</u>
c. Current tax assets and liabilities		
	December 31	
	2022	2021
Current tax liabilities		
Income tax payable	\$ <u>34,665</u>	\$ <u>119,458</u>

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Defined benefit plans	\$ 40,702	\$ (2,367)	\$ (26,628)	\$ 11,707
Payables for annual leave	4,121	201	-	4,322
Unrealized exchange losses	28,154	(17,329)	-	10,825
Losses on derivative financial instruments	52,759	(52,759)	-	-
Others	<u>82</u>	<u>603</u>	<u>-</u>	<u>685</u>
	<u>\$ 125,818</u>	<u>\$ (71,651)</u>	<u>\$ (26,628)</u>	<u>\$ 27,539</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Difference between tax reporting and financial reporting - payables for pension	\$ -	\$ 12,478	\$ -	\$ 12,478
Valuation gains on foreign operating securities	776	(165)	-	611
Gains on derivative financial instruments	<u>-</u>	<u>50,782</u>	<u>-</u>	<u>50,782</u>
	<u>\$ 776</u>	<u>\$ 63,095</u>	<u>\$ -</u>	<u>\$ 63,871</u>

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>

Deferred tax liabilities

Temporary differences				
Valuation gains on foreign operating securities	<u>\$ 666</u>	<u>\$ 110</u>	<u>\$ -</u>	<u>\$ 776</u>

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

	December 31	
	2022	2021
Asset impairment	<u>\$ 1,918</u>	<u>\$ 1,918</u>

- f. Income tax assessments

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

25. EARNINGS (LOSS) PER SHARE

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

	Amount (Numerator) After Income Tax	Number of Shares (Denominator) (In Thousands)	Earnings (loss) Per Share After Income Tax (In Dollars)
<u>For the year ended December 31, 2022</u>			
Basic loss per share			
Loss attributable to ordinary shareholders of the Corporation	<u>\$ (148,735)</u>	<u>594,455</u>	<u>\$ (0.25)</u>
<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>

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 Corporation had a net loss in 2022, due to the anti-dilution effect, the diluted earnings per share will not be calculated.

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 277% and 363% for the years ended December 31, 2022 and 2021, 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, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Financial assets mandatorily measured at FVTPL	\$ 3,688,503	\$ 4,197,122	\$ -	\$ 7,885,625
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Unlisted shares	-	-	512,371	512,371
Investments in debt instruments				
Government bonds	-	297,138	-	297,138
Corporate bonds	-	1,196,252	-	1,196,252
Foreign bonds	144,814	1,209,017	-	1,353,831
	<u>\$ 3,833,317</u>	<u>\$ 6,899,529</u>	<u>\$ 512,371</u>	<u>\$ 11,245,217</u>
<u>Financial liabilities at FVTPL</u>				
Financial liabilities held for trading	\$ 1,123,218	\$ 791,705	\$ -	\$ 1,914,923
Financial liabilities designated as at FVTPL	-	1,521,248	-	1,521,248
	<u>\$ 1,123,218</u>	<u>\$ 2,312,953</u>	<u>\$ -</u>	<u>\$ 3,436,171</u>

December 31, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Financial assets mandatorily measured at FVTPL	\$ 4,847,029	\$ 3,738,013	\$ -	\$ 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>\$ 4,847,029</u>	<u>\$ 5,776,662</u>	<u>\$ 543,727</u>	<u>\$ 11,167,418</u>

(Continued)

	Level 1	Level 2	Level 3	Total
<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	<u>-</u>	<u>695,169</u>	<u>-</u>	<u>695,169</u>
	<u>\$ 1,234,054</u>	<u>\$ 2,047,873</u>	<u>\$ -</u>	<u>\$ 3,281,927</u> (Concluded)

Transfers between Levels 1 and 2 for the years ended December 31, 2022 and 2021 were mainly due to the determination of whether part of the Corporation's investments in emerging market shares and convertible bonds with an active market based on observation of the transaction volume of these investments.

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

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

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Balance at January 1	\$ 543,727	\$ 482,639
Disposal	(10)	-
Recognized in other comprehensive income (included in unrealized gains on financial assets at FVTOCI)	(29,820)	65,417
Proceeds from capital reduction	<u>(1,526)</u>	<u>(4,329)</u>
Balance at December 31	<u>\$ 512,371</u>	<u>\$ 543,727</u>

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

<u>Financial Instrument</u>	<u>Valuation Techniques and Inputs</u>
Corporate bond investments	Discounted using the market rate announced by the Taipei Exchange or using the credit rating equal or equivalent to the yield rate curve.
Value of asset swap IRS contracts	Discounted cash flow method: Discounted using the risk-adjusted premium based on the short-term commercial paper rate announced by Bloomberg.
Asset swap options	The closing price of the convertible bond on the same day minus straight bond value: Straight bond value is the present value of future cash flows discounted at the risk-adjusted premium based on the zero-risk rate that a convertible bond would provide. The zero-risk rate is the short-term commercial paper rate announced by Bloomberg.
Structured instruments	Discounted cash flow method: Discounted using the risk-adjusted premium 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	
	2022	2021
Discount for lack of marketability		
10% increase	<u>\$ (10,973)</u>	<u>\$ (11,929)</u>
10% decrease	<u>\$ 10,914</u>	<u>\$ 11,959</u>

b. Categories of financial instruments

	December 31	
	2022	2021
<u>Financial assets</u>		
FVTPL		
Mandatorily measured at FVTPL	\$ 7,885,625	\$ 8,585,042
Financial assets at amortized cost (Note 1)	15,301,846	17,087,739
FVTOCI		
Equity instrument investments	512,371	543,727
Debt instrument investments	2,847,221	2,038,649
Operation guarantee deposits	330,000	330,000
Clearing and settlement fund	138,395	144,237
Refundable deposits	163,808	32,520
<u>Financial liabilities</u>		
FVTPL		
Held for trading	1,914,923	2,586,758
Designated as at FVTPL	1,521,248	695,169
Financial liabilities at amortized cost (Note 2)	19,208,118	19,671,499
Guarantee deposits received	3,811	3,794

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, securities lending refundable deposits, 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	
	2022	2021
Financial liabilities designated as at FVTPL	\$ 1,521,248	\$ 695,169
Amount payable at maturity	<u>(1,608,942)</u>	<u>(729,876)</u>
	<u>\$ (87,694)</u>	<u>\$ (34,707)</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, 2022			December 31	
	Average	Minimum	Maximum	2022	2021
<u>Type of risk</u>					
Equity securities	\$ 93,313	\$ 20,265	\$ 156,863	\$ 89,396	\$ 91,384
Interest rate	14,204	275	43,259	13,599	16,804
Diversification of risks	<u>(23,669)</u>			<u>(25,408)</u>	<u>(15,462)</u>
Total VaR exposure	<u>\$ 83,848</u>			<u>\$ 77,587</u>	<u>\$ 92,726</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 \$887 thousand and \$709 thousand as of December 31, 2022 and 2021, 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 \$30,563 and \$15,544 thousand for the years ended December 31, 2022 and 2021, 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	
	2022	2021
Interest rate risk of fair value		
Financial assets	\$ 11,721,135	\$ 11,105,424
Financial liabilities	11,930,367	12,995,849
Interest rate risk of cash flow		
Financial assets	2,339,588	3,761,623
Financial liabilities	30,000	-

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

3) Credit risk

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

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

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

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

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

	Maximum Exposure to Credit Risk	
	December 31	
	2022	2021
Margin loans receivable	\$ 4,229,493	\$ 7,629,748

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, 2022

	Within 1 Year	Between 1 and 2 Years	Between 2 and 5 Years	Over 5 Years	Total
<u>Derivative financial liabilities</u>					
Non-interest bearing	\$ 923,958	\$ -	\$ -	\$ -	\$ 923,958
Fixed interest rate	6,665,557	-	-	-	6,665,557
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	4,722,101	-	3,811	-	4,725,912
Variable interest rate	30,000	-	-	-	30,000
Fixed interest rate	11,810,362	-	-	-	11,810,362
Lease liabilities	45,778	38,551	23,391	-	107,720
	<u>\$ 24,197,756</u>	<u>\$ 38,551</u>	<u>\$ 27,202</u>	<u>\$ -</u>	<u>\$ 24,263,509</u>

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>

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

Financing facilities

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

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Financing facilities	<u>\$ 15,620,000</u>	<u>\$ 15,910,000</u>
Unused amount	<u>\$ 12,129,760</u>	<u>\$ 9,062,444</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, 2022

Type of Financial Asset	The Book Value of Financial Assets Transferred	The Book Value of Related Financial Liabilities	The Fair Value of Financial Assets Transferred	The Fair Value of Related Financial Liabilities	Fair value of Net Position
Repurchase agreements	\$ 7,822,544	\$ 4,498,096	\$ 7,822,544	\$ 4,498,096	\$ 3,324,448

