

Concord Securities Co., Ltd.

**Parent Company Only Financial Statements for the
Years Ended December 31, 2023 and 2022 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying parent company only financial statements of Concord Securities Co., Ltd. (the "Corporation"), which comprise the parent company only balance sheets as of December 31, 2023 and 2022, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including material accounting policy information (collectively referred to as the "parent company only financial statements").

In our opinion, based on our audits and the reports of other auditors (please refer to the Other Matter paragraph), the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Corporation as of December 31, 2023 and 2022, and its parent company only financial performance and its parent company only 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 Financial Statement Audit and Attestation Engagements of 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 parent company only 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 parent company only financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the parent company only 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, 2023 is as follows:

Accuracy of Brokerage Handling Fee Revenue

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 a key audit matter.

Refer to Notes 4, 22 and 27 to the parent company only financial statements for the accounting policies and disclosures related to brokerage handling fee revenue.

The control procedures for the input of discount rates have a significant impact on the calculation accuracy of brokerage handling fee revenue. We evaluated the design and implementation effectiveness of the recognition of discounts on brokerage handling fee revenue procedures and the related controls by performing tests of 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 parent company only financial statements of some investments accounted for using the equity method included in the parent company only financial statements for the years ended December 31, 2023 and 2022, 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 reports of other auditors. As of December 31, 2023 and 2022, the total investments in subsidiaries amounted to \$573,072 thousand and \$547,497 thousand, accounting for 1.70% and 1.77% of total assets, respectively; for the years ended December 31, 2023 and 2022, the share of the comprehensive income or loss of these subsidiaries amounted to \$25,575 thousand and \$(18,032) thousand, which accounted for 2.48% and 15.65% of the total comprehensive income or loss, respectively.

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

Management is responsible for the preparation and fair presentation of the parent company only 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 parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only 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 Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only 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 parent company only 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 parent company only 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 parent company only 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 parent company only financial statements, including the disclosures, and whether the parent company only 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 parent company only 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 parent company only financial statements for the year ended December 31, 2023 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 Cheng-Hsiu Chang and Pi-Yu Chuang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 27, 2024

Notice to Readers

The accompanying parent company only 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 parent company only financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying parent company only 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 parent company only financial statements shall prevail.

CONCORD SECURITIES CO., LTD.

PARENT COMPANY ONLY BALANCE SHEETS DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6 and 27)	\$ 1,603,026	5	\$ 4,398,025	14
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 27)	11,124,625	33	7,885,625	26
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	498,471	1	177,633	1
Margin loans receivable (Notes 4, 9 and 27)	6,533,218	19	4,229,493	14
Refinancing margin (Notes 4 and 9)	525	-	40,461	-
Refinancing collateral receivable (Notes 4 and 9)	437	-	31,124	-
Security borrowing collateral price (Notes 4 and 9)	78,997	-	960,904	3
Security borrowing margin (Notes 4 and 9)	71,860	-	1,046,647	3
Notes receivable (Notes 4 and 9)	70	-	95	-
Accounts receivable (Notes 4, 9 and 27)	6,148,628	18	4,422,355	14
Prepayments	7,364	-	8,031	-
Other receivables (Notes 4, 9 and 27)	9,695	-	7,037	-
Restricted assets - current (Note 28)	167,040	1	165,705	1
Amounts held for each customer in the account (Note 27)	187,534	1	-	-
Other current assets	<u>204,865</u>	<u>1</u>	<u>160,445</u>	<u>-</u>
Total current assets	<u>26,636,355</u>	<u>79</u>	<u>23,533,580</u>	<u>76</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 7 and 28)	10,041	-	-	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 5 and 8)	2,972,337	9	3,181,959	10
Investments accounted for using the equity method (Notes 4 and 10)	1,995,314	6	1,976,551	7
Property and equipment (Notes 4, 11 and 28)	809,656	2	806,045	3
Right-of-use assets (Notes 4, 12 and 27)	93,806	-	108,173	-
Investment property (Notes 4, 13 and 28)	555,947	2	559,069	2
Intangible assets (Notes 4 and 14)	16,718	-	18,973	-
Deferred tax assets (Notes 4 and 23)	36,127	-	27,539	-
Net defined benefit assets - non-current (Notes 4 and 20)	-	-	3,854	-
Other non-current assets (Note 15)	<u>622,791</u>	<u>2</u>	<u>637,675</u>	<u>2</u>
Total non-current assets	<u>7,112,737</u>	<u>21</u>	<u>7,319,838</u>	<u>24</u>
TOTAL	<u>\$ 33,749,092</u>	<u>100</u>	<u>\$ 30,853,418</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 16 and 28)	\$ 800,000	3	\$ 690,000	2
Commercial paper payable (Notes 16 and 28)	5,761,973	17	5,222,701	17
Financial liabilities at fair value through profit or loss - current (Notes 4, 7 and 27)	1,984,310	6	2,522,930	8
Liabilities for bonds with attached repurchase agreements (Notes 4, 17 and 27)	5,166,781	15	4,498,096	15
Securities financing refundable deposits (Note 4)	272,431	1	675,595	2
Deposits payable for securities financing (Note 4)	302,479	1	620,246	2
Refinancing borrowings (Note 4)	-	-	100,240	-
Securities lending refundable deposits	70,168	-	16,185	-
Equity for each customer in the account (Note 27)	187,803	1	-	-
Accounts payable (Notes 18 and 27)	5,761,253	17	3,562,940	12
Other payables (Note 27)	460,580	1	199,782	1
Other financial liabilities - current (Notes 4 and 19)	2,525,707	8	3,622,333	12
Current tax liabilities (Notes 4 and 23)	120,453	-	34,665	-
Provisions - current (Note 4)	21,832	-	21,608	-
Lease liabilities - current (Notes 4, 12 and 27)	46,384	-	45,145	-
Other current liabilities	<u>114,503</u>	<u>-</u>	<u>126,976</u>	<u>-</u>
Total current liabilities	<u>23,596,657</u>	<u>70</u>	<u>21,959,442</u>	<u>71</u>
NON-CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss - non-current (Notes 4 and 7)	1,177,976	4	913,241	3
Provisions - non-current (Note 4)	15,083	-	12,560	-
Lease liabilities - non-current (Notes 4, 12 and 27)	44,843	-	62,159	-
Deferred tax liabilities (Notes 4 and 23)	20,912	-	63,871	1
Guarantee deposits received (Note 27)	3,812	-	3,811	-
Net defined benefit liabilities - non-current (Notes 4 and 20)	<u>21,160</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total non-current liabilities	<u>1,283,786</u>	<u>4</u>	<u>1,055,642</u>	<u>4</u>
Total liabilities	<u>24,880,443</u>	<u>74</u>	<u>23,015,084</u>	<u>75</u>
EQUITY (Notes 4, 8, 10, 20, 21, 23 and 26)				
Share capital	<u>5,944,550</u>	<u>18</u>	<u>5,944,550</u>	<u>19</u>
Capital surplus	<u>175,331</u>	<u>-</u>	<u>175,320</u>	<u>1</u>
Retained earnings				
Legal reserve	239,393	1	265,503	1
Special reserve	1,087,890	3	1,087,890	3
Unappropriated retained earnings (accumulated deficits)	<u>979,629</u>	<u>3</u>	<u>(26,110)</u>	<u>-</u>
Total retained earnings	<u>2,306,912</u>	<u>7</u>	<u>1,327,283</u>	<u>4</u>
Other equity	<u>441,856</u>	<u>1</u>	<u>391,181</u>	<u>1</u>
Total equity	<u>8,868,649</u>	<u>26</u>	<u>7,838,334</u>	<u>25</u>
TOTAL	<u>\$ 33,749,092</u>	<u>100</u>	<u>\$ 30,853,418</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated February 27, 2024)

CONCORD SECURITIES CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

	2023		2022	
	Amount	%	Amount	%
REVENUE (Notes 4 and 22)				
Brokerage handling fee revenue (Note 27)	\$ 962,600	34	\$ 846,984	63
Income from securities lending	43,940	2	43,420	3
Revenue from underwriting commission	33,033	1	34,993	3
Gains (losses) on sale of operating securities, net	297,332	11	(1,827,681)	(137)
Revenue from providing agency service for stock affairs (Note 27)	28,565	1	26,669	2
Interest income (Note 27)	350,093	12	349,939	26
Dividend income	1,632,764	58	1,448,951	109
Valuation gains (losses) on operating securities at fair value through profit or loss, net	393,698	14	(650,731)	(49)
Gains (losses) on covering of borrowed securities and bonds with resale agreements - short sales, net	(61,058)	(2)	16,012	1
Valuation gains (losses) on borrowed securities and bonds with resale agreements - short sales at fair value through profit or loss, net	(70,314)	(3)	140,680	10
Realized losses on investments in debt instruments measured at fair value through other comprehensive income, net	(5,506)	-	-	-
Gains (losses) on issuance of call (put) warrants, net	(97,412)	(3)	423,225	32
Futures commission income (Note 27)	8,677	-	11,724	1
Losses on derivative instruments - futures, net	(156,293)	(6)	(28,461)	(2)
Gains (losses) on derivative instruments - OTC, net (Note 27)	(585,419)	(21)	368,562	28
Impairment gain and reversal of impairment loss (impairment loss) (Notes 8 and 9)	(615)	-	1,319	-
Other operating income (Note 27)	<u>49,244</u>	<u>2</u>	<u>127,426</u>	<u>10</u>
Total revenue	<u>2,823,329</u>	<u>100</u>	<u>1,333,031</u>	<u>100</u>
COSTS AND EXPENSES (Notes 4 and 22)				
Brokerage handling fee expenses	(90,492)	(3)	(75,484)	(6)
Proprietary handling fee expenses	(9,870)	-	(11,821)	(1)
Refinancing handling fee expenses	(350)	-	(737)	-
Finance costs (Note 27)	(207,589)	(8)	(96,540)	(7)
Loss from securities borrowing transactions	(7,415)	-	(4,558)	-
Securities commission expenses (Note 27)	(6,189)	-	(6,370)	(1)
Clearing and settlement expenses (Note 27)	(4,316)	-	(3,880)	-
Other operating costs (Note 27)	(29,859)	(1)	(20,027)	(2)
Employee benefits expenses (Notes 20 and 27)	(1,092,872)	(39)	(736,097)	(55)

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CONCORD SECURITIES CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

	2023		2022	
	Amount	%	Amount	%
Depreciation and amortization expenses (Notes 11, 12, 13 and 14)	\$ (92,648)	(3)	\$ (79,319)	(6)
Other operating expenses (Note 27)	<u>(505,497)</u>	<u>(18)</u>	<u>(493,249)</u>	<u>(37)</u>
Total costs and expenses	<u>(2,047,097)</u>	<u>(72)</u>	<u>(1,528,082)</u>	<u>(115)</u>
OPERATING PROFIT (LOSS)	<u>776,232</u>	<u>28</u>	<u>(195,051)</u>	<u>(15)</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4 and 22)				
Share of profit of subsidiaries accounted for using the equity method	114,660	4	91,850	7
Other gains and losses (Note 27)	<u>150,344</u>	<u>5</u>	<u>108,724</u>	<u>8</u>
Total non-operating income and expenses	<u>265,004</u>	<u>9</u>	<u>200,574</u>	<u>15</u>
PROFIT BEFORE INCOME TAX	1,041,236	37	5,523	-
INCOME TAX EXPENSE (Notes 4 and 23)	<u>(41,484)</u>	<u>(2)</u>	<u>(154,258)</u>	<u>(11)</u>
NET PROFIT (LOSS) FOR THE YEAR	<u>999,752</u>	<u>35</u>	<u>(148,735)</u>	<u>(11)</u>
OTHER COMPREHENSIVE INCOME (Notes 4, 20, 21 and 23)				
Items that will not be reclassified subsequently to profit or loss				
Gains (losses) on remeasurement of defined benefit plans	(24,158)	(1)	133,142	10
Unrealized gains (losses) on investments in equity instruments measured at fair value through other comprehensive income	19,485	1	(29,820)	(2)
Share of other comprehensive income or loss of subsidiaries accounted for using the equity method	(16,386)	(1)	48,731	3
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>4,832</u>	<u>-</u>	<u>(26,628)</u>	<u>(2)</u>
	<u>(16,227)</u>	<u>(1)</u>	<u>125,425</u>	<u>9</u>

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CONCORD SECURITIES CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	2023		2022	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss				
Exchange differences on the translation of foreign operations	\$ (449)	-	\$ 9,046	1
Unrealized gains (losses) on investments in debt instruments measured at fair value through other comprehensive income	<u>47,228</u>	<u>2</u>	<u>(100,992)</u>	<u>(8)</u>
	<u>46,779</u>	<u>2</u>	<u>(91,946)</u>	<u>(7)</u>
Other comprehensive income for the year, net of income tax	<u>30,552</u>	<u>1</u>	<u>33,479</u>	<u>2</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u>\$ 1,030,304</u>	<u>36</u>	<u>\$ (115,256)</u>	<u>(9)</u>
EARNINGS (LOSS) PER SHARE (Note 24)				
Basic	<u>\$ 1.68</u>		<u>\$ (0.25)</u>	
Diluted	<u>\$ 1.68</u>		<u>\$ (0.25)</u>	

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

(With Deloitte & Touche auditors' report dated February 27, 2024)

(Concluded)

CONCORD SECURITIES CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	Share Capital (Note 21)	Capital Surplus (Note 21)	Retained Earnings (Notes 20, 21 and 23)			Other Equity (Notes 4, 8, 10, 21, 23 and 26)		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, 2022	\$ 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	5,944,550	175,320	265,503	1,087,890	(26,110)	1,614	389,567	7,838,334
Compensation of 2022 deficits								
Legal reserve used to offset accumulated deficits	-	-	(26,110)	-	26,110	-	-	-
Other changes in capital surplus								
Unpaid dividends	-	11	-	-	-	-	-	11
Net profit for the year ended December 31, 2023	-	-	-	-	999,752	-	-	999,752
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(20,123)</u>	<u>(449)</u>	<u>51,124</u>	<u>30,552</u>
Total comprehensive income for the year ended December 31, 2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>979,629</u>	<u>(449)</u>	<u>51,124</u>	<u>1,030,304</u>
BALANCE AT DECEMBER 31, 2023	<u>\$ 5,944,550</u>	<u>\$ 175,331</u>	<u>\$ 239,393</u>	<u>\$ 1,087,890</u>	<u>\$ 979,629</u>	<u>\$ 1,165</u>	<u>\$ 440,691</u>	<u>\$ 8,868,649</u>

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

(With Deloitte & Touche auditors' report dated February 27, 2024)

CONCORD SECURITIES CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 1,041,236	\$ 5,523
Adjustments for:		
Depreciation expense	82,935	72,666
Amortization expense	9,713	6,653
Expected credit loss (gain)	615	(1,319)
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	(326,451)	512,992
Finance costs	207,589	96,540
Interest income (including financial income)	(374,716)	(359,621)
Dividend income	(1,648,691)	(1,470,404)
Share of profit of subsidiaries accounted for using the equity method	(114,660)	(91,850)
Gain on disposal of investments	(95)	-
Changes in operating assets and liabilities		
Decrease (increase) in financial assets at fair value through profit or loss	(2,852,262)	45,922
Decrease (increase) in margin loans receivable	(2,303,647)	3,401,223
Decrease (increase) in refinancing margin	39,936	(33,551)
Decrease (increase) in refinancing collateral receivable	30,687	(24,392)
Decrease (increase) in security borrowing collateral price	881,907	(437,881)
Decrease (increase) in security borrowing margin	974,787	(572,090)
Decrease in notes receivable	25	51
Decrease (increase) in accounts receivable	(1,718,281)	2,441,183
Decrease in prepayments	667	174
Decrease (increase) in net defined benefit assets	3,854	(3,854)
Decrease (increase) in other receivables	(3,549)	428
Decrease in other financial assets	-	64,360
Decrease (increase) in other current assets	(233,289)	1,689,819
Increase in liabilities for bonds with attached repurchase agreements	668,685	399,629
Increase (decrease) in financial liabilities at fair value through profit or loss	(344,199)	294,669
Increase (decrease) in securities financing refundable deposits	(403,164)	361,694
Increase (decrease) in deposits payable for securities financing	(317,767)	116,413
Decrease in refinancing borrowings	(100,240)	(1,700,316)
Increase in securities lending refundable deposits	53,983	16,185
Increase (decrease) in accounts payable	2,199,049	(2,161,627)
Increase (decrease) in other payables	260,834	(462,542)
Decrease in net defined benefit liabilities	(2,998)	(70,369)
Increase in provisions	224	887
Increase (decrease) in other financial liabilities	(1,096,626)	2,865,655
Increase in equity for each customer in the account	187,803	-
Decrease in other current liabilities	(12,473)	(1,548,361)
Cash generated from (used in) operations	(5,208,579)	3,454,489
Interest received	368,642	356,484
Dividends received	1,631,165	1,448,632

(Continued)

CONCORD SECURITIES CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
Interest paid	\$ (198,294)	\$ (107,326)
Income tax paid	<u>(2,411)</u>	<u>(104,305)</u>
Net cash generated from (used in) operating activities	<u>(3,409,477)</u>	<u>5,047,974</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(1,130,755)	(1,059,750)
Proceeds from disposal of financial assets at fair value through other comprehensive income	1,081,902	147,249
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	3,509	1,526
Acquisition of property and equipment	(34,592)	(47,349)
Decrease in clearing and settlement fund	6,131	5,842
Increase in refundable deposits	-	(131,288)
Decrease in refundable deposits	10,901	-
Acquisition of intangible assets	(5,995)	(8,697)
Increase in other non-current assets	(3,611)	(2,615)
Dividends received	<u>95,438</u>	<u>86,822</u>
Net cash generated from (used in) investing activities	<u>22,928</u>	<u>(1,008,260)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	110,000	-
Decrease in short-term borrowings	-	(960,000)
Increase in commercial papers payable	530,000	1,073,000
Increase in guarantee deposits received	1	17
Payments of lease liabilities	(48,814)	(43,055)
Cash dividends paid	-	(921,405)
Unpaid dividends	<u>11</u>	<u>-</u>
Net cash generated from (used in) financing activities	<u>591,198</u>	<u>(851,443)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>352</u>	<u>12,186</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(2,794,999)</u>	<u>3,200,457</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>4,398,025</u>	<u>1,197,568</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,603,026</u>	<u>\$ 4,398,025</u>

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

(With Deloitte & Touche auditors' report dated February 27, 2024)

(Concluded)

CONCORD SECURITIES CO., LTD.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (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, 2023, 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 February 27, 2024.

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 “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

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

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
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
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards will be 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.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the financial statements were authorized for issue, the Corporation has assessed that the application of the above standards and interpretations will not have a material impact on the Corporation’s financial position and financial performance.

- c. The IFRS Accounting Standards 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
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS17 - Comparative Information”	January 1, 2023
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the corporation uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

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 the 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 the 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 the 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 26.

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 26.

A financial liability may upon initial recognition be designated as at FVTPL only in one of the following circumstances:

- a) Such designation eliminates or significantly reduces a measurement or recognition mismatch 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 26.

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 June 30, 2022, that results in the revised consideration for the lease less than the consideration for the lease immediately preceding the change. There is no substantive change to other terms and conditions. The Corporation elects to apply the practical expedient to all of these rent concessions and, therefore, does not assess whether the rent concessions are lease modifications. Instead, the Corporation recognizes the reduction in lease payment in profit or loss as a deduction of depreciation 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. MATERIAL 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.

When developing material accounting estimates, the Corporation considers the possible impact on cash flow projection, growth rate, discount rate, profitability, and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

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 26 for the related assumptions, estimates and book value.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Checking and demand deposits	\$ 687,592	\$ 615,139
Foreign currency deposits	504,424	153,177
Cash equivalents		
Time deposits with original maturities within three months	16,888	-
Excess futures trading margin	394,122	309,406
Short-term bills	<u>-</u>	<u>3,320,303</u>
	<u>\$ 1,603,026</u>	<u>\$ 4,398,025</u>

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

	December 31	
	2023	2022
Time deposits with original maturities within three months	5.1%	-
Short-term bills	-	0.9%-1.0%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2023	2022
<u>Financial assets at FVTPL - current</u>		
Financial assets mandatorily measured at FVTPL		
Open-end funds and money market instruments	\$ 50,126	\$ 47,059
Operating securities - proprietary	9,713,000	6,309,864
Operating securities - underwriting	34,032	50,818
Operating securities - hedging	1,020,490	1,053,477
Futures margin - own funds	42,754	208,438
Derivative assets - OTC		
Value of asset swap IRS contracts	9,951	6,225
Asset swap options	<u>254,272</u>	<u>209,744</u>
	<u>\$ 11,124,625</u>	<u>\$ 7,885,625</u>

Financial assets at FVTPL - non-current

Financial assets mandatorily measured at FVTPL		
Operating securities - proprietary	<u>\$ 10,041</u>	<u>\$ -</u>

(Continued)

	December 31	
	2023	2022
<u>Financial liabilities at FVTPL - current</u>		
Financial liabilities held for trading		
Warrants liabilities	\$ 1,056,815	\$ 2,098,112
Warrants redeemed	(1,017,002)	(1,934,273)
Put options - TAIFEX	405	-
Liabilities on sale of borrowed securities - hedging	95,853	907,024
Liabilities on sale of borrowed securities - non-hedging	253,159	52,355
Derivative liabilities - OTC		
Value of asset swap IRS contracts	28,389	31,586
Asset swap options	992,679	662,121
Structured instruments	11,742	23,572
Equity derivatives	<u>146,630</u>	<u>74,426</u>
	1,568,670	1,914,923
Financial liabilities designated as at FVTPL		
Structured instruments	<u>415,640</u>	<u>608,007</u>
	<u>\$ 1,984,310</u>	<u>\$ 2,522,930</u>
<u>Financial liabilities at FVTPL - non-current</u>		
Financial liabilities designated as at FVTPL		
Structured instruments	<u>\$ 1,177,976</u>	<u>\$ 913,241</u>
		(Concluded)

a. Open-end funds and money market instruments

	December 31	
	2023	2022
Open-end funds and money market instruments	\$ 50,000	\$ 50,000
Valuation adjustments	<u>126</u>	<u>(2,941)</u>
	<u>\$ 50,126</u>	<u>\$ 47,059</u>

b. Operating securities - proprietary

	December 31	
	2023	2022
<u>Current</u>		
Government bonds	\$ 1,188,626	\$ 353,794
Listed shares	1,633,966	516,164
Shares and convertible bonds traded in the OTC market	5,621,055	4,862,071
Emerging shares	229,795	197,265
Foreign shares and bonds	250,166	126,184
Beneficiary securities	<u>354,148</u>	<u>170,079</u>
	9,277,756	6,225,557
Valuation adjustments	<u>435,244</u>	<u>84,307</u>
	<u>\$ 9,713,000</u>	<u>\$ 6,309,864</u>
		(Continued)

	December 31	
	2023	2022
<u>Non-Current</u>		
Government bonds	\$ 10,083	\$ -
Valuation adjustments	<u>(42)</u>	<u>-</u>
	<u>\$ 10,041</u>	<u>\$ -</u>
		(Concluded)

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

	December 31	
	2023	2022
Government bonds	0.50%-1.75%	0.50%-1.75%

As of December 31, 2023 and 2022, the face values of the Corporation's proprietary securities and bond investments (including financial assets at fair value through other comprehensive income) under resale agreements were \$5,188,433 thousand and \$4,460,507 thousand, respectively, were provided for repurchase agreements.

