Concord Securities Co., Ltd. and Subsidiaries

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

Deloitte.

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INDEPENDENT AUDITORS' REPORT

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

Opinion

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

In our opinion, based on our audits and the reports of other auditors (please refer to the Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, other regulations, International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

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

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

Accuracy of Brokerage Handling Fee Revenue

Brokerage handling fee revenue of the Group amounted to $1,607,378 thousand in 2020. The calculation of discounts on brokerage handling fee revenue is complicated since it varies based on counterparties, ways of placing orders and transaction volume, and any calculation errors in the discounts will affect the accuracy of brokerage handling fee revenue. Therefore, the accuracy of brokerage handling fee revenue was identified as the key audit matter for the year ended December 31, 2020.

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

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

Other Matter

We did not audit the financial statements of some of the Group's subsidiaries and investments accounted for using equity method included in the Group's consolidated financial statements for the years ended December 31, 2020 and 2019, but such financial statements were audited by other auditors. Therefore, our opinion, insofar as it relates to the amounts and other relevant information of the aforementioned investee companies as disclosed in the notes, is based solely on the report of other auditors. As of December 31, 2020 and 2019, the total assets of these subsidiaries and investments in associates amounted to $578,034 thousand and $548,074 thousand, accounting for 1.62% and 2.14% of consolidated total assets, respectively; for the years ended December 31, 2020 and 2019, no operating revenue was recognized, and the share of the comprehensive income or loss of these subsidiaries and associates accounted for using equity method amounted to a gain of $29,578 thousand and a loss of $57,434 thousand, which accounted for 2.50% and (13.86%) of the consolidated total comprehensive income, respectively.

We have also audited the parent company only financial statements of Concord Securities Co., Ltd. as of and for the years ended December 31, 2020 and 2019 on which we have issued an unmodified opinion with Other Matter paragraph.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 11, 2021

Notice to Readers

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

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

CONCORD SECURITIES CO., LTD. AND SUBSIDIARIES

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

	2020		2019	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 3,434,150	10	$ 1,678,341	7
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	10,198,915	29	6,782,651	27
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	15,808	-	-	-
Bond investments under resale agreements (Notes 4 and 9)	-	-	697,687	3
Margin loans receivable (Notes 4, 12 and 32)	4,695,748	13	3,435,417	13
Refinancing margin (Notes 4 and 12)	17,314	-	27	-
Refinancing collateral receivable (Notes 4 and 12)	14,462	-	23	-
Customer margin account (Notes 4 and 10)	4,017,180	11	3,668,531	14
Futures exchanges margins receivable (Notes 4 and 11)	-	-	-	-
Security borrowing collateral price (Notes 4 and 12)	429,612	1	101,794	-
Security borrowing margin (Notes 4 and 12)	389,179	1	92,551	-
Notes and accounts receivable (Notes 4 and 12)	5,918,439	16	3,765,749	15
Prepayments	7,448	-	8,929	-
Other receivables (Notes 4 and 12)	60,464	-	45,674	-
Other financial assets - current (Notes 4 and 13)	606,899	2	556,485	2
Current tax assets (Notes 4 and 28)	14,790	-	22,176	-
Restricted assets - current (Note 33)	227,150	1	374,704	2
Other current assets	269,083	1	66,080	-
Total current assets	30,316,641	85	21,296,819	83
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4, 7 and 33)	-	-	10,049	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 5 and 8)	2,248,458	6	1,306,145	5
Investments accounted for using equity method (Notes 4 and 15)	570,130	2	537,605	2
Property and equipment (Notes 4, 16 and 33)	1,035,116	3	1,028,534	4
Right-of-use assets (Notes 4, 17 and 32)	69,554	-	104,993	1
Investment property (Notes 4, 18 and 33)	323,273	1	330,829	1
Intangible assets (Notes 4 and 19)	51,486	-	48,633	-
Deferred tax assets (Notes 4 and 28)	224,183	1	170,210	1
Other non-current assets (Notes 4, 17 and 20)	765,458	2	819,148	3
Total non-current assets	5,287,658	15	4,356,146	17
TOTAL	$ 35,604,299	100	$ 25,652,965	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 21 and 33)	$ 390,000	1	$ 3,300	-
Commercial paper payable (Notes 21 and 33)	6,557,680	19	5,386,999	21
Financial liabilities at fair value through profit or loss - current (Notes 4, 7 and 32)	1,738,107	5	876,119	4
Liabilities for bonds with attached repurchase agreements (Notes 4, 22 and 32)	4,879,368	14	3,187,258	13
Securities financing refundable deposits (Note 4)	395,326	1	354,357	1
Deposits payable for securities financing (Note 4)	435,170	1	412,022	2
Security lending refundable deposits (Note 4)	-	-	2,780	-
Futures traders equity (Notes 4 and 10)	4,002,673	11	3,639,355	14
Accounts payable (Note 23)	7,507,964	21	3,659,518	14
Other payables	544,617	2	248,642	1
Current tax liabilities (Notes 4 and 28)	99,101	-	19,285	-
Provisions - current (Notes 4 and 24)	23,722	-	23,404	-
Lease liabilities - current (Notes 4, 17 and 32)	46,716	-	48,242	-
Other current liabilities	279,466	1	56,406	-
Total current liabilities	26,899,910	76	17,917,687	70
NON-CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss - non-current (Notes 4 and 7)	215,244	1	203,623	1
Provisions - non-current (Notes 4 and 24)	12,880	-	13,245	-
Lease liabilities - non-current (Notes 4, 17 and 32)	21,531	-	55,575	-
Deferred tax liabilities (Notes 4 and 28)	666	-	154	-
Guarantee deposits received (Note 32)	2,458	-	3,060	-
Net defined benefit liabilities - non-current (Notes 4, 5 and 25)	184,236	-	162,629	1
Total non-current liabilities	437,015	1	438,286	2
Total liabilities	27,336,925	77	18,355,973	72
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Notes 4, 8, 15, 25, 26, 28 and 31)				
Share capital	5,944,550	17	6,103,227	24
Capital surplus	175,307	-	180,208	1
Retained earnings				
Legal reserve	28,684	-	-	-
Special reserve	614,251	2	556,882	2
Unappropriated retained earnings	1,040,583	3	286,844	1
Total retained earnings	1,683,518	5	843,726	3
Other equity	409,422	1	266,179	1
Treasury shares	-	-	(146,315)	(1)
Total equity attributable to owners of the Corporation	8,212,797	23	7,247,025	28
NON-CONTROLLING INTERESTS	54,577	-	49,967	-
Total equity	8,267,374	23	7,296,992	28
TOTAL	$ 35,604,299	100	$ 25,652,965	100

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

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

CONCORD SECURITIES CO., LTD. AND SUBSIDIARIES

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

	2020		2019	
	Amount	**%**	**Amount**	**%**
REVENUE (Notes 4 and 27)				
Brokerage handling fee revenue (Note 32)	$ 1,639,647	49	$ 1,319,432	61
Income from securities lending	30,438	1	42,704	2
Revenue from underwriting commission	41,178	1	11,623	1
Gains (losses) on sale of operating securities, net	1,270,402	38	(34,271)	(2)
Revenue from providing agency service for stock affairs	22,030	1	22,328	1
Interest income (Note 32)	219,521	6	234,166	11
Dividend income	478,240	14	366,710	17
Valuation gains on operating securities at fair value through profit or loss, net	456,151	14	144,924	7
Gains (losses) on covering of borrowed securities and bonds with resale agreements - short sales, net	29,011	1	(17,130)	(1)
Valuation losses on borrowed securities and bonds with resale agreements - short sales at fair value through profit or loss, net	(96,473)	(3)	(17,052)	(1)
Gains on issuance of share warrants, net	7,386	-	26,093	1
Gains (losses) on derivative instruments - futures, net	(305,652)	(9)	60,440	3
Losses on derivative instruments - OTC, net (Note 32)	(465,875)	(14)	(17,645)	(1)
Expected credit loss (Notes 8, 11 and 12)	(6,215)	-	(469)	-
Other operating income (Note 32)	19,200	1	31,686	1
Total revenue	3,338,989	100	2,173,539	100
COSTS AND EXPENSES (Notes 4 and 27)				
Brokerage handling fee expenses	(201,021)	(6)	(160,254)	(7)
Proprietary handling fee expenses	(9,793)	-	(8,314)	-
Refinancing handling fee expenses	(689)	-	(579)	-
Finance costs (Note 32)	(52,055)	(2)	(60,011)	(3)
Futures commission expenses	(93,668)	(3)	(117,207)	(5)
Clearing and settlement expenses	(92,876)	(3)	(80,927)	(4)
Other operating costs	(35,798)	(1)	(27,334)	(1)
Employee benefits expense (Notes 25 and 32)	(1,287,167)	(38)	(933,506)	(43)
Depreciation and amortization (Notes 16, 17, 18 and 19)	(90,775)	(3)	(97,997)	(5)
Other operating expenses	(498,485)	(15)	(467,048)	(22)
Total costs and expenses	(2,362,327)	(71)	(1,953,177)	(90)
OPERATING PROFIT	976,662	29	220,362	10