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

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, 2022

Financial Instrument	Gross Amount of Recognized Financial Assets (Liabilities)	Gross Amount of Recognized and offset Financial Assets/ Liabilities in the Balance Sheet	Net Amount of Financial Assets (Liabilities) Presented in the Balance Sheet	Related Amount Not Offset in the Balance Sheet		Net Amount
				Financial Instruments	Cash Collateral Received	
Accounts receivable	\$ 4,491,651	\$ (69,296)	\$ 4,422,355	\$ (51,578)	\$ -	\$ 4,370,777
Accounts payable	\$ (3,632,236)	\$ 69,296	\$ (3,562,940)	\$ 51,578	\$ -	\$ (3,511,362)
Liabilities for bonds with attached repurchase agreements	\$ (4,498,096)	\$ -	\$ (4,498,096)	\$ 4,498,096	\$ -	\$ -

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	\$ -	\$ -

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

<u>Related Party Name</u>	<u>Related Party Category</u>
Concord Futures Corp. (Concord Futures)	Subsidiary
Con Lian Asset Management Service Co., Ltd. (Con Lian AMC)	Subsidiary
Concord Capital Management Corp (Concord Capital Management)	Subsidiary
Concord Insurance Agency Co., Ltd. (Concord Insurance)	Subsidiary
CHENG, TAI-CHENG	Supervisor of the subsidiary
Hwa-Ho Asset Management Corp.	Subsidiary's investment accounted for using equity method
The Corporation's directors, president, vice presidents, assistant vice presidents, and department heads	Key management personnel

a. Cash and cash equivalents

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Subsidiary Concord Futures	<u>\$ 139,650</u>	<u>\$ 80,963</u>

b. Futures trading margin

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Subsidiary Concord Futures	<u>\$ 66,667</u>	<u>\$ 22,936</u>

c. Margin loans receivable

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Key management personnel	<u>\$ 20,508</u>	<u>\$ 42,362</u>

d. Accounts receivable

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Subsidiary	<u>\$ 1,171</u>	<u>\$ 993</u>

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	
	2022	2021
Subsidiary	\$ <u>151</u>	\$ <u>151</u>

f. Liabilities for bonds with attached repurchase agreements

	December 31	
	2022	2021
Key management personnel	\$ <u>340,547</u>	\$ <u>296,117</u>

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

g. Accounts payable

	December 31	
	2022	2021
Subsidiary	\$ <u>427</u>	\$ <u>850</u>

h. Other payables

	December 31	
	2022	2021
Subsidiary	\$ <u>1,050</u>	\$ <u>680</u>

i. Brokerage handling fee revenue

	For the Year Ended December 31	
	2022	2021
Key management personnel	\$ <u>2,331</u>	\$ <u>3,160</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	
	2022	2021
Subsidiary	\$ <u>36</u>	\$ <u>36</u>

k. Interest income

	For the Year Ended December 31	
	2022	2021
Key management personnel	\$ <u>1,455</u>	\$ <u>1,349</u>

l. Futures commission income

	<u>For the Year Ended December 31</u>	
	2022	2021

Subsidiary

Concord Futures

\$ 11,724

\$ 12,869

m. Other operating income

	<u>For the Year Ended December 31</u>	
	2022	2021

Subsidiary

Concord Insurance

\$ 2,336

\$ 2,392

Concord Capital Management

350

488

\$ 2,686

\$ 2,880

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>	
	2022	2021

Subsidiary

Key management personnel

\$ 11

\$ 11

926

420

\$ 937

\$ 431

o. Clearing and settlement expenses

	<u>For the Year Ended December 31</u>	
	2022	2021

Subsidiary

Concord Futures

\$ 2,223

\$ 2,351

p. Securities commission expense

	<u>For the Year Ended December 31</u>	
	2022	2021

Subsidiary

Concord Futures

\$ 6,370

\$ 8,512

q. Other operating costs

	<u>For the Year Ended December 31</u>	
	2022	2021

Subsidiary

\$ 15

\$ 193

- r. Other operating expenses

	For the Year Ended December 31	
	2022	2021

Subsidiary	\$ <u>12,600</u>	\$ <u>8,160</u>
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- s. Other gains and losses

	For the Year Ended December 31	
	2022	2021

Subsidiary	\$ <u>8,007</u>	\$ <u>9,291</u>
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- t. Acquisition of property (for the year ended December 31, 2021: None)

	For the Year Ended December 31, 2022
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Subsidiary	\$ <u>1,994</u>
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- u. Lease agreements

	For the Year Ended December 31	
	2022	2021

Acquisition of right-of-use assets

Supervisor of the subsidiary	\$ <u>-</u>	\$ <u>13,117</u>
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	December 31	
	2022	2021

Lease liabilities

Supervisor of the subsidiary	\$ <u>8,772</u>	\$ <u>13,117</u>
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	For the Year Ended December 31	
	2022	2021

Finance costs

Supervisor of the subsidiary	\$ <u>66</u>	\$ <u>14</u>
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- v. For the years ended December 31, 2022 and 2021, 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, 2022					
Subsidiary	2021.10.01-2026.09.30	5F, No. 143, Fuxing N. Rd., Songshan District, Taipei City	Monthly	Contract	\$ 3,886
	2021.07.01-2026.09.30	6F, No. 143, Fuxing N. Rd., Songshan District, Taipei City	Monthly	Contract	3,886
	2022.01.01-2024.12.31	B3, No. 176, Sec. 1, Keelung Rd., Xinyi District, Taipei City	Monthly	Contract	163
	2022.04.01-2025.03.31	B2, No. 176, Sec. 1, Keelung Rd., Xinyi District, Taipei City	Monthly	Contract	82
	2022.01.01-2024.12.31	B3, No. 176, Sec. 1, Keelung Rd., Xinyi District, Taipei City	Monthly	Contract	82
Subsidiary's investment account for using equity method	2022.01.01-2022.12.31	B3, No. 176, Sec. 1, Keelung Rd., Xinyi District, Taipei City	Monthly	Contract	108
	2022.01.01-2022.06.30	B3, No. 176, Sec. 1, Keelung Rd., Xinyi District, Taipei City	Monthly	Contract	<u>27</u>
					<u>\$ 8,234</u>
For the year ended December 31, 2021					
Subsidiary	2018.10.01-2021.09.30	5F, No. 143, Fuxing N. Rd., Songshan District, Taipei City	Monthly	Contract	\$ 2,915
	2021.10.01-2026.09.30	5F, No. 143, Fuxing N. Rd., Songshan District, Taipei City	Monthly	Contract	971
	2016.07.01-2021.06.30	6F, No. 143, Fuxing N. Rd., Songshan District, Taipei City	Monthly	Contract	1,943
	2021.07.01-2026.09.30	6F, No. 143, Fuxing N. Rd., Songshan District, Taipei City	Monthly	Contract	1,943
	2021.01.01-2021.12.31	B3, No. 176, Sec. 1, Keelung Rd., Xinyi District, Taipei City	Monthly	Contract	164
	2021.01.01-2021.12.31	B3, No. 176, Sec. 1, Keelung Rd., Xinyi District, Taipei City	Monthly	Contract	82
Subsidiary's investment account for using equity method	2021.01.01-2021.12.31	B3, No. 176, Sec. 1, Keelung Rd., Xinyi District, Taipei City	Quarterly	Contract	108
	2021.03.15-2021.12.31	B3, No. 176, Sec. 1, Keelung Rd., Xinyi District, Taipei City	Monthly	Contract	<u>43</u>
					<u>\$ 8,169</u>

As of December 31, 2022 and 2021, the balance of the rental deposits received by the Corporation from the related parties were \$1,364 thousand and \$1,355 thousand, respectively.

- w. Equity derivative transactions

The Corporation's key management personnel bought equity derivatives from the Corporation, and the unexpired amount as of December 31, 2022 and 2021 were \$414 thousand and \$150 thousand (recognized as financial liabilities at fair value through profit or loss - current). The related gains (losses) in 2022 and 2021 were as follows:

	For the Year Ended December 31	
	2022	2021
Gains on derivative instruments, net	\$ 19	\$ 1,241
Other operating income (processing revenue)	\$ 32	\$ 121

x. Remuneration of key management personnel

The remuneration of the Corporation's directors and key management personnel for their services rendered for the years ended December 31, 2022 and 2021 were as follows:

	For the Year Ended December 31	
	2022	2021
Short-term employee benefits	\$ 82,696	\$ 307,874
Retirement benefits	<u>2,725</u>	<u>6,775</u>
	<u>\$ 85,421</u>	<u>\$ 314,649</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 bank loans and credit lines.