A portion of government bonds were pledged to the Central Bank of ROC as bid bonds for bond transactions. (Refer to Note 28 for the details.)

c. Operating securities - underwriting

	December 31	
	2023	2022
Listed and OTC shares and convertible bonds	\$ 33,075	\$ 51,157
Valuation adjustments	<u>957</u>	<u>(339)</u>
	<u>\$ 34,032</u>	<u>\$ 50,818</u>

d. Operating securities - hedging

	December 31	
	2023	2022
Listed shares, beneficiary certificates and shares and warrants	\$ 477,001	\$ 737,815
Shares, beneficiary certificates, warrants and convertible bonds traded in the OTC market	<u>532,077</u>	<u>345,676</u>
	1,009,078	1,083,491
Valuation adjustments	<u>11,412</u>	<u>(30,014)</u>
	<u>\$ 1,020,490</u>	<u>\$ 1,053,477</u>

e. Warrants

	December 31	
	2023	2022
Warrants liabilities	\$ 1,133,518	\$ 4,294,041
Gains on changes in fair value	<u>(76,703)</u>	<u>(2,195,929)</u>
	<u>1,056,815</u>	<u>2,098,112</u>
Warrants redeemed	1,059,848	3,422,996
Losses on changes in fair value	<u>(42,846)</u>	<u>(1,488,723)</u>
	<u>1,017,002</u>	<u>1,934,273</u>
Net warrants liabilities	<u>\$ 39,813</u>	<u>\$ 163,839</u>

f. Liabilities on sale of borrowed securities

	December 31	
	2023	2022
Hedging		
Listed and OTC shares and beneficiary certificates	\$ 91,562	\$ 964,657
Valuation adjustments	<u>4,291</u>	<u>(57,633)</u>
	<u>\$ 95,853</u>	<u>\$ 907,024</u>
Non - hedging		
Beneficiary certificates	\$ 250,030	\$ 57,616
Valuation adjustments	<u>3,129</u>	<u>(5,261)</u>
	<u>\$ 253,159</u>	<u>\$ 52,355</u>

g. Futures and options

	December 31	
	2023	2022
Put options - TAIFEX		
Index options	\$ (477)	\$ -
Gain on open positions	<u>72</u>	<u>-</u>
Fair value	<u>\$ (405)</u>	<u>\$ -</u>

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

		December 31, 2023			
Item	Transaction Type	Open Position		Carrying Amount/ Premium	Fair Value
		Buyer/ Seller	Volume	Paid (Received)	
Futures	TAIEX futures	Seller	21	\$ 74,993	\$ 75,054
Futures	Share futures	Buyer	198	34,213	33,865
Futures	Share futures	Seller	1,376	180,248	181,300
Futures	TE	Seller	9	31,771	32,107
Futures	CBOT-UB	Buyer	5	20,596	20,519
Futures	VN30	Seller	23	3,204	3,312
Futures	CBOT	Seller	1	3,385	3,468
Futures	Mini-S&P 500	Seller	1	7,336	7,403
Options	TAIEX options - call	Seller	50	(126)	(208)
Options	TAIEX options - put	Seller	130	(351)	(197)

		December 31, 2022			
Item	Transaction Type	Open Position		Carrying Amount/ Premium	Fair Value
		Buyer/ Seller	Volume	Paid (Received)	
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

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

As of December 31, 2023 and 2022, futures margin arising from futures contracts were \$42,754 thousand and \$208,438 thousand, respectively.

h. Derivative instruments - OTC

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

	Nominal Amount	
	December 31	
	2023	2022
Convertible bond asset swaps	\$ 6,144,400	\$ 6,930,200
Structured instruments	4,129,975	5,181,267
Equity derivatives	716,926	318,764

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2023	2022
<u>Current</u>		
Investments in debt instruments	\$ 498,471	\$ 177,633
<u>Non-current</u>		
Investments in equity instruments	\$ 528,347	\$ 512,371
Investments in debt instruments	2,443,990	2,669,588
	<u>\$ 2,972,337</u>	<u>\$ 3,181,959</u>

a. Investments in equity instruments

	December 31	
	2023	2022
<u>Non-current</u>		
Non-public ordinary shares		
Taiwan Stock Exchange	\$ 217,666	\$ 216,475
Taiwan Futures Exchange	161,900	164,332
Taiwan Depository & Clearing Corporation	127,488	119,247
Asia Pacific Emerging Industry Venture Capital Co., Ltd.	<u>21,293</u>	<u>12,317</u>
	<u>\$ 528,347</u>	<u>\$ 512,371</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 2023 and 2022, the Corporation participated in the cash capital increase of Taiwan Stock Exchange, and obtained 36 and 48 shares at the issue price of \$10 per share, respectively.

In December 2023 and 2022, Asia Pacific Emerging Industry Venture Capital Co., Ltd. implemented cash capital reduction, in which the Corporation reduced its number of shares by 350,906 shares and 152,568 shares, receiving the capital reduction of \$3,509 thousand and \$1,526 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 \$15,927 thousand and \$21,453 thousand during 2023 and 2022, which generated from the investments held as of December 31, 2023 and 2022, respectively.

b. Investments in debt instruments

	December 31	
	2023	2022
<u>Current</u>		
Government bonds	\$ 299,410	\$ -
Corporate bonds	199,061	99,572
Foreign bonds	<u>-</u>	<u>78,061</u>
	<u>\$ 498,471</u>	<u>\$ 177,633</u>
<u>Non-current</u>		
Government bonds	\$ -	\$ 297,138
Corporate bonds	1,504,203	1,096,680
Foreign bonds	<u>939,787</u>	<u>1,275,770</u>
	<u>\$ 2,443,990</u>	<u>\$ 2,669,588</u>

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

	December 31	
	2023	2022
Gross carrying amount	\$ 3,002,167	\$ 2,953,314
Less: Allowance for impairment loss	<u>(1,751)</u>	<u>(1,630)</u>
Amortized cost	3,000,416	2,951,684
Adjustment to fair value	<u>(57,955)</u>	<u>(104,463)</u>
	<u>\$ 2,942,461</u>	<u>\$ 2,847,221</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, 2023
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%-0.55%	\$ 3,002,167

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

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, 2023	\$ 1,630	\$ -	\$ -
Recognized expected credit loss	<u>121</u>	<u>-</u>	<u>-</u>
Balance at December 31, 2023	<u>\$ 1,751</u>	<u>\$ -</u>	<u>\$ -</u>
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>

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

	December 31	
	2023	2022
Margin loans receivable	\$ 6,534,212	\$ 4,230,565
Less: Allowance for impairment loss	<u>(994)</u>	<u>(1,072)</u>
	<u>\$ 6,533,218</u>	<u>\$ 4,229,493</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. As of December 31, 2023 and 2022, the Corporation had recognized allowance for impairment loss of \$77,510 thousand and \$77,814 thousand, respectively, for the receivables, and the balance of the related receivable was reclassified as other receivables.

	December 31	
	2023	2022
Notes receivable	\$ 70	\$ 95
Accounts receivable		
Accounts receivable for settlement - brokerage	5,622,505	3,388,985
Accounts receivable for settlement - proprietary	391,101	896,372
Brokerage handling fee revenue and refinancing interest receivable	100,247	111,909
Bond interest receivable	25,096	18,703
Others	9,992	6,699
Less: Allowance for impairment loss	(313)	(313)
	<u>6,148,628</u>	<u>4,422,355</u>
	<u>\$ 6,148,698</u>	<u>\$ 4,422,450</u>

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

	December 31	
	2023	2022
0 to 120 days	\$ 6,148,635	\$ 4,422,387
121 to 180 days	63	344
Over 180 days	<u>313</u>	<u>32</u>
	<u>\$ 6,149,011</u>	<u>\$ 4,422,763</u>

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

	December 31	
	2023	2022
Other receivables	\$ 95,889	\$ 93,281
Less: Allowance for impairment loss	<u>(86,194)</u>	<u>(86,244)</u>
	<u>\$ 9,695</u>	<u>\$ 7,037</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, 2023

	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%	0.02%	0%	0%	0% ; 100%	
Gross carrying amount	\$ 6,149,011	\$ 6,534,212	\$ 437	\$ 151,382	\$ 95,889	\$ 12,930,931
Loss allowance (Lifetime ECLs)	(313)	(994)	-	-	(86,194)	(87,501)
Amortized cost	<u>\$ 6,148,698</u>	<u>\$ 6,533,218</u>	<u>\$ 437</u>	<u>\$ 151,382</u>	<u>\$ 9,695</u>	<u>\$ 12,843,430</u>

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)	(313)	(1,072)	-	-	(86,244)	(87,629)
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>

The movements of the loss allowance of trade receivables for the years ended December 31, 2023 and 2022, respectively, were as follows:

	Notes and Accounts Receivable	Margin Loans Receivable	Other Receivables	Total
Balance at January 1, 2023	\$ 313	\$ 1,072	\$ 86,244	\$ 87,629
Add: Net remeasurement of loss allowance	-	(78)	572	494
Less: Amounts written off	-	-	(622)	(622)
Balance at December 31, 2023	<u>\$ 313</u>	<u>\$ 994</u>	<u>\$ 86,194</u>	<u>\$ 87,501</u>
Balance at January 1, 2022	\$ -	\$ 2,040	\$ 86,566	\$ 88,606
Add: Net remeasurement of loss allowance	313	(968)	(322)	(977)
Balance at December 31, 2022	<u>\$ 313</u>	<u>\$ 1,072</u>	<u>\$ 86,244</u>	<u>\$ 87,629</u>

10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Subsidiaries included in the financial statements were summarized as follows:

	December 31			
	2023		2022	
	Carrying Amount	Percent-age of Owner-ship (%)	Carrying Amount	Percent-age of Owner-ship (%)
<u>Subsidiaries</u>				
Concord Futures Corp. (Concord Futures)	\$ 1,329,491	95.71	\$ 1,327,025	95.71
Con Lian Asset Management Service Co., Ltd. (Con-Lian AMC)	573,072	100.00	547,497	100.00
Concord Capital Management Corp. (Concord Capital Management)	76,437	100.00	82,553	100.00
Concord Insurance Agency Co., Ltd. (Concord Insurance)	<u>16,314</u>	100.00	<u>19,476</u>	100.00
	<u>\$ 1,995,314</u>		<u>\$ 1,976,551</u>	

The Corporation's share of profit or loss and other comprehensive income or loss of subsidiaries was calculated based on the audited financial statements for the years ended December 31, 2023 and 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.

11. PROPERTY AND EQUIPMENT

	For the Year Ended December 31, 2023				
	Balance at January 1, 2023	Additions	Reductions	Reclassifi- cations	Balance at December 31, 2023
<u>Cost</u>					
Land	\$ 604,181	\$ -	\$ -	\$ (54)	\$ 604,127
Buildings	230,408	-	-	(37)	230,371
Equipment	86,046	31,856	(4,132)	-	113,770
Leasehold improvements	30,249	2,736	(9,590)	-	23,395
	<u>950,884</u>	<u>\$ 34,592</u>	<u>\$ (13,722)</u>	<u>\$ (91)</u>	<u>971,663</u>
<u>Accumulated depreciation</u>					
Buildings	102,973	\$ 4,089	\$ -	\$ (20)	107,042
Equipment	25,252	21,442	(4,132)	-	42,562
Leasehold improvements	15,357	5,379	(9,590)	-	11,146
	<u>143,582</u>	<u>\$ 30,910</u>	<u>\$ (13,722)</u>	<u>\$ (20)</u>	<u>160,750</u>
<u>Accumulated impairment</u>					
Buildings	<u>1,257</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1,257</u>
Net book value	\$ 806,045				\$ 809,656

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	\$ 606,860	\$ -	\$ -	\$ (2,679)	\$ 604,181
Buildings	230,375	-	-	33	230,408
Equipment	51,097	47,004	(12,055)	-	86,046
Leasehold improvements	40,985	1,045	(11,781)	-	30,249
	<u>929,317</u>	<u>\$ 48,049</u>	<u>\$ (23,836)</u>	<u>\$ (2,646)</u>	<u>950,884</u>
<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>

The Corporation didn't recognized impairment loss or reversal of impairment loss in 2023 and 2022 respectively.

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 28 for the details).

12. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
<u>Carrying amount</u>		
Buildings	\$ 91,363	\$ 104,404
Equipment	<u>2,443</u>	<u>3,769</u>
	<u>\$ 93,806</u>	<u>\$ 108,173</u>

	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	\$ <u>34,465</u>	\$ <u>33,259</u>
Depreciation charge for right-of-use assets		
Buildings	\$ 46,595	\$ 40,966
Equipment	<u>2,237</u>	<u>2,123</u>
	\$ <u>48,832</u>	\$ <u>43,089</u>

Besides aforementioned addition and recognized depreciation expenses, the Corporation did not have significant sublease agreement or impairment loss of right-of-use assets for the years ended December 31, 2023 and 2022.

b. Lease liabilities

	December 31	
	2023	2022
<u>Carrying amount</u>		
Current	\$ <u>46,384</u>	\$ <u>45,145</u>
Non-current	\$ <u>44,843</u>	\$ <u>62,159</u>

Ranges of discount rates for lease liabilities were as follows:

	December 31	
	2023	2022
Buildings	0.532%-1.826%	0.514%-1.572%
Equipment	0.521%-1.792%	0.521%-1.336%

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, the lessor agreed to provide unconditional rent reductions of 20%. The Corporation recognized the impact of rent concessions at \$453 thousand (recognized as deduction of depreciation expenses and other non-operating income) for the year ended December 31, 2022.

d. Other lease information

	For the Year Ended December 31	
	2023	2022
Expenses relating to short-term or low-value asset leases	\$ <u>951</u>	\$ <u>4,715</u>
Total cash outflow for leases	\$ <u>49,765</u>	\$ <u>47,770</u>

The Corporation's leases of certain office equipment qualify as short-term and 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.

13. INVESTMENT PROPERTY

	For the Year Ended December 31, 2023				Balance at December 31, 2023
	Balance at January 1, 2023	Additions	Reductions	Reclassifi- cations	
<u>Cost</u>					
Land	\$ 479,790	\$ -	\$ -	\$ 54	\$ 479,844
Buildings	<u>179,565</u>	<u>-</u>	<u>-</u>	<u>37</u>	<u>179,602</u>
	659,355	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 91</u>	659,446
<u>Accumulated depreciation</u>					
Buildings	99,625	<u>\$ 3,193</u>	<u>\$ -</u>	<u>\$ 20</u>	102,838
<u>Accumulated impairment</u>					
Buildings	<u>661</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>661</u>
Net book value	<u>\$ 559,069</u>				<u>\$ 555,947</u>
	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	\$ 477,111	\$ -	\$ -	\$ 2,679	\$ 479,790
Buildings	<u>179,598</u>	<u>-</u>	<u>-</u>	<u>(33)</u>	<u>179,565</u>
	656,709	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,646</u>	659,355
<u>Accumulated depreciation</u>					
Buildings	96,355	<u>\$ 3,198</u>	<u>\$ -</u>	<u>\$ 72</u>	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>

Besides the recognition of depreciation expenses and transfers of their own use properties to investment properties, the Corporation did not have significant addition, disposal and impairment of investment properties for the years ended December 31, 2023 and 2022.

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

As of December 31, 2023 and 2022, the fair value of the Corporation's investment properties amounted to \$796,623 thousand and \$700,095 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 28 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	
	2023	2022
Year 1	\$ 18,010	\$ 18,028
Year 2	8,420	17,691
Year 3	5,830	8,448
Year 4	<u>-</u>	<u>5,830</u>
	<u>\$ 32,260</u>	<u>\$ 49,997</u>

14. INTANGIBLE ASSETS

	For the Year Ended December 31, 2023			
	Balance at January 1, 2023	Additions	Reductions	Balance at December 31, 2023
<u>Cost</u>				
Computer software	\$ 28,885	<u>\$ 7,105</u>	<u>\$ (8,594)</u>	\$ 27,396
<u>Accumulated amortization</u>				
Computer software	<u>9,912</u>	<u>\$ 9,360</u>	<u>\$ (8,594)</u>	<u>10,678</u>
Net book value	<u>\$ 18,973</u>			<u>\$ 16,718</u>

	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>

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

15. OTHER NON-CURRENT ASSETS

	December 31	
	2023	2022
Operation guarantee deposits	\$ 330,000	\$ 330,000
Clearing and settlement fund	132,264	138,395
Refundable deposits	152,907	163,808
Prepayments for equipment	6,511	4,465
Deferred expense	<u>1,109</u>	<u>1,007</u>
	<u><u>\$ 622,791</u></u>	<u><u>\$ 637,675</u></u>

16. BORROWINGS

a. Short-term borrowings

	December 31	
	2023	2022
Secured borrowings	\$ 270,000	\$ 50,000
Unsecured borrowings	<u>530,000</u>	<u>640,000</u>
	<u><u>\$ 800,000</u></u>	<u><u>\$ 690,000</u></u>

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

	December 31	
	2023	2022
Short-term borrowings	1.75%-2.26%	1.45%-1.99%

Some demand deposits, time deposits, property and equipment, and investment properties were provided as collateral for bank borrowings and credit line (refer to Note 28 for the details).

b. Commercial paper payable

	December 31	
	2023	2022
Commercial paper payable	\$ 5,770,000	\$ 5,240,000
Less: Discount of commercial paper payable	<u>(8,027)</u>	<u>(17,299)</u>
	<u><u>\$ 5,761,973</u></u>	<u><u>\$ 5,222,701</u></u>

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

	December 31	
	2023	2022
Commercial paper payable	1.50%-1.69%	0.65%-1.72%

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

17. LIABILITIES FOR BONDS WITH ATTACHED REPURCHASE AGREEMENTS

	December 31	
	2023	2022
Government bonds	\$ 1,466,773	\$ 649,910
Corporate bonds	<u>3,700,008</u>	<u>3,848,186</u>
	<u>\$ 5,166,781</u>	<u>\$ 4,498,096</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	
	2023	2022
Government bonds	0.92%-1.40%	0.70%-0.75%
Corporate bonds	1.15%-5.65%	0.95%-5.16%

Liabilities for bonds with attached repurchase agreements that were outstanding as of December 31, 2023 had been repurchased for \$5,172,967 thousand by January 24, 2024.

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.

18. ACCOUNTS PAYABLE

	December 31	
	2023	2022
Accounts payable for settlement - brokerage	\$ 5,634,036	\$ 3,377,383
Accounts payable for settlement - proprietary	27,541	102,071
Others	<u>99,676</u>	<u>83,486</u>
	<u>\$ 5,761,253</u>	<u>\$ 3,562,940</u>

19. OTHER FINANCIAL LIABILITIES - CURRENT

	December 31	
	2023	2022
<u>Principle value of structured notes - current</u>		
Principal guaranteed notes	<u>\$ 2,525,707</u>	<u>\$ 3,622,333</u>

20. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The Corporation adopted a pension plan under the Labor Pension Act (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 were as follows:

	December 31	
	2023	2022
Present value of defined benefit obligation	\$ 240,333	\$ 213,920
Fair value of plan assets	<u>(219,173)</u>	<u>(217,774)</u>
Net defined benefit liabilities (assets)	<u>\$ 21,160</u>	<u>\$ (3,854)</u>

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

	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit (Assets) Liabilities
Balance at January 1, 2022	<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 loss (income)			
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	<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>

(Continued)

	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit (Assets) Liabilities
Service cost			
Current service cost	\$ 2,634	\$ -	\$ 2,634
Net interest expense (income)	<u>2,567</u>	<u>(2,624)</u>	<u>(57)</u>
Recognized in profit or loss	<u>5,201</u>	<u>(2,624)</u>	<u>2,577</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(6,944)	(6,944)
Actuarial loss (income)			
Experience adjustments	<u>31,102</u>	<u>-</u>	<u>31,102</u>
Recognized in other comprehensive loss (income)	<u>31,102</u>	<u>(6,944)</u>	<u>24,158</u>
Contributions from the employer	<u>-</u>	<u>(1,721)</u>	<u>(1,721)</u>
Benefits paid	<u>(9,890)</u>	<u>9,890</u>	<u>-</u>
Balance at December 31, 2023	<u>\$ 240,333</u>	<u>\$ (219,173)</u>	<u>\$ 21,160</u> (Concluded)

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	
	2023	2022
Discount rate	1.2%	1.2%
Expected incremental rate of salaries	1.5%	1.5%
Expected rate of return on plan assets	1.2%	1.2%

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

	December 31	
	2023	2022
Discount rate		
0.1% increase	<u>\$ (1,547)</u>	<u>\$ (1,551)</u>
0.1% decrease	<u>\$ 1,563</u>	<u>\$ 1,568</u>
Expected incremental rate of salaries		
0.1% increase	<u>\$ 1,319</u>	<u>\$ 1,349</u>
0.1% decrease	<u>\$ (1,309)</u>	<u>\$ (1,338)</u>

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

	December 31	
	2023	2022
Expected contributions to the plan within a year	<u>\$ 1,727</u>	<u>\$ 1,850</u>
Average duration of the defined benefit obligation	6.4 years	7.2 years

21. EQUITY

a. Share capital

	December 31	
	2023	2022
Number of shares authorized (in thousands)	<u>1,500,000</u>	<u>1,500,000</u>
Share capital authorized	<u>\$ 15,000,000</u>	<u>\$ 15,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>594,455</u>	<u>594,455</u>
Share capital issued	<u>\$ 5,944,550</u>	<u>\$ 5,944,550</u>

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

b. Capital surplus

	December 31	
	2023	2022
Treasury share transactions	\$ 173,203	\$ 173,203
Gain on sale of fixed assets	682	682
Unclaimed dividends	137	126
Others	<u>1,309</u>	<u>1,309</u>
	<u>\$ 175,331</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 disgorgement can only be used to offset deficits.

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

c. Retained earnings and dividend policy

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 22-12.

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, which was approved in the shareholders' meeting on June 8, 2022, was as follows:

	The Appropriation of Earnings	Cash Dividends Per Share (NT\$)
Legal reserve	\$ 133,359	
Special reserve	266,719	
Cash dividends	<u>921,405</u>	<u>\$ 1.55</u>
	<u>\$ 1,321,483</u>	

The offset of the accumulated deficit for 2022 was approved in the shareholders' meeting on June 7, 2023, which amounted to \$26,110 thousand of legal reserve.

The appropriation of earnings for 2023, which was proposed by the Corporation's board of directors on February 27, 2024, was as follows:

	The Appropriation of Earnings	Cash Dividends Per Share (NT\$)
Legal reserve	\$ 97,962	
Special reserve	195,927	
Cash dividends	386,396	<u>\$ 0.65</u>
Share dividends	<u>297,227</u>	<u>\$ 0.50</u>
	<u>\$ 977,512</u>	

The appropriation of earnings for 2023 is subject to the resolution of the shareholders in the shareholders' meeting to be held on June 6, 2024.

d. Other equity

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

	<u>For the Year Ended December 31</u>	
	2023	2022
Balance at January 1	\$ 1,614	\$ (7,432)
Recognized for the year		
Exchange differences on the translation of the financial statements of foreign operations	<u>(449)</u>	<u>9,046</u>
Balance at December 31	<u>\$ 1,165</u>	<u>\$ 1,614</u>

2) Unrealized gains on financial assets at FVTOCI

	<u>For the Year Ended December 31</u>	
	2023	2022
Balance at January 1	<u>\$ 389,567</u>	<u>\$ 470,680</u>
Recognized for the year		
Unrealized gains (losses) - debt instruments	47,228	(100,992)
Unrealized gains (losses) - equity instruments	19,485	(29,820)
Investments accounted for using the equity method	<u>(15,589)</u>	<u>47,599</u>
Other comprehensive income recognized for the year	<u>51,124</u>	<u>(83,213)</u>
Cumulative unrealized gains of equity instruments transferred to retained earnings due to disposal	<u>-</u>	<u>2,100</u>
Balance at December 31	<u>\$ 440,691</u>	<u>\$ 389,567</u>

22. ANALYSIS OF STATEMENT OF COMPREHENSIVE INCOME ITEMS

a. Brokerage handling fee revenue

	For the Year Ended December 31	
	2023	2022
Handling fee revenue from brokered trading - TWSE	\$ 697,943	\$ 617,636
Handling fee revenue from brokered trading - OTC	212,000	185,249
Handling fee revenue from securities financing	5,151	7,441
Others	<u>47,506</u>	<u>36,658</u>
	<u>\$ 962,600</u>	<u>\$ 846,984</u>

b. Revenue from underwriting business

	For the Year Ended December 31	
	2023	2022
Processing fee revenue from underwriting operations	\$ 17,000	\$ 11,430
Revenue from underwriting securities on a firm commitment basis	6,533	10,983
Revenue from underwriting consultation	4,830	6,730
Others	<u>4,670</u>	<u>5,850</u>
	<u>\$ 33,033</u>	<u>\$ 34,993</u>

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

	For the Year Ended December 31	
	2023	2022
Proprietary	\$ 1,431,464	\$ (83,640)
Underwriting	14,603	3,950
Hedging	<u>(1,148,735)</u>	<u>(1,747,991)</u>
	<u>\$ 297,332</u>	<u>\$ (1,827,681)</u>

d. Interest income

	For the Year Ended December 31	
	2023	2022
Financing interest	\$ 251,088	\$ 291,548
Bond interest	83,642	57,717
Others	<u>15,363</u>	<u>674</u>
	<u>\$ 350,093</u>	<u>\$ 349,939</u>

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

	For the Year Ended December 31	
	2023	2022
Proprietary	\$ 350,976	\$ (563,984)
Underwriting	1,296	(3,931)
Hedging	41,426	(82,561)
Settlement coverage bonds payables of short sale	<u>-</u>	<u>(255)</u>
	<u>\$ 393,698</u>	<u>\$ (650,731)</u>

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

	For the Year Ended December 31	
	2023	2022
Gains on change in fair value of warrant liabilities	\$ 4,361,803	\$ 11,158,182
Gains (losses) on exercise of warrants before maturity	(11,581)	1,438
Losses on change in fair value of warrants redeemed - realized	(4,377,740)	(9,188,375)
Losses on change in fair value of warrants redeemed - unrealized	(42,846)	(1,488,723)
Call (put) warrants issuance expenses	<u>(27,048)</u>	<u>(59,297)</u>
	<u>\$ (97,412)</u>	<u>\$ 423,225</u>

g. Gains (losses) on derivative instruments, net

	For the Year Ended December 31	
	2023	2022
<u>Losses on derivative instruments - futures, net</u>		
Futures contract	\$ (154,175)	\$ (24,801)
Options trading	<u>(2,118)</u>	<u>(3,660)</u>
	<u>\$ (156,293)</u>	<u>\$ (28,461)</u>
<u>Gains (losses) on derivative instruments - OTC, net</u>		
Asset swap options	\$ (422,435)	\$ 451,088
Equity derivatives	(44,707)	(30,055)
Structured instruments	(99,507)	(41,213)
Value of asset swap IRS contracts	(18,770)	(11,243)
Losses from when - issued trading of government bonds	<u>-</u>	<u>(15)</u>
	<u>\$ (585,419)</u>	<u>\$ 368,562</u>

h. Impairment losses (impairment gain and reversal of impairment loss)

	For the Year Ended December 31	
	2023	2022
Financial assets at amortized cost	\$ (494)	\$ 977
Financial assets at fair value through other comprehensive income	<u>(121)</u>	<u>342</u>
	<u>\$ (615)</u>	<u>\$ 1,319</u>

i. Other operating income

	For the Year Ended December 31	
	2023	2022
Processing revenue	\$ 46,811	\$ 40,560
Commission revenue	3,845	2,336
Agency revenue	1,008	1,057
Losses on error trading, net	(548)	(556)
Foreign exchange gains (losses), net	(2,020)	83,897
Others	<u>148</u>	<u>132</u>
	<u>\$ 49,244</u>	<u>\$ 127,426</u>

j. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest of commercial paper payable	\$ 106,592	\$ 48,357
Interest of liabilities for bonds with attached repurchase agreements	86,266	34,886
Bank loan interest	10,756	8,205
Interest of securities financing	1,332	1,930
Interest of lease liabilities	795	685
Refinancing interest	159	725
Others	<u>1,689</u>	<u>1,752</u>
	<u>\$ 207,589</u>	<u>\$ 96,540</u>

k. Employee benefits expenses

	For the Year Ended December 31	
	2023	2022
Retirement benefits		
Defined contribution plan	\$ 29,527	\$ 31,441
Defined benefit plan	<u>2,577</u>	<u>5,329</u>
	32,104	36,770
Short-term employee benefits		
Salaries	973,462	605,018
Labor and health insurance	58,164	64,410
Others	<u>29,142</u>	<u>29,899</u>
	<u>\$ 1,092,872</u>	<u>\$ 736,097</u>

l. Compensation of employees and remuneration of directors

According to the Articles before the amendments, the Corporation accrued employees' compensation and remuneration of directors at rates of 1% to 2% and no higher than 5%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. In addition, the amendment to the Article to revise the accrued rate of employees compensation at the rate from 1% to 3% was approved in the shareholders' meeting in June 2022.