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CONCORD SECURITIES CO., LTD. AND SUBSIDIARIES

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

	2020		2019	
	Amount	**%**	**Amount**	**%**
NON-OPERATING INCOME AND EXPENSES (Notes 4 and 27)				
Share of profit or loss of associates accounted for using equity method (Note 15)	$ 25,999	1	$ (61,668)	(3)
Other gains and losses	139,193	4	149,767	7
Total non-operating income and expenses	165,192	5	88,099	4
PROFIT BEFORE INCOME TAX	1,141,854	34	308,461	14
INCOME TAX EXPENSE (Notes 4 and 28)	(52,040)	(1)	(20,094)	(1)
NET PROFIT FOR THE YEAR	1,089,814	33	288,367	13
OTHER COMPREHENSIVE INCOME (Notes 4, 15, 25, 26, 28 and 31)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans	(62,865)	(2)	3,095	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	137,778	4	118,841	6
Share of other comprehensive income of associates accounted for using equity method	6,526	-	6,525	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	12,573	1	(619)	-
	94,012	3	127,842	6
Items that may be reclassified subsequently to profit or loss				
Exchange differences on the translation of foreign operations	(6,856)	-	(2,951)	-
Unrealized gains on investments in debt instruments at fair value through other comprehensive income	8,087	-	1,115	-
Income tax relating to items that may be reclassified subsequently to profit or loss	185	-	44	-
	1,416	-	(1,792)	-
Other comprehensive income for the year, net of income tax	95,428	3	126,050	6
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 1,185,242	36	$ 414,417	19

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CONCORD SECURITIES CO., LTD. AND SUBSIDIARIES

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

	2020		2019	
	Amount	**%**	**Amount**	**%**
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Corporation	$ 1,084,976	33	$ 284,352	13
Non-controlling interests	4,838	-	4,015	-
	$ 1,089,814	33	$ 288,367	13
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Corporation	$ 1,177,842	36	$ 409,545	19
Non-controlling interests	7,400	-	4,872	-
	$ 1,185,242	36	$ 414,417	19
EARNINGS PER SHARE (Note 29)				
Basic	$ 1.83		$ 0.47	
Diluted	$ 1.82		$ 0.47	

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

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

CONCORD SECURITIES CO., LTD. AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Corporation (Notes 4, 8, 15, 25, 26, 28 and 31)										
			Retained Earnings			Other Equity					
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Retained Earnings(Accumulated Deficits)	Exchange Differences on the Translation of Foreign Operations	Unrealized Gain on Financial Assets at Fair Value Through Other Comprehensive Income	Treasury Shares	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2019	$ 6,260,803	$ 259,269	$ 63,335	$ 770,146	$ (276,599)	$ (1,538)	$ 145,016	$ (184,101)	$ 7,036,331	$ 45,331	$ 7,081,662
Offset of 2018 deficits											
Offset of accumulated deficits by legal reserve	-	-	(63,335)	-	63,335	-	-	-	-	-	-
Offset of accumulated deficits by special reserve	-	-	-	(179,467)	179,467	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(33,797)	33,797	-	-	-	-	-	-
Other changes in capital surplus											
Issuance of share dividends from capital surplus	176,424	(176,424)	-	-	-	-	-	-	-	-	-
Unpaid dividends	-	126	-	-	-	-	-	-	126	-	126
Net profit for the year ended December 31, 2019	-	-	-	-	284,352	-	-	-	284,352	4,015	288,367
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	2,492	(2,907)	125,608	-	125,193	857	126,050
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	286,844	(2,907)	125,608	-	409,545	4,872	414,417
Purchase of treasury shares	-	-	-	-	-	-	-	(232,393)	(232,393)	-	(232,393)
Retirement of treasury shares	(334,000)	94,227	-	-	-	-	-	239,773	-	-	-
Treasury stock transferred to employees	-	3,010	-	-	-	-	-	30,406	33,416	-	33,416
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	(236)	(236)
BALANCE AT DECEMBER 31, 2019	6,103,227	180,208	-	556,882	286,844	(4,445)	270,624	(146,315)	7,247,025	49,967	7,296,992
Appropriation of 2019 earnings											
Legal reserve	-	-	28,684	-	(28,684)	-	-	-	-	-	-
Special reserve	-	-	-	57,369	(57,369)	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(194,807)	-	-	-	(194,807)	-	(194,807)
Other changes in capital surplus											
Issuance of share dividends from capital surplus	41,323	(41,323)	-	-	-	-	-	-	-	-	-
Net profit for the year ended December 31, 2020	-	-	-	-	1,084,976	-	-	-	1,084,976	4,838	1,089,814
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	(50,377)	(6,671)	149,914	-	92,866	2,562	95,428
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	1,034,599	(6,671)	149,914	-	1,177,842	7,400	1,185,242
Purchase of treasury shares	-	-	-	-	-	-	-	(17,263)	(17,263)	-	(17,263)
Retirement of treasury shares	(200,000)	36,422	-	-	-	-	-	163,578	-	-	-
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	(2,790)	(2,790)
BALANCE AT DECEMBER 31, 2020	$ 5,944,550	$ 175,307	$ 28,684	$ 614,251	$ 1,040,583	$ (11,116)	$ 420,538	$ -	$ 8,212,797	$ 54,577	$ 8,267,374

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

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

CONCORD SECURITIES CO., LTD. AND SUBSIDIARIES

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

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	$ 1,141,854	$ 308,461
Adjustments for:		
Depreciation	78,706	83,468
Amortization	12,069	14,529
Expected credit loss	6,215	469
Net gain on financial assets and liabilities at fair value through profit or loss	(367,743)	(129,832)
Finance costs	52,055	60,011
Interest income (including financial income)	(255,632)	(299,399)
Dividend income	(494,782)	(383,003)
Compensation costs of employee share options	-	3,010
Share of profit or loss of associates accounted for using equity method	(25,999)	61,668
Loss on disposal of property and equipment	542	396
Loss on disposal of intangible assets	-	51
Loss (gain) on disposal of investments	1,049	(808)
Gain on lease modifications	(16)	(5)
Changes in operating assets and liabilities		
Increase in financial assets at fair value through profit or loss	(2,943,048)	(2,091,931)
Decrease (increase) in bond investments under resale agreements	697,687	(697,687)
Increase in margin loans receivable	(1,260,517)	(173,590)
Decrease (increase) in refinancing margin	(17,287)	16,541
Decrease (increase) in refinancing collateral receivable	(14,439)	14,956
Increase in customer margin account	(348,649)	(13,312)
Decrease (increase) in futures exchanges margins receivable	(5,020)	398
Decrease (increase) in security borrowing collateral price	(327,818)	157,678
Decrease (increase) in security borrowing margin	(296,628)	148,473
Decrease (increase) in notes receivable	19	(5)
Increase in accounts receivable	(2,144,708)	(1,659,230)
Decrease (increase) in prepayments	1,481	(371)
Decrease (increase) in other receivables	(15,384)	84,616
Increase in other financial assets	(50,414)	(18,940)
Decrease (increase) in other current assets	(55,449)	14,083
Increase in liabilities for bonds with attached repurchase agreements	1,692,110	761,883
Increase in financial liabilities at fair value through profit or loss	777,136	284,288
Increase (decrease) in securities financing refundable deposits	40,969	(67,096)
Increase (decrease) in deposits payable for securities financing	23,148	(404,118)
Increase (decrease) in security lending refundable deposits	(2,780)	2,780
Increase in futures traders equity	363,318	4,883
Increase in accounts payable	3,848,477	1,645,203
Increase (decrease) in other payables	295,904	(34,908)
Decrease in net defined benefit liabilities	(28,770)	(13,182)

(Continued)

CONCORD SECURITIES CO., LTD. AND SUBSIDIARIES

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

	2020	2019
Decrease in provisions	$ (47)	$ (1,657)
Increase in other current liabilities	223,060	1,318
Cash generated from (used in) operations	600,669	(2,319,911)
Interest received	249,231	334,842
Dividends received	477,065	365,440
Interest paid	(50,667)	(59,772)
Income tax paid	(18,114)	(54,630)
Net cash generated from (used in) operating activities	1,258,184	(1,734,031)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(819,759)	(856,215)
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	6,600	-
Proceeds from disposal of investments accounted for using equity method	-	12,240
Acquisition of property and equipment	(25,505)	(7,655)
Proceeds from disposal of property and equipment	8	637
Decrease in operating deposits	52,000	-
Decrease (increase) in clearing and settlement fund	(3,693)	16,385
Decrease (increase) in refundable deposits	5,120	(2,174)
Acquisition of intangible assets	(11,483)	(4,152)
Increase in other non-current assets	(6,296)	(7,372)
Dividends received	16,542	16,293
Net cash used in investing activities	(786,466)	(832,013)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	386,700	-
Decrease in short-term borrowings	-	(272,200)
Increase in commercial paper payable	1,170,000	2,760,000
Increase in guarantee deposits received	-	505
Decrease in guarantee deposits received	(602)	-
Payments of lease liabilities	(50,439)	(54,204)
Cash dividends paid	(194,807)	-
Exercise of employee share options	-	30,406
Payments to acquire treasury shares	(17,263)	(232,393)
Change in non-controlling interests	(2,790)	(236)
Unpaid dividends	-	126
Net cash generated from financing activities	1,290,799	2,232,004
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(6,708)	(2,953)

(Continued)

CONCORD SECURITIES CO., LTD. AND SUBSIDIARIES

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

	2020	2019
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$ 1,755,809	$ (336,993)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,678,341	2,015,334
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 3,434,150	$ 1,678,341

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

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

1. GENERAL INFORMATION

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

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

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

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

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

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

   - Amendment to IFRS 16 "Covid-19 - Related Rent Concessions"

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

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

Basis of Preparation

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

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

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

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

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

Classification of Current and Non-current Assets and Liabilities

Current assets include:

a. Assets held primarily for the purpose of trading;

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

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

Current liabilities include:

a. Liabilities held primarily for the purpose of trading;

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

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

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

Basis of Consolidation

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

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

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

Foreign Currencies

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

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

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

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group'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 in Associates

An associate is an entity over which the Group has significant influence and that is not a subsidiary.

