

Stock Code: 5864

Inquiry website: <http://mops.twse.com.tw>

Company Website: <http://www.wintan.com.tw>



# Concord International Securities CO., LTD

## 2020 Annual Report

May 4, 2021

(I) Information on the Spokesman:

	Spokesman	Acting Spokesman
Name	PAN, HUA-CHEN	WANG, WEN-TSU
Title	General Manager	Executive Deputy General Manager
Tel.	06- 2219777	06- 2219777
Email	mis@jyhher.com.tw	

(II) Company Address and Tel.:

Headquarter:	No. 10, Section 3, Ximen Road, Tainan City	Tel: (06) 221-9777
Taipei Branch:	2F, No. 96, Section 4, Xinyi Road, Taipei City	Tel: (02) 2700-6666
Jiali Branch:	3F, No. 351, Yanping Road, Jiali District, Tainan City	Tel: (06) 722-6666
Fuqian Branch:	No. 141, Section 1, Fuqian Road, Tainan City	Tel: (06) 213-5888
Jinhua Branch:	B1, No. 172, Section 2, Jinhua Road, Tainan City	Tel: (06) 261-9777
Dongmen Branch:	2F, No. 213, Section 2, Xinyi Road, Taipei City	Tel: (02) 2351-6600
Kaohsiung Branch:	No. 148-83, Guanghua 1st Road, Kaohsiung City	Tel: (07) 225-9255
Nanjing Branch	4F, No. 188, Section 5, Nanjing East Road, Taipei City	Tel: (02) 2748-5558
Chongde Branch:	No. 242, Section 3, Zhonghua East Road, Tainan City	Tel: (06) 289-9000

(III) Stock Transfer Information:

Name of the stock transfer agency	Stock Agency Department, President Securities Corporation
Address of the stock transfer agency	B1, No. 8, Dongxing Road, Songshan District, Taipei City
Website of the stock transfer agency	<a href="http://www.uni-psg.com">http://www.uni-psg.com</a>
Tel of the stock transfer agency	Taipei: 02- 27478266

(IV) Information on CPAs:

Name of the CPSs	Accountants, CHENG, HSIEN-HSIU and ZHOU, YIN-LAI
Name fo the zccounting firm	Baker Tilly Clock & Co
Address	14F, No. 111, Section 2, Nanjing East Road, Taipei City
Tel.	02-25165255(line 5)
Website	<a href="http://www.clockcpa.com.tw">www.clockcpa.com.tw</a>

(V) Name of the Company's listed overseas securities and the method for inquiry on the listed overseas securities: Not applicable.

(VI) Company's website: [www.wintan.com.tw](http://www.wintan.com.tw)

(VII) The list of the Board of Directors of the first counter company and the designated domestic agent: Not applicable.

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## I. Letters to Shareholders

### 【Appendix: 2020 Business Report and Future Management Policy Report】

#### 1. Letters to Shareholders

(1) When we look back on 2020, the outbreak of COVID-19 pandemic which is still raging worldwide, has not only become a hot topic, but also marked as a once-in-a-century global event. The number of confirmed cases around the world is over 1,100,000,000 with more than 2,500,000 deaths, which even exceeded the number of World War II. The global economy is at a standstill and COVID-19 pandemic has significantly changed the world in daily life and activity patterns, many cities or even countries across the world-imposed lockdowns, the whole world is into a state of silence, the spread of COVID-19 crushed the stock market which caused a rapid drop and economic output; people made the abrupt shift to working at home, interact with others safely by following the social distancing guidelines, etc.

In political terms, the US presidential election forecasted that there would be a transfer of power, and the China-US trade war has not ended. Unfavorable views of China and its dictatorship increased due to COVID-19. Many countries started to have awakening structure to China's dictatorship, took actions to fight against and contain China; be friends with Taiwan gradually at the same time.

In technology term, due to chain-breaking crisis caused by the global chip shortage, many countries around the world asked Taiwan and Taiwan Semiconductor Manufacturing Company (hereinafter referred as "TSMC") to help resolving the shortage. Taiwan's importance will be seen in the international community due to Taiwan's achievements in technology, and it also has ability to influence the world.

The countries of the international community were all facing the above-mentioned emerged crises in all aspects. Governments around the world have been awakened and rapidly launched billions of dollars of economic relief packages in order to stabilize the economy. This caused the overflow of hot money and has driven lower interest rates, and the incoming foreign capital flooded local stock markets. In addition, capital investment occurs stimulated securities market and brought in unexpected growth to the financial markets. A booming securities market which flourished businesses, it was just like a timely rain to us.

(2) The annual overall profit before tax in 2020 was NT\$490,470,000 (profit from Brokerage Department was NT\$122,010,000; profit from Proprietary Trading Department was NT\$418,890,000; profit from Underwriting Department was NT\$7,130,000; others

were –NT\$57,560,000) and the earnings per share were around NT\$1.98 which showed the business is still capable to maintain basic profitability.

- (3) As we look ahead to 2021, the research, development and vaccination of COVID-19 vaccines bring a hope to the world; it is expected that the global nations will gradually end the country's lockdown, reopen their borders, begin slowly to resume economic activities and hope for an economic recovery from the coronavirus pandemic. People's daily lives haven't returned to normal as the way we were before the pandemic, yet structural changes in the world have occurred in each region. As for Taiwan, the global shortage of auto chips has exposed Taiwan's key role in the supply chain. The automakers in the world are even lobbying their governments to reach out to Taiwan for help. While the global economy has experienced negative growth due to the COVID-19 pandemic, Taiwan has shown to the world that due to the preemptive preparations as the right policy implemented by the government, the effective handling of the COVID-19 pandemic has enabled it to perform better than most of the world's economies. Taiwan's annual overall GDP growth rate for 2020 was 2.49%, the economic growth of Taiwan even outpaced that of China's, which categorized as a developing country.

With the coronavirus epidemic has remained stable in Taiwan, overseas-based Taiwanese firms have returned to this island to invest; furthermore, due to “sacred mountain, protector of the nation” effect, TSMC has attracted many world-class manufactures to invest Taiwan. In 2021, Taiwan's GDP annual growth rate is expected to expand higher than 4%, according to the forecast of the major institutes of international finance. The financial markets and investment of Taiwan will be continue booming, and the securities investment will also be benefited by the flourishing financial market.

The Company will continue to provide DRAM and relevant products, increase electronic transaction, margin trading business, non-restricted purpose loans and the Lot's trading number of future product; Plus the strategy appliances of the other departments, especially in the era of computerized trading, the Company will purchase new network equipment and improve our internet services, establish the systems for opening online trading accounts and customer ledgers settlement accounts in order to catch up to our competitors in the industry. In the meantime, we aim to operate the Company stably and maintain healthy business, gain reliability, build a small but successful business

Wishing you all, our dear shareholders good health and great fortune in the year of Ox!

Thank you

## 2. Business Performance and Future Management Policy Report for 2020

(1) The profit and loss of the Company's departments for year 2020 is listed below :

In Thousands of New Taiwan Dollars

	2020				
	Brokerage Department	Proprietary Trading Department	Underwriting Department	Another Department	TOTAL
Income from External Customer	290,566	425,891	8,969	4,390	729,816
Inter-segment Revenue	--	--	--	--	--
Total Income	290,566	425,891	8,969	4,390	729,816
Segment Profit or loss	122,015	418,887	7,130	(57,558)	490,474

(2) Financial Receipts and Expenditures, and Profitability Analysis

### 1. Financial Revenue

In Thousands of New Taiwan Dollars

Item \ Year	2020	2019	Increase (Decrease)
Net cash inflow (used in) from operating activities	(217,920)	76,939	(294,889)
Net cash flows (used in) from Investing Activities	(27,054)	(9,246)	(17,808)
Net cash flows (used in) from Financing Activities	217,984	(96,752)	314,736

### 2. Profitability Analysis

Item	2020	2019	
Return on Assets (%)	8.2	2.82	
Return on Owner's Equity (%)	12.49	3.81	
Ratio of Paid-in Capital (%)	Operating Income	19.5	4.72
	Income Before Tax	20.65	5.83
Net Profit Ratio (%)	64.27	40.66	
Earnings per Share (NT\$)	1.98	0.57	

Note : Earning per share is calculated by retroactive adjustment on the earning every year or average weighed number of outstanding common stock issued from Capital Surplus Transferred to Capital.



### (3) Business Performance Analysis

In Thousands of New Taiwan Dollars

Item	2020	2019	Increase/ Decrease Amount	Variable Ratio (%)
Earnings	729,816	333,592	396,224	118.78
Operating Expenses and Expenditure	266,731	221,587	45,144	20.37
Operating Income (Loss)	463,085	112,005	351,080	313.45
Non-operating Income (Loss)	27,389	26,470	919	3.47
Income (Loss) from Continuing Operations before Tax	490,474	138,475	351,999	254.2
Income Tax Benefit (Expense)	(21,397)	(2,823)	(18,574)	657.95
Income (Loss) from Continuing Operations After Tax	469,077	135,652	333,425	245.79

I. The analysis and interpretation for the changes in variable ratio of increase and decrease in the last two years (regarding those which have increased or decreased by more than 10%):

1. Earnings, Profit before Tax and Income after Tax: The main reason was that due to the impact of COVID-19 pandemic, otaku economy led Taiwan Stock Market turned better, therefore the trading volume increased, then both of the brokerage handling fee revenue and net gains or losses on operating securities at fair value through profit or loss increased when compared with the previous period.
2. Operating Expenses and Expenditure: The increase was mainly as a result of the impact of COVID-19 pandemic, otaku economy led Taiwan Stock Market turned better, thus the trading volume increased 64%, and broker got salary raise(s) when compared with the previous period.
3. Income Tax Expense: The main reason was that Net Income before Tax increased when compared with the previous period; and the decrease of Recognition of Deferred Income Tax Assets for Unrealized losses.

II. Potential improvements and corresponding plans for the Company's future financial operations: NIL

## 2. The Summary of Operational plan for the current year

- (1) The Company will continue to promote securities-related products this year, and expects to grow steadily based on the maintenance of last year's performance under the growth of the economic environment, and strengthen the promotion of futures and financing as a source of profit.
- (2) The Company will implement anti-money laundering and countering the financing of

terrorism, improve employee functional content training, strengthen the risk management, and establish a complete risk institution and system. Moreover, the Company will implement the virtuous image of ESG, organize social welfare activities, and build a green energy environmental protection operation environment.

- (3) Optimize online trading platform, promote more diverse trading platform, and enhance business growth.
- (4) Activate the use of company assets and increase the overall interests of the company.
- (5) Attract loyal customers with appropriate humanized services, comply with the legal environment, follow the market competition environment to meet the challenges, and achieve sustainable operation.

Chairman : Hsu, Wen-Ko

General manager : Pan, Hua-Chen

Accounting Supervisor : Zhou, Tin-Ho

## II. Profile

### I. Profile:

(1) Date of Establishment: November 4, 1989

(2) Address and Tel:

Headquarter: No. 10, Section 3, Ximen Road, Tainan City

Tel: 06- 2219777

Taipei Branch: 2F, No. 96, Section 4, Xinyi Road, Taipei City

Tel: 02- 27006666

Jiali Branch: 3F, No. 351, Yanping Road, Jiali District, Tainan City

Tel: 06- 7226666

Fuqian Branch: No. 141, Section 1, Fuqian Road, Tainan City

Tel: 06- 2135888

Jinhua Branch: B1, No. 172, Section 2, Jinhua Road, Tainan City

Tel: 06- 2619777

Dongmen Branch: 2F, No. 213, Section 2, Xinyi Road, Taipei City

Tel: 02- 23516600

Kaohsiung Branch: No. 148-83, Guanghua 1st Road, Kaohsiung City

Tel: 07- 2259255

Nanjing Branch 4F, No. 188, Section 5, Nanjing East Road, Taipei City

Tel: 02- 27485558

Chongde Branch: No. 242, Section 3, Zhonghua East Road, Tainan City

Tel: 06- 2899000

(3) Business:

1. 1.H301011 Securities

(Business items approved by the Ministry of Finance only)

2. H408011: Futures Trading Assistance

## II. History:

The internationalization and liberalization of the securities market is the current worldwide trend. The Securities and Futures Commission of the Ministry of Finance (MOF) has gradually amended the relevant laws and regulations to facilitate the sound development of the domestic securities market. So, in the May 1988, MOF promulgated the “Standard for the Establishment of Securities Firms”, which formally regulated the establishment of new securities firms. The Company was organized and established in accordance with the law on November 21, 1989 and granted a license by the Securities and Futures Commission with a total capital of NT\$2 billion and a paid-in capital of NT\$1.4 billion. The company was officially opened for business on November 27th of the same year.

1989.11 ---The Company is engaged in the business of brokerage, proprietary trading and underwriting of marketable securities.

1990.04 ---Over-the-counter sales department was established.

1993.05 ---Re-elect the second board of directors and supervisors. Originally, the Company set up 17 directors and 7 supervisors. Then, it was changed to 15 directors and 5 supervisors.

1995.02 ---Taipei Branch was established.

1996.04 ---Jaili Branch was established.

1996.05---The listing of the organizer Samson was listed on the centralized trading market, which was the first successful underwriting case of the Company's counseling listing.

1996.06 ---Re-election of the third board of directors and supervisors.

1996.10 ---Fuqian Branch was established.

1996.12 ---Bond Department was established.

1997.01 ---Kimhua Branch was established.

1997.04 ---Dongmen Branch was established.

1997.06 ---Kaohsiung Branch was established.

1997.10 ---Chungshan Branch was established.

1998.01 ---Futures Department was established.

1998.01 ---Ministry of Economic Affairs approved cash capital increase of NT\$424,400,000, surplus to capital increase of NT\$56,000,000 and the paid-in capital was increased to NT\$1,830,000,000

1998.07 ---The futures are officially open for business.

1998.09 ---Capital increase and change of capital amount to NT\$2,013,000,000.

1998.09 ---Established the General Management Office.

1998.09 ---Nanjing Branch was established.

1998.12 ---The self-management department has moved north.

1999.06 ---Re-election of the forth board of directors and supervisors.

1999.06 ---Electronic Securities Department was established.

1999.07 ---Purchase 20, Sec. 3, Ximen Road as a warehouse and parking lot.

2001.12 ---Establish the operation of domestic stock index option contract brokerage business.

- 2002.06 ---Re-elect the fifth board of directors and supervisors. Originally, the Company set up 15 directors and 3 supervisors. Then, it was changed to 11 directors and 2 supervisors.
- 2003.02 ---The Company has reduced its capital by 20% and changed its capital from NT\$2,013,000,000 to NT\$1,610,400,000.
- 2005.06 ---Re-election of the sixth board of directors and supervisors.
- 2007.11 ---Merged with Sunrise Securities Co., Ltd. and added Sunrise Branch, Chongde Branch and Chikan Branch and the number of business sites is increased to 12.
- 2007.12 ---To engage in the business of dealing in foreign marketable securities on trust.
- 2007.12 ---Re-elect the seventh board of directors and supervisors. Originally, the Company set up 11 directors and 2 supervisors. Then, it was changed to 13 directors (including 3 independent directors) and 3 supervisors.
- 2008.02 ---Chairman LI, CHENG-HSIUNG resigned. Board of Directors re-elected Managing Director, CHEN, CHAO-KUN as the Chairman.
- 2008.07 ---Capital increase and change of capital amount to NT\$1,943,428,110.
- 2009.03 ---The Company's shares are issued without entity.
- 2009.04 ---Our company is officially registered as a trading company [April 9, 2009].
- 2009.08 ---Our company's Chikan Branch moved and changed its name to "Hengchun Branch".
- 2010.05 ---Re-election of 8th Board of Directors and Supervisors. Managing Director, CHEN, CHAO-KUN was elected as the chairman and Managing Director, CHEN, MI-CHUAN was elected as the deputy chairman.
- 2010.07 ---Capital increase and change of capital amount to NT\$2,040,599,520.
- 2010.08 ---Internet order AP System Just Win was officially launched.
- 2011.07 ---Capital increase and change of capital amount to NT\$2,101,817,510.
- 2012.12 ---Hengchun Branch is closed for business.
- 2013.05 ---Re-election of 9th Board of Directors and Supervisors. Managing Director, LI, WEN-PIN was elected as the chairman and Managing Director, CHEN, MI-CHUAN elected as the deputy chairman.
- 2013.05 ---Provide securities borrowing and lending services.
- 2013.06 ---Chunshan Branch is closed for business.
- 2013.07 ---Capital increase and change of capital amount to NT\$2,122,835,680.
- 2015.01 ---Establish Law Compliance Department.
- 2015.04 ---Self-administered securities trading financing and securities financing business.
- 2016.01 ---Risk Control Department was established.
- 2016.05 ---Re-election of 10th Board of Directors and Supervisors. Managing Director, LI, WEN-PIN was elected as the chairman and Managing Director, CHEN, MI-CHUAN was elected as the deputy chairman. The Company established 13 directors (3 independent directors and 10 general directors) and an audit committee with terms of office 3 years. They are eligible for re-election.
- 2016.11 ---Sunrise Branch is closed for business.
- 2017.07 ---Open an Non-Restricted Purpose Loan business.
- 2017.11 ---Discontinued concurrent futures business and switched to futures assistance business.

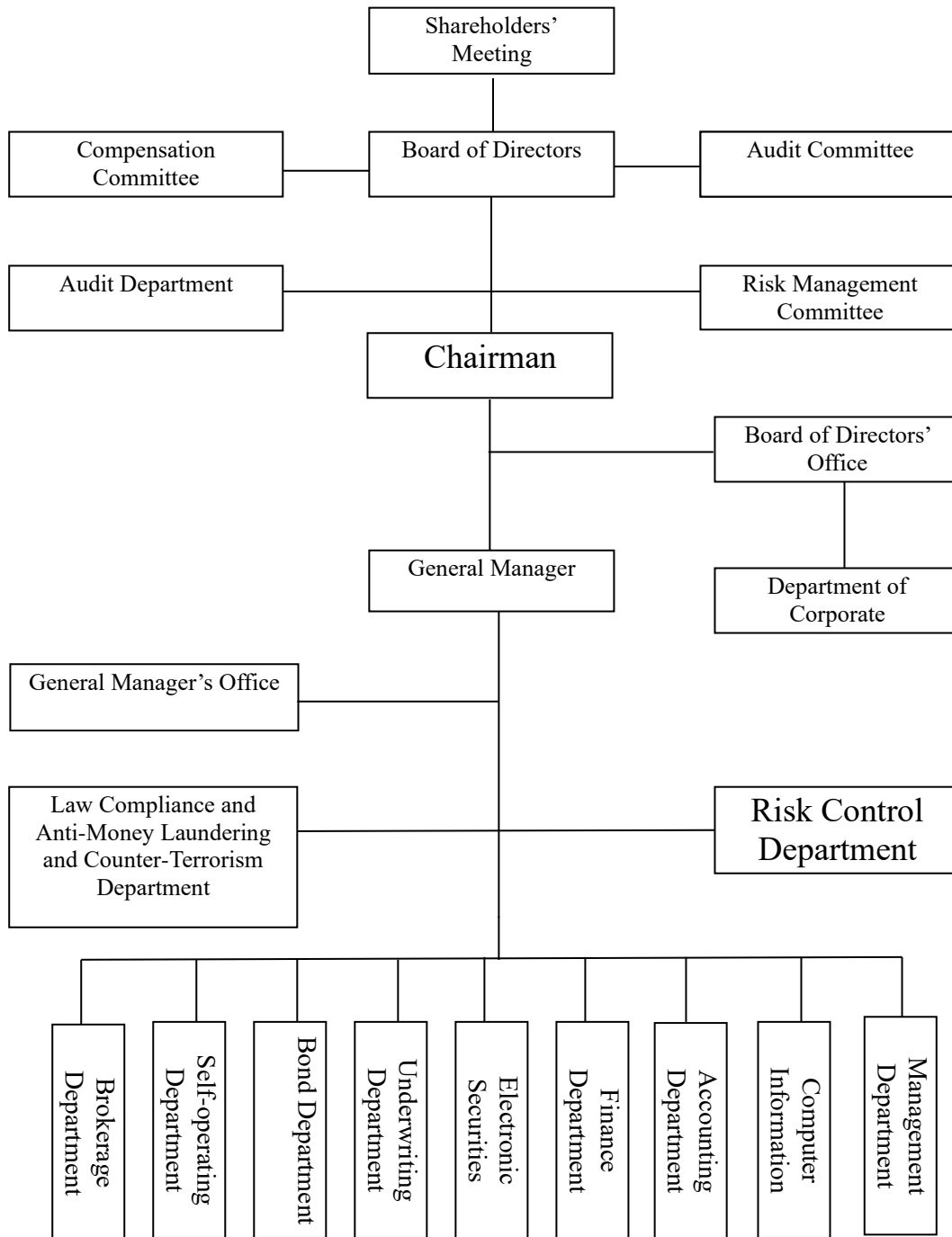
- 2018.04---Our company is officially registered as a trading company [April 2, 2018].
- 2018.05 ---Capital increase and change of capital amount to NT\$2,240,475,680.
- 2018.10 ---Establishment of Anti-Money Laundering and Counter-Terrorism Department
- 2019.04 ---Re-election of 11th Board of Directors and Supervisors. Managing Director, HSU, WEN-KE was elected as the chairman and Managing Director, CHEN, MI-CHUAN was elected as the deputy chairman.
- 2019.07 ---Capital increase and change of capital amount to NT\$2,374,904,220.
- 2020.12 ---Jiali Branch relocated its business address to 3F, No. 351, Yanping Road, Jiali District, Tainan City

The Company operates under the principles of "integrity" and "service" to ensure the rights and interests of the investing public and to cooperate with government policies to improve the capital market, promote economic development and industrial upgrading, and to become an outstanding securities dealer.

### III. Corporate Governance Report

(I) Organization Structure

(1) Organizational Structure:



## (2) Major Corporate Functions

Department	Functions
Audit Office	<ol style="list-style-type: none"> <li>1. Responsible for auditing the financial, business and accounting records of the Company and preparing audit reports on a regular basis.</li> <li>2. Responsible for preparing and implementing an internal audit system and regularly evaluating the implementation of internal controls in each department.</li> <li>3. In conjunction with the management department, it is responsible for auditing the the Company's acquisition, sale, construction and price negotiation of procurement and acceptance.</li> <li>4. Undertake auditing projects assigned by the Board of Directors or the Supervisor.</li> <li>5. Report business unit operation risk assessment analysis.</li> <li>6. Supervise Branch's audit-related operations.</li> <li>7. Report on the investigation of anomalous events.</li> <li>8. Other matters related to auditing business.</li> </ol>
Chairman's Office	<ol style="list-style-type: none"> <li>1. Discuss and establish the company's management policies, policies and objectives.</li> <li>2. Prepare investment activities or asset planning.</li> <li>3. Prepare and decide on other significant developments, reforms or countermeasures.</li> </ol>
Department of Corporate Governance	<ol style="list-style-type: none"> <li>1. Assist the directors in carrying out their duties, provide the required information and arrange for the director's further education.</li> <li>2. The members of the Board of Directors are notified from time to time in accordance with the latest laws and regulations related to corporate governance.</li> <li>3. Arrange a meeting between the Independent Director and the Head of Internal Audit or Certified Public Accountant to understand the company's financial operations.</li> <li>4. Manage and assist relevant departments in the implementation of corporate governance evaluation of listed enterprises.</li> <li>5. Handle the liability insurance for the Director and the Manager and submit it to the Director's meeting for approval.</li> <li>6. In accordance with the Company's Performance Evaluation Method, evaluate the performance of the board of directors, functional committees and individual directors.</li> <li>7. Assist in shareholder meetings, shareholder meeting proposals, and preparation of shareholder meeting minutes.</li> <li>8. Prepare the agenda of each Director meeting, send a notice of the meeting to the Director seven days in advance, convene the meeting and provide sufficient information for the meeting, and remind the Director in advance if the issue needs to be recused. The meeting minutes will be distributed to each Director within 20 days after the meeting.</li> <li>9. After the meeting, release important information about the Director's meeting to ensure the legality and correctness of the content of the newsletters.</li> <li>10. Pre-register the date of the shareholders' meeting in accordance with the law, and prepare the notice of meeting, the meeting handbook, the meeting minutes and annual reports within the statutory period.</li> </ol>



Department	Functions
General Manager's Office	<ol style="list-style-type: none"> <li>1. Discuss and establish the company's management policies, policies and objectives.</li> <li>2. Plan, execute and track the company's operational activities.</li> <li>3. Prepare and revise internal administrative rules and regulations of the company.</li> <li>4. Establish and maintain external public relations.</li> </ol>
Legal Compliance Department	<ol style="list-style-type: none"> <li>1. Establish a clear and appropriate system of communication, consultation, coordination and communication of laws and regulations.</li> <li>2. Confirm that all operations and management rules are updated in a timely manner in accordance with relevant laws and regulations, so that all operations are in compliance with the law.</li> <li>3. Establish the content and procedures for evaluating compliance with the law and to supervise each unit to regularly evaluate the implementation.</li> <li>4. Appropriate legal training is provided to the personnel of each unit.</li> <li>5. Establish Anti-Money Laundering and Anti-Financial Terrorism Procedures.</li> <li>6. Conduct or participate in regular on-the-job anti-money laundering training.</li> <li>7. Assign dedicated staff to coordinate and oversee the implementation of anti-money laundering and counter-financing of terrorism.</li> <li>8. Prepare and regularly update AML/CFT risk assessment reports.</li> </ol>
Risk Control Department	<ol style="list-style-type: none"> <li>1. The risk management unit is authorized to perform risk management related duties and responsibilities as appropriate.</li> <li>2. Develop corporate risk management policies and strategies.</li> <li>3. Establish a risk management mechanism.</li> <li>4. Establish various limits.</li> <li>5. Build or assist in building risk management information systems</li> <li>6. Measure risk value.</li> <li>7. Monitoring risk.</li> <li>8. Risk management reports are produced on a regular basis (daily, weekly or monthly) and reported to the company's senior management in accordance with the process.</li> </ol>
Brokerage Department	<ol style="list-style-type: none"> <li>1. The business of accepting orders to buy and sell securities from the centralized market or storefront market.</li> <li>2. Customer development and business development.</li> <li>3. Credit investigation and control of customer credit.</li> <li>4. The collation and provision of securities information.</li> <li>5. The centralized custody and transfer of marketable securities.</li> <li>6. Entrusted to handle credit transactions on your behalf.</li> <li>7. Customer operation guidance.</li> <li>8. Handling of Business Disputes.</li> <li>9. Settlement and delivery of stocks and bonds.</li> <li>10. Other matters related to auditing business.</li> </ol>
Self-operating department	<ol style="list-style-type: none"> <li>1. Trading marketable securities on the centralized market.</li> <li>2. Trading marketable securities at the storefront market.</li> <li>3. Prepare investment activities or asset planning.</li> <li>4. Investment portfolio planning.</li> <li>5. Research and analysis of domestic and international political, economic and financial situations.</li> <li>6. Research, analysis and reports on domestic and international public companies and industry dynamics.</li> <li>7. The accounting treatment of proprietary securities transactions.</li> <li>8. Other matters related to auditing business.</li> </ol>
Bond	<ol style="list-style-type: none"> <li>1. Business development planning, bidding and sales in the bond issuance market.</li> </ol>

Department	Functions
Department	<ol style="list-style-type: none"> <li>2. Responsible for bond market transactions, billing, customer maintenance and related operations.</li> <li>3. The Bond Department's fund allocation and related operations.</li> <li>4. Coordinate the promotion and execution of Branch's bond business.</li> <li>5. Other interest rate products research and tracking, trading operations and related operations.</li> </ol>
Underwriting Department	<ol style="list-style-type: none"> <li>1. Planning, development and execution of underwriting business.</li> <li>2. Advising public companies on the planning of issuance of securities and listing of securities and over-the-counter matters.</li> <li>3. Financial and business evaluation and planning of the issuing company.</li> <li>4. Underwriting of stocks, corporate bonds and other securities.</li> <li>5. Commissioned to conduct pre-listing and pre-counter evaluation work.</li> <li>6. Public offering of corporate advisory services.</li> <li>7. Other matters related to auditing business.</li> </ol>
Electronic Securities Department	<ol style="list-style-type: none"> <li>1. Planning, operation monitoring, security and prevention of network order, mobile order and voice order systems abnormal response and troubleshooting, repair of related equipment, and joint discussion with the information department on system interfacing and tandem to ensure the efficiency and smoothness of electronic transactions.</li> <li>2. Maintain the website, update relevant information in a timely manner, and improve the operation interface to enhance the user-friendliness and convenience of clicking.</li> <li>3. Customer service to assist with system installation, interface operation, transaction and billing troubleshooting.</li> <li>4. Maintain the smooth operation and security of the network, and to build and adjust the network environment that can satisfy both resource efficiency and quality.</li> </ol>
Finance Department	<ol style="list-style-type: none"> <li>1. The planning and use of the Company's capital.</li> <li>2. Planning and execution of the Company's accounting operations and handling of tax matters.</li> <li>3. The development and establishment of an accounting system.</li> <li>4. Preparation of annual budget and final accounts.</li> <li>5. Audit and accounting for all expenses.</li> <li>6. Research and recommendations on business performance of business units.</li> <li>7. Compilation and analysis of statistical reports.</li> <li>8. Supervision and liaison of Branch's accounting affairs.</li> <li>9. Other matters related to auditing business.</li> </ol>
Settlement Department	<ol style="list-style-type: none"> <li>1. Planning and execution of the company's credit and lending business.</li> <li>2. Settlement of corporate credit and debit business.</li> </ol>
Computer Information Department	<ol style="list-style-type: none"> <li>1. Planning and establishment of the Company's information system.</li> <li>2. Design, communication, coordination, tracking, maintenance and acceptance of the company's internal and external information systems and equipment supply.</li> <li>3. Responsible for planning the company's computer operation development plan and setting computerized operation standards.</li> <li>4. System design and analysis, program design and application management, computer operation and backup operations.</li> <li>5. User operation education training.</li> <li>6. Computer terminal equipment troubleshooting, online troubleshooting.</li> <li>7. Other related to the planning of computer operating systems and the management and maintenance of information equipment.</li> </ol>
Department of	<ol style="list-style-type: none"> <li>1. The company's general affairs, personnel, clerical, and personnel management</li> </ol>

Department	Functions
Management	<ul style="list-style-type: none"> <li>1. planning and implementation of tracking and implementation.</li> <li>2. The publication and guardianship of the printed letters.</li> <li>3. Sending, receiving, proofreading, transferring and filing of documents and telegrams.</li> <li>4. The classification and storage of files and books.</li> <li>5. Proofreading and printing of notices, agendas and minutes of important meetings.</li> <li>6. Negotiation and execution of asset purchase, sale, lease, management and insurance.</li> <li>7. Design, planning, negotiation, negotiation and contracting of various projects.</li> <li>8. Employee promotion, advancement, assessment, training, rewards and punishments, leave of absence, benefits, and personnel planning and auditing.</li> <li>9. Promotion and maintenance of public relations.</li> <li>10. Planning and supervision of safety and cleanliness of the business premises.</li> <li>11. Assistance and support for maintenance and management of communication, information, electrical and mechanical, and fire protection equipment.</li> <li>12. Planning and control of the company's construction projects.</li> <li>13. Training and deployment agreement for Branch's electrical and mechanical personnel.</li> <li>14. Other matters related to general affairs, personnel, electrical and mechanical business, and the execution of matters assigned by superiors.</li> </ul>

## II. Director, Supervisor, General Manager, Deputy General Manager, Assistant General Manager, Supervisors of Each Department and Branches:

(I) Information on Director and Independent Director

(A)

March 6, 2021

Title (Note)	Nationality/Place of Incorporation	Name	Gender	Date Elected	Term (Years)	Date First Elected (Note 2)	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience(Education)(Note 3)	Other Position in the Company and in other Companies	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remark (Note 4)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	The Republic of China (R.O.C.)	Baulidu Investment CO., LTD	-	2019.04.24	3	1993.05.17	33,199,106	14.82	35,191,052	14.82	-	-	-	-	-	Director, Guantian Investment Development Co., Ltd. Director, HSIN-SHIH TEXTILE CO., LTD. Deputy Chairman and Supervisor of Asahi Enterprises Corp. Director, Klingon Aerospace Inc. Director, Mingqi Inc. Deputy Chairman, FU LANG DEVELOPMENT CO., LTD.	-	-	-	-
	The Republic of China (R.O.C.)	Baulidu Investment Representative, HSU, WEN-KO	Male	2019.04.24	3	2019.04.24	40,392	0.02	42,815	0.02	485,076	0.20	-	-	Tamkang University Finance General Manager, Concord International Securities Co., Ltd.	-	-	-	-	
Director	The Republic of China (R.O.C.)	Baulidu Investment CO., LTD	-	2019.04.24	3	1995.06.02	-	-	-	-	-	-	-	-	-	Director, Guantian Investment Development Co., Ltd. Director, HSIN-SHIH TEXTILE CO., LTD. Asahi Enterprises Corp. Deputy Chairman and Supervisor Director, Klingon Aerospace Inc. Supervisor, Mingqi Inc. Deputy Chairman, FU LANG DEVELOPMENT CO., LTD.	-	-	-	-
Vice Chairman	The Republic of China	CHEN, MI-JUAN	Female	2019.04.24	3	1995.06.02	5,407,720	2.41	5,732,183	2.41	-	-	-	-	University of Southern California Department of	Chairman, Baulidu Investment Co., Ltd. Chairman, Launcher International Corporation	Director	CHEN, PIN-CHEN	Sisters	-

Title (Note)	Nationality/Place of Incorporation	Name	Gender	Date Elected	Term (Years)	Date First Elected (Note 2)	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience(Education)(Note 3)	Other Position in the Company and in other Companies	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remark (Note 4)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
	(R.O.C.)														International Relations Washington Mutual Inc. Mortgage Department Specialist	Asahi Enterprises Corp. Deputy Chairman Supervisor, Jiayuan Investment Development Co., Ltd. Deputy Chairman, FU LANG DEVELOPMENT CO., LTD. Deputy Chairman, SMOKEY JOE'S CO., LTD. CHATEAU INTERNATIONAL DEVELOPMENT COMPANY LIMITED Supervisor Director, HSIN-SHIH TEXTILE CO., LTD.. Supervisor, Mingqi Inc. Park Avenue Sharing Space Co., Ltd. Supervisor				
Director	The Republic of China (R.O.C.)	LI, WEN-BIN	Male	2019.04.24	3	2013.05.09	102,501	0.05	108,651	0.05	63,180	0.03	-	-	Department of Economics, Feng Chia University Qilin Industrial Co., Ltd. Business Supervisor Concord International Securities Co., Ltd. Chairman	Director, Concord International Securities Co., Ltd.	-	-	-	-
Managing Director	The Republic of China (R.O.C.)	CHEN, JUNG-CHI	Male	2019.04.24	3	1995.06.02	203,935	0.09	216,171	0.09	-	-	-	-	Zeng Wen High School LEANG YEH ENTERPRISE CO., LTD. General Manager	Chairman, LEANG YEH ENTERPRISE CO., LTD.	-	-	-	-
Director	The Republic of China (R.O.C.)	CHEN, PIN-CHAN	Female	2019.04.24	3	2015.08.01	4,402,799	1.97	4,666,966	1.97	-	-	-	-	University of San Francisco Master of Business Administration Stock Affair, Concord International Securities Co., Ltd.	Special Assistant of the Chairman, Concord International Securities Co., Ltd. Director, CHATEAU INTERNATIONAL DEVELOPMENT COMPANY LIMITED Supervisor, Chia Chi Sdry Enterprise Co., Ltd.	Deputy Director	CHEN, MI-JYUAN	Sisters	-

Title (Note)	Nationality/Place of Incorporation	Name	Gender	Date Elected	Term (Years)	Date First Elected (Note 2)	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience(Education)(Note 3)	Other Position in the Company and in other Companies	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remark (Note 4)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
															Director, Klingon Aerospace Inc. Supervisor, FU LANG DEVELOPMENT CO., LTD. Supervisor, SMOKEY JOE'S CO., LTD. Supervisor, Polydo Investment Co., Ltd. Director, Qunli Energy Inc. Director, CHIN LAI INTERNATIONAL DEVELOPMENT CO., LTD.					
Director	The Republic of China (R.O.C.)	HUANG, MING-SHAN	Male	2019.04.24	3	2013.05.09	1,858,620	0.83	1,970,137	0.83	-	-	-	-	Department of Mechanical Engineering, Southern Taiwan University of Science and Technology SHYE YIH FEEDING CO., LTD. Manager	HAI YIAQUACULTURE CO., LTD. Chairman Director, J. Will International Enterprise Co., Ltd.	-	-	-	-
Director	The Republic of China (R.O.C.)	SHA, MEI-CHI	Female	2019.04.24	3	2018.04.24	1,470,000	0.66	1,528,200	0.64	-	-	-	-	Study at National Penghu Marine & Fishery Vocational High School	DING SHAN INTERNATIONAL CO., LTD. Responsible Person	-	-	-	-
Director	The Republic of China (R.O.C.)	WISE CO., LTD.	-	2019.04.24	3	2016.05.05	1,010,000	0.45	1,024,600	0.43	-	-	-	-	-	-	-	-	-	-
	The Republic of China (R.O.C.)	WISE CO., LTD. Representative: HUANG, YIRU	Female	2019.04.24		2017.04.25	-	-	-	-	-	-	-	-	Department of Finance, I-SHOU University Cathay Life Insurance Business Assistant to the General	Head of WISE CO., LTD. Director, Bozin Co., Ltd.	-	-	-	-

Title (Note)	Nationality/Place of Incorporation	Name	Gender	Date Elected	Term (Years)	Date First Elected (Note 2)	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience(Education)(Note 3)	Other Position in the Company and in other Companies	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remark (Note 4)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
														Manager of Jiadi clothing						
Director	The Republic of China (R.O.C.)	LIU, ZHEN-YI	Female	2019.04. 24	3	2013.05.09	202,000	0.09	214,120	0.09	-	-	-	-	Graduated from Human Resources and Public Relations, Daye University	HUNG HSIN BUILDING MATERIALS CO., LTD. Secretary of Chairman Supervisor, CHIAO HONG INVESTMENT CO., LTD. Supervisor, Jiameng Industrial Co., Ltd.	-	-	-	-
Independent Director	The Republic of China (R.O.C.)	HSU, SHUN-FA	Male	2019.04. 24	3	2019.04. 24	-	-	-	-	-	-	-	-	Master of Accounting, University of Memphis Partnership accountant, Pan-China (TW) CPAs	Partnership accountant, Pan-China (TW) CPAs Supervisor, FWU KUANG ENTERPRISES CO., LTD. Independent Director, QST INTERNATIONAL CORP. Supervisor, CHAIR MAN CHEMICALS INDUSTRIAL CO., LTD. Director, YONG CHING INTERNATIONAL CO., LTD. Chairman, China Xinyu Co., Ltd.	-	-	-	-
Independent Director	The Republic of China (R.O.C.)	CHEN, JIAN-CHUAN	Male	2019.04. 24	3	2013.05.09	300	0.0001	318	0.0001	948	0.0004	-	-	Study at college Responsible Person, T. F. CHEN TRADING CO., LTD. Managing director, Tainan County Import and Export Association Director, Taiwan Importers and Exporters Association	MEC MEDICAL CO., LTD. Chairman Chairman, LAND CHAIN LIMITED Chairman, T. F. CHEN TRADING CO., LTD. Chairman, GALA CASTLE CO., LTD. Chairman, Castle Applied Inc. Chairman, Wanquan Construction Co., Ltd. Director, SPREADING INTERNATIONAL LOGISTICS	-	-	-	-

Title (Note)	Nationality/Place of Incorporation	Name	Gender	Date Elected	Term (Years)	Date First Elected (Note 2)	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience(Education)(Note 3)	Other Position in the Company and in other Companies	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remark (Note 4)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
																CORPORATION Director, Pioneer Music and Culture Company Limited				
Independent Director	The Republic of China (R.O.C.)	WEI, FU-CHUAN	Male	2019.04.24	3	2017.04.25	19,608	0.008	20,784	0.008	-	-	-	-	Business Administration, National Chung Hsing University Branch Manager, Agricultural Bank of China Limited Branch Manager, Taiwan Cooperative Bank		-	-	-	-

Note : (1) The Company's Directors were all re-elected on April 24, 2019.

(2) Independent Director Mr. Chen Jian-Chuan served as Independent Director on 2013.05.09 and resigned as Independent Director and Managing Director on 2017.02.09 and reappointed as Independent Director on 2019.04.24

(3) Chen, Long-Fa, the representative of Baulidu Capital Co., Ltd. resigned as Director on March 20, 2020.

Note 1: Corporate shareholders should list the name of the corporate shareholder and the representative of the corporate shareholder separately (for the representative of the corporate shareholder, the name of the corporate shareholder should be indicated), and should fill in Table 1 below.

Note 2: Enter the time when you first became the director or supervisor of the company. If there is any interruption, please note the explanation.

Note 3: If you have worked for a certified public accountant firm or a related company during the previous reporting period, you should specify the title and responsibilities of your current position.

Note 4: If the chairman of the board of directors and the president or equivalent (top manager) the same person, spouses or relatives of one another, the reasons, reasonableness, necessity, and relevant information on the measures to be taken (For example, the number of Independent Director seats should be increased, and more than half of the Directors should not also be employees or managers) shall be stated.



## 1. Major shareholders of the institutional shareholders

March 6, 2021

Name of Institutional Shareholders (Note 1)	Major Shareholders (Note 2)
Baulidu Investment Co., Ltd.	Shi Yuhui (21.51%), Jiayuan Investment Development Co., Ltd. (15.34%) Chen Chongxian (7.16%), Chen, Pin-Chan(5.8%), Xue Baiya (5.72%) Xue Nianzhen (5.56%), Chen Mijyuan (5.54%), Chen Xietong (4.74%), and Quintain Steel Co., Ltd.(4.47%), Yang Niying (3.26%)
WISE CO., LTD.	Chen Chongxian (35.61%), Chang Wenan (5.94%), Ou Nai-Shuo (5.94%), and HUANG, Yiru (5.94%), Baulidu Investment Co., Ltd. (46.57%)

Note 1: If the director or supervisor is a representative of a corporate shareholder, the name of the corporate shareholder should be entered.

Note 2: Enter the names of the major shareholders of the corporation (the top ten in terms of shareholding) and their shareholding ratios. If the major shareholder is a legal entity, the following table 2 should be added.

Note 3: If a corporate shareholder is not a corporate organization, the name of the shareholder and the percentage of shareholding disclosed in the preceding paragraph shall be the name of the contributor or donor and the percentage of the contribution or contribution.

## 2. Major shareholders of the Company's major institutional shareholders

March 31, 2021

Name of Institutional Shareholders (Note 1)	Major Shareholders (Note 2)
Jiayuan Investment Development Co., Ltd.	Quintain Steel Co., Ltd.(95.97%), Chen Jinlang (1.55%), Chen Jin Yi (0.82%), Su Jin Chang (0.74%), Wang Qiong Chen (0.47%), and Yu-Ling Weng (0.45%)
Quintain Steel Co., Ltd.	Baulidu Investment Co., Ltd. (15.57%), Concord International Securities CO., Ltd (9.42%) Taiwan Steel Group Unted Co., Ltd (8.74%), Jinzifu Asset Management Limited (4.25%), Asahi Enterprises Corp. (3.84%),

	Chateau International Development Co.,Ltd. (3.46%), Chia Chi Sdry Enterprise Co., Ltd. (3.45%), Chen Chongxian (3.24%), Chen Xietong (1.84%), Chen Mijuan (1.81%)
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Note 1: If the director or supervisor is a representative of a corporate shareholder, the name of the corporate shareholder should be entered.

Note 2: Enter the names of the major shareholders of the corporation (the top ten in terms of shareholding) and their shareholding ratios.