	December 31	
	2022	2021
Restricted demand and time deposits	\$ 165,705	\$ 317,157
Property and equipment, net		
Land	518,421	521,885
Buildings	95,176	98,699
Investment property, net		
Land	474,350	470,886
Buildings	<u>70,141</u>	<u>72,785</u>
	<u>\$ 1,323,793</u>	<u>\$ 1,481,412</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. On August 30, 2022, the Taiwan Taipei District Court claimed the case in favor of the Corporation. 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 was originally on trial in Taiwan New Taipei District Court. However, the plaintiff made a statement on June 27, 2022, due to the change in the litigation subject of the request. The defendant was transferred from the Corporation to the subsidiary, Concord Futures Corp., and the Corporation withdrew from the lawsuit. 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, 2022, the Corporation applied for a guarantee of \$200,000 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						
2022			2021			
Foreign Currency	Exchange Rate	New Taiwan Dollars	Foreign Currency	Exchange Rate	New Taiwan Dollars	
<u>Financial assets</u>						
Monetary items						
USD	\$ 42,750	30.710	\$ 1,312,859	\$ 51,167	27.680	\$ 1,416,291
CNY	87,888	4.408	387,411	100,212	4.344	435,322
HKD	42,388	3.938	166,925	3,233	3.549	11,472
JPY	73,660	0.232	17,119	418,891	0.241	100,743
Non-monetary items						
CNY	13,296	4.408	58,610	8,654	4.344	37,592
USD	1,597	30.710	49,041	8,495	27.680	235,144
HKD	9,212	3.938	36,275	-	-	-
<u>Financial liabilities</u>						
Monetary items						
USD	16,912	30.710	519,354	32,674	27.680	904,419
CNY	21,976	4.408	96,870	-	-	-
HKD	480	3.938	1,889	719	3.549	2,550

For the years ended December 31, 2022 and 2021, realized and unrealized net foreign exchange gains or losses were gain \$83,897 thousand and loss \$26,613 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, 2022
(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, 2022			Operating Income of the Investee	Net Profit (Loss) of the Investee	Share of Profit (Loss)	Cash Dividends	Note
						December 31, 2022	December 31, 2021	Number of Shares	Percentage of Ownership (%)	Carrying Amount					
The Corporation	Concord Futures Corp.	5th and 6th Floors, No. 143, Fuxing N. Rd., Songshan District, Taipei City	July 7, 1999		Foreign and domestic futures proprietary, brokerage and consulting services	\$ 559,654	\$ 559,654	78,005,571	95.71	\$ 1,327,025	\$ 723,338	\$ 117,439	\$ 112,514	\$ 65,369	Subsidiary
	Con Lian Asset Management Service Co., Ltd.	B2, No. 176, Sec. 1, Keelung Rd., Xinyi District, 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	547,497	-	(12,195)	(12,195)	-	Subsidiary
	Concord Capital Management Corp.	9th Floor, No. 176, Sec. 1, Keelung Rd., Xinyi District, Taipei City	May 25, 1988		Securities investment advisory services	81,599	81,599	7,000,000	100.00	82,553	28,748	(4,939)	(4,939)	-	Subsidiary
	Concord Insurance Agency Co., Ltd.	10th Floor, No. 176, Sec. 1, Keelung Rd., Xinyi District, Taipei City	October 4, 2013	Jan. 10, 2013 No. Financial-Supervisory -Securities-Firms-101 0056608 and Jun. 23, 2020 No. Jin-Guan-Bao-Zong-Zi-1090421845	Life insurance agency and property insurance agency	5,000	5,000	2,500,000	100.00	19,476	7,400	(3,530)	(3,530)	-	Subsidiary
Con Lian Asset Management Service Co., Ltd.	HWA-HO Asset Management Corp.	14th Floor, No. 176, Sec. 1, Keelung Rd., Xinyi District, Taipei City	September 29, 2003		Real estate commerce, development and business management advisory services	195,668	195,668	56,472,021	46.59	546,741	60,957	(18,984)	(8,844)	-	Investments of subsidiary accounted for using equity method

TABLE 2

CONCORD SECURITIES CO., LTD.

INVESTMENTS IN MAINLAND CHINA
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars and Foreign Currencies)

1. Investee company’s name, main business and products, total amount of paid-in capital, investment type, investment outflows and inflows, net income (loss) of the investee, % ownership, investment gain (loss), carrying value as of December 31, 2022 and inward remittance of earnings:

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital (Note 2)	Investment Type	Accumulated Outflow of Investment as of December 31, 2021 (Note 1)	Investment Flows		Accumulated Outflow of Investment as of December 31, 2022 (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, 2022 (Note 6)	Accumulated Inward Remittance of Earnings as of December 31, 2022
					Outflow	Inflow						
Guoyuan Futures Co., Ltd.	Commodities futures brokerage, financial futures brokerage, futures investment consulting, assets management, and other businesses that CSRC permits or acquired to put on record.	\$ 3,535,226 (CNY 802,002 thousand)	Others	\$ 51,561 (US\$ 1,579 thousand)	\$ -	\$ -	\$ 51,561 (US\$ 1,579 thousand)	\$ 467,785 (CNY 105,791 thousand)	1.21	\$ -	\$ 90,595	\$ -

2. Upper limit of investment in mainland China:

Accumulated Investment in Mainland China as of December 31, 2022 (Note 1)	Investment Amounts Authorized by the Investment Commission, MOEA (Note 3)	Upper Limit of Investment Authorized by the Investment Commission MOEA (Note 4)
\$51,561 (US\$1,579 thousand)	\$49,548 (US\$1,613 thousand)	\$831,753

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, 2022.

Note 3: The NTD amount was converted using the average USD buying and selling rates for the year ended December 31, 2022.

Note 4: The amount was calculated based on 60% of Concord Futures’ net asset value as of December 31, 2022.

Note 5: The NTD amount was converted using the average CNY buying and selling rates during 2022.

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

CONCORD SECURITIES CO., LTD.**STATEMENT OF CASH AND CASH EQUIVALENTS****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Item	Description	Amount
Bank deposits		
Checking accounts		\$ 22,551
Demand deposits		592,588
Foreign currency deposits	CNY13,070,019 @4.408	57,613
	US\$1,732,831 @30.71	53,215
	HK\$6,406,060 @3.938	25,227
	JPY73,660,189 @0.2324	17,118
	GBP101 @37.09	4
		<u>768,316</u>
Cash equivalents		
Excess futures trading margin	NT\$	292,658
	US\$545,353 @30.71	16,748
		<u>309,406</u>
Short-term bills	Interest rate were 0.9%-1.0%, expires on January 12, 2023	<u>3,320,303</u>
		<u>\$ 4,398,025</u>

CONCORD SECURITIES CO., LTD.

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

DECEMBER 31, 2022

(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		
Open-end funds and money market instruments										
Yuanta Global Leaders Balanced Fund		4,744	\$ 10.00	\$ 47,440		\$ 50,000	\$ 9.92	\$ 47,059	\$ -	Note 1
Operating securities - proprietary										
Listed shares										
Jentech Precision Industrial Co., Ltd.		344	10.00	3,440		126,140	376.50	129,511	-	
Kaori Heat Treatment Co., Ltd.		2,679	10.00	26,790		250,903	188.00	503,652	-	
Others		-	-	-		139,121	-	137,234	-	Note 2
								770,397		
Shares and convertible bonds traded in the OTC market										
China Airlines Ltd. (26107)		2,243	100.00	224,300		269,023	113.00	253,459	-	
Others		-	-	-		4,593,048	-	4,421,602	-	Note 2
								4,675,061		
Emerging shares										
Jet Optoelectronics Co., Ltd.		305	10.00	3,046		13,799	47.70	14,530	-	
Ushine Photonics Corporation		299	10.00	2,991		19,037	48.61	14,538	-	
Handa Pharmaceuticals, Inc.		280	10.00	2,800		17,845	124.78	34,938	-	
Revivegen Environmental Technology Co., Ltd.		456	10.00	4,559		19,160	34.26	15,619	-	
Others		-	-	-		127,424	-	126,930	-	Note 2
								206,555		
Beneficiary securities										
JKO S&P GSCI Brent Crude 2X Leverage ER Futures ETF		3,726	10.00	37,260		56,577	15.05	56,076	-	
Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF		2,200	10.00	22,001		35,538	16.17	35,576	-	
Cathay Taiwan 5G Plus Communication ETF		1,742	10.00	17,424		24,159	13.55	23,609	-	
Capital Tip Customized Taiwan Select High Dividend ETF		558	10.00	5,580		9,165	16.37	9,134	-	
Shin Kong No.1 REIT		1,000	10.00	10,000		10,000	20.58	20,580	-	
Others		-	-	-		34,640	-	34,196	-	Note 2
								179,171		
Government bonds										
A02110	2023.09.18	500	100.00	50,000	1.75%	51,144	100.53	50,263	-	
A09101	2025.01.10	2,000	100.00	200,000	0.50%	200,558	98.71	197,420	-	
A11108	2027.09.23	500	100.00	50,000	1.25%	50,264	100.37	50,186	-	
A11110	2032.10.17	500	100.00	50,000	1.75%	51,828	103.98	51,989	-	
								349,858		