The compensation of employees and the remuneration of directors for the years ended December 31, 2023 and 2022, which were approved by the Corporation's board of directors on February 27, 2024 and March 9, 2023, respectively, are as follows:

	For the Year Ended December 31	
	2023	2022
Compensation of employees	<u>\$ 28,111</u>	<u>\$ 112</u>
Remuneration of directors	<u>\$ 55,097</u>	<u>\$ 290</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 distribution amount of compensation of employees and remuneration of directors for 2022 and 2021 and the amounts recognized in the parent company only financial statements for the years ended December 31, 2022 and 2021.

The information of 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

	For the Year Ended December 31	
	2023	2022
<u>Depreciation expenses</u>		
Property and equipment	\$ 30,910	\$ 26,379
Right-of-use assets	48,832	43,089
Investment property	<u>3,193</u>	<u>3,198</u>
	<u>82,935</u>	<u>72,666</u>
<u>Amortization expenses</u>		
Intangible assets	9,360	6,304
Deferred expense	<u>353</u>	<u>349</u>
	<u>9,713</u>	<u>6,653</u>
	<u>\$ 92,647</u>	<u>\$ 79,319</u>

n. Other operating expenses

	For the Year Ended December 31	
	2023	2022
Taxes	\$ 214,093	\$ 212,797
Information technology expenses	44,414	43,219
Securities borrowing fees	43,484	37,750
Professional service fees	34,742	29,679
Custody fees	30,350	27,340
Postage expenses	25,210	25,229
Others	<u>113,204</u>	<u>117,235</u>
	<u>\$ 505,497</u>	<u>\$ 493,249</u>

o. Other gains and losses

	For the Year Ended December 31	
	2023	2022
Rental revenue from the use of venue and equipment	\$ 73,724	\$ 51,141
Other rental income from investment properties	18,009	16,755
Dividend income	15,927	21,453
Financial income	24,623	9,682
Valuation gains (losses) on non-operating financial assets at fair value through profit or loss, net	3,067	(2,941)
Gains on disposals of investments	95	-
Others	<u>14,899</u>	<u>12,634</u>
	<u>\$ 150,344</u>	<u>\$ 108,724</u>

23. 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	
	2023	2022
Current tax		
In respect of the current year	\$ 92,895	\$ 18,907
Income tax on unappropriated retained earnings	-	605
Adjustment for prior year	<u>(4,696)</u>	<u>-</u>
	88,199	19,512
Deferred tax		
In respect of the current year	<u>(46,715)</u>	<u>134,746</u>
Income tax expense recognized in profit or loss	<u>\$ 41,484</u>	<u>\$ 154,258</u>

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

	For the Year Ended December 31	
	2023	2022
Profit before tax from continuing operations	<u>\$ 1,041,236</u>	<u>\$ 5,523</u>
Income tax expense calculated at the statutory rate	\$ 208,247	\$ 1,105
Nondeductible expenses in determining taxable income	(88,788)	98,908
Tax-exempt income	(159,996)	44,833
Additional income tax under the Alternative Minimum Tax Act	68,729	-
Adjustments for prior years' tax expense	(4,696)	-
Income tax on unappropriated retained earnings	-	605
Others	<u>17,988</u>	<u>8,807</u>
Income tax expense recognized in profit or loss	<u>\$ 41,484</u>	<u>\$ 154,258</u>

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2023	2022
<u>Deferred tax</u>		
In respect of the current year		
Remeasurement of defined benefit plans	<u>\$ (4,832)</u>	<u>\$ 26,628</u>
Total income tax expense (benefit) recognized in other comprehensive income	<u>\$ (4,832)</u>	<u>\$ 26,628</u>

c. Current tax assets and liabilities

	December 31	
	2023	2022
Current tax liabilities		
Income tax payable	<u>\$ 120,453</u>	<u>\$ 34,665</u>

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2023

	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	\$ 11,707	\$ -	\$ 4,832	\$ 16,539
Payables for annual leave	4,322	44	-	4,366
Unrealized exchange losses	10,825	(210)	-	10,615
Losses on derivative financial instruments	-	4,552	-	4,552
Others	<u>685</u>	<u>(630)</u>	<u>-</u>	<u>55</u>
	<u>\$ 27,539</u>	<u>\$ 3,756</u>	<u>\$ 4,832</u>	<u>\$ 36,127</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Difference between tax reporting and financial reporting - payables for pension	\$ 12,478	\$ (171)	\$ -	\$ 12,307
Valuation gains on foreign operating securities	611	7,994	-	8,605
Gains on derivative financial instruments	<u>50,782</u>	<u>(50,782)</u>	<u>-</u>	<u>-</u>
	<u>\$ 63,871</u>	<u>\$ (42,959)</u>	<u>\$ -</u>	<u>\$ 20,912</u>

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>

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

	December 31	
	2023	2022
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.

24. 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 Per Share After Income Tax (In Dollars)
<u>For the year ended December 31, 2023</u>			
Basic earnings per share			
Earnings attributable to ordinary shareholders of the parent Company	\$ 999,752	594,455	<u>\$ 1.68</u>
Effect of potentially dilutive ordinary shares			
Compensation of employees	<u>-</u>	<u>2,024</u>	
Diluted earnings per share			
Earnings attributable to ordinary shareholders of the parent Company	<u>\$ 999,752</u>	<u>596,479</u>	<u>\$ 1.68</u>
<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>

The Corporation may settle the compensation paid to employees in cash or shares; therefore, the Corporation assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares will be 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, and due to the anti-dilution effect of compensation of employees, the diluted earnings per share will not be calculated.

25. 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 was 296% and 277% for the years ended December 31, 2023 and 2022, respectively.

26. 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, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Financial assets mandatorily measured at FVTPL	\$ 6,376,010	\$ 4,758,656	\$ -	\$ 11,134,666
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Unlisted shares	-	-	528,347	528,347
Investments in debt instruments				
Government bonds	-	299,410	-	299,410
Corporate bonds	-	1,703,264	-	1,703,264
Foreign bonds	116,839	822,948	-	939,787
	<u>\$ 6,492,849</u>	<u>\$ 7,584,278</u>	<u>\$ 528,347</u>	<u>\$ 14,605,474</u>
<u>Financial liabilities at FVTPL</u>				
Financial liabilities held for trading	\$ 389,230	\$ 1,179,440	\$ -	\$ 1,568,670
Financial liabilities designated as at FVTPL	-	1,593,616	-	1,593,616
	<u>\$ 389,230</u>	<u>\$ 2,773,056</u>	<u>\$ -</u>	<u>\$ 3,162,286</u>

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>

(Continued)

	Level 1	Level 2	Level 3	Total
<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	<u>-</u>	<u>1,521,248</u>	<u>-</u>	<u>1,521,248</u>
	<u>\$ 1,123,218</u>	<u>\$ 2,312,953</u>	<u>\$ -</u>	<u>\$ 3,436,171</u>
				(Concluded)

Transfers between Levels 1 and 2 for the years ended December 31, 2023 and 2022 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>2023</u>	<u>2022</u>
Balance at January 1	\$ 512,371	\$ 543,727
Disposal	-	(10)
Recognized in other comprehensive income (included in unrealized gains (losses) on financial assets at FVTOCI)	19,485	(29,820)
Proceeds from capital reduction	<u>(3,509)</u>	<u>(1,526)</u>
Balance at December 31	<u>\$ 528,347</u>	<u>\$ 512,371</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 by refer to 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	
	2023	2022
Discount for lack of marketability		
10% increase	<u>\$ (11,462)</u>	<u>\$ (10,973)</u>
10% decrease	<u>\$ 11,480</u>	<u>\$ 10,914</u>

b. Categories of financial instruments

	December 31	
	2023	2022
<u>Financial assets</u>		
FVTPL		
Mandatorily measured at FVTPL	\$ 11,134,666	\$ 7,885,625
Financial assets at amortized cost (Note 1)	14,801,030	15,301,846
FVTOCI		
Equity instrument investments	528,347	512,371
Debt instrument investments	2,942,461	2,847,221
Operation guarantee deposits	330,000	330,000
Clearing and settlement fund	132,264	138,395
Refundable deposits	152,907	163,808
<u>Financial liabilities</u>		
FVTPL		
Held for trading	1,568,670	1,914,923
Designated as at FVTPL	1,593,616	1,521,248
Financial liabilities at amortized cost (Note 2)	21,309,175	19,208,118
Guarantee deposits received	3,812	3,811

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, restricted assets - current and amounts held for each customer in the account.

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, equity for each customer in the account, 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	
	2023	2022
Financial liabilities designated as at FVTPL	\$ 1,593,616	\$ 1,521,248
Amount payable at maturity	<u>(1,687,707)</u>	<u>(1,608,942)</u>
	<u>\$ (94,091)</u>	<u>\$ (87,694)</u>

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

c. Financial risk management objectives and policies

1) Risk management system

Policies of risk management

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

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

The process of formulating and approving risk management policies

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

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

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

Organizational structure of the risk management system

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

a) Board of directors

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

b) Risk management committee

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

c) Risk management office

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

d) Department of finance

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

e) Department of internal audit

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

f) Department of compliance

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

g) Business units

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

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

2) Market risk

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

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

Historical VaR (Confidence Level 99%, One-day)	For the Year Ended December 31, 2023			December 31	
	Average	Minimum	Maximum	2023	2022
<u>Type of risk</u>					
Equity securities	\$ 133,498	\$ 69,215	\$ 174,042	\$ 109,251	\$ 89,396
Interest rate	12,489	1,866	27,697	9,105	13,599
Diversification of risks	<u>(24,040)</u>			<u>(19,811)</u>	<u>(25,408)</u>
Total VaR exposure	<u>\$ 121,947</u>			<u>\$ 98,545</u>	<u>\$ 77,587</u>

The Corporation uses sensitivity analysis to measure the sensitivity of its bonds and share investments to individual risk factors. The Corporation controls the upper limit of trading positions based on the impact of a 0.01% change in interest rates on the profit or loss of the investment portfolio. If the market interest rate increased by 0.01%, the fair value of the bond investments would have decreased by \$2,109 thousand and \$887 thousand as of December 31, 2023 and 2022, 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 fair value of \$23,479 thousand and \$30,563 for the years ended December 31, 2023 and 2022, 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	
	2023	2022
Interest rate risk of fair value		
Financial assets	\$ 10,929,045	\$ 11,721,135
Financial liabilities	12,465,059	11,930,367
Interest rate risk of cash flow		
Financial assets	2,608,748	2,339,588
Financial liabilities	187,803	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 was as follows:

	Maximum Exposure to Credit Risk	
	December 31	
	2023	2022
Margin loans receivable	<u>\$ 6,533,218</u>	<u>\$ 4,229,493</u>

4) Liquidity risk

Liquidity risk and interest rate risk table

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

December 31, 2023

	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	\$ 1,191,269	\$ -	\$ -	\$ -	\$ 1,191,269
Fixed interest rate	5,243,504	-	-	-	5,243,504
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	6,570,845	-	3,812	-	6,574,657
Variable interest rate	187,803	-	-	-	187,803
Fixed interest rate	12,381,859	-	-	-	12,381,859
Lease liabilities	<u>47,157</u>	<u>24,051</u>	<u>24,907</u>	<u>-</u>	<u>96,115</u>
	<u>\$ 25,622,437</u>	<u>\$ 24,051</u>	<u>\$ 28,719</u>	<u>\$ -</u>	<u>\$ 25,675,207</u>

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	<u>45,778</u>	<u>38,551</u>	<u>23,391</u>	<u>-</u>	<u>107,720</u>
	<u>\$ 24,197,756</u>	<u>\$ 38,551</u>	<u>\$ 27,202</u>	<u>\$ -</u>	<u>\$ 24,263,509</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>2023</u>	<u>2022</u>
Financing facilities	<u>\$ 16,770,000</u>	<u>\$ 15,620,000</u>
Unused amount	<u>\$ 11,990,000</u>	<u>\$ 12,129,760</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, 2023

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	\$ 9,059,882	\$ 5,166,781	\$ 9,059,882	\$ 5,166,781	\$ 3,893,101

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

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, 2023

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	\$ 6,205,315	\$ (56,687)	\$ 6,148,628	\$ (1,124)	\$ -	\$ 6,147,504
Accounts payable	\$ (5,817,940)	\$ 56,687	\$ (5,761,253)	\$ 1,124	\$ -	\$ (5,760,129)
Liabilities for bonds with attached repurchase agreements	\$ (5,166,781)	\$ -	\$ (5,166,781)	\$ 5,166,781	\$ -	\$ -

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	\$ -	\$ -

27. 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 the 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>2023</u>	<u>2022</u>
Subsidiary		
Concord Futures	<u>\$ 380,430</u>	<u>\$ 139,650</u>

b. Futures trading margin

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Subsidiary		
Concord Futures	<u>\$ 42,128</u>	<u>\$ 66,667</u>

c. Margin loans receivable

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Key management personnel	<u>\$ 26,733</u>	<u>\$ 20,508</u>

d. Accounts receivable

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Subsidiary	<u>\$ 2,154</u>	<u>\$ 1,171</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	
	2023	2022
Subsidiary	\$ <u>312</u>	\$ <u>151</u>

f. Liabilities for bonds with attached repurchase agreements

	December 31	
	2023	2022
Key management personnel	\$ <u>260,969</u>	\$ <u>340,547</u>

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

g. Accounts payable

	December 31	
	2023	2022
Subsidiary	\$ <u>520</u>	\$ <u>427</u>

h. Other payables

	December 31	
	2023	2022
Subsidiary	\$ <u>1,050</u>	\$ <u>1,050</u>

i. Equity for each customer in the account

	December 31	
	2023	2022
Key management personnel	\$ <u>31,315</u>	\$ <u>-</u>

j. Brokerage handling fee revenue

	For the Year Ended December 31	
	2023	2022
Key management personnel	\$ <u>2,928</u>	\$ <u>2,331</u>

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

k. Revenue from providing agency services for stock affairs

	For the Year Ended December 31	
	2023	2022
Subsidiary	\$ <u>36</u>	\$ <u>36</u>

l. Interest income

For the Year Ended December 31	
2023	2022

Key management personnel	\$ <u>1,229</u>	\$ <u>1,455</u>
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m. Futures commission income

For the Year Ended December 31	
2023	2022

Subsidiary		
Concord Futures	\$ <u>8,677</u>	\$ <u>11,724</u>

n. Other operating income

For the Year Ended December 31	
2023	2022

Subsidiary		
Concord Insurance	\$ 3,845	\$ 2,336
Concord Capital Management	<u>423</u>	<u>350</u>
	\$ <u>4,268</u>	\$ <u>2,686</u>

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

o. Finance costs

For the Year Ended December 31	
2023	2022

Subsidiary	\$ 20	\$ 11
Key management personnel	<u>3,251</u>	<u>926</u>
	\$ <u>3,271</u>	\$ <u>937</u>

p. Clearing and settlement expenses

For the Year Ended December 31	
2023	2022

Subsidiary		
Concord Futures	\$ <u>3,955</u>	\$ <u>2,223</u>

q. Securities commission expense

For the Year Ended December 31	
2023	2022

Subsidiary		
Concord Futures	\$ <u>6,189</u>	\$ <u>6,370</u>

r. Other operating costs

For the Year Ended December 31	
2023	2022

Subsidiary	\$ <u>16</u>	\$ <u>15</u>
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s. Other operating expenses

For the Year Ended December 31	
2023	2022

Subsidiary	\$ <u>12,600</u>	\$ <u>12,600</u>
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t. Other gains and losses

For the Year Ended December 31	
2023	2022

Subsidiary	\$ <u>11,162</u>	\$ <u>8,007</u>
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u. Acquisition of property (for the year ended December 31, 2023: None)

For the Year Ended December 31, 2022

Subsidiary	\$ <u>1,994</u>
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v. Lease agreements

December 31	
2023	2022

Lease liabilities

Supervisor of the subsidiary	\$ <u>4,400</u>	\$ <u>8,772</u>
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For the Year Ended December 31	
2023	2022

Finance costs

Supervisor of the subsidiary	\$ <u>39</u>	\$ <u>66</u>
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- w. For the years ended December 31, 2023 and 2022, 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, 2023					
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	109
	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 the equity method	2023.01.01-2024.12.31	B3, No. 176, Sec. 1, Keelung Rd., Xinyi District, Taipei City	Monthly	Contract	54
	2023.01.01-2023.06.30	B3, No. 176, Sec. 1, Keelung Rd., Xinyi District, Taipei City	Monthly	Contract	<u>27</u>
					<u>\$ 8,207</u>
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 the 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>

As of December 31, 2023 and 2022, the balance of the rental deposits received by the Corporation from the related parties were \$1,354 thousand and \$1,364 thousand, respectively.

x. Equity derivative transactions

The Corporation's key management personnel bought equity derivatives from the Corporation, and the unexpired amount as of December 31, 2023 and 2022 were \$391 thousand and \$414 thousand (recognized as financial liabilities at fair value through profit or loss - current). The related gains in 2023 and 2022 were as follows:

	For the Year Ended December 31	
	2023	2022
Gains on derivative instruments, net	\$ <u>239</u>	\$ <u>19</u>
Other operating income (processing revenue)	\$ <u>25</u>	\$ <u>32</u>

y. 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, 2023 and 2022 were as follows:

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	\$ 194,001	\$ 82,696
Retirement benefits	<u>2,605</u>	<u>2,725</u>
	<u>\$ 196,606</u>	<u>\$ 85,421</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.

28. PLEDGED OR MORTGAGED ASSETS

At the end of each reporting period, the Corporation pledges the following assets as bid bonds to the Central Bank of ROC for bond transactions and as collateral to financial institutions for bank loans, credit lines.

	December 31	
	2023	2022
Restricted demand and time deposits	\$ 167,040	\$ 165,705
Government bonds	10,041	-
Property and equipment, net		
Land	518,421	518,421
Buildings	91,924	95,176
Investment property, net		
Land	474,350	474,350
Buildings	<u>67,227</u>	<u>70,141</u>
	<u>\$ 1,329,003</u>	<u>\$ 1,323,793</u>

29. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

- 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. Chen's 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.
- As of December 31, 2023, the Corporation applied for a guarantee of \$220,000 thousand from financial institutions, which was for the securities lending and borrowing business.

30. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

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

31. 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					
	2023			2022		
	Foreign Currency	Exchange Rate	New Taiwan Dollars	Foreign Currency	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>						
Monetary items						
USD	\$ 39,051	30.7050	\$ 1,199,052	\$ 42,750	30.710	\$ 1,312,859
CNY	118,474	4.3270	512,637	87,888	4.408	387,411
HKD	3,466	3.9290	13,619	42,388	3.938	166,925
JPY	73,661	0.2172	15,999	73,660	0.232	17,119
VND	2,978,600	0.0012	3,574	-	-	-
Non-monetary items						
CNY	11,195	4.3270	48,441	13,296	4.408	58,610
USD	8,050	30.7050	247,162	1,597	30.710	49,041
HKD	-	-	-	9,212	3.938	36,275
<u>Financial liabilities</u>						
Monetary items						
USD	16,048	30.7050	492,760	16,912	30.710	519,354
CNY	-	-	-	21,976	4.408	96,870
HKD	356	3.9290	1,399	480	3.938	1,889

For the years ended December 31, 2023 and 2022, realized and unrealized net foreign exchange gains or losses were loss \$2,020 thousand and gain \$83,897 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.

32. 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.

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

The Corporation have no investment of foreign entity registered as a non-IOSCO MMoU member or without formal permission as a securities or futures firm from an IOSCO MMoU member.

- 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.

34. 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, 2023
(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, 2023			Operating Income of the Investee	Net Profit (Loss) of the Investee	Share of Profit (Loss)	Cash Dividends	Note
						December 31, 2023	December 31, 2022	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	Aug. 5, 2003 No. Tai-Tsai-Cheng (2) 0920135652	Foreign and domestic futures proprietary, brokerage and consulting services	\$ 559,654	\$ 559,654	78,005,571	95.71	\$ 1,329,491	\$ 599,119	\$ 105,299	\$ 100,826	\$ 79,511	Subsidiary
	Con Lian Asset Management Service Co., Ltd.	B2, No. 176, Sec. 1, Keelung Rd., Xinyi District, Taipei City	September 5, 2003		Investment, business management advisory services and asset management services	230,000	230,000	54,900,000	100.00	573,072	-	21,786	21,786	-	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	76,437	26,821	(4,790)	(4,790)	-	Subsidiary
	Concord Insurance Agency Co., Ltd.	10 th 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	16,314	10,730	(3,162)	(3,162)	-	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	575,955	207,692	54,569	25,425	-	Investments of subsidiary accounted for using the equity method

CONCORD SECURITIES CO., LTD.

INVESTMENTS IN MAINLAND CHINA
DECEMBER 31, 2023
(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, 2022 (Note 1)	Investment Flows		Accumulated Outflow of Investment as of December 31, 2023 (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, 2023 (Note 6)	Accumulated Inward Remittance of Earnings as of December 31, 2023
					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.	\$ 3,470,264 (CNY 802,002 thousand)	Others	\$ 51,561 (US\$ 1,579 thousand)	\$ -	\$ -	\$ 51,561 (US\$ 1,579 thousand)	\$ 307,820 (CNY 70,029 thousand)	1.21	\$ -	\$ 75,507	\$ -

2. Upper limit of investment in mainland China:

Accumulated Investment in Mainland China as of December 31, 2023 (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)	\$49,540 (US\$1,613 thousand)	\$833,273

- 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, 2023.
- Note 3: The NTD amount was converted using the average USD buying and selling rates for the year ended December 31, 2023.
- Note 4: The amount was calculated based on 60% of Concord Futures’ net asset value as of December 31, 2023.
- Note 5: The NTD amount was converted using the average CNY buying and selling rates during 2023.
- Note 6: The investment was accounted for as financial assets at FVTOCI and no investment gains or losses were recognized in the current year.

STATEMENT 1**CONCORD SECURITIES CO., LTD.****STATEMENT OF CASH AND CASH EQUIVALENTS****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Item	Description	Amount
Bank deposits		
Checking accounts		\$ 7,713
Demand deposits		679,879
Foreign currency deposits	CNY86,525,413.88 @4.327	374,393
	US\$3,536,800.16 @30.705	108,597
	HK\$1,381,656.41 @3.929	5,429
	JPY73,660,933 @0.2172	15,999
	EUR53.37 @33.98	2
	GBP101.11 @39.15	4
		<u>1,192,016</u>
Cash equivalents		
Time deposits with original maturities within three months	US\$550,000.00 @30.705	16,888
	Interest rate were 5.1%, expires on February 5, 2024	
Excess futures trading margin	NT\$	376,100
	US\$470,549.42 @30.705	14,448
	VND2,978,600,092 @0.0012	3,574
		<u>411,010</u>
		<u>\$ 1,603,026</u>

CONCORD SECURITIES CO., LTD.