Note 3: If a corporate shareholder is not a corporate organization, the name of the shareholder and the percentage of shareholding disclosed in the preceding paragraph shall be the name of the contributor or donor and the percentage of the contribution or contribution rate.

3. Professional qualifications and independence analysis of directors and supervisors (B)

Mar. 6, 2021

Name (Note 1)	Criteria	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Criteria(Note 2)												Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
		An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist Who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10	11	12	
Baulidu Investment Co., Ltd. Responsible person: HSU, WEN-KO			✓	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-
CHEN, MI-JUAN			✓	✓						✓	✓	✓	✓		✓	✓	-
CHEN, RONG-JI			✓	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-
Baulidu Investment Co., Ltd.			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
LI, WEN-BIN			✓				✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-
CHEN, PIN-CHAN			✓							✓	✓	✓	✓		✓	✓	-
HUANG, MING-SHAN			✓	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-
SHA, MEI-CHI			✓	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-
WISE CO., LTD. Representative: HUANG, YIRU			✓	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓		-
LIU, ZHEN-I			✓	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-
CHEN, JIAN-CHUAN			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-
HSU, SHUN-FA		✓	✓	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
WEI, FU-CHUAN			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-

Note 1: The number of columns will be adjusted according to the actual number.

Note 2: Please tick the corresponding boxes with “✓” that apply to a member during the two years prior to being elected or during the term(s) of office.

- (1) Not an employee of the Company or any of its affiliates.
- (2) Not a director or supervisor of the Company or any of its affiliates. Not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.
- (3) Not a natural-person shareholder who holds shares, together with those held by the person’s spouse, minor children, or held by the person under others’ names, in an aggregate amount of 1% or more of the total number of outstanding

shares of the Company or ranking in the top 10 in holdings.

- (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons in the preceding three subparagraphs.
- (5) Not a director, supervisor, or employees of a corporate shareholder that directly holds five percent or more of the total number of outstanding shares of the Company or that holds shares ranking in the top five in holdings or is the representative being assigned as the director or supervisor of the Company by in accordance with Article 27, Paragraph 1 or 2 of the Company Act, (However, this does not apply, in case where the person is concurrently working as an Independent Director of the Company or its parent company, subsidiary or subsidiary of the same parent company established according to this Act or local country ordinances).
- (6) Not a director, supervisor or employee of other company which has over half of the number of directors' seats or shares with voting rights of the Company and is controlled by the same person (however, this does not apply, in case where the person is concurrently working as an Independent Director of the Company or its parent company, subsidiary or subsidiary of the same parent company established according to this Act or local country ordinances).
- (7) Not a Director, supervisor or employee of other companies or institution which concurrently works as or in a spouse relationship to the Chairman, general manager or personnel of relative duties of the Company (however, this does not apply, in case where the person is concurrently working as an Independent Director of the Company or its parent company, subsidiary or subsidiary of the same parent company established according to this Act or local country ordinances).
- (8) Not a director, supervisor, manager or a shareholder holding five percent or more of the shares of a company or institution that has a business or financial relationship with the Company, (however, this does not apply, in case where the specific company or institution holds over 20% but less than 50% of the total number of issued shares of the Company and the person is concurrently working as an Independent Director of the Company or its parent company, subsidiary or subsidiary of the same parent company established according to this Act or local country ordinances).
- (9) Not a professional who provides auditing, nor a professional who provides commercial legal, financial, accounting, or consulting services to the Company or its affiliates with the cumulated remuneration within the last two years less than NT\$500,000, nor is an owner, partner, Director, supervisor, or manager, or the spouse of any of the above, of a sole proprietorship, partnership, company, or organization that provides such service to the Company or its affiliates, however, this does not apply for members of compensation committee, public acquisition audit committee or special committee for merger who exercise power in accordance with relevant laws and regulations in Securities and Exchange Act or Business Mergers and Acquisitions Act.
- (10) Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.
- (11) Not been a person of any conditions defined in Article 30 of the Company Law.
- (12) Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act.

## (2) General Manager, Deputy General Manager, Associates, Departments and Branches Officer:

March 6, 2021

Title (Note 1)	Nationality	Name	Gender	Dated Elected (On Board)	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience(Education)(Note 2)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remark (Note 3)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	The Republic of China (R.O.C.)	LI, WEN-BIN	Male	2019.05	108,651	0.046	63,180	0.027	-	-	Department of Economics, Feng Chia University Sales Supervisor, Chilam Industrial Co. Chairman, Concord International Securities Co., Ltd.	None.	-	-	-	-
General Manager	The Republic of China (R.O.C.)	PAN, HUA-CHEN	Female	2019.05	1,704	0.0007	-	-	-	-	Business Administration, Taipei University Employee, The Fifth Credit Cooperation of Taipei General Audit, Concord International Securities Co.,Ltd.	None.	-	-	-	-
Deputy General Manager, North Region Brokerage	The Republic of China (R.O.C.)	CHEN, LONG-FA	Male	1994.11	-	-	830,011	0.349	-	-	Engineering Management, National Taipei University of Business Associates, EXTRA WALTZ Co, Ltd. Manager, EVER HEALTH & BEAUTY ENTERPRISE CO., LTD.	Chairman, Klingon Aerospace Inc. Chairman, Senxin Energy Co., Ltd. Chairman, CHERRY Emery CO., Ltd. Chairman, CHIN LAI INTERNATIONAL DEVELOPMENT CO., LTD. Director, Klingon Aerospace Inc.	-	-	-	-
Finance Department Deputy General Manager	The Republic of China (R.O.C.)	Zhou Tin-Ho	Male	2008.05	205,483	0.087	12,720	0.005	-	-	Graduate School of Business, University of South Australia(CMBA) Team Leader of Yushin Trademark Co. Associates of Concord International Securities Co., Ltd.	None	Assoc iates	Pan Yalan	Spouse	-

Title (Note 1)	Nationality	Name	Gender	Dated Elected (On Board)	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience(Education)(Note 2)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remark (Note 3)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Brokerage Department Supervision Deputy General Manager	The Republic of China (R.O.C.)	WANG, WEN-TSU	Male	2016.01	2,623	0.001	-	-	-	-	Department of Business Administration, Chinese Culture University Team Leader of Information Technology Total Services Salesman, Far Eastern Securities Co. Associates of Concord International Securities Co., Ltd.	None.	-	-	-	-
Brokerage Department Supervision Associates	The Republic of China (R.O.C.)	Huang Zheng chang	Male	2015.01	830	0.0003	-	-	-	-	Department of Economics, Feng Chia University Purchase Department of Continental Engineering Corporation Manager of Concord International Securities Co., Ltd.	None.	-	-	-	-
Dongmen Branch Associates	The Republic of China (R.O.C.)	Pan Yalan	Female	2015.01	12,720	0.005	205,483	0.087	-	-	International Trade, Takming University of Science and Technology Cashier, TATEH INDUSTRY CO., LTD Manager of Concord International Securities Co., Ltd.	None.	Deputy General Manager	Zhou Tin-Ho	Spouse	-
Self-operating department Associates	The Republic of China (R.O.C.)	Deng Chun xiang	Female	2015.01	-	-	-	-	-	-	International Trade, Takming University of Science and Technology Cashier, TATEH INDUSTRY CO., LTD Manager of Concord International Securities Co., Ltd.	None.	-	-	-	-

Title (Note 1)	Nationality	Name	Gender	Dated Elected (On Board)	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience(Education)(Note 2)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remark (Note 3)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Nanjing Branch Associates	The Republic of China (R.O.C.)	Wang Wei	Male	2015.01	54,290	0.023	-	-	-	-	Department of Electrical Engineering, Tung Fang Design University Manager of Concord International Securities Co., Ltd.	None.	-	-	-	-
Headquarter Sales Manager	The Republic of China (R.O.C.)	Wang Yusong	Male	2008.07	-	-	-	-	-	-	Department of Accounting, Ming Chuan University Deputy Manager of Concord International Securities Co., Ltd.	None.	-	-	-	-
Taipei Branch Manager	The Republic of China (R.O.C.)	Li Pei Ling	Female	2011.02	-	-	-	-	-	-	Department of Information Management, Providence University Engineer, Yang Ming Information Technology Co. Deputy Manager of Concord International Securities Co., Ltd.	None.	-	-	-	-
Jiali Branch Manager	The Republic of China (R.O.C.)	Qiu Guorong	Male	2007.11	-	-	-	-	-	-	Department of Mechanics, National Cheng Kung University Assistant Manager, JIHSUN SCL Manager, JIHSUN SCL	None.	-	-	-	-
Fujian Branch Manager	The Republic of China (R.O.C.)	Wang Chunjian	Male	2007.11	-	-	-	-	-	-	M.S. in Technology Management, National Cheng Kung University Business Management, Republic of China Military Academy Deputy Manager of Citic Securities Company Limited Manager, JIHSUN SCL	None.	-	-	-	-

Title (Note 1)	Nationality	Name	Gender	Dated Elected (On Board)	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience(Education)(Note 2)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remark (Note 3)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Jinhua Branch Manager	The Republic of China (R.O.C.)	Xiao Jinghui	Male	2019.11	-	-	-	-	-	-	Department of Statistics, National Cheng Kung University Sales, PRESIDENT TOKYO AUTO LEASING CORPORATION Sales, Tung Chi Paper Corporation Sales of Concord International Securities Co., Ltd.	None.	-	-	-	-
Kaohsiung Branch Manager	The Republic of China (R.O.C.)	Chen Wenhui	Female	2011.10	-	-	-	-	-	-	Department of Shipping and Transportation Management, National Kaohsiung Marine University -Credit Manager, Jiangxi Tianli Technology,INC. Deputy Manager of Concord International Securities Co., Ltd.	None.	-	-	-	-
Chongde Branch Manager	The Republic of China (R.O.C.)	Ye Zhenhong	Male	2007.11	53	0.00002	-	-	-	-	Electrical Work, Tainan Nan Ying Senior Commercial & Industrial Vocational School Manager, JIHSUN SCL	None.	-	-	-	-
Department of Corporate Governance Manager	The Republic of China (R.O.C.)	Liu Li Chun	Female	2019.03	-	-	3,200	0.001	-	-	Accounting and Statistics, Tainan University of Technology Procurement, Chikan Grand Hotel Accounting, INNOVATE DISTRIBUTION INC. Deputy Manager of Concord International Securities Co., Ltd.	None.	-	-	-	-



Title (Note 1)	Nationality	Name	Gender	Dated Elected (On Board)	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience(Education)(Note 2)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remark (Note 3)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Finance Department Manager	The Republic of China (R.O.C.)	Shi MeiLan	Female	2010.08	-	-	-	-	-	-	Accounting, Tung Hai University Team Leader, Jiang Sheng & Co., CPAs Deputy Manager of Concord International Securities Co., Ltd.	None.	-	-	-	-
Settlement Department Manager	The Republic of China (R.O.C.)	Zheng Xiuyue	Female	2010.08	540	0.002	-	-	-	-	Comprehensive Business, Tainan Nan Ying Senior Commercial & Industrial Vocational School Officer, Far Eastern Securities Co. Deputy Manager of Concord International Securities Co., Ltd.	None.	-	-	-	-
Risk Control Department Manager	The Republic of China (R.O.C.)	Huang Junjie	Female	2014.04	-	-	-	-	-	-	Department of Applied Business, National Taichung University of Science and Technology Accounting, Xindai Electric Company Fuqian Branch Manager of Concord International Securities Co., Ltd.	None.	-	-	-	-
Underwriting Department Manager	The Republic of China (R.O.C.)	Zang Zi Ting	Female	2018.03	-	-	-	-	-	-	Master of Business Administration, Chang Gung University Chen Junshi Certified Public Accountants	None.	-	-	-	-
Computer Information Department Manager	The Republic of China (R.O.C.)	Huang Xinyuan	Male	2017.08	2,091	0.001	-	-	-	-	Electronics, Southern Taiwan University of Science and Technology Engineer, CHIEN SHING STAINLESS STEEL CO.,LTD Deputy Manager of Concord International Securities Co., Ltd.	None.	-	-	-	-

Title (Note 1)	Nationality	Name	Gender	Dated Elected (On Board)	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience(Education)(Note 2)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remark (Note 3)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Legal Compliance Department Manager	The Republic of China (R.O.C.)	Xiao Jiajian	Male	2019.11	-	-	-	-	-	-	Department of Business Administration, Feng Chia University Manager of Concord International Securities Co., Ltd.	None.	-	-	-	-
General Audit	The Republic of China (R.O.C.)	Wu HuiJuan	Female	2016.01	-	-	-	-	-	-	Accounting and Statistics, Tainan Woman's College of Arts & Technology Dance Department Audit, Concord International Securities Co.,ltd.	None.	-	-	-	-

Title (Note 1)	Nationality	Name	Gender	Dated Elected (On Board)	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience(Education)(Note 2)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remark (Note 3)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director and Special Assistant of Chairman	The Republic of China (R.O.C.)	CHEN, PIN-CHAN	Female	2015.08	4,666,966	1.97	-	-	-	-	Master of Business Administration, University of San Francisco Stock Affair, Concord International Securities Co., Ltd.	Concord International Securities Co., Ltd. Company Special Assistant of Chairman Director, CHATEAU INTERNATIONAL DEVELOPMENT COMPANY LIMITED Supervisor, Chia Chi Sdry Enterprise Co., Ltd. Klingon Aerospace Inc. Director FU LANG DEVELOPMENT CO., LTD. Supervisor SMOKEY JOE'S CO., LTD. Supervisor Polydo Investment Co.,Ltd. Supervisor Director, Qunli Energy Inc. Director, CHIN LAI INTERNATIONAL DEVELOPMENT CO., LTD.	Deputy Director	CHEN, MI-JYUAN	Sisters	-

Note 1: The information of general manager, vice president, assistant manager, department and branch heads should be included, and any position equivalent to general manager, vice president or assistant manager, regardless of title, should also be disclosed.

Note 2: If you have worked for a certified public accountant firm or a related company during the previous reporting period, you should specify the title and responsibilities of your current position.

Note 3: If the Chairman of the board of directors and the president or equivalent (top manager) are the same person, spouses or relatives of one another, the reasons, reasonableness, necessity, and relevant information on the measures to be taken shall be stated.

(3). Remuneration Paid to Directors, Supervisors, General Managers and Deputy General Managers during Recent Years and Relevant Information  
(I) General Director and Independent Director's remuneration: (aggregated to match the level of disclosure of name)

Unit: In Thousand New Taiwan Dollar

Title	Name (Note 1)	Director's remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (Note 10)		Relevant Remuneration Received by Directors Who are Also Employees						Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (Note 10)		Compensation Paid to Directors from an Invested Company Other than the Subsidiaries or Parent Company (Note 11)		
		Base Compensation (A) (Note 2)		Severance Pay (B)		Director's remuneration (C)(Note 3)		Allowances (D)(Note 4)				Salary, Bonuses, and Allowances (E) (Note 5)		Severance Pay (F)		Profit Sharing- Employee Bonus (G) (Note 6)						
		The Company	Companies in the consolidated financial statements (Note 7)	The Company	Companies in the consolidated financial statements (Note 7)	The Company	Companies in the consolidated financial statements (Note 7)	The Company	Companies in the consolidated financial statements (Note 7)	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements (Note 7)	The Company	Companies in the consolidated financial statements (Note 7)	Cash Amount	Stock Amount	Cash Amount	Stock Amount			
Director	Baulidu Investment Co.,Ltd. Responsible person: HSU, WEN-KO	\$5,443	-	-	-	-	-	\$644	-	1.30%	-	\$5,235	-	-	-	\$121	-	-	-	2.44%	-	None.
Director	CHEN, MI-JUAN																					
Director	CHEN, RONG-JI																					
Director	HUANG, MING-SHAN																					
Director	WISE CO., LTD. Representative: HUANG, YIRU																					
Director	LIU, ZHEN-YI																					
Director	Baulidu Investment Co., Ltd. Representative: CHEN, LONG-FA																					
Director	Baulidu Investment Co.,Ltd.																					
Director	CHEN, PIN-CHAN																					
Director	SHA, MEI-CHI																					
Director	LI, WEN-BIN																					

Independent Director	WEI, FU-CHUAN																				
Independent Director	CHEN, JIAN-CHUAN	\$396	-	-	-	-	\$45	0.09%	-	-	-	-	-	-	-	-	-	-	0.09%	-	None.
Independent Director	HSU, SHUN-FA																				

1. Please describe the policy, system, standard and structure of Independent Director's remuneration, and the relevance to the amount of remuneration according to the responsibilities, risks, and time commitment of the Director. The remuneration of the Director is the same as that of the Director.  
2. Except as disclosed in the table above, the remuneration received by the Director of the Company for services rendered to all companies in the financial statements (e.g., as consultants to non-employees) in the most recent year: None.

Explanation: 1. Total amount 2 business cars are included. 2. Total amount 2 business cars are included. 3. Director Chen Longfa resigned on 2020.03.20.

### Range of Remuneration

Range of remuneration paid to each of the Company's Director	Name of the Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company (Note 8)	Companies in the consolidated financial statements	The Company (Note 8)	Companies in the consolidated financial
Under NT\$ 1,000,000	CHEN RONG-JI, HUANG MING-SHAN, HUANG, YIRU LIU ZHEN-YI, CHEN LONG FA, CHEN PINCHAN, SHA MEI-CHI, LI-WENBIN, WEI FU-CHUANN CHEN, JIAN-CHUAN, HSU, SHUN-FA	CHEN RONG-JI, HUANG MING-SHAN, HUANG, YIRU LIU ZHEN-YI, CHEN LONG FA, CHEN PINCHAN, SHA MEI-CHI, LI-WENBIN, WEI FU-CHUANN CHEN, JIAN-CHUAN, HSU, SHUN-FA	CHEN RONG-JI, HUANG MING-SHAN, HUANG, YIRU LIU ZHEN-YI, SHA MEI-CHI, WEI FU-CHUANN, CHEN, JIAN-CHUAN, HSU, SHUN-FA	CHEN RONG-JI, HUANG MING-SHAN, HUANG, YIRU LIU ZHEN-YI, SHA MEI-CHI, WEI FU-CHUANN, CHEN, JIAN-CHUAN, HSU, SHUN-FA
NT\$1,000,000 (inclusive) ~ NT\$2,000,000 (exclusive)			CHEN LONG FA, CHEN PINCHAN	CHEN LONG FA, CHEN PINCHAN
NT\$2,000,000 (inclusive) ~ NT\$3,500,000 (exclusive)	HSU, WEN-KO, CHEN, MI-JYUAN	HSU, WEN-KO, CHEN, MI-JYUAN	HSU, WEN-KO, CHEN, MI-JUAN LI-WENBIN	HSU, WEN-KO, CHEN, MI-JUAN LI-WENBIN
NT\$3,500,000 (inclusive) ~ NT\$5,000,000 (exclusive)				

NT\$5,000,000 (inclusive) ~ NT\$10,000,000 (exclusive)				
NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (exclusive)				
NT\$15,000,000 (inclusive) ~ NT\$30,000,000 (exclusive)				
NT\$30,000,000 (inclusive) ~ NT\$50,000,000 (exclusive)				
NT\$50,000,000 (inclusive) ~ NT\$100,000,000 (exclusive)				
NT\$100,000,000 or over				
Total	13 people	13 people	13 people	13 people

Note 1: The names of Director should be listed separately (corporate shareholders should list the names of corporate shareholders and their representatives separately), and the general directors and independent directors should be listed separately, and the amount of each payment should be disclosed in aggregate. If a Director is also a general manager or vice president, he/she should fill in this table and the table above and the following table (3-1) or table (3-2-1) and (3-2-2).

Note 2: This refers to the most recent annual compensation of supervisors (including supervisors' salaries, bonuses, severance pay, various bonuses and incentive payments, etc.).

Note 3: The amount of Director' remuneration approved by the board of directors in the most recent year is included.

Note 4: This refers to the latest year's Director' related business execution expenses (including travel expenses, special expenses, various allowances, dormitory, provision of cars, etc.). The nature and cost of the assets provided, the actual or fair market value of rent, fuel and other payments should be disclosed when housing, automobiles and other transportation or personal expenses are provided. If a driver is assigned to the director, please include a note stating that the company will pay the driver the relevant compensation, but it will not be counted as remuneration.

Note 5: This refers to the salary, salary increment, severance pay, various bonuses, incentive payments, transportation expenses, special expenses, various allowances, dormitory, provision of cars, etc., received by the Director and employees (including concurrent general manager, vice president, other managers and employees) in the most recent year. The nature and cost of the assets provided, the actual or fair market value of rent, fuel and other payments should be disclosed when housing, automobiles and other transportation or personal expenses are provided. If a driver is assigned to the director, please include a note stating that the company will pay the driver the relevant compensation, but it will not be counted as remuneration. Salary expense recognized in accordance with IFRS2, "Share-based Payment," including the acquisition of employee stock options, new shares with restricted employee rights and participation in cash capital increase to subscribe for shares, should also be included in remuneration.

Note 6: The amount of employee compensation (including stock and cash) received by a director who is also an employee (including also a general manager, vice president, other managers and employees) in the most recent year should be disclosed as approved by the board of directors in the most recent year, and if the amount cannot be estimated, the proposed distribution amount for this year should be calculated in proportion to the actual distribution amount last year, and should also be listed in Table 1 ter.

Note 7: The total amount of each remuneration paid to the Company's General Manager Deputy General Manager by all companies in the consolidated report (including the Company) should be disclosed.

Note 8: The total amount of each remuneration paid by the Company to each director is disclosed in the name of the director at the level of vesting.

Note 9: The total amount of each remuneration paid to each director of the Company by all companies in the consolidated report (including the Company) should be disclosed, and the names of the directors should be disclosed at the level to which they belong.

Note 10: The net income after tax refers to the net income after tax of the most recent year for individual or separate financial reports.

Note 11: a. This column should explicitly state the amount of remuneration received by the Director of the Company from businesses other than subsidiaries or from the parent company (if none, please enter “none”).

b. If a director of the Company receives remuneration from a subsidiary or a parent company, the remuneration received by the director of the Company from a subsidiary or a parent company should be included in column I of the remuneration scale and the name of the column should be changed to “Parent Company and All Transferred Subsidiaries”.

c. Remuneration refers to the compensation, remuneration (including remuneration to employees, directors and supervisors) and business execution expenses of the Company’s directors in their capacity as directors, supervisors or managers of a business other than a subsidiary or a parent company.

\*The compensation disclosed in this table is different from the concept of income under the Income Tax Act, therefore, the purpose of this table is for information disclosure and not for tax purposes.

(II) Supervisor's remuneration: None.

(III) General Manager Deputy General Manager’s remuneration (aggregated to match the level of disclosure by name):

Unit: NT\$1,000

Title	Name (Note 1)	Base Compensation (A) (Note 2)		Severance Pay (B)		Bonus and special allowance, etc. (C) (Note 3)		Employee bonus (D) (Note 4)				Ratio of Total Remuneration (A+B+C+D) to Net Income (Note 8)		Compensation Paid to Directors from an Invested Company Other than the Subsidiaries or Parent Company (Note 9)
		The Company	Companies in the consolidated financial statements (Note 5)	The Company	Companies in the consolidated financial statements (Note 5)	The Company	Companies in the consolidated financial statements (Note 5)	The Company		Companies in the consolidated financial statements (Note 5)		The Company	Companies in the consolidated financial statements (Note 5)	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
Director	LI, WEN-BIN	\$ 9,410	-	-	-	\$968	-	\$241	-	-	-	2.26%	-	-
General Manager	PAN, HUA-CHEN													
Deputy General Manager	WANG, WEN-TSU													
Deputy General Manager	Zhou Tin Ho													
Deputy General Manager	CHEN, LONG-FA													
Deputy General Manager	Wu HuiJuan													

Note: 3 business cars are included.

## Range of Remuneration

Range of remuneration paid to each of the Company's General Manager Deputy General Manager	Name of General Manager and Vice President	
	The Company (Note 6)	Companies in the consolidated financial statements (Note 7) E
Under NT\$ 1,000,000	Wu HuiJuan	Wu HuiJuan
NT\$1,000,000 (inclusive) ~ NT\$2,000,000 (exclusive)	Pan Yanzhen, Zhou Tinh, Chen Longfa, WANG, WEN-TSU	Pan Yanzhen, Zhou Tinh, Chen Longfa, WANG, WEN-TSU
NT\$2,000,000 (inclusive) ~ NT\$3,500,000 (exclusive)	LI, WEN-BIN	LI, WEN-PIN
NT\$3,500,000 (inclusive) ~ NT\$5,000,000 (exclusive)		
NT\$5,000,000 (inclusive) ~ NT\$10,000,000 (exclusive)		
NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (exclusive)		
NT\$15,000,000 (inclusive) ~ NT\$30,000,000 (exclusive)		
NT\$30,000,000 (inclusive) ~ NT\$50,000,000 (exclusive)		
NT\$50,000,000 (inclusive) ~ NT\$100,000,000 (exclusive)		
NT\$100,000,000 or over		
<b>Total</b>	<b>6 people</b>	<b>6 people</b>

\*Regardless of any position equivalent to that of a general manager or vice president (e.g., president, chief executive officer, director, etc.) shall be disclosed.

Note 1: The names of the general manager and vice president should be listed separately to disclose the amount of each benefit in a summary manner. If a Director is also a general manager or vice president, he/she should fill in this table and the table above.

Note 2: The most recent annual salary, duty increment and severance pay of the president and vice president are included.

Note 3: The amount of bonuses, incentives, transportation expenses, special expenses, allowances, dormitories, provision of cars for the president and vice presidents for the most recent year are included. The nature and cost of the assets provided, the actual or fair market value of rent, fuel and other payments should be disclosed when



housing, automobiles and other transportation or personal expenses are provided. If a driver is assigned to the director, please include a note stating that the company will pay the driver the relevant compensation, but it will not be counted as remuneration. Salary expense recognized in accordance with IFRS2, "Share-based Payment," including the acquisition of employee stock options, new shares with restricted employee rights and participation in cash capital increase to subscribe for shares, should also be included in remuneration.

Note 4: The amount of employee compensation (including stock and cash) for the president and vice president approved by the board of directors in the most recent year is included. If the amount cannot be estimated, the proposed distribution for this year is calculated in proportion to the actual distribution last year, and the following table should also be included.

Note 5: The total amount of each remuneration paid to the Company's General Manager Deputy General Manager by all companies in the consolidated report (including the Company) should be disclosed.

Note 6: The total amount of each remuneration paid by the Company to each director is disclosed in the name of the General Manager Deputy General Manager at the level of vesting.

Note 7: The total amount of each remuneration paid to each General Manager Deputy General Manager of the Company by all companies in the consolidated report (including the Company) should be disclosed, and the names of the General Manager Deputy General Manager should be disclosed at the level to which they belong.

Note 8: The net income after tax refers to the net income after tax of the most recent year for individual or separate financial reports.

Note 9: a. This column should explicitly state the amount of remuneration received by the General Manager Deputy General Manager of the from businesses other than subsidiaries or from the parent company.

b. If a director of the Company receives remuneration from a subsidiary or a parent company, the remuneration received by the General Manager Deputy General Manager of the Company from a subsidiary or a parent company should be included in column I of the remuneration scale and the name of the column should be changed to "Parent Company and All Transferred Subsidiaries".

c. Remuneration refers to the compensation, remuneration (including remuneration to employees, directors and supervisors) and business execution expenses of the Company's directors in their capacity Director, supervisors or managers of a business other than a subsidiary or a parent company.

\*The compensation disclosed in this table is different from the concept of income under the Income Tax Act, therefore, the purpose of this table is for information disclosure and not for tax purposes.

(IV) Remuneration of the Company's top five highest paid executives: Not yet disclosed

(V) Information on the retired Chairman and General Manager's return as advisor to the securities firm: None.

## (VI) Name of manager and distribution of employees' remuneration for 2019 December 31, 2020

Unit: NT\$

	Title(Note 1)	Name(Note 1)	Stock Amount	Cash Amount	Total	Total amount as a percentage of net income after tax (%)
Manager	Director	Li, Wen-Bin	-	\$ 1,778,846	\$ 1,778,846	0.379%
	General Manager	Pan, Hua-Chen				
	Deputy General Manager	Chen, Long-Fa				
	Deputy General Manager	Zhou TinHo				
	Deputy General Manager	Wang, Wen-Tsu				
	Associates	Huang Zhengchang				
	Sales Manager	Wang Yusong				
	Taipei Branch Manager	Li Pei Ling				
	Jiali Branch Manager	Qiu Guorong				
	Fuqian Branch Manager	Wang Chunjian				
	Jinhua Branch Manager	Xiao Jinghui				
	Dongmen Branch Manager	Pan Yalan				
	Kaohsiung Branch Manager	Chen Wenhui				
	Nanjing Branch Associates	Wang Wei				
	Chongde Branch Manager	Ye Zhenhong				
	Self-operating department Associates	Deng Chunxiang				
	Accounting	Shi MeiLan				
	Risk Control Department Manager	Huang Junjie				
	Department of Corporate Governance Manager	Liu LiChun				
	Legal Compliance Department Manager	Xiao Jiajian				
	Settlement Department Manager	Zheng Xiuyue				
	Underwriting Department Manager	Zang Zi Ting				
	Computer Information Department Manager	Huang Xinyuan				
General Audit	Wu HuiJuan					
Chairman Special Assistant	Chen,Pin-Chan					

Note 1: Individual names and titles should be disclosed, but the distribution of profits should be disclosed in aggregate.

Note 2: The amount of employee compensation (including stock and cash) for the president and vice president approved by the board of directors in the most recent year is included. If the amount cannot be estimated, the proposed distribution for this year is calculated in proportion to the actual distribution last year, and the following table should also be included. The net income after tax refers to the net income after tax of the most recent year for individual or separate financial reports.

Note 3: The scope of the Manager's application is as follows, in accordance with the order of TCC's letter No. 0920001301 dated March 27, 2003.

- (1) General Manager and equivalent
- (2) Vice President and equivalent
- (3) Associate and equivalent
- (4) Financial Supervisor
- (5) Accounting Supervisor
- (6) Other persons who have the right to manage and sign for the company

Note 4: If the Director, General Manager and Vice President receive employee compensation (including stock and cash), they should fill out this form in addition to Schedule 1bis.

(VII) An analysis of the total compensation paid to the Company's Director, supervisors, general manager and deputy general manager percentage of net income after tax for the most recent two-year period for the Company and all consolidated companies, respectively, and a description of the policy, standard and combination of compensation payments, the process for setting compensation, and the relationship to operating performance and future risks:

1. Remuneration standards for directors and supervisors, president and vice president

Unit: NT\$1,000

Title	2019		2020	
	Total remuneration	Total remuneration as a percentage of Net profit after tax Ratio	Total remuneration	Total remuneration as a percentage of Net profit after tax Ratio
Director	10,640	7.84% (Note )	11,884	2.53% (Note )
Supervisor (Note )	-	0.00% (Note )	-	0.00% (Note )
General Manager and Vice President	7,814	5.76% (Note )	10,619	2.26% (Note )

Note: The Supervisor will be dismissed from the Company's Audit Committee on 2016.05.05. The Company's net income after tax for 2020 was NT\$469,077 thousand.

2. The policy, criteria and composition of compensation payments, the procedures for setting compensation and the relationship to operating performance and future risks.

The Company is in the stage of mature industrial development, stable profitability and sound financial structure, but in view of the expansion of business projects in the coming years, the distribution of earnings is based on the legal reserve, special reserve, and special reserve provided by law or reversed by law from the distributable earnings of the current year, and the remaining undistributed earnings of the previous years are prepared by the Board of Directors. The Board of Directors shall prepare a proposal for distribution and submit it to the shareholders' meeting for resolution. In addition to the fixed monthly compensation and travel expenses for meetings, there are no special performance bonuses or remuneration for directors and supervisors.

In addition, the monthly salaries of the Director's part-time employees, the President and the Vice President are based on the positions they hold, the responsibilities they assume, and the salary levels of comparable positions in the industry, and they also participate in the overall operating results of the Company based on the performance of the department. On October 14, 2011, the Company established a Compensation Committee. The compensation of the above-mentioned individuals will be approved by the Compensation Committee before being submitted to the Board of Directors for approval.

In summary, the Company's policy on the payment of remuneration to directors, supervisors, general manager and vice president and the procedures for setting remuneration are positively correlated with operating performance.

## IV. Implementation of Corporate Governance

### (1) 1. Board of Directors

A total of five (5) meetings of the Board of Directors were held in 2020 and two (2) in 2020, seven (7) meetings were held as of the preparation day of annual report. The attendance of director and supervisor were as follows:

Title	Name(Note 1 )	Attendance in Person (B)	By Proxy	Attendance Rate % 【B/A】 (Note 2)	Remark
Chairman	Baulidu Investment Co. Ltd. Representative: HSU,WEN-KO	7	0	100.0%	Re-elected in the Shareholders' Meeting dated 2019.04.24
Deputy Chairman	CHEN,MI-JUAN	7	0	100.0%	Re-elected in the Shareholders' Meeting dated 2019.04.24
Managing Director	CHEN RONG-JI	4	0	57.0%	Re-elected in the Shareholders' Meeting dated 2019.04.24
Director	Baulidu Investment Co., Ltd. Representative: CHEN, LONG-FA	1	0	100.0%	Resigned on 2020.03.20 (Actual number of attendance: 1)
	Baulidu Investment Co., Ltd.	0	0	0.0%	(Actual number of attendance:6)
Director	LI, WEN-BIN	7	0	100.0%	Re-elected in the Shareholders' Meeting dated 2019.04.24
Director	CHEN,PIN-CHAN	7	0	100.0%	Re-elected in the Shareholders' Meeting dated 2019.04.24
Director	HUANG, MING-SHAN	1	0	14.0%	Re-elected in the Shareholders' Meeting dated 2019.04.24
Director	Representative of WISE CO., LTD.: Huang, YIRU	7	0	100.0%	Re-elected in the Shareholders' Meeting dated 2019.04.24
Director	LIU, ZHEN-YI	6	0	86.0%	Re-elected in the Shareholders' Meeting dated 2019.04.24
Director	SHA MEI-CHI,	1	0	14.0%	Re-elected in the Shareholders' Meeting dated 2019.04.24
Independent Director	WEI FU-CHUAN	7	0	100.0%	Re-elected in the Shareholders' Meeting dated 2019.04.24
Independent Director	HSU, SHUN-FA	7	0	100.0%	Re-elected in the Shareholders' Meeting dated 2019.04.24
Independent Director	CHEN, JIAN-CHUAN	7	0	100.0%	2019.04.24 Re-election during shareholders' meeting

**Other mentionable items:**

- (1) If any of the following circumstances occur,, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the company's response should be specified:
  - (1) Matters referred to in Article 14-3 of the Securities and Exchange Act: None
  - (2) Other matters involving objections or expressed reservations by independent directors that were recorded or stated in writing that require a resolution by the board of directors. No objection raised against the Company's resolution in the meetings by Independent Directors.
- (2) If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: None However, at the 8th meeting of the 11th Board of Directors held on August 18, 2020, the motion was made to recuse the Chief Auditor of the Company from the case because it involves the Chief Auditor's ranking and salary proposal.
- (3) Listed companies should disclose the periodicity and duration, scope, method and content of the evaluation conducted by the Director's self- (or peer) evaluation, **please refer to the following page 42 (I) 2. Implementation of the evaluation on the Board of Directors.**
- (4) Measures taken to strengthen the functionality of the Board of Director Meeting for the year and latest years (for example, set up Audit Committee, improve transparency of informaiton etc.), as well as evaluation of execution.

In order to strengthen the function of the Board of Directors, the Board of Directors has an Independent Director and functional committees under the Board of Directors, such as the Compensation Committee, Risk Management Committee and Audit Committee, to meet the governance requirements of listed companies.

The Company continues to strengthen the structure and operation of the Director Council in the corporate governance structure by reporting all required information on the Market Observation Post System, establishing the "Procedures for Handling Internal Material Information," "Code of Corporate Social Responsibility," "Code of Business Conduct with Integrity," "Code of Corporate Governance Practices," "Rules of Procedure for Director Meetings" and other regulations to enhance the effective implementation of corporate governance, and arranging for In addition, we have arranged for each Director to pursue further education to give full play to the professional and independent functions of the Directors' Association.

Note 1: If the director or supervisor is a representative of a corporate shareholder, the name of the corporate shareholder should be entered.

Note 2: (1) If a Director has left the company before the end of the year, the date of departure should be indicated in the Remark column, and the actual attendance rate (%) should be calculated based on the number of Director meetings and the actual number of attendance during his or her employment.

(2) If the Director supervisor is re-elected before the end of the year, the new and old Director supervisors should be listed, and the Remark column should indicate whether the Director supervisor is an old, new or re-elected director and the date of re-election. The actual attendance rate (%) is calculated based on the number of Director meetings and the actual number of attendance during his or her employment.

## 2. Implementation of the evaluation on the Board of Directors.

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation methods	Evaluation contents	Average score for each direction (out of 5 points)
1/year	2020/01/01~2020/12/31	Board of Directors	Self-evaluation by the members	A. Participation in the Company's operation B. Enhancing the decision quality of Board of Directors C. Composition and structure of Board of Directors D. Election and continuous of directors E. Internal Control	4.54 points
1/year	2020/01/01~2020/12/31	Individual director	Director Self-evaluation by the members	A. Understanding of the Company goals and missions B. Director Responsibilities Awareness C. Participation in the Company's operation D. Internal relation maintenance and communications E. Professionalism and continuous training of directors F. Internal control	4.75 points
1/year	2020/01/01~2020/12/31	1. Audit committee 2. Compensation committee	Self-evaluation by the members	A. Participation in the Company's operation B. Director Responsibilities C. Awareness Enhancement of functional committee decision quality D. Composition of the functional committee and election of members. E. Internal Control (The Compensation Committee does not include this item.).	4.82 points

### Suggestions for improvement:

1. The Board of Directors and the Audit Committee should invite the accountants to attend at least twice a year to communicate and exchange ideas with the certifying accountants.
2. In 2020, the attendance of each Director at the Director's meeting was slightly reduced to 76.92% due to the epidemic (not in ROC).

### Conclusion:

In February 2021, the results of the performance evaluation for 2020 were presented to the Board of Directors, and the evaluation results for each item ranged from 5 "strongly agree" to 4 "agree", and the performance evaluation results for the Board of Directors, Audit Committee, Salary and Compensation Committee and individual Director members were all excellent. This indicates that the Director Board is operating well and in compliance with corporate governance.

Note 1: This is the implementation period that the Director will evaluate, e.g., once a year.

Note 2: This is the period covered by the Director's evaluation, e.g., the evaluation of the Director's performance from January 1, 2019 to December 31, 2019.

Note 3: The scope of the evaluation includes the performance evaluation of the Director Board, individual Director members and functional committees.

Note 4: The methods of evaluation include internal self-evaluation by the Director, self-evaluation by the Director members, peer evaluation, appointment of external professional organizations, experts or other appropriate methods for performance evaluation.

Note 5: The evaluation content includes at least the following items according to the evaluation scope.

- (1) Participation in the Company's operations, enhancement of the quality of board decisions, board composition and structure, selection and continuing education of Director, and internal control.
- (2) The company's objectives and tasks, the directors' awareness of their responsibilities, their involvement in the company's operations, internal relations and communication, the directors' professional and continuing education, and internal control.
- (3) Participation in the company's operations, awareness of functional committee responsibilities, improvement of the quality of functional committee decisions, composition and selection of functional committee members, and internal control.

## (II) Attendance of Members at Remuneration Committee Meetings

### 1. Operation of the Audit Committee:

The Company established an Audit Committee (replacing the Supervisor) with three members consisting of all Independent Directors for a term of three (the same as the term of each Director Meeting) by resolution of the Director Meeting on May 5, 2016.

### 2. The main focus of the Audit Committee's deliberations are as follows:

- (1) Fair presentation of the Company's financial statements.
- (2) The selection (dismissal) and independence and performance of the certified public accountants.
- (3) Effective implementation of internal control of the company.
- (4) The Company complies with the relevant laws and regulations.
- (5) Control over the existence or potential risks of the Company.

### 3. The Independent Director participates in the operations of the Audit Committee.

The Audit Committee was convened 5 times in 2019, 2 times in 2020, and 7 times (A) as of the date of the annual report, and the status of the Independent Director on the Audit Committee is as follows

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) (B/A) (Note)	Remark
Independent Director	HSU, SHUN-FA	7	0	100.0%	New-elected on 2019.4.24
Independent Director	CHEN, JIAN-CHUAN	7	0	100.0%	New-elected on 2019.4.24



Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) (B/A) (Note)	Remark
Independent Director	WEI, FU-CHUAN	7	0	100.0%	Re-elected on 2019.4.24

Other mentionable items:

1. The matters listed in Article 14-5 of the Securities and Exchange Act and other matters not approved by the Audit Committee and approved by two-thirds or more of all Directors shall state the date and period of the Directors' meeting, the content of the resolution, the result of the Audit Committee's resolution, and the Company's handling of the Audit Committee's opinion: None of these matters.
2. If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: None
3. Communication between the Independent Director and the internal auditors and accountants (including the major issues, methods and results of communication regarding the company's financial and business status):
  - (1) The internal audit supervisor conducts monthly audits in accordance with the annual audit plan and submits audit reports to each Independent Director. The Independent Director will ask or inform the audit supervisor if he/she has any questions or instructions after review.
  - (2) The internal auditor attends the meeting with the Director of the Company to report on the audited business and the Independent Director has no reservations or objections.
  - (3) The Audit Committee regularly reviews the financial reports on a quarterly basis and reviews significant financial transactions of the Company; the Independent Director may contact the Company by telephone or appoint an accountant to communicate with the Company as needed.

\* If Audit Committee has left the company before the end of the year, the date of departure should be indicated in the Remark column, and the actual attendance rate (%) should be calculated based on the number of Director meetings and the actual number of attendance during his or her employment.

\* If the Director supervisor is re-elected before the end of the year, the new and old Director supervisors should be listed, and the Remark column should indicate whether the Director supervisor is an old, new or re-elected director and the date of re-election. The actual attendance rate (%) is calculated based on the number of Director meetings and the actual number of attendance during his or her employment.

#### 4. Audit committee Resolution:

Committee No./Date	Contents of the motion	Resolution
The second board fifth meeting Feb. 10, 2020	<ol style="list-style-type: none"> <li>1. The financial statements for 2019 were recognized.</li> <li>2. The appropriation of earnings for 2019.</li> <li>3. The appropriation and distribution of employees' and directors' remuneration for 2019.</li> <li>4. Amend the "Rules of Procedure of the Shareholders' Meeting", "Rules of Procedure of the Directors' Meeting", "Organizational Rules of the Audit Committee" and "Organizational Rules of the Compensation Committee" of the Company.</li> <li>5. Revised the Company's "Code of Ethical Conduct" and established the "Regulations on the Engagement of Advertising, Business Solicitation and Sales Promotion Activities".</li> <li>6. The Company's 2019 Statement of Internal Control System.</li> <li>7. Revision of the Company's "Securities Internal Control System".</li> </ol>	After the Chairman asked the members present to raise no objection, the 1st~13th motions were passed as presented.