(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		
Foreign shares and bonds										
Kweichow Moutai Co., Ltd.	SSE	1	\$ -	\$ -		\$ 7,453	\$7,612.62	\$ 7,613	\$ -	
China Tourism Group Duty Free Corporation Limited	SSE	8	-	-		7,360	952.26	7,332	-	
Jiangsu Yanghe Brewery Joint-Stock Co., Ltd.	SZSE	10	-	-		7,222	707.48	7,358	-	
Country Garden Holdings Co., Ltd.	HKEX	973	-	-		5,230	10.51	10,231	-	
Bloom Energy	NYSE	25	-	-		16,481	587.18	14,961	-	
Wolfspeed	NYSE	4	-	-		8,754	2,120.22	7,516	-	
CSOP Hang Seng TECH Index Daily (2x) Leveraged Product	HKEX	527	-	-		9,264	22.84	12,044	-	
Others	-	-	-	-		64,420	-	<u>61,767</u>	-	Note 2
								<u>128,822</u>		
								<u>6,309,864</u>		
Operating securities - underwriting										
Listed shares										
Longchen Paper & Packaging Co., Ltd.		10	10.00	100		145	16.35	164	-	
Taichung Commercial Bank Co., Ltd.		200	10.00	2,000		2,350	12.80	<u>2,560</u>	-	
								<u>2,724</u>		
Shares and convertible bonds traded in the OTC market										
Advanced Lithium Electrochemistry (KY) Co., Ltd.		105	10.00	1,050		6,300	66.20	6,951	-	
Jarlllytec Co., Ltd. (35481)		25	100.00	2,500		2,739	104.05	2,601	-	
Coremax Corporation (47393)		49	100.00	4,900		5,684	116.00	5,684	-	
Chailease Holding Company Limited (58711)		50	100.00	5,000		5,025	98.61	4,905	-	
Sun Max Tech Limited (65913)		164	100.00	16,400		16,400	99.20	16,269	-	
Kingcan Holdings Limited (84112)		86	100.00	8,600		8,600	93.90	8,075	-	
Others		-	-	-		3,914	-	<u>3,609</u>	-	Note 2
								<u>48,094</u>		
								<u>50,818</u>		
Operating securities - hedging										
Listed shares, beneficiary certificates and warrants										
Taiwan Semiconductor Manufacturing Co., Ltd.		746	10.00	7,460		337,977	448.50	334,581	-	
Others		-	-	-		399,838	-	<u>386,788</u>	-	Note 2
								<u>721,369</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	Note
							Unit Price (Dollars)	Total Amount		
Shares, warrants, and convertible bonds traded in the OTC market										
Synmosa Biopharma Corporation		472	\$ 10.00	\$ 4,720		\$ 23,817	\$ 48.70	\$ 22,986	\$ -	
Oneness Biotech Co., Ltd.		283	10.00	2,830		74,361	245.50	69,477	-	
Taiwan Mask Corp. (23383)		180	100.00	18,000		18,485	106.40	19,152	-	
Gloria Material Technology Corp. (50096)		202	100.00	20,200		21,426	109.50	22,119	-	
Medigen Vaccine Biologics Corporation (65471)		335	100.00	33,500		31,214	90.45	30,301	-	
Others		-	-	-		176,372	-	168,073	-	Note 2
								332,108		
								1,053,477		
Futures margin - own funds								208,438	-	Note 2
Derivative assets - OTC								215,969	-	Note 2
								\$ 7,885,625		

Note 1: It refers to the thousand of units in the case of funds.

Note 2: 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, 2022
(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	
Corporate bonds										
B9A504	Repayment on 2023.08.13	-	\$ -	\$ -	0.720%	\$ 100,000	\$ 93	\$ -	\$ 99,572	
Foreign bonds										
US TREASURY 2.875 11/30/23	Repayment on 2023.11.30	-	-	-	2.875%	60,583	-	-	60,429	
BCHINA 2.8 01/14/23	Repayment on 2023.01.14	-	-	-	2.800%	17,628	6	-	17,632	
						78,211	6		78,061	
						\$ 178,211	\$ 99		\$ 177,633	

CONCORD SECURITIES CO., LTD.**STATEMENT OF MARGIN LOANS RECEIVABLE****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars)**

Name of Security	Shares (In Thousand)	Amount	Note
Others (Note)		\$ 4,230,565	
Less: Allowance for impairment loss		<u>(1,072)</u>	
		<u>\$ 4,229,493</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, 2022****(In Thousands of New Taiwan Dollars)**

Client Name	Description	Amount	Note
Non-related parties			
Brokerage customers	Mainly for settlement	\$ 3,500,894	
Taipei Exchange	Mainly for settlement	34,277	
Taiwan Stock Exchange	Mainly for settlement	880,798	
Others		5,528	
Less: Allowance for impairment loss		<u>(313)</u>	
		4,421,184	
Related parties			
Subsidiaries	Mainly including futures commission income	<u>1,171</u>	
		<u>\$ 4,422,355</u>	

CONCORD SECURITIES CO., LTD.**STATEMENT OF PREPAYMENTS****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars)**

Client Name	Description	Amount	Note
Others (Note)	Insurance, information service fees, maintenance fees and other items	<u>\$ 8,031</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, 2022****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Item	Description	Amount	Note
Non-related parties			
Default receivable		\$ 87,887	
Rents receivable	Rents receivable	4,045	
Interest receivable	Mainly including interest receivable from time deposits	921	
Others	Mainly including rewards of the transaction tax	277	
Less: Allowance for impairment loss		<u>(86,244)</u>	
		6,886	
Related parties			
Subsidiaries	Mainly including management service fee receivable	<u>151</u>	
		<u>\$ 7,037</u>	

CONCORD SECURITIES CO., LTD.**STATEMENT OF OTHER CURRENT ASSETS****DECEMBER 31, 2022****(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	\$ 52,624	
Cash and cash equivalents - receipts under custody	Cash and cash equivalents - receipts under custody from customers security subscription and exercise of warrant	107,795	
Others		<u>26</u>	
		<u>\$ 160,445</u>	

CONCORD SECURITIES CO., LTD.

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2022

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

Name of Financial Instrument	Balance at January 1, 2022		Increase		Decrease		Balance at December 31, 2022		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	1,817	\$ 241,632	400	\$ -	-	\$ 25,157	2,217	\$ 216,475	Not applicable	Nil	
Taiwan Futures Exchange	1,677	152,404	235	11,928	-	-	1,912	164,332	Not applicable	Nil	
Taiwan Depository & Clearing Corporation	1,061	133,443	361	-	-	14,196	1,422	119,247	Not applicable	Nil	
Asia Pacific Emerging Industry Venture Capital Co., Ltd.	1,907	16,248	-	-	153	3,931	1,754	12,317	Not applicable	Nil	
Foursun Tech. Inc.	193	-	-	-	193	-	-	-		Nil	
		<u>543,727</u>		<u>11,928</u>		<u>43,284</u>		<u>512,371</u>			
Bonds											
HB0802	-	301,475	-	-	-	4,337	-	297,138	\$ -	Nil	
RBS Float 08/30/24 Corp	-	138,369	-	15,333	-	-	-	153,702	48	Nil	
HONHAI 3 09/23/26 Corp	-	203,711	-	-	-	6,293	-	197,418	62	Nil	
Others	-	<u>1,367,292</u>	-	<u>654,038</u>	-	<u>-</u>	-	<u>2,021,330</u>	<u>1,421</u>	Nil	Note
		<u>2,010,847</u>		<u>669,371</u>		<u>10,630</u>		<u>2,669,588</u>	<u>1,531</u>		
		<u>\$ 2,554,574</u>		<u>\$ 681,299</u>		<u>\$ 53,914</u>		<u>\$ 3,181,959</u>	<u>\$ 1,531</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, 2022
(In Thousands of New Taiwan Dollars)

Investee	Balance at January 1, 2022		Increase		Decrease		Balance at December 31, 2022			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	\$ 1,227,540	-	\$ 164,854	-	\$ 65,369	78,005,571	95.71	\$ 1,327,025	\$17.01	\$ 1,326,818	Nil	Note 1
Con Lian Asset Management Service Co., Ltd. (Con Lian AMC)	54,900,000	565,528	-	-	-	18,031	54,900,000	100.00	547,497	9.97	547,497	Nil	Note 2
Concord Capital Management Corp. (Concord Capital Management)	7,000,000	85,266	-	2,226	-	4,939	7,000,000	100.00	82,553	11.79	82,553	Nil	Note 3
Concord Insurance Agency Co., Ltd. (Concord Insurance)	2,500,000	<u>23,006</u>	-	<u>-</u>	-	<u>3,530</u>	2,500,000	100.00	<u>19,476</u>	7.79	<u>19,476</u>	Nil	Note 4
		<u>\$ 1,901,340</u>		<u>\$ 167,080</u>		<u>\$ 91,869</u>			<u>\$ 1,976,551</u>		<u>\$ 1,976,344</u>		

Note 1: The increase is due to gains on investments accounted for using equity method that amounted to \$112,514 thousand, unrealized gains on investments in equity instruments at fair value through other comprehensive income that amounted to \$51,209 thousand and gains on remeasurement of defined benefit plans that amounted to \$1,131 thousand. The decrease is due to distribution of cash dividends that amounted to \$65,369 thousand.

Note 2: The decrease is due to losses on investments accounted for using equity method that amounted to \$12,195 thousand and unrealized losses on investments in equity instruments at fair value through other comprehensive income that amounted to \$5,836 thousand.

Note 3: The increase is due to unrealized gains on investments in equity instruments at fair value through other comprehensive income that amounted to \$2,226 thousand. The decrease is due to losses on investments accounted for using equity method that amounted to \$4,939 thousand.

Note 4: The decrease is due to losses on investments accounted for using equity method that amounted to \$3,530 thousand.