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

DECEMBER 31, 2023

(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 Japan Leaders Equity Fund - TWD (A)		5,013	\$ 10.00	\$ 50,130		\$ 50,000	\$ 10.00	\$ 50,126	\$ -	Note 1
Operating securities - proprietary										
Listed shares										
King Slide Works Co., Ltd		432	10.00	4,320		349,668	914.00	394,848	-	
Gold Circuit Electronics Ltd		608	10.00	6,080		116,735	218.00	132,544	-	
Asia Vital Components Co., Ltd.		437	10.00	4,370		117,610	336.50	147,051	-	
Unimicron Technology Corp.		685	10.00	6,850		114,349	176.00	120,560	-	
Jentech Precision Industrial Co., Ltd.		289	10.00	2,890		167,658	769.00	222,230	-	
Alchip Technologies, Limited		30	10.00	300		92,177	3,275.00	98,250	-	
Fositek Corp.		352	10.00	3,520		110,664	382.50	134,640	-	
Century Iron And Steel Industrial Co., Ltd		812	10.00	8,120		145,067	174.50	141,694	-	
Others		-	-	-		420,038	-	444,881	-	Note 2
								1,836,698		
Shares and convertible bonds traded in the OTC market										
Others		-	-	-		5,621,055		5,795,299	-	Note 2
Emerging shares										
Jet Optoelectronics Co., Ltd.		242	10.00	2,423		13,253	53.06	12,855	-	
Meribank Biotech Co., Ltd		839	10.00	8,392		32,580	37.74	31,671	-	
Handa Pharmaceuticals, Inc.		81	10.00	809		12,934	185.31	14,992	-	
Others		-	-	-		171,028	-	171,602	-	Note 2
								231,120		
Beneficiary securities										
Yuanta Daily U.S. Treasury 20+ Year Bond Bull 2X ETF		3,992	10.00	39,920		40,546	10.13	40,439	-	
Cathay U.S. Treasury 20+ Year Daily Leveraged 2X ETF		2,732	10.00	27,320		27,534	10.05	27,457	-	
Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF		6,987	10.00	69,869		147,474	21.80	152,314	-	
CAPITAL ICE ESG 20+ Year BBB Corporate ETF		4,336	10.00	43,360		68,067	16.01	69,419	-	
Others		-	-	-		70,527	-	72,587	-	Note 2
								362,216		
Government bonds										
A09101	2025.01.10	2,000	100.00	200,000	0.500%	198,823	99.40	198,803	-	
A11102	2032.02.18	2,000	100.00	200,000	0.624%	190,859	95.56	191,125	-	
A11107	2032.06.30	1,000	100.00	100,000	1.250%	100,544	100.36	100,358	-	
A11110	2032.10.17	2,000	100.00	200,000	1.750%	209,483	104.49	208,987	-	
A12104	2043.03.03	1,000	100.00	100,000	1.375%	99,946	99.93	99,932	-	

(Continued)

Name of Financial Instrument	Description	Thousand Shares or Units	Par Value (Dollars)	Total Amount	Interest Rate	Acquisition Cost	Fair Value		Fair Value Changes Is Attributable to the Changes in Credit Risk	Note
							Unit Price (Dollars)	Total Amount		
Government bonds										
A12110	2033.10.05	2,000	\$ 100.00	\$ 200,000	1.250%	\$ 200,235	\$ 100.26	\$ 200,522	\$ -	
A12111	2053.11.22	1,000	100.00	100,000	1.750%	98,849	104.04	104,036	-	
Others	-	-	-	-	-	89,887	-	89,852	-	Note 2
							-	1,193,615		
Foreign shares and bonds										
Montage Technology Co., Ltd.	SSE	82	-	-		21,400	254.25	20,916	-	
Coinbase Global	NYSE	5	-	-		14,071	5,340.21	27,796	-	
MicroStrategy	NYSE	1	-	-		14,036	19,393.89	19,898	-	
Micron Technology	NYSE	18	-	-		43,948	2,620.36	46,878	-	
NVIDIA	NYSE	2	-	-		20,688	15,205.73	25,257	-	
Tesla	NYSE	3	-	-		22,774	7,629.58	23,598	-	
Others	-	-	-	-		113,249	-	129,709	-	Note 2
								294,052		
								9,713,000		
Operating securities - underwriting										
Listed shares										
Uniflex Technology Inc.		120	10.00	1,200		1,320	14.70	1,764	-	
Shares and convertible bonds traded in the OTC market										
Sun Race SturmeY-Archer Inc. (15261)		50	100.00	5,000		5,190	97.95	4,898	-	
Shin Kong Financial Holding Co., Ltd. (28887)		200	100.00	20,000		20,000	103.80	20,760	-	
Yulon Finance Corporation (99412)		65	100.00	6,500		6,565	101.70	6,610	-	
								32,268		
								34,032		
Operating securities - hedging										
Listed shares, beneficiary certificates and warrants										
Hon Hai Precision Ind. Co., Ltd.		308	10.00	3,080		31,922	104.50	32,186	-	
Taiwan Semiconductor Manufacturing Co., Ltd.		77	10.00	770		44,220	593.00	45,661	-	
LARGAN Precision Co., Ltd		16	10.00	160		43,483	2,870.00	45,920	-	
Others	-	-	-	-		357,376		361,029	-	Note 2
								484,796		
Shares, warrants, and convertible bonds traded in the OTC market										
Medigen Vaccine Biologics Corporation (65471)		330	100.00	33,000		30,883	98.35	32,456	-	
Others	-	-	-	-		501,194	-	503,238	-	Note 2
								535,694		
								1,020,490		
Futures margin - own funds								42,754		Note 2
Derivative assets - OTC								264,223		Note 2
								\$ 11,124,625		

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, 2023
(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	
Government bonds										
HB0802	Repayment on 2024.06.14	-	\$ -	\$ -	0.70%	<u>\$ 300,000</u>	<u>\$ -</u>	\$ -	<u>\$ 299,410</u>	
Corporate bonds										
B84305	Repayment on 2024.12. 25	-	-	-	0.90%	100,000	105	-	99,279	
B95120	Repayment on 2024.05.09	-	-	-	0.98%	<u>100,000</u>	<u>106</u>	-	<u>99,782</u>	
						<u>200,000</u>	<u>211</u>		<u>199,061</u>	
						<u>\$ 500,000</u>	<u>\$ 211</u>		<u>\$ 498,471</u>	

CONCORD SECURITIES CO., LTD.**STATEMENT OF MARGIN LOANS RECEIVABLE****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Name of Security	Shares (In Thousand)	Amount	Note
Others (Note)		\$ 6,534,212	
Less: Allowance for impairment loss		<u>(994)</u>	
		<u>\$ 6,533,218</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, 2023****(In Thousands of New Taiwan Dollars)**

Client Name	Description	Amount	Note
Non-related parties			
Brokerage customers	Mainly for settlement, brokerage handling fee and financing interest	\$ 5,722,752	
Taipei Exchange	Mainly for settlement	88,121	
Taiwan Stock Exchange	Mainly for settlement	378,076	
Others		7,838	
Less: Allowance for impairment loss		<u>(313)</u>	
		6,146,474	
Related parties			
Subsidiaries	Mainly including futures commission income	<u>2,154</u>	
		<u>\$ 6,148,628</u>	

CONCORD SECURITIES CO., LTD.**STATEMENT OF PREPAYMENTS****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Client Name	Description	Amount	Note
Others (Note)	Insurance, information service fees, maintenance fees and other items	<u>\$ 7,364</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, 2023****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Item	Description	Amount	Note
Non-related parties			
Default receivable		\$ 88,318	
Rents receivable	Rents receivable	6,092	
Others	Mainly including interest receivable and rewards of the transaction tax	1,167	
Less: Allowance for impairment loss		<u>(86,194)</u>	
		9,383	
Related parties			
Subsidiaries	Mainly including management service fee receivable	<u>312</u>	
		<u>\$ 9,695</u>	

CONCORD SECURITIES CO., LTD.**STATEMENT OF OTHER CURRENT ASSETS****DECEMBER 31, 2023****(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	\$ 116,359	
Cash and cash equivalents - receipts under custody	Cash and cash equivalents - receipts under custody from customers security subscription and exercise of warrant	87,977	
Others		<u>529</u>	
		<u>\$ 204,865</u>	

CONCORD SECURITIES CO., LTD.

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Name of Financial Instrument	Balance at January 1, 2023		Increase		Decrease		Balance at December 31, 2023		Collateral	Note
	Shares (In Thousand) or Units	Fair Value	Shares (In Thousand) or Units	Amount	Shares (In Thousand) or Units	Amount	Shares (In Thousand) or Units	Fair Value		
Government bonds A11108	-	\$ -	100	\$ 10,041	-	\$ -	100	\$ 10,041	Note	

Note: The Corporation pledges the government bonds as collateral to the Central Bank for bond transactions.

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	2,217	\$ 216,475	288	\$ 1,191	-	\$ -	2,505	\$ 217,666	Not applicable	Nil	Note 2
Taiwan Futures Exchange	1,912	164,332	268	-	-	(2,432)	2,180	161,900	Not applicable	Nil	Note 2
Taiwan Depository & Clearing Corporation	1,422	119,247	171	8,241	-	-	1,593	127,488	Not applicable	Nil	Note 2
Asia Pacific Emerging Industry Venture Capital Co., Ltd.	1,754	<u>12,317</u>	-	<u>12,485</u>	(351)	<u>(3,509)</u>	1,403	<u>21,293</u>	Not applicable	Nil	Note 2
		<u>512,371</u>		<u>21,917</u>		<u>(5,941)</u>		<u>528,347</u>			
Bonds											
FORCAY 3.375 04/22/25	-	128,593	-	3,500	-	-	-	132,093	\$ 142	Nil	
HONHAI 3 09/23/26 Corp	-	197,418	-	5,870	-	-	-	203,288	64	Nil	
Others	-	<u>2,343,577</u>	-	<u>-</u>	-	<u>(234,968)</u>	-	<u>2,108,609</u>	<u>1,334</u>	Nil	Note 1
		<u>2,669,588</u>		<u>9,370</u>		<u>(234,968)</u>		<u>2,443,990</u>	<u>1,540</u>		
		<u>\$ 3,181,959</u>		<u>\$ 31,287</u>		<u>\$ (240,909)</u>		<u>\$ 2,972,337</u>	<u>\$ 1,540</u>		

Note 1: The amount of the financial instrument does not exceed 5% of each account balance. Therefore, no further details were disclosed.

Note 2: For financial assets invested in equity instruments measured at fair value through other comprehensive income, the column of accumulated impairment is not applicable.

CONCORD SECURITIES CO., LTD.

**STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Investee	Balance at January 1, 2023		Increase		Decrease		Balance at December 31, 2023			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	\$ 1,327,025	-	\$ 100,826	-	\$ (98,360)	78,005,571	95.71	\$ 1,329,491	\$17.04	\$ 1,329,242	Nil	Note 1
Con Lian Asset Management Service Co., Ltd. (Con Lian AMC)	54,900,000	547,497	-	25,575	-	-	54,900,000	100.00	573,072	10.44	573,072	Nil	Note 2
Concord Capital Management Corp. (Concord Capital Management)	7,000,000	82,553	-	-	-	(6,116)	7,000,000	100.00	76,437	10.92	76,437	Nil	Note 3
Concord Insurance Agency Co., Ltd. (Concord Insurance)	2,500,000	<u>19,476</u>	-	<u>-</u>	-	<u>(3,162)</u>	2,500,000	100.00	<u>16,314</u>	6.53	<u>16,314</u>	Nil	Note 4
		<u>\$ 1,976,551</u>		<u>\$ 126,401</u>		<u>\$ (107,638)</u>			<u>\$ 1,995,314</u>		<u>\$ 1,995,065</u>		

Note 1: The increase is due to gains on investments accounted for using the equity method that amounted to \$100,826 thousand. The decrease is due to distribution of cash dividends that amounted to \$79,511 thousand, unrealized losses on investments in equity instruments at fair value through other comprehensive income that amounted to \$18,052 thousand and losses on remeasurement of defined benefit plans that amounted to \$797 thousand.

Note 2: The increase is due to gains on investments accounted for using the equity method that amounted to \$21,786 thousand and unrealized gains on investments in equity instruments at fair value through other comprehensive income that amounted to \$3,789 thousand.

Note 3: The decrease is due to losses on investments accounted for using the equity method that amounted to \$4,790 thousand and unrealized losses on investments in equity instruments at fair value through other comprehensive income that amounted to \$1,326 thousand.

Note 4: The decrease is due to losses on investments accounted for using the equity method that amounted to \$3,162 thousand.

CONCORD SECURITIES CO., LTD.
STATEMENT OF CHANGES IN PROPERTY AND EQUIPMENT
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Balance at January 1, 2023	Additions	Reductions	Reclassifi- cations	Balance at December 31, 2023	Collateral	Note
Cost							
Land	\$ 604,181	\$ -	\$ -	\$ (54)	\$ 604,127	Note	
Buildings	230,408	-	-	(37)	230,371	Note	
Equipment	86,046	31,856	(4,132)	-	113,770		
Leasehold improvements	<u>30,249</u>	<u>2,736</u>	<u>(9,590)</u>	<u>-</u>	<u>23,395</u>		
	<u>\$ 950,884</u>	<u>\$ 34,592</u>	<u>\$ (13,722)</u>	<u>\$ (91)</u>	<u>\$ 971,663</u>		

Note: Property and equipment pledged with banks as collateral for loans amounted to \$610,345 thousand.

CONCORD SECURITIES CO., LTD.
**STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION OF PROPERTY AND EQUIPMENT
FOR THE YEAR ENDED DECEMBER 31, 2023**
(In Thousands of New Taiwan Dollars)

Item	Balance at January 1, 2023	Additions	Reductions	Reclassifi- cations	Balance at December 31, 2023	Note
Accumulated depreciation						
Buildings	\$ 102,973	\$ 4,089	\$ -	\$ (20)	\$ 107,042	Note
Equipment	25,252	21,442	(4,132)	-	42,562	Note
Leasehold improvements	<u>15,357</u>	<u>5,379</u>	<u>(9,590)</u>	<u>-</u>	<u>11,146</u>	Note
	<u>\$ 143,582</u>	<u>\$ 30,910</u>	<u>\$ (13,722)</u>	<u>\$ (20)</u>	<u>\$ 160,750</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, 2023**
(In Thousands of New Taiwan Dollars)

Item	Balance at January 1, 2023	Additions	Reductions	Reclassifi- cations	Balance at December 31, 2023	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, 2023
 (In Thousands of New Taiwan Dollars)

Item	Balance at January 1, 2023	Additions	Reductions	Balance at December 31, 2023	Note
Cost					
Buildings	\$ 160,279	\$ 33,554	\$ (26,466)	\$ 167,367	
Equipment	<u>7,716</u>	<u>911</u>	<u>(672)</u>	<u>7,955</u>	
	<u>\$ 167,995</u>	<u>\$ 34,465</u>	<u>\$ (27,138)</u>	<u>\$ 175,322</u>	

CONCORD SECURITIES CO., LTD.

**STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION OF RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023**
(In Thousands of New Taiwan Dollars)

Item	Balance at January 1, 2023	Additions	Reductions	Balance at December 31, 2023	Note
Accumulated depreciation					
Buildings	\$ 55,875	\$ 46,595	\$ (26,466)	\$ 76,004	Note
Equipment	<u>3,947</u>	<u>2,237</u>	<u>(672)</u>	<u>5,512</u>	Note
	<u>\$ 59,822</u>	<u>\$ 48,832</u>	<u>\$ (27,138)</u>	<u>\$ 81,516</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, 2023
 (In Thousands of New Taiwan Dollars)

Item	Balance at January 1, 2023		Additions		Reductions		Reclassifications		Balance at December 31, 2023		Note
	Book Value	Fair Value	Book Value	Fair Value	Book Value	Fair Value	Book Value	Fair Value	Book Value	Fair Value	
Cost											
Land	\$ 479,790	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 54	\$ -	\$ 479,844	\$ -	Note
Buildings	<u>179,565</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37</u>	<u>-</u>	<u>179,602</u>	<u>-</u>	Note
	<u>\$ 659,355</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 91</u>	<u>\$ -</u>	<u>\$ 659,446</u>	<u>\$ -</u>	

Note: Investment properties pledged with banks as collateral for loans amounted to \$541,577 thousand.

CONCORD SECURITIES CO., LTD.
**STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION OF INVESTMENT PROPERTY
FOR THE YEAR ENDED DECEMBER 31, 2023**
(In Thousands of New Taiwan Dollars)

Item	Balance at January 1, 2023	Additions	Reductions	Reclassifi- cations	Balance at December 31, 2023	Note
Accumulated depreciation						
Buildings	<u>\$ 99,625</u>	<u>\$ 3,193</u>	<u>\$ -</u>	<u>\$ 20</u>	<u>\$ 102,838</u>	Note

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

CONCORD SECURITIES CO., LTD.

**STATEMENT OF CHANGES IN ACCUMULATED IMPAIRMENT OF INVESTMENT PROPERTY
FOR THE YEAR ENDED DECEMBER 31, 2023**
(In Thousands of New Taiwan Dollars)

Item	Balance at January 1, 2023	Additions	Reductions	Reclassifi- cations	Balance at December 31, 2023	Note
Accumulated impairment Buildings	\$ 661	\$ -	\$ -	\$ -	\$ 661	

CONCORD SECURITIES CO., LTD.**STATEMENT OF DEFERRED TAX ASSETS****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Item	Description	Amount	Note
Defined benefit plan		\$ 16,539	
Unrealized exchange losses		10,615	
Losses on derivative financial instruments		4,552	
Payables for annual leave		4,366	
Others		<u>55</u>	
		<u>\$ 36,127</u>	

CONCORD SECURITIES CO., LTD.**STATEMENT OF OTHER NON-CURRENT ASSETS****DECEMBER 31, 2023****(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	132,264	
Refundable deposits	Performance bond for structured instruments at the Taipei Exchange and lease security deposits	152,907	
Prepayments for equipment	Prepayments for equipment	6,511	
Deferred expense	Waterproofing works of buildings fee and other expense	<u>1,109</u>	
		<u>\$ 622,791</u>	

CONCORD SECURITIES CO., LTD.

STATEMENT OF SHORT-TERM BORROWINGS
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Type	Description	Balance at December 31, 2023	Contract Term	Interest Rate	Loan Commitment	Collateral	Note
Secured borrowings							
Mega Bank	Bank borrowings	\$ 120,000	2023.12.12-2024.02.16	1.850%	\$ 300,000	Property and demand deposits	
Cathay United Bank	Bank borrowings	30,000	2023.12.27-2024.01.08	1.780%	1,200,000	Property and demand deposits	
Chang Hwa Bank	Bank borrowings	20,000	2023.12.27-2024.01.10	2.260%	120,000	Demand deposits	
Bank of Taiwan	Bank borrowings	<u>100,000</u>	2023.12.20-2024.02.19	2.025%	<u>300,000</u>	Demand deposits	
		<u>270,000</u>			<u>1,920,000</u>		
Unsecured borrowings							
E.SUN Commercial Bank	Bank borrowings	305,000	2023.12.11-2024.01.12	1.890%	700,000	Nil	
Yuanta Commercial Bank	Bank borrowings	175,000	2023.12.13-2024.01.05	1.750%	600,000	Nil	
KGI Bank Co., Ltd.	Bank borrowings	<u>50,000</u>	2023.10.18-2024.01.11	1.950%	<u>300,000</u>	Nil	
		<u>530,000</u>			<u>1,600,000</u>		
		<u>\$ 800,000</u>			<u>\$ 3,520,000</u>		

CONCORD SECURITIES CO., LTD.**STATEMENT OF COMMERCIAL PAPER PAYABLE****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Name of Guarantee Agency	Balance at December 31, 2023	Contract Term	Interest Rate	Collateral
China Bills Finance Corporation	\$ 1,430,000	2023.09.14-2024.03.04	1.50%-1.57%	Nil
Ta Ching Bills Finance Corporation	810,000	2023.10.05-2024.03.12	1.52%-1.64%	Nil
International Bills Finance Corporation	450,000	2023.09.13-2024.03.05	1.58%-1.60%	Nil
CTBC Bank Co., Ltd.	700,000	2023.10.13-2024.01.22	1.50%-1.62%	Nil
Mega Bills Finance Co., Ltd.	840,000	2023.11.22-2024.01.24	1.55%-1.60%	Nil
Union Bank Of Taiwan	650,000	2023.09.15-2024.03.08	1.52%-1.56%	Nil
Taiwan Cooperative Bills Finance Corporation	530,000	2023.11.23-2024.02.16	1.62%-1.69%	Nil
KGI Bank Co., Ltd.	300,000	2023.10.04-2024.01.04	1.52%	Nil
Taishin International Bank Co., Ltd.	<u>60,000</u>	2023.12.07-2024.01.03	1.54%	Nil
	5,770,000			
Less: Discount on commercial paper payable	<u>(8,027)</u>			
	<u>\$ 5,761,973</u>			

CONCORD SECURITIES CO., LTD.

STATEMENT OF FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT
DECEMBER 31, 2023

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

Name of Financial Instrument	Description	Shares (In Thousands or Units)	Par Value (Dollars)	Total Amount	Interest Rate	Fair Value		Fair Value Changes Is Attributable to the Changes in Credit Risk	Note
						Unit Price (Dollars)	Total Amount		
Liabilities on sale of borrowed securities - hedging									
Shares and beneficiary certificate									
Yuanta Taiwan Dividend Plus ETF		486	\$ 10.00	\$ 4,860		\$ 37.40	\$ 18,176	\$ -	Note 1
Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF		580	10.00	5,800		21.80	12,644	-	Note 1
Asia Vital Components Co., Ltd.		18	10.00	180		336.50	6,057	-	Note 1
Genius Electronic Optical Co., Ltd.		22	10.00	220		420.50	9,251	-	Note 1
Others		-	-	-		-	49,725	-	Notes 1 and 2
							95,853		
Liabilities on sale of borrowed securities - non-hedging									
Beneficiary certificate									
Yuanta Daily U.S. Treasury 20+ Year Bond Bull 2X ETF		3,992	10.00	39,920		10.13	40,439	-	
Cathay US Treasury 20+ YR Lev 2X ETF		2,732	10.00	27,320		10.05	27,457	-	
Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF		3,500	10.00	35,000		21.80	76,300	-	
Fubon FTSE Vietnam ETF		1,200	10.00	12,000		11.76	14,112	-	
Yuanta U.S. Treasury 20+ Year Bond ETF		1,027	10.00	10,270		30.85	31,683	-	
Capital ICE ESG 20+ Year BBB Corporate ETF		3,622	10.00	36,220		16.01	57,988	-	
Other		-	-	-		-	5,180	-	Notes 2
							253,159		
Put options - TAIFEX							405		Note 2
Warrants liabilities							1,056,815		Note 2
Warrants redeemed							(1,017,002)		Note 2
Derivative liabilities - OTC							1,179,440		Note 2
Structured instruments							415,640		Note 2
							\$ 1,984,310		

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, 2023
(In Thousands of New Taiwan Dollars)

Name of Security	Contract Terms			Amount		Turnover	Note
	Start Date	Maturity Date	Interest Rate	Type	Par Value		
HB0802	2023.12.15	2024.01.12	0.95%-1.40%	Government bonds	\$ 296,400	\$ 296,803	
Others (Note)					<u>4,892,033</u>	<u>4,869,978</u>	
					<u>\$ 5,188,433</u>	<u>\$ 5,166,781</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, 2023****(In Thousands of New Taiwan Dollars)**

Name of Security	Shares (In Thousands)	Amount	Note
Acer Incorporated	626	\$ 29,525	
Vanguard International Semiconductor Co.	196	14,206	
Others (Note)		<u>228,700</u>	
		<u>\$ 272,431</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, 2023****(In Thousands of New Taiwan Dollars)**

Name of Security	Shares (In Thousands)	Amount	Note
Acer Incorporated	626	\$ 32,663	
Vanguard International Semiconductor Co.	196	15,720	
Others (Note)		<u>254,096</u>	
		<u>\$ 302,479</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, 2023****(In Thousands of New Taiwan Dollars)**

Client Name	Description	Amount	Note
Non-related parties			
Brokerage customers	Mainly for settlement	\$ 5,720,537	
Taipei Exchange	Mainly for settlement	14,830	
Taiwan Stock Exchange	Mainly for settlement	16,346	
Others		<u>9,020</u>	
		5,760,733	
Related parties			
Subsidiaries	Securities commission fee	<u>520</u>	
		<u>\$ 5,761,253</u>	

CONCORD SECURITIES CO., LTD.**STATEMENT OF OTHER PAYABLES****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Item	Description	Amount
Non-related parties		
Accrued expenses		
Salary and bonus	Salaries and bonuses payable	\$ 321,966
Compensation of employees and remuneration of directors	Compensation of employees and remuneration of directors payable	83,208
Others (Note)		<u>54,356</u>
		459,530
Related parties		
Subsidiaries	Consultancy fee payable	<u>1,050</u>
		<u>\$ 460,580</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, 2023****(In Thousands of New Taiwan Dollars)**

Item	Description	Lease Term	Discount Rate	Balance at December 31, 2023	Note
Buildings	Business offices	2 to 5 years	0.532%-1.826%	\$ 89,065	
Equipment	Recording equipment and vehicle	3 to 5 years	0.521%-1.792%	2,162	
Less: Due within one year				<u>(46,384)</u>	
				<u>\$ 44,843</u>	

CONCORD SECURITIES CO., LTD.**STATEMENT OF PROVISIONS - CURRENT****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Item	Description	Amount	Note
Employee benefits liabilities provisions	Estimated paid leave compensation when employees rendered services	<u>\$ 21,832</u>	

CONCORD SECURITIES CO., LTD.**STATEMENT OF OTHER CURRENT LIABILITIES****DECEMBER 31, 2023****(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	\$ 113,703	
Others		<u>800</u>	
		<u>\$ 114,503</u>	

CONCORD SECURITIES CO., LTD.