	<p>8.The Company issued a "Report on the Improvement of Inspection Opinions" and related supporting information to the Financial Supervisory Commission's Inspection Bureau to report on the improvement of inspection opinions.</p> <p>9. The Company's 2019 Statement on Anti-Money Laundering and Anti-Counterfeiting Internal Control System (AML/CFT Internal Control System) with Enhancement and Improvement Plan.</p> <p>10.Presented the 2019 Money Laundering and Terrorist Financing Risk Assessment Report.</p> <p>11.The Company's 2019 Information Security Implementation Statement.</p> <p>12.The Company's 2019 Risk Management Quality Information Program.</p> <p>13.Amendments to the "Regulations Governing the Risk of Trading Marketable Securities by the Self-dealing Department" of the Company.</p>	
<p>The second board sixth meeting April 30, 2020</p>	<p>Recognition</p> <p>1.Revision of the Company's "Securities Internal Control System".</p> <p>Matters for discussion:</p> <p>1.The financial statements for 2020 Q1 were recognized.</p> <p>2.The Company's risk alert project review report is submitted.</p> <p>3.Report to the Company's internal audit manager.</p>	<p>Recognition matters: After the Chairman asked the members present to raise no objection, the motion was passed as presented.</p> <p>Matters for discussion: After the Chairman asked the members present to raise no objection, the 1st~3rd motions were passed as presented.</p>
<p>The second board 7th meeting Aug. 18, 2020</p>	<p>Recognition matters:</p> <p>1. Revision of the Company's "Securities Internal Control System (including internal audit implementation rules)".</p> <p>2.Amend the "Internal Control System for Futures Trading Auxiliary Business (including Implementation Rules for Internal Auditing)" of the Company.</p> <p>Matters for discussion:</p> <p>1.Evaluate the independence and suitability of certified public accountants.</p> <p>2.Review the financial statements of the Company for the first half of 2020.</p> <p>3.Establish the Company's "Method of Appointment of Consultants".</p> <p>4.Consider the extension of the Company's loan facilities with financial institutions.</p> <p>5.Amendments to Corporate Governance Best Practice Principles.</p> <p>6.Revision of the Company's "Securities Internal Control System".</p> <p>7.Asset acquisition (Jiali Branch) case.</p> <p>8.East Gate Branch has signed the contract for urban redevelopment.</p> <p>9.Application for setting up a sub-account for securities dealer settlement account.</p> <p>10.Revise the Anti-Money Laundering and Anti-Financial Terrorism Procedures and Information Security Policies.</p> <p>11.Nanjing Branch business area adjustment case.</p>	<p>Recognition matters: After the Chairman asked the members present to raise no objection, the 1st~end motions were passed as presented.</p> <p>Matters for discussion: After the Chairman asked the members present to raise no objection, the 1st~11th motions were passed as presented.</p>
	<p>Matters for discussion:</p> <p>1.Revision of the Company's "Securities Internal Control System (including internal audit implementation rules)".</p> <p>2.Report the Company's 2021 "Internal audit plan".</p>	<p>Matters for discussion: After the Chairman asked</p>

<p>The second board 8th meeting Nov. 2, 2020</p>	<p>3. Adopt 2020 Q3 financial statement. 4. Report 2021 budget. 5. Revise the "Anti-Money Laundering and Anti-Financial Terrorism Precautions", "Assessment of Money Laundering and Financial Terrorism Risks and Establishment of Prevention Plan Policy" and establish the Company's "Conflict of Interest Prevention Management Policy".</p>	<p>the members present to raise no objection, the 1st-5th motions were passed as presented.</p>
<p>The second board 9th meeting Dec. 29, 2020</p>	<p>Matters for discussion: 1. The Company's financial statements were audited by a certified public accountant. 2. Revise the Company's 2021 "Internal audit plan". 3. Revise the Company's "Securities Internal Control System". 4. Revise the Company's "Securities Internal Control System (including internal audit implementation rules)". 5. The Company has established a "Management Mechanism for Part-Time Directors and Practitioners". 6. Revise the Anti-Money Laundering and Anti-Financial Terrorism Procedures and Information Security Policies.</p>	<p>Matters for discussion: After the Chairman asked the members present to raise no objection, the 1st-6th motions were passed as presented.</p>
<p>The second board 10th meeting Feb. 2, 2021</p>	<p>Recognition matters: 1. Revision of the Company's "Securities Internal Control System (including internal audit implementation rules)" and "Establishing a security check mechanism for securities dealers' access to information" Matters for discussion: 1. Adopt 2020 financial statement. 2. The appropriation of earnings for 2020. 3. The appropriation and distribution of employees' and directors' remuneration for 2020. 4. The Company's surplus was transferred to capital for issuance of new shares. 5. Establish the "Internal Audit Staff Appointment, Evaluation, and Salary and Compensation Regulations". 6. Amendments to the "Regulations Governing the Risk of Trading Marketable Securities by the Self-dealing Department" of the Company. 7. Report the Company's 2020 Risk Management Quality Information Program. 8. Revision of the Company's "Operating Procedures for the Management of Financing and Financing Lines".</p>	<p>Recognition Matters After the Chairman asked the members present to raise no objection, the 1st motion was passed as presented.  Matters for discussion: After the Chairman asked the members present to raise no objection, the 1st-8th motions were passed as presented.</p>
<p>The second board 11th meeting Mar. 9, 2021</p>	<p>Matters for discussion: 1. The Company's 2020 Statement of Internal Control System. 2. The Company's 2020 Information Security Implementation Statement. 3. Revision of the Company's "Securities Internal Control System". 4. The Company's 2020 Statement on Anti-Money Laundering and Anti-Counterfeiting Internal Control System (AML/CFT Internal Control System) with Enhancement and Improvement Plan. 5. Adopt 2020 financial statement. 6. The appropriation of earnings for 2020. 7. The appropriation and distribution of employees' and directors' remuneration for 2020. 8. The Company's surplus was transferred to capital for issuance of new shares. 9. Amendment to Rules of Procedure for Shareholders Meetings, Remuneration Committee Chapter.</p>	<p>Matters for discussion: After the Chairman asked the members present to raise no objection, the 1st-9th motions were passed as presented.</p>

All of the above motions endorsed or approved by the Audit Committee are also submitted to the Board of Directors for discussion or ratification.

(III) The Company and the Subsidiaries' Corporate Governance Status, Deviations from "the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons:

Evaluation Item	Operating conditions (Note )			Deviations from "the Corporate Governance Best Practice Principles" and Reasons
	Yes	No	Abstract Illustration	
1. Does the Company establish and disclose the Corporate Governance Best-Practice Principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies"?	✓		In order to establish a good corporate governance system, the "Code of Corporate Governance Practices" was established at the 11th Board of Directors' Meeting on August 4, 2011, and revised for the first time in January 2019 and for the second time in August 2020, and was disclosed on the Company's website and the Market Observation Post System.	No major difference.
2. Shareholding structure & shareholders' rights				
(1) Has the Company established internal operating procedures to deal with shareholders' suggestions, doubts, disputes and litigations, and implement based on the procedures?	✓		(1) The Company has dedicated personnel such as spokespersons and proxy spokespersons, and has set up contact numbers for each department in the Investor Zone of the Company's website to handle shareholders' suggestions, questions, disputes and litigation matters.	No major difference.
(2) Does the company have a list of the substantial shareholders and ultimate controllers of the substantial shareholders who actually control the company? ultimate control of substantial shareholders and substantial shareholders	✓		(2) The Company has set up a stock unit and a stock agent to maintain contact with the relevant personnel of major shareholders and to keep track of the changes in the shareholdings of major shareholders.	No major difference.
(3) Has the company established and implemented a risk control and firewall mechanism with its affiliates?	✓		(3) The Company currently has no other affiliated companies, but has established regulations on financial operations between affiliated companies.	No major difference.

Evaluation Item	Operating conditions (Note )			Deviations from “the Corporate Governance Best Practice Principles” and Reasons
	Yes	No	Abstract Illustration	
(4) Does the company have internal regulations that prohibit insiders from trading marketable securities using non-public information?	✓		(4) In order to prevent insiders from violating the regulations related to insider trading, the Company has established the “Procedures for the Management of Internal Material Information Handling and Prevention of Insider Trading” and the “Code of Ethical Conduct”, which prohibit insiders from trading marketable securities using undisclosed information in the market, and implement and enforce them.	No major difference.
3. Composition and responsibilities of the Board of Directors (1) Has the Board developed and implemented a diversified policy for the composition of its members?	✓		(1)The selection of the Company's Director is based on the overall configuration of the Director Council, and the knowledge, experience, skills and qualities necessary to perform the duties of the Director Council members are generally defined in the Director Election Law.	No major difference.
(2) Has the Company voluntarily established other functional committees in addition to the Remuneration Committee and the Audit.	✓		(Refer to Note I) (2)The Company has established the Salary and Compensation Committee at the 8th Board 12th Director Meeting on October 14, 2011, the Audit Committee at the 10th Board 1st Director Meeting on May 5, 2016, the Risk Management Committee at the 10th Board 3rd Director Meeting on December 2, 2016, and various other functional committees in the future as appropriate. Other functional committees will be established as appropriate.	No major difference.

Evaluation Item	Operating conditions (Note )			Deviations from “the Corporate Governance Best Practice Principles” and Reasons
	Yes	No	Abstract Illustration	
(3) Has the company established a performance evaluation method for the Director Council and its evaluation method, and conducts performance evaluation annually and regularly, and submits the results of the performance evaluation to the Director Council and uses them as a reference for individual director’s salary compensation and nomination for reappointment?	✓		(3) 1.The Company established the “Director Meeting and Functional Committee Performance Evaluation Method and Procedures” at the 7th Board of the 10th Director Meeting on April 25, 2017, and approved the amendment at the 4th Board of the 11th Director Meeting on November 5, 2019. 2. In 2020, the Company conducted performance evaluations of the Board of Directors, functional committees and individual Directors. (Details on page 42 of this annual report) and the results of the evaluation were presented to the 11th Board 11th Director’s meeting on February 2, 2021. 3.In accordance with Article 29 of the Company’s Articles of Incorporation, there is no provision for Director’s remuneration. The evaluation of the performance of the Board of Directors will be used as a reference for nomination for reappointment in the coming year when the Board of Directors is re-elected.	No major difference.
(4) Does the company periodically evaluate the independence of the certified public accountant?	✓		(4) The Company has made reference to the provisions of Article 46 and Article 47 of the Accountants Act and the content of the Tenth Statement of Ethics for Accountants to list the items of Independent Sexual Review, and the accountants have issued the Independent Statement.	No major difference.

Evaluation Item	Operating conditions (Note )			Deviations from “the Corporate Governance Best Practice Principles” and Reasons
	Yes	No	Abstract Illustration	
			At the 11th Board 8th Directors’ Meeting held on August 18, 2020, the Company evaluated that Cheng Hin Hsiu, Hsien Hsiu, CPA, and Ting Hung Hsu, CPA, of Cheng Fung & Associates, Inc. met the criteria for assessing the Independence and Suitability of the Company.	
4. Does the listed company have a suitable and appropriate number of corporate governance personnel and designate a corporate governance officer to be responsible for corporate governance-related matters (including but not limited to providing information necessary for directors and supervisors to perform their business, assisting directors and supervisors in complying with laws and regulations, conducting meetings of directors’ meetings and shareholders’ meetings in accordance with the law, and preparing minutes of directors’ meetings and shareholders’ meetings, etc.)?	✓		<p>In March 2019, the Company designated Ms. Li-Chun Liu of the Corporate Governance Department as the head of the Corporate Governance Department, who is responsible for corporate governance-related matters and is assisted by staff from all relevant departments in accordance with the division of labor in the organization. In 2020, the Supervisor of Corporate Governance completed 12 hours of professional development courses as required.</p> <p>The Company’s corporate governance-related matters (terms of reference) shall include: conducting meetings of the board of directors and shareholders’ meetings in accordance with the law, preparing minutes of directors’ meetings and shareholders’ meetings, assisting directors in their appointment and continuing education, providing information necessary for directors to perform their business, assisting directors in complying with laws and regulations, and other matters in accordance with the articles of incorporation or contract.</p>	No major difference.

Evaluation Item	Operating conditions (Note )			Deviations from “the Corporate Governance Best Practice Principles” and Reasons
	Yes	No	Abstract Illustration	
5. Has the Company established communication channels and dedicated sections for stakeholder (including but not limited to the shareholders, employees, clients and suppliers) on its website to respond to important issues of corporate social responsibility concerns?	✓		The "Stakeholders' Meeting" in the "CSR Zone" of the Company's website reveals the identity of the identified stakeholders, their concerns, communication channels and responses; the "Stakeholders' Zone" in the "Shareholders' Zone" provides communication channels to protect the interests of shareholders, the rights and interests of employees, and the integrity of management with customers. We also respond appropriately to important CSR issues of concern to our stakeholders.	No major difference.
6. Has the Company appointed a professional shareholder service agency to deal with shareholder affairs?	✓		The Company appoints a professional stock agent, PSC Stock Agency Department, to conduct shareholder meetings.	No major difference.
7. Disclosure of information (1) Does the Company have a corporate website to disclose both financial standings and the status of corporate governance?	✓		7. (1) The Company has set up a website to disclose the Company’s profile and basic information in a timely manner, and regularly reports financial and business information to the relevant authorities and makes announcements on the Market Observation Post System.	No major difference
(2) Does the Company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information on collection and disclosure, creating a spokesperson system, webcasting investor conferences)?	✓		(3) The Company has a dedicated unit responsible for information collection and disclosure of significant corporate matters, and has a spokesperson and an acting spokesperson to implement the	No major difference



Evaluation Item	Operating conditions (Note )			Deviations from “the Corporate Governance Best Practice Principles” and Reasons
	Yes	No	Abstract Illustration	
(3) Did the Company announce and declare the annual financial statement within two months at the end of the accounting year and announce and declare the Q1, Q2 and Q3 financial statement and monthly operational status prior to the deadline in the regulation?	✓		<p>spokesperson system.</p> <p>(3) The Company’s monthly operating results are announced on or about the 6th of each month, and quarterly and annual reports are announced within the prescribed period.</p>	We are unable to announce and report the annual financial statements within two months after the end of the fiscal year, but the rest are in compliance with the regulations with no material differences.
8. Is there any other important information to facilitate a better understanding of the Company’s corporate governance practices (e.g. including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors’ and supervisors’ training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	✓		<p>(1) Employee rights and benefits and employee care. Our company has an employee welfare committee, which has a comprehensive plan for employees to perform their duties and rights, and insurance, health check, pension, and employee savings to increase the protection of employees’ life.</p> <p>(2) Investor Relations: The Company has set up a "Stakeholder" section on the Company's website to establish a communication channel with stakeholders, to respond appropriately to important CSR issues of concern to stakeholders, and to respect the right of stakeholders to express their opinions.</p> <p>(3) Rights of Interested Parties: We maintain smooth communication channels with investors, employees, suppliers,</p>	

Evaluation Item	Operating conditions (Note )			Deviations from “the Corporate Governance Best Practice Principles” and Reasons
	Yes	No	Abstract Illustration	
			<p>customers, authorities and the community, provide a grievance channel, a hotline and personal service, maintain good communication, and review whether the activities we perform are responsive to our stakeholders.</p> <p>(4) Director and monitor the circumstances of further education: In addition to the Director's own training, the Company regularly conducts corporate governance-related courses and invites all of the Director's staff to participate in the training. The Republic of China (R.O.C.) Securities Dealers Association (R.O.C.) has been commissioned to offer courses or to participate in the courses offered by the Securities Over-the-Counter (SOC), and the number of hours required by the competent authorities for further training is shown on <b>page of 76~77</b> 2020 annual report.</p> <p>(5) Implementation of risk management policies and risk measurement standards: In addition to establishing risk management policies and risk measurement standards in accordance with the regulations of the competent authorities, the Company also establishes more stringent risk control based on the information collected by the Company and the individual risk tolerance of customers. The overall method and implementation are still good and there are No major defects.</p> <p>(6) Implementation of the Customer Policy: The Company is in the financial services industry, and customer</p>	No major difference

Evaluation Item	Operating conditions (Note )			Deviations from “the Corporate Governance Best Practice Principles” and Reasons
	Yes	No	Abstract Illustration	
			<p>satisfaction is the main basis for the Company’s business and revenue. The Company conducts daily, weekly and monthly studies and reviews on the content of customer services, and takes the initiative to provide customers with a wide range of services and legal and appropriate investment information and channels, and implements customer policies well.</p> <p>(7) The company purchases liability insurance for directors and key employees: The Company has taken out liability insurance for all Directors and key staff from Singaporean company American International Property Insurance. (Insurance amount: US\$3,000,000, insurance period: August 10, 2020 to August 10, 2021)</p>	
<p>9. According to the latest result of the Corporate Governance Evaluation System by the Corporate Governance Center of TWSE, explain the amendments or propose the priority measurements to the unimproved items. (Not required for companies not included in the assessment).</p> <p>The company participated in the sixth evaluation in 2019, the evaluation results: total score : 60.54 Ranking range of listed companies : 21%~35% Industry: Finance &amp; Insurance Ranking Scale : 61%~100%</p>				

Note 1: To establish the policy and implementation of the diversity of the members of the Board of Directors

- I. The Company has 13 Directors (including 3 Independent Directors and 2 Corporate Directors).
- II. The percentage of 5 female Directors is 38%.
- III. working concurrently as company’s employee, which is accounted for 15%.

## Board of Director's Diversity Competency Program

2020

Name of the Directors	Age	Gender	Diversified Capabilities Program								
			1. Operating Judgment	2. Accounting and Financial Analysis	3. Operating Management	4. Crisis Handling	5. Industry Knowledge	6. International Market View	7. Leadership	8. Policy-making ability	9. Risk Management Knowledge and Capabilities
HSU,WEN-KO	62	Male	✓	✓	✓	✓	✓	✓	✓	✓	✓
CHEN,MI-JUAN	45	Female	✓	✓	✓	✓	✓	✓	✓	✓	
CHEN RONG-JI	76	Male	✓	✓	✓	✓	✓	✓	✓	✓	✓
LI, WEN-BIN	58	Male	✓	✓	✓	✓	✓	✓	✓	✓	✓
CHEN,PIN-CHAN	31	Female	✓	✓	✓	✓	✓	✓		✓	✓
HUANG, MING-SHAN	58	Male	✓	✓	✓	✓	✓	✓	✓	✓	✓
SHA, MEI-CHI	57	Female	✓		✓	✓		✓	✓	✓	✓
HUANG, YIRU	42	Female		✓	✓	✓		✓	✓		
LIU, ZHEN-YI	37	Female		✓	✓	✓		✓	✓		
CHEN, JIAN-CHUAN (Independent Director)	59	Male	✓	✓	✓	✓	✓	✓	✓	✓	✓
WEI, FU-CHUAN (Independent Director)	70	Male	✓	✓	✓	✓	✓	✓	✓	✓	✓
HSU, SHUN-FA (Independent Director)	58	Male	✓	✓	✓	✓	✓	✓	✓	✓	✓

(4) If the Company has a compensation committee, it should disclose its composition, duties and operations.

### 1. Information on the Compensation Committee

Identity type (Note 1)	Criteria	Meets One of the Following Professional Qualification Requirements, Together with at Least Five Years' Work Experience	Independence Criteria (Note 2)	Number of Other Public Companies in Which the Individual	Remark

	Name	An instructor or higher position in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the Company in a public or private junior college, college or university	A judge, public prosecutor, attorney, Certified Public Accountant, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a profession necessary for the business of the Company	Has work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company	1	2	3	4	5	6	7	8	9	10	is Concurrently Serving as an Remuneration Committee Member
Independent Director	HSU, SHUN-FA		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-
Independent Director	CHEN, JIAN-CHUANAN			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-
Independent Director	WEI, FU-CHUAN			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-

Note 1: Please fill in your identity as Director, Independent Director or other.

Note 2: Please tick the corresponding boxes with “” that apply to a member during the two years prior to being elected or during the term(s) of office.

- (1) Not an employee of the Company or any of its affiliates.
- (2) Not a Director or Supervisor of the Company or its affiliates, (however, this does not apply, in case where the person is concurrently working as an Independent Director of the Company or its parent company, subsidiary or subsidiary of the same parent company established according to this Act or local country ordinances).
- (3) Not a natural-person shareholder who holds shares, together with those held by the person’s spouse, minor children, or held by the person under others’ names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company, or ranking in the top 10 in holdings.
- (4) Not a spouse, second-degree relative or third-degree relative of the managers in (1) or persons in (2) or (3).
- (5) Not a director, supervisor, or employees of a corporate shareholder that directly holds five percent or more of the total number of outstanding shares of the Company or that holds shares ranking in the top five in holdings or is the representative being assigned as the director or supervisor of the Company by in accordance with Article 27, Paragraph 1 or 2 of the Company Act, (However, this does not apply, in case where the person is concurrently working as an Independent Director of the Company or its parent company, subsidiary or subsidiary of the same parent company established according to this Act or local country ordinances).
- (6) Not a director, supervisor or employee of other company which has over half of the number of directors’ seats or shares with voting rights of the Company and is controlled by the same person (however, this does not apply, in case where the person is concurrently working as an Independent Director of the Company or

its parent company, subsidiary or subsidiary of the same parent company established according to this Act or local country ordinances).

- (7) Not a Director, supervisor or employee of other companies or institution which concurrently works as or in a spouse relationship to the Chairman, general manager or personnel of relative duties of the Company (however, this does not apply, in case where the person is concurrently working as an Independent Director of the Company or its parent company, subsidiary or subsidiary of the same parent company established according to this Act or local country ordinances).
- (8) Not a director, supervisor, manager or a shareholder holding five percent or more of the shares of a company or institution that has a business or financial relationship with the Company, (however, this does not apply, in case where the specific company or institution holds over 20% but less than 50% of the total number of issued shares of the Company and the person is concurrently working as an Independent Director of the Company or its parent company, subsidiary or subsidiary of the same parent company established according to this Act or local country ordinances).
- (9) Not a professional who provides auditing, nor a professional who provides commercial legal, financial, accounting, or consulting services to the Company or its affiliates with the cumulated remuneration within the last two years less than NT\$500,000, nor is an owner, partner, Director, supervisor, or manager, or the spouse of any of the above, of a sole proprietorship, partnership, company, or organization that provides such service to the Company or its affiliates, however, this does not apply for members of compensation committee, public acquisition audit committee or special committee for merger who exercise power in accordance with relevant laws and regulations in Securities and Exchange Act or Business Mergers and Acquisitions Act.
- (10) Not a person of any conditions defined in Article 30 of the Company Act.

## 2. Responsibility of Compensation Committee

The members of this Committee shall faithfully perform the following duties and responsibilities with the care of a good administrator and shall be accountable to the Board of Directors, and shall submit their recommendations to the Board of Directors for discussion:

- (1) Periodically review this regulation and propose amendments.
- (2) Establish and regularly review the performance evaluation standards, annual and long-term performance goals, and policies, systems, standards and structures related to salary and compensation of our directors and managers, and to disclose the contents of the performance evaluation standards in the annual report.
- (3) Periodically evaluate the achievement of the performance goals of the Company's directors and managers, and set the content and amount of their individual salary compensation based on the evaluation results obtained from the performance evaluation standards. The annual report shall disclose the results of the individual performance evaluation of the Director and the Manager, and the content and amount of individual compensation in relation to the results of the performance evaluation and its reasonableness, and report to the shareholders' meeting.

### 3. Attendance of Members at Remuneration Committee Meetings:

(1) There are 3 members in the Remuneration Committee.

(2) The term of office of the current members: From April 24, 2019 to April 23, 2022, the Compensation Committee met 4 times in 2020 (A) and the Audit Committee met 2 times in 2021, and a total of 6 times were held as of the date of the annual report.

(A) The qualifications and attendance of the members are as follows.

Title	Name	Actual attendance Number of times (B)	By Proxy Number of times	Attendance Rate (%) (B/A) (Note)	Remark
Independent Director	HSU, SHUN-FA	6	0	100.0%	2019.4.24 Newly elected
Independent Director	CHEN, JIAN-CHUAN	6	0	100.0%	2019.4.24 Newly elected
Independent Director	WEI, FU-CHUAN	6	0	100.0%	2019.4. 24

Other mentionable items:

1. If the board of directors declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company's response to the remuneration committee's opinion: Not applicable.
2. Resolutions of the remuneration committee objected to by members or subject to a qualified opinion and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: Not applicable.

Note: (1) If Audit Committee has left the company before the end of the year, the date of departure should be indicated in the Remark column, and the actual attendance rate (%) should be calculated based on the number of Member meetings and the actual number of attendance during his or her employment.

(2) If the Director supervisor is re-elected before the end of the year, the new and old Director supervisors should be listed, and the Remark column should indicate whether the Director supervisor is an old, new or re-elected director and the date of re-election. The actual attendance rate (%) is calculated based on the number of Director meetings and the actual number of attendance during his or her employment.

### 4. Audit committee Resolution:

Committee No./Date	Contents of the motion	Resolution
4th Committee 4th Meeting Feb. 10, 2020	The appropriation and distribution of employees' and directors' remuneration for The Company	After the Chairman asked the members present to raise no objection, the motion was passed as presented.

4th Committee 5th Meeting Aug. 18, 2020	1.Revise the schedule of salaries, benefits, and allowances for cadres at all levels in the North and South regions. 2.The Company's total audit rank and salary approval case. [This case involves the Chief Auditor rank and salary agreement, the attending staff Hui Juan Wu Chief Auditor recused].	After the Chairman asked the members present to raise no objection, the 1st~2nd motions were passed as presented.
4th Committee 6th Meeting Nov. 2, 2020	Review of the Company's salary and compensation programs to be implemented in 2021.	After the Chairman asked the members present to raise no objection, the motion was passed as presented.
4th Committee 7th meeting Dec. 29, 2020	Personnel changes [Vice President Chen Longfa's position adjustment].	After the Chairman asked the members present to raise no objection, the motion was passed as presented.
4th Committee 8th meeting Feb. 2, 2021	Recognition matters: 1. Discuss the payment of year-end bonuses for the year 2020.  Matters for discussion: 1. Discuss the appropriation and distribution of employees' and directors' remuneration for the Company in 2020	After the Chairman asked the members present to raise no objection, the motion was passed as presented.
4th Committee 9th meeting Mar. 9, 2021	1. Amendment to Remuneration Committee Chapter. 2. Discuss the appropriation and distribution of employees' and directors' remuneration for the Company in 2020	After the Chairman asked the members present to raise no objection, the motion was passed as presented.

All of the above motions endorsed or approved by the Audit Committee are also submitted to the Board of Directors for discussion or ratification.

(5) If the Company has a compensation committee, it should disclose its composition, duties and operations.

#### 1.Organizational Members:

- (1) Date of Establishment of Risk Management Committee: December 02, 2016
- (2) Number of Risk Management Committee Members: 3 seats
- (3) Convenor: Wei Fu-Chuan Independent Director  
Member: Hsu Wen Ko Chairman, Hsu Shun-Fa Independent Director

#### 2.Duties and Responsibilities:

- (1) Execute relevant risk management affairs in accordance with the organizational procedures of the Risk Management Committee.
- (2) Prepare a risk management policy and submit it to the Director for approval and



approve the risk management system.

- (3) To reflect the risk management implementation situation to the Director Board on a regular and irregular basis every year, and to propose necessary improvements in a timely manner.

3. Current term: April 24, 2019 to April 23, 2022, the most recent year 2020 and 2021 Risk Management Committee met 5 times (A), membership and attendance are as follows

Title	Name	Actual attendance Number of times (B)	By Proxy Number of times	Attendance Rate (%) (B/A)	Remark
Independent Director	WEI, FU-CHUAN	5	0	100%	2019.4.24 New elected
Independent Director	HSU, SHUN-FA	5	0	100%	2019.4.24 New elected
Chairman	HSU, WEN-KO	5	0	100%	2019.4.24 New elected

#### 4. Risk Management Committee Resolution:

Committee No./Date	Contents of the motion	Resolution
2nd Committee 3rd Meeting Feb. 10, 2020	Report items 1. Q4 Risk Management Report for 2019 2. Report on the improvement of the financial inspection operation risk control department 3. The Counter informed the report of abnormal indicators in Q3 of this year	Contact for details
2nd Committee 4th Meeting Apr. 30, 2020	Report items 1. Q1 Risk Management Report for 2020 2. The Counter informed the report of abnormal indicators in Q3 2020	Contact for details
2nd Committee 5th Meeting Aug. 18, 2020	Report items 1. Q2 Risk Management Report for 2020	Contact for details
2nd Committee 6th Meeting Nov. 2, 2020	Report items 1. Q3 Risk Management Report for 2020	Contact for details
2nd Committee 7th Meeting Feb. 2, 2021	Matters for discussion: 1. Report the Company's 2020 Risk Management Quality Information Report items 1. Q4 Risk Management Report for 2020	After the Chairman asked the members present to raise no objection, the motion was passed as presented.  Contact for details

All of the above motions endorsed or approved by the Audit Committee are also submitted to the Board of Directors for discussion or ratification.

(VI) Deviations from “the Corporate Social Responsibility Best Practice Principles” and Reasons:

Evaluation Item	Operating conditions (Note 1)			Deviations from “the Corporate Social Responsibility Best Practice Principles” and Reasons
	Yes	No	Abstract Illustration (Note 2)	
1. Has the Company conducted risk assessment on environmental, social and corporate governance issues related to business operations of the Company in accordance with the concept of materiality and established relevant risk management policies or strategies? (Note 3)	✓		In accordance with the “Corporate Social Responsibility Code” and the “Code of Practice on Risk Management for Securities Firms”, the Company places emphasis on risk management business strategies and organizational culture, and has mastered the results of qualitative and quantitative management as a reference for business strategy formulation.	No major difference.
2. Has the Company set up a dedicated (or concurrent) corporate social responsibility promotion unit which is authorized by the board of directors to be managed by the high-level management and reports to the board of directors?	✓		The President’s Office is responsible for planning and promoting CSR, promoting energy saving, carbon reduction and environmental protection to all units, and performing social welfare and social responsibility activities every year. On November 2, 2020, we reported to the Board of Directors on the preparation of the CSR report for 2019.	No major difference.
3. Environment issues				

Evaluation Item	Operating conditions (Note 1)			Deviations from “the Corporate Social Responsibility Best Practice Principles” and Reasons
	Yes	No	Abstract Illustration (Note 2)	
(1) Has the Company established an appropriate environmental management system according to its industrial characteristics?	✓		<p>(1)Our company is in the financial securities industry, which is a low-carbon industry, and it is the social responsibility of all of us to care for the earth and enjoy resources forever.</p> <p>Our company requires all employees to start from their daily life habits, such as turning off power and water faucets, recycling paper, etc., and to strengthen education and promotion of energy saving and carbon reduction, so that all employees can work together to promote the company’s sustainable management.</p>	No major difference.

Evaluation Item	Operating conditions (Note 1)			Deviations from “the Corporate Social Responsibility Best Practice Principles” and Reasons
	Yes	No	Abstract Illustration (Note 2)	
(2) Is the Company committed to improving the efficiency in the use of resources, and the use of recycled materials with low environmental impact	✓		<p>(2) Our company is committed to environmental protection and energy saving policies, including the contracted capacity of electricity used in business premises, greenhouse gas cooperation and reduction, waste separation and resource recycling, use of environmentally friendly tableware, recycling of paper, saving water and electricity resources, and increasing the use of electronic ordering by customers, etc. We are all doing our part for the earth.</p> <p>For details, please refer to pages 42~44 of the Company’s Corporate Social Responsibility Report for 2019.</p>	No major difference.

Evaluation Item	Operating conditions (Note 1)			Deviations from “the Corporate Social Responsibility Best Practice Principles” and Reasons
	Yes	No	Abstract Illustration (Note 2)	
(3) Has the Company assessed the current and future potential risks and opportunities to the enterprise due to climate change and adopted countermeasures on issues related to the climate?	✓		(3) The Company actively focuses on various energy saving and carbon reduction issues and promotes various energy saving and greenhouse gas reduction policies.  For details, please refer to pages 16 of the Company’s Corporate Social Responsibility Report for 2019.	No major difference.
(4) Has the Company conducted statistics on the emission of greenhouse gas, water consumption volume and the total waste weight in the past two years and developed policies for energy-saving, reduction on greenhouse gas, water consumption volume or management of other wastes?	✓		(4) For details, please refer to pages 42~44 of the Company’s Corporate Social Responsibility Report for 2019.	No major difference.
4. Social issues (1) Has the Company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?	✓		(1) In the spirit of taking care of employees, the Company complies with the relevant labor laws and regulations and establishes relevant management rules and systems, and regularly reviews the differences between internal and external labor laws and regulations and adjusts the relevant regulations in a timely manner. In addition, we will provide relevant information to our employees, protect their legal rights and interests, respect the internationally recognized basic labor human rights principles, eliminate all forms of forced labor, eliminate	No major difference.

Evaluation Item	Operating conditions (Note 1)			Deviations from “the Corporate Social Responsibility Best Practice Principles” and Reasons
	Yes	No	Abstract Illustration (Note 2)	
			employment and employment discrimination, etc., and do not endanger the basic rights of labor.	
(2)Has the Company established and implemented reasonable employee welfare measures (including remuneration, vacations and other welfares, etc.) and reflected management performances or outcomes on	✓		(2)The Company has established work rules and ethical standards of conduct that require employees to comply with the relevant regulations, and has set up reasonable salary and compensation methods with reference to the salary levels of the industry, and has implemented a performance appraisal system to implement the reward and disciplinary system.	No major difference.
(3) Does the Company provide a safe and healthy working environment for employees and regularly carry out safety and health education for employees?	✓		(3) The Company regularly holds fire training to promote fire safety knowledge, and cooperates with medical institutions to implement employee health checkups so that employees can understand their health status, carry out necessary prevention and control as early as possible and implement a total smoking ban to create a healthy workplace environment.	No major difference.
(4) Has the Company developed an effective training program for?	✓		(4) The Company's employees regularly participate in on-the-job training conducted by the Securities and Futures Institute, and from time to time, the Company arranges for employees to participate in educational training conducted by the	No major difference.

Evaluation Item	Operating conditions (Note 1)			Deviations from “the Corporate Social Responsibility Best Practice Principles” and Reasons
	Yes	No	Abstract Illustration (Note 2)	
(5) Regarding the health and safety of products and services, customers’ privacy, marketing and labelling, has the Company complied with relevant regulations and international principles and developed relevant policy and compliant procedure to protect consumers’ rights and interests?	✓		<p>competent authorities and the Company to enhance the professional functions of employees.</p> <p>(5) The Company has set up a customer service hotline, which includes a customer complaint and dispute handling mechanism. The Company respects the rights and interests of customers in the execution of its business, handles transaction disputes appropriately, and implements the protection of consumer rights. We have also established a policy on the principle of fair treatment of customers and a code of ethical management to enhance employees' awareness of consumer protection and compliance with related regulations, and to establish a corporate culture based on the core principles of honest management and fair treatment of customers.</p>	
(6) Has the Company established management policy for suppliers and asked the suppliers to comply with environmental friendly, occupational safety or labor rights and present its implementations?			<p>(6) The Company has not yet established a supplier management policy, but the procurement of various items is directly linked to the corresponding windows of the dedicated business units, and priority is given to the procurement of products that are environmentally and socially friendly.</p>	No major difference.

Evaluation Item	Operating conditions (Note 1)			Deviations from “the Corporate Social Responsibility Best Practice Principles” and Reasons
	Yes	No	Abstract Illustration (Note 2)	
5. Has the Company referenced the international principles or guidelines for preparing generalized report to prepare its non-financial reports such as corporate social responsibility reports? Has the Company obtained confirmation or guarantee opinions from third-party verification agencies regarding the aforementioned report?	✓		In September 2020, the Company first released the “Chiho Securities CSR Report 2018”, which follows the GRI standards of the Global Sustainability Reporting Institute (GSRI) for disclosing, preparing and reporting CSR reports for listed companies, and CSR practices for listed companies. The report discloses the non-financial information of the company in accordance with the GRI standard of the Global Sustainability Reporting Institute, the Code of Conduct for Corporate Social Responsibility Reports prepared by listed companies, and the Code of Corporate Social Responsibility Practices of listed companies.	No major difference.
6. If the Company has its own corporate social responsibility in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, please describe the difference between its operational and prescribed code:  In order to pursue corporate social responsibility and promote balanced and sustainable development of the economy, society and the environment and ecology, the “Corporate Social Responsibility Code” was revised and approved at the Director’s meeting on October 16, 2017, in accordance with the Company's business and overall operation activities, and has been implemented in accordance with the regulations to fulfill the Company's social responsibility.				
7. Other important information about the Company that is useful in understanding the operation of corporate governance:  1. The "Corporate Social Responsibility Report" published by the Company has been posted on the Company's website <a href="http://www.wintan.com.tw">www.wintan.com.tw</a> [Investor Relations - CSR Zone] and the Market Observation Post System [Corporate Governance - CSR Related Information].				



Evaluation Item	Operating conditions (Note 1)			Deviations from “the Corporate Social Responsibility Best Practice Principles” and Reasons
	Yes	No	Abstract Illustration (Note 2)	
2.CSR Implementation Results - 2020				
Stakeholders	Implementation items			2020 implementaion performance
Shareholders/Investors	<ol style="list-style-type: none"> <li>1. Establishment of shareholders' area and stakeholders' area on the official website (regular)</li> <li>2. Issuance of annual reports and CSR reports (regular)</li> <li>3. Disclosure of the latest information on the Market Observation Post System and the Company's website (from time to time)</li> <li>4. Investor mailbox (regular)</li> <li>5. Dedicated Spokesperson and Acting Spokesperson Handling System (Standing)</li> <li>6. Regular monthly announcement of profit and loss (regular)</li> </ol>			<ol style="list-style-type: none"> <li>1.CSR reports are published annually and made available on the Public Information Observatory and the company's website.</li> <li>2.In 2020, a total of 25 major messages were released.</li> <li>3.There were 13 announcements in 2020.</li> </ol>
Customer	<ol style="list-style-type: none"> <li>1. Establishment of financial friendly service area(permanent)</li> <li>2. Customer service line (normal)</li> <li>3. Customer service e-mail address (permanent)</li> <li>4.Investment and financial management seminars (from time to time)</li> <li>5.Development of network services to enhance the security of transactions (from time to time)</li> <li>6. Marketing program (from time to time)</li> </ol>			<ol style="list-style-type: none"> <li>1.We continue to build a digital platform with a number of e-services features - online signing, zero-share trading, fingerprint and face recognition.</li> <li>2.Doing business promotions</li> </ol>

Evaluation Item	Operating conditions (Note 1)			Deviations from “the Corporate Social Responsibility Best Practice Principles” and Reasons
	Yes	No	Abstract Illustration (Note 2)	
Employee			<ol style="list-style-type: none"> <li>1. Organize education and training: strengthen the staff’s professional attainment and skills.</li> <li>2. Safe working environment.</li> <li>3. Staff travel.</li> <li>4. Employee group insurance.</li> <li>5. Labor-management meetings.</li> <li>6. Apply for various welfare measures of the Welfare Committee. (Regular)</li> <li>7. Staff complaint box. (Regular)</li> <li>8. Employee Benefit Savings Trust. (Regular)</li> </ol>	<ol style="list-style-type: none"> <li>1. Education and training</li> <li>2. Conduct fire inspections, employee first aid training, and implement epidemic prevention measures and awareness.</li> <li>3. Employee Integrity Insurance.</li> <li>4. Labor-management meetings.</li> </ol>
Government/authorities			<ol style="list-style-type: none"> <li>1. Participate in various committees of the Securities Association. 2. Hold seminars to promote various orders.</li> <li>3. The special audit unit regularly and irregularly check (regular)</li> <li>4. Participate in government courses and seminars (from time to time)</li> </ol>	<ol style="list-style-type: none"> <li>1. Participate in various committees of the Securities Institute</li> <li>2. Conducted courses on money laundering prevention, financial consumer protection, information security, personal data protection law, health and labor insurance, and other related law enforcement and promotion.</li> </ol>
Suppliers			<ol style="list-style-type: none"> <li>1. Development of procurement management methods and principles</li> <li>2. Establish procedures for the acquisition or disposal of assets (Regular)</li> <li>3. Priority procurement of environment and social friendliness products (Regular)</li> </ol>	<ol style="list-style-type: none"> <li>1. Execute procurement in accordance with procurement management rules and principles</li> <li>2. In accordance with the procedures for acquiring or disposing of assets, we perform the purchase of Jiali Branch.</li> </ol>
Community			<ol style="list-style-type: none"> <li>1. Hold investment and financial management seminars (from time to time)</li> <li>2. Campus Activities (every year)</li> <li>3. Cooperation with public welfare groups (from time to time)</li> <li>4. Community and disadvantaged care, visits (from time to time)</li> <li>5. Blood donation for public welfare (annually)</li> <li>6. Donation for public welfare (from time to time)</li> </ol>	<ol style="list-style-type: none"> <li>1. In 2020, the company also sponsored NT\$20,000 to the Ancient City Club.</li> <li>2. Our colleagues went to the Green Mountain nursery to provide care for children and sponsored NT\$10,000 for education.</li> <li>3. In 2020, our company signed a contract with Tainan University of Applied Science and Technology for student internship.</li> </ol>

Evaluation Item	Operating conditions (Note 1)			Deviations from “the Corporate Social Responsibility Best Practice Principles” and Reasons
	Yes	No	Abstract Illustration (Note 2)	
			7. Organize and support social, academic, artistic and environmental activities (from time to time)	4. Donated NT\$10,000 to the Genesis Foundation. Co-organized a parent-child public service drawing contest.
Environmental Protection			1. Greenhouse gas cooperation reduction. (Regular) 2. Waste separation and resource recovery(permanent) 3. The use of environmentally friendly tableware(permanent) 4. Recycle paper for reuse(permanent) 5. Save water and electricity resources(permanent)	The Company is in the financial securities industry, which is a low-carbon industry compared to all other industries. The Company will continue to ask all of its employees to lead all of them and their families to implement energy saving and carbon reduction, greenhouse gas reduction, and water and other waste reduction actions, starting from their daily habits.

Note 1: If "Yes" is selected for operation, please explain the important policies, strategies and measures adopted and their implementation; if "No" is selected for operation, please explain the reasons and plans for the future adoption of relevant policies, strategies and measures.

Note 2: If a company has prepared a CSR report, the operation of the report may be replaced by a reference to the CSR report and an index page.

Note 3: Materiality refers to environmental, social and corporate governance issues that have a significant impact on the Company's investors and other stakeholders.