CONCORD SECURITIES CO., LTD.

STATEMENT OF CHANGES IN PROPERTY AND EQUIPMENT
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Balance at January 1, 2022	Additions	Reductions	Reclassifi- cations	Balance at December 31, 2022	Collateral	Note
Cost							
Land	\$ 606,860	\$ -	\$ -	\$ (2,679)	\$ 604,181	Note	
Buildings	230,375	-	-	33	230,408	Note	
Equipment	51,097	47,004	(12,055)	-	86,046		
Leasehold improvements	<u>40,985</u>	<u>1,045</u>	<u>(11,781)</u>	<u>-</u>	<u>30,249</u>		
	<u>\$ 929,317</u>	<u>\$ 48,049</u>	<u>\$ (23,836)</u>	<u>\$ (2,646)</u>	<u>\$ 950,884</u>		

Note: Property and equipment pledged with banks as collateral for loans amounted to \$613,597 thousand.

CONCORD SECURITIES CO., LTD.

STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION OF PROPERTY AND EQUIPMENT
 FOR THE YEAR ENDED DECEMBER 31, 2022
 (In Thousands of New Taiwan Dollars)

Item	Balance at January 1, 2022	Additions	Reductions	Reclassifi- cations	Balance at December 31, 2022	Note
Accumulated depreciation						
Buildings	\$ 98,959	\$ 4,086	\$ -	\$ (72)	\$ 102,973	Note
Equipment	22,548	14,759	(12,055)	-	25,252	Note
Leasehold improvements	<u>19,604</u>	<u>7,534</u>	<u>(11,781)</u>	<u>-</u>	<u>15,357</u>	Note
	<u>\$ 141,111</u>	<u>\$ 26,379</u>	<u>\$ (23,836)</u>	<u>\$ (72)</u>	<u>\$ 143,582</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, 2022**
(In Thousands of New Taiwan Dollars)

Item	Balance at January 1, 2022	Additions	Reductions	Reclassifi- cations	Balance at December 31, 2022	Note
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, 2022
 (In Thousands of New Taiwan Dollars)

Item	Balance at January 1, 2022	Additions	Reductions	Balance at December 31, 2022	Note
Cost					
Buildings	\$ 153,431	\$ 32,608	\$ (25,760)	\$ 160,279	
Equipment	<u>7,066</u>	<u>650</u>	<u>-</u>	<u>7,716</u>	
	<u>\$ 160,497</u>	<u>\$ 33,258</u>	<u>\$ (25,760)</u>	<u>\$ 167,995</u>	

CONCORD SECURITIES CO., LTD.

STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION OF RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Balance at January 1, 2022	Additions	Reductions	Balance at December 31, 2022	Note
Accumulated depreciation					
Buildings	\$ 40,443	\$ 41,192	\$ (25,760)	\$ 55,875	Note
Equipment	<u>1,824</u>	<u>2,123</u>	<u>-</u>	<u>3,947</u>	Note
	<u>\$ 42,267</u>	<u>\$ 43,315</u>	<u>\$ (25,760)</u>	<u>\$ 59,822</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, 2022
 (In Thousands of New Taiwan Dollars)

Item	Balance at January 1, 2022		Additions		Reductions		Reclassifications		Balance at December 31, 2022		Note
	Book Value	Fair Value	Book Value	Fair Value	Book Value	Fair Value	Book Value	Fair Value	Book Value	Fair Value	
Cost											
Land	\$ 477,111	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,679	\$ -	\$ 479,790	\$ -	Note
Buildings	<u>179,598</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(33)</u>	<u>-</u>	<u>179,565</u>	<u>-</u>	Note
	<u>\$ 656,709</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,646</u>	<u>\$ -</u>	<u>\$ 659,355</u>	<u>\$ -</u>	

Note: Investment properties pledged with banks as collateral for loans amounted to \$544,491 thousand.

CONCORD SECURITIES CO., LTD.
**STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION OF INVESTMENT PROPERTY
FOR THE YEAR ENDED DECEMBER 31, 2022**
(In Thousands of New Taiwan Dollars)

Item	Balance at January 1, 2022	Additions	Reductions	Reclassifi- cations	Balance at December 31, 2022	Note
Accumulated depreciation						
Buildings	\$ 96,355	\$ 3,198	\$ -	\$ 72	\$ 99,625	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, 2022**
(In Thousands of New Taiwan Dollars)

Item	Balance at January 1, 2022	Additions	Reductions	Reclassifi- cations	Balance at December 31, 2022	Note
Accumulated impairment Buildings	\$ 661	\$ -	\$ -	\$ -	\$ 661	

CONCORD SECURITIES CO., LTD.**STATEMENT OF DEFERRED TAX ASSETS****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars)**

Item	Description	Amount	Note
Defined benefit plan		\$ 11,707	
Unrealized exchange losses		10,825	
Payables for annual leave		4,322	
Others		<u>685</u>	
		<u>\$ 27,539</u>	

CONCORD SECURITIES CO., LTD.**STATEMENT OF OTHER NON-CURRENT ASSETS****DECEMBER 31, 2022****(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	138,395	
Refundable deposits	Performance bond for structured instruments at the Taipei Exchange	163,808	
Prepayments for equipment	Prepayments for equipment	4,465	
Deferred expense	Waterproofing works of buildings fee and other expense	<u>1,007</u>	
		<u>\$ 637,675</u>	

CONCORD SECURITIES CO., LTD.

STATEMENT OF SHORT-TERM BORROWINGS

DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Type	Description	Balance at December 31, 2022	Contract Term	Interest Rate	Loan Commitment	Collateral	Note
Secured borrowings							
Bank of Taiwan	Bank borrowings	\$ 50,000	2022.10.21-2023.01.16	1.620%	\$ 300,000	Demand deposits	
Unsecured borrowings							
Bank of Panhsin	Bank borrowings	30,000	2022.10.05-2023.01.03	1.840%-1.990%	100,000	Nil	
E.SUN Commercial Bank, Ltd.	Bank borrowings	400,000	2022.10.11-2023.03.06	1.541%-1.740%	700,000	Nil	
Yuanta Commercial Bank	Bank borrowings	210,000	2022.10.20-2023.01.18	1.450%	500,000	Nil	
		<u>640,000</u>			<u>1,300,000</u>		
		<u>\$ 690,000</u>			<u>\$ 1,600,000</u>		

CONCORD SECURITIES CO., LTD.**STATEMENT OF COMMERCIAL PAPER PAYABLE
DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars)**

Name of Guarantee Agency	Balance at December 31, 2022	Contract Term	Interest Rate	Collateral
China Bills Finance Corporation	\$ 1,540,000	2022.01.12-2023.06.06	0.65%-1.65%	Nil
Ta Ching Bills Finance Corporation	1,650,000	2022.11.29-2023.03.30	1.62%-1.65%	Nil
International Bills Finance Corporation	450,000	2022.11.08-2023.03.03	1.61%-1.68%	Nil
KGI Bank Co., Ltd.	160,000	2022.11.04-2023.03.15	1.47%-1.68%	Nil
Mega Bills Finance Co., Ltd.	700,000	2022.11.09-2023.03.06	1.57%-1.65%	Nil
Union Bank Of Taiwan	640,000	2022.10.21-2023.06.06	1.55%-1.72%	Nil
Sunny Bank Ltd.	<u>100,000</u>	2022.10.31-2023.01.16	1.52%	Nil
	5,240,000			
Less: Discount on commercial paper payable	<u>(17,299)</u>			
	<u>\$ 5,222,701</u>			

CONCORD SECURITIES CO., LTD.

STATEMENT OF FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT
DECEMBER 31, 2022

(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									
United Microelectronics Corp.		1,693	\$ 10.00	\$ 16,930		\$ 40.70	\$ 68,905	\$ -	Note 1
Giga-Byte Technology Co., Ltd.		468	10.00	4,680		106.50	49,842	-	Note 1
Eva Airways Corporation		4,615	10.00	46,510		28.15	129,912	-	Note 1
Elite Semiconductor Microelectronics Tech Inc		1,496	10.00	14,960		65.00	97,240	-	Note 1
Faraday Technology Corp.		381	10.00	3,810		142.50	54,293	-	Note 1
Kinsus Interconnect Technology Corp.		485	10.00	4,850		104.50	50,683	-	Note 1
Genius Electronic Optical Co., Ltd.		277	10.00	2,770		335.50	92,934	-	Note 1
Nan Ya Printed Circuit Board Corporation		513	10.00	5,130		227.00	116,451	-	Note 1
Others		-	-	-		-	246,764	-	Notes 1 and 2
							907,024		
Liabilities on sale of borrowed securities - non - hedging									
Beneficiary certificate									
Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF		1,879	10.00	18,790		16.17	30,383	-	
Cathay Taiwan 5G PLUS Communication ETF		990	10.00	9,900		13.55	13,415	-	
CTBC Taiwan ESG Leading Semiconductor ETF		486	10.00	4,860		10.87	5,283	-	
Capital Tip Customized Taiwan Select High Dividend ETF		200	10.00	2,000		16.37	3,274	-	
							52,355		
Warrants liabilities							2,098,112		Note 2
Warrants redeemed							(1,934,273)		Note 2
Derivative liabilities - OTC							791,705		Note 2
Structured instruments							608,007		Note 2
							\$ 2,522,930		