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

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

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

When the Group subscribes for additional new shares of the associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus. If the Group's ownership interest is reduced due to the additional subscription of the new shares of associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for equity method is insufficient, the shortage is debited to retained earnings.

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing the recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, which forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

Property and Equipment

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

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

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

Investment Property

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

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

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

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

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

Intangible Assets

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

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

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

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

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

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

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

Financial Instruments

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

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

a. Financial assets

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

1) Measurement category

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

a) Financial assets at FVTPL

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

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

b) Financial assets at amortized cost

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

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

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

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

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

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

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

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

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

c) Investments in debt instruments at FVTOCI

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

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

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

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

d) Investments in equity instruments at FVTOCI

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

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

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

2) Impairment of financial assets

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

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

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

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

3) Derecognition of financial assets

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

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

b. Equity instruments

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

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

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

c. Financial liabilities

1) Subsequent measurement

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

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

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

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

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

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

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

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

2) Derecognition of financial liabilities

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

d. Derivative financial instruments

Derivative financial instruments the Group engaged in include warrants, futures, options, convertible bond asset swaps, structured 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 Group when their fair value falls below a pre-agreed level and the customer fails to maintain this level. If the proceeds of the disposal of collateral security cannot cover the balance of the loan and the customer cannot timely settle the deficiency, the balance of the margin loan is reclassified as "overdue receivables." If a collateral security cannot be sold in the open market, the balance of the loan is reclassified as "other receivables" or "overdue receivables." Allowance for impairment loss will be recognized after evaluating the uncollectible amounts.

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

Securities Business Money Lending and Securities Lending

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

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

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

Customer Margin Account and Futures Traders Equity

The subsidiary, Concord Futures, engages in futures brokerage and receives margin deposits from customers as required under existing regulations. The proceeds are deposited in banks and debited to "customer margin account" and credited to "futures traders equity". The fair value is adjusted daily according to the difference between the carrying amount and the settlement price. When losses result in futures traders equity to have debit balance, the debit balance is recognized as futures exchanges margins receivable. Futures traders equity accounts cannot be offset against each other unless the equity accounts are of the same type and belong to the same trader.

Operating Guarantee Deposits

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

Clearing and Settlement Fund

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

Provisions

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

Revenue Recognition

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

Service income is recognized when services are provided.

Leases

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

a. The Group as lessor

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

b. The Group as lessee

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

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

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

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

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

The Group negotiates with the lessor for rent concessions as a direct consequence of the Covid-19 to change the lease payments. There is no substantive change to other terms and conditions. The Group 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 Group recognizes the reduction in lease payment in profit or loss as a deduction of depreciation of right-of-use assets, in the period in which the events or conditions that trigger the concession occur, and makes a corresponding adjustment to the lease liability.

Employee Benefits

a. Short-term employee benefits

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

b. Retirement benefits

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

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

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

Employee Share Options

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

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

Taxation

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

a. Current tax

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

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

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

b. Deferred tax

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

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

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

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

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

c. Current and deferred taxes for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The Group considers the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Key Sources of Estimation and Uncertainty

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

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

b. Recognition and measurement of defined benefit plans

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

6. CASH AND CASH EQUIVALENTS

	December 31	
	2020	**2019**
Cash on hand and working fund	$ 218	$ 211
Checking and demand deposits	1,784,727	321,218
Foreign currency deposits	981,572	391,869
Cash equivalents		
Time deposits with original maturities within three months	20,790	706,145
Excess futures trading margin	296,938	258,898
Short-term bills	349,905	-
	$ 3,434,150	$ 1,678,341

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

	December 31	
	2020	**2019**
Time deposits with original maturities within three months	0.20%	1.60%-2.05%
Short-term bills	0.17%-0.19%	-

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31 2020	December 31 2019
Financial assets at FVTPL - current		
Financial assets mandatorily measured at FVTPL		
Open-end funds and money market instruments	$ 6,738	$ 51,781
Operating securities - proprietary	9,282,809	6,140,738
Operating securities - underwriting	22,380	66,582
Operating securities - hedging	498,898	272,569
Futures margin - own funds	166,760	102,544
Call options - non-hedging	19,463	9
Derivative assets - OTC		
Value of asset swap IRS contracts	6,380	5,651
Asset swap options	195,487	142,777
	$ 10,198,915	$ 6,782,651
Financial assets at FVTPL - non-current		
Financial assets mandatorily measured at FVTPL		
Operating securities - proprietary	$ -	$ 10,049
Financial liabilities at FVTPL - current		
Financial liabilities held for trading		
Bond investments under resale agreements - short sales	$ -	$ 249,189
Warrants liabilities	2,067,535	1,638,965
Warrants redeemed	(1,993,765)	(1,593,360)
Put options - TAIFEX	15,954	7
Liabilities on sale of borrowed securities - hedging	531,508	105,912
Derivative liabilities - OTC		
Value of asset swap IRS contracts	32,015	18,828
Asset swap options	773,814	284,481
Equity derivatives	39,740	24,908
	1,466,801	728,930
Financial liabilities designated as at FVTPL		
Structured instruments	271,306	147,189
	$ 1,738,107	$ 876,119
Financial liabilities at FVTPL - non-current		
Financial liabilities designated as at FVTPL		
Structured instruments	$ 215,244	$ 203,623

a. Open-end funds and money market instruments

	December 31	
	2020	**2019**
Open-end funds and money market instruments	$ 6,700	$ 59,808
Valuation adjustments	38	(8,027)
	$ 6,738	$ 51,781

b. Operating securities - proprietary

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

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

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

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

c. Operating securities - underwriting

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

d. Operating securities - hedging

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

e. Bond investments under resale agreements - short sales

	December 31	
	2020	**2019**
Government bonds	$ -	$ 249,167
Valuation adjustments	-	22
	$ -	$ 249,189

f. Warrants

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

g. Liabilities on sale of borrowed securities

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

h. Futures and options

	December 31 2020	December 31 2019
Call options - non-hedging		
Index options	$ 17,056	$ 20
Gain (loss) on open positions	2,407	(11)
Fair value	$ 19,463	$ 9
Put options - TAIFEX		
Index options	$ (8,734)	$ (25)
Gain (loss) on open positions	(7,220)	18
Fair value	$ (15,954)	$ (7)

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

		December 31, 2020			
		Open Position		Carrying Amount/ Premium Paid	
Item	Transaction Type	Buyer/ Seller	Volume	(Received)	Fair Value
Futures	TAIEX futures	Buyer	86	$ 238,981	$ 250,703
Futures	TAIEX futures	Seller	2	5,676	5,871
Futures	MTX	Seller	240	167,769	175,314
Futures	Share futures	Buyer	5,044	396,270	473,956
Futures	Share futures	Seller	272	20,726	20,990
Futures	NYMEX-CL	Seller	1	1,376	1,382
Futures	SCN	Seller	81	39,820	40,860
Futures	LCO	Seller	82	117,247	120,973
Futures	SI	Seller	12	42,045	45,133
Futures	CFE-VX	Seller	1	701	674
Futures	HG	Seller	13	32,850	32,572
Futures	S	Seller	463	769,923	864,367
Futures	GC	Seller	3	16,233	16,192
Options	TAIEX options - call	Buyer	150	5,910	17,280
Options	TAIEX options - put	Buyer	615	11,146	2,183
Options	TAIEX options - call	Seller	239	(6,870)	(15,077)
Options	TAIEX options - put	Seller	213	(1,864)	(877)

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

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

As of December 31, 2020 and 2019, futures margin arising from futures and option contracts were $166,760 thousand and $102,544 thousand, respectively.

i. Derivative instruments - OTC

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

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

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2020	2019
Current		
Investments in debt instruments	$ 15,808	$ -
Non-current		
Investments in equity instruments	$ 786,678	$ 655,500
Investments in debt instruments	1,461,780	650,645
	$ 2,248,458	$ 1,306,145

a. Investments in equity instruments

	December 31	
	2020	2019
Non-current		
Non-public ordinary shares		
Taiwan Futures Exchange	$ 418,939	$ 335,345
Taiwan Stock Exchange	182,397	172,447
Taiwan Depository & Clearing Corporation	115,308	84,090
Guoyuan Futures Co., Ltd.	44,555	37,562
Asia Pacific Emerging Industry Venture Capital Co., Ltd.	20,686	21,660
FundRich Securities Co., Ltd.	4,793	4,396
Foursun Tech. Inc.	-	-
	$ 786,678	$ 655,500

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

In June 2019, the Corporation acquired 1,500 thousand ordinary shares of Taiwan Stock Exchange at $78.21 per share, for a total investment amount of $117,315 thousand. In December 2020, Asia Pacific Emerging Industry Venture Capital Co., Ltd. implemented a cash capital reduction, in which the Corporation reduced its number of shares held by 660,000 shares and received the capital reduction amount of $6,600 thousand.