Environment	[Environmental Protection] The Company is in the financial securities industry, which is a low-carbon industry compared to all other industries. The Company will continue to ask all of its employees to lead all of them and their families to implement energy saving and carbon reduction, greenhouse gas reduction, and water and other waste reduction actions, starting from their daily habits.
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Society	<p>[Social Welfare] Our company actively participates in various public welfare activities and provides services to the public, including lectures, caring for the elderly, responding to blood donation activities, providing services to the public, and making public welfare donations from time to time to give back to the community.</p> <p>[Occupational Safety and Health] We pay attention to the safety of our employees' working environment. In addition to strengthening the improvement of harmful factors in the office environment, Branch has selected and trained employees to obtain "fire prevention manager" and "first-aid" qualification, and selected and trained employees to obtain "B(C) Labor Safety and Health" business supervisor qualification, and formulated the "Fire Protection Plan" for each workplace in accordance with the law, so as to maintain the safety of the office environment and protect the lives of our employees. To maintain the safety of the office environment and protect the lives of employees. All of our Branch workplaces are insured with public accident liability insurance to protect the rights and interests of our customers, and employer's accident liability insurance to protect the rights and interests of our employees.</p>
Corporate Governance	<p>In order to ensure the effective implementation of risk management and to establish a good risk management policy, the Director will set up relevant risk management units in the organizational structure, as follows.</p> <ol style="list-style-type: none"> <li>1. The Board of Directors is aware of the various types of risks (including market risk, credit risk, liquidity risk, operational risk and legal risk) faced by the operation, ensures the effective implementation of risk management, and is ultimately responsible for risk management.</li> <li>2. Risk Management Committee: The Risk Management Committee is established under the Director Board and is responsible for setting risk management policies, monitoring the effectiveness of the implementation of risk management policies, and reporting to the Director Board from time to time.</li> <li>3. Risk Control Department: A risk control department is set up in the president's office, and the appointment and removal of the department head must be approved by the director's meeting, and the risk management system is formulated in accordance with the company's risk management policy and is the executive unit for risk management.</li> <li>4. The business unit is the front-line unit of the Company and is exposed to trading risks. The business unit should properly manage the risks faced in the execution of business in accordance with the relevant operational risk management system.</li> <li>5. Risk management is not only the responsibility of the risk management unit, but also other related units of the Company, such as the management department, computer information department, clearing department, finance department, proprietary trading department, underwriting department, and bond department, etc., which have their own responsibilities to cooperate with each other.</li> </ol>

(7) The and the Subsidiaries' Ethical Corporate Management Best-Practice, Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons:

Evaluation Item	Operating conditions (Note )			Deviations from "the Corporate Governance Best Practice Principles" and Reasons
	Yes	No	Abstract Illustration	
<p>1. Establishment of ethical corporate management policies and programs</p> <p>(1) Does the company formulate its ethical corporate management policies approved by the Board of Directors and declare its ethical corporate management policies and procedures in its guidelines and external documents, as well as the commitment from its board and senior management to implement the policies?</p> <p>(2) Does the company establish evaluation system for the risk of unethical conducts, regularly analyze and evaluate the operating activities with the risk of high-potential unethical conducts within its operating scope and formulate prevention programs and precaution measures against unethical conducts or listed activities stated in Article 2, Paragraph 7 of the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies"?</p> <p>(3) Does the company establish clear statements regarding relevant procedures, guidelines of conduct, punishment for violation, and rules of appeal in its prevention programs against unethical conducts, ensure its implementation, and regularly review and revise the aforementioned programs?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(1) The Company's policy of operating with integrity, as stated in the "Code of Conduct," was revised for the third time in August 2019 and approved by the Director's meeting and submitted to the shareholders' meeting in 2020. The Board of Directors and management have issued a "Declaration of No Breach of Integrity".</p> <p>(2) The Company follows the "Code of Conduct for Integrity", the "Procedures and Guidelines for Integrity Management" and the "Code of Ethical Conduct" to specify the matters to which the Company's personnel should pay attention when performing business in order to comply with the "Code of Conduct for Integrity Management of Listed Companies", Article 7, Paragraph 2.</p> <p>(3) The Company has established regulations and procedures for higher level dishonesty in accordance with the "Procedures and Conduct Guidelines for Integrity Management". procedures.</p> <p>Our company promotes the key points of integrity and includes them in education and training to ensure that our employees do not violate them.</p>	<p>No major difference.</p> <p>No major difference.</p> <p>No major difference.</p>

Evaluation Item	Operating conditions (Note )			Deviations from “the Corporate Governance Best Practice Principles” and Reasons
	Yes	No	Abstract Illustration	
2. Fulfill ethical management				
(1) Does the company evaluate business partners’ ethical records and include ethics-related clauses in business contracts?	✓		(1) The Company strictly prohibits transactions with persons with a record of dishonest behavior and specifies in the business contract that the contract may be terminated or cancelled at any time if the counterparty is involved in dishonest behavior.	No major difference.
(2) Does the company establish an exclusively dedicated unit supervised by the Board to be in charge of the promotion of corporate ethical management, regularly (at least once a year) report its ethical management policies and prevention programs against unethical conducts, and supervise its implementations?	✓		(2) The Company has designated the Corporate Governance Department as a dedicated unit under the Director’s Council with sufficient resources and appropriate personnel to handle the revision, implementation, interpretation, consultation services and filing of the contents of the Procedures and Conduct Guidelines and to supervise their implementation. It is responsible for the following matters and shall report to the Board of Directors on a regular basis (at least once a year, such as the 11th Board 9th meeting on November 2, 2020).	No major difference.
(3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	✓		(3) 1.The Company has added the recusal of the Director to the "Rules of Procedure of the Director Meeting". The Director, manager or interested party attending the Director Meeting shall recuse himself/herself or the legal entity that he/she represents from any of the motions listed in the Director Meeting and shall not use his/her position or influence in the Company to improperly benefit himself/herself, his/her spouse, parent, child or any other person. The Company shall not use its position or influence in the Company to improperly benefit itself, its spouse, parents, children, or any other person, and shall provide appropriate channels of representation. 2. On December 29, 2020, the	No major difference.

Evaluation Item	Operating conditions (Note )			Deviations from “the Corporate Governance Best Practice Principles” and Reasons
	Yes	No	Abstract Illustration	
<p>(4) Has the company established effective systems for both accounting and internal control to facilitate ethical corporate management? Does the company’s internal audit unit prepare relevant audit plans based on the evaluation results of risk of the unethical conducts from the internal audit unit? Is the compliance of prevention program against unethical conducts audited by either internal auditors or CPAs?</p> <p>(5) Does the company regularly hold internal and external educational trainings on ethical management?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>11th Board 10th Director's Meeting established the company's "Management Mechanism for Part-Time Directors and Employees".</p> <p>(4) The Company has established an effective accounting system and internal control system for integrity management, and the auditing unit performs regular audits in accordance with the audit plan.</p> <p>(5)</p> <p>1.The Company will announce and explain to all employees the various codes of conduct or handling procedure and guidelines established to prevent dishonest acts (e.g., 2020.08.20).</p> <p>2.We conduct education and training on the principles of honest management and fair treatment of customers for all employees every year, and promote various measures to protect the rights and interests of customers and the conduct of integrity in conducting business: In 2020, we conducted internal staff training on conflict of interest prevention. Promotion of laws and regulations 2020.07.17, Honest Management, Financial Consumer Protection Act (including the principle of fair treatment of customers), etc. ~ 2020.08.12.</p> <p>3.We arrange for our directors and senior management to attend external corporate governance-related courses each year to foster a corporate culture of integrity. (2020.6.12)</p>	<p>No major difference.</p> <p>No major difference.</p>

Evaluation Item	Operating conditions (Note )			Deviations from “the Corporate Governance Best Practice Principles” and Reasons
	Yes	No	Abstract Illustration	
<p>3.Operation of the company’s complaint system</p> <p>(1)Does the company establish both a specific complaint and reward system and a convenient complaint channel? Can the accused be reached by an appropriate person for follow-up?</p> <p>(2)Does the company establish standard operating procedures for investigating accusation cases, and follow-up measures and relevant confidential system to be adopted after the completion of the investigation?</p> <p>(3) Does the company provide proper whistleblower protection?</p>	✓		<p>(1) Our senior executives provide an email address for employees to report or react, and they can also use this channel to file complaints and establish related disciplinary measures.</p> <p>(2)In addition to the revision of the “Whistleblower System” in November 2019, whistleblowers can report through letters, emails, and phone calls to request the Company’s relevant stakeholders to implement and comply with the system.</p> <p>(3) The Company shall keep the identity of the whistleblower and the content of the whistleblower confidential in a written statement by the relevant personnel handling the whistleblower case, and the Company undertakes to protect the whistleblower from improper disposal as a result of the whistleblower case.</p>	<p>No major difference.</p> <p>No major difference.</p> <p>No major difference.</p>
<p>4. Strengthening information disclosure</p> <p>(1) Does the company disclose its ethical corporate management policies and the results of its implementation on the company’s website and MOPS?</p>	✓		<p>(1) The Company discloses the “Code of Conduct for Integrity Management” and “Procedures and Conduct Guidelines for Integrity Management” and the policy for integrity management on the Company’s website and the Market Observation Post System, and discloses the implementation status on the Company’s website.</p>	<p>No major difference.</p>



Evaluation Item	Operating conditions (Note )			Deviations from “the Corporate Governance Best Practice Principles” and Reasons
	Yes	No	Abstract Illustration	
5. If the company has established the ethical corporate management policies based on the “Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies”, please describe any discrepancy between the policies and their implementation: No significant difference.				
6. Other important information to facilitate a better understanding of the company’s ethical corporate management policies: The Company will regularly or occasionally review and amend the contents of the Code of Conduct for Integrity and provide investors and employees with an understanding of the Company’s policy on integrity management through the Company’s internal and external websites. Most recently, in August 2020, the Board of Directors approved the revision of the “Integrity Management Procedures and Conduct Guidelines” and the “Code of Ethical Conduct” and disclosed the implementation status on the company’s website.				

(8) If the Company has established a code of corporate governance and related regulations, it should disclose its inquiry methods.

The Company has established a Code of Corporate Governance Practices and related regulations, the contents of which have been approved by the Company's Board of Directors and are disclosed in the Corporate Governance section of the Company's website (Company website: <http://www.wintan.com.tw/>) \ Important Regulations \ Code of Corporate Governance Practices.

(9) Other Important Information for the Enhancing the Understanding of the Company’s Corporate Governance Operations may be disclosed:

1.The Director will inform the Company from time to time of any amendments to the securities laws and regulations and provide related information, and will follow the regulations of the competent authorities in the case of further education.

Title	Name	Date	Organizer	Name of the courses	Hours
Independent Director	HSU, SHUN-FA	2020/08/07	The Republic of China (R.O.C.) CPA Associations	2020 First half of the latest tax law and practice analysis	7
Director and Independent Director	HSU, WEN-KO CHEN, MI-JUAN CHEN, RONG-JI CHEN, PIN-CHAN LI, WEN-BIN	2020/06/23	The Republic of China (R.O.C.) TAIWAN SECURITIES ASSOCIATION	Explanation of new money laundering prevention law and case illustration	3

	CHEN, LONG-FA HUANG, YIRU HUANG, MING-SHAN HSU, SHUN-FA CHEN, JIAN-CHUAN WEI, FU-CHUAN	2020/06/23	The Republic of China (R.O.C.) TAIWAN SECURITIES ASSOCIATION	Global Economic and Aggregate Economic Indicators and Financial Strategies	3
Director	LI, WEN-BIN HSU, WEN-KO	2020/10/07	The Republic of China (R.O.C.) TAIWAN SECURITIES ASSOCIATION	Executive Training Program for Securities Firms	7.5

2. Corporate Governance Officer (12 hours).

Name	Date	Maintenance Organization	Name of the courses	Hours
Liu Lichun	2020.06.23	The Republic of China (R.O.C.) TAIWAN SECURITIES ASSOCIATION	Explanation of new money laundering prevention law and case illustration	3
Liu Lichun	2020.06.23	The Republic of China (R.O.C.) TAIWAN SECURITIES ASSOCIATION	Global Economic and Aggregate Economic Indicators and Financial Strategies	3
Liu Lichun	2020.08.11	Taipei Exchange	Briefing session for insiders on stock ownership	3
Liu Lichun	2020.11.13	Taipei Exchange	2020 Corporate Governance and Corporate Integrity Directors and Supervisors Promotion Conference	3

3. Enforcement of consumer or customer protection policy: The Company has established the "Fair Treatment Policy" and "Consumer Dispute Handling Procedures" as its operating guidelines.

4. The Director has recused himself/herself from all motions in which he/she may have an interest, please refer to the information on the operation of the Director's meeting (**page 41 of this annual report**).

5. The Company has purchased liability insurance for the Director and the Supervisor: The Company has taken out liability insurance for the Director and the key employees with

AIG American International Property Insurance (stock). Period of Insurance: August 10, 2020 to August 10, 2021 Sum Insured: US\$3 million.

(10) Regarding the implementation of internal control system, the following matters shall be disclosed:

1. Statement of Internal Control

Concord International Securities CO., LTD  
Statement of Internal Control System

Date: March 09, 2021

Regarding the 2020 internal control system, according to the result of self-assessment is thus stated as follows:

1. The Company acknowledges that the implementation and maintenance of internal control system is the responsibility of Board of Directors and management, and the Company has established such system. The internal capital system is aimed to reasonably assure that the goals such as the effectiveness and the efficiency of operations (including profitability, performance and protection of assets), the reliability of financial reporting and the compliance of applicable law and regulations are achieved.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reason assurance of accomplishing its three stated objectives above. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.
3. The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the Regulations). The criteria adopted by the Regulations identify five constituent elements of managerial internal control: i. control environment, ii. risk assessment, iii. control activities, iv. information and communication, and v. monitoring activities. Each constituent element consists of a number of items. Please refer to the “the Regulations” for the aforementioned items.
4. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
5. Based on the finding of such evaluation, the Company believes that, on December 31, 2020 it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness transparency of reporting, and compliance with applicable rulings, laws and regulations.
6. This Statement is an integral part of the Company’s annual report and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.
7. This statement was approved by the board of directors in the meetings held on February 5, 2021, with none of the nine attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

Concord International Securities CO., LTD

Director: HSU, WEN-KO

Manager: PAN, HUA-CHEN

## Enhancement of internal control system and improvement plan for Concord Securities

Things that should be reinforced	Improvement Measures	Estimated time to complete improvement
<p>On June 10, 2019, the FSC fined the Company NT\$480,000 and NT\$500,000, respectively, for deficiencies in internal control system and deficiencies in anti-money laundering operations as a result of the general business inspection conducted by the FSC from August 5, 2019 to August 23, 2019:</p>		
<p>1. A number of responsible persons and salespersons are also responsible persons of the Chairman and his family-controlled enterprises, but no internal audit system has been established.</p>	<p>1. Establishing the "Management Mechanism of Director and Practitioner's Part-time Job / Part-time Office" to ensure the effective execution of this job and part-time business, and to avoid any conflict of interest.</p>	Improved
<p>2. The results of audit items are not reported to the Director Board on a quarterly basis, and the deficiencies and improvements of the internal control system found by the Association, self-regulatory bodies or internal audits are not included as important items in the performance audit of each department.</p>	<p>2. The audit unit will review the items in the quarterly audit report, find out the deficiencies for follow-up and improvement, and present the compiled information in the Director meeting. The "Management Regulations on Rewards and Punishments for Internal Control System Operations" of the Company are revised to include deficiencies found in units and organizations that are not listed in the Regulations.</p>	Improved
<p>3. Part of the business is run by auditors.</p>	<p>3. Change the authority of audit printing function to business units. Amend the "Regulations Governing the Underwriting of Marketable Securities" of the Company to remove the provision of the Audit Office of Signing.</p>	Improved
<p>4. The proposed reporting system does not provide for recusal from investigation and cooperation with investigation.</p>	<p>4. The proposed reporting system does not provide for recusal from investigation and cooperation with investigation.</p>	Improved
<p>5. The Company did not conduct any money laundering and</p>	<p>5. To supplement the AML/CFT risk assessment for the approved</p>	Improved

<p>information risk assessment for the new businesses approved by the Company, such as open-end lending and futures trading assistance.</p> <p>6. The former head of the AML/CFT department was also the supervisor of the company's regional business and had a conflict of interest with business approval authority, and did not report to the Director's meeting every six months.</p> <p>7. The actual beneficiaries are determined by the content of the actual beneficiary statement in accordance with the law if the complete shareholder information is not provided in the risk assessment for specific corporate clients.</p> <p>8. The customer at risk did not have enhanced measures to confirm the identity of the customer at the time of account opening and did not understand the customer's wealth and source of funds at the time of replacing the account, and the customer's transaction risk assessment form was not approved at the authorized level (supervisor of anti-money laundering and chairman of the board of directors).</p> <p>9. The Company does not conduct regular audits of the beneficial owners, senior management, and transaction-related persons of its corporate clients.</p>	<p>new business.</p> <p>6. The Head of Compliance is reappointed as the Head of AML/CFT and reports to the Directorate on a semi-annual basis on AML/CFT matters.</p> <p>7. Revise the Anti-Money Laundering and Anti-Financial Terrorism Procedures and Information Security Policies and add the procedure for identifying the actual beneficiaries of a legal entity.</p> <p>8. Revise the signature field of the due diligence investigation form for the Company's corporate/natural person customers, amend the inappropriate fields of the authorization level of the original form, and conduct due diligence on the customers assessed to be high-risk, and attach supporting evidence of wealth or capital sources.</p> <p>9. The Company's "Procedures for Anti-Money Laundering and Counter-Terrorism Risk Assessment" have been revised to provide for continuous review of the identity of customers, to add regular audits of the beneficial owners, senior management and transaction-related personnel of corporate customers, and to complete audits of the beneficial owners, senior management and transaction-related personnel of</p>	<p>Improved</p> <p>Improved</p> <p>Improved</p> <p>Improved</p>
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<p>10. Failure to establish policies and procedures related to anti-money laundering and counter-financing operations (name verification, account or transaction monitoring of customers and transaction related parties) in accordance with the Financial Institutions Anti-Money Laundering Regulations.</p>	<p>corporate customers. 10. Revise the Company’s “Anti-Money Laundering and Counter-Terrorism Risk Assessment Procedures” to include name and address verification procedures, and continuous monitoring of accounts and transactions.</p>	<p>Improved</p>
<p>11. For the risk assessment of clients, the assessment form will directly add points to account for people in important political positions abroad, family members (second degree relatives, etc.) and people with close relationships, and classify them as low risk if there are no other additional items. The Exchange conducted an audit of the Company from August 24, 2020 to August 28, 2020 and found the following deficiencies and matters to be addressed.</p>	<p>11. The risk assessment table for the Company's customers' transactions is revised to directly classify persons who are domestic or foreign political office holders (PEPs) and their family members (second cousins, etc.) and close associates as high risk.</p>	<p>Improved</p>
<p>1. When the personnel enter and leave the computer room, they do not fill out the register.</p>	<p>1. To strengthen the control of access to the computer room without filling in the register, and to fill in the access register, except for the staff on duty in the computer room, access to the computer room should be approved and accompanied by the head of the information department.</p>	<p>Improved</p>
<p>2. Personal computers are not updated with Windows patches and have not regularly patched security vulnerabilities in the network operating environment.</p>	<p>2. The installation of Windows patches for personal computers that have not been updated was completed on September 29, 2020.</p>	<p>Improved</p>
<p>3. The server host does not have anti-virus software installed.</p>	<p>3. The installation of anti-virus software on the server was completed on September 28, 2020.</p>	<p>Improved</p>
<p>4. The network system vulnerability scanning operation is not confirmed for the network order placing business.</p>	<p>4. The Company has contacted the information vendor for evaluation and valuation, conducted the initial scan on November 17, 2020, and</p>	<p>Improved</p>

<p>5.The Mobile Application Security Development Specification has not been established.</p> <p>The Company has not yet completed the new mobile application testing for CC-19000 revised on February 10, 2020: Testing shall be conducted annually by a certified third party testing laboratory.</p>	<p>conducted the first re-scan on January 11, 2021 for the weaknesses after the initial scan, and completed the second re-scan on February 24, 2021.</p> <p>5. On September 29, 2020, the Company established the relevant regulations with reference to the practical experience of the community and the industry.</p> <p>2020/12/02 for the initial test, for the initial test was not completed certification in 2021/01/12 for the first retest, scheduled for 2021/03/15 for the second retest.</p>	<p>Improved</p> <p>Expected before 2021.06. 30 Completion of inspection certification</p>
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Note: If you have received a warning or a fine of \$240,000 or more from the Financial Supervisory Commission in the current year, you should also list the points.

2. In case that a CPA was engaged to conduct a Special Audit of Internal Control System. its audit report shall be provided: None.

(11) For the most recent year and up to the printing date of the annual report, the Company and its internal personnel have been punished by law, the Company has punished its internal personnel for violating the provisions of the internal control system, and the major deficiencies and improvements:

Issuance Date	Level of discipline	Content of fault	Violation of the law	Improvement situation
2020.05.11 Zheng Gui Jiao Zhi No. 090300476	Improvement	2019.10.22~2020.4.30 Violations occurred in the execution of the quotation and sale and purchase of stocks in the Emerging Stock Market.	Violation of Article 21, Paragraph 1, Paragraph 3 and Paragraph 4 of the Rules Governing the Purchase and Sale of Shares on the GreTai Securities Market.	Strengthen personnel business training.
2020.06.10 Jin-Guan-Zheng-Quan-Zhi No. 903313221	Correction	(1) The Director shall recuse himself/herself or the legal entity he/she represents from any meeting in which he/she has an interest without stating his/her interest, or the reason for not recusing himself/herself.  (2) The appointment	Violation of Article 16, Paragraph 1 and Article 17, Paragraph 1 of the Rules of Procedure of the Public Company Directors' Meeting.  Violation of Article 12,	On November 5, 2019 during 11th Board 4th Directors' meeting, the Company amended Article 16 of the "Rules of Procedure of the Directors' Meeting" to add the recusal of the Director and to regulate the recusal of the Director and other interested parties in relation to specific

<p>2020.06.10 Jin-Guan-Zheng-Quan-Zhi No. 1090331322.</p>	<p>A fine of NT\$500,000 and NT\$480,000</p>	<p>or removal of the head of internal audit shall not be reported to the Taiwan Stock Exchange Corporation for review and examination by the Financial Supervisory Commission within 5 days from the date of approval at the Director's meeting.</p> <p>(3) The Company has not reported to the Board of Directors and the Audit Committee on a semi-annual basis in 2017 and 2018.</p> <p>(4) The law follows that the director has other business affairs within the company.</p> <p>(5) The Compliance Department has not updated the internal operation and management rules and regulations in a timely manner in accordance with the relevant laws and regulations, and has not conducted any training for the personnel in compliance with laws and regulations as of the audit benchmark date.</p>	<p>Paragraph 4 of the Rules Governing the Establishment of Internal Control Systems for Securities and Futures Market Services and Article 10 of the Rules Governing the Personnel in Charge of Securities Firms and their Operations.</p> <p>Violation of Article 27, Paragraph 2 of the Guidelines for the Establishment of Internal Control Systems for Securities and Futures Market Services.</p> <p>In violation of Official Document Jin-Guan-Zheng-Quan-Zhi No. 1070303484 dated February 23, 2018.</p> <p>Violation of Article 28, Item 1, Paragraph 2 and Paragraph 4 of the Guidelines for the Establishment of Internal Control Systems for Securities and Futures Market Services.</p>	<p>motions.</p> <p>On April 30, 2020, it was submitted to the 11th Board 7th Meeting and reported to the Taiwan Stock Exchange Corporation for examination, with a letter to the Bureau of Examination of the Financial Supervisory Commission.</p> <p>The appointment of the new Head of Compliance on November 5, 2019, who is also the Head of Money Laundering Prevention, was reported to the Board of Directors on a semi-annual basis by the end of August 2020.</p> <p>The reappointment of the Head of Compliance as the Head of Money Laundering Prevention was approved at the 11th Board 4th Director's Meeting in 2019 and no other internal duties.</p> <p>The operations are as follows.</p> <p>(1) The Company's "Code of Ethical Conduct" has been revised and approved during the 11th Board 6th Directors' Meeting on February 10, 2020.</p> <p>(2) The Company has established the "Procedures for Handling and Notification Mechanism of Significant Events" to provide a clear definition of</p>
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				<p>significant events to be followed.</p> <p>(3) Establish the "Security Maintenance Plan for Personal Information Files and Measures for Handling Personal Information after Business Termination" at the 11th Board 4th Director's Meeting on November 5, 2019.</p> <p>(4) The "Voting Policy" has been revised from "The Company may not appoint any person to attend the shareholders' meeting if the Company does not use electronic voting at the shareholders' meeting and holds less than 500,000 shares..." to 300,000 shares.</p> <p>(5) The Company shall conduct training on personnel regulations and inform all employees through circulars; the Company shall apply to the Financial Consumer Review Center/Education and Promotion Planning Division for lecturers to teach at the Company.</p> <p>The Company has established the "Procedures for Handling Public Subscription and Allotment". For those who use the same IP address to subscribe, they should check</p>
		<p>(6) The underwriting case of public application operations, failure to keep records of whether the person who placed an application with the same IP address has used or impersonated another person's name to make the application, and failure to comply with Article 58, Paragraph 2 of the Rules Governing the Handling of Underwriting or Re-Sale of Marketable or Re-Saleable Securities by Securities Dealers of The Republic of China (R.O.C.) Securities Dealers Association.</p>	<p>Violation of Article 28(2) of the Rules Governing Securities Firms.</p>	
		<p>(7) The 107 annual report did not disclose the information that four directors held other corporate positions.</p>	<p>Violation of paragraph 2 of Article 10 of the Guidelines for the Public Company Report</p>	
		<p>(8) There are a number of responsible persons and salespersons who are also responsible for</p>	<p>Violation of Article 4, Item 9 and Article 11-1, Item 3 of the Rules Governing the Personnel in Charge of Securities</p>	

		<p>the Director and his family-controlled enterprises, but no internal audit control mechanism has been established</p> <p>(9) Part of the business is run by auditors.</p> <p>(10) The results of audit items are not reported to the the Board of Directors Board on a quarterly basis, and the deficiencies and improvements of the internal control system found by the Association, self-regulatory bodies or internal audits are not included as important items in the performance audit of each department.</p> <p>(11) The internal control self-assessment operation is not first supervised by the internal audit unit after each unit has conducted its own self-assessment, and the self-assessment report of each unit is reviewed by the internal audit unit, and some self-assessment operations are conducted by the auditors.</p> <p>(12) The proposed reporting system does not provide for recusal from investigation and cooperation with investigation.</p>	<p>Firms and their Operations.</p> <p>Violation of Article 17, Paragraph 1 of the Guidelines for the Establishment of Internal Control Systems for Securities and Futures Market Services.</p> <p>Violation of Article 15 of the Guidelines for the Establishment of Internal Control Systems for Securities and Futures Market Services.</p> <p>Violation of Article 22, Paragraph 1 of the Guidelines for the Establishment of Internal Control Systems for Securities and Futures Market Services.</p> <p>Violation of Article 28-1 of the Guidelines for the Establishment of Internal Control Systems for Securities and Futures Market Services.</p> <p>Violation of Article 3 of</p>	<p>whether there are records of verification of the use or fraudulent use of another person's nameto subscribe. (If you have the same domicile or mailing address, or have signed an authorization letter.)</p> <p>The material information note was revised and released on June 17, 2020 and uploaded to the Market Observation Post System.</p> <p>The Company has established "Regulations for Directors Engaged in Part-time Jobs", "Regulations for Practitioners Engaged in Part-time Jobs", and "Management Mechanism for Directors and Practitioners Engaged in Part-time Jobs/Part-time Offices", and Directors or Practitioners with part-time jobs should apply to the Company for review.</p> <p>The operations performed by the auditors have been reassigned to the unit.</p> <p>The audit results are compiled and submitted to the Independent Director in writing for approval, and the matters that occurred during the</p>
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		<p>(13) For the new business such as unrestricted fund borrowing and lending approved by the Financial Supervisory Commission, there was no money laundering and information terrorism risk assessment.</p> <p>(14) The former head of the AML/CFT department was also the supervisor of the company's regional business and had a conflict of interest with business approval authority, and did not report to the Director's meeting every six months.</p> <p>(15) No anti-money laundering and anti-counterfeiting education training was provided to Directors and Independent Directors in 2018.</p>	<p>the Rules for the Implementation of the Anti-Money Laundering and Anti-Counterfeiting Internal Control and Audit System for the Securities and Futures Industry and Other Financial Institutions Designated by the Financial Supervisory Commission.</p> <p>Violation of Article 5(1) and (3) of the Regulations for the Implementation of the Anti-Money Laundering and Anti-Counterfeiting Internal Control and Audit System for the Securities and Futures Industry and Other Financial Institutions Designated by the Financial Supervisory Commission.</p> <p>Violation of Article 7, Paragraph 5 of the Regulations for the Implementation of the Anti-Money Laundering and Anti-Counterfeiting Internal Control and Audit System for Securities and Futures Industry and Other Financial Institutions Designated by the Financial Supervisory Commission</p>	<p>month and the improvement situation or the status of handling are also reported to the Independent Director. Revision of the Company's "Securities Internal Control System".</p> <p>We have asked the units with missing samples to apply for corrections, and indeed requested that each unit should follow the regulations and be reviewed by the auditors after the units have first evaluated themselves.</p> <p>The amendment to the "Prosecution System" of the Company was approved at the 11th Board 4th Meeting of the Board of Directors on November 5, 2019.</p> <p>The AML/CFT risk assessment has been completed.</p> <p>The supervisor will make a semi-annual report to the Board of Directors by the end of August 2020.</p> <p>On November 5, 2019, we held a presentation on the Money Laundering Prevention/Counter Terrorism Act and case studies to the Director and Independent</p>
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				Director. The Director and Independent Director attended the “Money Laundering Prevention Law Analysis and Case Studies” course offered by the Securities Dealers Association on June 23, 2020.
2020.09.25 Tai-Zheng-Fu-Zhi No. 1090502862	Improvement and addition of 10 consecutive business days to the audit report	<p>(1) When the personnel enter and leave the computer room, they do not fill out the register.</p> <p>(2) Personal computers are not updated with Windows patches and have not regularly patched security vulnerabilities in the network operating environment.</p> <p>(3) The server host does not have anti-virus software installed.</p> <p>(4) The network system vulnerability scanning operation is not confirmed for the network order placing business.</p> <p>(5) The Mobile Application Security Specification has not been established.</p>	<p>Violation of the Standard for Internal Control Systems of Securities Firms CC-16000 Physical and Environmental Security (VII), 2</p> <p>Violation of the standard specification of the internal control system of securities firms CC-17010 Network Security Management (I), 2</p> <p>Violation of the internal control system standard specification CC-17010 network security management of securities dealers (V), 3</p> <p>Violation of the internal control system standards of securities dealers CC-19000 system development and maintenance (XIV), 2</p> <p>Violation of the internal control system standard specification CC-19000 system development and maintenance of securities dealers (xv)</p>	<p>To strengthen the access control of the personnel in the server room and to fill in the access register, except for the staff on duty in the server room, access to the server room should be approved and accompanied by the head of the information department.</p> <p>The installation was completed on Sep. 29, 2020.</p> <p>The installation was completed on Sep. 28, 2020.</p> <p>The initial web vulnerability scan was conducted on November 17, 2020, and the risk and medium risk issues raised in the initial scan report were corrected; the vulnerability scan was completed on February 26, 2021.</p> <p>Relevant regulations were established on Sep. 29, 2020.</p>

(12) Significant resolutions of the shareholders’ meeting and the board of directors for the most recent year and up to the date of printing of the annual report:

## 1.Important Resolutions at Shareholders' Meetings

Date and year of shareholders' meeting	Contents of the motion	Resolution	Implementation Status
<p>Apr. 24, 2019 2019 Shareholders' meeting</p>	<p>Recognition matters:</p> <ol style="list-style-type: none"> <li>1. The Company's financial statements and business report for the year 2018.</li> <li>2. The appropriation of earnings for 2018.</li> </ol> <p>Matters for discussion:</p> <ol style="list-style-type: none"> <li>1. Establish procedures for the acquisition or disposal of assets.</li> <li>2. The Company's surplus was transferred to capital for issuance of new shares.</li> </ol> <p>Election Matters:</p> <p>Election of the eleventh Board of Directors (including Independent Director).</p>	<p>Recognitions and matters for discussion:</p> <p>If the number of votes exceeds one-half of the total number of shareholders present in each case, the motion will be passed according to the original motion proposed by the Board of Directors.</p> <p>Election Matters:</p> <p>A total of 13 Directors (including 3 Independent Directors) were elected by a vote of all shareholders present.</p>	<p>Recognitions and matters for discussion:</p> <p>Proposal 2:</p> <p>The Company's resolution to distribute 0.6 dividend and 0.6 stock was announced on May 6, 2019 with an ex-dividend base date of June 23, 2019 and was paid on July 15, 2019.</p>
<p>Apr. 30, 2020 2020 Shareholders' meeting</p>	<p>Recognition matters:</p> <ol style="list-style-type: none"> <li>1. The Company's financial statements and business report for the year 2019.</li> <li>2. The appropriation of earnings for 2019.</li> </ol> <p>Matters for discussion:</p> <ol style="list-style-type: none"> <li>1. Amendment to Rules of Procedure for Shareholders Meetings.</li> </ol>	<p>Recognitions and matters for discussion:</p> <p>The number of votes exceeds one-half of the total number of shareholders present in each case, the original motion proposed by the Director is passed.</p>	<p>Matters for discussion:</p> <p>Proposal 2:</p> <p>The Company's resolution to distribute 0.55 dividend and 0.6 stock was announced on May 4, 2020 with an ex-dividend base date of May 26, 2020 and was paid on June 12, 2020.</p>

## 2. Important Resolutions of the Director's Meeting:

Director Meeting Dates and Sessions	Contents of the motion	Resolution	Implementation Status
<p>Feb. 10, 2020 11th Board 6th Meeting</p>	<ol style="list-style-type: none"> <li>1. Adopt 2019 financial statement.</li> <li>2. The Company 2019 Schedule of Earnings Distribution.</li> <li>3. Consider the extension of the Company's loan facilities with financial institutions.</li> <li>4. The appropriation and distribution of employees' and directors' remuneration for 2019.</li> <li>5. Amend the "Rules of Procedure of the Shareholders' Meeting", "Rules of Procedure of the Directors' Meeting", "Organizational Rules of the Audit Committee" and "Organizational Rules of the Compensation Committee" of the Company.</li> <li>6. Revised the Company's "Code of Ethical Conduct" and established the "Regulations on the Engagement of Advertising, Business Solicitation and Sales Promotion Activities".</li> <li>7. The Company will hold its 2020 Annual General Meeting of Shareholders.</li> <li>8. Handle the matters for General Meeting of Shareholders for the year 2020.</li> <li>9. The Company's 2020 Statement of Internal Control System.</li> <li>10. Revision of the Company's "Securities Internal Control System".</li> <li>11. The Company issued a "Report on the Improvement of Inspection Opinions" and related supporting information to the Financial Supervisory Commission's Inspection Bureau to report on the improvement of inspection opinions.</li> <li>12. The Company's 2019 Statement on Anti-Money Laundering and Anti-Counterfeiting Internal Control System (AML/CFT Internal Control System) with Enhancement and Improvement Plan.</li> <li>13. Presented the 2019 Money Laundering and Terrorist</li> </ol>	<p>Except for the discussion of Item 16, which changed the 30-day average daily volume of "less than 100 thousand shares" to "less than 50 thousand shares", all other items were approved after the Chairman asked the Directors present.</p>	<p>Proposal No.: 1, 3, 5, 6, 7, 9, 10, 11, 12, 13, 14, 15 and 16 are executed as in the case.</p> <p>Proposal No. 2 Allotment of earnings was approved at the shareholders' meeting on 2020/4/30.</p> <p>Proposal No. 4 The appropriation and distribution of employees' and directors' remuneration for 2019 was reported at the shareholders' meeting on 2020/4/30.</p> <p>Proposal No. 8 There was no shareholder proposal at the 2020 Annual General Meeting of Shareholders.</p>

Director Meeting Dates and Sessions	Contents of the motion	Resolution	Implementation Status
	Financing Risk Assessment Report. 14. The Company's 2019 Information Security Implementation Statement. 15. Report the Company's 2019 Risk Management Quality Information Program. 16. Amendments to the "Regulations Governing the Risk of Trading Marketable Securities by the Self-dealing Department" of the Company.		
Apr. 30, 2020  11th Board 7th Meeting	Recognition matters: 1. Revise the Company's "Securities Internal Control System".  Matters for discussion: 1. Consider the extension of the Company's loan facilities with financial institutions. 2. The financial statement for 2020 Q1 was recognized. 3. Set the ex-dividend date for the 2019 earnings distribution. 4. The Company's risk alert project review report is submitted. 5. Report to the Company's internal audit manager.	Recognitions and matters for discussion: After the Chairman asked the members present to raise no objection, the motion was passed as presented.	Recognitions and matters for discussion: are executed as in the case.  Proposal No. 3 The distribution of earnings was made on 2020/6/12  Proposal No. 5 After the internal audit supervisor sent the document for review, there are still some corrections needed according to the official document No.1090504228 on 2020/7/1 from the competent authority.
Aug. 18, 2020  11th Board 8th Meeting	Recognition matters: 1. Revise the Company's "Securities Internal Control System". (including internal audit implementation rules) 2. Amend the "Internal Control System for Futures Trading Auxiliary Business (including Implementation Rules for Internal Auditing)" of the Company 3. Purchase of liability insurance for the Company's Director and key employees.  Matters for discussion: 1. Evaluate the independence	Recognitions and matters for discussion: After the Chairman asked the members present to raise no objection, the motion was passed as presented.	Recognition matters: They are executed as in the case.  Matters for discussion: Proposal 1 and 7 are executed as in the case presented.  Proposal No. 8 Completed the books, renovating.

Director Meeting Dates and Sessions	Contents of the motion	Resolution	Implementation Status
	<p>and suitability of certified public accountants.</p> <ol style="list-style-type: none"> <li>2. Review the financial statements of the Company for the first half of 2020.</li> <li>3. Establish the Company's "Method of Appointment of Consultants".</li> <li>4. Consider the extension of the Company's loan facilities with financial institutions.</li> <li>5. Amendments to Corporate Governance Best Practice Principles.</li> <li>6. The Company's total audit rank and salary approval case.</li> <li>7. Revise the Company's "Securities Internal Control System".</li> <li>8. Asset acquisition (Jiali Branch)</li> <li>9. East Gate Branch has signed the contract for urban redevelopment.</li> <li>10. Application for setting up a sub-account for securities dealer settlement account.</li> <li>11. Revision of the Company's "Anti-Money Laundering and Counter-Terrorism Risk Assessment Procedures" and "Information Security Policy".</li> <li>12. Nanjing Branch business area adjustment case.</li> </ol>		<p>Proposal No. 9 The contract is signed.</p> <p>Proposal No. 10 Not yet applied.</p> <p>Proposal No. 11 They are executed as in the case.</p> <p>Proposal No. 12 Planning is in progress.</p>
<p>Nov. 2, 2020 11th Board 9th Meeting</p>	<p>Recognition matters: 1. Consider the extension of the Company's loan facilities with financial institutions.</p> <p>Matters for discussion: 1. Revise the Company's "Securities Internal Control System". (including internal audit implementation rules) 2. The Company's "Internal Audit Plan" for 2021 is proposed.</p>	<p>Recognitions and matters for discussion: After the Chairman asked the members present to raise no objection, the motion was passed as presented.</p>	<p>Recognition matters: They are executed as in the case.</p> <p>Matters for discussion: Proposal 1, 3, 4 and 5 are executed as in the case presented.</p> <p>Proposal No. 2</p>



Director Meeting Dates and Sessions	Contents of the motion	Resolution	Implementation Status
	3. Adopt 2020 Q3 financial statement. 4. The Company's 2021 budget is proposed. 5. Revised the Company's "Anti-Money Laundering and Anti-Financial Terrorism Precautions", "Assessment of Money Laundering and Financial Terrorism Risks and Establishment of Prevention Plan Policy" and established the Company's "Conflict of Interest Prevention Management Policy".		The internal audit cycle for 2021 is scheduled to be revised in accordance with the regulations of the competent authorities.
Dec. 29, 2020  11th Board 10th Meeting	Matters for discussion: 1. The Company's financial statements were audited by a certified public accountant. 2. The Company's Jiali Branch relocation case. 3. Revise the Company's 2021 "Internal audit plan". 4. Revise the Company's "Securities Internal Control System". 5. Amendments to the Company's "Internal Control System for Entrusted Trading of Foreign Marketable Securities (including Implementation Rules for Internal Auditing)". 6. The Company has established a "Management Mechanism for Part-Time Directors and Practitioners". 7. Revise the "Anti-Money Laundering and Counter-Terrorism Risk Assessment Procedures" of the Company. 8. Personnel changes.	Matters for discussion: After the Chairman asked the members present to raise no objection, the motion was passed as presented.	Matters for discussion: Proposal 1, 3, 4, 5, 6, 7 and 8 are executed as in the case presented.  Proposal No. 2 The Company's Jiali Branch relocation was completed on Jan. 25, 2021.

Director Meeting Dates and Sessions	Contents of the motion	Resolution	Implementation Status
<p style="text-align: center;">Feb. 2, 2021 11th Board 11th Meeting</p>	<p>Recognition matters: 1. Amendments to the Company's "Securities Internal Control System (including Implementation Rules for Internal Auditing)" and "Establishment of Security Checking Mechanism for Securities Dealers' Information Access".</p> <p>Matters for discussion: 1. Adopt 2020 financial statement. 2. The appropriation of earnings for 2020. 3. 7. The appropriation and distribution of employees' and directors' remuneration for 2020 4. The Company's surplus was transferred to capital for issuance of new shares. 5. Establish the "Internal Audit Staff Appointment, Evaluation, and Salary and Compensation Regulations". 6. Amendments to the "Regulations Governing the Risk of Trading Marketable Securities by the Self-dealing Department" of the 7. Report the Company's 2020 Risk Management Quality Information Program. 8. Revision of the Company's "Operating Procedures for the Management of Financing and Financing Lines". 9. Consider the extension of the Company's loan facilities with financial institutions. 10. Establish the content for convening the 2021 annual shareholders' meeting. 11. Handle the matters for General Meeting of Shareholders for the year 2021. 12. The Company's Nanjing Branch terminated the business case.</p>	<p>Recognition matters: After the Chairman asked the members present to raise no objection, the motion was passed as presented.</p> <p>Matters for discussion: After the Chairman asked the members present to raise no objection, the motion was passed as presented.</p>	<p>Recognition matters: They are executed as in the case.</p> <p>Matters for discussion: Cases 1, 2, 3, and 4 were re-proposed at the 11th Board 12th Directors' Meeting on 2020/03/09 to coincide with the submission of the internal control statement [Cases 5, 6, 7, and 8]. The content remains the same.</p> <p>Proposal 5 and 10 are executed as in the case presented.</p> <p>Proposal No. 12 Nanjing Branch has set up the final business day as May 28, 2021,  which has been approved by the official document Jian-Guan-Zheng-Quan-Zhi No. 100334531.</p>

Director Meeting Dates and Sessions	Contents of the motion	Resolution	Implementation Status
<p style="text-align: center;">Mar. 9, 2021 11th Board 12th Meeting</p>	<p>Matters for discussion:</p> <ol style="list-style-type: none"> <li>1. The Company's "Internal Audit Plan" for 2020 is proposed.</li> <li>2. Propose a statement of the Company's overall information security performance for 2020.</li> <li>3. Revise the Company's "Securities Internal Control System".</li> <li>4. Propose the "Statement on Internal Control System for Anti-Money Laundering and Counter-Finance Terrorism" and the enhancement and improvement plan for the year 2020.</li> <li>5. Adopt 2020 financial statement.</li> <li>6. The appropriation of earnings for 2020.</li> <li>7. The appropriation and distribution of employees' and directors' remuneration for 2020.</li> <li>8. The Company's surplus was transferred to capital for issuance of new shares.</li> <li>9. Amendments to the "Rules of Procedure of the Shareholders' Meeting" and "Organizational Rules of the Salary and Compensation Committee" of the Company.</li> </ol>	<p>Matters for discussion:</p> <p>After the Chairman asked the members present to raise no objection, the motion was passed as presented.</p>	<p>Matters for discussion:</p> <p>For cases 5, 6, 7, and 8, in order to meet the timing of the internal control statement, they will be re-proposed again, but the content remains unchanged.</p> <p>For cases 1, 2, and 4, they were announced on MOST.</p> <p>Proposal 3 and 9 are executed as in the case presented.</p>

(13) For the most recent year and as of the printing date of the annual report, if the directors or supervisors have dissenting opinions on important resolutions passed by the board of directors and there are records or written statements of such dissenting opinions, the main content of which: None

(14) Summary of the resignation and dismissal of the Chairman, president, head of accounting, head of finance, head of internal audit, head of corporate governance, and head of research and development of the Company for the most recent year and as of the date of printing of the annual report: None

Note: The term "company related persons" refers to the Chairman, General Manager, Head of Accounting, Head of Finance, Head of Internal Audit, Head of Corporate Governance and Head of Research and Development, etc.

management and fair treatment of **V. Public expenses**

(I)1.Scale of Accountant Fee Information (Please check the scale or enter the amount)

CPA Firm Name	CPA Name		Duration of Audit	Remark
Baker Tilly Clock & Co	ZHENG, HSIEN-HSIU	ZHOU, YIN-LAI	2020	

Note : In case of any changes made on the Company's CPA or CPA firm for the Year, list the audit period before/after the change separately and the reason of change in the Remark column.