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, 2022
(In Thousands of New Taiwan Dollars)

Name of Security	Contract Terms			Amount		Turnover	Note
	Start Date	Maturity Date	Interest Rate	Type	Par Value		
HB0802	2022.12.06	2023.01.10	0.7%0-0.75%	Government bonds	\$ 299,700	\$ 306,731	
Others (Note)					<u>4,160,807</u>	<u>4,191,365</u>	
					<u>\$ 4,460,507</u>	<u>\$ 4,498,096</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, 2022****(In Thousands of New Taiwan Dollars)**

Name of Security	Shares (In Thousands)	Amount	Note
HTC Corporation	877	\$ 55,941	
Evergreen Marine Corp. (Taiwan) Ltd.	262	38,560	
Nan Yan Printed Circuit Board Corporation	134	40,510	
Others (Note)		<u>540,584</u>	
		<u>\$ 675,595</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, 2022****(In Thousands of New Taiwan Dollars)**

Name of Security	Shares (In Thousands)	Amount	Note
HTC Corporation	877	\$ 55,762	
Evergreen Marine Corp.(Taiwan) Ltd.	262	38,425	
Nan Ya Printed Circuit Board Corporation	134	34,169	
Others (Note)		<u>491,890</u>	
		<u>\$ 620,246</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, 2022****(In Thousands of New Taiwan Dollars)**

Client Name	Description	Amount	Note
Non-related parties			
Brokerage customers	Mainly for settlement	\$ 3,449,278	
Taipei Exchange	Mainly for settlement	14,998	
Taiwan Stock Exchange	Mainly for settlement	91,444	
Others (Note)		<u>6,793</u>	
		3,562,513	
Related parties			
Subsidiaries	Securities commission fee	<u>427</u>	
		<u>\$ 3,562,940</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, 2022****(In Thousands of New Taiwan Dollars)**

Item	Description	Amount	Note
Non-related parties			
Accrued expenses			
Salary and bonus	Salaries and bonuses payable	\$ 120,601	
Compensation of employees and remuneration of directors	Compensation of employees and remuneration of directors payable	31,879	
Others (Note)		<u>46,252</u>	
		198,732	
Related parties			
Subsidiaries	Consultancy fee payable	<u>1,050</u>	
		<u>\$ 199,782</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, 2022****(In Thousands of New Taiwan Dollars)**

Item	Description	Lease Term	Discount Rate	Balance at December 31, 2022	Note
Buildings	Business offices	2 to 5 years	0.514%-1.572%	\$ 103,784	
Equipment	Recording equipment and vehicle	3 to 5 years	0.521%-1.336%	3,520	
Less: Due within one year				<u>(45,145)</u>	
				<u>\$ 62,159</u>	

CONCORD SECURITIES CO., LTD.**STATEMENT OF PROVISIONS - CURRENT****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars)**

Item	Description	Amount	Note
Employee benefits liabilities provisions	Estimated paid leave compensation when employees rendered services	<u>\$ 21,608</u>	

CONCORD SECURITIES CO., LTD.**STATEMENT OF OTHER CURRENT LIABILITIES****DECEMBER 31, 2022****(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	\$ 126,484	
Others		<u>492</u>	
		<u>\$ 126,976</u>	

CONCORD SECURITIES CO., LTD.

STATEMENT OF FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS - NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Name	Balance at January 1, 2022		Increase		Decrease		Balance at December 31, 2022		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	-	\$ 520,297	-	\$ 1,539,500	-	\$ 1,146,556	-	\$ 913,241	Nil	

CONCORD SECURITIES CO., LTD.**STATEMENT OF PROVISIONS - NON-CURRENT****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars)**

Item	Description	Amount	Note
Provisions - non-current	Lease restoration costs	<u>\$ 12,560</u>	

CONCORD SECURITIES CO., LTD.**STATEMENT OF DEFERRED TAX LIABILITIES****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars)**

Item	Description	Amount	Note
Gains on derivative financial instruments		\$ 50,782	
Difference between tax reporting and financial reporting - payables for pension		12,478	
Valuation gains on foreign operating securities		<u>611</u>	
		<u>\$ 63,871</u>	

CONCORD SECURITIES CO., LTD.**STATEMENT OF OTHER NON-CURRENT LIABILITIES****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars)**

Item	Description	Amount	Note
Guarantee deposits received	Mainly including lease security deposits	<u>\$ 3,811</u>	

CONCORD SECURITIES CO., LTD.

STATEMENT OF BROKERAGE HANDLING FEE REVENUE
 FOR THE YEAR ENDED DECEMBER 31, 2022
 (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	\$ 57,626	\$ 16,195	\$ 404	\$ 4,000	\$ 78,225	
February	47,135	12,623	453	2,835	63,046	
March	77,746	18,345	509	3,420	100,020	
April	54,495	14,995	636	3,588	73,714	
May	51,574	15,754	764	2,287	70,379	
June	52,421	16,663	849	2,632	72,565	
July	50,976	14,407	774	2,257	68,414	
August	51,150	18,378	689	3,645	73,862	
September	40,576	14,670	854	3,091	59,191	
October	36,020	10,022	562	2,737	49,341	
November	51,290	16,980	480	3,332	72,082	
December	<u>46,627</u>	<u>16,217</u>	<u>467</u>	<u>2,834</u>	<u>66,145</u>	
	<u>\$ 617,636</u>	<u>\$ 185,249</u>	<u>\$ 7,441</u>	<u>\$ 36,658</u>	<u>\$ 846,984</u>	

CONCORD SECURITIES CO., LTD.

STATEMENT OF REVENUE FROM UNDERWRITING COMMISSION
 FOR THE YEAR ENDED DECEMBER 31, 2022
 (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	\$ 40	\$ 151	\$ 80	\$ 1,000	\$ 1,271	
February	-	58	580	1,010	1,648	
March	125	138	180	1,010	1,453	
April	28	81	180	620	909	
May	1,533	606	1,155	70	3,364	
June	2,987	7,463	135	70	10,655	
July	53	106	135	750	1,044	
August	2,748	1,137	165	1,070	5,120	
September	2,802	1,040	2,325	70	6,237	
October	198	55	1,245	70	1,568	
November	220	118	275	70	683	
December	<u>249</u>	<u>477</u>	<u>275</u>	<u>40</u>	<u>1,041</u>	
	<u>\$ 10,983</u>	<u>\$ 11,430</u>	<u>\$ 6,730</u>	<u>\$ 5,850</u>	<u>\$ 34,993</u>	

CONCORD SECURITIES CO., LTD.

STATEMENT OF GAINS (LOSSES) ON SALE OF SECURITIES
 FOR THE YEAR ENDED DECEMBER 31, 2022
 (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	\$ 8,624,823	\$ 8,638,228	\$ (13,405)	
Others	8,728,031	8,731,878	(3,847)	
OTC market:				
Stocks	6,941,925	6,906,342	35,583	
Bonds	40,113,617	40,123,961	(10,344)	
Others	85,471	85,570	(99)	
Foreign market:	<u>2,168,257</u>	<u>2,259,785</u>	<u>(91,528)</u>	
	<u>\$ 66,662,124</u>	<u>\$ 66,745,764</u>	<u>\$ (83,640)</u>	
Underwriting				
TSE market:				
Stocks	\$ 33,626	\$ 31,703	\$ 1,923	
OTC market:				
Stocks	39,116	38,954	162	
Bonds	<u>133,782</u>	<u>131,917</u>	<u>1,865</u>	
	<u>\$ 206,524</u>	<u>\$ 202,574</u>	<u>\$ 3,950</u>	
Hedging				
TSE market:				
Stocks	\$ 37,994,807	\$ 39,676,098	\$ (1,681,291)	
OTC market:				
Stocks	4,918,010	4,984,500	(66,490)	
Bonds	<u>598,419</u>	<u>598,629</u>	<u>(210)</u>	
	<u>\$ 43,511,236</u>	<u>\$ 45,259,227</u>	<u>\$ (1,747,991)</u>	

CONCORD SECURITIES CO., LTD.**STATEMENT OF INTEREST INCOME
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)**

Item	Description	Amount	Note
Financing interest	Brokerage financing interest	\$ 291,548	
Bond interest	Mainly including bond interest from the proprietary business	57,717	
Others		<u>674</u>	
		<u>\$ 349,939</u>	

CONCORD SECURITIES CO., LTD.**STATEMENT OF FINANCE COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)**

Item	Description	Amount	Note
Interest of commercial paper payable	Interest of short-term commercial paper payable	\$ 48,357	
Interest of liabilities for bonds with attached repurchase agreements	Interest of liabilities for bonds with attached repurchase agreements	34,886	
Loan interest	Interest expense of short-term borrowings	8,205	
Others (Note)		<u>5,092</u>	
		<u>\$ 96,540</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, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

Item	2022	2021
Employee benefit expenses (Notes 1 and 2)		
Salary and bonus	\$ 579,981	\$ 1,147,844
Labor and health insurance	64,410	65,274
Pension	36,770	36,227
Remuneration of directors	25,037	136,173
Others	<u>29,899</u>	<u>29,717</u>
	<u>\$ 736,097</u>	<u>\$ 1,415,235</u>
Depreciation expenses	<u>\$ 72,666</u>	<u>\$ 71,259</u>
Amortization expenses	<u>\$ 6,653</u>	<u>\$ 5,590</u>
Other operating expenses		
Taxes	\$ 212,797	\$ 216,511
Information technology expenses	43,219	42,409
Securities borrowing fees	37,750	25,234
Professional service fees	29,679	28,568
Custody fees	27,340	41,436
Postage expenses	25,229	25,110
Others (Note 3)	<u>117,235</u>	<u>104,040</u>
	<u>\$ 493,249</u>	<u>\$ 483,308</u>

Note 1: For the current year and the previous year, the average number of employees was 672 and 655, respectively, out of which 11 and 12 were non-employee directors, respectively.