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

The Group recognized dividend revenue of $16,542 thousand and $16,293 thousand during 2020 and 2019, which were generated from the investments held as of December 31, 2020 and 2019, respectively.

b. Investments in debt instruments

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

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

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

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

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

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

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

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

	Credit Rating		
	12-month ECLs	Lifetime ECLs - Not Credit Impaired	Lifetime ECLs - Credit Impaired
Balance at January 1, 2020	$ 370	$ -	$ -
Recognized expected credit loss	840	-	-
Balance at December 31, 2020	$ 1,210	$ -	$ -
Balance at January 1, 2019	$ -	$ -	$ -
Recognized expected credit loss	370	-	-
Balance at December 31, 2019	$ 370	$ -	$ -

9. BOND INVESTMENTS UNDER RESALE AGREEMENTS

	December 31	
	2020	2019
Government bonds	$ -	$ 697,687

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

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

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

10. CUSTOMER MARGIN ACCOUNT AND FUTURES TRADERS EQUITY

	December 31	
	2020	**2019**
Customer margin account		
Cash in banks	$ 2,879,979	$ 2,661,303
Futures clearing institution	870,549	758,232
Other futures commission merchant	266,652	248,996
Customer margin account	4,017,180	3,668,531
Adjustment		
Brokerage handling fee revenue and futures transactions tax	(52,601)	(53,834)
Timing differences in receiving customers' deposits	38,094	24,658
Futures traders equity	$ 4,002,673	$ 3,639,355

11. FUTURES EXCHANGES MARGINS RECEIVABLE

The volatility of the global share markets in February and October 2018 caused some customers of the Corporation's subsidiary, Concord Futures to exceed their loss limits. The customers' obligation for the loss in excess of limit amounted to $265,890 thousand, of which the customers have paid $2,471 thousand as of December 31, 2020. The subsidiary, Concord Futures had recognized as expected credit loss the unrecovered margin of $263,419 thousand. Part of the loss in the amount of $198,421 thousand was incurred by the customers who were assisted in their futures transactions by the Corporation; therefore, the Corporation negotiated with the subsidiary, Concord Futures in April 2018 and based on their lawyer's suggestion, the Corporation agreed to bear 50% of the loss amount, i.e. $99,210 thousand. The amount was paid in May 2018. In addition, as of December 31, 2020, as part of the unrecovered margin of $263,419 thousand was outstanding for more than two years, Concord Futures has written off the futures exchanges margins receivable and allowance for doubtful accounts, but will still continue to actively recover the bad debt from customers.

The customers' obligation for the loss in excess of limit increased by $5,862 thousand in March and April 2020. As of December 31, 2020, $400 thousand was recovered, and Concord Futures had recognized as expected credit loss the unrecovered margin of $5,462 thousand, and has been actively recovering the bad debt from customers.

As of December 31, 2020 and 2019, futures exchanges margins receivable and allowance for doubtful accounts were as follows:

	December 31	
	2020	**2019**
Futures exchanges margins receivable	$ 5,462	$ 263,860
Less: Allowance for impairment loss	(5,462)	(263,860)
	$ -	$ -

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

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

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

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

	December 31	
	2020	2019
Notes receivable	$ 64	$ 83
Accounts receivable		
Accounts receivable for settlement - brokerage	5,458,677	3,036,581
Accounts receivable for settlement - proprietary	373,736	628,975
Brokerage handling fee revenue and refinancing interest receivable	60,945	81,692
Bond interest receivable	15,382	8,558
Others	9,635	9,860
	5,918,375	3,765,666
	$ 5,918,439	$ 3,765,749

The aging of receivables was as follows:

	December 31	
	2020	2019
0 to 120 days	$ 5,918,146	$ 3,765,662
121 to 180 days	93	82
Over 180 days	200	5
	$ 5,918,439	$ 3,765,749

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

	December 31	
	2020	2019
Other receivables	$ 145,657	$ 130,698
Less: Allowance for impairment loss	(85,193)	(85,024)
	$ 60,464	$ 45,674

The Group 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 Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for irrecoverable receivables. In this regard, the management believes the Group's credit risk was significantly reduced.

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

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

December 31, 2020

	Notes and Accounts Receivable	Margin Loans Receivable	Refinancing Collateral Receivable	Refinancing Margin, Security Borrowing Collateral Price and Security Borrowing Margin	Other Receivables	Total
Expected credit loss rate	0%	0.03%	0%	0%	0%; 100%	
Gross carrying amount	$ 5,918,439	$ 4,696,842	$ 14,462	$ 836,105	$ 145,657	$ 11,611,505
Loss allowance (Lifetime ECLs)	-	(1,094)	-	-	(85,193)	(86,287)
Amortized cost	$ 5,918,439	$ 4,695,748	$ 14,462	$ 836,105	$ 60,464	$ 11,525,218

December 31, 2019

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

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

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

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

13. OTHER FINANCIAL ASSETS - CURRENT

	December 31	
	2020	2019
Time deposits	$ 606,899	$ 556,485

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

	December 31	
	2020	2019
Time deposits	0.09%-2.50%	0.62%-2.57%

14. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements were summarized as follows:

			Percentage of Ownership (%) December 31		
Investor	Investee	Main Business	2020	2019	Remarks
The Corporation	Concord Futures Corp. Ltd. (Concord Futures)	Foreign and domestic futures proprietary, brokerage and consulting services	95.71	95.71	
The Corporation	Concord Capital Management Corp (Concord Capital Management)	Securities investment advisory services	100.00	100.00	Note a
The Corporation	Kang-Lian AMC. Co., Ltd. (Kang-Lian AMC)	Investment, business management advisory services and asset management services	100.00	100.00	
The Corporation	Concord Managed Futures Corp. (Concord Managed Futures)	Foreign and domestic futures managing and trust services	100.00	100.00	Note b

(Continued)

Investor	Investee	Main Business	Percentage of Ownership (%) December 31 2020	2019	Remarks
The Corporation	Concord Insurance Agent Corp. (Concord Insurance)	Life insurance agency and property insurance agency	100.00	100.00	Note c
The Corporation	Concord Capital Holdings (Cayman) Limited (Concord Cayman)	Holding company	100.00	100.00	Note d

(Concluded)

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

Note b: The Corporation's direct shareholding is 60%, while the combined shareholding is 100%. Concord Managed Futures terminated its futures management and trust services on February 1, 2019, which was approved by the relevant authorities in January 2019. In addition, in March 2019, Concord Managed Futures obtained approval for liquidation based on letter No. 1080304430 issued by the FSC. The subsidiary has completed its liquidation procedures in January 2021, and returned the remaining liquidation funds to the Corporation and the subsidiary, Concord Futures of $159,452 thousand and $106,302 thousand, respectively.

Note c: In June 2020, the subsidiary, Concord Insurance, received letter No. Jin-Guan-Bao-Zong-Zi-1090421845 issued by the FSC and obtained approval for the increase in the business scope of its property insurance agent business.

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

15. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Investment in Associates	December 31 2020 Carrying Amount	2020 Percentage of Shareholding (%)	2019 Carrying Amount	2019 Percentage of Shareholding (%)
Individually immaterial associates:				
HWA-HO Asset Management Corp.	$ 570,130	46.59	$ 537,605	46.59

The summarized information of individually immaterial associates was as follows:

	For the Year Ended December 31 2020	2019
The Group's share of:		
Net profit (loss) for the year	$ 25,999	$ (61,668)
Other comprehensive income	6,526	6,525
Total comprehensive income (loss) for the year	$ 32,525	$ (55,143)

The Group's share of profit or loss and other comprehensive income or loss of associates accounted for using equity method was calculated based on the audited financial statements for the years ended December 31, 2020 and 2019.

16. PROPERTY AND EQUIPMENT

	For the Year Ended December 31, 2020				
	Balance at January 1, 2020	Additions	Reductions	Reclassifi-cations	Balance at December 31, 2020
Cost					
Land	$ 801,209	$ -	$ -	$ 3,928	$ 805,137
Buildings	315,038	-	-	2,618	317,656
Equipment	104,798	21,782	(22,273)	-	104,307
Leasehold improvements	38,216	6,843	(10,051)	-	35,008
	1,259,261	$ 28,625	$ (32,324)	$ 6,546	1,262,108
Accumulated depreciation					
Buildings	134,113	$ 5,623	$ -	$ 650	140,386
Equipment	72,639	16,058	(22,256)	-	66,441
Leasehold improvements	22,291	5,708	(9,518)	-	18,481
	229,043	$ 27,389	$ (31,774)	$ 650	225,308
Accumulated impairment					
Buildings	1,684	$ -	$ -	$ -	1,684
Net book value	$ 1,028,534				$ 1,035,116

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

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

Buildings	55 years
Equipment	2-6 years
Leasehold improvements	1-5 years
Leased assets	5 years

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

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

17. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2020	2019
Carrying amount		
Buildings	$ 67,201	$ 103,978
Equipment	2,353	1,015
	$ 69,554	$ 104,993

	For the Year Ended December 31	
	2020	2019
Additions to right-of-use assets	$ 22,317	$ 28,445
Depreciation charge for right-of-use assets		
Buildings	$ 49,191	$ 52,121
Equipment	466	311
	$ 49,657	$ 52,432

b. Lease liabilities

	December 31	
	2020	2019
Carrying amount		
Current	$ 46,716	$ 48,242
Non-current	$ 21,531	$ 55,575

Ranges of discount rates for lease liabilities were as follows:

	December 31	
	2020	2019
Buildings	0.514%-1.410%	0.764%-1.410%
Equipment	0.521%-1.300%	0.753%-1.300%

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

c. Material leasing activities and terms

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

d. Other lease information

	For the Year Ended December 31	
	2020	2019
Expenses relating to low-value asset leases	$ 2,986	$ 4,466
Total cash outflow for leases	$ 53,425	$ 58,670

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

18. INVESTMENT PROPERTY

	For the Year Ended December 31, 2020				
	Balance at January 1, 2020	Additions	Reductions	Reclassifi-cations	Balance at December 31, 2020
Cost					
Land	$ 282,763	$ -	$ -	$ (3,928)	$ 278,835
Buildings	94,935	-	-	(2,618)	92,317
	377,698	$ -	$ -	$ (6,546)	371,152
Accumulated depreciation					
Buildings	46,635	$ 1,660	$ -	$ (650)	47,645
Accumulated impairment					
Buildings	234	$ -	$ -	$ -	234
Net book value	$ 330,829				$ 323,273

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

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

As of December 31, 2020 and 2019, the fair value of the Group's investment properties amounted to $407,311 thousand and $437,238 thousand, respectively. The fair value was quoted based on the market price of similar properties.