Unit:NT\$1,000

Items with public expenses		Audit case with public expense	Non-audit case with public expense	TOTAL
Amount scale				
1	Less than 2,000,000.00	✓	✓	✓
2	2,000,000.00(included)~4,000,000.00			
3	4,000,000.00(included)~6,000,000.00			
4	6,000,000.00(included)~8,000,000.00			
5	8,000,000.00(included)~10,000,000.00			
6	10,000,000.00(included) above			

(2)Accountant's fee information (Please fill in the amount)

Unit:NT\$1,000

Accountant Accounting Firm Name	Accountant Name	Audit fee	Non-audit fee					Name of Accountant Audit Period	Note
			System Design	Company Registration	Human Resources	Others (Note 2)	Subtotal		
Baker Tilly Clock & Co	Zheng Xianxiu	1,150	-	-	-	20	1,170	2020.01.01 to	Non-audit fee 20 thousand

Accounting firm	Zhou Yinlai							2020.12.31	(1) Review of shareholders' meetings Handbook and Annual Report.
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Note 1: If the Company changes its accountant or accounting firm during the year, please indicate the audit period and the reason for the change in the remarks column, and disclose the audit and non-audit fees paid in order.

Note 2: Non-audit fees should be shown separately by service item. If "Other" of non-audit fees reaches 25% of the total non-audit fees, the service content should be shown in the Remarks column.

(2) Non-audit cases with public expenses that have been paid to CPA, CPA firms and affiliates accounts for up to more than one fourth of audit cases with public expenses or non-audit cases with public expenses amounted to NT\$500,000 above: None

(3) Changed CPA firm and paid public expenses for audit cases in the year where the change occurred was less than that of the year before change: None.

(4) Paid amount of public expense for audit cases was less than that of the preceding year by up to more than 50%: None.

## VI. Change of CPA

The Company that has changed CPA over the latest two years and the period followed shall disclose as follows :

### (1) Details of Predecessor auditor

Date of Change	November 11, 2020		
Reason of change and more details	The purpose was to maintain CPA independency and meet the need of CPA Firm's internal transfer system.		
The appointee or CPA terminated or rejected the appointment		CPA	Appointee
	Voluntary to terminate appointment	Not applicable	Not applicable
	No longer accepted (continued) appointment	Not applicable	Not applicable
Issued audit report containing other than an unqualified opinion with 2 years and the reason	None		
Agreed/disagreed with securities firms	Yes		Accounting policy or practices
			Disclosure of financial statements
			Auditing scope or steps
			Others
	No	V	
Details			
Other disclosures (Disclosure is permitted pursuant to Item 1-4, Paragraph 2, Article 31 of the Regulations Governing the Preparation of Financial Reports by Securities Firms)	None		

### (2) Successor CPA

CPA Firm Name	Baker Tilly Clock & Co
CPA Name	ZHENG, HSIEN-HSIU, ZHOU, YIN-LAI
Date of Appointment	November 11, 2020
Issued audit opinions and results in respect of accounting processing specified transactions or policy and against financial statements before appointment	Not applicable
Successor CPA's written opinion disagreeing with the predecessor CPA.	Not applicable

### (3) Predecessor CPA's letter replying to the regulations set forth in Item 1, 2-3,

Subparagraph 2, Article 31 of the Regulations Governing the Preparation of Financial Reports by Securities Firms: Not applicable.

VII. If the chairman, general manager, or manager in charge of financial or accounting matters of the company has worked in the firm of the certified public accountant or its affiliates within the last year, the Company should disclose his/her name, title, and the period he/she worked in the firm of the certified public accountant or its affiliates. Affiliates of the CPA firm are those companies or organizations in which the CPA firm's accountants hold more than 50% of the shares or hold more than half of the directorships, or those companies or organizations listed as affiliates in the information published or printed by the CPA firm: None.

VIII. Changes in the shareholding of Directors, supervisors, managers and shareholders holding more than 10% of the shares and pledges of shares in the most recent year and up to the date of printing of the annual report

(I) Changes in equity:

Unit: shares

Title	Name	2020		Current Year (2021) As of Mar. 6	
		Shareholding Increase	Number of pledged shares	Shareholding Increase	Number of pledged shares
Chairman	Baulidu Investment Co.,Ltd.	0	6,400,000	0	0
	Baulidu Investment Co.,Ltd. Representative:	0	0	0	0
Deputy Chairman	Chen,Mi-Juan	0	0	0	0
Managing Director	Chen, Rong-Ji	0	0	0	0
Director	Baulidu Investment Co.,Ltd. Representative: Chen, Long-Fa	0	0	0	0
Director	Li, Wen-Bin	0	0	0	0
Director	Chen,Pin-Chan	0	0		0
Director	Huang, Ming-Shan	0	0	0	0
Director	Sha, Mei-Chi	0	0	0	0
Director	Wise Co., Ltd	0	0	(46,000)	0
	WISE CO., LTD. Representative: Huang, YiRu	0	0	0	0
Director	Liu, Zhen-Yi	0	0	0	0
Independent Director	Wei, Fu-Chuan	0	0	0	0
Independent Director	Chen, Jian-Chuan	0	0	0	0

Title	Name	2020		Current Year (2021) As of Mar. 6	
		Shareholding Increase	Number of pledged shares	Shareholding Increase	Number of pledged shares
Independent Director	Hsu, Shun-Fa	0	0	0	0
Deputy General Manager	Chen, Long-Fa	0	0	0	0
General Manager	Pan, Hua-Chen	0	0	0	0
Deputy General Manager	Zhou TinHo	0	0	0	0
Deputy General Manager	Wang, Wen-Tsu	(8,000)	0	0	0
Associate	Huang Zhengchang	(5,000)	0	0	0
Associate	Wang Wei	0	0	0	0
Associate	Pan Yalan	0	0	0	0
Associate	Deng Chunxiang	0	0	0	0
Manager	Wang Yusong	0	0	0	0
Manager	Li Pei Ling	0	0	0	0
Manager	Qiu Guorong	0	0	0	0
Manager	Wang Chunjian	0	0	0	0
Manager	Xiao Jinghui	0	0	0	0
Manager	Chen Wenhui	0	0	0	0
Manager	Ye Zhenhong	3	0	0	0
Manager	Shi Meilan	0	0	0	0
Manager	Liu Lichun	0	0	0	0
Manager	Zheng Xiuyue	(9,000)	0	0	0
Manager	Zang Zi Ting	0	0	0	0
Manager	Huang Junjie	0	0	0	0
Manager	Xiao Jiajian	0	0	0	0
Manager	Huang Xinyuan	0	0	(3,000)	0
General Audit	Wu Huijuan	0	0	0	0
Financial Supervisor	Zhou TinHo	0	0	0	0
Accounting Supervisor	Zhou TinHo	0	0	0	0
Major shareholders	Baulidu Investment Co.,Ltd.	0	6,400,000	0	0
Major shareholders	Guantian Investment Development Co.,Ltd.	5,354,000	2,200,000	790,000	0

(II) Transfer of equity information

Director, supervisors, managers, and related parties whose shareholdings exceed 10% are related parties: None.



## (III) Equity pledge information

Director, supervisors, managers, and related parties whose shareholding exceeds 10% are pledged as related parties: None.

IX. Information on the top ten shareholders who are related to each other or are related by consanguinity, such as spouses or second degree relatives

**Information on the relationship between the top ten shareholders and their respective shareholdings**

March 6, 2021

Name(Note 1)	Own Shareholdings		Spouse & Minor Shareholdings		Shareholding by Nominee Arrangement Total Shareholdings		If the top ten shareholders are related to each other as related parties under SFAS No. 6, their names and relationships(Note 3)		Remark
	Number of shares (1,000 shares)	Shareholding ratio	Number of shares (1,000 shares)	Percent age ratio	Number of shares (1,000 shares)	Shareholding ratio	Name	Relation	
Baulidu Investment CO., LTD	35,191,052	14.82%	-	-	-	-	CHEN, MI-JUAN Asahi Enterprises Corp.	Baulidu Investment Responsible Person The supervisor of Asahi Enterprises Corp. is Baulidu Investment Co., Ltd., represented by Mr. Chen Kai-Jen.	-
Responsible Person: Chen, Mi-Juan	5,732,183	2.41%	-	-	-	-	CHEN, SIE-TONG CHEN, CHUNG-HSIEN CHEN, PIN-CHAN Baulidu Investment Co.,Ltd. Asahi Enterprises Corp.	Father and daughter Sister and brother Sisters Baulidu Investment Responsible Person Deputy Chairman of Asahi Enterprises Corp.	-
Responsible person: Hsu, Wen-Ko	42,815	0.02%	485,076	0.20%	-	-	-	-	-
Guantian Investment Development CO., LTD	29,776,786	12.54%	-	-	-	-	Asahi Enterprises Corp. HSUEH, NIEN-CHEN	Mother company and subsidiary Director of Guantian Investment Development Co., Ltd. Quintain Steel Co.,Ltd.	-

							WU, JHEN-FU	HSUEH, NIEN-CHEN  The Chairman of Asahi Enterprises Corp. is Polydo Investment Co., Ltd., represented by WU, JHEN-FU	
							Chang Ming-Yu	The Director of Asahi Enterprises Corp. is Polydo Investment Co., Ltd., represented by Mr. Zheng, Mingyu	
Representative: Hsieh, Cheng-Cheng	-	-	-	-	-	-	-	-	-
Chinatrust Commercial Bank Shareholding Trust granted by Concord Securities	9,513,283	4.01%	-	-	-	-	-	-	-
Asahi Enterprises Corp.	8,469,741	3.57%	-	-	-	-	CHEN, MI-JUAN  CHEN, CHUNG -HSIEN  Baulid Investment Co.,Ltd.  Guantian Investment Developm ent Co.,Ltd.  Guantian Investment Developm ent Co.,Ltd.	Deputy Chairman of Asahi Enterprises Corp.  Director of Asahi Enterprises Corp.  The supervisor of Asahi Enterprises Corp. is Baulid Investment Co., Ltd., represented by Mr. Chen Kai-Jen.  The Director of Asahi Enterprises Corp. is Baulid Investment Co., Ltd., represented by Mr. Zheng, Mingyu  Mother company and subsidiary	-
Responsible person: Wu, Jhen-Fu	21,200	0.009 %	185,462	0.08%	-	-	Guantian Investment Developm ent Co.,Ltd.	The Chairman of Asahi Enterprises Corp. is Guantian Investment Development Co.,Ltd., represented by WU, JHEN-FU	-
Chia Chi Sdry Enterprise CO., LTD	8,249,867	3.47%	-	-	-	-	HSUEH, NIEN-C HAN  CHEN, SIE-TO NG  CHEN,P IN-CHA N	Chia Chi Sdry Responsible Person  Director, Chia Chi Sdry Co., Ltd.  Supervisor, Chia Chi Sdry Co., Ltd.	-

Responsible person: Hsueh, Nien-Chen	2,212,437	0.93%	-	-	-	-	Chia Chi Sdry Enterprise Co., Ltd.  Guantian Investment Development Co.,Ltd.  CHEN, PIN-CHAN	Chia Chi Sdry Responsible Person  Director of Guantian Investment Development Co., Ltd. Quintain Steel Co.,Ltd. Representative: HSUEH, NIEN-CHEN  Mother and daughter	-
Chen, Chung-Hsien	6,559,372	2.76%	-	-	-	-	CHEN, SIE-TONG  CHEN, MI-JUAN  CHEN, PIN-CHAN  Asahi Enterprises Corp.	Father and Son  Sister and brother  Brother and sister  Director of Asahi Enterprises Corp.	-
Chen, Mi-Juan	5,732,183	2.41%	-	-	-	-	CHEN, SIE-TONG  CHEN, CHUNG-HSIEN  CHEN, PIN-CHAN  Baulid Investment Co.,Ltd.  Asahi Enterprises Corp.	Father and daughter  Sister and brother  Sisters  Baulid Investment Co.,Ltd. Responsible Person  Deputy Chairman of Asahi Enterprises Corp.	-
Chen, Sie-Tong	4,765,712	2.01%	854,413	0.36%	-	-	CHEN, CHUNG-HSIEN  CHEN, MI-JUAN  CHEN, PIN-CHUN  Chia Chi Sdry Co., Ltd.	Father and Son  Father and daughter  Father and daughter  Chia Chi Sdry Co., Ltd. Director	-
Chen, Pin-Chan	4,666,966	1.97%	-	-	-	-	CHEN, SIE-TONG  CHEN, CHUNG-HSIEN  CHEN, MI-JUAN  HSUEH, NIEN-CHEN  Chia Chi Sdry Enterprise Co., Ltd.	Father and daughter  Brother and sister  Sisters  Mother and daughter  Supervisor, Chia Chi Sdry Co., Ltd.  Baulidu Investment Co.,Ltd. Supervisor	-

							Baulid Investment Co.,Ltd..		
Hu Junhao	3,226,346	1.36%	-	-	-	-	Chia Chi Sdry Enterprise Co., Ltd. Baulid Investment Co.,Ltd.	General Manager and Director, Chia Chi Sdry Co., Ltd. Baulidu Investment Co.,Ltd. Director	-

Note 1: The names of supervisors should be listed separately, corporate shareholders should list the names of corporate shareholders and their representatives separately and the amount of each payment should be disclosed in aggregate.

Note 2: The calculation of the percentage of shareholding refers to the percentage of shareholding in the name of oneself, one's spouse, one's minor child, or the use of another person's name, respectively.

Note 3: The shareholders listed in the preceding paragraph include both legal and natural persons, and the relationships between them should be disclosed in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

**X. The number of shares held by the company, its directors, supervisors, managers and businesses directly or indirectly controlled by the company in the same reinvestment business, and the consolidated shareholding ratio is calculated.  
The Company has not reinvested in other companies, so it is not applicable.**

## IV. Capital Overview

### (I) Source of Capital

Year/Month	Issue Price (NT\$)	Authorized Capital		Paid-in Capital		Remark		
		Number of shares	Amount	Number of shares	Amount	Source of Capital	Capital Increased by Assets Other than Cash	Others
1989.11	10	200,000,000	2,000,000,000	140,000,000	1,400,000,000	-	-	Note 1
1997.01	10	200,000,000	2,000,000,000	145,600,000	1,456,000,000	Capital increase from retained earnings NT\$56,000,000	-	Note 2
1998.01	12	200,000,000	2,000,000,000	183,000,000	1,830,000,000	Capital increase by cash NT\$374,000,000	-	Note 3
1998.09	10	201,300,000	2,013,000,000	201,300,000	2,013,000,000	Capital increase from retained earnings NT\$183,000,000	-	Note 4
2003.02	10	161,040,000	1,610,400,000	161,040,000	1,610,400,000	Capital decrease NT\$ 402,600,000	-	Note 5
2007.05	10	210,000,000	2,100,000,000	161,040,000	1,610,400,000	Changed Authorized Capital	-	Note 6
2008.01	10	210,000,000	2,100,000,000	190,532,168	1,905,321,680	Consolidated capital increase NT\$ 294,921,680	-	Note 7
2008.07	10	210,000,000	2,100,000,000	194,342,811	1,943,428,110	Capital surplus to cash increase NT\$ 38,106,430	-	Note 8
2010.07	10	300,000,000	3,000,000,000	204,059,952	2,040,599,520	Capital increase from retained earnings NT\$97,171,410	-	Note 9
2011.07	10	300,000,000	3,000,000,000	210,181,751	2,101,817,510	Capital increase from retained earnings NT\$61,217,990	-	Note 10
2013.07	10	300,000,000	3,000,000,000	212,283,568	2,122,835,680	Capital increase from retained earnings NT\$21,018,170	-	Note 11
2018.05	10	300,000,000	3,000,000,000	224,047,568	2,240,475,680	Capital increase by cash NT\$117,640,000	-	Note 12
2019.05	10	300,000,000	3,000,000,000	237,490,422	2,374,904,220	Capital increase from retained earnings NT\$134,428,540	-	Note 13

Note 1: 1989.11.04. The Ministry of Economic Affairs approved the establishment of registration.

Note 2: 1998.01. 05. Approved by Official Letter Ching (1998) Shang-Tzu No. 127307.

Note 3: 1998.01. 05. Approved by Ching (1998) Shang-Tzu No. 127307.

Note 4: 1998.09.03. Approved by Official Letter Ching (1998) Shang-Tzu No. 087125678.

Note 5: 2003.03.10. Approved by Official Letter Ching Shou-Shang-Tzu No. 09201069290.

Note 6: 2007.05.25. Approved by Official Letter Ching Shou-Shang-Tzu No. 09601108830.

Note 7: 2008.01.23. Approved by Official Letter Ching-Shou-Shang-Tzu No. 09701018700.

Note 8: 2008.07.21. Approved by Official Letter Ching Shou-Shang-Tzu No. 09701180420.

Note 9: 2010.07.09. Approved by Official Letter Ching-Shou-Shang-Tzu No. 09901149220.

Note 10: 2011.07.21. Approved by Official Letter Ching Shou-Shang-Tzu No. 10001163890.

Note 11: 2013.07.31. Approved by Official Letter Ching Shou-Shang-Tzu No. 10201156440.

Note 12: 2018.07.02. Approved by Official Letter Ching-Shou-Shang-Tzu No. 10701046510.

Note 13: 2019.07.03. Approved by Official Letter Ching Shou-Shang-Tzu No. 10801080940.

Type of Shares	Authorized Capital			Remark
	Current Issued Shares	Unissued shares	Total	
Common Stock	237,490,422	62,509,578	300,000,000	

## II Status of Shareholders:

Date: 2021/3/6

Status of Shareholders Items	Government Agencies	Financial Institutions	Other Juridical Persons	Individual	Foreign Institutions Foreigners	Total
Number of Shareholders	-	-	20	5,158	16	5,194
Shareholding	-	-	101,719,197	132,342,100	3,429,125	237,490,422
Shareholding ratio	-	-	42.83%	55.73%	1.44%	100%

Note: First listed (over-the-counter) companies and emerging companies shall disclose the proportion of their shares held by Chinese capital; Chinese capital refers to the people, legal entities, organizations, and other institutions in mainland China or their companies invested in third regions as stipulated in Article 3 of the Regulations on the Permission for People to Invest in Taiwan.

## III Shareholding Distribution Status (Common stock):

Date: 2020/3/6

Face value: NT\$ 10.00

Number of shareholders: 5,194 people

Number of shares: 237,490,422 1,000 shares

Table of amounts	Shareholdings level			Number of shareholders	Shareholding	Shareholding ratio
A	1	to	999	1,482	204,976	0.086
B	1,000	to	5,000	1,698	4,051,355	1.706
C	5,001	to	10,000	632	4,778,583	2.012
D	10,001	to	15,000	383	4,645,424	1.956
E	15,001	to	20,000	163	3,029,305	1.276
F	20,001	to	30,000	223	5,454,020	2.297
G	30,001	to	50,000	194	7,772,381	3.272
H	50,001	to	100,000	184	12,874,743	5.421
I	100,001	to	200,000	122	16,584,017	6.983
J	200,001	to	400,000	50	14,211,776	5.984

K	400,001	to	600,000	16	7,952,695	3.349
L	600,001	to	800,000	13	8,659,432	3.646
M	800,001	to	1,000,000	8	7,320,921	3.083
N	1,000,001 or over			26	139,950,794	58.929
Total				5,194	237,490,422	100.000

IV. List of major shareholders: List the shareholders whose shareholding ratio reaches 5% or more, if there are less than 10, the names of the shareholders whose shareholding ratio accounts for the top 10, the amount and proportion of their shareholding should be disclosed

Date: 2020/3/6

Name of major shareholders	Number of shares	Shareholding %
Baulidu Investment Co., Ltd.	35,191,052	14.817
Guantian Investment Development Co., Ltd.	29,776,786	12.538
Chinatrust Commercial Bank Shareholding Trust granted by Concord Securities	9,513,283	4.005
Asahi Enterprises Corp.	8,469,741	3.566
Chia Chi Sdry Enterprise Co., Ltd.	8,249,867	3.473
Chen, Chung-Hsien	6,559,372	2.761
Chen, Mi-Juan	5,732,183	2.413
Chen, Sie-Tong	4,765,712	2.006
Chen, Pin-Chan	4,666,966	1.965
Hu Junhao	3,226,346	1.358

V. Market Price, Net Worth, Earnings, and Dividends per Share for the past two years:

Unit: NT\$1

Items/Year		2019	2020	As of Mar. 31, 2021 (Note 8)
Market price per share (Note 1)	Highest	11.95	14.65	17.20
	Lowest	8.64	6.36	12.45
	Average	10.48	10.50	14.90
Net value per share (Note 2)	Before distribution	14.93	16.73	-
	After distribution	14.34	Undistributed	-
Earnings per share	Weighted Average Shares (thousand shares)	230,769	237,490	-
	Earnings per share (Note 3)	0.57	1.98	-
Dividends per Share	Cash dividends (Note 9)	0.55	0.60	-
	Bonus shares (Note 9)	0	0.40	-
		0	0	-
	Accumulated Undistributed Dividends (Note 4)	-	-	-
Return on Investment Analysis	Price / Earnings ratio (Note 5)	18.39	5.30	-
	Price / Dividend Ratio (Note 6)	19.05	17.50	-
	Cash Dividend Yield Rate (Note 7)	0.052	0.047	-



Note: The distribution has not yet been resolved at the 2020 General Meeting of Shareholders.

\*In the event of a capital distribution from earnings or capital surplus, information on the market price and cash dividends retroactively adjusted for the number of shares issued should be disclosed.

Note 1: The highest and lowest market prices of common stock for each year are listed, and the average market price for each year is calculated based on the value and volume of transactions for each year.

Note 2: Please use the number of shares outstanding at the end of the year as the basis for the distribution of shares resolved at the following year's shareholders' meeting.

Note 3: If there is a retroactive adjustment due to a no-compensation stock allotment, the earnings per share before and after the adjustment should be shown.

Note 4: If the conditions of issuance of equity securities provide that unpaid dividends for the current year may be accumulated and paid in the year of earnings, the dividends accumulated and unpaid as of the current year should be disclosed separately.

Note 5: The Price / Earnings Ratio = average closing price per share for the year / earnings per share.

Note 6: The Price / Dividend Ratio = average closing price per share for the year / cash dividend per share.

Note 7: The Cash Dividend Yield Rate = cash dividend per share / average closing price per share for the year.

Note 8: The net value per share and earnings per share should be presented as of the most recent quarterly period audited (reviewed) by the accountants as of the printing date of the annual report; the remaining columns should be presented for the current year as of the printing date of the annual report. The latest information audited (reviewed) by the accountant is the **fourth quarter of 2020**, which is not available separately.

Note 9: The appropriation of earnings for the fiscal year 2020 is subject to the resolution of the 2021 General Meeting of Shareholders.

## VI. Dividend policy and implementation status:

### (I) Dividend policy as defined in the Company's Articles of Incorporation:

The Company is in the stage of mature industrial development, stable profitability and sound financial structure, but in view of the expansion of business projects in the coming years, the distribution of earnings is based on the legal reserve, special reserve, and special reserve provided by law or reversed by law from the distributable earnings of the current year, and the remaining undistributed earnings of the previous years are prepared by the Board of Directors. The Board of Directors shall prepare a proposal for distribution and submit it to the shareholders' meeting for resolution. Dividends and bonuses to shareholders shall be distributed at a rate of not less than 30% of the distributable earnings, provided that if the accumulated distributable earnings are less than 1% of the paid-in capital, they may not be distributed; cash dividends shall be distributed at a rate of not less than 30% of the total dividends; provided, however, that if the Company obtains sufficient outside funds to finance significant capital expenditures for the year, it shall set aside at least 50% of the dividends distributed for that year. Cash dividends shall be paid.

### (II) Circumstances of the proposed dividend distribution at this shareholders' meeting:

The appropriation of earnings for 2020 was approved by the Board of Directors on March 9, 2020, and the appropriation of cash dividends of NT\$142,494,253 and stock dividends of NT\$94,996,170 was estimated. With the total number of 237,490,422 shares issued by the Company, a cash dividend of approximately NT\$0.6 per share and a stock dividend of approximately NT\$0.4 per share are proposed to be set by the Board of Directors after the resolution of the shareholders' meeting.

VII. Effect of the proposed bonus shares at the shareholders' meeting on the Company's operating results and earnings per share

		Year	2020 (Estimates)
Initial Paid-in Capital (NT\$)			2,374,904,220
Current Year Dividends(Note 1)	Cash dividend per share (NT\$)		0.6
	Number of share allotment from earnings transferred to capital(shares)		0.4
	Number of share allotment from capital surplus transferred to capital(shares)		-
Variation of Operational Performance	Operating profit		Not applicable(Note 2)
	Year-over-year Increase (decrease) ratio of operating profit		
	Net profit after tax		
	Year-over-year Increase (decrease) ratio of net profit after tax		
	Earnings per share		
	Year-over-year Increase (decrease) ratio of earnings per share		
	Annual average return on investment (Reciprocal annual average P/E ratio)		
Earnings per share and P/E ratio	If the total amount of earnings transferred to capital changes to cash dividend	Pro forma earnings per share	Not applicable(Note 2)
		Pro forma Annual average return on investment	
	In case of capital surplus yet been transferred to capital	Pro forma earnings per share	Not applicable(Note 2)
		Pro forma Annual average return on investment	
	In case of capital surplus and earnings yet been transferred to capital and changed to cash dividend	Pro forma earnings per share	Not applicable(Note 2)
		Pro forma Annual average return on investment	

Note 1: Not yet resolved by the General Meeting of Shareholders

Note 2: The Company is not required to disclose the financial forecast information for the year 2020 in accordance with the "Implementation Guidelines for the Financial Forecast System for Public Companies".

VIII. Employee, Director and Supervisor Compensation

(I) The percentage or scope of remuneration for employees, Director and supervisors as set forth in the Articles of Incorporation:

If the Company makes a profit in a year, the Company shall set aside 1% as employee compensation, but the Company shall reserve the amount of compensation in advance if the Company still has accumulated losses, and no Director's compensation is provided.

The former employee compensation shall be distributed in stock or cash by resolution of

the Board of Directors, and the employee compensation distribution shall be reported to the shareholders' meeting.

- (II) The basis for estimating the amount of compensation to employees, Director and supervisors, the basis for calculating the number of shares for employee compensation distributed in stock, and the accounting treatment if the actual amount of allotment differs from the estimated amount:

Since January 1, 2008, the cost of employee bonuses and remuneration to directors and supervisors is recognized as expenses and liabilities in accordance with the regulation in the Official Letter (96) Ji-Mi-Zhu No. 052 “Accounting treatment of employee dividends and remuneration of directors and supervisors” by Accounting Research and Development Foundation dated March 16, 2007. when a legal or constructive obligation exists and the amount can be reasonably estimated. In accordance with the Company's Articles of Incorporation and the resolution of the Board of Directors, employee compensation is estimated to be expensed in the current period. The difference between the actual allotment amount and the estimated amount as approved by the Board of Directors is recorded as profit or loss in the following year.

- (III) Approval from the Board of Directors on the distribution of remuneration:

1.The amount of employee compensation and director and supervisor compensation distributed in cash or stock. If the amount differs from the amount estimated in the year in which the expense is recognized, the amount of the difference, the reason for the difference and the circumstances under which the difference was handled should be disclosed.

The remuneration of employees and directors and supervisors for the year 2020 were approved by the Board of Directors of the Company on February 2, 2021 as follows:

Unit: NT\$1,000

Items	From the resolution of the Board of Directors, it is decided to distribute	Recognition expenses are estimated for the year	Differences
Remuneration for Directors and Supervisors	0	0	-
Employee bonus stock (1%)	4,821	4,821	-

2.Employees' compensation distributed in stock as a percentage of the total net income

after tax and total employees' compensation for the period:

The Company has not allotted employee stock, so it is not applicable.

(IV) The actual allotment of employees', directors' and supervisors' remuneration in the previous year (including the number of shares allotted, the amount and the price of shares), the difference between the allotment and the recognition of employees' bonuses and directors' and supervisors' remuneration, and the amount of the difference, the reasons for the difference and the circumstances under which the difference was handled, should be stated:

The actual distribution of the compensation to employees, directors and supervisors in 2019 did not differ from the amount estimated in the financial statements for 2019.

IX. Buyback of Treasury Stock: None.

X. Corporate Bond (including overseas bond): None

XI. Preferred Shares: None

XII. Issuance of Overseas Depositary Receipts: None

XIII. Employee Stock Warrants: None

XIV. New Restricted Employee Shares: None

XV. Issuance of New Shares for Acquisition or Exchange of Other Companies' Shares: None

XVI. Implementation of capital utilization plan: None

## V. Operations Profile

### I. Business Scope

#### (I) Business Scope

1. The principal elements of the Company's business operations are as follows

- (1) Trading of marketable securities on a centralized trading market
- (2) Self-trading of marketable securities on the centralized trading market
- (3) Trading of marketable securities on its business premises
- (4) Self-dealing in marketable securities on its business premises
- (5) Underwriting of marketable securities
- (6) Borrowings from securities business
- (7) Trading of foreign securities (multiple mandate)
- (8) Marketable Securities Trading Financing and Financing
- (9) Unrestricted loan business
- (10) Futures trading assistance business
- (11) Other securities-related business approved by the competent authorities

2. Amount and proportion of the Company's major operating revenues

Unit: NT\$1,000

Item \ Year	2018		2019		2020	
	Amount	Percentage %	Amount	Percentage %	Amount	Percentage %
Securities Brokerage Business(Note )	241,104	63.67	203,643	61.05	290,566	39.81
Securities proprietary business	131,340	34.68	120,360	36.08	425,891	58.36
Securities Underwriting Business	1,020	0.27	4,121	1.23	8,969	1.23
Others	5,235	1.38	5,469	1.64	4,390	0.60
<b>Total</b>	<b>378,699</b>	<b>100.00</b>	<b>333,593</b>	<b>100.00</b>	<b>729,816</b>	<b>100.00</b>

Source: Individual financial reports audited by a certified public accountant. (Note: Including futures)

3. Current products (services) of the company

#### (1) Main Services

- A. Provide centralized market and storefront market brokerage services.
- B. Counseling companies to go public, list on the stock exchange, and recommend them to build the stock exchange.

C. Provide investors with a variety of financial services.

D. Other securities-related business approved by the competent authorities.

(2) Main service targets: Domestic investors are the main service targets.

(3) Services and Business Features:

	Service Items	Business Features
Brokerage Business	<p>(1) The business of buying and selling securities commissioned by customers in the central market or storefront market.</p> <p>(2) Customer development and business development</p> <p>(3) Credit investigation and control of customer credit</p> <p>(4) The collation and provision of securities information</p> <p>(5) Acting as the agent for the centralized custody and transfer of marketable securities of customers.</p> <p>(6) Entrusted to handle credit transactions on behalf of customer</p> <p>(7) Customer operation guidance.</p> <p>(8) Borrowings from securities business.</p> <p>(9) Settlement and delivery of stocks and bonds</p> <p>(10) Other matters related to auditing business.</p> <p>(11) Acting as an agent for the sale and purchase of multiple orders.</p> <p>(12) Unrestricted loan business.</p> <p>(13) Futures trading assistance business.</p>	<p>(1) Our company currently has nine brokerage offices throughout the province, providing a full range of localized services, and our directors and associates are all local people.</p> <p>(2) In order to respond to the market trend and expand the market share of electronic trading, the Company built the most advanced network AP order placing justwin system in mid-2010, expecting a win-win situation for both customers and the Company and actively increasing the market share of electronic orders.</p> <p>(3) The Company has integrated its order placement platforms, and each platform adopts a three-in-one system of securities, futures and options, enabling customers to trade securities, futures and options on the same platform.</p>
Self-operating Business	<p>(1) To use its own funds to trade various marketable securities and financial derivatives in the centralized market, storefront market, futures market, and other markets.</p> <p>(2) The aggregated transactions in</p>	<p>The proprietary team uses computer-aided data and observes market fluctuations to determine the direction of the stock market and to exchange information with peers to achieve proprietary growth goals.</p>

	the Emerging Stock Market.	
Underwriting Business	<p>(1) Assisting and counseling companies in applying for public offerings and raising of various securities or assisting in the issuance of securities, the establishment of an over-the-counter (OTC), listing, and listing services.</p> <p>(2) Assist in raising capital for the issuance of securities such as stocks and convertible bonds.</p> <p>(3) Undertake to assist listed (over-the-counter) enterprises in cash capital increase evaluation and related underwriting business.</p> <p>(4) Provide capital planning, financial and management consulting services.</p> <p>(5) Other matters related to auditing business</p>	<p>(1) Cooperate with peers to secure various underwriting cases.</p> <p>(2) The Company upholds the goal of providing professional financial services to businesses and plays a good medium and provider in the market value chain to enhance operational value.</p> <p>(3) In the future, the Company will focus its business on securing the recommendation of high quality enterprises and various types of fund raising cases, including convertible bonds, current capital increase and preferred shares, etc. The Company will also strengthen its financial advisory business to make its underwriting business more competitive.</p>
Bond Business	<p>(1) Public and corporate bonds are traded off.</p> <p>(2) Bonds with repurchase and resale transactions.</p> <p>(3) Short-term interest rate consultation and disclosure of public debt yield. The Company uses its own funds to buy and sell central government bonds and corporate bonds in the market.</p>	<p>(1) With the spirit and concept of service, the Company will cooperate with the government's policy of revitalizing the money and bond markets, and provide investors with the option to buy and sell bonds issued by the government, so that they can use their capital to earn safe and stable interest.</p> <p>(2) Cooperate with other departments to jointly develop and serve customers so that they have more options to operate their funds and create more added value for the company.</p>
Compound Commissioning Business	Currently, trading in foreign securities is limited to the subject matter of transactions on the Hong Kong Stock Exchange and permitted by the competent authorities in Taiwan. In the future, we will be able to expand	It is linked to the brokerage business of the Taiwan stock market to provide investors with diversified services, allowing them to invest in investment markets other than the Taiwan stock market and to learn more about the information related to

	to the U.S. and Japanese markets depending on actual needs.	the development of the Taiwan stock market.
Loan Items	The Company engages in capital financing business for the settlement of the purchase of listed or over-the-counter securities. T+5 and semi-annual are included in the scope of brokerage business.	(1) Resolve the borrowings of customers who are unable to deliver due to temporary shortage of funds. (2) Provide a new option for long-term equity holders to revitalize their equity assets on their books. We use our clients' stocks as collateral for lending and borrowing to provide them with a dynamic investment approach that allows them to generate more income.
Unrestricted loan business	The customer guarantees the facility with securities or other commodities for six months, which may be extended for six months (twice) depending on the customer's creditworthiness.	To solve customers' temporary shortage of funds and revitalize the use of stock assets in the accounts.

(4) New products (services) to be developed

- A. Continue to optimize the existing electronic trading system and develop a more functional trading platform.
- B. Promote the new business development mode of "online account opening".

(II) Industry overview:

1. Current status and development of the industry

(1) General Economic Environment Looking at the recent international economic situation, although the global epidemic has worsened again and major countries have restarted strict control measures, the impact on the manufacturing industry is limited, and the manufacturing PMI in Europe and the U.S. still maintains an expansionary trend. On the domestic front, benefiting from the continued epidemic, remote business opportunities emerged, and the sequence into the 5G generation, the demand for semiconductors was strong, and capacity was in short supply, so the electronic machinery industry manufacturers still maintain a certain degree of optimism about the current month and the next six months. The traditional industry is benefiting from higher international crude oil and raw material prices, and the demand for production is gradually picking up, making production optimistic about the economy compared to previous surveys. The service industry is entering the end of the year peak dining season, coupled with the bright performance of Taiwan stocks, pulling the securities industry and the restaurant industry's view of the month's economic strength. The construction industry, constrained by the recent high cost of steel, and the tight supply of concrete materials has not been lifted, coupled with the previous housing market



transactions are more active, the base period is relatively high, and the future government will still be dynamic adjustment policy direction, so that the real estate investment wait-and-see atmosphere is relatively thick, obviously the next six months the housing market will be in a period of adjustment, so that the construction industry for the next six months of the economic view of the more cautious attitude. According to the results of a survey conducted by the Taiwan Institute for Economic Research, after model calculations, the manufacturing industry's business climate test point continued to rise in December, while the service industry's test point declined slightly and the construction industry's test point fell for two consecutive months. Finally, for the total economy in 2021, the Taiwan Economic Research Institute (TEI) forecasts that the domestic economic growth rate will be 4.30% in 2021, an upward revision of 0.29 percentage points from the forecast in November 2020.

In the domestic financial market, bank funding remained accommodative, with the highest financial overnight call rate at 0.082% and the lowest at 0.079% in December 2020, for a weighted average rate of 0.080%, unchanged from the previous month and 0.097 percentage points lower than the same period in 2019. As for the stock market, benefiting from the positive news such as the vaccines being administered in Europe and the United States, the passage of the fiscal relief bill by the U.S. Congress, and the agreement finally reached between the United Kingdom and the European Union, the whole stock market rallied, and the bright revenue performance of listed companies in Taiwan drove Taiwan stocks to strengthen. The average daily volume was NT\$269.3 billion. In terms of exchange rate, the US dollar continued to weaken due to the optimistic expectation of the US fiscal relief case and positive news such as vaccine administration, which led to the general rise of Asian currencies and the strengthening of the New Taiwan dollar, where the foreign exchange rate closed at the end of the month was 28.508, appreciated by 1.10%.

## (2) Overview of domestic stock market and securities market

### A. Domestic Stock Market Overview

Looking back to 2020, the new pneumonia epidemic spread worldwide, the outbreak dragged on for a long time, countries adopted lockdowns, business activities came to a halt, all industrial chains were affected, and unemployment rates soared. The government's success in preventing epidemics, the solid economic fundamentals, and the 4.1% average yield of Taiwan's stock market over the past 10 years rank among the top in the world. In addition, the competent authorities have accelerated the internationalization of Taiwan's corporate governance, and with the relaxation of online account opening methods and the implementation of trade by trade and intraday zero-share trading, more domestic and foreign capital has been attracted to invest in Taiwan's stock market. The weighted index of Taiwan stocks closed at a high of 14,732 at the end of 2020, up 22.8% for the year, and the market value of listed stocks reached NT\$4.93 trillion with a daily average value of NT\$252.4 billion. In 2020, the number

of new account holders reached 670,000, and the number of centralized market transactions also grew to a record high of 4.38 million, a boom not seen in many years.

#### B. Overview of domestic stock market and securities market

The growth and scale of the equity issuance market is mainly in line with the speed of the development of the domestic securities market. Under the policy direction of the government to help enterprises enter the capital market, enhance the competitiveness of the industry and move towards globalization, the scale of the domestic issuance market has been expanding year by year, which has led to the prosperous development of the Taiwan securities market. Among them, the number of listed companies in the centralized market increased from 462 at the end of 1999 to 948 at the end of 2020, and their total capital increased from \$3,083 billion at the end of 1999 to \$7,238.4 billion in 2020, a 134.78% increase. As for the storefront market, the number of listed companies increased from 264 at the end of 1999 to 782 at the end of 2020, and the total capital increased from \$513.8 billion at the end of 1999 to \$742.2 billion, representing an increase of 44.45%.

Number of Listed Companies (OTC)

Unit: NT\$ 100 million

Year	Listed Company (Note 1)			Over-the-Counter Company (Note 2)			Unlisted companies (Note 3)	
	Number of companies	Capital		Number of companies	Capital		Number of companies	Capital
		Amount	Growth Rate		Amount	Growth Rate		
1999	462	30,830	12.76%	264	5,138	34.71%	2,018	29,469
(2000 ~ 2011 omitted)								
2012	809	63,850	3.78%	638	6,669	(8.88%)	540	16,859
2013	838	66,100	3.53%	658	6,619	0.37%	584	17,772
2014	854	67,834	2.62%	685	6,796	2.68%	621	17,490
2015	874	69,509	2.47%	712	7,062	3.92%	636	16,820
2016	892	70,217	1.02%	732	7,153	1.28%	639	15,786
2017	907	71,362	1.63%	744	7,224	0.99%	652	15,465
2018	928	71,589	0.32%	766	7,385	2.23%	666	14,510
2019	942	71,556	(0.05%)	775	7,467	1.10%	677	14,835
2020	948	72,384	1.16%	782	7,422	(0.59%)	708	13,755

Source: FSC Securities and Futures Bureau website/Key Indicators of Securities and Futures Market

Note 1: Listed companies include first-listed foreign companies.

Note 2: The number of listed stocks includes Class II stocks since April 2000, and the listing and trading system of Class II stocks was officially abolished on Nov. 5, 2004. The listed companies include the first listed foreign companies.

Note 3: Since January 2, 2002, the trading of HSC stock started, unlisted (over-the-counter) companies include HSC.

The total amount of capital raised from the capital market by listed companies (including emerging companies) in the form of cash capital increase was NT\$53.28 billion for 37 listed companies in 2014, \$62.2 billion in 2015, and \$19.27 billion for 25 listed companies in 2016, while for listed companies (including emerging companies),

\$11.16 billion was raised by 86 companies in 2014, NT\$8.23 billion by 69 companies in 2015, and NT\$5.82 billion by 55 companies in 2016. This is mainly due to the fact that the domestic stock market continues to be in the doldrums, which makes listed companies and public offerings more conservative in their attitude toward raising capital domestically. Fortunately, since 2017, with the implementation of loose monetary policies in various countries, the global economic climate has gradually moved into the recovery stage, and the investment situation in the international market has felt the improvement of the atmosphere, in response to the long stimulus of the stock markets in Europe and the United States, the stock market in ROC has also performed well. As of the end of 2020, the weighted index continued to hover at 10,000 points and the international market was in turmoil, driving listed companies (including emerging ones) to apply for cash capital increases.

#### Listed and Emerging Companies' Cash Capital Increase Statistics

Unit: NT\$ 100 million

Year	Listed Company		Over-the-Counter Company		Emerging Company	
	Number of companies	Capital increase by cash	Number of companies	Capital increase by cash	Number of companies	Capital increase by cash
2014	37	532.8	46	70.3	40	41.3
2015	34	622.0	33	36.2	36	46.1
2016	25	192.7	24	32.7	31	25.5
2017	38	648.6	34	46.4	35	33.0
2018	43	444.3	31	75.6	40	39.8
2019	46	443.1	37	48.7	22	28.2
2020	49	372.1	39	55.9	41	37.9

Source: FSC Securities and Futures Bureau website/Key Indicators of Securities and Futures Market

According to the above statistics, the government has been actively encouraging the development of the capital market and helping quality enterprises to transform and grow from the capital market, so it has established channels for SMEs to raise capital, such as the Emerging Stock Market, which has been operating for more than 10 years, and the New Stock Market, which was established in 2014. Therefore, the Taiwan securities issuance market has developed into a mature market, and despite the cyclical economic factors, the number of listed or emerging companies and the total amount of capital raised still maintain a considerable economic scale. Since its implementation in January 2002, there were 253 emerging stocks at the end of 2020, and the emerging stock market has become a preparatory market before going public.

#### C. Domestic Bond Market

Following the popularization of the concept of direct finance and the steady development of the capital market, the primary market for bonds has grown to meet the needs of the government for public construction and fiscal spending, as well as the demand for treasury funds. In addition to the hundreds of billions of dollars of

government bonds issued every year, the number of corporate bonds issued by enterprises to raise capital is increasing, and the size of financial bonds issued for the purpose of strengthening bank capital is also increasing year by year, leading to a significant growth in the size of the bond issuance market. The net issuance of bonds increased by 63.06% from NT\$1,523.6 billion in 2012 to NT\$2,484.4 billion in 2020.