STATEMENT OF FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS - NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Name	Balance at January 1, 2023		Increase		Decrease		Balance at December 31, 2023		Collateral	Note
	Shares or Units	Fair Value	Shares or Units	Amount	Shares or Units	Amount	Shares or Units	Fair Value		
Financial liabilities designated as at FVTPL										
Structured instruments	-	<u>\$ 913,241</u>	-	<u>\$ 1,292,035</u>	-	<u>\$ (1,027,300)</u>	-	<u>\$ 1,177,976</u>	Nil	

CONCORD SECURITIES CO., LTD.**STATEMENT OF PROVISIONS - NON-CURRENT****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Item	Description	Amount	Note
Provisions - non-current	Lease restoration costs	<u>\$ 15,083</u>	

CONCORD SECURITIES CO., LTD.**STATEMENT OF DEFERRED TAX LIABILITIES****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Item	Description	Amount	Note
Difference between tax reporting and financial reporting - payables for pension		\$ 12,307	
Valuation gains on foreign operating securities		<u>8,605</u>	
		<u>\$ 20,912</u>	

CONCORD SECURITIES CO., LTD.**STATEMENT OF OTHER NON-CURRENT LIABILITIES****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Item	Description	Amount	Note
Net defined benefit liabilities - non-current		\$ 21,160	
Guarantee deposits received	Mainly including lease security deposits	<u>3,812</u>	
		<u>\$ 24,972</u>	

CONCORD SECURITIES CO., LTD.

STATEMENT OF BROKERAGE HANDLING FEE REVENUE
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (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	\$ 24,213	\$ 8,050	\$ 202	\$ 2,047	\$ 34,512	
February	44,649	15,409	260	5,656	65,974	
March	60,533	20,230	376	6,572	87,711	
April	42,923	15,222	373	4,805	63,323	
May	60,053	18,284	414	5,889	84,640	
June	66,358	19,609	361	4,238	90,566	
July	88,065	24,702	695	3,595	117,057	
August	74,440	18,499	609	4,210	97,758	
September	52,477	15,983	468	2,399	71,327	
October	50,796	15,766	519	2,448	69,529	
November	66,656	20,006	485	2,512	89,659	
December	<u>66,780</u>	<u>20,240</u>	<u>389</u>	<u>3,135</u>	<u>90,544</u>	
	<u>\$ 697,943</u>	<u>\$ 212,000</u>	<u>\$ 5,151</u>	<u>\$ 47,506</u>	<u>\$ 962,600</u>	

CONCORD SECURITIES CO., LTD.

STATEMENT OF REVENUE FROM UNDERWRITING COMMISSION
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (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	\$ -	\$ 24	\$ 275	\$ 40	\$ 339	
February	801	4,725	905	1,040	7,471	
March	98	724	225	90	1,137	
April	163	128	295	1,590	2,176	
May	3,286	7,874	195	610	11,965	
June	114	502	255	120	991	
July	78	451	375	170	1,074	
August	233	323	225	120	901	
September	1,485	973	225	300	2,983	
October	111	219	285	100	715	
November	80	666	1,315	170	2,231	
December	<u>84</u>	<u>391</u>	<u>255</u>	<u>320</u>	<u>1,050</u>	
	<u>\$ 6,533</u>	<u>\$ 17,000</u>	<u>\$ 4,830</u>	<u>\$ 4,670</u>	<u>\$ 33,033</u>	

CONCORD SECURITIES CO., LTD.

STATEMENT OF GAINS (LOSSES) ON SALE OF SECURITIES
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (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	\$ 6,675,686	\$ 5,896,329	\$ 779,357	
Others	10,374,555	10,306,528	68,027	
OTC market:				
Stocks	10,638,457	10,457,781	180,676	
Bonds	42,071,043	41,803,286	267,757	
Others	864,608	865,658	(1,050)	
Foreign market:	<u>3,971,305</u>	<u>3,834,608</u>	<u>136,697</u>	
	<u>\$ 74,595,654</u>	<u>\$ 73,164,190</u>	<u>\$ 1,431,464</u>	
Underwriting				
TSE market:				
Stocks	\$ 11,465	\$ 9,926	\$ 1,539	
OTC market:				
Stocks	35,912	28,006	7,906	
Bonds	<u>122,962</u>	<u>117,804</u>	<u>5,158</u>	
	<u>\$ 170,339</u>	<u>\$ 155,736</u>	<u>\$ 14,603</u>	
Hedging				
TSE market:				
Stocks	\$ 39,006,368	\$ 40,153,027	\$ (1,146,659)	
OTC market:				
Stocks	4,970,402	4,993,442	(23,040)	
Bonds	<u>1,498,072</u>	<u>1,477,108</u>	<u>20,964</u>	
	<u>\$ 45,474,842</u>	<u>\$ 46,623,577</u>	<u>\$ (1,148,735)</u>	

CONCORD SECURITIES CO., LTD.**STATEMENT OF INTEREST INCOME
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Item	Description	Amount	Note
Financing interest	Brokerage financing interest	\$ 251,088	
Bond interest	Mainly including bond interest from the proprietary business	83,642	
Others		<u>15,363</u>	
		<u>\$ 350,093</u>	

CONCORD SECURITIES CO., LTD.**STATEMENT OF FINANCE COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Item	Description	Amount	Note
Interest of commercial paper payable	Interest of short-term commercial paper payable	\$ 106,592	
Interest of liabilities for bonds with attached repurchase agreements	Interest of liabilities for bonds with attached repurchase agreements	86,266	
Loan interest	Interest expense of short-term borrowings	10,756	
Others		<u>3,975</u>	
		<u>\$ 207,589</u>	

CONCORD SECURITIES CO., LTD.

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

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

Item	2023	2022
Employee benefit expenses (Notes 1 and 2)		
Salary and bonus	\$ 886,092	\$ 579,981
Labor and health insurance	58,164	64,410
Pension	32,104	36,770
Remuneration of directors	87,370	25,037
Others	<u>29,142</u>	<u>29,899</u>
	<u>\$ 1,092,872</u>	<u>\$ 736,097</u>
Depreciation expenses	<u>\$ 82,935</u>	<u>\$ 72,666</u>
Amortization expenses	<u>\$ 9,713</u>	<u>\$ 6,653</u>
Other operating expenses		
Taxes	\$ 214,093	\$ 212,797
Information technology expenses	44,414	43,219
Securities borrowing fees	43,484	37,750
Professional service fees	34,742	29,679
Custody fees	30,350	27,340
Postage expenses	25,210	25,229
Others (Note 3)	<u>113,204</u>	<u>117,235</u>
	<u>\$ 505,497</u>	<u>\$ 493,249</u>

Note 1: For the current year and the previous year, the average number of employees was 663 and 672, respectively, out of which 11 were non-employee directors.

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

- a. Average employee benefit expense was \$1,542 thousand for the current year. Average employee benefit expense was \$1,076 thousand for the previous year.
- b. Average salary and bonus was \$1,359 thousand for the current year. Average salary and bonus was \$877 thousand for the previous year.
- c. The average salary and bonus increased by 55.0% 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, 2023 and 2022 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 3% of the above profit distributable as employees' compensation, which may be distributed in the form of shares or in cash by a resolution to be adopted by the board of directors. The employees entitled to receive shares or cash include the employees of parents or subsidiaries of the Corporation meeting certain specific requirements. To participate in the distribution of employees' compensation in accordance with the Corporation's regulations for distribution of employees' compensation and with reference to the time spent and responsibilities, job performance and contribution as well as performance achievement status in each position.

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

(Continued)

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

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

(Concluded)

CONCORD SECURITIES CO., LTD.

**Other Disclosures in Financial Reports and
Review Report for the Year Ended December 31, 2023**

REVIEW REPORT OF OTHER DISCLOSURES IN FINANCIAL REPORTS

The board of directors and the Shareholders
Concord Securities Co., Ltd.

We have audited the accompanying parent company only financial statements of Concord Securities Co., Ltd. (the “Corporation”) for the year ended December 31, 2023. We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standard on Auditing of the Republic of China, and we have issued the auditors’ report on February 27, 2024. 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, 2023 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, 2023 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 Cheng-Hsiu Chang and Pi-Yu Chuang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 27, 2024

CONCORD SECURITIES CO., LTD.

OTHER DISCLOSURES IN FINANCIAL REPORTS FOR THE YEAR ENDED DECEMBER 31, 2023

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) 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.

b) 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.

In addition, Concord Cayman obtained approval for liquidation on November 30, 2020 based on letter No. 1090373948 issued by the FSC.

c) 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.

d) 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.

e) 2023

None.

- 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)		The Corporation				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 (Note 7)						Cash	Stock	Cash	Stock
	Zhong Yang Investment Co., Ltd.	1,210	1,210	-	-	27,549	27,549	35	35	28,794	2.88%	28,794	2.88%	-	-	-	-	-	-	-	-	28,794	2.88%	28,794	2.88%	None				
Chairperson	Representative: CHENG, TA-YU	18,329	18,609	-	-	-	-	1,867	1,879	20,196	2.02%	20,488	2.05%	-	-	-	-	-	-	-	-	20,196	2.02%	20,488	2.05%	None				
Director	Representative: LEE, CHIN-SHEN	8,575	8,647	-	-	27,548	27,548	235	243	36,358	3.64%	36,438	3.64%	-	-	-	-	-	-	-	-	36,358	3.64%	36,438	3.64%	None				
Director	Representative: CHANG, JINNDER																													
Corporate Director	Tai Ming Development Co., Ltd.																													
	Representative: LI, CHUANG-YUAN																													
	Yuan Lung Construction and Development Co., Ltd.																													
Director	Representative: MA, PEI-CHUN																													
	Sky Corp.																													
Director	Representative: CHEN, QIONG-LING																													
	Te Yeh Investment Co., Ltd.																													
Director	Representative: YANG, MING-WANG																													
	Jia Yi Corp.																													
Director	Representative: TSAI, SUNG-PO	3,600	3,648	-	-	-	-	289	293	3,889	0.39%	3,941	0.39%	-	-	-	-	-	-	-	-	3,889	0.39%	3,941	0.39%	None				
Independent Director	CHANG, YAO-REN																													
Independent Director	HUANG, TIEN-CHANG (Note 12)																													
Independent Director	HUANG, HSIU-HUI																													
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.																														

The table of remuneration range

Range of Remuneration to Directors of the Corporation	Directors			
	Sum of Foregoing Four Items (A+B+C+D)		Sum of Foregoing Seven Items (A+B+C+D+E+F+G)	
	The Corporation (Note 8)	All Companies Listed in the Financial Reports (Note 9) H	The Corporation (Note 8)	All Companies Listed in the Financial Reports (Note 9) I
Less than NT\$1,000,000	YANG, MING-WANG; MA, PEI-CHUN; HUANG, TIEN-CHANG	YANG, MING-WANG; MA, PEI-CHUN; HUANG, TIEN-CHANG	YANG, MING-WANG; MA, PEI-CHUN; HUANG, TIEN-CHANG	YANG, MING-WANG; MA, PEI-CHUN; HUANG, TIEN-CHANG
NT\$1,000,000 (inclusive) - NT\$2,000,000 (exclusive)	LEE, CHIN-SHEN; CHANG, JINN-DER; LI, CHUANG-YUAN; CHEN, QIONG-LING; TSAI, SUNG-PO; CHANG, YAO-REN; HUANG, HSIU-HUI	LEE, CHIN-SHEN; CHANG, JINN-DER; LI, CHUANG-YUAN; CHEN, QIONG-LING; TSAI, SUNG-PO; CHANG, YAO-REN; HUANG, HSIU-HUI	LEE, CHIN-SHEN; CHANG, JINN-DER; LI, CHUANG-YUAN; CHEN, QIONG-LING; TSAI, SUNG-PO; CHANG, YAO-REN; HUANG, HSIU-HUI	LEE, CHIN-SHEN; CHANG, JINN-DER; LI, CHUANG-YUAN; CHEN, QIONG-LING; TSAI, SUNG-PO; CHANG, YAO-REN; HUANG, HSIU-HUI
NT\$2,000,000 (inclusive) - NT\$3,500,000 (exclusive)	-	-	-	-
NT\$3,500,000 (inclusive) - NT\$5,000,000 (exclusive)	-	-	-	-
NT\$5,000,000 (inclusive) - NT\$10,000,000 (exclusive)	Tai Ming Development Co., Ltd.; Yuan Lung Construction and Development Co., Ltd.; Sky Corp.; Te Yeh Investment Co., Ltd.; Jia Yi Corp.	Tai Ming Development Co., Ltd.; Yuan Lung Construction and Development Co., Ltd.; Sky Corp.; Te Yeh Investment Co., Ltd.; Jia Yi Corp.	Tai Ming Development Co., Ltd.; Yuan Lung Construction and Development Co., Ltd.; Sky Corp.; Te Yeh Investment Co., Ltd.; Jia Yi Corp.	Tai Ming Development Co., Ltd.; Yuan Lung Construction and Development Co., Ltd.; Sky Corp.; Te Yeh Investment Co., Ltd.; Jia Yi Corp.
NT\$10,000,000 (inclusive) - NT\$15,000,000 (exclusive)	-	-	-	-
NT\$15,000,000 (inclusive) - NT\$30,000,000 (exclusive)	CHENG, TA-YU; Zhong Yang Investment Co., Ltd.	CHENG, TA-YU; Zhong Yang Investment Co., Ltd.	CHENG, TA-YU; Zhong Yang Investment Co., Ltd.	CHENG, TA-YU; Zhong Yang Investment Co., Ltd.
NT\$30,000,000 (inclusive) - NT\$50,000,000 (exclusive)	-	-	-	-
NT\$50,000,000 (inclusive)-NT\$100,000,000 (exclusive)	-	-	-	-
More than NT\$100,000,000	-	-	-	-
Total	17	17	17	17

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 (including 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 to the remuneration approved by the board of directors for an employee over the latest year; this should be disclosed in case a Director is employed concurrently (including adjunct President, Vice President, other managers and employees); if it is difficult to predict, the amount planned for this year is calculated pursuant to the proportional actual paid last year (if it has not been approved by the board of directors, please fill out CPA audited amount of accounts).
- Note 7: The lump sum of various remunerations of all companies listed in the consolidated financial statements (including the Corporation) was paid to the Directors of the Corporation.
- Note 8: The Corporation has paid a total amount of various remunerations to the Directors by the scale to which they belonged, and their names were disclosed.
- Note 9: The lump sum of remuneration of all companies listed in the consolidated financial statements (including the Corporation) was paid to every director with various remunerations, and the names of the Directors were disclosed by the scale to which they belonged.
- 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 (including 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: Independent Director HUANG, TIEN-CHANG resigned office on August 18, 2023.
- Note 13: NT\$1,093 thousand paid as compensation to the driver of the chairperson, without accounting in remuneration.
- Note 14: The compensation of professional practice paid to the chairperson, including the rental of the vehicle, fuel and other related payment, totaled \$1,867 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 9)
		The Corporation	All Companies Listed in the Consolidated Financial Reports (Note 5)	The Corporation	All Companies Listed in the Consolidated Financial Reports (Note 5)	The Corporation	All Companies Listed in the Consolidated Financial Reports (Note 5)	The Corporation		All Companies Listed in the Consolidated Financial Reports (Note 5)		The Corporation		All Companies Listed in the Consolidated Financial Reports		
								Cash	Stock	Cash	Stock					
President	CHIU, JUNG-CHEN	37,908	37,908	1,399	1,399	67,366	68,040	4,646	-	4,646	-	111,319	11.13%	111,993	11.20%	None
Senior Executive Vice President	KANG, CHING-TAI															
Senior Executive Vice President	LIAO, CHI-HUNG															
Senior Executive Vice President	TSENG, LI-KUO															
Senior Executive Vice President	CHEN, CHIH-HAO															
Senior Executive Vice President	CHANG, JYH-CHIAN															
Senior Vice President	CHIU, CHAO-SHAN (Note 12)															
Vice President	SHIH, SHU-CHEN															
Vice President	WANG, HSIU-CHING															
Vice President	LEU, SUH-LING															
Vice President	LIU, PI-YIN (Note 11)															
Vice President	YEN, CHIH-LUNG															
Vice President	LIN, HSU-SHENG															
Vice President	DING, YONG-KANG															
Vice President	CHEN, WEI-TUNG															
Vice President	LEE, YU-JU															
Vice President	YANG, YUNG-SHENG															
Senior Executive Officer	TAI, TZU-LING(Note 10)															

The table of remuneration range

Range of Remuneration to President and Vice Presidents of the Corporation	President and Vice Presidents	
	The Corporation (Note 6)	All Companies Listed in the Financial Reports (Note 7) E
Less than NT\$1,000,000	LIU, PI-YIN; TAI, TZU-LING	LIU, PI-YIN; TAI, TZU-LING
NT\$1,000,000 (inclusive) - NT\$2,000,000 (exclusive)	CHIU, CHAO-SHAN	CHIU, CHAO-SHAN
NT\$2,000,000 (inclusive) - NT\$3,500,000 (exclusive)	SHIH, SHU-CHE; LIN, HSU-SHENG; DING, YONG-KANG; LEE, YU-JU	SHIH, SHU-CHE; LIN, HSU-SHENG; DING, YONG-KANG; LEE, YU-JU
NT\$3,500,000 (inclusive) - NT\$5,000,000 (exclusive)	WANG, HSIU-CHING; LEU, SUH-LING; YEN, CHIH-LUNG; CHEN, WEI-TUNG; YANG, YUNG-SHENG	WANG, HSIU-CHING; LEU, SUH-LING; YEN, CHIH-LUNG; CHEN, WEI-TUNG; YANG, YUNG-SHENG
NT\$5,000,000 (inclusive) - NT\$10,000,000 (exclusive)	KANG, CHING-TAI; LIAO, CHI-HUNG; TSENG, LI-KUO; CHANG, JYH-CHIAN	KANG, CHING-TAI; LIAO, CHI-HUNG; TSENG, LI-KUO; CHANG, JYH-CHIAN
NT\$10,000,000 (inclusive) - NT\$15,000,000 (exclusive)	-	-
NT\$15,000,000 (inclusive) - NT\$30,000,000 (exclusive)	CHIU, JUNG-CHEN; CHEN, CHIH-HAO	CHIU, JUNG-CHEN; CHEN, CHIH-HAO
NT\$30,000,000 (inclusive) - NT\$50,000,000 (exclusive)	-	-
NT\$50,000,000(inclusive)- NT\$100,000,000 (exclusive)	-	-
More than NT\$100,000,000	-	-
Total	18	18

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 (including 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 (including the Corporation) paid to the President and Vice President of the Corporation.

Note 6: The Corporation has paid a total amount of various remunerations to the Presidents and Vice Presidents by scale to which they belonged, and their names were disclosed.

Note 7: The lump sum of remuneration of all companies listed in the consolidated financial statements (including the Corporation) paid various remunerations to every President and Vice President, and the names of the Presidents and Vice Presidents by scale to which they belonged were disclosed.

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 (including 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 Officer TAI, TZU-LING resigned office on March 31, 2023.

Note 11: Vice President LIU, PI-YIN resigned office on April 30, 2023.

Note 12: Senior Vice Presiden CHIU, CHAO-SHAN was furloughed on September 11, 2023.

Note 13: NT\$1,035 thousand paid as compensation to the driver of the president, without accounting in remuneration.

Note 14: The bonus and special disbursement of the President and the Vice President, including the vehicle amortization, depreciation, fuel, and other related payment, totaled \$3,281 thousand; As of December 31, 2023, vehicle for the President, Senior Executive Vice President KANG and Senior Executive Vice President LIAO, the cost of the vehicle was \$4,456 thousand, \$2,930 thousand, \$2,140 thousand and the book value was \$3,218 thousand, \$1,276 thousand and \$0 thousand, respectively, without accounting in remuneration.

Note 15: The Severance in this table contribute to personal account and defined benefit in Labor Pension Fund disclosed.

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

Expressed in Thousands of NT\$

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

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

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

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

For the years ended December 31, 2023 and 2022, the numbers of employees in the non-supervisor positions were 505 and 515 person, respectively, and decreased by 10 person. The annual average employee benefit expenses were \$1,111 thousand and \$961 thousand, respectively, and increased by \$150 thousand.

- d. Labor relations

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

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

- a) Insurance systems

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

- b) Employee Welfare Committee

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

- c) Continuing education and training mechanism

- i. To improve the employees' professional quality and skills and to take into account both the career development of employees and compliance with laws and regulations, the Corporation has formulated relevant education and training regulations and supplementary measures to provide employees with learning and development opportunities.
- ii. The employees shall take part in regulatory training courses in compliance with the competent authorities and laws and regulations. The Corporation takes the initiative to send staff to participate in professional training courses before the prescribed deadline and pays the full amount of the training fees. And also, for use of multiple learning channels, in

addition to arranging physical (internal and external) education and training courses, it builds an online tutoring system “Enterprise e-Learning” on the Corporation’s internal webpage to provide multimedia training courses for employees to learn online, so that employees and the Corporation can grow together.

d) Retirement mechanism

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

e) Other significant agreements

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

2) Any losses suffered by the Corporation due to labor dispute in the recent years:

- a) Any losses suffered by the Corporation due to labor dispute in the year of 2023: None.
- b) Any losses may occur at present and in the future, and mitigation measures being or to be taken: On October 11, 2023, the Corporation received a civil complaint from the former salesperson requesting the payment of labor pension, for a total amount of NT\$638 thousand. The case is currently on trial by Taiwan Taichung District Court.

3) Results of labor inspection:

Since June 2017, the Corporation has participated in the labor working condition self-management inspection of Taipei City Labor Inspection Office and complied with the key inspection requirements every quarter.

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

1) Statement on Internal Control

Concord Securities Co., Ltd.

**Internal Control System Statement
February 27, 2024**

The following statement was made based on the 2023 self-inspection of the Corporation’s internal control policies:

- a) The Corporation is aware that the establishment, execution, and maintenance its internal control policies are the responsibility the Corporation’s Board of Directors and Managers, and such policies were implemented throughout the Corporation. The purpose of this system is to provide reasonable assurance in terms of business performance, efficiency (including profitability,

performance, asset security, etc.) reliable, timely and transparent financial reporting, and regulatory compliance.

- b) Internal control policies are prone to limitations. No matter how robustly designed, effective internal control policies merely provide reasonable assurance to the achievements of the three goals above. Furthermore, environmental and situational changes may affect the effectiveness of internal control policies. However, self-supervision measures were implemented within the Corporation's internal control policies to facilitate immediate rectification once procedural flaws were identified.
- c) The Corporation evaluates the effectiveness of its internal control policy design and execution based on the criteria specified in the "Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets" (hereinafter referred to as the "Regulations"). The criteria introduced by the "Regulations" consisted of five major elements, each representing a different stage of internal control: 1. Control environment, 2. Risk evaluation and response, 3. Procedural control, 4. Information and communication, 5. Supervision. Each element further contains several items. Please refer to the Regulations for the details.
- d) The Corporation has adopted the above-mentioned criteria to validate the effectiveness of its internal control design and execution.
- e) Based on the assessments described above, the Corporation considers the design and execution of its internal control system to be effective as at December 31, 2023. This system (including the supervision and management of subsidiaries) has provided assurance with regards to the Corporation's business results, target accomplishments, reliability, timeliness and transparency of reported financial information, and its compliance with relevant laws.
- f) This statement forms an integral part of the Corporation's annual report and prospectus, and shall be made public. Any illegal misrepresentation or non-disclosure in the public statement above are subject to legal consequences described in Articles 20, 32, 171, and 174 of the Securities and Exchange Act, and Article 115 of the Futures Trading Act.
- g) This statement was approved at the Corporation's Board of Directors meeting held on February 27, 2024. None of the 9 directors present at the meeting held any objections, and all directors unanimously agreed to the contents of this statement.

Concord Securities Co., Ltd.