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

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

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

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

	December 31	
	2020	2019
Year 1	$ 2,628	$ 10,910
Year 2	1,980	2,628
Year 3	-	1,980
	$ 4,608	$ 15,518

19. INTANGIBLE ASSETS

	December 31	
	2020	2019
Computer software	$ 18,094	$ 15,241
Memberships in foreign futures exchanges	33,392	33,392
	$ 51,486	$ 48,633

	For the Year Ended December 31, 2020			
	Balance at January 1, 2020	Additions	Reductions	Balance at December 31, 2020
Cost				
Computer software	$ 40,052	$ 14,736	$ (19,645)	$ 35,143
Memberships in foreign futures exchanges	33,392	-	-	33,392
	73,444	$ 14,736	$ (19,645)	68,535
Accumulated amortization				
Computer software	24,811	$ 11,883	$ (19,645)	17,049
Net book value	$ 48,633			$ 51,486

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

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

Computer software	3 years
Website construction expenses	5 years

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

20. OTHER NON-CURRENT ASSETS

	December 31	
	2020	**2019**
Operating deposits	$ 520,000	$ 572,000
Clearing and settlement fund	193,118	189,425
Refundable deposits	45,774	50,894
Prepayments for equipment	5,841	6,373
Deferred expense	725	456
	$ 765,458	$ 819,148

21. BORROWINGS

a. Short-term borrowings

	December 31	
	2020	2019
Secured borrowings	$ 210,000	$ -
Unsecured borrowings	180,000	3,300
	$ 390,000	$ 3,300

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

	December 31	
	2020	2019
Short-term borrowings	0.95%-1.05%	1.41%

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

b. Commercial paper payable

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

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

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

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

22. LIABILITIES FOR BONDS WITH ATTACHED REPURCHASE AGREEMENTS

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

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

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

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

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

23. ACCOUNTS PAYABLE

	December 31	
	2020	**2019**
Accounts payable for settlement - brokerage	$ 5,414,551	$ 2,983,659
Accounts payable for settlement - proprietary	1,980,285	567,707
Others	113,128	108,152
	$ 7,507,964	$ 3,659,518

24. PROVISIONS

	December 31	
	2020	**2019**
Current		
Employee benefits	$ 23,722	$ 23,404
Non-current		
Decommissioning provision	$ 12,880	$ 13,245

25. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

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

b. Defined benefit plan

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

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

	December 31	
	2020	**2019**
Present value of defined benefit obligation	$ 303,385	$ 252,980
Fair value of plan assets	(119,149)	(90,351)
Net defined benefit liabilities	$ 184,236	$ 162,629

Movements in net defined benefit liabilities were as follows:

	Present Value of Defined Benefit Obligation	**Fair Value of Plan Assets**	**Net Defined Benefit Liabilities**
Balance at January 1, 2019	$ 260,868	$ (82,581)	$ 178,287
Service cost			
Current service cost	3,420	-	3,420
Net interest expense (income)	2,348	(760)	1,588
Liquidation benefits	(205)	-	(205)
Recognized in profit or loss	5,563	(760)	4,803
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(3,523)	(3,523)
Actuarial loss - changes in financial assumptions	4,335	-	4,335
Actuarial gain - experience adjustments	(3,907)	-	(3,907)
Recognized in other comprehensive (income) loss	428	(3,523)	(3,095)
Contributions from the employer	-	(14,904)	(14,904)
Corporation paid	(1,040)	-	(1,040)
Benefits paid	(11,417)	11,417	-
Liabilities extinguished on settlement	(1,422)	-	(1,422)
Balance at December 31, 2019	252,980	(90,351)	162,629

(Continued)

	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Liabilities
Service cost			
Current service cost	$ 3,272	$ -	$ 3,272
Net interest expense (income)	1,771	(639)	1,132
Recognized in profit or loss	5,043	(639)	4,404
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(10,647)	(10,647)
Actuarial loss - changes in financial assumptions	10,480	-	10,480
Actuarial loss - experience adjustments	63,032	-	63,032
Recognized in other comprehensive (income) loss	73,512	(10,647)	62,865
Contributions from the employer	-	(44,402)	(44,402)
Corporation paid	(1,260)	-	(1,260)
Benefits paid	(26,890)	26,890	-
Balance at December 31, 2020	$ 303,385	$ (119,149)	$ 184,236

(Concluded)

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

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

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

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

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

	December 31, 2020	
	The Corporation	Concord Futures
Discount rate	0.3%	0.4%
Expected incremental rate of salaries	1.5%	1.0%
Expected rate of return on plan assets	0.3%	0.4%

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

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

	December 31	
	2020	**2019**
Discount rate		
0.1% increase	$ (2,692)	$ (2,322)
0.1% decrease	$ 2,726	$ 2,353
Expected incremental rate of salaries		
0.1% increase	$ 2,390	$ 2,081
0.1% decrease	$ (2,368)	$ (2,059)

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

	December 31, 2020	
	The Corporation	**Concord Futures**
Expected contributions to the plan for the next year	$ 2,000	$ 108
Average duration of the defined benefit obligation	8.5 years	11.1 years

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

26. EQUITY

a. Share capital

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

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

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

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

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

b. Capital surplus

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

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

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

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

c. Retained earnings and dividend policy

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

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

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

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

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

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

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

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

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

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

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

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

d. Other equity

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

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

2) Unrealized gain on financial assets at FVTOCI

	For the Year Ended December 31	
	2020	2019
Balance at January 1	$ 270,624	$ 145,016
Recognized for the year		
Unrealized gain - debt instruments	8,087	1,115
Unrealized gain - equity instruments	141,827	124,493
Other comprehensive income recognized for the year	149,914	125,608
Balance at December 31	$ 420,538	$ 270,624

e. Treasury shares

Unit: Number of Shares (In Thousands)

Reason for Purchasing Treasury Shares	Shares Transferred to Employees	Maintaining Credit-worthiness and Shareholders' Equity	Total
Number of shares at January 1, 2020	-	17,837	17,837
Increase during the year	-	2,163	2,163
Decrease during the year	-	(20,000)	(20,000)
Number of shares at December 31, 2020	-	-	-
Number of shares at January 1, 2019	18,000	8,612	26,612
Increase during the year	-	29,225	29,225
Decrease during the year	(18,000)	(20,000)	(38,000)
Number of shares at December 31, 2019	-	17,837	17,837

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

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

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

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

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

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

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

On November 8, 2019, the Corporation's Board of Directors resolved to purchase and cancel a total of 20,000 thousand treasury shares for the purpose of maintaining creditworthiness and shareholders' equity. Accordingly, as of January 10, 2020 (the last day of the share buyback period), the Corporation purchased 20,000 thousand treasury shares for $163,578 thousand and cancelled the treasury shares on March 13, 2020.

27. ANALYSIS OF STATEMENT OF COMPREHENSIVE INCOME ITEMS

a. Brokerage handling fee revenue

	For the Year Ended December 31	
	2020	**2019**
Handling fee revenue from brokered share trading	$ 871,519	$ 590,056
Handling fee revenue from brokered futures trading	735,859	703,917
Handling fee revenue from securities lending	7,594	11,738
Handling fees from securities financing	5,537	4,037
Others	19,138	9,684
	$ 1,639,647	$ 1,319,432

b. Revenue from underwriting commission

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

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

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

d. Interest income

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

e. Valuation gains on operating securities at FVTPL, net

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

f. Gains on issuance of share warrants, net

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

g. Gains (losses) on derivative instruments, net

	For the Year Ended December 31	
	2020	2019
Gains (losses) on derivative instruments - futures, net		
Options transactions	$ 18,059	$ (1,869)
Futures transactions	(323,711)	62,309
	$ (305,652)	$ 60,440
Gains (losses) on derivative instruments - OTC, net		
Asset swap options	$ (408,669)	$ (8,253)
Equity derivatives	(33,284)	4,279
Structured instruments	(7,096)	(6,081)
Value of asset swap IRS contracts	(16,826)	(7,590)
	$ (465,875)	$ (17,645)

h. Expected credit loss

	For the Year Ended December 31	
	2020	2019
Financial assets at amortized cost	$ 5,375	$ 99
Financial assets at fair value through other comprehensive income	840	370
	$ 6,215	$ 469

i. Other operating income

	For the Year Ended December 31	
	2020	2019
Processing revenue	$ 20,456	$ 13,704
Management commission	14,045	15,344
Commission revenue	13,901	25,328
Advisory revenue	4,998	3,792
Agency revenue	494	639
Loss on error trading	(2,647)	(1,558)
Foreign exchange loss, net	(32,190)	(25,637)
Others	143	74
	$ 19,200	$ 31,686

j. Finance costs

	For the Year Ended December 31	
	2020	2019
Interest of commercial paper payable	$ 29,322	$ 34,971
Interest of liabilities for bonds with attached repurchase agreements	16,929	18,315
Loan interest	2,262	3,505
Interest of securities financing	1,247	1,391
Interest of lease liabilities	667	893
Others	1,628	936
	$ 52,055	$ 60,011

k. Employee benefits expense

	For the Year Ended December 31	
	2020	2019
Retirement benefits		
Defined contribution plan	$ 34,493	$ 32,982
Defined benefit plan	4,404	4,803
	38,897	37,785
Short-term employee benefits		
Salaries	1,154,126	805,084
Labor and health insurance	62,739	61,832
Others	31,405	28,805
	$ 1,287,167	$ 933,506

l. Compensation of employees and remuneration of directors

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

	For the Year Ended December 31	
	2020	**2019**
Compensation of employees	$ 12,669	$ 3,097
Remuneration of directors	$ 56,435	$ 13,796