### Bond Issuance Statistics

Unit: NT\$ 100 million

Year	Government Bond		Financial Bond		Net Amount				Total Net Amount
	Period	Net amount	Period	Net amount	General Corporate Bonds		Conversion of corporate bonds		
					Period	Net amount	Period	Net amount	
2012	100	49,343	440	9,904	433	13,641	314	1,595	15,236
2013	103	52,095	408	9,924	468	15,776	294	1,542	17,318
2014	108	54,402	403	10,514	519	17,198	277	1,508	18,706
2015	113	55,694	355	9,889	500	17,082	297	1,554	18,636
2016	116	56,053	346	9,774	500	16,776	270	1,483	18,259
2017	119	56,363	345	9,164	512	17,437	193	1,173	18,610
2018	124	56,025	349	9,045	535	18,120	157	1,174	19,294
2019	129	55,510	356	9,494	569	19,012	166	1,186	20,198
2020	137	56,245	370	10,406	681	23,506	193	1,338	24,844

Source: FSC Securities and Futures Bureau website\ Key Indicators of Securities and Futures Market

For the front-end market, the reasons for the change in total transaction value by year were more or less the same as those for the centralized market. On the other hand, the total transaction value of listed stocks (including emerging stocks) increased from NT\$4,320 billion in 2013 to NT\$5,331.2 billion in 2016, representing a growth rate of 23.41%. The total transaction value of the listed stocks (including emerging stocks) reached NT\$12,593 billion in 2020, which is a good performance.

### Centralized and storefront market turnover statistics

Unit: NT\$ 100 million

Year	Centralized market		Total transaction value of the storefront market			
	Total Transaction Value	Growth Rate (%)	General	Growth Rate (%)	Emerging Company	Growth Rate (%)
2013	189,409	(6.41)	40,309	36.55	2,891	86.64
2014	218,985	15.61	63,559	57.68	4,195	45.11
2015	201,915	(7.80)	56,892	(10.49)	3,191	(23.93)
2016	167,711	(16.94)	50,503	(11.23)	2,809	(11.97)
2017	239,722	42.94	76,835	52.14	2,647	(5.77)
2018	296,089	23.51	81,455	6	2,403	(9.22)
2019	264,646	(10.62)	76,075	(6.6)	1,790	(25.51)
2020	456,543	72.51	120,871	58.88	5,059	182.63

Source: FSC Securities and Futures Bureau website\ Key Indicators of Securities and Futures Market

Note: Since January 2, 2002, the trading of HSC stock started over-the-counter) companies include HSC.

## 2. Upstream, midstream and downstream industry linkages

The securities industry plays the role of a capital broker, linking the demand for capital, such as public companies, financial institutions and government agencies, with the supply of capital, such as the investing public and institutional investors. Through the operation of the capital market, the capital demanders can obtain funds at a reasonable cost through the fund raising channel and improve their financial status; while the investing public has the right to distribute the surplus as the company's operation grows, and can enjoy capital gains on the other hand, creating a win-win situation for both the capital demanders and the capital suppliers. The securities industry serves as a bridge between the supply and demand of capital, channeling social lending and general private savings into real and effective investment quickly, so there is no clear distinction between the upper, middle and lower reaches of the industry. Formally, the relationship between the supply and demand of funds and the bridge can be tabulated as follows.

Source: Provided by our company

## 3. Various development trends and competition of products

The main businesses that a securities dealer can operate are brokerage business, proprietary business and underwriting business. The market share and competition of the above businesses of the Company are described as follows.

### (1) Brokerage business

Looking at the brokerage business profile of Taiwan's securities firms, Yuanta Securities still ranks first in the industry with a market share of 12.393%, and has even opened up a gap in market share to KGI Securities, which is in second place. For Yuanta Securities, which has a large retail client base, the volume of Taiwan stocks is surging high and the volume of securities brokers is also considerable. The Company also aims to attract the younger generation to participate in the investment market by enhancing their awareness and recognition through promotional activities and strengthening the e-order platform services.

#### Overview of brokerage business of major securities firms in Taiwan

Unit: NT\$ 100 million

Manufacturers	2018		2019		2020	
	Amount	Market share (%)	Amount	Market share (%)	Amount	Market share (%)
Yuanta	73,451	11.419	66,855	11.505	121,903	12.393
KGI	51,688	8.036	46,409	7.986	88,782	9.026
Fubon	36,458	5.668	29,941	5.152	52,172	5.304
SinoPac	30,069	4.675	25,909	4.459	43,924	4.465
Capital Securities	26,344	4.096	21,611	3.719	36,834	3.745

MasterLink Securities	23,482	3.651	20,672	3.557	33,985	3.455
JihSun	21,470	3.491	19,130	3.292	33,596	3.416
Mega Bank	19,869	2.901	18,183	3.129	31,197	3.172
EnTrust Securities	20,056	3.118	18,666	3.212	29,732	3.023
PSC	18,658	3.338	16,801	2.891	29,209	2.970
Top 10	321,545	50.39	284,177	48.90	501,339	50.97
Concord	1,366	0.213	1,179	0.203	2,004	0.204

Data Source: Taiwan Stock Exchange

The Company's market share in the centralized trading market was only between 0.19% and 0.22% in 2018, 2019 and 2020 due to its smaller capitalization and fewer brokerage offices than the top 10 brokerage firms. However, the Company still strives to further develop the domestic brokerage market, continue to enhance the efficiency of its offices, focus on customer relationship management, and enhance the professional wealth management and other related financial expertise of its employees in order to meet the differentiated investment banking needs of its clients. To meet the differentiated investment and financial management needs of our clients, we focus on the management of client relationships and the enhancement of our employees' professional wealth management skills.

## (2) Self-operating business

The self-operated business is mainly engaged in trading securities in the centralized and front-end markets to obtain capital gains, and its profit and loss is deeply affected by fluctuations in the stock and bond markets or government policies.

The authorities actively promoted the internationalization of Taiwan's corporate governance in 2020, and together with the relaxation of online account opening and the implementation of trade by trade and intraday zero-share trading, more domestic and foreign capital was attracted to invest in Taiwan's stock market, and the continued capital inflow of foreign capital into Taiwan stocks led to the gradual rise of the Taiwan Weighted Index. The net gain on sales of operating securities was \$44,524 thousand and \$62,470 thousand for 2019 and 2020, respectively, due to the Company's strategy of carefully selecting and holding marketable securities with inherent potential and good long-term prospects in its proprietary business. The net income from operating securities at fair value through profit or loss was NT\$16,826 thousand and NT\$305,735 thousand, respectively.

## (3) Self-operating business

As for the domestic securities underwriting market, in recent years, due to fierce inter-industry competition and the limited number of large capital raising cases each year, the number of underwriting cases and amounts underwritten by each underwriter have

been variable, which in turn has caused significant fluctuations in underwriting revenue. The majority of large underwriting cases in Taiwan are handled by major underwriters, indicating that the trend of large underwriters will continue. The market landscape for equity underwriting business is largely defined. Therefore, in the future, under the new underwriting system, brokerage firms will not have the opportunity to earn capital gains from underwriting IPO cases, and they will be responsible for stabilizing the stock price for a certain period of time. In response to this change in the system, underwriters will often lengthen their fronts and advance to the emerging market to obtain bids and placements, which will increase the risks they have to bear.

Since the Company does not act as an underwriting sponsor, underwriting fees are mainly derived from underwriting processing fees and compensation for underwriting securities. Underwriting revenues were NT\$822 thousand and NT\$2,424 thousand for 2019 and 2020, respectively, and net gains on sales of operating securities were NT\$4,287 thousand and NT\$5,059 thousand for 2019 and 2020, respectively, while net gains on operating securities at fair value through profit or loss were NT\$(812) thousand and NT\$(2,016) thousand, respectively.

Looking ahead, the underwriting department will continue to develop high value-added, target and niche fundraising cases, and strive for IPO and SPO (including CB and ECB) co-sponsorship, with capital gains from treasury as the main business strategy. In addition, the Company will continue to play a professional role as a capital bridge in the capital market by establishing stable distribution channels for our important clients in the brokerage (including futures) business and assisting more enterprises to list in the capital market or raise capital, with the goal of creating maximum benefits for our clients and the local capital market.

### (III) Technology and R&D Overview

The securities industry is a financial licensing business and new products must be approved by the competent authorities before they can be issued. The Company will continue to bring in experienced professionals in accordance with the government's industrial policy. With the development of talents and technologies in financial instruments, the Company will look for niche markets to invest in that are in line with the Company's strategy, and will actively invest in the research and development of new products to meet the diversified investment needs of our customers in line with the liberalization of the competent authorities.

### (IV) Long- and short-term business development plans:

	Short-term Business Development Plan	Long-term Business Development Plan
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<p style="text-align: center;">Brokerage Business</p>	<p>(1) Enhance and promote the functions of the web-based information viewing and order placement system to increase clients' ability to research and judge quotes and select stocks, and to enhance clients' investment tools by providing immediate access to international information, general and even industry and stock-related basic information.</p> <p>(2) Build a variety of mobile order information and trading platforms, and a Hong Kong stock multiple commission information and trading platform to provide customers with a more convenient and real-time trading system.</p> <p>(3) Update the voice order platform and reporting system, and involve deeply in customer relationship management.</p> <p>(4) Revitalize inactive clients and educate clients on a transaction-by-transaction basis and on cash hedge in order to increase market share.</p> <p>(5) Commit to developing a people-oriented company that focuses on the rights and interests of our customers, employees and shareholders.</p> <p>(6) Attract large customers in competitive markets with customized and in-depth content services to increase additional benefits.</p> <p>(7) Cooperate with the company's own credit transactions and counsel customers to make good use of credit transactions.</p> <p>(8) Provide customers with information to facilitate the government's stock market upturn plan, so that customers can invest more smoothly.</p>	<p>(1) With the professional service advantage, the sales staff provides investors with services in Taiwan stocks, futures, and compound entrustment business, and continues to strengthen the professional training of staff and business development strategy to strive for continuous business growth and enhance the quality of services.</p> <p>(2) The Company will optimize our online trading system platform and enhance our online services by providing a variety of electronic platform interfaces, easy and convenient online order placement and quick and easy mobile transactions to enhance the convenience of trading and to meet the needs of our customers with customized services.</p> <p>(3) The business will be optimized simultaneously on the process, system and product sides to improve business efficiency and service quality and to maintain business advantages.</p> <p>(4) Use of new unrestricted securities lending business to expand financial lending interests.</p> <p>(5) Set up customer sub-accounts to facilitate customer transactions.</p> <p>(6) Set up a multi-delegation trading platform for clients to invest in foreign stocks.</p>
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Self-operating Business	The Company observes the changes of various international indices, ETFs, futures, options and other commodities, and tracks the futures indices and ETFs of mainland stocks to achieve arbitrage trading by using various investment portfolios flexibly.	With the long-term goal of gaining capital gains from trading securities in the centralized and front-end markets, the Company will continue to track industry movements in terms of fundamentals, chip movements, and technical analysis, and work hard to achieve our profit goals.
Underwriting Business	<ol style="list-style-type: none"> <li>(1) In response to the changes in the underwriting market, we strive for IPO and SPO (including CB and ECB) co-sponsorship cases, strengthen fixed income, select industries and future development carefully, pay attention to corporate credit risk, and strive for cases.</li> <li>(2) Establish stable distribution channels with stable and important clients in the brokerage business.</li> </ol>	<ol style="list-style-type: none"> <li>(1) Strengthen the development of financial consulting business.</li> <li>(2) Participate in the investment of listed stocks and underwrite the first listing of domestic and foreign enterprises.</li> <li>(3) Actively participate in collaborative cases and develop steadily in order to obtain capital gains from treasury stock.</li> </ol>
Bond Business	<ol style="list-style-type: none"> <li>(1) Continue to track domestic corporate bonds and look for opportunities to build high-quality corporate bond positions and enhance yields.</li> <li>(2) Improve the return on existing fixed income reinvestments.</li> </ol>	<ol style="list-style-type: none"> <li>(1) Continuously strengthen the ability to research and judge domestic and external general economic trends.</li> <li>(2) Externally, the Company will work with other brokerage firms' bond departments and understand the current market conditions to enhance the profitability of the department.</li> <li>(3) Actively participate in the bidding and trading of the domestic bond market for primary issuance.</li> </ol>
Futures Assistance Business	<ol style="list-style-type: none"> <li>(1) Strengthen the business development of individual stock futures and individual stock options.</li> <li>(2) Cooperate with the education training of the upper hand and to be familiar with each commodity and trading system.</li> <li>(3) Familiar with various trading platforms to provide customers with more efficient system services.</li> </ol>	<ol style="list-style-type: none"> <li>(1) Integrate spot and futures information to plan long-term business development direction.</li> <li>(2) Cross-promotion policy for securities and futures business.</li> <li>(3) Integrate service business with management system and establish long-term development plan.</li> <li>(4) Long-term training program for new employees.</li> <li>(5) Long-term training program for</li> </ol>

	<p>(4) For sales staff, strengthen the training of professional intelligence.</p> <p>(5) Strengthen the relationship with customers and enhance differentiated management.</p> <p>(6) Implement risk management system.</p>	<p>new employees.</p> <p>(6) Expand more types of futures and option products to provide more diversified services.</p>
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## II. Market and Sales Overview

### (1) Market analysis:

#### 1. Main service items and service targets

- (1) Service items: The business includes securities brokerage (including futures), proprietary trading, bonds, underwriting, and credit trading.
- (2) Service targets: including domestic and foreign legal entities and the general investment public.

#### 2. Market share of the last 3 brokerage businesses

Unit: NT\$ 100 million

Area	2018		2019		2020	
	Volume	Market share%	Volume	Market share%	Volume	Market share%
Whole market	402,377	-	367,038	-	613,327	-
South Region	1,366	0.17	1,221	0.17	2,031	0.17
North Region	523	0.06	439	0.06	686	0.06
Total	1,889	0.23	1,660	0.23	2,717	0.22

Data Source: Taiwan Stock Exchange

Note: Market share = company volume / market volume / 2

#### 3. Future market supply and demand and growth

##### (1) Supply aspect

The total number of securities firms in the country has been decreasing from 183 at the end of 2011 to 105 at the end of 2020. It is expected that the number of major securities firms will continue to decrease due to mergers and consolidations of financial holding companies.

#### Statistics of securities futures service business

Unit: Number of companies

Year	Total number of securities dealers		Brokers	Self-trade firm	Underwriting firm
	Head Office	Branch			
2011	183	1,094	151	105	75
2002~2012 omitted					
2013	121	993	82	81	54
2014	119	964	78	80	57

Year	Total number of securities dealers		Brokers	Self-trade firm	Underwriting firm
	Head Office	Branch			
2015	120	965	80	81	62
2016	116	910	78	79	59
2017	111	883	74	77	58
2018	108	871	72	76	58
2019	106	853	71	75	58
2020	105	848	70	74	58

Source: FSC Securities and Futures Bureau website, Key

#### Indicators of Securities and Futures Market

In recent years, the FSC has continued to promote financial upgrades to facilitate industrial and economic development. In order to make the securities market more prosperous, the trading system has been appropriately relaxed to create a more efficient trading market. In 2015, the Securities Market Uplift Plan was launched, with the main changes being the relaxation of stock market limit, the relaxation of the range of spot stock equivalent targets, the adjustment of the range of inflation and decline, and the increase of the minimum whole account guarantee maintenance rate from 120% to 130% for credit transactions. In order to continue to strengthen the international competitiveness of the capital market, the Company is once again planning to promote the advanced version of the Securities Market Enhancement Plan, which will be opened up from January 2016, including the opening up of securities dealers to handle unrestricted lending and borrowing of funds, the study of opening up the scope of investment from Mainland China, and the expansion of the scope of pawn trading targets, in order to expand the trading targets and market dynamics of strategic trading for investors.

#### (2) Supply aspect

With the development of Internet technology, the speed of information dissemination, the increasing income of the people and the increasing variety of investment tools, the national people gradually pay more attention to the concept of investment and financial management, and due to the gradual liberalization and modification of laws and regulations, the willingness of legal entities and foreign investors to invest in Taiwan is also gradually increasing. As a result, the demand for securities-related information is expected to increase and the quality of services provided by securities firms will continue to improve.

### 4. Competitive Niche

#### (1) Stable customer base

The Company was established in 1989, and over the years, it has maintained a clear position as a professional brokerage firm, and has been working hard to develop the local market.

(2) Experienced team and professionals

We are a team of professionals with rich experience in the securities industry, and our staff is recognized and recognized by our clients for their professionalism, integrity and enthusiasm for service.

(3) A lean and modest scale of operation

The company maintains a high degree of autonomy and flexibility with a lean and modest scale, and the various departments and business functions take advantage of mutual cooperation and resource sharing to achieve excellent business results with customer service as the guiding principle.

5. Favorable and unfavorable factors of development prospect and countermeasures

(1) Favorable Factors

A. Stock market positive policy.

In November 2016, the FSC proposed measures to promote the activation of Taiwan stocks, which are mainly divided into three areas: encouraging securities and peripheral companies to issue more ETF products with more diversified underlying, such as commodity futures, bonds, exchange rates, foreign indices and even thematic underlying, in order to meet the trading needs of different investors; secondly, in terms of market liquidity, the FSC began to propose The FSC has begun to consider expanding the scope of same-day offsetting transactions, opening up fixed-amount stock purchases, relaxing restrictions on the investment of insurance funds in Taiwan stocks, offering active volume incentives, and encouraging institutional corporations to participate in domestic ETF products. In addition, in April 2017 the Legislative Yuan passed the third reading of the tax reduction bill, which will halve the tax on hedging certificates from the current 0.3% to 0.15%; finally, in terms of promoting Taiwan stocks, the main focus is on encouraging high-quality companies to list and trade on the stock exchange, encouraging listed companies to hold results presentations, and securities peripheral units and brokerage firms to jointly conduct investment promotion business overseas. The trading system of the securities trading market has been formally set up on March 23, 2020, and the Company's equipment can be upgraded and the training of staff and clients has been completed as scheduled. With the implementation of trading on a daily basis, the average daily trading volume of the market will be expanded, which should enhance the performance and profitability of the brokerage department.

B. Development of Financial Technology

In the Financial 3.0 generation, due to new technology, regulations and new consumer behavior, not only can Internet technology reduce costs, but also provide better services to customers in a safe, fast and convenient integration. This will enable our securities business to diversify and internationalize, and enhance the growth of the securities market. For the Company, it should accelerate and adapt to

the speed of integration of financial technology in each business. In order to comply with the digital business model, securities dealers must have the ability to integrate financial products and digital services in a more professional manner.

(2) Unfavorable Factors

- A. Brokerage fee income is affected by the low price competition from the industry and the role of brokerage is gradually replaced by robots.
  - a. Online investment trading platform brings low threshold investment and low handling fee, or uses social sharing to make trading easier to get started, and uses the Internet and big data to analyze market, product, customer behavior and other data in detail, so as to carry out professional and rational investment portfolio management for customers.
  - b. In order to meet the diversified investment needs of our customers, in addition to actively exploring new sources of customers, we organize staff education and training to equip them with professional wealth management and other related financial expertise in order to enhance customer satisfaction and strengthen existing customer relationships.
- B. Customer behavior changes, electronic orders are prevalent, and the value of physical locations is weakened in response.
  - a. The need for investors to place orders manually is gradually decreasing and is replaced by placing orders through the computer network or even cell phone APP to complete various trading orders, thus limiting the business development of physical sales offices. For example, we can cooperate with telecommunication companies to set up securities service counters to provide services such as account opening and receipt, financial product explanation and marketing consultation, and set up virtual offices to provide digital multi-service, so that customers are not limited to which account they belong to, and implement the goal of opening one account with multiple points. The goal of providing multiple services at one location is achieved.
  - b. In order to meet the needs of local services and customers, we plan various service locations with different characteristics to enhance the effectiveness of our business locations.
  - c. As the traditional manual order placing business is gradually crowded out and replaced by electronic order placing, for brokerage firms, Internet order placing can reduce the cost of their business premises and brokerage staff, although there are additional costs for network authentication and computer maintenance. In the long run, this change will make it more convenient for investors to place orders and more flexible for securities firms to allocate manpower. The Company intends to streamline and consolidate its traditional business and to create an environment more conducive to the development of digital finance business in line with the deregulation of laws and regulations.

d. The weighting of the brokerage business order pattern from 2016 to 2020 is as follows:

Unit: NT\$; %

Year	Total value of transactions	Manual order placement	Percentage	Electronic Order Placement	Percentage
2016	109,578,638,429	89,456,011,927	81.64	20,122,626,502	18.36
2017	170,257,388,375	131,882,338,473	77.46	38,375,049,902	22.54
2018	188,932,278,590	135,912,907,749	71.94	53,019,370,841	28.06
2019	166,017,257,172	114,099,117,813	68.73	51,918,139,359	31.27
2020	271,665,574,711	173,828,496,238	63.99	97,837,078,473	36.01

The proportion of manual orders placed by the Company from 2015 to 2020 were 81.88%, 81.64%, 77.46%, 71.94%, 68.73% and 63.99%, the proportion of electronic orders were 18.12%, 18.36%, 22.54%, 28.06%, 31.27% and 36.01%, the proportion of electronic orders showed a trend of year-on-year increase. The popularity of the Internet and the rise of smartphones have caused a change in customer ordering behavior. In order to expand the mobile ordering business and increase the adhesion of mobile ordering customers, the Company has been offering a 30% discount on the handling fee for new customers who place mobile orders since February 2016, resulting in an increase in the proportion of electronic orders year by year. The company has made the promotion of electronic order placement a long-term business priority and actively promoted it so that customers can better understand the advantages of electronic order placement, and the measures to strengthen electronic order placement are as follows.

- (a) Update the network equipment to improve the security and stability of the system  
Upgrade network technology-related software and hardware, such as replacing network balancer, firewall (including subsequent firewall database updates), two routers each for dual redundancy. Add network LOG collector (this is to record all network equipment LOG collection and abnormal condition records), and add VM system (emulation system) and NAS system (data storage system) to the host as a backup host for the next system. In addition, we will install the existing certificate redundancy system in the VM system (simulated system) and reorganize the voucher system. In addition, the existing certificate backup system is installed in the VM system (simulation system) and the network lines in the server room are reorganized. The network lines are upgraded from the original Chunghwa Telecom 2M/2M and Hutchison Broadband 10M/10M to Chunghwa Telecom 20M/20M and Far EasTone 20M/20M in order to improve the security and stability of the system and further enhance the company's operational efficiency.
- (b) Continuously cooperate with information vendors to upgrade the system interface of electronic order placement. In order to respond to the market development trend

and expand the market share of electronic trading, the Company has built an online order placement system (justwin) in 2010 and continues to update and maintain it regularly. At present, all of our electronic platforms adopt the three-in-one system of securities, futures, and options, so that customers can trade securities, futures, and options on the same platform, and the initial results have been achieved. The Company has the ability to develop and maintain our own securities back-office trading system and database customer management system, and then import the outsourced system or cooperate with an outsourced vendor to develop the system, which can enhance the functionality, control and stability, and make the system and back-office interface more smooth. For the future development direction, the Company intends to provide customers with a variety of program trading modules (API) and customized trading modules in line with the opening of the competent authorities, as well as to create a digitalized account book allocation operating environment and identity identification services.

- (c) Continuously educate customers on the proper use of electronic order carriers. Further, we educate our customers to use specific push messages so that they can automatically receive specific information about individual stocks without having to search for them individually. The Company hopes that through the comprehensive and real-time services of our information system, we will not lag behind in the speed of receiving information from our customers who place orders manually, and we will also enhance our services to our customers with elaborate customized information applications.

C.Competition in economic scale With the increasing influence of GFCs on the domestic financial market, securities firms incorporated under GFCs have a relative advantage in terms of presence, sales and capital. The subsidiaries of large financial holding companies cross-market and provide value-added services to their clients through their brokerage systems to increase customer satisfaction and develop new clients, while non-member securities firms are restricted in their business scope and slow to liberalize their laws and regulations, making competition in the market more severe. Countermeasures: Under the wave of financial technology, the relationship between investors and physical sales offices and front desk operators has become weaker than in the past, and each company is now competing for the timeliness and functional integrity of its own trading system platform quotes and diversified financial and investment services. The Company's core business is securities brokerage, which is closely coordinated with underwriting, proprietary trading and bond business. Through a flexible, autonomous and highly efficient operation, the Company has developed its own characteristics and competitive advantages by focusing on customer service and cultivating medium-sized and small and medium-sized corporate clients.

(II) Important applications and production processes of major products.

The Company is in the securities service industry, and the business and services provided by the Company do not involve the production of physical products.

Not applicable.

(III) The supply of major raw materials:

The Company is in the securities service industry and its business and services are conducted in accordance with the regulations of the competent authorities.

There are no problems with the supply of raw materials for the general manufacturing industry.

(IV) The names of customers who have accounted for more than 10% of the total purchase (sales) in any of the last two years and the amount and proportion of their purchase (sales), together with the reasons for the increase or decrease. The Company's main customers include individual investors, legal entities, and approved foreign professional investment institutions and natural persons, and in any one of the last two years, the purchase (sales) of each customer did not reach 10% of the Company's total purchase (sales).

(V) Production volume for the last two years: The Company is in the securities service industry and is unable to provide this value in accordance with the general manufacturing industry, so it is not applicable.

(VI) Sales volume for the last two years: The Company is in the securities service industry and cannot provide the value based on the general manufacturing industry, therefore, it is not applicable.

III. The number of workers, average length of service, average age and education distribution of employees for the last two years and as of the printing date of the annual report.

Unit: people; %

Year		2019 (people)	2020 (people)	2021 (As of Mar. 31)
Number of Employees	Manager	25	25	25
	Staff	191	189	188
	Total	216	214	213
Average age		49.29 (years old)	50.05 (years old)	50.27 (years old)
Average Length of Service		16.28(years)	17.01(years)	17.21(years)
Ratio of education distribution	PhD	0%	0%	0%
	Master	3.70%	3.74%	3.76%
	College	72.69%	72.90%	72.77%
	High School	23.61%	23.36%	23.47%



	Below High School	0%	0%	0%
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IV. Information on environmental protection expenses (including compensation and environmental protection audit results for violations of environmental protection laws and regulations, the date of sanction, sanction number, provisions of violations, contents of violations, and sanctions should be listed), and the estimated amount of current and possible future occurrences and response measures should be disclosed: The Company is engaged in the securities service industry, so there is no environmental pollution problem.

V. Labor Relations:

(I) List the company's employee welfare measures, training, training and retirement systems and their implementation, as well as the agreements between employers and employees and measures to protect the rights and interests of employees.

1. Employee welfare measures

- (1) All employees participate in labor insurance and universal health insurance.
- (2) Occasional recreational activities such as birthday celebrations, trips, etc.
- (3) Wedding and funeral ceremonies and sympathy for the sick and wounded.
- (4) To set up a welfare savings club, the company also provides subsidies for the monthly contributions of participating employees.
- (5) The Employee Welfare Committee was established and held its inaugural meeting on September 23, 2011.

2. Further training, training and implementation status

(1) Statistics on the number of employees attending various training courses in the latest year

A. External courses

Type of courses	Total in 2020 (person/hours)		2021Q1 (person/hour)	
	Number of people	Hours	Number of people	Hours
Securities Related Regulations Course	44	177.5	2	6
Securities pre-employment training	3	69	-	-
Securities on-the-job training	102	1472	6	90
Futures Related Regulations Course	17	66	3	9
Futures pre-employment training	0	0	0	0
On-the-job training in futures	69	456	18	111
Financial and Accounting Personnel Training	8	24	3	9
Internal audit and internal control training	15	81	-	-

Practical Management Training	21	112	-	-
Money Laundering Prevention Training	34	176	-	-
Introduction to Financial Consumer Protection Law and Case	203	609	191	573
Total	516	3242	223	798

B. Implementations of the company organizing internal promotion and education aining:

The law promotion educational training in 2020 is in total 3,431 person-time with a total of 1,715.5 hours.

The information safety promotion educational training in 2020 is in total 397 person-time with a total of 198.5 hours.

The educational training for Anti-Money Laundering and Anti-Terrorism in 2020 is in total 1,805 person-time with a total of 902.5 hours.

(2) The most recent annual professional training courses and hours attended by accounting executives

Name of the courses	Date of the courses	Training Institutions	Participants	Hours
How to use big data analysis in company operation management	2020.03.11	Brokerage Association	Zhou TingHe	3
Liability of directors, supervisors and financial officers of enterprises and Case analysis	2020.06.23	Brokerage Association	Zhou TingHe	3
Opportunities and Challenges of Securities Based Token Offering (STO)	2020.07.01	Brokerage Association	Zhou TingHe	3
2020 Executive Seminar for Securities Firms	2020.10.07	Brokerage Association	Zhou TingHe	3.5
Corporate responses and strategies in the face of exchange rate fluctuations	2020.09.09	Brokerage Association	Shi MeiLan	3
Examining the window dressing and fraud in financial reporting from problem companies	2020.10.08	Brokerage Association	Shi MeiLan	3
How companies structure financial investment risk and reward Management Platform	2020.01.11	Brokerage Association	Shi MeiLan	3
Fiscal and Tax Response to the Return of Overseas Funds to Taiwan	2020.12.09	Brokerage Association	Shi MeiLan	3

(III) The most recent annual professional training courses and hours attended by auditing executives

Name of the courses	Organizer	Participants	Hours
The FSC case study	Brokerage Association	Wang ShuJuan, Yan XiuLi	3H
2020 Internal Control System of Securities Firm Standards and Guidelines Presentation	Stock Exchange	Wang ShuJuan, Wu XiuZhen, Wu HuiJuan, Lu YuetYu, Lin YiZhen, Qiu QiongYi, Xu ShuJuan, Zhang YuPei, Zheng YuWen, Yan XiuLi	4H
2020 Securities Firm Practitioners Regulations and Business Advocacy Meeting	Stock Exchange	Wang ShuJuan, Wu XiuZhen, Wu Qianru, Wu HuiJuan, Lu YuetYu, Lin	3H

		YiZhen, Qiu QiongYi, Xu ShuJuan, Zhang YuPei, Zheng YuWen, Yan XiuLi	
2020 Amendment to the Internal Control System for Futures Dealers and Futures Trading Auxiliaries and Anti-Money Laundering and Counter-Terrorism	Futures Exchange	Wang ShuJuan, Wu XiuZhen, Wu Qianru, Wu HuiJuan, Lu YuetYu, Lin YiZhen, Qiu QiongYi, Xu ShuJuan, Zhang YuPei, Zheng YuWen, Yan XiuLi	3H
2020 Internal Control System of Securities Firm	Financial Inspection Bureau	Wu XiuZhen, Wu HuiJuan	2H
Over-the-counter market trading system and related business briefing	Over-the-counter (OTC)	Wu XiuZhen, Wu Qianru, Wu HuiJuan, Lu YuetYu, Lin YiZhen, Qiu QiongYi, Xu ShuJuan, Zhang YuPei, Zheng YuWen, Yan XiuLi	3H
2020 Settlement of Securities, Errors and Default Reporting and Auction and Public Bid Briefing on Relevant Matters	Stock Exchange	Wu QianRu	3H
Internal Audit Pre-Practice Internal Audit Training Course	Brokerage Association	Wu QianRu	24H
Explanation of new money laundering prevention law and case illustration	Brokerage Association	Wu HuiJuan	3H
Global Economic and Aggregate Economic Indicators and Financial Strategies Financial Strategy	Brokerage Association	Wu HuiJuan	3H

### 3. Retirement systems and the circumstances of their implementation:

- (1) The Company has an employee retirement plan that covers all regularly employed employees. According to the regulations, employees are entitled to one base for each year of service before the Labor Standards Law was applied; after the application of the Labor Standards Law, employees are entitled to two bases based on their years of service, and one base for each year of service starting from the sixteenth year.
- (2) The Labor Pension Act became effective on July 1, 2005. Workers may choose to continue to be subject to the pension provisions of the Labor Standards Law, or to be subject to the pension system of the Act and retain the years of service prior to the application of the Act.
- (3) In accordance with the Labor Standards Law, the Company establishes a Labor Retirement Fund Supervisory Committee to make monthly contributions to the pension fund and deposit them in a special account at the Central Trust Bureau; and

in accordance with the Labor Pension Act, the Company makes monthly contributions to the individual pension accounts of the Labor Insurance Bureau for employees subject to the Labor Pension Act.

4. The agreement between labor and management and the protection of employees' rights and interests:

(1) The company adopts an open and two-way communication approach for all policy promotion and employee opinion understanding to maintain a harmonious relationship between employers and employees. In addition, each employee's rights and interests are protected in accordance with the relevant laws and regulations.

(2) Set forth the losses suffered from labor disputes in the most recent year and as of the date of printing of the annual report (including labor inspection results in violation of the Labor Standards Law, the date of the penalty, the word number of the penalty, the provision of the violation, the content of the violation, and the content of the penalty should be set forth), and disclose the estimated amount of current and possible future losses and response measures, and if the amount cannot be reasonably estimated, the fact that it cannot be reasonably estimated should be stated: The On June 13, 2019, the Company was inspected by the Occupational Safety and Health Center of the Southern District, Occupational Safety and Health Administration of the Ministry of Labor, and there was no violation of any laws and regulations, nor was there any loss due to labor disputes.

VI. Significant contracts: Leased assets with annual rentals of \$2 million or more as of the most recent year

Type	Contract Type	Contractual Opposites	Dates from and to	Content	Important limitations Restrictions	Effect of the signing of the contract on the Company's financial operations	Effect on the Company's financial operations if the contract is terminated
For Rent	Housing Lease Agreement	Chengshen Dental Clinic	2017/12/05~2022/12/04	For lease at 2F-West Side, No. 213, Sec. 2, Xinyi Road, Taipei, Taiwan, at a monthly rent of NT\$222,000.	None	None	None
For Rent	Housing Lease Agreement	Trust Me Eye Center	2017/01/16~2026/01/15	For lease at 2F-West Side, No. 98, Sec. 4, Xinyi Road, Taipei, Taiwan, at a monthly rent of NT\$222,000.	None	None	None

## VI. Financial Information

### I. Condensed Balance Sheet and Income Statement in the Past Five Years

#### (I) Condensed Individual Balance Sheet - Based on IFRS

Unit: NT\$1,000

Item		Year	Financial Status over latest 5 fiscal years (*1)				
			2016	2017	2018	2019	2020
Current assets			\$2,864,628	\$3,575,633	\$3,237,348	\$3,583,394	\$4,946,891
Real estate and equipment			722,404	726,185	717,281	707,534	713,604
Other non-current assets			790,021	832,174	699,319	691,699	804,155
Current liability	Before distribution		1,258,921	1,982,177	1,021,393	1,359,983	2,404,833
	After distribution		1,390,537	2,094,201	1,155,821	1,490,603	To be distributed
Non-current liability			36,274	54,305	57,068	85,922	86,087
Share capital			2,122,835	2,122,835	2,240,475	2,374,904	2,374,904
Surplus reserve	Before distribution		922,738	903,021	1,226,746	1,087,425	1,412,631
	After distribution		791,122	790,997	957,889	956,805	To be distributed
Total assets			4,377,053	5,133,992	4,653,948	4,982,627	6,464,650
Total liabilities	Before distribution		1,295,195	2,036,482	1,078,461	1,445,905	2,490,920
	After distribution		1,426,811	2,148,506	1,212,889	1,576,525	To be distributed
Equity			3,081,858	3,097,510	3,575,487	3,536,722	3,973,730
Total	After distribution		2,950,242	2,985,486	3,441,059	3,406,102	To be distributed

\*1: The financial status in respect of fiscal years have been audited by CPA.

\*2: Other non-current assets refer to those other than real estate & equipment classified under non-current assets.

Note 1: Information of any year that has not been audited by an accountant should be noted.

Note 2: If the assets have been revalued in the current year, the date of revaluation and the amount of revaluation increment should be listed.

Note 3: The above-mentioned figures after distribution are based on the resolution of the following year's shareholders' meeting.

Note 4: If the financial information is notified by the competent authority that it should be corrected or restated, it should be presented in the corrected or restated figures, with the circumstances and reasons stated.

## (II) Condensed Consolidated Comprehensive Income Statement - Based on IFRS

Unit: NT\$1,000

Item \ Year	Financial Status over latest 5 fiscal years (*1)				
	2016	2017	2018	2019	2020
Net Sales	\$ 396,046	\$ 357,717	\$ 378,699	\$ 333,592	\$ 729,816
Operating Expenses	217,061	240,374	256,502	221,587	266,731
Profit/loss shares of Affiliates and Joint Venture recognized using Equity method	-	-	-	-	-
Other gains and loss	17,267	11,761	408,522	26,470	27,389
Profit/loss before tax	196,252	129,104	530,719	138,475	490,474
Profit/loss after tax	192,231	126,139	444,988	135,652	469,077
Earnings per share (.00)(Note 2)	0.86	0.56	1.90	0.57	1.98

\*1: CPA has audited above financial statements across listed years.

\*2: Earnings per share is calculated by retrospectively proportional adjustment of previous years in case of capitalization of retained earnings or capitalization of capital surplus.

Note 1: Information of any year that has not been audited by an accountant should be noted.

Note 2: Losses from discontinued operations are shown as net of income taxes.

Note 3: If the financial information is notified by the competent authority that it should be corrected or restated, it should be presented in the corrected or restated figures, with the circumstances and reasons stated.

### (3) CPA Names and Audit Opinions for latest 5 years

Year	CPA Firm Name	CPA Name	Audit Opinion
2016	Baker Tilly Clock & Co	Zhou, Yin-Lai, Wu, Hsing-Liang	Unqualified opinion
2017	Baker Tilly Clock & Co	Zheng, Hsien-Hsiu, Ding, Hong-Hsun	Unqualified opinion
2018	Baker Tilly Clock & Co	Zheng, Hsien-Hsiu, Ding, Hong-Hsun	Unqualified opinion
2019	Baker Tilly Clock & Co	Zheng, Hsien-Hsiu, Ding, Hong-Hsun	Unqualified opinion
2020	Baker Tilly Clock & Co	Zheng, Hsien-Hsiu, Zhou, Yin-Lai	Unqualified opinion

## II. Significant Financial Ratio Analysis for latest 5 years

Analysis item		fiscal year	Financial analysis for latest five fiscal years (Note )					
			2016	2017	2018	2019	2020	
Capital structure analysis%	Debt ratio		29.59	39.67	23.17	29.02	38.53	
	Long term funds to fixed assets		431.63	434.02	506.43	512.01	568.92	
Liquidity analysis%	Current ratio		227.55	180.39	316.95	263.49	205.71	
	Quick ratio		227.44	180.25	316.75	263.17	205.60	
Return on investment analysis%	Return on total assets(%)		4.54	2.65	9.04	2.82	8.20	
	Return on equity(%)		6.50	4.08	13.22	3.81	12.49	
	Accounted for paid-in capital%	Operation income to capital		8.43	5.53	5.45	4.72	19.50
		Pre-tax income to capital		9.24	6.08	23.69	5.83	20.65
	Net income to sales (%)		48.54	35.26	117.50	40.66	64.27	
	Earnings per share(.00)		0.86	0.56	1.90	0.57	1.98	
Cash flow	Cash flow ratio(%)		—	—	29.89	5.66	—	
	Cash flow adequacy ratio(%)		—	—	—	—	—	
	Cash flow reinvestment ratio(%)		—	—	5.35	—	—	
Specified ratio%	Debt to Equity Ratio		42.03	65.75	30.16	40.88	62.68	
	Fixed assets to total assets Ratio		26.30	22.07	24.32	22.79	17.86	
	Total underwriting amount to the balance of its current assets less current liabilities ratio		2.72	2.97	3.52	0.85	0.02	
	Total Amounts of Margin Loan to Equity Ratio		30.88	39.60	23.11	28.11	29.90	
	Total Amount of Short Sales to Equity Ratio		0.74	0.90	0.84	1.48	1.38	
The reason of change of diversified financial ratios within last 2 years (increase/decrease by up to 20%)								
(1) Ratio of liability to asset and net capital, debts ratio: The focus is that driven by pandemic COVID-19, home economy rose up Taiwan stock market for the year, customer's margin loan increased raised accounts payable from loan and stock settlement leading to the ratio increase for the year.								
(2) Current ratio and Quick ratio: The focus is that driven by pandemic COVID-19, home economy rose up Taiwan stock market for the year and increased account receivable and customer margin loan from stock settlement leading to decline of related ratios.								
(3) Profitability: The focus is that driven by pandemic COVID-19, home economy rose up Taiwan stock market for the year, and volume increased broker fee revenue and net profit from underwriting business that is measured by the fair price of profit/loss leading to increase of related ratios.								
(4) Fixed assets to total asset ratio: The focus is that prosperity of Taiwan stock for the year increased the revenue from underwriting business and margin loan receivable leading to decline of ratio.								

\*The above financial information has been audited and cleared by our auditors.

\*If the Company prepares individual financial reports, it should prepare a separate analysis of the

Company's individual financial ratios.

\*If the financial information of IFRSs is less than five years, the following table should be prepared separately (2) Financial information of ROC SFASs.

Note 1: Information of any year that has not been audited by an accountant should be noted.

Note 2: As of the printing date of the annual report, financial information of companies whose shares are listed or traded on the stock exchange should be disclosed if they have been audited or reviewed by an accountant most recently.

Note 3: At the end of this table, the following formula should be shown.

1. Financial structure

(1) Debt to assets ratio = total liabilities / total assets.

(2) Ratio of long term funds to property, plant, and equipment (total equity + non-current liabilities) / net worth of property, plant and equipment.

2. Solvency

(1) Current ratio = current assets / current liabilities.

(2) Quick ratio = (current assets – inventory – contract property – prepaid items) / current liabilities.

3. Operating capacity

(1) Account receivable turnover (including accounts receivable and notes receivable resulted from business operation) = net sales / average balance of account receivable (including accounts receivable and notes receivable resulted from business operation).

(2) Days sales in account receivable = 365 / account receivable turnover.

(3) Inventory turnover = cost of goods sold / average inventory.

(4) Account payable turnover (including accounts payable and notes payable resulted from business operation) = operating costs / average balance of account payable (including accounts payable and notes payable resulted from business operation).

(5) Average days in sales = 365 / inventory turnover.

(6) Property, plant and equipment turnover = net sales / average net worth of property, plant and equipment.

(7) Total assets turnover = net sales / average total assets.

4. Profitability

(1) Ratio or return on total assets = [net income + interest expense × (1 tax rate)] / average total assets.

(2) Return on equity = net income / average net equity.

(3) Profit ratio = net income / net sales.

(4) Earnings per share = (net income preferred stock dividend) / weighted average stock shares issued (Note 4)

5. Cash flow

(1) Cash flow ratio = net cash flow from operating activity / current liabilities

(2) Cash flow adequacy ratio = (net cash flow from operating activities within five year / (capital expenditure + inventory increase + cash dividend) within five year

(3) Cash reinvestment ratio = (net cash flow from operating activity cash dividend) / (total fixed assets + long term investment + other non-current assets + working capital).

(Note 5)

6. Leverage

(1) Operation balance = (net operating income operating variable cost and expense) / operating income.

(2) Financial balance = operating income / (operating income interest expense).

Note 4: The above formula for calculating earnings per share should be measured with special attention to the following items.

1. Based on the weighted-average number of common shares, rather than the number of shares outstanding at the end of the year.

2. The weighted-average number of shares should be calculated by considering the period of liquidity of the shares.

3. Whenever there is a capital increase from earnings or capital surplus, the calculation of earnings per share is adjusted retroactively for prior years based on the percentage of capital increase.

4. If the preferred shares are non-convertible cumulative preferred shares, the dividends for the year,



whether paid or unpaid, should be deducted from net income after tax or increased by net loss after tax. If the preferred stock is non-cumulative, the preferred stock dividends should be deducted from net income if there is after-tax profit; if there is a loss, no adjustment is required.

Note 5: The above formula for calculating earnings per share should be measured with special attention to the following items.