Chairman: CHENG, TA-YU

President: CHIU, JUNG-CHEN

Chief Audit Officer: SHIH, SHU-CHEN

Supreme supervisor responsible for information security: CHANG, JYH-CHIAN

CONCORD SECURITIES CO., LTD. INTERNAL CONTROL SYSTEM MATTERS TO BE IMPROVED AND CORRECTIVE MEASURES

(RECORD DATE: DECEMBER 31, 2023)

Matters to be Improved	Corrective Measures	Estimated Completion Time
<p>Taiwan Stock Exchange along with Taipei Exchange sent officers to the Corporation for auditing on December 30 and 31, 2020, and found the following shortcomings:</p> <ul style="list-style-type: none"> In 2003 and 2004, the subsidiary Con Lian Asset Management Service Co., Ltd. (hereinafter referred to as the "Con Lian AMC") invested by the Corporation after participating in the establishment and cash capital increase of Hwa-Ho Asset Management Corp. (formerly known as Concord Securities Asset Management Co., Ltd., the company name changed in 2013, hereinafter referred to as "Hwa-Ho") in 2003 to 2019, the profit and loss of Con Lian AMC is recognized mainly from the profit and loss on investments of Hwa-Ho, and the main business item of Hwa-Ho are real estate development and trading, which was found in violation of the business scope of the invested investment asset management service company requested when the former Securities and Futures Commission, Ministry of Finance approved the Corporation's application for investment in Con Lian AMC, which should be in compliance with the Letter No. Taiwan-Finance-Securities-(II)-001501 dated March 7, 2002 (91), and had gone against the scope of the investments in domestic business by securities firms approved as per Order No. Financial-Supervisory-Securities-Zi-1070320901 dated June 01, 2018 of the Financial Supervisory Commission. <p>(As per Letter No. Financial-Supervisory-Securities-Zi-11003639491, Sanction No. Financial-Supervisory-Securities-Penalties-Zi-1100363949 dated October 6, 2021 of the Financial Supervisory Commission, the FSC imposed a fine of NT\$240,000 as a corrective measure, and the Corporation was asked to hire a non-certified accountant to issue a special audit report.)</p>	<p>The Corporation has urged its subsidiary, Con Lian AMC, to evaluate the disposal of its equity interest in Hwa-Ho Asset Management Corp. and to undergo subsequent tracking. In order to dissolve and liquidate its subsidiary, Con Lian AMC, by resolution of the Corporation's Board of Directors on November 8, 2022, the liquidator will dispose of the equity interest in Hwa-Ho Asset Management Corp. through sales and liquidation procedures. The application for dissolution is pending examination by the FSC.</p>	<p>To keep following up the case.</p>

(Continued)

Matters to be Improved	Corrective Measures	Estimated Completion Time
<p>The Corporation was attacked by hackers and customers' personal data were disclosed. During TWSE's audit on the Corporation from August 17 to August 19, 2022, the following deficiencies were found:</p> <p>a. The Corporation's personal data were stolen by hackers, and the EMS system displayed a warning message. Notwithstanding, the Corporation failed to learn the incident immediately and, therefore, failed to report the incident to the Securities and Futures Industry Information Security Reporting System within 30 minutes upon awareness of the incident.</p> <p>b. The Corporation did not perform source code testing on the CRM system, CRM App and middle-office accounting system developed and maintained by it, but only reviewed the source code by manual. As a result, the bugs in programs were missed. Further, the CRM system was supposed to be made available to the Corporation's internal personnel, while the Corporation made the connected CRM App available on the Google Play platform for the public to download. The hackers took advantage of the bugs to access customers' personal data.</p> <p>c. The anti-virus software of the CRM system failed to set up the schedule for scanning, and also failed to scan virus in the computer system and data storage media regularly.</p> <p>d. The Corporation failed to set the CRM system user password as changing once per three months. Besides, the password only consisted of 5 digits without applying the fine-quality password settings.</p> <p>e. The CRM system failed to perform accounting check on a regular basis.</p> <p>(As per the FTC's written decisions under Jin-Guan-Zheng-Quan-Zi No. 11203805321 and Jin-Guan-Zheng-Quan-Fa-Zi No. 1120380532 dated February 13, 2023, the Corporation was ordered to make correction and fined NT\$720,000.)</p>	<p>a. The Corporation's IT Dept. re-planned and promoted the reporting process, and promoted the same to colleagues at the monthly meeting held on September 8, 2022.</p> <p>b. The CRM APP has ceased to serve external parties since August 2022 and was removed from the Google Store.</p> <p>1) The CRM system and the middle-office accounting system have been checked by the anti-virus software. The improvement was completed accordingly.</p> <p>2) The CRM system used hash comparison, and middle-office accounting system program comparison to complete the improvement.</p> <p>3) The version No. was added into the filename in the CRM system and the middle-office accounting system. The improvement was completed accordingly.</p> <p>4) Attack protection test was injected into the CRM system and middle-office accounting system. The improvement was completed accordingly.</p> <p>c. The CRM system has anti-virus records and anti-virus software scanning schedule set to complete the improvement.</p> <p>d. The CRM system has set the expiration date of passwords as 90 days, and the minimum password length shall consist of 8 digits, including lowercase, uppercase and number, in order to complete the improvement.</p>	<p>All of the deficiencies in the left column have been improved.</p>

(Continued)

Matters to be Improved	Corrective Measures	Estimated Completion Time
<p>The Examinations Bureau conducted a general business examination on the Corporation from December 6, 2021 to December 24, 2021 and found the following deficiencies:</p> <p>a. The Corporation's procedures for handling cases involving the reporting of misconduct of the Corporation's responsible persons are in violation of the relevant corporate governance regulations:</p> <ol style="list-style-type: none"> 1) The scope of the Corporation's inspection on the reported matters was not complete. The verification was inappropriate. 2) The Corporation has sent the investigation result of the reported case to the accused person for approval. 3) The investigation result of the reported case were not included in the motions to be discussed by the Audit Committee and Board of Directors. 4) When the Board of Directors and Audit Committee discuss the related motions of the whistle-blowing cases, the Corporation failed to require that any person involving conflict of interest shall be recused himself and, therefore, the accused part had opportunity to participate the discussion and voting. <p>b. Any persons other than Audit Committee or the Remuneration Committee members attended meetings regularly but did not leave the venue during the discussion and voting.</p> <p>c. In the absence of clear internal regulations on the advancement of bail for personnel involved in litigation, the Corporation uses the Corporation's funds to advance the bail.</p> <p>d. In handling high-risk stock control operations, the Corporation failed to apply for relaxation of single stock financing percentage and quota for customers for several times in the short term, and failed to disclose customer information in the open application form in accordance with internal regulations.</p> <p>e. Fail to properly control the account inquiry control when reviewing the limit of transaction entrusted by customers, and fail to request the financial proof and inquire TDCC for information on bounced checks of customers whose total account allowance amounted to NT\$5 million; and failed to investigate and update the credit investigation information on customers whose total account allowance amounted to NT\$10 million each year.</p>	<p>e. The CRM system was improved upon account counting, review and approval in second half of 2022.</p> <p>a. 1) The Corporation also accessed the details of entertainment expenses of other subsidiaries other than the matters alleged in the letter of complaint. For the entertainment expenses of the subsidiaries, the accused person has verified the entertainment expenses when serving as the Vice Chairman of Concord Futures Corp. in 2018, but not verified any entertainment expenses in any other subsidiaries.</p> <p>2) When accepting whistleblowing cases and during the investigation process, the Corporation shall recuse any person involving conflict of interest and prevent the "Whistleblowing Case Investigation Report Form" from being signed by the accused person and any circumstances that will affect the independence of the investigation, in order to comply with Article 3 of the Corporation's "Whistleblowing System."</p> <p>3) The Audit Committee and parliamentary unit of the Corporation will pay more attention to the requirements about the attendants' recusal for conflict of interest, in order to comply with Article 28-1 of the Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets and Article 3 of the "Whistleblowing System of Concord Securities."</p>	<p>Except for (I) 4., which needs to be followed up continuously as it remains unimproved through the historical examinations by the Examinations Bureau, the remaining deficiencies have been rectified and an expert other than the independent auditor has been entrusted to issue an ad-hoc review report.</p>

(Continued)

Matters to be Improved	Corrective Measures	Estimated Completion Time
<p>f. Fail to provide maximum risk scenario analysis, fail to properly disclose processing fees, inventory fees, and the amount of receivables, when underwriting self-defined leverage equity option operations and underwriting of the self-defined leverage equity options with customers. Also, the adjustment of customer processing fees was not submitted to the responsible supervisor for approval.</p> <p>g. The trading operations of Soy Bean ETF are inconsistent with the operating strategies stated in the trade report.</p> <p>h. The Corporation failed to create the file for the capital information when handling institutional investors' applications for opening accounts, and still failed to make correction when handling the subsequent regular review. As a result, the limit of transactions entrusted met the money laundering or terrorism financing patterns and the Corporation failed to identify it in the money laundering pattern checklist for verification.</p> <p>i. Send the customer's statement of account for the entrusted securities trading to the internal sales staff via email.</p> <p>(As per the FTC's written decision under Jin-Guan-Zheng-Quan-Zi No. 1120380875 dated March 2, 2023, the Corporation was warned and fined NT\$1.44 million, and asked to appoint an expert other than the independent auditor to issue an ad-hoc review report.)</p>	<p>4) The Corporation will pay attention to the cases in which the directors are of interest in the future and submit them to the Audit Committee and Board of Directors for discussion, in order to comply with Article 14-5 of the Securities and Exchange Act.</p> <p>b. 1) The Corporation's Audit Committee meetings are convened on a case-by-case basis. The Audit Committee meeting chair will invite relevant units, president and chairmen to attend the meeting to provide explanation. Once all the motions are explained, the parliamentary staff (MC) will ask the management, president and chairman attending the meeting to recuse themselves, and ask the Audit Committee members to discuss and vote on each case. The Corporation will pay more attention to the exercise of independent functions and powers by the Audit Committee's independent directors.</p> <p>2) Since January 1, 2022, any persons other than the Audit Committee members have ceased to attend the Audit Committee meetings.</p>	

(Continued)

Matters to be Improved	Corrective Measures	Estimated Completion Time
	<p>3) Since 6th meeting of 5th Remuneration Committee on February 9, 2022, the Corporation has applied Paragraph 4, Article 8 of the “Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange.” The personnel other than the Remuneration Committee members and parliamentary staff shall attend the meeting as directed by the convener, but shall leave the venue during discussion and voting.</p> <p>c. The Corporation has amended the “Regulations Governing Advances” on March 2, 2022, in order to clearly specify that the expenses may be reimbursed only when they are related to the Corporation’s business.</p> <p>d. Since April 11, 2022, the Corporation has enhanced the review on the exception management for high-risk stocks and promotion of related risk control. Meanwhile, it added the function requiring that the branch company managers shall endorse review opinions in the opinion section when approving the “Application Form for Lifting of Control,” in order to fulfill the review operations and risk controls.</p>	

(Continued)

Matters to be Improved	Corrective Measures	Estimated Completion Time
	<p>e. The Corporation made public announcement in branch companies on December 23, 2021 and reiterated that when handling the investors' application for opening new accounts and change of the limit, the branch companies must make the relevant inquiry and allotment operations. Meanwhile, in order to facilitate the branch companies to execute the control over the limit of general accounts, the Corporation has added the control program in the mid of February 2022. That is, when an investor applies for opening new account over the counter, all of the investors' accounts already opened with the Corporation and limits thereof may be accessed based on the investor's ID, so that the control over the limit of the customer's general accounts may be implemented.</p> <p>f. 1) The Corporation has enhanced the explanation of scenario analysis on compulsory recall events in the announcement section of the Corporation's official website, subject to the scenario analysis and description in the prospectus.</p> <p>2) The Corporation has announced the relevant price of each type of product in the announcement section on the Corporation's official website in accordance with the prospectus.</p> <p>3) The Corporation has added the details of net income and expenditure to the daily statement of account to improve the completeness of information.</p>	

(Continued)

Matters to be Improved	Corrective Measures	Estimated Completion Time
	<p>4) The system has completed the amendment on March 31, 2022. All future adjustments to the operating processing fees shall be specified in the “Operating Processing Fee Credit Application Form” to be subject to the responsible supervisor’s approval. Meanwhile, the system maintenance and adjustment operating processing fees shall be reviewed and approved by the responsible supervisor.</p> <p>5) Amend Article 5 of the Corporation’s “Operating Procedure for Equity Derivatives Operations.”</p> <p>g. The Corporation has amended the “Regulations for Exchange Traded Fund Strategic Trading Risk Management” and enforced the amended Regulations since June 25, 2021. Add the business collaboration trading strategy to Article 2. Trading Strategy, and add the business collaboration trading strategy and explain the trading process in Article 3. Definition of Trading Strategy.</p> <p>h. The Corporation has adjusted the parameter source data of “Capital” to prevent the personnel from omitting creation of the file for the “Capital” section in the back-office customer credit data maintenance file, thus preventing the generation of patterns. The field is also set as a field required to be specified, and the system can correctly capture the data in this field for comparison. This field was launched online officially on February 23, 2022.</p>	

(Continued)

Matters to be Improved	Corrective Measures	Estimated Completion Time
<p>Regarding the reported suspected sale of customers' personal data on the dark web, the Corporation entrusted PwC Taiwan to conduct an ad-hoc review on the internal control system related to personal data protection from August 1, 2020 to August 15, 2023.</p> <p>In addition to the deficiencies and corrective measures listed in Paragraph 2 above regarding hacking attacks, the Corporation has stated in the "Statement of Internal Control System for Personal Data Protection" that the following significant improvements are also required:</p> <p>a. Personal data inventory and risk assessment operations need to be improved.</p> <p>1) The outsourced operation is not expressed in the personal profile.</p> <p>2) The Brokerage Business Management Dept. handled personal data (the list of sub-brokerage dividend distribution), but failed to perform personal data inventory and risk assessment.</p> <p>3) The Human Resources Dept. failed to include the physical examination data of employees in to the personal profile.</p> <p>b. System access functions and authority management need to be improved.</p> <p>1) Control over the download of personal data</p> <p>There are no restrictions imposed on downloading of personal data with respect to the operation of the web account opening system and over-the-counter account opening system.</p>	<p>i. The Corporation's "Comparison List of Inquiries for Securities E-mail Addresses" was launched online on July 1, 2022, and relevant regulations were announced at the same time.</p> <p>a. 1) The inventory list does not express the part related to outsourcing operations. It is expected to complete the personal profile and risk assessment management regulations and amendments to the attachments by the end of March 2024 (addition of outsourcing operation inventory items) in order to provide the basis to be followed when handling the personal profile and risk evaluation operations in April 2024.</p> <p>2) From the end of January 2024, the sub-brokerage dividend distribution list will be generated by the Settlement and Clearing Dept. and provided to overseas brokers directly.</p> <p>3) The employees' physical examination data have been included in the 2023 personal profile, and the relevant information has been submitted to the Compliance Dept. for custody on January 5, 2024.</p>	<p>a. 1) The improvement is expected to be completed before the end of March 2024.</p> <p>2) No such incident occurring as of the end of January 2024, but the Corporation will follow up the improvement if such incident occurs.</p> <p>3) The improvements were completed on January 5, 2024.</p> <p>b. 1) a) The improvements were completed on January 12, 2024.</p> <p>b) The improvement is expected to be completed before the end of April 2024.</p> <p>2) a) Improvements already completed.</p> <p>b) The improvements were completed on January 31, 2024.</p>

(Continued)

Matters to be Improved	Corrective Measures	Estimated Completion Time
<p>2) Setting of system password principles</p> <p>a) Fine-quality password settings are not applied to setting of the CRM operating system password.</p> <p>b) The operating system's general employee account in the new e-trading system has been controlled in the manner synchronous with AD. However, the password principle has not been set with respect to the accounts directly created in the operating system.</p> <p>3) Account management</p> <p>a) Although the IT Department has checked the AD accounts with highest authority and privileged accounts every six months, but has not checked the general AD accounts.</p> <p>b) The authority of access to shared folders was never checked.</p> <p>c) The IT Dept. has checked the authority of access to the CRM system accounts; however, from 2020 to first half of 2022, it failed to check the CRM application system and database account authority settings.</p> <p>d) There are shared AD domain accounts. The shared accounts of the Accounting Dept. are no longer required.</p> <p>c. The access control over emails needs to be improved.</p> <p>1) The image files which cannot be read via the e-mail filtering system could still be sent directly.</p> <p>2) Failure to control emails that do not trigger interception.</p> <p>3) Employees can download and save emails via their personal mobile devices.</p> <p>4) The Corporation simulated transmission of a large number of virtual personal data based on the e-mail filtering conditions. Some new department was found failing to apply the filtering conditions correctly. As a result, the data may be sent out during the test.</p> <p>d. Internet control needs to be improved. IT Dept. uses Fortinet and WinMatrix tools to restrict employees' access to certain websites, while other websites (such as Wordpress.com) are not restricted from uploading files (pictures or word files).</p>	<p>b. 1) a) For the web account opening system, the program has been modified to add a mask to the screen. Notwithstanding, the data will be displayed in its entirety when the mouse is moved over them. However, the same data will be masked when being exported, in order to mitigate the risk over disclosure of massive data.</p> <p>b) For the over-the-counter account opening system, the Corporation expects to contract external vendors to modify the program and record when the "Print" button is clicked to keep the trace of data.</p> <p>2) a) The CRM operating system password has been set based on the fine-quality password setting principles. The CRM system has set the expiration date of passwords as 90 days, and the minimum password length shall consist of 8 digits, including lowercase, uppercase and number, in order to complete the improvement.</p> <p>b) To amend the setting of system password principles.</p>	<p>3) a) The improvement is expected to be completed before the end of June 2024.</p> <p>b) The improvement is expected to be completed before the end of June 2024.</p> <p>c) Improvements already completed.</p> <p>d) i. The improvement is expected to be completed before the end of March 2024. ii. Completed.</p> <p>c. 1) 2) The improvements were completed on January 31, 2024.</p> <p>3) The improvement is expected to be completed before the end of April 2024.</p> <p>4) The improvements were completed on January 3, 2024.</p> <p>d. 1) Improvements already completed.</p> <p>2) The improvement is expected to be completed before the end of December 2024.</p> <p>e. The improvements were completed on January 8, 2024.</p>

(Continued)

Matters to be Improved	Corrective Measures	Estimated Completion Time
<p>e. The retention period of audit tracks needs to be improved.</p> <p>The following track data do not meet the requirement on at least five-year retention period under Paragraph 3, Article 14 of the “Regulations Governing Security Maintenance of Personal Data Files of Non-Government Organizations Designated by the Financial Supervisory Commission.”</p> <ol style="list-style-type: none"> 1) The access records of the portable storage media (USB, CD-ROM drive) are only kept for 3 years. 2) The retention period of the internal private cloud access records is set as 1 year only. 3) The database of the CRM system fails to keep audit tracks of user login records. 4) The audit tracks related to the login to the new e-trading system database and operating system is not maintained intact for 5 years. <p>(As per the FTC’s written decision under Jin-Guan-Zheng-Quan-Zi No. 1120353875 dated September 11, 2023, the Corporation has entrusted an expert other than the independent auditor, who is capable of auditing the information security, to issue an ad-hoc review report.)</p>	<p>c. i) Considering that according to the default authority for the general accounts, only the user with minimum privileges and free from the concerns about personal data are allowed, while the other authority is controlled via Apps and, therefore, the risk is relatively low. Therefore, in the past, we only concentrated our resources to check the accounts with the highest authority and privilege involving higher risk every six months. Notwithstanding, in the future, we will conduct the thorough check on a regular basis.</p> <p>ii) The authority of access to shared folders will be included in the inventory of the authority of access to the system accounts.³⁾ The CRM system was improved upon account counting, review and approval in second half of 2022.</p> <p>iii) The shared account refers to an account dedicated to the special business needs of each department. Due to the problem about special application system’s authority, special accounts are required to execute the same applications available for the colleagues to access the system normally. The Corporation will confirm with the users whether it is possible to change the method to addition of the group authority to individual user IDs. If there is no solution, it is still necessary to open a dedicated account to users. The Corporation will confirm whether it is possible to provide the application system with the minimum authority, with no other services made available.</p>	

(Continued)

Matters to be Improved	Corrective Measures	Estimated Completion Time
	<p>iv) The shared account number of the Accounting Dept. has been removed.</p> <p>c. 1) Currently, as long as there are graphic files with attachments sent externally, they shall be subject to the supervisor's audit. When the relevant software is implemented, other control methods will be adjusted.</p> <p>2) All emails containing personal data will be included in the audit through settings. High-risk emails shall be released upon approval of the supervisor. The system will release a list of audited emails to various unit supervisors for review automatically on a weekly basis.</p> <p>3) Employees will be stopped from receiving emails via mobile devices, and be required to connect with the Corporation via VPN (data loss prevention).</p> <p>4) The IT Dept. members failed to block the submission of attachments containing virtual personal data. Upon investigation, it was found that the filtering rules in the email audit system are set independently by members, and such filtering condition was not included when the new IT Dept. was added. As a result, the ID Dept. members failed to apply the audit policy. The system administrator has improved this part.</p>	

(Continued)

Matters to be Improved	Corrective Measures	Estimated Completion Time
	<p>d. 1) Colleagues have been prohibited from accessing WP, Synology, and Wix pages, for the purpose of risk mitigation.</p> <p>2) Considering that new websites or webpages will be emerging on the Internet in the future, omissions are inevitable if only the blocking based on blacklist is relied on. In order to avoid similar problems, the Corporation will permanently evaluate and implement the Data Leak Prevention (DLP) solutions to deepen the overall control mechanism.</p> <p>e. The settings shall be retained for five years.</p>	

(Concluded)

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

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

Assurance Report on the Review on the Internal Control System

Zi-Hui-Zhong-Zi No. 23002955

To: Concord Securities Co., Ltd.

We have executed the reasonable assurance procedure for the enclosed Statement made upon evaluation on August 30, 2023 to certify the effectiveness of the design and execution of the internal control system related to the status of corporate governance practices adopted by Concord Securities Co., Ltd. (hereinafter referred to as the “Corporation”) with the Board of Directors, Audit Committee and Remuneration Committee (the management of Board of Directors meetings, management of Audit Committee meetings, and management of Remuneration Committee meetings), division of powers and responsibilities and prevention of conflicts of interest (duty delegation system), planning and execution of the whistle-blowing system, proprietary trading policy and operating procedure (high-risk stock controls, credit investigation prior to transactions with customers, derivatives trading on TPEx, trading decision making, service of the statement of account and checking of records) (hereinafter referred to the “specific scope”) on April 30, 2023.

Subject Matter, Subject Matter Information and Applicable Criteria

The subject matter and subject matter information of the assurance case refer to the design and execution of your internal control system related to the specific scope on April 30, 2023 and the statement issued by you on August 30, 2023 indicating that the design and execution of the internal control system related to the specific scope are evaluated to be effective (hereinafter referred to as the assurance subject matter).

The criteria applicable to measurement or evaluation of said assurance subject matters refer to those applied to judge the effectiveness of the internal control system under the “Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets.”

Inherent Limitations

Since any internal control system has its inherent limitations, said internal control system still might fail to prevent or detect the errors or frauds that have occurred. Besides, the environment might change in the future, and the likelihood of compliance with the internal control system might be reduced accordingly. Therefore, the internal control system which is held effective in the current period is not necessarily effective in the future.

Management’s Responsibilities

The management shall be responsible for establishing the internal control system in accordance with relevant laws and regulations, and reviewing it from time to time to keep the design and execution of the internal control system effective. After evaluating its effectiveness, the management shall also issue a statement of internal control system.

CPA's Responsibilities

We are responsible for executing the necessary procedure with respect to the assurance subject matter in accordance with the “Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets” and TWSAE No. 3000 “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information,” in order to obtain reasonable assurance, and conclude whether the assurance subject matter complies with the applicable criteria and is presented adequately, in all material respects.

Independence and Quality Management Practices

The CPA firm and we have complied with the independence and other ethical requirements under the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, which upholds the basic principles including integrity, objectivity, professional competence and due care, confidentiality and professional behavior. Meanwhile, the CPA Firm follows the quality management standards and maintains a sound quality management system, including written policies and procedures about compliance with the code of professional ethics, professional standards, and applicable laws and regulations.

Summary of Executed Procedures

We plan and execute the necessary procedure, based on our professional judgment, in order to obtain the evidence related to the assurance subject matter. The executed procedures include understanding the Corporation's internal control system, evaluating the process by which the management assess the effectiveness of the overall internal control system, testing and evaluating the effectiveness of the design and execution of the internal control system related to external financial reporting and asset safety protection, and any other review procedures I deem necessary. We believe that the review work can provide a reasonable basis for the conclusion presented.

Assurance Conclusion

In our opinions, according to the judgment made based on the criteria under the “Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets,” the design and execution of your internal control system related to the specific scope shall be held effective, in all material respects, on April 30, 2023. The statement of internal control system issued by you on August 30, 2023 indicating the design and execution of its internal control system related to the specific scope should be held effective upon evaluation shall be deemed presented fairly, in all material respects.

Discoveries Related to Specific Aspects of the Case

During the assurance process, we had some findings in the execution of the internal control system related to the specific scope during the review period (from February 1, 2023 to April 30, 2023). Notwithstanding, such findings are not considered as major deficiencies. Therefore, we issued the internal control suggestions attached hereto as the reference to help you improve them. Meanwhile, your management proposed the corresponding corrective actions as the basis for the follow up on the status of improvement. Our conclusion remains unchanged by said findings.

The assurance report is provided for the your reference only, which shall not be used for any other purpose or distributed to any other parties except as the regulatory reference by the competent authority.

PricewaterhouseCoopers, Taiwan

CPA WU, SHANG-TUN
 LO, CHIAO-SEN

August 30, 2023

CONCORD SECURITIES CO., LTD.
CPA Assurance Report for the Ad-hoc Review on Personal Data Protection Internal Control System
from August 1, 2020 to August 15, 2023

Zi-Hui-Zhong-Zi No. 23008010

To: Concord Securities Co., Ltd.

We have executed the necessary procedures completed the required procedures with respect to the statement issued by Concord Securities Co., Ltd. for the design and execution of the personal data protection internal control system from August 1, 2020 to August 15, 2023.

Subject Matter Information and Applicable Criteria

The subject matter information of the assurance case refers to the statement issued by you from August 1, 2020 to August 15, 2023, indicating that the design and execution of the internal control system related to the specific scope are effective (see Attachment).

The criteria applicable to measurement or evaluation of said subject matter information refer to the “Personal Data Protection Act,” “Enforcement Rules of Personal Data Protection Act” and “Regulations Governing Security Maintenance of Personal Data Files of Non-Government Organizations Designated by the Financial Supervisory Commission.”

Inherent Limitations

Since any personal data protection internal control system has its inherent limitations, said internal control system still might fail to prevent or detect the errors or frauds that have occurred. Besides, the environment might change in the future, and the likelihood of compliance with the internal control system might be reduced accordingly. Therefore, the internal control system which is held effective in the current period is not necessarily effective in the future.