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

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

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

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

m. Depreciation and amortization

	For the Year Ended December 31	
	2020	**2019**
Depreciation		
Property and equipment	$ 27,389	$ 29,473
Right-of-use assets	49,657	52,432
Investment property	1,660	1,563
	$ 78,706	$ 83,468
Amortization		
Intangible assets	$ 11,883	$ 14,322
Deferred expense	186	207
	$ 12,069	$ 14,529

n. Other operating expenses

	For the Year Ended December 31	
	2020	2019
Taxes	$ 192,964	$ 138,680
Information technology expenses	85,887	102,153
Postage expenses	35,597	35,814
Securities borrowing fees	28,272	39,691
Repair and maintenance expenses	24,693	24,547
Depository service expenses	23,636	17,390
Professional service fees	18,151	14,694
Utilities fees	13,365	14,759
Entertainment expenses	10,841	10,266
Others	65,079	69,054
	$ 498,485	$ 467,048

o. Other gains and losses

	For the Year Ended December 31	
	2020	2019
Rental revenue from the use of venue and equipment	$ 43,505	$ 44,363
Financial income	36,111	65,233
Dividend income	16,542	16,293
Other rental income from investment properties	10,560	10,279
Valuation gains on non-operating financial assets at fair value through profit or loss, net	8,065	1,960
Losses on disposal of property and equipment	(542)	(396)
Gains (losses) on disposal of investments	(1,049)	808
Exchange losses, net	(2,224)	(1,641)
Others	28,225	12,868
	$ 139,193	$ 149,767

28. 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	
	2020	2019
Current tax		
In respect of the current year	$ 88,662	$ 54,723
Income tax on unappropriated retained earnings	299	-
Adjustment for prior year	3,782	(22,714)
	92,743	32,009
Deferred tax		
In respect of the current year	(40,703)	(11,915)
Income tax expense recognized in profit or loss	$ 52,040	$ 20,094

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

	For the Year Ended December 31	
	2020	2019
Profit before tax from continuing operations	$ 1,141,854	$ 308,461
Income tax expense calculated at the statutory rate	$ 248,933	$ 78,813
Nondeductible expenses in determining taxable income	(112,895)	(32,142)
Tax-exempt income	(216,940)	(2,580)
Adjustments for prior years' tax expense	3,782	(22,714)
Income tax on unappropriated retained earnings	299	-
Others	128,861	(1,283)
Income tax expense recognized in profit or loss	$ 52,040	$ 20,094

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

	For the Year Ended December 31	
	2020	2019
Deferred tax		
In respect of the current year		
Translation of foreign operations	$ (185)	$ (44)
Actuarial gains (losses) on defined benefit plans	(12,573)	619
Total income tax expense (benefit) recognized in other comprehensive income (loss)	$ (12,578)	$ 575

c. Current tax assets and liabilities

	December 31	
	2020	2019
Current tax assets		
Tax refund receivable	$ 14,790	$ 22,176
Current tax liabilities		
Income tax payable	$ 99,101	$ 19,285

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2020

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Closing Balance
Deferred tax assets				
Temporary differences				
Loss on foreign subsidiary accounted for using equity method	$ 55,874	$ (2,641)	$ -	$ 53,233
Defined benefit plans	33,215	(8,252)	12,573	37,536
Unrealized losses	52,772	(51,680)	-	1,092
Payables for annual leave	4,062	64	-	4,126
Unrealized exchange losses	16,816	6,438	-	23,254
Exchange differences on the translation of foreign operations	1,595	-	185	1,780
Valuation loss on foreign futures	2,764	17,632	-	20,396
Loss on derivative financial instruments	3,076	55,816	-	58,892
Others	36	23,838	-	23,874
	$ 170,210	$ 41,215	$ 12,758	$ 224,183
Deferred tax liabilities				
Temporary differences				
Valuation gain on foreign operating securities	$ 154	$ 512	$ -	$ 666

For the year ended December 31, 2019

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

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

	December 31	
	2020	2019
Asset impairment	$ 1,918	$ 1,918
Loss carryforwards		
Expiry in 2021	$ 5,404	$ 5,404
Expiry in 2022	4,164	4,164
Expiry in 2023	8,747	8,747
Expiry in 2024	3,974	3,974
Expiry in 2025	4,605	4,605
Expiry in 2026	9,225	9,225
Expiry in 2027	7,024	7,024
Expiry in 2028	714	714
Expiry in 2029	4,105	4,105
Expiry in 2030	6,181	-
	$ 54,143	$ 47,962

f. Income tax assessments

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

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

The income tax returns of Concord Capital Management and Kang-Lian AMC through 2019 have been examined by the tax authorities.

Concord Managed Futures implemented liquidation in March 2019, and the income tax returns through 2018 and from January 1 to March 20, 2019 have been examined by the tax authorities.

29. EARNINGS PER SHARE

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

Unit: NT$ Per Share

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

The calculation of earnings per share was as follows:

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

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

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

30. CAPITAL MANAGEMENT

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

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

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

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

31. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments

1) Financial instruments not measured at fair value

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

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

Fair value hierarchy

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Financial assets mandatorily measured at FVTPL	$ 7,595,176	$ 2,603,739	$ -	$ 10,198,915
Financial assets at FVTOCI				
Investments in equity instruments				
Unlisted shares	-	-	786,678	786,678
Investments in debt instruments				
Government bonds	-	301,941	-	301,941
Domestic corporate bonds	-	403,152	-	403,152
Foreign corporate bonds	-	772,495	-	772,495
	$ 7,595,176	$ 4,081,327	$ 786,678	$ 12,463,181
Financial liabilities at FVTPL				
Financial liabilities held for trading	$ 621,232	$ 845,569	$ -	$ 1,466,801
Financial liabilities designated as at FVTPL	-	486,550	-	486,550
	$ 621,232	$ 1,332,119	$ -	$ 1,953,351

December 31, 2019

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

Transfers between Levels 1 and 2 for the years ended December 31, 2020 and 2019 were due mainly to the determination of whether part of the Group's emerging market shares and convertible bonds were investments with an active market based on observation of the transaction volume of these investments.

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

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

	For the Year Ended December 31	
	2020	**2019**
Balance at January 1	$ 655,500	$ 330,344
Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at FVTOCI)	137,778	118,841
Capital reduction	(6,600)	-
Purchases	-	206,315
Balance at December 31	$ 786,678	$ 655,500

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

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

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

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

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

	December 31	
	2020	**2019**
Discount for lack of marketability		
10% increase	$ (13,120)	$ (11,040)
10% decrease	$ 13,117	$ 11,001

b. Categories of financial instruments

	December 31	
	2020	**2019**
Financial assets		
FVTPL		
Mandatorily measured at FVTPL	$ 10,198,915	$ 6,792,700
Financial assets at amortized cost (Note 1)	19,810,597	14,416,983
FVTOCI		
Equity instrument investments	786,678	655,500
Debt instrument investments	1,477,588	650,645
Operating deposits	520,000	572,000
Clearing and settlement fund	193,118	189,425
Refundable deposits	45,774	50,894
Financial liabilities		
FVTPL		
Held for trading	1,466,801	728,930
Designated as at FVTPL	486,550	350,812
Financial liabilities at amortized cost (Note 2)	24,712,798	16,894,231
Guarantee deposits received	2,458	3,060

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

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

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

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

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

The process of formulating and approving risk management policies

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

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

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

Organizational structure of the risk management system

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

a) Board of directors

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

b) Risk management committee

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

c) Risk management office

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

d) Department of finance

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

e) Department of internal audit

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

f) Department of compliance

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

g) Business units

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

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

2) Market risk

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

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

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

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

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

	December 31	
	2020	**2019**
Interest rate risk of fair value		
Financial assets	$ 9,476,224	$ 8,162,193
Financial liabilities	12,725,791	9,447,233
Interest rate risk of cash flow		
Financial assets	8,559,102	5,830,530
Financial liabilities	4,002,673	3,642,655

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

3) Credit risk

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

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

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

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

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

	Maximum Exposure to Credit Risk	
	December 31	
	2020	**2019**
Margin loans receivable	$ 4,695,748	$ 3,435,417