1. Net cash flow from operating activities represents the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditures represent the annual cash outflows from capital investments.
3. Increases in inventories are included only if the ending balance is greater than the opening balance, and are calculated as zero if inventories decrease at year-end.
4. Cash dividends include cash dividends on common stock and preferred stock.
5. Gross property, plant and equipment represents the total amount of property, plant and equipment before accumulated depreciation.

Note 6: Issuers should distinguish between fixed and variable operating costs and operating expenses according to their nature, and where estimates or subjective judgments are involved, note the reasonableness and maintain consistency.

Note 7: If the Company's stock has no par value or the par value per share is not NT\$10, the calculation of the ratio of paid-in capital in the preceding paragraph is based on the ratio of equity attributable to the owners of the parent company in the balance sheet.

### III. Audit Committee's Review Report on the Latest Annual Financial Report

## Concord International Securities Co., Ltd. Audit Committee Report

The company's 2020 financial report was verified and signed by Accountants Zheng Xianxiu and Zhou Yinlai from Baker Tilly Clock & Co, and issued an unqualified verification report, together with the business report and the profit distribution proposal, etc., all members believe that there is no discrepancy after the audit committee has completed its deliberation, and prepare a report in accordance with the Securities Exchange Law and the Company Act.

Please verify.

Sincerely,

Concord International Securities Co., Ltd.2020 Shareholders' Meeting

Concord International Securities Co., Ltd. The Audit Committee

Convener : Hsu, Shun-Fa

March 9, 2021

IV. The most recent annual financial report, including the auditors' report, two-year comparative balance sheet, consolidated statement of income, statement of changes in shareholders' equity, statement of cash flows, and notes or schedules.

## Independent Auditors' Report

NO.01631090A

To the Board of Directors of Concord International Securities Company Ltd.,

### **Opinion**

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

In our opinion, based on our audits, the accompanying financial statements present fairly, in all material respect, the financial position of the Company as of December 31, 2020 and 2019, and its financial performance and its cash flows for the years ended December 31, 2020 and 2019 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Firms and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### **Basis for Opinion**

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our

report. We are independent of Concord International Securities Company with the Code of Professional Ethics for Certified Public Accountants in the Republic of China and fulfill our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

## **Key Audit Matters**

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

Key audit matters of the Company's financial statements for 2020 are stated as follows:

### Revenue recognition

#### Description

Please refer to Note 4(15) for the accounting policies on revenue recognition.

Concord International Securities Company Ltd. provides Buying on Margin services that customers buy securities under margin loan are required to pay interest based on margin rates. Due to the huge transaction amount and quantity, Concord International Securities Company Ltd. recognizes interest revenue under accrual basis, and thus exists the risk of whether interest income is recognized correctly. Also, margin interest revenue is considered as a part of important revenue. Therefore, we consider the margin interest revenue accounted for accrual basis as one of the matters of most significance to our audit.

#### How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Tested the effectiveness of overall financing control, including interest calculation method, record and way of calculation, etc.
2. Obtained the calculation detail of security financing interest receivable, selected samples and recalculated with contract margin rates.
3. Conducted analytical review on interest revenue

## **Responsibilities of management and those charged with governance for 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 the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statement that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing Concord International Securities Company'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 Concord International Securities Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee, are responsible for overseeing Concord International Securities Company's financial reporting process.

### **Auditor's 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 auditor's 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 ROC GAAS 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 ROC GAAS, we exercise professional judgement 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 Concord International Corporation's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Concord International Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause Concord International Corporation to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the notes, disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation. 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 auditor's 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.

Baker Tilly Clock & Co.

Accountant : \_\_\_\_\_  
Cheng Shan Shiu

Accountant : \_\_\_\_\_  
Chou Yin Lai

No. Financial-Supervisory-Securities-VI-0930146900

No. Taiwan-FinancialSecurities-VI-53585

March 9, 2021

**Concord International Securities Company Limited**

**Balance Sheets**

**For the years ended December 31, 2020 and 2019**

(In Thousands of New Taiwan dollars)

Assets		Notes	December 31, 2020		December 31, 2019	
Codes	Items		AMOUNT	%	AMOUNT	%
110000	<b>Current assets</b>					
111100	Cash and cash equivalents	4, 6	\$ 88,472	2	\$ 115,462	2
112000	Financial assets at fair value through profit or loss - current	4, 7	2,029,728	32	1,521,236	31
114010	Bonds purchased under resale agreements	4, 8	63,001	1	62,840	1
114030	Margin loans receivable	4, 9	1,188,146	18	994,329	20
114040	Refinancing security deposits	4, 9	—	—	695	—
114050	Receivables from refinance guaranty	4, 9	—	—	652	—
114060	Receivable of securities business money lending	4, 9	840	—	—	—
114066	Receivables from security lending	4, 9	7,443	—	3,784	—
114130	Accounts receivable	4, 9	1,274,117	20	688,772	14
114150	Prepayments		2,481	—	4,267	—
114170	Other receivables	4	17,237	—	17,455	—
119000	Other current assets	10	275,426	4	173,902	4
110000	<b>Total current assets</b>		<b>4,946,891</b>	<b>77</b>	<b>3,583,394</b>	<b>72</b>
120000	<b>Noncurrent assets</b>					
123200	Financial assets at fair value through other comprehensive income - noncurrent	4 ,11	370,153	6	258,350	5
125000	Property and equipment, net	4 ,12	713,604	11	707,534	14
125800	Right-of-use assets	4 ,13	20,041	—	22,275	1
126000	Investment property	4 ,14	118,258	2	119,568	2
127000	Intangible assets	4 ,15	7,462	—	1,797	—
128000	Deferred tax assets	4 ,25	13,909	—	13,936	—
129000	Other assets - noncurrent	16	274,332	4	275,773	6
120000	<b>Total noncurrent assets</b>		<b>1,517,759</b>	<b>23</b>	<b>1,399,233</b>	<b>28</b>
	<b>Total Assets</b>		<b>\$ 6,464,650</b>	<b>100</b>	<b>\$ 4,982,627</b>	<b>100</b>

(The accompanying notes are an integral part of these financial statements.)



**Concord International Securities Company Limited**

**Balance Sheets (continued)**

**For the years ended December 31, 2020 and 2019**

(In Thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2020		December 31, 2019	
Codes	Items		AMOUNT	%	AMOUNT	%
210000	<b>Current liabilities</b>					
211100	Short-term loans	17	\$ 230,000	4	\$ 130,000	2
211200	Commercial papers payable	18	600,825	9	349,868	7
214040	Deposits on short sales	9	51,319	1	48,051	1
214050	Short sale proceeds payable	9	54,754	1	52,457	1
214110	Notes payable		2,626	—	4,033	—
214130	Accounts payable	19	1,297,494	20	728,865	15
214160	Collections on behalf of third parties		96,677	2	3,044	—
214170	Other payables	20	63,734	1	35,115	1
214600	Current tax liability	4, 25	4,194	—	5,516	—
216000	Current lease liabilities		2,170	—	2,148	—
219000	Other current liabilities		1,040	—	886	—
210000	<b>Total current liabilities</b>		2,404,833	38	1,359,983	27
220000	<b>Noncurrent liabilities</b>					
224020	Long-term deferred revenue		2,411	—	—	—
226000	Non-current lease liabilities		18,137	—	20,307	1
229030	Guarantee deposit received		1,071	—	1,131	—
229070	Non-current liability –Accrued pension liabilities	4, 21	64,468	1	64,484	1
220000	<b>Total noncurrent liabilities</b>		86,087	1	85,922	2
	<b>Total Liabilities</b>		2,490,920	39	1,445,905	29
301000	<b>Capital</b>					
301010	Common stock		2,374,904	37	2,374,904	48
302000	Capital reserve		119,608	2	119,608	2
304000	Retained earnings					
304010	Legal reserve		90,357	1	77,389	2
304020	Special reserve		866,420	13	806,609	16
304040	Unappropriated earnings		455,854	7	203,427	4
305000	Other equity interest		66,587	1	(45,215)	(1)
	<b>Total Equity</b>	22	3,973,730	61	3,536,722	71
	<b>Total liabilities and equity</b>		\$ 6,464,650	100	\$ 4,982,627	100

(The accompanying notes are an integral part of these financial statements.)

Chairman: Hsu Wen Ko General Manager: Pan Hua Jian Accounting manager: Chou Tin Ho

**Concord International Securities Company Limited**  
**Statements of Comprehensive Income**  
**For the years ended December 31, 2020 and 2019**

(In Thousands of New Taiwan dollars)

Codes	Items	Notes	2020		2019	
			AMOUNT	%	AMOUNT	%
400000	<b>Income</b>		\$ 729,816	100	\$ 333,592	100
401000	Brokerage commissions	24	234,184	32	150,447	45
404000	Underwriting commissions		2,424	—	822	—
410000	Net gains (losses) on sale of trading securities	24	67,529	9	48,811	15
421200	Interest revenue	24	52,888	7	50,399	15
421300	Dividend revenue		61,808	9	64,497	19
421500	Net gains (losses) on measurement of trading securities at fair value through profit or loss	24	307,751	42	16,014	5
424100	Futures commission revenues		3,238	1	2,555	1
425300	Impairment losses and reversal gains		(194)	—	(15)	—
428000	Other operating revenues		188	—	62	—
500000	<b>Expenses</b>		(266,731)	(37)	(221,587)	(67)
501000	Brokerage fees		(14,559)	(2)	(8,937)	(3)
502000	Brokerage and clearing fees - proprietary trading		(88)	—	(52)	—
503000	Clearing and exchange fees - refinancing		(60)	—	(25)	—
504000	Clearing and exchange fees - underwriting		(54)	—	(75)	—
521200	Financial costs		(4,279)	(1)	(3,853)	(1)
531000	Employee benefits expenses		(169,622)	(23)	(134,765)	(40)
532000	Depreciation and amortization expense		(20,228)	(3)	(18,788)	(6)
533000	Other operating expenses		(57,841)	(8)	(55,092)	(17)
5xxxxx	<b>Operating profit</b>		463,085	63	112,005	33
602000	Other gains and losses	24	27,389	4	26,470	8
902001	<b>Net income before income tax</b>		490,474	67	138,475	41
701000	<b>Less: Income tax expenses</b>	4, 25	(21,397)	(3)	(2,823)	—
902005	<b>Net income</b>		469,077	64	135,652	41
805000	<b>Other comprehensive income</b>					
805500	<b>Components that may not be reclassified to profit or loss in subsequent periods</b>		98,551	14	(39,839)	(12)
805510	Gains (losses) on remeasurements of defined benefit plans		(16,564)	(2)	(7,458)	(2)
805540	Unrealized gains (losses) from investments in equity instruments at fair value through other comprehensive income		111,802	15	(33,873)	(10)
805599	Less: Income tax related to components of other comprehensive income		3,313	1	1,492	—
	<b>Other comprehensive income, net</b>		98,551	14	(39,839)	(12)
902006	<b>Total comprehensive income</b>		\$ 567,628	78	\$ 95,813	29
	<b>Earning per share</b>	23				
975000	Basic earnings per share		\$ 1.98		\$ 0.57	
985000	Diluted earnings per share		\$ 1.97		\$ 0.57	

(The accompanying notes are an integral part of these financial statements.)

Chairman: Hsu Wen Ko General Manager: Pan Hua Jian Accounting manager: Chou Tin Ho

**Concord International Securities Company Limited**  
**Statements of Changes in Equity**  
**From January 1 to December 31, 2020 and 2019**

(In Thousands of New Taiwan dollars)

Items	Common stocks	Capital surplus	Retained earnings			Total other equity interest		Total Equity
			Legal reserve	Special reserve	Unappropriated earnings	Unrealized gains (losses) on financial assets available for sale	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	
<b>Balance at January 1, 2019</b>	\$ 2,240,475	\$ 119,608	\$ 32,913	\$ 756,341	\$ 437,492	\$ —	\$ (11,342)	\$ 3,575,487
Effects of retrospective application	—	—	—	—	(150)	—	—	(150)
Balance at January 1, 2019 after adjustments	2,240,475	119,608	32,913	756,341	437,342	—	(11,342)	3,575,337
Appropriations of prior year's earning								
Legal reserve			44,476		(44,476)			—
Special reserve				91,176	(91,176)			—
Cash dividends of ordinary shares					(134,428)			(134,428)
Stock dividends of ordinary shares	134,429				(134,429)			—
Reversal of Special Reserve Appropriated				(40,908)	40,908			—
Net income for the year ended December 31, 2019					135,652			135,652
Other comprehensive income					(5,966)		(33,873)	(39,839)
Total comprehensive income	—	—	—	—	129,686	—	(33,873)	95,813
<b>Balance at December 31, 2019</b>	2,374,904	119,608	77,389	806,609	203,427	—	(45,215)	3,536,722
Appropriations of prior year's earnings								
Legal reserve			12,968		(12,968)			—
Special reserve				59,811	(59,811)			—
Cash dividends of ordinary shares					(130,620)			(130,620)
Net income for the year ended December 31, 2020					469,077			469,077
Other comprehensive income					(13,251)		111,802	98,551
Total comprehensive income	—	—	—	—	455,826	—	111,802	567,628
<b>Balance at December 31, 2020</b>	\$ 2,374,904	\$ 119,608	\$ 90,357	\$ 866,420	\$ 455,854	\$ —	\$ 66,587	\$ 3,973,730

(The accompanying notes are an integral part of these financial statements.)

Chairman: Hsu Wen Ko      General Manager: Pan Hua Jian      Accounting manager: Chou Tin Ho

**Concord International Securities Company Limited**

**Statements of Cash Flows**

**From January 1 to December 31, 2020 and 2019**

**(In Thousands of New Taiwan Dollars)**

Items	2020	2019
	AMOUNT	AMOUNT
<b>Cash flows from operating activities:</b>		
<b>Net income before tax</b>	\$ 490,474	\$ 138,475
<b>Adjustments:</b>		
<b>Income Charges not Affecting Cash</b>		
Depreciation expense	17,620	17,353
Amortization expense	2,608	1,435
Impairment loss	194	15
Net losses (gains) on financial assets or liabilities at fair value through profit or loss	(307,751)	(16,014)
Interest expense	4,279	3,853
Interest revenue	(56,232)	(54,700)
Dividend revenue	(61,808)	(64,497)
Losses (gains) on disposal and retirement of property and equipment	20	13
<b>Changes in operating assets and liabilities</b>		
Financial assets at fair value through profit or loss	(200,741)	17,432
Bonds purchased under resale agreements	(161)	(196)
Refinancing security deposits	(193,817)	(167,869)
Refinancing margin	695	(619)
Receivable on refinancing collateral securities business money lending	652	(589)
Notes receivable	-	35
Accounts receivable	(585,345)	(206,288)
Prepayments	1,786	(2,170)
Other receivables	(52)	(232)
Other current assets	(101,524)	432
Securities lending refundable deposits	3,268	19,818
Payable from short sales	2,297	22,369
Notes payable	(1,407)	1,612
Accounts payable	568,629	275,104
Collections on behalf of third parties	93,633	931
Other payable	28,758	(9,782)
Other current liabilities	3	10
Net defined benefit liability	(16,579)	1,059
Long-Term deferred revenue	2,411	-
Cash (outflow) inflow generated from operations	(312,589)	(22,478)
Interest received	56,301	55,119
Dividends received	61,808	64,497
Interest paid	(4,061)	(3,714)
Income tax paid	(19,379)	(16,485)
<b>Net cash flows used in operating activities</b>	<b>(217,920)</b>	<b>76,939</b>

**Concord International Securities Company Limited**

**Statements of Cash Flows (continued)**

**From January 1 to December 31, 2020 and 2019**

(In Thousands of New Taiwan Dollars)

Items	2020	2019
	AMOUNT	AMOUNT
Cash flows from investing activities		
Acquisition of property and equipment	(21,055)	(8,758)
Increase in clearing and settlement fund	—	(1,937)
Decrease in clearing and settlement fund	2,258	1,818
Acquisition of intangible assets	(8,153)	(210)
Increase in other non-current assets	(104)	(159)
Net cash flows used in investing activities	(27,054)	(9,246)
Cash flows from financing activities		
Increase in short-term loans	1,950,200	1,630,000
Decrease in short-term loans	(1,850,200)	(1,800,000)
Increase in commercial papers payable	4,121,000	3,570,000
Decrease in commercial papers payable	(3,870,000)	(3,360,000)
Increase in guarantee deposit received	90	30
Payment of lease liabilities	(2,371)	(2,341)
Cash dividends paid	(130,735)	(134,441)
Net cash flows provided used in financing activities	217,984	(96,752)
Decrease in cash and cash equivalents	(26,990)	(29,059)
Cash and cash equivalents at beginning of period	115,462	144,521
Cash and cash equivalents at end of period	\$ 88,472	\$ 115,462

(The accompanying notes are an integral part of these financial statements.)

Chairman : Hsu, Wen-Ko    General manager : Pan, Hua-Chen    Accounting Supervisor : Zhou, Tin-Ho

Concord International Securities Company Limited  
NOTES TO FINANCIAL STATEMENTS  
For the years ended December 31, 2020 and 2019  
(Expressed in thousand NTs of New Taiwan dollars, except as otherwise indicated)

**1. History and organization**

Concord International Securities Company was incorporated as a comprehensive securities firm approved by the Securities and Futures Bureau of the Financial Supervision and Administration Commission of the Executive Yuan in November, 1989. The company was approved to list on emerging stock market on January 5, 2009 and was approved to list on over the counter stock market on December 27, 2017 with registered number 10601021151

The Company is authorized to conduct the following businesses:

- (1) Underwriting of marketable securities;
- (2) Trading of marketable securities on a proprietary basis on stock exchange and firms age of marketable securities on stock exchange;
- (3) Trading of marketable securities at the Company's branches;
- (4) Margin loan, short sale and refinancing;
- (5) Securities business money lending;
- (6) Dealership of foreign marketable securities;
- (7) Futures trading on a proprietary basis;
- (8) Other relevant services as approved by the authority in charge.

The Company merged Rui Shun Security Corporation on November 12, 2007 and regarding the date as reference date. The Company is taken as the surviving company.

## 2. Approval date and procedures of the financial statements

The financial statements were authorized for issue by the board of directors on March 9, 2021

## 3. New standards, amendments and interpretations adopted

- (1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) as endorsed by the Financial Supervisory Commission, R.O.C (“FSC”)

New standards, interpretations and amendments endorsed by FSC effective from 2020 are as follows:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Amendments to IAS 1 and IAS 8, ‘Disclosure initiative-definition of material’	January 1, 2020
Amendments to IFRS 3, ‘Definition of a business’	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7, ‘Interest rate benchmark reform’	January 1, 2020
Amendment to IFRS 16, ‘Covid-19-related rent concessions’	June 1, 2020

The above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

- (2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by FSC effective from 2020 are as follows:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
-----------------------------------------------	------------------------------------------------------------

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Amendments to IFRS 4, 'Extension of the temporary exemption from applying IFRS 9'	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, 'Interest Rate Benchmark Reform— Phase 2'	January 1, 2021

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(3) Influence of new standards issued by IASB but not yet included in the IFRSs endorsed by the FSC

The following new standards, interpretations and amendments have been issued by IASB but not yet included in the IFRSs endorsed by the FSC:

New Standards, Interpretations and Amendments International Accounting Standards Board	Effective Date by
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
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 International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts—cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

The Company is evaluating the impact of its initial adoption of the aforementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

#### **4. Summary of significant accounting policies**

The Company's significant accounting policies are described below:

##### **(1) Statement of compliance**

The financial statements of the Company have been prepared in accordance with



the “Regulations Governing the Preparation of Financial Reports by Securities Firms” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations (IFRSs) as endorsed by the FSC.

## **(2) Basis of preparation**

### 1) Basis of measurement

Except defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligations, these financial statements have been prepared under the historical cost convention.

### 2) Functional and presentation currency

The financial statements are presented in New Taiwan dollars, which is the Company’s functional currency. All financial information presented in New Taiwan Dollars has been rounded to the nearest thousand NT.

## **(3) Classification of current and non-current items**

An asset is classified as current under one of the following criteria:

- 1) Assets held for the trading purposes;
- 2) Assets that are expected to be realized within twelve months from the balance sheet date;
- 3) Cash and cash equivalent, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

A liability is classified as current under one of the following criteria:

- 1) Liabilities incurred for the trading purposes;
- 2) Liabilities that are to be paid off within twelve months from the balance sheet date;(Long-term refinancing and payment term reschedule done between balance sheet date and release of financial statement, are recognized as current liabilities)
- 3) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. Assets and liabilities are not classified as the aforementioned conditions, are classified as non-current assets and non-current liabilities.

## **(4) Cash equivalents**

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents. ◦

Time deposits over three months since acquisition date for the operating purpose, are recognized as cash equivalent.

## **(5) Financial instruments**

Financial assets and liabilities should be recognized when the company becomes one of the parties in the contract.

If financial assets or financial liabilities are not measured at fair value through profit or loss, they should be measured at fair value plus transaction costs directly attributed to acquiring or issuing financial assets and liabilities measured at fair value through profit or losses at initial recognition. Transaction costs directly attributed to acquiring or issuing financial assets and liabilities measured at fair value through profit or losses are recognized as profit or losses.

### **1) Financial assets**

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

#### **(1) Classification and measurement**

Financial assets held by the company are classified as financial assets at fair value through profit or loss, financial assets measured at amortized cost and fair value and financial assets at fair value through other comprehensive income.

#### **(1) Financial assets at fair value through profit or losses**

Financial assets at fair value through profit or losses include equity investments that are not measured at fair value through other comprehensive income and debt instrument that are not measured at amortized cost or fair value through other comprehensive income.

Profit or losses from financial assets at fair value through profit and losses remeasurement are recognized as profit and losses, not include dividends and interests. Definition of fair value refers to note (35) at Financial Instrument

#### **(2) Financial assets measured at amortized cost**

A financial asset is measured at amortized cost if it meets both of the following criteria:

- (a) It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- (b) Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- (3) These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized as profit or loss. Any gain or loss on derecognition is recognized as profit or loss.

Interest rates are calculated by effective interest rates times book values of financial assets except following criteria:

- (a) Acquired or initial financial assets with credit impairment, interest incomes are calculated by effective interest rate after credit adjustment times amortized cost financial assets.
- (b) Acquired or initial financial assets with no credit impairment, but subsequently change into credit impaired assets, interest incomes are calculated by effective interest rate times amortized cost financial assets.

- (2) Equity investments at fair value through other comprehensive income

The Company could make an irrevocable election at initial recognition to measure equity instruments that are not held for trading purpose and contingent consideration equities not recognized by corporation mergers at fair value through other comprehensive income.

The changes in fair value of equity investments that were recognized as other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment.

Dividends are recognized as revenue when the right to receive payment is established unless the dividend clearly represents recover of investment.

### (3) Impairment of financial assets

The company measures impairment losses of amortized cost financial assets, including account receivable, at expected credit losses at each reporting date.

The Company recognizes impairment provision of account receivable for the lifetime expected credit losses. The impairment provision of other financial assets for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses if such credit risk has increased since initial recognition.

Expected credit losses are weighted average credit losses that take default risk as weight. 12 months expected credit losses mean stand for expected credit losses of financial instruments could arise from probable default causing events of financial instruments occurs in 12 months after balance sheet date, and lifetime expected credit losses mean stand for expected credit losses arise from of all probable default causing events of financial instruments in financial instruments occurs in lifetime.

The book amounts of impairment losses of all financial assets are reduced by allowance account.

(4) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to receive cash flows from the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.

On derecognition of a financial asset in its entirety, the difference between book value and collection received plus sum of any cumulated profit or losses recognized as other comprehensive income shall be recognized as profit or losses.

On derecognition of an equity investment measured at fair value through other comprehensive income in its entirety, cumulative profit or losses are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment.

**2) Financial liabilities and equities instrument**

(1) Classification of financial liabilities or equity instrument

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

A. Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration

received, less the direct cost of issuing.

## B. Financial liabilities

Financial liabilities in the scope of IFRS 9 are classified as financial liabilities measured at fair value through profit or losses or financial liabilities measured at amortized costs.

### a. Financial liabilities at fair value through profit and losses

Financial liabilities at fair value through profit and losses, include financial liabilities held for transaction and financial liabilities designated at fair value through profit and losses. Financial liabilities meet one of the following criteria are classified as held for transaction:

- (a) The purpose of acquisition is for selling in short terms;
- (b) Financial instruments are initially recognized as a part of the identifiable combination of financial instruments which are managed in a centralized way, and for which there are objective evidences that prove that the enterprise will manage the combination by way of short-term profit-making in the near future; or
- (c) Being derivative instruments, but except financial guarantee contracts and designated derivative instruments which are effective hedging instruments.

Structured contracts which contain one or more embedded derivatives could be designated as liabilities measured at fair value through profit or losses; the contract is designated to be measured at fair value through profit or losses when it meets one of the following

reasons and could provide more relevant information:

- (a) The designation can eliminate or significantly reduce inconsistency of measurement or recognition.
- (b) A set of financial assets, liabilities or both are managed on fair value basis and the performances are also reviewed on the basis. The information of investment portfolio that the company provides manage level with is also based on fair value.

The profit or losses arise from financial liabilities remeasurement are recognized as profit or losses, which include interests paid by the financial liabilities.

The above designated financial liabilities measure at fair value through profit or losses that is attributable to changes in the credit risk of that liability shall be presented in other comprehensive income unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch in profit or losses; and the residual fair value amount movements of the liabilities shall be presented in profit or losses.

b. Financial liabilities measured at amortized costs

Financial liabilities measured at amortized costs include account payable and loan, etc., are measured at effective interest method after initial recognition. On derecognition of financial liabilities and on amortization through effective interest method, all relevant profit and losses and amortizations are recognized as current profit and losses.

Calculation of costs after amortization considers discount or premium and transaction cost at the time period of acquisition.

(2) Derecognition of financial liabilities

The Company derecognizes financial liabilities only when obligation is discharged, cancelled, or expired. On derecognition of financial liabilities, the differences between book value and sum of collection paid or payable, include any transferred non-cash assets or liabilities.

(3) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently have a legally enforceable right to set off the amounts and he intend either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

3) Fair value of financial instruments

Fair value of financial asset traded in active markets is market price at each end of the reporting period, transaction costs are not considered.

Fair value of financial assets traded at non-active market is decided by appropriate valuation technique. The valuation technique includes using current fair market transaction, referring to the current fair value of another financial instrument that is substantially same, and discounted cash flow analysis or the valuation model.

**(6) Bonds with resell and repurchase agreements**

Bond transactions under repurchase or resale agreements are stated at the amount of actual payment or receipt. If the transaction is for financing purpose, when transactions of bonds with a condition of resale agreements occur, the actual payment or receipt shall be recognized as 'bonds purchased under resale agreements' under current assets. When transactions of bonds with a condition of repurchase agreements occur, the actual payment or receipt shall be recognized as 'bonds sold under repurchase agreements'



under current liabilities. Any difference between the actual payment/receipt and predetermined redemption (repurchase) price is recognized as interest income or interest expense.

When bonds are repurchased, they are reflected under “bonds sold under repurchase agreements” at the settlement date. The difference between the selling price and repurchase price is recognized as interest expense. When bonds are resold, they are reflected under “bonds purchased under resell agreements” at the settlement date. The difference between the selling price and repurchase price is recognized as interest revenue.

**(7) Margin loan, short sale and refinancing**

Margin loan represents loans extended to customers and is accounted for as receivables for securities provided as collateral. Such loans are secured by the securities purchased by customers. These securities are recorded through memo entries and are returned when the loans are repaid.

Short sale represents securities lent to customers and the deposits received from customers on securities lent out are accounted to guarantee deposited for securities lent. The proceeds from sales of securities lent to customers, net of securities transaction tax, commission and financing charges, is retained by the Company and are recorded under the proceeds payable from securities lent. These securities lent to customers for short sales are recorded through memo entries. The deposits received and the proceeds from short sale will be returned to customers while the securities are returned and paid off.

Refinancing margin loan means that the Company operates margin loan business, if capital is insufficient, the Company can refinance from securities finance companies, recorded as borrowed funds refinanced, and securities from margin loan are regarded pledged.

Refinancing short sale means the Company operates short sale business, if securities are insufficient, the Company can borrow securities from securities finance companies. For securities refinancing, the Company pays margin deposits to securities finance companies and these margin deposits are recorded as refinancing margin. The proceeds from the short sale of securities borrowed from securities finance companies is retained by the securities finance companies as collateral which are recorded as proceeds payable from securities lent and receivable on refinancing collateral respectively.

**(8) Security loan**

The company recognizes account receivable of security loan as loan receivable and recognizes bad debt for the possible recover of account receivable; collaterals acquired from security loan are recorded at memo entry.

**(9) Property and equipment**

Property and equipment take acquisition cost as recognition basis, and present after less accumulated depreciation and accumulated impairment. The cost aforementioned includes destruction of property and equipment, cost of remove and restore at the place it locates and interest expenditure arises from unfinished project.

On significant component item of property and equipment be allocated regularly, the Company takes the item as individual asset and recognizes it

separately with specific useful life and depreciation method. Carrying amount of the reset part is derecognized as accordance with IFRS 16 “Derecognition”.

Depreciation is recognized on straight-line basis with useful years as follows:

Building (including affiliate equipment)	18~60 years
Equipment	3~ 8 years

If items of property and equipment or any important components after initial recognition are disposed or expected no future economic benefit inflow arises from usage or disposal, they shall be derecognized and delisted and profit or loss arise from the disposal shall be recognized.

The residual value, useful lives and depreciation method are evaluated at the end of every financial year, if the expected values were different from the previous, the change shall be taken as “Changes in accounting estimates”.

**(10) Lease**

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

The Company as Lessee

For short-term leases or leases of low value assets, lease payments are recognized as an expense on a straight-line basis over the lease term, right-of-use assets and lease liabilities of other leases are recognized as the commencement date.

The right-of-use asset is initially measured at cost, and subsequently measured at cost less accumulated depreciation and accumulated impairment losses, and the remeasurement amount of lease liabilities is adjusted. Right-of-use asset is solely presented in balance sheet.

The right-of-use asset is depreciated from the commencement date to the earlier of the end of the asset’s useful life or the end of the lease term.

Lease liabilities are measured at present value of lease payments (include fix payment, variable lease payments that vary according to an index or a rate). If interest rate implicit in a lease is easy to determine, lease payment can be discounted at the interest rate. If the interest rate is not easy to determine, then discounted at lessee's incremental borrowing rate of interest.

The Company subsequently measures the lease liability at amortized cost using interest method and recognizes interest expense over the lease term. The lease liability is re-measured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

**(11) Investment property**

Investment property applies to the accounting for either property held to earn long-term rental income or for capital appreciation or for both, instead of property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is measured at cost at initial recognition and also subsequently measured at cost, and depreciation expenditure is recognized in accordance to depreciable amount at after initial recognition. Depreciation

method, useful life and residual value are in accordance to the rule of property and equity. Cost includes expenditure that is directly attributable to the acquisition of the investment property. On usage of investment property change, invest and reclassified as property and equipment, they should be reclassified as property and equipment at the carrying account at reclassification.

**(12) Intangible assets**

Intangible assets that are solely acquired by the Company and have finite useful lives are measured at cost, and subsequent measured at cost less accumulated amortization and any accumulated impairment losses. The Company uses the straight-line method over the useful lives for amortization. Depreciation method, useful lives and residual value are reviewed at each balance sheet date. Unless these assets are disposed before economic life, the residual values of intangible assets with finite useful lives are zero. Influence of accounting changes is dealt with prospective application.

Useful lives and amortization method of intangible assets with finite useful lives are as follows:

<b>Type</b>	<b>Useful life</b>	<b>Amortization method</b>
Cost of software	3~5 years	Straight -line method on finite useful life

**(13) Impairment of non-financial assets**

The Company assesses at each balance sheet date the recoverable amounts of those assets which is applicable to IFRS 36 “Asset impairment” where there is an indication that they are impaired. If there are circumstances for recognizing impairment loss or required to measure impairment losses on an asset regularly. If the circumstances exist, the Company immediately measures recoverable amount of the asset or cash generating unit. An impairment loss is recognized for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value or value in use.

Except goodwill, the Company evaluates assets if there are circumstances for recognizing impairment loss for an asset in prior years no longer exist or diminish. If the circumstances exist, the Company immediately measures recoverable amount of the asset or cash generating unit. If recoverable amount increases due to estimate service potential changes of the asset, then reverse impairment. Only at reversed carrying amount does not exceed asset under circumstance that impairment losses had not been recognized, less depreciated or amortized carrying amount.

**(14) Liability reserve**

On possible present obligation (legal or constructive) that arises from past event for payoff and the amount can be measured reliably, the Company recognizes liability reserve. Amount of liability reserve recognition considers risk and uncertainty of obligation, and is the best estimation of payment required for obligation payoff. If liability reserve is measured at the cash flow of present obligation payoff, the carrying amount is present value of the cash flow.

**(15) Revenue recognition**

The company's contractual revenue is mainly from providing services, the accounting treatments are explained as follows:

Services provided by the Company include firms age, underwriting, stock agency and consultancy service. The services are solely priced or negotiable and are provided on the basis of number of times, at a certain point in time that the performance obligation is met, thus the revenue is recognized when the performance obligation is met.

Most of the contract agreement amounts of the Company are averagely charged in the contract term after providing services, the Company recognizes contract assets when having the right to transferring service to customer but still not have the right to charge collection unconditionally.

However, since part of the collection are charged to customers when signing contract, the Company bears obligation to offer services consequently, thus recognizes part of the contract as contract liabilities.

The term of aforementioned contract liabilities reclassified to revenue usually less than one year, it doesn't cause arise of significant financial component.

**(16) Borrowing costs**

Borrowing cost directly attribute to acquire, build or produce asset that meets requirement (assets that must reach the intended use or sale status after a considerable period of time) is deemed as part of asset cost until almost all necessary activities for making the asset reach the intended use or sale status are done.

Except the above, all other borrowing costs are recognized as profit or losses in the current period.

**(17) Employee benefits**

**A. Short-term employee benefits**

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**B. Termination benefits**

Obligations for contributions to defined contribution plans are expensed as the related service is provided; Defined retirement benefit plans recognize defined benefit cost at actuarial results.

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

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

defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plan or reductions in future contributions to the plans.

**(18) Income tax**

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all taxes are recognized as profit or loss.

**A. Current income tax**

Current income tax is based on current year's taxable income. Since part of the profit and expense is recognized as taxable or deductible items of other years or recognized as not taxable or deductible items in accordance with relevant tax laws, lead to the difference between taxable income and net income reported by comprehensive income statement. The company's current income tax expense relevant liability is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date.

Underestimated or overestimated incomes taxes from past years are recognized as adjustment of current income tax.

**B. Deferred income tax**

Deferred income tax is recognized as accordance to carrying asset and carrying amount of liabilities and temporary difference arises from the basis of taxable income calculation. Deferred income tax liabilities are recognized as all taxable temporary differences in the future; Deferred income tax assets are recognized only at it is probable that taxable profit will be available against which the deductible temporary differences can be utilized.

Deferred income tax assets and deferred income tax liabilities could only be offset at the following condition:

- (i) Corporation has legally enforceable right to offset current income tax assets and current income tax liabilities; and
- (ii) Deferred income tax assets and liabilities are levied by the same taxation authority on either the same entity or different entities that intend to settle current income tax liabilities and assets at every future term of significant amount's deferred income tax liabilities and assets are anticipated to settle and recover on a net basis, or realize assets and settle liabilities simultaneously.

Carrying amounts of deferred income tax assets shall be reviewed at every end of reporting period, and carrying amounts of not possible to have sufficient taxable income to recover all of or part of assets shall be reduced.

Assets not initially recognized as deferred assets are also reviewed at the end of reporting period, and increase carrying amount of probable that taxable income available for recover all of or part of assets.

Deferred income tax assets and liabilities are measured based on the tax rate of the anticipated period that the future assets realization or the liabilities settlement requires, which is based on the effective or existing tax rate at the balance sheet

date.

Deferred income tax liabilities and assets' measurement reflects the tax consequences of entity are expected to recover or settle the carrying amount of its assets and liabilities at the end of reporting period.

**5. Critical accounting judgements, estimates and key sources of assumption uncertainty**

The Company's management shall properly exercise its professional judgment, estimates, and assumptions on the information of the key risks that is not easy to be obtained from other resources and could affect the carrying amounts of financial assets and liabilities while adopting critical accounting policies as stated in Note (4).

The Company evaluates the estimates and assumptions on an ongoing basis and recognizes the adjustment of the estimates only in the period which is affected by the adjustment. If the adjustment simultaneously affects both the current and future periods, it should be recognized as both periods.

Relevant information on key assumptions to be made in the future, key sources of assumption uncertainty made at balance sheet date, and assumptions and estimates that may cause key risks that could affect the carrying amounts of financial assets and liabilities are as follows:

(1) Fair value of financial instruments

The Company use valuation technique to determine the fair value of financial instruments not traded at active market, relevant estimation, assumption and book value are referred to Note(35) at 'Financial instrument fair value'.

(2) Impairment assessment of non-financial assets(except goodwill)

During assessment of assets impairment, the Company relies on subjective judgment and determines specific assets segment's independent cash flow, assets useful lives and probable arising benefit and expense in the future according to usage of assets and characteristic of industries. Any changes of economic situation and changes of estimation due to company strategy could cause significant impairment in the future.

(3) Calculation of net defined benefit liabilities

When calculating present value of benefit obligation, the Company needs to use judgment and estimation to decide relevant actuarial assumption, including discount rate and salary growth rate in the future, at end of the reporting period. Any actuarial assumption changes could significantly affect the amount of defined benefit obligation.

**6. Cash and cash equivalent**

	December 31, 2020	December 31, 2019
Allowance	\$ 273	\$ 273
Demand deposits	38,148	50,138

Check deposit	51	51
Time deposit	50,000	65,000
Total	\$ 88,472	\$ 115,462

Interest rate of bank deposit at balance sheet day shows as follows:

	December 31, 2020	December 31, 2019
Time deposit	0.82%	1.065%

**7. Financial assets measured at fair value through profit and losses – current**

	December 31, 2020	December 31, 2019
<u>Measured at fair value through profit and losses</u>		
Non derivative financial assets		
Operation securitiesOperating Securities – dealer	\$ 2,029,099	\$ 1,504,282
Operation Securities – underwriting	629	16,954
Total	\$ 2,029,728	\$ 1,521,236

(1) Operation securitiesOperating Securities – dealer

	December 31, 2020	December 31, 2019
<u>Measured at fair value through profit and losses</u>		
Listed stock	\$ 1,516,669	\$ 1,256,224
OTC stock	93,549	139,091
Emerging market stock	9,970	5,791
Subtotal	1,620,188	1,401,106
Adjustment of Operation Securities - dealer	408,911	103,176
Total	\$ 2,029,099	\$ 1,504,282

(2) Operating Securities – underwriting

	December 31, 2020	December 31, 2019
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Measured at fair value through  
profit and losses

Listed stock	\$	582	\$	18,923
Adjustment of operation Securities -underwriting		47		(1,969)
Total	\$	629	\$	16,954

**8. Bonds purchased under resale agreements**

Item	December 31, 2020	December 31, 2019
Central government construct bond	\$ 63,001	\$ 62,840
Resale with interest	\$ 63,009	\$ 62,856
Period for resale	Jan 14, 2021	Jan 15, 2020
Interest rate	0.17%	0.35%

**9. Margin loans receivable/Account receivable/Loans receivable/Collection**

(1) Margin loan and short sale

Guaranteed securities provided from customers and securities lent to customers by the Company on margin loan and short sale business are

	December 31, 2020		
	Stock number (in thousand NT shares)	Book value	Market price
Margin guarante securities	51,727	\$ 517,270	\$ 2,271,089
Short sale lending securities	801	\$ 8,010	\$ 55,037
	December 31, 2019		
	Stock number (in thousand NT shares)	Book value	Market price
Margin loan guaranteesecuriti es	38,635	\$ 386,350	\$ 1,842,626
Short sale lending securities	728	\$ 7,280	\$ 52,726



When the Company operates security margin loan business, the financing fund loaned to stock buyer is recognized as security margin receivable, the stock bought by margin buyers is deemed as collateral. The Company's security margin receivable for the year ended December 31, 2020 and December 31, 2019 were 1,188,146 thousand NT Dollars and 994,329 thousand NT dollars, respectively.

The Company operates security short selling business, deposit received from short sellers is recognized as short selling deposit, and the amount received from short selling is deemed as collateral and recognized as short selling collateral, the Company's short selling deposit in 2020 and at December 31, 2019 were 51,319 thousand NT Dollar and 48,051 thousand NT Dollar, and short selling collateral receivable were 54,754 thousand NT Dollar and 52,457 thousand NT Dollar.

The Company operates short sale business, if securities are insufficient, the Company can borrow securities from securities finance companies. For securities refinancing, the Company pays margin deposits to securities finance companies and these margin deposits are recorded as refinancing margin. The proceeds from the short sale of securities borrowed from securities finance companies is retained by the securities finance companies as collateral which are recorded as proceeds payable from securities lent and receivable on refinancing collateral respectively. The Company's refinancing deposit balance in 2020 and at December 31, 2019 were 0 thousand and 695 thousand NT dollars, and receivable on refinancing collateral were 0 thousand and 652 thousand NT dollars.

The company calculates margin maintenance rate every day in accordance to "Operating Rules for Securities Firms Handling Margin Purchases and Short Sales of Securities", when margin maintenance rate is lower than 130%, the Company announces principal to pay the margin difference. Thus, management level of the Company think credit risks are significantly decreased.

(2) Receivable of securities business money lending

	December 31, 2020	December 31, 2019
Receivable of securities business money lending	\$ 840	\$ —
Receivable of securities business money lending — nonrestricted	7,443	3,784
<b>Total</b>	<b>\$ 8,283</b>	<b>\$ 3,784</b>

The Company operates securities loan receivable business and takes securities bought or held by customers as collateral. Thus, Management level of the Company think credit risks are significantly decreased.

(3) Detail of accounts receivable and collections

Accounts receivable	December 31, 2020	December 31, 2019
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Settlement receivable	\$	1,180,210	\$	687,456
Settlement		53,558		—
Receivable on securities purchased for customers		4,951		596
Other		35,398		720
Less: provisions		—		—
Total	\$	1,274,117	\$	688,772

In order to decrease credit risk, the Company makes relevant interior control system and methods for line of credit determination and credit approval's procedure, and also reviews recoverable payment of account receivables one by one on balance sheet date to make sure that unrecoverable payment receivable has recorded appropriate impairment losses. Thus, Management level of the Company think credit risks are significantly decreased.

The Company takes simplified method of IFRS 9, and recognizes allowance for losses of payment receivable in accordance to lifetime expected credit losses. Lifetime expected credit loss consider customers' default records and financial situation and industry economic situation and prospect, and set expected credit loss rate with overdue days of payment receivable.

The Company's allowances for losses of measured security financing receivable, security loan receivable, and account receivable are as follows:

December 31, 2020

	Security financing	Security loan	Security settlement	Not overdue	Total
Expected rate of credit losses	0%	0%	0%	0%	
Total carrying amount	\$1,188,146	\$ 8,283	\$1,238,719	\$ 35,398	\$2,470,546
Allowance for losses (lifetime expected credit losses)	—	—	—	—	—
Amortized cost	<u>\$1,188,146</u>	<u>\$ 8,283</u>	<u>\$1,238,719</u>	<u>\$ 35,398</u>	<u>\$2,470,546</u>

December 31, 2019

	Security financing	Security loan	Security settlement	Not overdue	Total
Expected credit loss rate	0%	0%	0%	0%	
Total carrying amount	\$ 994,329	\$ 3,784	\$ 688,052	\$ 720	\$1,686,885
Allowance for losses (lifetime	—	—	—	—	—

expected credit losses)					
Amortized cost	<u>\$ 994,329</u>	<u>\$ 3,784</u>	<u>\$ 688,052</u>	<u>\$ 720</u>	<u>\$1,686,885</u>

If the above account receivable components are classified as consignment trading payments of securities and consignment trading handling fee revenue, relevant payments are collected in two business days after balance sheet day; if classified as financing business relevant payment, they will be collected together with the fund at the due date, so it will not be overdue.