Management’s Responsibilities

The management is responsible for formulating relevant policies and procedures in accordance with the laws and guides related to the Personal Data Protection Act, establishing an internal control system, and having the independent internal audit department perform the audits and regularly report to the Board of Directors, in order to ensure that the personal data protection internal control may be executed effectively.

CPA’s Responsibilities

We are responsible for executing the necessary procedure with respect to the subject matter information in accordance with the TWSAE No. 3000 “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information,” in order to obtain reasonable assurance, and provide opinions on whether the subject matter information is presented adequately, in all material respects.

Independence and Quality Management Practices

The CPA firm and we have complied with the independence and other ethical requirements under the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, which upholds the basic principles including integrity, objectivity, professional competence and due care, confidentiality and professional behavior. Meanwhile, the CPA Firm follows the Standard on Quality Management (TWSQM) 1 “CPA Firm’s Quality Management” and maintains a sound quality management system, including written policies and procedures about compliance with the code of professional ethics, professional standards, and applicable laws and regulations.

Summary of Executed Procedures

We plan and execute the necessary procedure in accordance with the “Procedure Executed by CPA for the Audit on Bank’s Personal Data Protection and Template of Assurance Report” and based on our professional judgment, in order to obtain the evidence related to the subject matter information. The executed procedures include assessment on your personal data protection control environment and risk, and test, inspection, observation or inquiry with respect to the related records.

Assurance Conclusion

In our opinions, the statement issued by you for the design and execution of the personal data protection internal control system from August 1, 2020 to August 15, 2023 should be deemed presented fairly, in all material respects.

Other Matters

After the assurance report is issued, we are not responsible for updating the assurance report.

Restrictions on Use

The assurance report is provided for the your reporting to the competent authority or regulatory use, but shall not be used for any other purpose or distributed to any other parties.

PricewaterhouseCoopers, Taiwan

CPA HSU, LIN-SHUN
 LIN, WEN-YU

January 30, 2024

f. Cyber security management

1) Cyber security risk management framework, cyber security policy, specific management programs and investments in resources for cyber security management:

a) Cyber security risk management framework

In order to strengthen the three lines of defense and segregation of duties for internal control, the Corporation has established the “Information Security Department” as the dedicated unit for Information security since October 2023, responsible for planning, monitoring and executing information security management operations.

The Chairperson, the President, the Chief Audit Officer and the supreme management in charge of information security jointly issue a statement of internal control system on the overall implementation of information security in the previous year, and submit it to the Board of Directors for approval within three months after the end of the fiscal year. Then, the statement shall be disclosed on the reporting website designated by the competent authority.

b) Cyber security policy

The Corporation has established a “Information Security Policy,” which shall be subject to approval by the Board of Directors. The Corporation evaluated annually to ensure the effectiveness of information security by considering the latest developments in laws and regulations, technology, and business.

c) Specific management programs

The corporation has implemented the Information Security Management System (ISMS) for management in 2011 and achieved certification for “ISO 27001:2013 Information Security Management System” to ensure secure, convenient, and uninterrupted financial services. Additionally, the Corporation established the “Information and Communication Security Implementation Force”, with the President acting as the general convener. In addition to formulating cyber security policies and specific management regulations and rules, the Corporation continuously make amendments and improvements to relevant regulations and rules in response to the development of information security threats, the demand for business changes, or the requirements of the competent authority. The Corporation conducts regular evaluations on information security risks every year and improves continuously.

In terms of technology, the Corporation implements multi-layered security protection by building network firewalls, anti-virus software, email filtering mechanisms, security threat detection, intrusion detection and defense mechanisms, application firewalls, DDoS, and privilege management systems.

d) Resources invested in cyber security management

i. Key Programs:

Programs	Description	Schedule
Network infrastructure upgrading	Update and replacement of old IT control room and backbone switches on each floor of the headquarters to improve the bandwidth and stability of the backbone network.	Completed in February 2023
privileged access account of Operating system	Privileged access account of operating system management and creation of audit trail records for subsequent management and audits, and reduction of the manpower in maintenance of the system for privileged accounts.	Launched in February 2023
Firewall Security Project	Addition of network protection functions, such as IPS, into the IDC control room firewall	Launched in February 2023
Network service replacement	All use a standalone installation of putty (in replace of netterm) for login to the back-office accounting operations to mitigate the connection risk.	Launched in July 2023
Backbone network switch of branches upgrade and procurement	Update of Securities and Futures branches' backbone switcher, totaling 32 units, has already been completed.	Launched in December 2023
Protection of Mobile Phone Disclosures	The peripheral system file conversion program adopts mathematical algorithms for processing, and the mobile phone numbers in the customer data as inquired or printed out will be masked in part.	Launched in November 2023
Social engineering Walkthrough	All staff of the Group were sent a drill email to promote and strengthen the education of information security within the internal security control area.	Completion in April and September.
Cyber Security Diagnosis	Engaging a third-party security firm to conduct a group security to identify internal vulnerabilities.	Completed in November 2023
DDOS Walkthrough	Examination of the Corporation emergency response capability in case of a decentralized denial-of-service (DDoS) attack.	Completed in December 2023

ii. Manpower:

Since October 2023, the Corporation has established the “Information Security Department” as a dedicated unit for information security. The department is staffed with an information security supervisor and two information security personnel who are responsible for planning, monitoring, and executing information security management operations.

iii. Other:

To improve overall information security awareness and enhance employees' knowledge of information security, all employees shall attend a minimum of three hours of information security promotion courses annually. Additionally, personnel in the information security specialization unit must complete at least 15 hours of information security professional course training or functional training each year.

- 2) List the losses, potential impacts and countermeasures resulting from significant information security incidents in the recent year. If these effects cannot be accurately predicted, provide an explanation:

On August 3, 2023, the Corporation received a notification from an external source indicating the Corporation's customer data was suspected to be sold via the dark web. Despite the title of the notification claiming there were tens thousands of personal information, the actual number of disclosures were only 12.

a) Potential impacts:

Due to the columns contain contact numbers, it has been determined that if the information is used maliciously, it could increase the chance of customers receiving fraudulent calls. Twelve customers who were involved in the case have been notified and reminded to be vigilant in preventing fraud.

b) Response measures to be taken:

- i. Inform the competent authorities and report the case to the police.
- ii. The Corporation has hired a third-party information security company to diagnose the Group's information security.
- iii. Process the mobile phone in the database using a mathematical algorithm to create data breakpoints and protect personal data simultaneously.
- iv. A CPA firm has been engaged to conduct the Corporation's internal control system for the protection of personal data.

2. FINANCIAL INFORMATION

a. Five-year financial summary

1) Balance sheets

Expressed in Thousands of NT\$

Item \ Year		Financial Data for the Past 5 Fiscal Years (Note 1)				
		2023	2022	2021	2020	2019
Current assets		\$ 26,636,355	\$ 23,533,580	\$ 27,407,600	\$ 25,263,137	\$ 16,765,297
Property and equipment		809,656	806,045	786,949	785,072	782,853
Other non-current assets		6,303,081	6,513,793	5,786,898	5,355,889	4,273,798
Current liabilities	Before distribution	23,596,657	21,959,442	24,286,798	22,757,934	14,145,769
	After distribution (Note 2)	(Note 3)	21,959,442	25,208,203	23,483,169	14,340,576
Non-current liabilities		1,283,786	1,055,642	819,654	433,367	429,154
Capital stock		5,944,550	5,944,550	5,944,550	5,944,550	6,103,227
Retained earnings	Before distribution	2,306,912	1,327,283	2,291,877	1,683,518	843,726
	After distribution (Note 2)	(Note 3)	1,327,283	1,370,472	958,283	648,919
Total assets		33,749,092	30,853,418	33,981,447	31,404,098	21,821,948
Total liabilities	Before distribution	24,880,443	23,015,084	25,106,452	23,191,301	14,574,923
	After distribution (Note 2)	(Note 3)	23,015,084	26,027,857	23,916,536	14,769,730
Total equity	Before distribution	8,868,649	7,838,334	8,874,995	8,212,797	7,247,025
	After distribution (Note 2)	(Note 3)	7,838,334	7,953,590	7,487,562	7,052,218

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

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

Note 3: The appropriation of earnings for 2023 is subject to the resolution in the shareholders' meeting.

2) Statements of comprehensive income

Expressed in Thousands of NT\$

Item \ Year	Financial Data for the Past 5 Fiscal Years (Note)				
	2023	2022	2021	2020	2019
Revenue	\$ 2,823,329	\$ 1,333,031	\$ 3,608,529	\$ 2,579,798	\$ 1,433,197
Operating expenses and expenditure	2,047,097	1,528,082	2,229,279	1,710,429	1,289,813
Share of profit of subsidiaries accounted for using the equity method	114,660	91,850	73,456	138,544	22,215
Other gains and losses	150,344	108,724	91,329	101,313	112,051
Profit before income tax	1,041,236	5,523	1,544,035	1,109,226	277,650
Net profit for the year	999,752	(148,735)	1,385,923	1,084,976	284,352
Earnings (loss) per share (NT\$)	1.68	(0.25)	2.33	1.83	0.47

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

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

Year	Name of CPA	Auditor's Opinion
2019	CHUANG, PI-YU; SHIH, CHING-PIN	Unqualified opinion
2020	CHUANG, PI-YU; HUANG, HSIU-CHUN	Unqualified opinion
2021	CHUANG, PI-YU; HUANG, HSIU-CHUN	Unqualified opinion
2022	CHUANG, PI-YU; HUANG, HSIU-CHUN	Unqualified opinion
2023	CHANG, CHENG-HSIU; CHUANG, PI-YU	Unqualified opinion

b. Financial analysis in the last 5 financial years:

Significant financial ratio

Item			Year	Financial Data for the Past 5 Fiscal Years (Note 1)				
			2023	2022	2021	2020	2019	
Financial structure (%)	Debt-asset ratio		73.72	74.59	73.88	73.85	66.79	
	Ratio of long-term capital to property and equipment		1,253.92	1,103.41	1,231.93	1,101.32	980.54	
Solvency (%)	Current ratio		112.88	107.17	112.85	111.01	118.52	
	Quick ratio		112.85	107.13	112.82	110.98	118.47	
Profitability	Return on assets (%)		3.10	(0.46)	4.24	4.08	1.47	
	Return on shareholders' equity (%)		11.97	(1.78)	16.22	14.04	3.98	
	Ratio of paid-in capital (%)	Operating profit (loss)	13.06	(3.28)	23.20	14.62	2.35	
		Profit (loss) before tax	17.52	0.09	25.97	18.66	4.55	
	Profit margin (loss) before tax (%)		35.41	(11.16)	38.41	42.06	19.84	
	Earnings (loss) per share (NT\$)		1.68	(0.25)	2.33	1.83	0.47	
Cash flow (%)	Cash flow ratio (%)		(Note 2)	22.99	2.28	4.29	(Note 2)	
	Cash flow adequacy ratio (%)		68.34	379.95	186.87	221.42	624.93	
	Cash flow reinvestment ratio (%)		(Note 2)	44.09	(Note 2)	8.88	(Note 2)	
Special regulations ratio (%)	Ratio of total liabilities to net capital		200.48	242.24	210.51	188.89	134.70	
	Ratio of property and equipment to total assets		2.88	3.08	2.73	2.94	4.22	
	Ratio of total amount of underwriting securities on a firm commitment basis to the balance of current assets minus current liabilities		17.60	51.14	7.13	8.82	3.75	
	Ratio of total margin purchase to net value		73.68	53.97	85.99	57.19	47.42	
	Ratio of total short sale to net value		3.41	7.91	5.68	5.30	5.69	
Please state the causes of changes in each financial ratio for the preceding (increased or decreased by 20%) two fiscal years:								
1) Return on asset, return on shareholders' equity, profit margin before tax and earnings per share: Mainly due to the increase in net profit for the year compared with the same period of last year.								
2) Ratio of operating profit to paid-in capital: Mainly due to the increase in operating profit for the year compared with the same period of last year.								
3) Ratio of profit before tax to paid-in capital: Mainly due to the increase in profit before income tax for the year compared with the same period of last year.								
4) Cash flow adequacy ratio: Mainly due to the decrease in total net cash flows from operating activities for the last five years compared with the same period of last year.								
5) Ratio of total amount of underwriting securities on a firm commitment basis to the balance of current assets minus current liabilities: Mainly due to the decrease in total amount of underwriting securities for the year compared with the same period of last year.								
6) Ratio of total margin purchase to net value: Mainly due to the increase in total margin purchase for the year compared with the same period of last year.								
7) Ratio of total short sale to net value: Mainly due to the decrease in total short sale for the year compared with the same period of last year.								

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

Note 2: Where net cash flow operating activities is negative, cash flow ratio is not calculated; where the total net cash flow from operation activities during the 5 most recent fiscal years are negative, cash flow adequacy ratio is not calculated; where net cash flow from operating activities less cash dividends issued in the current year is negative, cash flow reinvestment ratio is not calculated.

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

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

- a. Analysis of financial status

Expressed in Thousands of NT\$

Item \ Year	2023	2022	Change	
			Amount	%
Current assets	\$ 26,636,355	\$ 23,533,580	\$ 3,102,775	13
Non-current assets	7,112,737	7,319,838	(207,101)	(3)
Total assets	33,749,092	30,853,418	2,895,674	9
Current liabilities	23,596,657	21,959,442	1,637,215	7
Non-current liabilities	1,283,786	1,055,642	228,144	22
Total liabilities	24,880,443	23,015,084	1,865,359	8
Capital stock	5,944,550	5,944,550	-	-
Retained earnings	2,306,912	1,327,283	979,629	74
Other equity	441,856	391,181	50,675	13
Total equity	8,868,649	7,838,334	1,030,315	13

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

- 1) Non-current liabilities: Mainly due to the increase in financial liabilities at fair value through profit and loss and net defined benefit liabilities.
- 2) Retained earnings: Mainly due to the better operating profit in 2023.

b. Analysis of operation results

Expressed in Thousands of NT\$

Item \ Year	2023	2022	Increase (Decrease) Amount	Percentage of Change (%)
Revenue	\$ 2,823,329	\$ 1,333,031	\$ 1,490,298	112
Operating expenses and expenditure	<u>2,047,097</u>	<u>1,528,082</u>	<u>519,015</u>	34
Operating income (loss)	776,232	(195,051)	971,283	498
Share of profit or loss of subsidiaries accounted for using the equity method	114,660	91,850	22,810	25
Other gains and losses	<u>150,344</u>	<u>108,724</u>	<u>41,620</u>	38
Profit before income tax	1,041,236	5,523	1,035,713	18,753
Income tax expense	<u>41,484</u>	<u>154,258</u>	<u>(112,774)</u>	(73)
Net profit for the year	<u>\$ 999,752</u>	<u>\$ (148,735)</u>	<u>\$ 1,148,487</u>	772

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

a) Operating income

The increase in operating income was mainly due to the increase in brokerage handling fee revenue and gains on sale and valuation of operating securities compared with the same period last year.

b) Profit before income tax

The increase in profit before tax was mainly due to the increase in brokerage handling fee revenue and gains on sale and valuation of operating securities compared with the same period of last year.

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

c. Analysis of cash flow

- 1) The analysis of cash flow for the most recent fiscal year

a) Operating activities

Net cash used in operating activities amounted to \$3,409,477 thousand, was mainly due to the increase of financial assets at fair value through profit or loss and margin loans receivable.

b) Investing activities

Net cash generated from investing activities amounted to \$22,928 thousand, was mainly due to the disposal of financial assets at fair value through other comprehensive income and increase in dividend received.

c) Financing activities

Net cash generated from financing activities amounted to \$591,198 thousand was mainly due to the increase of short-term borrowings and commercial paper payable.

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

a) Liquidity analysis for the preceding two fiscal years

Item \ Year	2023	2022	Percentage of Increase (Decrease) %
Cash flow ratio (%)	Note	22.99	-
Cash flow adequacy ratio (%)	68.34	379.95	(82)
Cash flow reinvestment ratio (%)	Note	44.09	-

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

Analysis of changes in the ratio: The decrease in cash flow adequacy ratio was mainly due to the decrease in total net cash flows from operating activities for the last five years compared with the same period of last year.

b) Liquidity analysis for the coming year

Expressed in Thousands of NT\$

Cash Balances - Beginning of The Period	Net Cash Generated from (Used in) Operating Activities	Expected Cash (In) Out Flow for the Full Year	Expected Amount of Excess (Insufficient) Cash	Expected Remedial Measures for Cash Deficit	
				Investment Plan	Financial Plan
A.	B	C.	A + B - C		
1,603,026	2,805,019	2,688,516	1,719,529	-	-

d. Major capital expenditure items and affect on financial results: None.

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

1) Reinvestment policy for the most recent fiscal year

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

2) The condition of profits generated by the invested company

In 2023, among the four subsidiaries, Concord Futures and Con-Lian AMC made a profit; Concord Capital Management and Concord Insurance made a loss.

3) Investment plans for the coming year

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

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

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

a) Interest rate changes

The Corporation's interest rate-related business includes bond business, interest rate derivatives, and securities lending and borrowing business. Among them, the responsible department for bond and interest rate derivatives business has established appropriate risk management guidelines, implementing position limits, stop-loss mechanism, sensitivity analysis, etc. to effectively control interest rate risk in these business areas. The Corporation's securities lending and borrowing business primarily generate profits from financing spread, thus they are less affected by changes in interest rates. In addition, fluctuations in interest rates also impact the Corporation's borrowing costs. In the event of an unfavorable trend in the interest rates, the Corporation can also use interest rate swap or issuing corporate bonds or convertible bonds to avoid the risk of rising interest rates.

b) Exchange rate changes

The Corporation's main business targets and business areas are all in Taiwan, and it is also dedicated to developing overseas business, such as overseas long-term investments and financial trading abroad, which may impact the Corporation's profit and loss or net value due to fluctuations in exchange rates. However, as the Corporation's operating income is still primarily generate from domestic business, any impact should be limited. Furthermore, risk limits are set for positions affected by exchange rates and appropriate hedging measures are adopted to effectively control exchange rate risks.

c) Inflation

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

d) Response measures to be taken in the future

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

- 2) The Corporation's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future:
- a) The Corporation has not engaged in high-risk high-leverage investments in the most recent fiscal years.
 - b) Except for handling securities lending and borrowing business in accordance with the law, the Corporation has not engaged in loans to other parties.
 - c) The Corporation has not engaged in endorsements or guarantees.
 - d) The Corporation engages in derivatives trading in accordance with the law and regulation of the competent authority and within the scope permitted by the Corporation's regulations, and it makes reasonable profit under the tolerable risk of the authorized positions.

3) Effect on the Corporation's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response:

Important Policies Adopted in the Legal Environment at Home and Abroad in the Most Recent Fiscal Year	Effect on the Corporation's Financial Operations	Measures to Be Taken in Response
1. Establishment of "Compliance Direction for Securities Firms Reporting Material contingencies" (As per Order No. Financial-Supervisory-Securities-Zi-1120351844).	<p>Material contingency refer to the following events sufficient to affect the reputation of a securities firm, jeopardize the normal operations of the securities firm, cause damage to customers' rights and interests, or affect financial order.</p> <ol style="list-style-type: none"> 1) Man-made or natural disaster (e.g., earthquake, flood, fire, wind disaster, etc.). 2) Fraud case involving poor internal controls, or occurrence of a material deficiency in operations. 3) Security maintenance related (e.g., robbery, major theft, vandalism of business premises or equipment, or intimidation, etc.) 4) Material deficiency or loss in business or finances. 5) Media reporting on a matter that may affect the reputation or operations of the Corporation. 6) Occurrence of a material information security incident. 7) Violation of anti-money laundering or counter-terrorism financing regulations by a related enterprise in which the Corporation has made overseas investment. 8) A material credit risk case overseas or in the mainland China area, in which the assessed claims or loss on investment reaches the equivalent of US\$10 million or more. 9) Other material event. 	The Corporation shall amend the "Regulations on Material Contingency Reporting and Emergency Procedures" to handle the relevant reports, if any, in accordance with regulatory regulations.

(Continued)

Important Policies Adopted in the Legal Environment at Home and Abroad in the Most Recent Fiscal Year	Effect on the Corporation's Financial Operations	Measures to Be Taken in Response
<p>2. Establishment of "Directions for Operations Outsourcing by Securities Firms" (As per Order No. Financial-Supervisory-Securities-Zi-1120345336).</p>	<p>These Directions are adopted pursuant to Article 8, paragraph 1, subparagraph 18 of the Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets.</p> <ol style="list-style-type: none"> 1) A securities firm that will outsource operations to any third party (hereinafter, "outsourcing") shall enter a written agreement and comply with these Directions. However, if the outsourcing involves foreign exchange business, it shall additionally comply with the relevant rules and regulations set forth by the Central Bank. The securities firms to which these Directions apply include domestic securities firms and their overseas branches and the Taiwan branches of foreign securities firms. 2) The outsourcing by a securities firm of operations involving business items stated in its business license or operations related to customer information shall be limited to the following scope: <ol style="list-style-type: none"> a) Data processing: Including information system data entry, processing, and output; the development, monitoring, control, and maintenance of information systems; and logistical support for data processing in connection with conducting business. b) Safekeeping of documents such as forms, statements, and certificates. 	<p>The Corporation will establish "Guidelines for Operations Outsourcing" and handle relevant matters in accordance with these guidelines and regulatory requirements.</p>

(Continued)

Important Policies Adopted in the Legal Environment at Home and Abroad in the Most Recent Fiscal Year	Effect on the Corporation's Financial Operations	Measures to Be Taken in Response
	<p>c) E-channel customer services, including automated voice systems, response to and processing of customer e-mails, consultation and assistance to e-channel customers, and telephone customer service specialist service.</p> <p>d) Certain internal audit operations. However, these audit operations may not be performed by the CPAs who attest the securities firm's financial statements.</p> <p>e) Other operations approved by the competent authority for outsourcing.</p>	
<p>3. Amendment of the provisions in Article 37-1, Paragraph 2, of the "Regulations Governing Securities Firms" (As per Order No. Financial-Supervisory-Securities-Zi-11203860677).</p>	<p>The types and scope of securities under Article 37-1, Paragraph 2, of the Regulations Governing Securities Firms are stated as follows:</p> <ol style="list-style-type: none"> 1) Stocks of companies listed on the "FISE TWSE Taiwan 50 Index," "FISE TWSE Taiwan Mid-Cap 100 Index," and "TPEX 50 Index." 2) The underlying securities of call (put) warrants (including those eligible for issuance by A-rated issuers), securities eligible for margin purchase and short sale, and subject securities of securities borrowing and lending transactions ; furthermore, those published by the Taiwan Stock Exchange Corporation or Taipei Exchange. 3) The aforementioned securities, if announced by the Taiwan Stock Exchange Corporation or the Taipei Exchange for changes in trading methods or disposal, or stocks listed on the Taiwan Innovation Board, shall not be included. 	<p>The Corporation shall take measures in accordance with the regulations.</p>

(Continued)

Important Policies Adopted in the Legal Environment at Home and Abroad in the Most Recent Fiscal Year	Effect on the Corporation's Financial Operations	Measures to Be Taken in Response
4. Amendments to Article 2 and Article 8 of the "Standards Governing Eligibility of Securities for Margin Purchase and Short Sale" (As per Order No. Financial-Supervisory-Securities-SITC-Zi-1120364320).	<p>1) Common stocks listed on the TIB are allowed to be the subjects of margin trading and the review criteria for margin purchase and short sale of TWSE-listed stocks apply to the TIB-listed stocks. Eligible TIB-listed stocks are subject to the same rule applicable to TPEx-listed stocks that are eligible for margin purchase and short sale, allowing these stocks to be immediately eligible as the subjects of margin trading after switching to TWSE listing, unless the equity ownership is overly concentrated. (Amendment to Article 2).</p> <p>2) In line with TIB-listed stocks for margin purchase and short sale implemented from January 1, 2024, the amended articles enter into force from January 1, 2024. (Amendment to Article 8).</p>	The Corporation shall take measures in accordance with the regulations.
5. Amendments to Articles 10, 11, and 31 of the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" (As per Order No. Financial-Supervisory-Securities-Auditing-Zi-1120386049).	<p>1) To comply with International Accounting Standard No. 1 "Presentation of Financial Statements," amend the provisions relating to the classification of current or non-current liabilities. (Amendment to Article 10).</p> <p>2) Considering the fact that the funds already fully raised for capital increase in cash are recognized by enterprises as either share capital or advance receipts for share capital on the ex-date, and the fact that enterprises' issuance of new shares to those exercising employee stock options or to convertible corporate bond holders are not limited to those already registered with the competent authority, the definition of share capital is amended in line with the above, and it is required to disclose in the notes the information that no change of registration has been approved yet by the company registration authority.</p>	The Corporation shall take measures in accordance with the regulations.