4) Liquidity risk

Liquidity risk and interest rate risk table

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

December 31, 2020

	Within 1 Year	**Between 1 and 2 Years**	**Between 2 and 5 Years**	**Over 5 Years**	**Total**
Derivative financial liabilities					
Non-interest bearing	$ 903,278	$ -	$ -	$ -	$ 903,278
Fixed interest rate	2,287,854	-	-	-	2,287,854
Non-derivative financial liabilities					
Non-interest bearing	8,584,089	-	2,458	-	8,586,547
Variable interest rate	4,002,673	-	-	-	4,002,673
Fixed interest rate	12,659,864	-	-	-	12,659,864
Lease liabilities	47,597	12,285	11,404	-	71,286
	$ 28,485,355	$ 12,285	$ 13,862	$ -	$ 28,511,502

December 31, 2019

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

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

Financing facilities

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

	December 31	
	2020	2019
Financing facilities	$ 16,700,000	$ 15,013,000
Unused amount	$ 11,500,000	$ 11,239,700

d. Transfers of financial assets

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

December 31, 2020

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

December 31, 2019

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

e. Offsetting of financial assets and financial liabilities

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

December 31, 2020

Financial Instrument	Gross Amount of Recognized Financial Assets (Liabilities)	Gross Amount of Recognized and offset Financial Assets/ Liabilities in the Balance Sheet	Net Amount of Financial Assets (Liabilities) Presented in the Balance Sheet	Related Amount Not Offset in the Balance Sheet		Net Amount
				Financial Instruments	Cash Collateral Received	
Accounts receivable	$ 5,923,305	$ (4,930)	$ 5,918,375	$ (304)	$ -	$ 5,918,071
Accounts payable	$ (7,512,894)	$ 4,930	$ (7,507,964)	$ 304	$ -	$ (7,507,660)
Liabilities for bonds with attached repurchase agreements	$ (4,879,368)	$ -	$ (4,879,368)	$ 4,879,368	$ -	$ -

December 31, 2019

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

32. TRANSACTIONS WITH RELATED PARTIES

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

Related party names and categories

Related Party Name	Related Party Category
Tai-Yo Investment Corp.(Tai-Yo Investment)	Related party in substance (unrelated since December 2019)
Hwa-Ho Asset Management Corp.	Associate
The Corporation’s directors, general manager, vice general managers, assistant vice presidents, and department heads	Key management personnel
Supervisor of Concord Futures	Supervisor of the subsidiary (related since May 2020)

a. Margin loans receivable

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

b. Liabilities for bonds with attached repurchase agreements

	December 31	
	2020	**2019**
Key management personnel	$ 182,060	$ 203,227

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

c. Brokerage handling fee revenue

	For the Year Ended December 31	
	2020	**2019**
Key management personnel	$ 1,543	$ 1,852

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

d. Interest income

	For the Year Ended December 31	
	2020	**2019**
Key management personnel	$ 91	$ 174

e. Finance costs

	For the Year Ended December 31	
	2020	**2019**
Associate	$ -	$ 4
Key management personnel	593	254
	$ 593	$ 258

The Group took on a short-term loan of $1,000 thousand from its associate in April 2019, and fully repaid the loan in June 2019.

f. Lease agreements

	For the Year Ended December 31	
	2020	2019
Acquisition of right-of-use assets		
Tai-Yo Investment	$ -	$ 26,181
Lease liabilities		
Supervisor of the subsidiary	$ 4,397	$ -
Finance costs		
Supervisor of the subsidiary	$ 24	$ -
Tai-Yo Investment	-	151
	$ 24	$ 151

g. For the years ended December 31, 2020 and 2019, the rental revenue generated by leasing some of the parking spaces to a related party was as follows:

Related Party Category/Name	Lease Term	Underlying Asset	Rental Payment - Timing	Rental Payment - Basis	Rental Amount
For the year ended December 31, 2020					
Associate	2020.01.01-2020.12.31	B3, No. 176, Jilung Rd., Sec. 1, Xinyi Dist., Taipei City	Quarterly	Contract	$ 108
For the year ended December 31, 2019					
Associate	2019.01.01-2019.12.31	B3, No. 176, Jilung Rd., Sec. 1, Xinyi Dist., Taipei City	Quarterly	Contract	$ 72

As of December 31, 2020 and 2019, the balance of the rental deposits received by the Group from the related party was both $20 thousand.

h. Equity derivative transactions

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

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

i. Remuneration of key management personnel

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

	For the Year Ended December 31	
	2020	2019
Short-term employee benefits	$ 200,341	$ 99,526
Retirement benefits	1,415	1,337
	$ 201,756	$ 100,863

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

33. PLEDGED OR MORTGAGED ASSETS

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

	December 31	
	2020	2019
Restricted demand and time deposits	$ 227,150	$ 374,704
Government bonds	-	10,049
Property and equipment, net		
Land	715,507	715,507
Buildings	141,002	145,755
Investment property, net		
Land	277,264	277,264
Buildings	36,650	38,064
	$ 1,397,573	$ 1,561,343

34. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

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

b. As of December 31, 2020, the Corporation applied for a guarantee amounting to $150,000 thousand from financial institutions, which was for the securities lending and borrowing business.

35. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

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

36. FINANCIAL RATIOS BASED ON THE FUTURES TRADING LAW

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

		December 31					
		2020		2019			
	Calculation Formula	Equation	Ratio (%)	Equation	Ratio (%)	Benchmark	Conclusion
1)	Equities / Total liabilities - Futures traders equity	$1,272,893 / $142,863	=8.91	$1,165,357 / $130,214	=8.95	≧1	Conform with law
2)	Current assets / Current liabilities	$4,857,164 / $4,283,096	=1.13	$4,351,009 / $3,857,055	=1.13	≧1	Conform with law
3)	Equities / Minimum paid-in capital	$1,272,893 / $630,000	=202.05%	$1,165,357 / $645,000	=180.68%	≧60% ≧40%	Conform with law
4)	Adjusted net capital / Amount of customer margin account for open position of futures traders equity	$943,035 / $797,968	=118.18%	$826,007 / $759,403	=108.77%	≧20% ≧15%	Conform with law

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

Futures Proprietary

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

Futures Brokerage

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

38. SIGNIFICANT FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

Unit: Foreign Currencies/NT$ in Thousands

	December 31					
	2020			2019		
	Foreign Currency	**Exchange Rate**	**New Taiwan Dollars**	**Foreign Currency**	**Exchange Rate**	**New Taiwan Dollars**
Financial assets						
Monetary items						
USD	$ 49,342	28.4800	$ 1,405,272	$ 49,253	29.9800	$ 1,476,603
CNY	92,396	4.3770	404,418	43,534	4.3050	187,414
HKD	12,215	3.6730	44,866	14,885	3.8490	57,292
EUR	325	35.0200	11,398	534	33.5900	17,935
JPY	26,193	0.2763	7,237	122,097	0.2760	33,699
GBP	51	38.9000	1,986	102	39.3600	4,026
SGD	46	21.5600	985	-	-	-
Non-monetary items						
USD	32,006	28.4800	911,532	10,824	29.9800	324,507
CNY	50,426	4.3770	220,713	8,963	4.3050	38,587
HKD	39,536	3.6730	145,216	23,020	3.8490	88,605
Financial liabilities						
Monetary items						
USD	13,903	28.4800	395,954	13,338	29.9800	399,873
HKD	14,306	3.6730	52,545	12,554	3.8490	48,321
EUR	218	35.0200	7,649	431	33.5900	14,481
JPY	24,753	0.2763	6,839	61,183	0.2760	16,887
GBP	37	38.9000	1,447	97	39.3600	3,811
CNY	257	4.3770	1,123	781	4.3050	3,363
SGD	44	21.5600	958	-	-	-
Non-monetary items						
USD	27,049	28.4800	770,351	-	-	-
CNY	40,709	4.3770	178,182	-	-	-

For the years ended December 31, 2020 and 2019, realized and unrealized net foreign exchange losses were $34,414 thousand and $27,278 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions of the entities in the Group.

39. ADDITIONAL DISCLOSURES

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

   1) Financing provided: None.

   2) Endorsements/guarantees provided: None.

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

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

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

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

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

b. Information of investees

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

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

a) Financing provided: None.

b) Endorsements/guarantees provided: None.

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

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

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

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

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

d. Information on investments in mainland China:

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

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.

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

The foreign entity registered in non-IOSCO MMoU member or without formal permission as securities or futures firm from IOSCO MMoU member in which the Corporation has invested is Concord Capital Holdings (Cayman) Ltd. It is a holding company for investment. Supplementary disclosures of the financial statements for the year ended December 31, 2020 were as follows:

a. Balance sheets: Table 4 (attached).

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

c. Securities held: None.

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

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

41. SEGMENT INFORMATION

Information which is provided to the chief operating decision-maker for the purposes of allocating resources and evaluating the segment performance focuses on types of services provided. According to primary revenues, proprietary, brokerage and underwriting departments' information should be reported by the Group.