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

- a. Average employee benefit expense was \$1,076 thousand for the current year. Average employee benefit expense was \$1,989 thousand for the previous year.
- b. Average salary and bonus was \$877 thousand for the current year. Average salary and bonus was \$1,785 thousand for the previous year.
- c. The average salary and bonus decreased by 50.9% 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, 2022 and 2021 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 Corporation shareholders' meeting in June 2022 resolved to amend the Articles of Incorporation to revise the employee compensation contribution rate to 1% to 3%. 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 and
Review Report for the Year Ended December 31, 2022**

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, 2022. Our audit was made in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards accepted in the Republic of China, and we issued the audit report thereon on March 9, 2023. 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, 2022 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, 2022 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 9, 2023

CONCORD SECURITIES CO., LTD.

OTHER DISCLOSURES IN FINANCIAL REPORTS FOR THE YEAR ENDED DECEMBER 31, 2022

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) 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.

b) 2019

Concord Managed Futures Corp. (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.

c) 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.

d) 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.

e) 2022

On November 8, 2022, the Corporation's board of directors approved resolutions to process the dissolution and liquidation of the subsidiary, Con-Lian AMC, and the relevant liquidation procedures will be approved by the relevant authorities.

- 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)		The Corporation	All Companies Listed in the Financial Reports					
																Cash	Stock	Cash	Stock							
	Zhong Yang Investment Co., Ltd.	1,210	1,210	-	-	145	145	40	40	1,395	(0.94%)	1,395	(0.94%)	-	-	-	-	-	-	1,395	(0.94%)	1,395	(0.94%)	None		
Chairperson	Representative: CHENG, TA-YU	10,092	10,372	-	-	-	-	1,863	1,878	11,955	(8.04%)	12,250	(8.24%)	-	-	-	-	-	-	11,955	(8.04%)	12,250	(8.24%)	None		
Director	Representative: LEE, CHIN-SHEN	1,225	1,297	-	-	-	-	55	63	1,280	(0.86%)	1,360	(0.91%)	-	-	-	-	-	-	1,280	(0.86%)	1,360	(0.91%)	None		
Director	Representative: CHANG, JINNDER	1,225	1,225	-	-	-	-	45	45	1,270	(0.85%)	1,270	(0.85%)	-	-	-	-	-	-	1,270	(0.85%)	1,270	(0.85%)	None		
Corporate Director	Tai Ming Development Co., Ltd.	-	-	-	-	29	29	-	29	-	(0.02%)	29	(0.02%)	-	-	-	-	-	-	29	(0.02%)	29	(0.02%)	None		
	Representative: LI, CHUANG-YUAN	1,225	1,225	-	-	-	-	45	45	1,270	(0.85%)	1,270	(0.85%)	-	-	-	-	-	-	1,270	(0.85%)	1,270	(0.85%)	None		
	Yuan Lung Construction and Development Co., Ltd.	650	650	-	-	29	29	45	45	724	(0.49%)	724	(0.49%)	-	-	-	-	-	-	724	(0.49%)	724	(0.49%)	None		
Director	Representative: MA, PEI-CHUN	575	575	-	-	-	-	-	-	575	(0.39%)	575	(0.39%)	-	-	-	-	-	-	575	(0.39%)	575	(0.39%)	None		
	Sky Corp.	-	-	-	-	29	29	-	29	-	(0.02%)	29	(0.02%)	-	-	-	-	-	-	29	(0.02%)	29	(0.02%)	None		
Director	Representative: CHEN, QIONG-LING	1,225	1,225	-	-	-	-	45	45	1,270	(0.85%)	1,270	(0.85%)	-	-	-	-	-	-	1,270	(0.85%)	1,270	(0.85%)	None		
	Te Yeh Investment Co., Ltd.	1,210	1,210	-	-	29	29	-	-	1,239	(0.83%)	1,239	(0.83%)	-	-	-	-	-	-	1,239	(0.83%)	1,239	(0.83%)	None		
Director	Representative: YANG, MING-WANG	15	15	-	-	-	-	45	45	60	(0.04%)	60	(0.04%)	-	-	-	-	-	-	60	(0.04%)	60	(0.04%)	None		
	Jia Yi Corp.	-	-	-	-	29	29	-	29	-	(0.02%)	29	(0.02%)	-	-	-	-	-	-	29	(0.02%)	29	(0.02%)	None		
Director	Representative: TSAI, SUNG-PO	1,225	1,225	-	-	-	-	45	45	1,270	(0.85%)	1,270	(0.85%)	-	-	-	-	-	-	1,270	(0.85%)	1,270	(0.85%)	None		
Independent Director	CHANG, YAO-REN	1,365	1,365	-	-	-	-	135	135	1,500	(1.01%)	1,500	(1.01%)	-	-	-	-	-	-	1,500	(1.01%)	1,500	(1.01%)	None		
Independent Director	HUANG, TIEN-CHANG	1,365	1,437	-	-	-	-	135	141	1,500	(1.01%)	1,578	(1.06%)	-	-	-	-	-	-	1,500	(1.01%)	1,578	(1.06%)	None		
Independent Director	HUANG, HSIU-HUI	1,365	1,365	-	-	-	-	135	135	1,500	(1.01%)	1,500	(1.01%)	-	-	-	-	-	-	1,500	(1.01%)	1,500	(1.01%)	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: These is no need the table of remuneration range, which the names of Directors by belonged scale to whom the Corporation has paid total amount of various remuneration has been disclosed separately.

Note 9: These is no need the table of remuneration range, which the lump sum of remuneration that all companies listed in consolidated financial statements (included the Corporation) paid various remuneration to every Director has been disclosed separately.

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: NT\$930 thousand paid as compensation to the driver of the chairperson, without accounting in remuneration.

Note 13: The compensation of professional practice paid to the chairperson, including the rental of the vehicle, fuel and other related payment, totaled \$1,858 thousand.

2) Remuneration to President and Vice President

Expressed in Thousands of NT\$

Title	Name	Salary (A) (Note 2)		Severance (B)		Bonus and Special Disbursement (C) (Note 3)		Amount of Employee Compensation (D) (Note 4)				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 8)
		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)		The Corporation	All Companies Listed in the Consolidated Financial Reports (Note 5)			
								Cash	Stock	Cash	Stock					
President	CHIU, JUNG-CHEN	4,820	4,820	108	108	2,654	2,952	1	-	1	-	7,583	(5.10%)	7,881	(5.30%)	None
Senior Executive Vice President	KANG, CHING-TAI (Note 10)	1,775	4,804	63	594	1,237	2,051	1	-	1	-	3,076	(2.07%)	7,450	(5.01%)	None
Senior Executive Vice President	LIAO, CHI-HUNG	3,022	3,022	108	108	1,383	1,383	1	-	1	-	4,514	(3.03%)	4,514	(3.03%)	None
Senior Executive Vice President	TSENG, LI-KUO	2,420	2,420	108	108	4,569	4,575	1	-	1	-	7,098	(4.77%)	7,104	(4.78%)	None
Senior Executive Vice President	CHEN, CHIH-HAO	3,020	3,020	108	108	769	769	1	-	1	-	3,898	(2.62%)	3,898	(2.62%)	None
Senior Executive Vice President	CHANG, JYH-CHIAN	3,020	3,020	108	108	1,191	1,191	1	-	1	-	4,320	(2.90%)	4,320	(2.90%)	None
Senior Vice President	CHIU, CHAO-SHAN	1,372	1,372	71	71	752	752	1	-	1	-	2,196	(1.48%)	2,196	(1.48%)	None
Vice President	CHENG, HUNG-TAI (Note 11)	602	602	-	-	27	151	-	-	-	-	629	(0.42%)	753	(0.51%)	None
Vice President	SHIH, SHU-CHEN	1,760	1,760	106	106	648	648	1	-	1	-	2,515	(1.69%)	2,515	(1.69%)	None
Vice President	WANG, HSIU-CHING	1,942	1,942	-	-	739	739	1	-	1	-	2,682	(1.80%)	2,682	(1.80%)	None
Vice President	LEU, SUH-LING	1,935	1,935	108	108	518	518	1	-	1	-	2,562	(1.72%)	2,562	(1.72%)	None
Vice President	LIU, PI-YIN	1,816	1,816	108	108	628	628	1	-	1	-	2,553	(1.72%)	2,553	(1.72%)	None
Vice President	YEN, CHIH-LUNG	1,906	1,906	-	-	1,714	1,724	1	-	1	-	3,621	(2.43%)	3,631	(2.44%)	None
Vice President	LIN, HSU-SHENG	1,624	1,624	-	-	985	985	1	-	1	-	2,610	(1.75%)	2,610	(1.75%)	None
Vice President	DING, YONG-KANG	1,700	1,700	103	103	688	688	1	-	1	-	2,492	(1.68%)	2,492	(1.68%)	None
Vice President	CHEN, WEI-TUNG	1,784	1,784	106	106	898	898	1	-	1	-	2,789	(1.88%)	2,789	(1.88%)	None
Vice President	LEE, YU-JU (Note 12)	1,482	1,482	89	89	345	345	1	-	1	-	1,917	(1.29%)	1,917	(1.29%)	None
Vice President	YANG, YUNG-SHENG (Note 13)	1,561	1,561	95	95	1,667	1,667	1	-	1	-	3,324	(2.23%)	3,324	(2.23%)	None
Senior Executive Officer	TAI, TZU-LING (Note 14)	1,319	1,319	80	80	223	223	1	-	1	-	1,623	(1.09%)	1,623	(1.09%)	None