(Continued)

Important Policies Adopted in the Legal Environment at Home and Abroad in the Most Recent Fiscal Year	Effect on the Corporation's Financial Operations	Measures to Be Taken in Response
	3) The date of implementation has been adjusted to align with the amendments made in this revision. (Amendment to Article 31).	
6. Issuance of regulations regarding Article 28-4 of the Securities and Exchange Act (As per Order No. Financial-Supervisory-Securities-Zi-11203848301).	<p>1) Article 28-4 of the Securities and Exchange Act, states that the total issue amount of the corporate bonds may not exceed 200% of the company's total assets less total liabilities, which refers to the total amount of secured ordinary corporate bonds, secured corporate convertible corporate bonds, unsecured convertible corporate bonds, secured corporate bonds with warrants, and unsecured corporate bonds with warrants.</p> <p>2) This regulation shall come into effect immediately; the letter of the Securities and Futures Commission, Ministry of Finance under No. Taiwan-Financial-Securities-I-69202, dated September 11, 2000, is hereby repealed upon the receipt of the No. Financial-Superrisory-Securities-Corporate-Zi-11203848305 dated November 9, 2023.</p>	The Corporation shall take measures in accordance with the regulations.
7. Amendment to the Regulations Governing Securities Firms Accepting Orders to Manage Private Equity Funds (As per Order No. Financial-Supervisory-Securities-Zi-11203848301).	1) Securities firms are required to establish and implement comprehensive internal control systems and risk control and management mechanisms regarding the operating principles, operational procedures, division of authority and responsibility, anti-money laundering and countering terrorism financing operations, business disputes resolution, personnel education, training and management, segregation from existing businesses, and prevention of conflicts of interest related to the management of entrusted private equity funds or the acceptance of appointments from institutions related to private equity funds.	The Corporation shall take measures in accordance with the regulations.

(Continued)

Important Policies Adopted in the Legal Environment at Home and Abroad in the Most Recent Fiscal Year	Effect on the Corporation's Financial Operations	Measures to Be Taken in Response
	<p>2) Clearly define matters related to interest relationship with the securities firms.</p> <p>3) In the event of the personnel of the departments in charge of the private equity funds management changes, securities firms must report to the industry association for registration within five business days from the next day of the change.</p>	
<p>8. Amendment to Certain Articles of the "Regulations Governing Permission and Administration of Securities and Futures Business Dealings and Investment Between the Taiwan Area and Mainland China" (As per Order No. Financial-Supervisory-Securities-Zi-11203848301).</p>	<p>1) In accordance with the revision to the Futures Trading Act issued on January 16, 2019, which eliminated Paragraph 2 of Article 100, the item number of this regulation that referenced the Futures Trading Act. Is amended (Amendments to Articles 12, 16 to 18).</p> <p>2) It specifies the timing for subsequent reporting of material matters arising from investments in Mainland-area securities or futures institutions by domestic securities or futures institutions, or their third-region subsidiaries. (Amendment to Article 22).</p> <p>3) It specifies the qualification requirements, application materials and related procedures for domestic securities or futures institutions or their third-region subsidiaries to invest in securities subsidiaries or futures institution subsidiaries in the Mainland area. (Amendments to Articles 24-1 through 24-5).</p>	<p>The Corporation shall take measures in accordance with the regulations.</p>

(Continued)

Important Policies Adopted in the Legal Environment at Home and Abroad in the Most Recent Fiscal Year	Effect on the Corporation's Financial Operations	Measures to Be Taken in Response
	<p>4) It specifies the qualification requirements, required documentation, and related procedures for domestic securities or futures institutions to apply for permission to additionally establish branch offices of their Mainland-area securities or futures institution subsidiaries. (Amendments to Articles 24-6 and 24-7).</p> <p>5) It regulates that after domestic securities or futures institutions has invested in Mainland-area securities or futures institution subsidiaries, if there are any changes in the business operations of the securities or futures institution subsidiaries, domestic securities or futures institutions shall report to the competent authority. Additionally, they shall report the operating status and various financial and business information of the securities or futures institution subsidiaries in accordance with the competent authority's requirements. (Amendments to Articles 24-8 through 24-11).</p>	

(Concluded)

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

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

To rise to the challenge of the industrial changes caused by the digital financial development, the Corporation has proactively utilized the technologies such as cloud services and big data, and developed AI investments, to establish a competitive advantage of finding differences in similarities, continued to conduct employee transformation and cultivation, create digitalized branches and service platforms, and satisfy investors' trading needs, thereby providing physical branches and business associates with digitalization capabilities, which will be the future core competitiveness of the Corporation.

In response to technological changes and industrial trends, the Corporation has taken necessary response measures to mitigate impact on its financial operations.

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

The Corporation always adheres to the operating principles of "Ethics, Stability, Service, Sustainability", and provides high-quality, professional and differentiated services as business philosophy and core value, strengthens internal control and risk control mechanisms, and provides professional and comprehensive services for the investing public. In recent years, the Corporation has also been committed to promoting the practicing of ESG into the corporate culture to enhance the corporate social responsibility. Therefore, the Corporation has never suffered the crisis management of changes in the Corporation's corporate image.

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

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

- 7) Expected benefits and possible risks associated with the expansion of business locations, and mitigation measures being or to be taken:

In recent years, in response to the development of technology and the changes of the times, the Corporation has reduced its business locations to the optimal scale for operation. Therefore, it is unlikely that the Corporation will develop its business by expanding business locations again in the future.

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

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

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

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

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

- 11) List major litigious, non-litigious or administrative disputes that: (1) involve the Corporation and any Corporation director, any Corporation supervisor, the president, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and any company or companies controlled by the Corporation; and (2) have been concluded by means of a final and unappealable judgment, or are still under litigation. Where such a dispute which might have a material impact on shareholders' rights and interests or securities prices, and the status of the dispute as of the end of publication of the fiscal year:
- a) On January 11, 2021, the Corporation filed a criminal complaint against the natural person surnamed Wang for obstruction of reputation (credit) and violation of criminal aggravated defamation, and filed a motion for reconsideration of the non-prosecution order of the Taipei District Prosecutor's Office and a motion to dismiss the order for committal to trial. On April 6, 2023, the Corporation received the judgment rendered by Taiwan Taipei District Court revoking the motion for reconsideration. Therefore, the judgment became final and irrevocable. This case does not have a material impact on shareholders' rights and interests or securities prices.
 - b) The plaintiff and the other person claimed that the natural person and salesperson Mr./Ms. Chen, with the intention of obtaining unlawful gains for himself/herself, deceived the plaintiff by not telling the truth behind transactions and caused damage to the plaintiff and the other person. Therefore, the plaintiff filed a civil action against the defendant and the Corporation on August 18, 2021, requesting the Corporation to bear joint and several liabilities for the damage compensation in a total amount of NT\$52,000 thousand. The case is currently under the trial of the Taiwan Taipei District Court. This case does not have a material impact on shareholders' rights and interests or securities prices.
 - c) On June 7, 2022, the Corporation reported the theft of the Corporation's stock documents to the Sanchangli Police Station, Xinyi Precinct, Taipei City Police Department, and filed a criminal complaint in accordance with the law. On September 8, 2022, Xinyi Precinct issued a letter explaining that nothing has been found yet, and the case was archived preliminarily. This case does not have a material impact on shareholders' rights and interests or securities prices.
 - d) On August 18, 2022, the Corporation reported the hacker's intrusion to the Corporation's website to the Sanchangli Police Station, Xinyi Precinct, Taipei City Police Department, and filed a criminal complaint in accordance with the law. On September 19, 2022, Xinyi Precinct issued a letter explaining that nothing has been found yet, and the case was archived preliminarily. This case does not have a material impact on shareholders' rights and interests or securities prices.
 - e) On September 1, 2022, the Corporation reported the organization of online investment forum by unknown person in the name of the Corporation falsely to the Sanchangli Police Station, Xinyi Precinct, Taipei City Police Department, and filed a criminal complaint in accordance with the law. On December 5, 2022, Xinyi Precinct issued a letter explaining that nothing has been found yet, and the case was archived preliminarily. This case does not have a material impact on shareholders' rights and interests or securities prices.
 - f) On November 2, 2022, the Corporation reported the unknown person's intrusion to the Corporation's system to the Sanchangli Police Station, Xinyi Precinct, Taipei City Police Department, and filed a criminal complaint in accordance with the law. On September 19, 2022, Xinyi Precinct issued a letter explaining that nothing has been found yet, and the case was archived preliminarily. This case does not have a material impact on shareholders' rights and interests or securities prices.

- g) On November 25, 2022, an unknown person placed two toilets with threatening and insulting words in front of the Corporation. On November 29, 2022, the Corporation reported the case to the Sanchangli Police Station, Xinyi Precinct, Taipei City Police Department, and filed a criminal complaint in accordance with the law. Then, the Corporation petitioned for a reconsideration against the ruling not to prosecute rendered by Taiwan Taipei District Prosecutors Office. On May 30, 2023, the Corporation received the written decision rendered by Taiwan High Prosecutors Office revoking the petition for reconsideration. The case was concluded accordingly. This case does not have a material impact on shareholders' rights and interests or securities prices.
- h) On July 17, 2023, the Corporation reported that the Corporation's app logo was misappropriated by an unknown person to promote unknown stock investment information in the line group to the Sanchangli Police Station, Xinyi Precinct, Taipei City Police Department, and filed a criminal complaint in accordance with the law. On August 14, 2023, Xinyi Precinct issued a letter explaining that nothing has been found yet, and the case was archived preliminarily. This case does not have a material impact on shareholders' rights and interests or securities prices.
- i) On August 7, 2023, the Corporation reported to the Sanchangli Police Station, Xinyi Precinct, Taipei City Police Department that the Corporation's customer data were sold by an unknown person via the dark web, and filed a criminal complaint in accordance with the law. On September 4, 2023, Xinyi Precinct issued a letter explaining that nothing has been found yet, and the case was archived preliminarily. This case does not have a material impact on shareholders' rights and interests or securities prices.
- j) When a customer of the Corporation received a phone call from a person other than the Corporation's sales representatives, it was possible that the Corporation's system might be invaded by unknown hackers. On September 5, 2023, the Corporation filed a criminal complaint with the Taipei City Field Division, Investigation Bureau, Ministry of Justice. This case does not have a material impact on shareholders' rights and interests or securities prices.
- k) On October 11, 2023, the Corporation received a civil complaint from the plaintiff requesting the payment of labor pension, for a total amount of NT\$637 thousand. The case is currently pending trial by Taiwan Taichung District Court. This case does not have a material impact on shareholders' rights and interests or securities prices.
- l) The Corporation's Yanping (formerly known as Chengchung) Branch customer was reported to have defaulted on October 2, 2006. The Corporation filed a motion to Taiwan Taipei District Court for issuance of a payment order in a total amount of NT\$289 thousand on December 15, 2016. The payment order has been determined. Now the debtor is in the process of paying off the debt. This case does not have a material impact on shareholders' rights and interests or securities prices.
- m) The Corporation's Taichung (formerly known as Yuanlin) Branch customer was reported to have defaulted on September 9, 2008, the Corporation made a settlement transcript with the debtor in Taiwan Taichung District Court in a total settlement amount of NT\$2,917 thousand on June 4, 2009. The Corporation has applied for compulsory enforcement; however, the amount is not paid off, which has been replaced with a Certificate of the Obligatory Claim. The Corporation will continue to claim for recovery from the debtor. This case does not have a material impact on shareholders' rights and interests or securities prices.

- n) The Corporation's Taichung Branch customer was reported to have defaulted on February 23, 2009, the Corporation filed a motion to Taiwan Changhua District Court for issuance of a payment order in a total amount of NT\$5,996 thousand on March 2, 2009. The payment order has been determined. The Corporation has applied for compulsory enforcement, which has been replaced with a Certificate of Obligatory Claim. On March 29, 2023, Taiwan Taipei District Court ruled the exemption from liability for the debtor's petition for liquidation of debts. The Corporation filed an appeal in accordance with the law. On July 7, 2023, the Corporation received the civil judgment rendered by Taiwan Taipei District Court revoking the appeal. The case became final and irrevocable. This case does not have a material impact on shareholders' rights and interests or securities prices.
- o) The Corporation's Taichung Branch customer was reported to have defaulted on February 23, 2009, the Corporation filed a motion to Taiwan Changhua District Court for issuance of a payment order in a total amount of NT\$6,119 thousand on March 2, 2009. The payment order has been determined. The Corporation has applied for compulsory enforcement; however, the amount is not paid off, which has been replaced with a Certificate of the Obligatory Claim. The Corporation will continue to claim for recovery from the debtor. This case does not have a material impact on shareholders' rights and interests or securities prices.
- p) The Corporation's Yonghe Branch customer was reported to have defaulted on May 19, 2017, the Corporation filed a motion to Taiwan Shihlin District Court for issuance of a payment order in a total amount of NT\$73,147 thousand on July 18, 2017. The payment order has been determined. The Corporation applied for compulsory enforcement; however, the amount is not paid off, which has been replaced with a Certificate of the Obligatory Claim. The Corporation will continue to claim for recovery from the debtor. This case does not have a material impact on shareholders' rights and interests or securities prices.
- q) The Corporation's Yonghe Branch customer was reported to have default on May 19, 2017, the Corporation filed a motion to Taiwan New Taipei District Court for issuance of a payment order in a total amount of NT\$12,527 thousand on July 18, 2017. The payment order has been determined. Now the debtor is in the process of paying off the debt. This case does not have a material impact on shareholders' rights and interests or securities prices.
- r) The Corporation's Renai Branch customer was reported a default on May 15, 2018 and the customer did not repay the amount as scheduled after an agreement was reached, the Corporation filed a motion to Taiwan Taipei District Court for ruling on promissory notes in a total amount of NT\$2,520 thousand on July 1, 2018. The ruling on promissory notes has been determined. The Corporation has applied for compulsory enforcement; however, the amount is not paid off, which has been replaced with a Certificate of the Obligatory Claim. The Corporation will continue to claim for recovery from the debtor. This case does not have a material impact on shareholders' rights and interests or securities prices.
- s) The Corporation's Shipai Branch customer was reported to have defaulted on November 12, 2018, the Corporation filed a motion to Taiwan Shihlin District Court for issuance of a payment order in a total amount of NT\$3,397 thousand on December 20, 2018. The payment order has been determined. The Corporation applied for compulsory enforcement; however, the amount is not paid off, which has been replaced with a Certificate of the Obligatory Claim. The Corporation will continue to claim for recovery from the debtor. This case does not have a material impact on shareholders' rights and interests or securities prices.

- t) The Corporation's Shipai Branch customer was reported to have defaulted on November 12, 2018, the Corporation filed a motion to Taiwan New Taipei District Court for issuance of a payment order in a total amount of NT\$959 thousand on December 20, 2018. The payment order has been determined. The Corporation applied for compulsory enforcement; however, the amount is not paid off, which has been replaced with a Certificate of the Obligatory Claim. The Corporation will continue to claim for recovery from the debtor. This case does not have a material impact on shareholders' rights and interests or securities prices.
- u) The Corporation's Kaohsiung Branch customer was reported to have defaulted on February 3, 2020, the Corporation filed a motion to Taiwan Taipei District Court for ruling on promissory notes in a total amount of NT\$171 thousand on February 4, 2020. The ruling on promissory notes has been determined. The Corporation applied for compulsory enforcement; however, the amount is not paid off, which has been replaced with a Certificate of the Obligatory Claim. The Corporation will continue to claim for recovery from the debtor. This case does not have a material impact on shareholders' rights and interests or securities prices.
- v) The Corporation's Brokerage Dept. customer was reported to have defaulted on November 6, 2020. On November 19, 2020, the Corporation filed a petition for false seizure with the Taiwan Taipei District Court and the payment order has been determined amounting to NT\$136 thousand. The Corporation applied for compulsory enforcement with the court on January 8, 2021; however, the amount is not paid off, which has been replaced with a Certificate of the Obligatory Claim. The Corporation will continue to claim for recovery from the debtor. This case does not have a material impact on shareholders' rights and interests or securities prices.
- w) The Corporation's Neihu Branch customer was reported to have defaulted on December 30, 2021, the Corporation filed a motion to Taiwan Taipei District Court for ruling on promissory notes in a total amount of NT\$661 thousand on February 10, 2022. The debtor has repaid the debt in full on November 24, 2023. This case does not have a material impact on shareholders' rights and interests or securities prices.
- x) The Corporation's Brokerage Dept. customer was reported to have defaulted on May 11, 2022. The Corporation filed a motion to Taiwan Taipei District Court for ruling on promissory notes in a total amount of NT\$427 thousand on May 17, 2022. Now the debtor is in the process of paying off the debt. This case does not have a material impact on shareholders' rights and interests or securities prices.
- y) The Corporation's Tainan Branch customer was reported to have defaulted on October 7, 2022, the Corporation filed a motion to Taiwan Taipei District Court for ruling on promissory notes in a total amount of NT\$1,000 thousand on October 28, 2022. Now the debtor is in the process of paying off the debt. This case does not have a material impact on shareholders' rights and interests or securities prices.
- z) The Corporation's Taipei Branch customer was reported to have defaulted on November 30, 2022, the Corporation filed a motion to Taiwan New Taipei District Court for issuance of a payment order in a total amount of NT\$35 thousand on January 5, 2023. The payment order has been determined. The Corporation applied for compulsory enforcement; however, the amount is not paid off, which has been replaced with a Certificate of the Obligatory Claim. The Corporation will continue to claim for recovery from the debtor. This case does not have a material impact on shareholders' rights and interests or securities prices.
- aa) The Corporation's Renai Branch customer was reported to have defaulted on February 1, 2023, the Corporation filed a motion to Taiwan Taipei District Court for ruling on promissory notes in a total amount of NT\$846 thousand on February 4, 2023. Now the debtor is in the process of paying off the debt. This case does not have a material impact on shareholders' rights and interests or securities prices.

- bb) The Corporation's Neihu Branch customer was reported to have defaulted on June 12, 2023, the Corporation filed a motion to Taiwan Taipei District Court for ruling on promissory notes in a total amount of NT\$639 thousand on August 11, 2023. Now the debtor is in the process of paying off the debt. This case does not have a material impact on shareholders' rights and interests or securities prices.
- cc) The Corporation's Yanping Branch customer was reported to have defaulted on July 14, 2023, the Corporation filed a motion to Taiwan Taipei District Court for ruling on promissory notes in a total amount of NT\$100 thousand on July 14, 2023. Now the debtor is in the process of paying off the debt. This case does not have a material impact on shareholders' rights and interests or securities prices.
- dd) The Corporation's Kaohsiung Branch customer was reported to have defaulted on July 4, 2023, the Corporation filed a motion to Taiwan New Taipei District Court for issuance of a payment order in a total amount of NT\$494 thousand on August 10, 2023. The payment order has been determined. The Corporation applied for compulsory enforcement; however, the amount is not paid off, which has been replaced with a Certificate of the Obligatory Claim. The Corporation will continue to claim for recovery from the debtor. This case does not have a material impact on shareholders' rights and interests or securities prices.
- ee) The Corporation's Kaohsiung Branch customer was reported to have defaulted on September 13, 2023, the Corporation filed a motion to Taiwan Taipei District Court for ruling on promissory notes in a total amount of NT\$904 thousand on September 28, 2023. The ruling on promissory notes has been determined. Now, the Corporation is applying with the court for the issuance of the Certificate of the Obligatory Claim. This case does not have a material impact on shareholders' rights and interests or securities prices.
- ff) The Corporation's Neihu Branch customer was reported to have defaulted on October 11, 2023. The Corporation filed a motion to Taiwan Taipei District Court for issuance of a payment order in a total amount of NT\$281 thousand on October 31, 2023. As it was impossible to serve the payment order as requested initially, the Corporation is going to file a complaint. Meanwhile, the Corporation will continue to claim for recovery from the debtor. This case does not have a material impact on shareholders' rights and interests or securities prices.
- gg) The Corporation's Taichung Branch customer was reported to have defaulted on October 27, 2023, the Corporation filed a motion to Taiwan Taipei District Court for ruling on promissory notes in a total amount of NT\$1,159 thousand on November 2, 2023. Now the debtor is in the process of paying off the debt. This case does not have a material impact on shareholders' rights and interests or securities prices.
- hh) The Corporation's Taichung branch customer was reported to have defaulted on December 19, 2023, for a total of NT\$317 thousand. Now the debtor is in the process of paying off the debt. This case does not have a material impact on shareholders' rights and interests or securities prices.
- ii) The Corporation's Tainan Branch customer was reported to have defaulted on March 24, 2022 and March 28, 2022. The Corporation filed a complaint against the defendant claiming the payment of stock payment, NT\$407 thousand, on August 1, 2022. On December 14, 2022, the Corporation received the final and irrevocable judgment rendered by Taiwan Taipei District Court in favor of the Corporation. The Corporation applied for compulsory enforcement; however, the amount is not paid off. The Corporation will continue to claim for recovery from the debtor. This case does not have a material impact on shareholders' rights and interests or securities prices.

- jj) The Corporation's Brokerage Dept. customer was reported to have defaulted on February 2, 2021. The Corporation filed a complaint against the defendant claiming the payment of stock payment, NT\$115 thousand, on December 12, 2021. On August 19, 2022, the Corporation received the final and irrevocable judgment rendered by Taiwan Taipei District Court in favor of the Corporation. Both parties reached the agreement on repayment, and the debt was repaid in full on September 4, 2023. This case does not have a material impact on shareholders' rights and interests or securities prices.
- kk) Due to excess-of-loss event on February 6, 2018, Concord Futures, one of the Corporation's important subsidiaries, has conducted civil debt settlement and compensation for damages with a total of 8 investors since June 2018, a lawsuit requesting a total of NT\$177,477 thousand. So far, both parties have reached settlement for most cases. Meanwhile, the judgment rendered by Taiwan Taipei District Court in favor of Concord Futures became final and irrevocable. The remaining one case is pending trial by Taiwan High Court. This case does not have a material impact on shareholders' rights and interests or securities prices.
- ll) Due to the event of a negative price of overseas small light crude oil on April 21, 2020, Concord Futures, one of the Corporation's important subsidiaries, has conducted civil debt settlement and compensation for damages with a total of 3 investors since October 2020, a lawsuit requesting a total of 10,699 thousand. So far, the judgment rendered by Taiwan Taipei District Court in favor of Concord Futures has become final and irrevocable. The remaining two cases are still pending trial by Taiwan High Court. This case does not have a material impact on shareholders' rights and interests or securities prices.
- mm) A former salesperson of the Corporation's important subsidiary, Concord Futures, was deemed by the plaintiffs to have deceived the plaintiff about the true nature of the transaction for the purpose of unlawful gain, resulting in damages. The plaintiffs, amounting to 28 investors, filed a civil lawsuit against Concord Futures and the former salesperson to bear joint and several liabilities for damages and settlement of debts from February 2022 to May 2023, amounting to a total of NT\$548,989 thousand. The case is now pending before the Taiwan Taipei District Court and the Taiwan New Taipei District Court. This case does not have a material impact on shareholders' rights and interests or securities prices.

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

g. Crisis management and contingency measures

In accordance with the Corporation's regulation on material contingency reporting and emergency procedures, events that have a significant impact on the Corporation's reputation, jeopardize its normal operations, cause damage to customers' rights, or affect financial order are described as follows:

- 1) Man-made or natural disaster (e.g., earthquake, flood, fire, wind disaster, etc.)
- 2) Fraud case involving poor internal controls, or occurrence of a material deficiency in operations.
- 3) Security maintenance related (e.g., robbery, major theft, vandalism of business premises or equipment, or intimidation, etc.)
- 4) Material deficiency or loss in business or finances, with the assessed loss amounting to over 300 million dollars.
- 5) Media reporting on a matter that may affect the reputation or operations of the Corporation.
- 6) Occurrence of a material information security incident.

- 7) Violation of anti-money laundering or counter-terrorism financing regulations by a related enterprise in which the corporation has made overseas investment.
- 8) A material credit risk case overseas or in the mainland China area, in which the assessed claims or loss on investment reaches the equivalent of US\$10 million or more.
- 9) Other material event

Material contingencies under the preceding paragraph are not limited by the amount of loss as an absolute requirement. Non-quantifiable events that do not result in any monetary loss, but affect the reputation of the Corporation, or jeopardize the normal operation of the Corporation, or the financial order, also constitute material contingencies.

When a material contingency occurs, if necessary, the “Emergency Response Team” shall be convened by the Corporation’s chairman as the convenor, and the president as both the vice convenor and the business executive supervisor, and the relevant department heads shall be convened 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 has also established “Emergencies Countermeasures Operation Procedures” to identify potential accidents or emergencies, aiming to prevent or minimize personal injuries, property losses and impacts on working environment in order to maintain business operations and ensure employees’ safety.

h. Other important matters: None.

4. CPA INFORMATION

a. Information on CPA professional fees

Expressed in Thousands of NT\$

Name of Accounting Firm	Name of CPA	CPA Audit Period	Audit Fees	Non-audit Fees	Subtotal	Remark
Deloitte Taiwan	CHUANG, PI-YU	Full-year of 2023	\$ 2,750	\$ 200	\$ 2,950	Note 1
	HUANG, HSIU-CHUN					
	CHANG, CHENG-HSIU					
PwC Taiwan	WU, SHANG-TUN	Feb. 2023 - Apr. 2023	-	1,800	1,800	Note 2
	LO, CHIAO-SEN					
PwC Taiwan	HSU, LIN-SHUN	Aug. 2020 - Aug 2023	-	1,460	1,460	Note 3
	LIN, WEN-YU					

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

Note 2: Non-audit Fees including the project audit of internal control within specific scopes.

Note 3: Non-audit Fees including project audit of personal data internal control.

- 1) When the Corporation changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year: None.
- 2) When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more: None.

b. Information on replacement of certified public accountant

Because of job rotation within the accounting firm, Chuang, Pi-Yu, CPA and Huang, Hsiu-Chun, CPA were replaced by Chang, Cheng-Hsiu, CPA and Chuang, Pi-Yu, CPA.

c. Information of the Corporation's chairperson, president, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at certified public accounting firm or its affiliated enterprises: None.