The proprietary department engages in trading securities and futures transactions for hedging. The brokerage department engages in securities brokerage and margin purchase and short sale. The underwriting department engages in best efforts underwriting or firm commitment underwritings. The financial performance of each reporting segments was as follows:

Segment revenue and results

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

Unit: NT$ Thousand

Item	For the Year Ended December 31, 2020				
	Proprietary	**Brokerage**	**Underwriting**	**Other**	**Total**
Profit and loss attributed to each segment					
Revenue	$ 1,401,316	$ 1,844,109	$ 64,182	$ 29,382	$ 3,338,989
Costs and expenses	(445,046)	(1,346,971)	(55,225)	(36,144)	(1,883,386)
Profit and loss - by segment	$ 956,270	$ 497,138	$ 8,957	$ (6,762)	1,455,603
Profit and loss not attributed to segments					(313,749)
Profit before income tax					1,141,854
Income tax expense					(52,040)
Net profit for the year					1,089,814
Other comprehensive income					95,428
Total comprehensive income for the year					$ 1,185,242

Item	For the Year Ended December 31, 2019				
	Proprietary	**Brokerage**	**Underwriting**	**Other**	**Total**
Profit and loss attributed to each segment					
Revenue	$ 535,223	$ 1,543,637	$ 53,845	$ 40,834	$ 2,173,539
Costs and expenses	(256,718)	(1,209,072)	(59,946)	(30,559)	(1,556,295)
Profit and loss - by segment	$ 278,505	$ 334,565	$ (6,101)	$ 10,275	617,244
Profit and loss not attributed to segments					(308,783)
Profit before income tax					308,461
Income tax expense					(20,094)
Net profit for the year					288,367
Other comprehensive income					126,050
Total comprehensive income for the year					$ 414,417

TABLE 1

CONCORD SECURITIES CO., LTD. AND SUBSIDIARIES

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

Investor Company	Investee Company	Location	Date of Incorporation	Rule No. Issued by Financial Supervisory Commission	Main Businesses	Investment Amount		Balance as of December 31, 2020			Operating Income of the Investee	Net Profit (Loss) of the Investee	Share of Profit (Loss)	Cash Dividends	Note
						December 31, 2020	December 31, 2019	Number of Shares	Percentage of Ownership (%)	Carrying Amount					
The Corporation	Concord Futures Corp. Ltd.	5F, No. 143, Fuhsing N. Rd., Taipei City	July 7, 1999		Foreign and domestic futures proprietary, brokerage and consulting services	$ 559,654	$ 559,654	78,005,571	95.71	$ 1,218,379	$ 762,358	$ 112,829	$ 107,973	$ 62,292	Subsidiary (Note 1)
	Kang-Lian AMC. Co., Ltd.	14F, No. 176, Jilung Rd., Sec. 1, Taipei City	September 5, 2003		Investment, business management advisory services and asset management services	230,000	230,000	54,900,000	100.00	577,414	-	23,052	23,052	-	Subsidiary (Note 1)
	Concord Capital Holdings (Cayman) Limited	Cayman Islands	May 12, 1997	Apr. 23, 1997 (1997) No. Tai-Tsai-Cheng (2) 26713	Holding company	296,334	296,334	9,333,000	100.00	21,265	-	13,206	13,206	-	Subsidiary (Notes 1 and 3)
	Concord Managed Futures Corp.	14F, No. 176, Jilung Rd., Sec. 1, Taipei City	December 16, 2003		Note 2	198,664	198,664	18,000,000	60.00	159,452	-	1,261	756	-	Subsidiary (Note 1)
	Concord Capital Management Corp.	9F, No. 176, Jilung Rd., Sec. 1, Taipei City	May 25, 1988		Securities investment advisory services	81,599	90,326	7,000,000	100.00	90,978	21,483	(5,690)	(5,690)	-	Subsidiary (Notes 1 and 4)
	Concord Insurance Agent Corp.	10F, No. 176, Jilung Rd., Sec. 1, Taipei City	October 4, 2013	Jan. 10, 2013 No. Financial-Supervisory -Securities-Firms-101 0056608 and Jun. 23, 2020 No. Jin-Guan-Bao-Zong-Zi-1090421845	Life insurance agency and property insurance agency	5,000	5,000	2,500,000	100.00	26,263	13,901	(753)	(753)	-	Subsidiary (Notes 1 and 5)
Concord Futures Corp. Ltd.	Concord Managed Futures Corp.	14F, No. 176, Jilung Rd., Sec. 1, Taipei City	December 16, 2003		Note 2	148,360	148,360	12,000,000	40.00	106,302	-	1,261	505	-	Subsidiary (Note 1)
Kang-Lian AMC. Co., Ltd.	HWA-HO Asset Management Corp.	14F, No. 176, Jilung Rd., Sec. 1, Taipei City	September 29, 2003		Real estate commerce, development and business management advisory services	195,668	195,668	56,472,021	46.59	570,130	296,927	55,803	25,999	-	Investments of subsidiary accounted for using equity method

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

Note 2: Concord Managed Futures terminated its futures management and trust services on February 1, 2019, which was approved by the relevant authorities in January 2019. In addition, Concord Managed Futures obtained approval for liquidation in March 2019 based on letter No. 1080304430 issued by the FSC. The subsidiary has completed its liquidation procedures in January 2021, and returned the remaining liquidation funds to the Corporation and Concord Futures of $159,452 thousand and $106,302 thousand, respectively.

Note 3: On November 30, 2020, Concord Cayman, received letter No. 1090373948 issued by the FSC, and is in the process of dissolution and liquidation. As of March 11, 2021, the liquidation process has not been completed.

Note 4: Concord Capital Management implemented a capital reduction of $25,000 thousand to offset deficits in December 2020, and also issued 1,500 thousand ordinary shares at $13 per share for a total amount of $19,500 thousand, which were fully subscribed by the Corporation.

Note 5: In June 2020, Concord Insurance, received letter No. 1090421845 issued by the FSC and obtained approval for the increase in the business scope of its property insurance agent business.

CONCORD SECURITIES CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 2)	Company	Counterparty	Relationship (Note 3)	Transaction Details			
				Financial Statement Account	Amount (Note 1)	Transaction Terms	% of Total Revenues or Assets
0	Concord Securities Co., Ltd.	Concord Futures Corp. Ltd.	a.	Futures trading margin	$ 142,533 (Note 6)	Not significantly different from those to third parties	0.40
		Concord Futures Corp. Ltd.	a.	Accounts receivable	1,338 (Note 1)	Not significantly different from those to third parties	0.01
		Concord Futures Corp. Ltd.	a.	Guarantee deposits received	1,295 (Note 1)	Not significantly different from those to third parties	0.01
		Concord Futures Corp. Ltd.	a.	Futures commission revenue	14,878 (Note 1)	In accordance with the contract, no third-party transactions for comparison	0.45
		Concord Futures Corp. Ltd.	a.	Securities commission expenses	5,055 (Note 1)	In accordance with the contract, no third-party transactions for comparison	0.15
		Concord Futures Corp. Ltd.	a.	Clearing and settlement expenses	1,496 (Note 1)	In accordance with the contract, no third-party transactions for comparison	0.04
		Concord Futures Corp. Ltd.	a.	Other gains and losses	15,634 (Note 1)	In accordance with the contract, no third-party transactions for comparison	0.47
		Concord Capital Management Corp.	a.	Professional service fees	6,000 (Note 1)	In accordance with the contract, no third-party transactions for comparison	0.18
		Concord Insurance Agent Corp.	a.	Other operating income	4,085 (Note 1)	In accordance with the contract, no third-party transactions for comparison	0.12

Note 1: Intercompany transactions have been eliminated upon consolidation.

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

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

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

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

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

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

Note 6: Including the futures trading excess margin of $84,965 thousand which was accounted for as cash and cash equivalents.

CONCORD SECURITIES CO., LTD. AND SUBSIDIARIES

INVESTMENTS IN MAINLAND CHINA
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars and Foreign Currencies)

1. Investee company's name, main business and products, total amount of paid-in capital, investment type, investment outflows and inflows, net income (loss) of the investee, % ownership, investment gain (loss), carrying value as of December 31, 2020 and inward remittance of earnings:

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital (Note 2)	Investment Type	Accumulated Outflow of Investment as of December 31, 2019 (Note 1)	Investment Flows		Accumulated Outflow of Investment as of December 31, 2020 (Note 1)	Net Income (Loss) of the Investee (Note 5)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 6)	Carrying Value as of December 31, 2020 (Note 6)	Accumulated Inward Remittance of Earnings as of December 31, 2020
					Outflow	Inflow						
Guoyuan Futures Co., Ltd.	Commodities futures brokerage, financial futures brokerage, futures investment consulting, assets management, and other businesses that CSRC permits or acquired to put on record.	$ 2,668,633 (CNY 609,695 thousand)	Others	$ 51,561 (US$ 1,579 thousand)	$ -	$ -	$ 51,561 (US$ 1,579 thousand)	$ 205,670 (CNY 48,035 thousand)	1.59	$ -	$ 44,555	$ -

2. Upper limit of investment in mainland China:

Accumulated Investment in Mainland China as of December 31, 2020 (Note 1)	Investment Amounts Authorized by the Investment Commission, MOEA (Note 3)	Upper Limit of Investment Authorized by the Investment Commission MOEA (Note 4)
$51,561 (US$1,579 thousand)	$45,950 (US$1,613 thousand)	$763,736

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

Note 2: The NTD amount was converted using the average CNY buying and selling rates for the year ended December 31, 2020.

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

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

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

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

TABLE 4

CONCORD CAPITAL HOLDINGS (CAYMAN) LIMITED

BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(In Thousands of U.S. Dollars)

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

TABLE 5

CONCORD CAPITAL HOLDINGS (CAYMAN) LIMITED

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of U.S. Dollars)

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