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 to President and Vice Presidents 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 shares and cash); If the amount cannot be estimated, the proposed distribution amount of this year should be calculated based on the actual distribution ratio 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: These is no need the table of remuneration range, which the names of President and Vice Presidents to the lump sum of diversified remuneration paid by the Corporation has been disclosed separately.

Note 7: These is no need the table of remuneration range, the names of President and Vice Presidents to the lump sum of diversified remuneration paid by all companies (included the Corporation) disclosed in the consolidated financial statements has been disclosed separately.

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: Senior Executive Vice President KANG, CHING-TAI assumed office on June 1, 2022.

Note 11: Vice President CHENG, HUNG-TAI resigned office on April 30, 2022

Note 12: Vice President LEE, YU-JU assumed office on June 1, 2022.

Note 13: Vice President YANG, YUNG-SHENG assumed office on June 1, 2022.

Note 14: Vice President TAI, TZU-LING assumed office on April 14, 2022

Note 15: NT\$841 thousand paid as compensation to the driver of the president, without accounting in remuneration.

Note 16: The bonus and special disbursement of the President and the Vice President, including the vehicle amortization, depreciation, fuel, and other related payment, totaled \$3,272 thousand; As of December 31, vehicle for the President, Senior Executive Vice President KANG and senior executive vice president LIAO, the cost and the book value of the vehicle was \$4,456 thousand, \$2,930 thousand, \$2,140 thousand, \$3,961 thousand, \$1,828 thousand and \$0 thousand, respectively, without accounting in remuneration.

Note 17: The Severance in this table contribute to personal account and defined benefit in Labor Pension Fund disclosed.

3) Remuneration to the five highest remunerated management personnel of the listed or OTC securities firms

Title	Name (Note 1)	Salary (A) (Note 2)		Severance (B)		Bonus and Special Disbursement (C) (Note 3)		Amount of Employee Compensation (D) (Note 4)				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 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)	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					
President	CHIU, JUNG-CHEN	4,820	4,820	108	108	2,654	2,952	1	-	1	-	7,583	(5.10%)	7,881	(5.30%)	None
Senior Executive Vice President	KANG, CHING-TAI (Note 8)	1,775	4,804	63	594	1,237	2,051	1	-	1	-	3,076	(2.07%)	7,450	(5.01%)	None
Senior Executive Vice President	TSENG, LI-KUO	2,420	2,420	108	108	4,569	4,575	1	-	1	-	7,098	(4.77%)	7,104	(4.78%)	None
Senior Executive Vice President	LIAO, CHI-HUNG	3,022	3,022	108	108	1,383	1,383	1	-	1	-	4,514	(3.03%)	4,514	(3.03%)	None
Senior Executive Vice President	CHANG, JYH-CHIAN	3,020	3,020	108	108	1,191	1,191	1	-	1	-	4,320	(2.90%)	4,320	(2.90%)	None

Note 1: The aforementioned “the five highest remunerated management personnel” are the securities firm’s managers meeting certain identification standards of the scope identified in “Manager” stipulated by Tai-CaiZheng-San Letter No. 0920001301 dated March 27, 2003, Securities and Futures Commission, Ministry of Finance. The calculation and determination principle of “the highest five remuneration” is based on the salaries, retirement pensions, bonuses and special expenses and total remuneration to employees (that is the total of A + B + C + D) stated in the consolidated financial report. The sums are ranked, of which the top five are listed. For directors serving as the aforementioned managers, they should fill in this table and the above table 1) Remuneration of Directors and Independent Directors.

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

Note 3: It refers to the amount of various bonuses, incentive, traveling expenses, special disbursement, various allowances, dormitories and vehicles and other remunerations paid to the five highest remunerated management personnel 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 distribution of the employee remuneration (including shares and cash) for the five highest remunerated management personnel approved by the board of directors in the latest fiscal year. If the amount cannot be estimated, the proposed distribution amount of this year should be calculated based on the actual distribution ratio last year.

Note 5: The total amount of each remuneration paid to the five highest remunerated management personnel by all companies (including the Corporation) in the consolidated report must be disclosed.

Note 6: Net profit after tax refers to that in the accompanying or individual financial report of the latest fiscal year.

Note 7: a. The related amount of remuneration that the five highest remunerated management personnel 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. Remuneration refers to those that the five highest remunerated management personnel 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 execution fee.

* 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 8: Senior Executive Vice President, KANG, CHING-TAI assumed office on June 1, 2022.

Note 9: NT\$841 thousand paid as compensation to the driver of the president, without accounting in remuneration.

Note 10: The bonus and special disbursements of the President and the Vice President, were included in the vehicle amortization, depreciation, fuel, and other related payment, totaled \$2,414 thousand; As of December 31 2022, vehicles for the President, Senior Executive Vice President KANG and senior executive vice president LIAO, the cost and the book value of the vehicles are \$4,456 thousand, \$2,930 thousand, \$2,140 thousand, \$3,961 thousand, \$1,828 thousand and \$0 thousand, respectively, without accounting in remuneration.

Note 11: The Severance in this table disclosed as the pension contribute to personal account in New Labor Pension System and the pension actual paid by the company (defined benefit).

4) 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	(0.40%)

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, 2022 and 2021, the numbers of employees in the non-supervisor positions were 515 person and 520 person, respectively, and decreased by 5 person. The annual average employee benefit expenses were \$961 thousand and \$1,471 thousand, respectively, and decreased by \$510 thousand.

- d. Labor relations

Refer to the Corporation Annual Report

- e. Statement on Internal Control

Refer to the Corporation Annual Report

- f. Cyber security management

Refer to the Corporation Annual Report

2. FINANCIAL INFORMATION

- a. Condensed balance sheet and statement of comprehensive income in the last 5 financial years, and shall specify the name of the CPAs and the auditor's opinion.

Refer to the Corporation Annual Report

- b. Financial analysis in the last 5 financial years: Including financial structure, solvency, profitability, cash flow, and particular provision ratio. Also, elaborate the reason causes each financial ratio change in the last 2 financial years.

Refer to the Corporation Annual Report

- c. If any financial difficulties that the Corporation and its affiliates encounter in the most recent year, it shall list impacts on the Corporation's financial status.

Refer to the Corporation Annual Report

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

- a. Analysis of financial status

Refer to the Corporation Annual Report

- b. Analysis of operation results

Refer to the Corporation Annual Report

- c. Analysis of cash flow

Refer to the Corporation Annual Report

- d. Major capital expenditure items and affect on financial results in the most recent years

Refer to the Corporation Annual Report

- e. Reinvestment policy for the most recent fiscal year, main causes of its profits or losses, improvement plans, and the investment plans for the coming year

Refer to the Corporation Annual Report

- f. Analysis of risk management for the recent years and the year ended

Refer to the Corporation Annual Report

- g. Crisis management and contingency measures

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, typhoons, etc.)
- 2) Fraud due to insufficient internal control or material deficiencies during operation (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 offices 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 operation, for example, level 1 to level 3 cyber security incidents on the securities and futures market.
- 7) When accepting the examination of authorities, it contents in the financial examination report that mentioned "involving material violation of regulations or deficiencies in internal control" of which could result in severe penalties for 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 the convenor, and president as both the vice convenor and the 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. Report to directors about the occurrence, cause, response procedures, etc., and organize emergency countermeasures 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

Refer to the Corporation Annual Report

4. CPA INFORMATION

a. Information regarding the Corporation’s audit fee

Refer to the Corporation Annual Report

b. Information on replacement of certified public accountant

Refer to the Corporation Annual Report

c. Information of corporation’s chairperson, president, or manager in charge of finance or accounting has held a position at certified public accounting firm or its affiliated companies

Refer to the Corporation Annual Report