Accounts that are not overdue are mainly derived from dealer's sales of share revenue and future commission revenue, etc. Sales of share revenue for the year ended December 31, 2020 and December 31, 2019 were 34,982 thousand NT Dollar and 477 thousand NT Dollar, respectively.

Changes of security financing receivable, security loan receivable, allowance for losses of account receivable are as follows:

	<u>January 1, 2020 to December 31,</u>	<u>January 1, 2019 to December 31,</u>
Opening balance	\$ —	\$ 2,952
Add: current credit impairment losses	—	15
Less: Current offset	—	(2,967)
Ending balance	<u>\$ —</u>	<u>\$ —</u>

#### **10. Other current assets**

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Restricted assets	\$ 174,286	\$ 172,453
Pending settlement	9,321	1,440
Authorized underwriting payment for shares	91,816	6
Others	3	3
Total	<u>\$ 275,426</u>	<u>\$ 173,902</u>

(1) Restricted assets interest rate at balance sheet day is as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Time deposit	0.09%~0.82%	0.12%~1.065%

(2) About providing guarantee and pledge please refers to Note (29)

**11. Financial assets measured at fair value through other comprehensive profit or losses-non current**

<u>Company</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Equity instruments others</u>		
Taiwan Depository & Clearing Corporation	\$ 10,707	\$ 15,585
Taiwan Futures Exchange	46,154	72,490
Giantcom International Telecommunication	—	—
TAIWAN AFTER PRINT-OUT AUTOMATION CORPORATION	—	—
SAINT SONG CORP.	—	—
JIUH-YEH PRECISION MACHINERY CO., LTD.	—	—
ACORP ELECTRONICS CORPORATION	—	—
HUANG HSUN Technology Consultation Co., Ltd.	—	—
NexSmart Technology Inc.	—	—
KI GIANT TECHNOLOGY INC.	445	451
CTC UNION TECHNOLOGIES CO., LTD.	205	213
AURIA SOLAR CO., LTD.	—	—
Subtotal	<u>57,511</u>	<u>88,739</u>
<u>Operating Securities – dealer</u>		
QUINTAIN STEEL CO., LTD.	312,642	169,611
Total	<u>\$ 370,153</u>	<u>\$ 258,350</u>

The above equities are held for medium long term, thus are designated to measure at fair value through other comprehensive profit or losses.

**12. Property and equipment**

2020

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Item	Opening balance	Adding	Disposal	Reclassification	Effect of exchange rate change	Ending balance
<u>Costs</u>						
Land	\$473,541	\$ 7,781	\$ —	\$ —	\$ —	\$481,322
Buildings	415,779	6,614	—	—	—	422,393
Equipment	23,557	5,771	1,039	—	—	28,287
Leasehold improvement costs	176	—	176	—	—	—
Idle assets-others	73,994	—	—	—	—	73,994
Subtotal	<u>987,047</u>	<u>\$ 20,166</u>	<u>\$ 1,215</u>	<u>\$ —</u>	<u>\$ —</u>	<u>1,005,998</u>
<u>Accumulated depreciation and impairment</u>						
Buildings	235,480	\$ 8,168	\$ —	\$ —	\$ —	243,648
Equipment	15,165	4,885	1,019	—	—	19,031
Leasehold improvement	132	44	176	—	—	—
Idle assets-others	28,736	979	—	—	—	29,715
Subtotal	<u>279,513</u>	<u>\$ 14,076</u>	<u>\$ 1,195</u>	<u>\$ —</u>	<u>\$ —</u>	<u>292,394</u>
Net	<u>\$707,534</u>					<u>\$713,604</u>

2019

Item	Opening balance	Adding	Disposal	Reclassification	Effect of exchange rate change	Ending balance
<u>Costs</u>						
Land	\$488,907	\$ —	\$ —	\$(15,366)	\$ —	\$473,541
Buildings	410,580	5,199	—	—	—	415,779
Equipment	25,034	1,975	3,452	—	—	23,557
Leasehold improvement costs	176	—	—	—	—	—
Idle assets-others	64,036	—	—	9,958	—	73,994
Subtotal	<u>988,733</u>	<u>\$ 7,174</u>	<u>\$ 3,452</u>	<u>\$ (5,408)</u>	<u>\$ —</u>	<u>987,047</u>
<u>Accumulated depreciation and impairment</u>						
Buildings	227,392	\$ 8,088	\$ —	\$ —	\$ —	235,480
Equipment	13,894	4,710	3,439	—	—	15,165

Leasehold improvement	73	59	—	—	—	132
Idle assets-others	30,093	1,022	—	(2,379)	—	28,736
Subtotal	<u>271,452</u>	<u>\$ 13,879</u>	<u>\$ 3,439</u>	<u>\$ (2,379)</u>	<u>\$ —</u>	<u>279,513</u>
Net	<u>\$717,281</u>					<u>\$707,534</u>

- (1) The Company's idle assets are part of the floors of Ru Shen branch and Chi Can branch.
- (2) Detail for Property and equipment provided as collateral, please refers to Note (29)
- (3) Property and equipment have no circumstances of capitalization of interest

### 13. Lease

#### (1) Right- of- use assets

Item	January 1, to December 31, 2020			
	Opening balance	Increase	Decrease	Ending balance
<u>Costs</u>				
Land	\$ 24,481	\$ —	\$ —	\$ 24,481
<u>Accumulated depreciation and impairment</u>				
Land	2,206	2,234	—	4,440
Net	<u>\$ 22,275</u>	<u>\$ (2,234)</u>	<u>\$ —</u>	<u>\$ 20,041</u>

Item	January 1, to December 31, 2019			
	Opening balance	Increase	Decrease	Ending balance
<u>Costs</u>				
Land	\$ 23,759	\$ 722	\$ —	\$ 24,481
<u>Accumulated depreciation and impairment</u>				
Land	—	2,206	—	2,206
Net	<u>\$ 23,759</u>	<u>\$ (1,484)</u>	<u>\$ —</u>	<u>\$ 22,275</u>

#### (2) Lease liabilities

Item	December 31, 2020	December 31, 2019
Lease liabilities — current	\$ 2,170	\$ 2,148
Lease liabilities — noncurrent	\$ 18,137	\$ 20,307
Discount rate interval of lease liabilities	1.05%	1.05%

(3) Important leasing activities and terms

The Company leases several lands for operation purpose, part of the land affiliates rights to renew at the expiry of lease. The Company has already recorded rights to renew at the expiry of lease at lease liabilities. According to the contract, the Company may not sublease the underlying lease asset to others without leaser's agreement.

(4) Lease contract relevant profit or losses items are as follows:

Items that affect current profit and losses	2020	2019
Interest expenditure of lease liabilities	\$ 223	\$ 243
Expenditure for short term lease	\$ 10	\$ 10
Total amount of leasing cash outflow	\$ 2,381	\$ 2,351

14. Investment property

Item	2020					
	Opening balance	Adding	Disposal	Reclassification	Effect of exchange rate change	Ending balance
<u>Costs</u>						
Land	\$ 94,484	\$ —	\$ —	\$ —	\$ —	\$ 94,484
Building	54,077	—	—	—	—	54,077

subtotal	148,561	\$ —	\$ —	\$ —	\$ —	148,561
<u>Accumulated depreciation and impairment</u>						
Building	28,993	\$ 1,310	\$ —	\$ —	\$ —	30,303
Net amount	<u>\$119,568</u>					<u>\$118,258</u>

Item	2019					
	Opening balance	Adding	Disposal	Reclassification	Effect of change on exchange rate	Ending balance
<u>Costs</u>						
Building	\$ 94,484	\$ —	\$ —	\$ —	\$ —	\$ 94,484
	48,669	—	—	5,408	—	54,077
Subtotal	<u>143,153</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 5,408</u>	<u>\$ —</u>	<u>148,561</u>
<u>Accumulated depreciation and impairment</u>						
Building	25,346	\$ 1,268	\$ —	\$ 2,379	\$ —	28,993
Net amount	<u>\$117,807</u>					<u>\$119,568</u>

- (1) Investment property held by the Company only disclose its fair value's information but are not measured at fair value, fair value level of the investment property is at level 3.

Fair value of investment property held by the Company for the year ended of December 31, 2020 and December 31, 2019 were 248,495 thousand NT Dollar and 250,166 thousand NT Dollar, respectively. The fair value mentioned are evaluated by the management level of the Company with evaluation model that is generally accepted by market participants, the evaluation is based on the deal price of neighborhood lot.

- (2) Rent revenue arises from investment property in 2020 and 2019 are 5,996 thousand NT Dollar and 6,108 thousand NT Dollar, respectively.
- (3) The status of investment property provided for guarantee of borrowing, please refers to Note (29).

#### 15. Intangible assets

Item	2020				
	Opening	Adding	Interior	Disposal	Ending



	balance		transfer		balance
<u>Cost</u>					
Computer software	\$ 4,419	\$ 8,153	\$ —	\$ 1,363	\$ 11,209
<u>Accumulated depreciation and impairment</u>					
Computer software	2,622	2,488	—	1,363	3,747
Net amount	<u>\$ 1,797</u>	<u>\$ 5,665</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 7,462</u>

Item	2019				
	Opening balance	Adding	Interior transfer	Disposal	Ending balance
<u>Cost</u>					
Computer software	\$ 4,469	\$ 210	\$ —	\$ 260	\$ 4,419
<u>Accumulated depreciation and impairment</u>					
Computer software	1,661	1,221	—	260	2,622
Net amount	<u>\$ 2,808</u>	<u>\$ (1,011)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,797</u>

The amortization expenditure amounts recognized and accrued at operation expenditure in statement of comprehensive income by the Company in 2020 and 2019 were 2,488 thousand NT Dollar and 1,221 thousand NT Dollar, respectively.

#### 16. Other noncurrent assets

	December 31, 2020	December 31, 2019
Operation guaranteed deposits	\$ 240,000	\$ 240,000
Clearing and settlement fund	24,453	26,711
Refundable deposits	7,228	7,222
Deferred expenditure	178	194
Prepayment for equipment	2,473	1,646
Total	<u>\$ 274,332</u>	<u>\$ 275,773</u>

#### (1) Operation guaranteed deposits

	December 31, 2020	December 31, 2019
Firms age business	<u>\$ 240,000</u>	<u>\$ 240,000</u>

In order to operate various businesses, the Company provides Certificate of deposits as operation guaranteed deposits and save in a banking accordance to Regulations Governing Securities Firms and Regulations Governing the Operation of Securities Introducing Firms Business by Futures Commission

Merchants, etc. The deposits are not saved separately, registered as collateral, reported missing or terminated, and the deposits could not be withdrawn or transferred without Securities and Futures Bureau, FSC's approval.

(2) Clearing and settlement fund

	December 31, 2020	December 31, 2019
Clearing and settlement fund —centralized	\$ 16,557	\$ 18,179
Settlement fund—OTC	7,896	8,532
Total	\$ 24,453	\$ 26,711

According to Regulations Governing Securities Firms, a security firm operating firms business should deposit basic amount for 15 million dollars to TWSE before commencement of business operation, after commencement of business operation, it shall deposit a specified percentage of the net receipt or net payment amount of the executed trades of TWSE listed securities for which it has accepted firms age trading orders within 10 days after the close of each quarter until the end of the then-current year. From the year following the commencement of business operation, the original basic amount shall be reduced to NT\$3.5 million and combined into the amount equal to the above-mentioned percentage of the net receipt or net payment amount of the executed trades of TWSE listed securities for which it accepted trading orders for the previous year on a yearly basis. At the end of January of each year, the insufficient or excess amount of the fund shall be deposited with or withdrawn from the TWSE. Before commencement of business operation of each domestic branch office, a securities firm shall make a lump sum deposit of NT\$3 million to the settlement and clearing fund; provided that from the year following the business operation, the original amount shall be reduced to NT\$500,000.

According to Over the Counter Exchange Market Join Responsibility System Clearing and Settlement Fund Management regulation, a security firm operating firms business should deposit basic amount for 6 million dollars before commencement of business operation, after commencement of business operation, it shall deposit a specified percentage of the net receipt or net payment amount of the executed trades of Out classed securities for which it has accepted firms age trading orders within 10 days after the close of each quarter until the end of the then-current year. From the year following the commencement of business operation, the original basic amount shall be reduced to NT\$1.5 million and combined into the amount equal to the aforementioned percentage of the net receipt or net payment amount of the executed trades of OTC listed securities for which it accepted trading orders for the previous year on a yearly basis. At the end of January of each year, the insufficient or excess amount of the fund shall be deposited with or withdrawn from the OTC. Before commencement of business operation of each domestic branch office, a securities firm shall make a lump sum deposit of NT\$1.5 million to the settlement and clearing fund; provided

that from the year following the business operation, the original amount shall be reduced to NT\$250,000.

17. Short – term borrowing

	December 31, 2020	December 31, 2019
Guaranteed borrowing	\$ 230,000	\$ 130,000
Interest rate interval	1%~1.05%	1.05%~1.06%

For details on assets provided as guarantee of short-term borrowing, please refer to Note (29)

18. Commercial notes payable

	December 31, 2020	December 31, 2019
Commercial notes payable	\$ 601,000	\$ 350,000
Less: Unamortized discount	(175)	(132)
Total	\$ 600,825	\$ 349,868
Interest rate interval	0.45%~0.72%	0.56%~0.802%

For details on providing guarantee or collateral, please refer to Note (29)

19. Accounts payable

	December 31, 2020	December 31, 2019
Settlement receivable	\$ 1,268,017	\$ 620,384
Settlement price	—	106,431
Authorized sales payment for shares	2,789	1,917
Others	26,688	133
Total	\$ 1,297,494	\$ 728,865

20. Other payable

	December 31, 2020	December 31, 2019
Salary payable	\$ 13,564	\$ 9,931
Bonus payable	9,246	—
Remuneration payable	4,821	1,399
Commission discount payable	19,020	9,006

Pension payable	1,368	1,049
Vacation payment payable	4,033	4,151
Others	11,682	9,579
Total	<u>\$ 63,734</u>	<u>\$ 35,115</u>

## 21. Employee pension

### (1) Defined contribution plans

The Company established a defined contribution plan pursuant to the “Labor Pension Act”. The contributions are made monthly based on not less than 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. According to the above rule, the pension costs under defined contribution pension plans of the Company for the years ended December 31, 2020 and 2019 were 6,218 thousand NT Dollar and 5,534 thousand NT Dollar, respectively.

### (2) Defined benefit plans

A. The Company has a defined benefit pension plan in accordance with the Labor Standards Law. According to the plan, pension benefits of employees that are qualified for retirement are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount of 4.10% of the employees’ monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the supervisory committee of workers' retirement reserve fund. Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method, to the employees expected to be qualified for retirement next year, the Company will make contributions to cover the deficit by next March.

Retirement funds contributed by the Company in accordance with the Labor Standards Law are managed by Bureau of Labor Funds, Ministry of Labor. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142.

Data of labor retirement fund operation includes fund return rate and fund asset allocation, please refers to information released on the website of Bureau of Labor Funds.

B. Pension expense amounts of defined benefit plan recognized as under statements of comprehensive profit or losses are as follows:

	2020	2019
Current service cost	\$ 978	\$ 937
Net interest expenditure	442	521
Recognized as profit or losses	1,420	1,458
Re-measurements		
Return on plan assets	(832)	(806)
Actuarial loss-Experience adjustments	13,509	5,321
Actuarial loss -Change in financial assumptions	3,887	2,943
Recognized as other comprehensive income	16,564	7,458
Total	\$ 17,984	\$ 8,916

(3) Amounts recognized as balance sheet are determined as follows:

	December 31, 2020	December 31, 2019
Present value of defined benefit obligations	\$ 104,844	\$ 87,269
Fair value of plan assets	(39,502)	(21,912)
Net defined benefit liabilities	\$ 65,342	\$ 65,357

Net defined benefit liabilities are recognized as follows:

	December 31, 2020	December 31, 2019
Net defined benefit liabilities – current	\$ 874	\$ 873
Net defined benefit liabilities – noncurrent	64,468	64,484
Total	\$ 65,342	\$ 65,357

1) Year ended of December 31, 2020

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
Balance at January 1	\$ 87,269	\$ (21,912)	\$ 65,357
Current service cost	978	—	978
Interest costs	592	(150)	442
	<u>1,570</u>	<u>(150)</u>	<u>1,420</u>
Re-measurements			
Experience adjustments	13,509	—	13,509
Changes in financial assumptions	3,887	—	3,887
Return on plan assets	—	(832)	(832)
	<u>17,396</u>	<u>(832)</u>	<u>16,564</u>
Pension fund contribution	—	(17,999)	(17,999)
Paid pension	(1,391)	1,391	—
Balance at December 31	<u>\$ 104,844</u>	<u>\$ (39,502)</u>	<u>\$ 65,342</u>

2) Year ended of December 31, 2019

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
Balance at January 1	\$ 78,877	\$ (22,037)	\$ 56,840
Current service cost	937	—	937
Interest costs	746	(225)	521
	<u>1,683</u>	<u>(225)</u>	<u>1,458</u>
Re-measurements			
Experience adjustments	5,321	—	5,321
Change in	2,943	—	2,943

financial assumptions			
Return on plan assets	—	(806)	(806)
	<u>8,264</u>	<u>(806)</u>	<u>7,458</u>
Pension fund contribution	—	(399)	(399)
Paid pension	(1,555)	1,555	—
Balance at December 31	<u>\$ 87,269</u>	<u>\$ (21,912)</u>	<u>\$ 65,357</u>

- (4) Fair value of defined plan assets of the Company is calculated by qualified actuary. The principal actuarial assumptions used at measurement day are as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Discount rate	0.2800%	0.6787%
Future salary increases	0.5%	0.5%

Because of the pension plan of Labor Standards Law, the Company is exposed to risks as follows:

- 1) Investment risk: The pension funds are invested in equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the government's designated authorities or under the mandated management. However, under the R.O.C. Labor Standards Law, the rate of return on assets shall not be less than the average interest rate on a two-year time deposit published by the local banks and the government is responsible for any shortfall in the event that the rate of return is less than the required rate of return.
  - 2) Interest risk: A decrease in the government bond 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 the debt investments of the 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 salary of the plan participants will increase the present value of the defined benefit obligation.
- (5) The influences on carrying value of pension payment obligation on the difference between management level's estimation and discount rate and future salary increase rate reached to 0.25% at the year ended December 31, 2020 and 2019 are as follows:

<u>December 31, 2020</u>	<u>December 31, 2019</u>
--------------------------	--------------------------

Discount rate		
Increase by 0.25%	\$ (2,182)	\$ (1,926)
Decrease by 0.25%	\$ 2,257	\$ 1,993
Future salary increase rate		
Increase by 0.25%	\$ 2,208	\$ 1,958
Decrease by 0.25%	\$ (2,146)	\$ (1,902)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability.

- (6) The Company expects to make contributions of \$18,089 thousand NT dollars to the defined benefit plans in the next year.
- (7) As of December 31, 2020, the weight average lifetime of pension plan is 8.54 years, an analysis of maturity of pension payment is as follows:

In 1 year	\$ 3,629
2~5 years	29,970
Over 5 years	36,484
	<u>\$ 70,083</u>

## 22. Equity

### (1) Common stock capital

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Authorized capital stock (in thousand shares)	300,000	300,000
Authorized capital stock	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>
Issued and paid shares (in thousand shares)	237,490	237,490
Issued capital	<u>\$ 2,374,904</u>	<u>\$ 2,374,904</u>

On April 24, 2019, the shareholders' meeting agreed to increase capital by surplus transfer of 134,429 thousand NT Dollar. It is calculated to issue 13,442,854 new shares with a par value of 10 dollars per share. The company has completed the change on June 23, 2019, which is taken as reference day.



## (2) Capital surplus

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Gain on asset disposal	\$ 8	\$ 8
donated assets	23	23
consolidation excess	119,577	119,577
Total	<u>\$ 119,608</u>	<u>\$ 119,608</u>

Pursuant to the R.O.C. Company Law, capital reserve arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit. Where a company incurs no loss, it may, pursuant to a resolution to be adopted by a shareholders' meeting to distribute its legal reserve and the following capital reserve, in whole or in part, by issuing new shares which shall be distributable as dividend shares to its original shareholders in proportion to the number of shares being held by each of them or by cash.

And pursuant to the Securities and Exchange Act, aforementioned capital reserve used for expand capital, it should not exceed 10% of the paid-in capital each year.

A company shall not use the capital reserve to make good its capital loss, unless the surplus reserve is insufficient to make good such loss.

## (3) Legal reserve

Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the balance of the reserve exceeds 25% of the Company's paid-in capital.

## (4) Special capital surplus

- 1) In accordance with the "Rules Governing the Administration of Securities Firms", 20% of the current year's earnings, after paying all taxes and offsetting prior years' operating losses, if any, shall be set aside as special reserve until the cumulative balance equals the total amount of paid-in capital.
- 2) In accordance with the provision in the official document, No. Jin-Kuang-Cheng-Fa-Tzi No. 1010028514 issued by the Financial Supervisory Commission dated June 29, 2012, equivalent digit number of Appropriated Retained Earnings shall be set aside from current profit and loss, and retained earnings in respect of the current net deduction of other accounted equity in case of allotment of retained earnings (such as conversion difference on the financial statements of a foreign institute, unrealized profit & loss of financial assets reserved

for sales, balance accrued from the profit & loss of hedging instrument classified as effective hedge in cash flow), while for other equity deductions accrued from the previous period, retained earnings in identical digit number from unappropriated retained earnings of the previous period shall not be in allotment; however, company that has set aside the same pursuant to the preceding provision shall recognize it in respect of the difference between recognized digit number and other net equity deduction. Thereafter, any reversal balance of other equity deduction shall be taken as earnings for allotment.

- 3) In accordance with Financial Supervisory Commission, R.O.C Letter No. 10500278285 dated August 5, 2016, securities firms and futures firms should not only set aside 20% of net income after tax as special reserve, but also, upon the distribution of earnings from 2016 to 2018, securities firms and securities investment trust firms should set aside 0.5% ~ 1% of the net profit after tax as special reserve to respond development of financial technology and protect rights and interests of securities firms, securities investment trust firms and futures business practitioners. .

(5) Retained earnings and dividend policy

- 1) Under the Company’s Articles of Incorporation, the current year’s earnings, if any, shall be used to pay all taxes and offset prior years’ operating losses first, and then set aside as legal reserve, accounted for as 10% of the remaining amount, and special reserve, accounted for as 20% of the remaining amount. Upon provision or reversal of special reserve in accordance with the law, any remaining amount together with unappropriated earnings at beginning of the period shall be distributed according to the following resolution adopted at the stockholders’ meeting: Distribution shall not be made if the balance of distributable earnings is less than 1% of paid-in capital.
- 2) In addition, in accordance with the Company’s article, the total amount of dividends declared every year shall be at least 30% of distributable earnings, of which cash dividends shall not be lower than 30% of total dividend; however, the Company's acquisition of capital should be sufficient for significant capital expenditure in current year, where cash dividends shall account for at least 50% of total dividend of the year.
- 3) The appropriation of 2019 and 2018 earnings was resolved by the shareholders on April 30, 2020 and April 24, 2019, respectively. Detail is as follows:

2019		2018	
Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)

Provision of legal reserve	\$ 12,968		\$ 44,476	
Provision of special reserve	59,811		91,176	
Cash dividends	130,620	\$ 0.55	134,428	\$ 0.60
Stock dividends	—	—	134,429	0.60
Total	\$ 203,399		\$ 404,509	

- 4) The earnings distribution for 2020 as resolved by the Board of Directors on March 9, 2021 is set forth below:

	2020	
	Amount	Dividends per share (in dollars)
Provision of legal reserve	\$ 45,583	
Provision of special reserve	93,815	
Cash dividends	142,494	\$ 0.60
Stock dividends	94,996	0.40
Total	\$ 376,888	

The Company's earnings distribution proposal for 2020 is pending by resolution in the 2021 General Shareholders' Meeting.

- 5) For details on employees' remuneration and directors' remuneration, please refer to Note (26)

(6) Other equity

	Unrealized profit or losses of financial assets measured at fair value through other comprehensive profit or losses
Balance at January 1, 2020	\$ (45,215)

Changes in current period	111,802
Balance at December 31, 2020	<u>\$ 66,587</u>
	Unrealized profit or losses of financial assets measured at fair value through other comprehensive profit or losses
Balance at January 1, 2019	<u>\$ (11,342)</u>
Changes in current period	<u>(33,873)</u>
Balance at December 31, 2019	<u><u>\$ (45,215)</u></u>

### 23. Earnings per share

	For the Year Ended December, 31, 2020		
	Amount w/tax	Weighted average outstanding number of shares (1,000 shares)	Earnings per share (NTD)
Basic earnings per share			
Current net profit classified as common stock holder	\$ 469,077	237,490	<u>\$ 1.98</u>
Diluted earnings per share			
Effect of potential common stocks with dilution			
- Remuneration for employee	—	499	
Effect of current net profit plus potential common stocks	\$ 469,077	237,989	<u>\$ 1.97</u>

	For the Year Ended December 31, 2019		
	Amount w/tax	Weighted average outstanding number of shares (1,000 shares)	Earnings per share (NTD)
Basic earnings per share			
Current net profit classified as common stock holder	\$ 135,652	237,490	<u>\$ 0.57</u>
Diluted earnings per share			

Effect of potential common stocks with dilution			
- Remuneration for employee	—	652	
Effect of current net profit plus potential common stocks	\$ 135,652	238,142	\$ 0.57

If a company may choose employee remuneration paid by share or cash, for the case of payment by share, potential common stocks with dilution shall be added with weighted average number of outstanding shares to calculate diluted earnings per share.

#### 24. Gains and losses

##### (1) Brokerage handling fee revenue

	2020	2019
Revenues from brokered trading - TWSE	\$ 174,111	\$ 108,421
Revenues from brokered trading - OTC	59,255	41,553
Revenues from short selling handling fee	818	473
Total	\$ 234,184	\$ 150,447

##### (2) Gains (losses) on sales of Operating Securities Operation Securities

	2020	2019
Trading revenues from sales-dealer	\$ 778,331	\$ 462,510
Trading costs from sales-dealer	(715,861)	(417,986)
Subtotal	62,470	44,524
Trading revenues from sales-underwriting	40,395	74,440
Trading costs from sales-underwriting	(35,336)	(70,153)
Subtotal	5,059	4,287
Total	\$ 67,529	\$ 48,811

(3) Interest revenue

	2020	2019
Interest revenue from margin loans	\$ 52,441	\$ 49,963
Interest revenue from bonds	176	214
Others	271	222
Total	<u>\$ 52,888</u>	<u>\$ 50,399</u>

(4) Valuation gain (loss) on Operating Securities at fair value through profit or loss

	2020	2019
Operating Securities Operation Securities-dealer	\$ 305,735	\$ 16,826
Operating Securities Operation Securities-underwriting	2,016	(812)
Total	<u>\$ 307,751</u>	<u>\$ 16,014</u>

(5) Other gains and losses

	2020	2019
Financial income	\$ 3,344	\$ 4,301
Net loss on disposal of property and equipment	(20)	(13)
Other revenues – site usage income	16,549	15,793
Other revenues – rental income	5,996	6,108
Other revenues – others	1,522	282
Other non – operating expenses	(2)	(1)
Total	<u>\$ 27,389</u>	<u>\$ 26,470</u>

25. Income tax

(1) Income tax recognized as profit or losses

1) Income tax income (expense) consisted of the following:

	2020	2019
Current income tax		
Current income tax for the period	\$ (11,598)	\$ (7,203)

Tax on undistributed surplus earnings	—	(4,058)
Prior year income tax underestimation (overestimation)	(6,459)	8,341
	<u>(18,057)</u>	<u>(2,920)</u>
Deferred income tax		
Deferred income tax for the period	(3,340)	97
Income tax income (expense) recognized as profit or losses	<u>\$ (21,397)</u>	<u>\$ (2,823)</u>

2) Reconciliation between income tax expense and accounting profit

	2020	2019
Tax calculated based on profit before tax and statutory tax rate	\$ (98,094)	\$ (27,695)
Expenses disallowed by tax regulation	64,820	2,896
Tax exempt income by tax regulation	23,385	20,798
Differences on basic tax payable	(1,709)	(3,202)
Additional tax on unappropriated earnings	—	(4,058)
Prior year income tax underestimation (overestimation)	(6,459)	8,341
Temporary differences arise and reverse	(3,340)	97
Income tax income (expense) recognized as profit or losses	<u>\$ (21,397)</u>	<u>\$ (2,823)</u>

(2) Income tax expense recognized as other comprehensive income

	2020	2019
Deferred income tax		
Deferred income tax for the periods	<u>\$ 3,313</u>	<u>\$ 1,492</u>

(3) Deferred income tax balance

The change of deferred income tax asset in the Balance Sheet is analyzed as follows:

	2020			
	Opening balance	Recognized as profit or losses	Recognized as other comprehensive profit or losses	Ending balance
Pension expense	\$ 13,107	\$ (3,316)	\$ 3,313	\$ 13,104
Vacation payment payable	829	(24)	—	805
Deferred income tax assets	\$ 13,936	\$ (3,340)	\$ 3,313	\$ 13,909

	2019			
	Opening balance	Recognized as profit or losses	Recognized as other comprehensive profit or losses	Ending balance
Pension expense	\$ 11,403	\$ 212	\$ 1,492	\$ 13,107
Leave payment payable	944	(115)	—	829
Deferred income tax assets	\$ 12,347	\$ 97	\$ 1,492	\$ 13,936

#### (4) Verification of Income Tax

The Company's business income tax for the year ended December 31, 2018 has been approved by the taxation authority.

#### 26. Additional information of expenditure

Employee benefit, depreciation, depletion and amortization expense are summarized by function and nature as follows:

Function \ Nature	2020			2019		
	Operating Cost	Operating expense	Total	Operating Cost	Operating expense	Total
Employee benefit expense						
Salary expense	\$ —	\$ 141,719	\$ 141,719	\$ —	\$ 108,900	\$ 108,900
Labor health	—	12,591	12,591	—	11,741	11,741



insurance expense						
Pension expense	—	7,638	7,638	—	6,992	6,992
Other Employee benefit expense	—	7,674	7,674	—	7,132	7,132
Depreciation expense	—	17,620	17,620	—	17,353	17,353
Amortization expense	—	2,608	2,608	—	1,435	1,435

(1) In case of any balance after deduction of accumulated loss depending on profitability of current year by the Company, 1% of them shall be appropriated as employee remuneration and not set aside as remuneration to Directors and Supervisors.

Employee remuneration that is appropriated by shares or in cash shall be enacted by a resolution passed by more than two thirds of all directors as attendants and a majority of them in the Board of Directors, further reported it in the Shareholders' Meeting.

(2) The Company's estimates of employee remuneration for 2020 and 2019 was NT\$4,821 thousand and NT\$1,399 thousand; the preceding amounts were estimates pursuant to the Articles of Association, which are recognized as salary expense depending on the profitability as of end of the current period.

(3) Information regarding employee remuneration for 2019 and 2018 is stated as follows:

	For the Year Ended December 31, 2019		For the Year Ended December 31, 2018	
	Passed in the resolution of the Board of Directors' Meeting dated February 20, 2020	Passed in the resolution of the Shareholders' Meeting dated April 30, 2020	Passed in the resolution of the Board of Directors' Meeting dated March 11, 2019	Passed in the resolution of the Shareholders' Meeting dated April 24, 2019
Employee Remuneration	\$ 1,399	\$ 1,399	\$ 5,285	\$ 5,285

Any changes made on the amount, if any, after the annual financial

statement was passed and issued are recorded with adjustments for next year, which is subject to the accounting change of estimates.

(4) For related information regarding to above proposal passed by the Company's Board of Directors and the resolution of appropriating employee, directors and supervisors' remuneration in the Shareholder's Meeting, please search them on Market Observation Post System.

27. Non-cash transactions

Investments having effect on cash and non-cash items

Property, Plant and equipment

	2020	2019
	<hr/>	<hr/>
Current adding	\$ 20,166	\$ 7,174
Changes on prepayments	827	1,646
Changes on payable	62	(62)
	<hr/>	<hr/>
Cash paid in current	\$ 21,055	\$ 8,758
	<hr/>	<hr/>

28. Related party transaction

(1) Name and relationship with related party

Name of Related Party	Relationship with the Company
<hr/>	<hr/>
BOLIDU Investment Co., Ltd.	Director

(2) Material transactions with related party

The Company procured Floor 6 of an office building from the related party, BOLIDU Investment Co., Ltd., as the headquarter, total price was NT\$4,600 thousand, equivalent to the appraise.

(3) Bonus/Remuneration to Top management level

Remuneration to directors and other Top management is stated as follows:

	2020	2019
Short – term benefit	\$ 37,466	\$ 31,847
Termination benefits	1,192	1,123
Total	\$ 38,658	\$ 32,970

The remuneration payment conditions to directors and other Top management have been passed by the Company's Remuneration Committee, where the principle of setting a payee is subject to individual capacity, performance or overall market situation.

#### 29. Pledged assets

As of December 31, 2020 and 2019, the Company's pledged assets are detailed as follows:

Item	Book value		Guarantee usage
	December 31,2020	December 31,2019	
Restricted assets-current	\$ 174,286	\$ 172,453	Bank loan, commercial notes issuance and settlement
Property and equipment	628,544	634,343	Bank loan
Investment property	118,258	119,568	Bank loan

#### 30. Material contractual undertakings or with liability and yet to be recognized

(1) Aside from the total price contracted by the Company for procured equipment deducting paid one, a total of NT\$1,045 thousand was pending in the payment as of December 31, 2020.

(2) Material business lease:

The Company is leaser

(1) Lease Agreement

The Company leased real estate - investment as business lease. The lease dues from April 2021 to January 2026 one by one. Please refer to Note 14 for the Company's rent income from the lease of real estate - investment.

(2) As of December 31, 2020, the business rent receivable contracted by the Company is:

	Amount
In 1 year	\$ 7,968
1~5 years	19,389
Total	\$ 27,357

31. Significant losses on disaster: no

32. Significant subsequent event: no ◦

33. Miscellaneous:

Mr. Wang, the investor of Tongmen Branch of the Company claimed that some stock in his opened account in Tongmen Branch was collected or assigned to third party with counterfeited "Deposited Securities Withdrawal Application - Substitute for Debit Voucher", "Private Direct Assignment/Revocation Application" leading to the loss NT\$111,003 thousand, with which to claim against Concord International Securities Company Limited. This case is pending in the First Trial and the Company's attorney team presented its viewpoint: The civil ruling was affirmed by Statement of Ruling, Ref. No. 2014-Nien-Du-Chong-Shang-Tzi No. 113, where the "Deposited Securities Withdrawal Application - Substitute for Debit Voucher" and "Private Direct Assignment/Revocation Application" claimed by Mr. Wang were not counterfeited; hence, the claim had no justified ground. Besides, Mr. Wang's right of claiming liquidated damages arising out

of the act of tort even existed, the right was subject to the statute of limitation.

#### 34. Capital management

##### (1) Calculation of Capital Adequacy Ratio

The Company keeps maintaining adequate capital proactively to absorb diversified risk effectively and assure healthy business development at a long-term basis. Therefore, the Company manages capital pursuant to business roadmap, relevant laws and regulations, as well as financial market environment to achieve optimized capital configuration. The Company calculates and declares its Capital Adequacy Ratio pursuant to "Security Firms Management Rule".

The Company declares Capital Adequacy Ratios for the Year Ended December 31, 2019 and 2018 to Taiwan Stock Exchange as follows:

<u>Capital adequacy</u>	<u>December 31,2020</u>	<u>December 31,2019</u>
Eligible self-own capital net amount	\$ 3,645,203	\$ 3,241,933
Sum of operation risk equivalent amount	\$ 622,653	\$ 486,540
Self-owned capital adequacy ratio	585%	666%

##### (2) Capital Adequacy Ratio Management

A security farms 'regulatory capital adequacy ratio should keep to be 150% above according to the regulation set forth in "Security Firms Management Rule".

Diversified risk duty units of the Company should identify, measure, monitor and report a variety of material risks including but not limited to credit risk, operating risk, market risk and liquidity risk, so

that the Company can reflect current economic environment by its capital goal, the capital portfolio is able to be adapted for business nature and scale with compliance of competent authority.

### 35. Financial instrument

#### (1) Types of financial instrument

	<u>December 31,2020</u>	<u>December 31,2019</u>
Financial assets		
Financial assets at fair value through other comprehensive income- current	\$ 2,029,728	\$ 1,521,236
Financial assets at fair value through other comprehensive income- noncurrent	370,153	258,350
Financial assets at amortized costs	3,186,363	2,331,824
Financial liabilities		
Financial liabilities at amortized costs	2,398,650	1,375,019

1. The financial asset at amortized costs includes but not limited to cash and equivalent amount in cash, receivable and other financial assets.
2. The financial liability at amortized costs includes but not limited to short-term loan, promissory note payable, payables and other financial liability.

#### (2) Fair value

##### 1. The fair value of financial instrument at amortized costs

The book value of financial assets and financial liabilities at amortized costs in the financial statement is in reasonably close conformity.

##### 2. Fair value measuring level and related information

The table below lists analysis result related with originally recognized financial instrument measured by fair value and

observable level of fair value is in Level 1 to Level 3.

- (1) Level 1 fair value measurement refers to public offer on the basis of asset or liability in the market (unadjusted).
- (2) Level 2 fair value measurement refers to those directly (i.e., price) or indirectly (i.e., inferred from price) observable inputs under questioned asset or liability, thereby inferring to fair value, except for the Level 1 public offer.
- (3) Level 3 fair value measurement refers to those inputs of asset or liability on the basis of unobservable market price by appraisal technology (unobservable input), thereby inferring to fair value.

### 3. Financial asset and liability measured at recurring fair value

Redundant fair value	December 31, 2020			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Stock investment	\$ 2,020,407	\$ 9,321	\$ —	\$ 2,029,728
Financial assets at fair value through other comprehensive income				
Stock investment	312,642	—	57,511	370,153
December 31, 2019				
Redundant fair value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Stock investment	\$ 1,515,703	\$ 5,533	\$ —	\$ 1,521,236
Financial assets at fair value through other comprehensive income				
Stock investment	169,611	—	88,739	258,350

The Company had no transferring cases between Level 1 and Level

2 fair value measurements of financial asset and liability at recurring fair value in 2020 and during the period spanning from January 1 to December 31, 2019.

4. Financial asset and liability at non-recurring fair value: Not applicable.

5. The table below lists Level 3 changes made during the period spanning from January 1 to December 31, 2020:

	<u>Equity security</u>
January 1, 2020	\$ 88,739
Recognized as other profit and loss	<u>(31,228)</u>
December 31, 2020	<u>\$ 57,511</u>

6. The Company had no Level 3 transferred-in and transferred-out cases in 2020 and 2019.

### 36. Financial risk management target and policy

#### (2) Overview

##### 1) Risk management policy

The Company continually strengthens risk culture to every employee and makes sure that the Company can actively develop various businesses under a healthy and effective risk management system. At the same time, by creating value of an entity and continually increasing profit, profit maximization may be achieved within appropriate risk tolerance.

##### 2) Risk management system

Create a business strategy and organizational culture that emphasizes risk management, implement the effectiveness of risk management policies, and establish an overall risk management system to facilitate effective planning, supervision and



implementation of the company's risk control operations. The risk management system can be continuously and effectively implemented. The company's board of directors, managers and employees at all levels participate in the promotion of implementation, which is a procedure that all levels abide by. From the perspective of the company as a whole, through a series of activities such as the identification, measurement, monitoring, response and reporting of potential risks, with qualitative and quantitative management methods, various risks that may be faced in operating activities are maintained within an acceptable range, in order to reasonably ensure the achievement of the company's strategic goals.

### 3) Risk management organization

#### Board of Directors:

The highest decision-making unit for risk management which bears the ultimate responsibility for risk management. Board of Directors is responsible for the approval of risk management policies and guidelines, review of important risk management reports, and understanding of risk management implementation strategies and results.

#### Risk Management Committee:

A risk management committee is set up under the board of directors to implement relevant risk management affairs, formulate risk management policies and risk management systems and submit them to the board for approval, regularly and irregularly report to the board of directors on the implementation of risk management, and make necessary improvement suggestions in a timely manner.

#### Risk Management Department:

- (1) Audit Office: Develop and execute internal audit system of the Company pursuant to Internal Audit and Control Guideline formulated by the competent authority and assess performance of every department at regular basis.
- (2) Compliance Department: Ensure all business processes inward and outward to conform to current laws and regulations. The Company keeps identifying, measuring, suggesting, monitoring and presenting report on laws and regulations requiring observation by competent authorities, and monitoring adequacy of procedures.
- (3) Risk Control & Management Department: Duty Department for risk control and management. The Company Sets Risk Control & Management Department subordinated under the General Manager Office that supervisor's employment and dismissal requires pass in the Board of Directors' Meeting. The Department develops Risk Management System pursuant to risk management policy, a unit putting risk management into practices. It takes charge of practices including but not limited to monitoring, measuring and assessing daily risks in the Company, being independent out of business unit and transaction activity.

#### 4. Risk & Management Process

It consists of identification, measurement, monitoring, report and countermeasures of risks.

- A. Risk Identification and Measurement: Risk Control & Management Department assists in every sales department's compliance with the regulations prescribed by competent

authorities. Guideline and risk assessment index related with identification, measurement and assessment methods, index, duration, frequency and other factors to all involved risks with on & off-balance sheet business or a variety of transactions on financial products shall be formulated with business practices.

B. Risk Monitoring & Report: Risk Management Department monitors a variety of use with risky upper limits and gives appropriate report on any cases beyond such upper limits. Whenever hitting the warning line, the Department should give a notice to related sections to present reports and a review meeting should be organized by the President or duty supervisor for countermeasures and solution; such report should be presented in the Board of Directors Meeting at regular or irregular basis.

## (2) Market risk

Market risk refers to the risk arising out of uncertain fluctuation of financial asset value due to dynamic market price during a period like interest rate, foreign exchange rate, equity securities and commodity price, potentially causing loss reflected in the subjects of on and off-balance sheets.

### Other price risks

Price risk exposure is generated from the Company's invested listed company stocks/over-the-counter (OTC) stocks.

### Sensitivity Analysis

The sensitivity analysis listed below commenced from the price risk exposure out of financial asset measured at fair value through profit and loss of investment on the balance-sheet day. With consideration of the effect by change of security market policy, the Company

evaluated the rate of change used in the price came up with up/down by 10%, also indicating the justified evaluation of Top Management Level for the potential scope of change on value.

If the invested stock price goes up/down by 10%, then, net profits before tax for 2020 and 2019 will increase/decrease by NT\$203,973 thousand and NT\$152,124 thousand respectively because of the fair value change from the investment by equity tool that was measured at fair value through profit & loss forcefully.

### (3) Credit risk

#### 1. Source and definition of credit risk

The credit risk that the Company is exposed from its financial transactions includes issuer credit risk and counterparty credit risk.

(1) Issuer credit risk refers to the risk arising out of financial loss that the Company suffered due to the reason of failure of performing obligations of repayment (or compensation) from its held financial liability tool or deposits in the bank as contracted caused by issuer (or guarantor) or bank's breach of contract, goes on bankruptcy or liquidation.

(2) Counterparty credit risk refers to the risk arising out of financial loss that the Company suffered due to the reason of the counterparty to financial tool failed performing obligations of settlement or delivery.

#### 2. Maximum risk-exposed amount of credit risk and centralization

The maximum risk-exposed amount of the Company's on-balance sheet financial asset is equivalent to its carrying value if collaterals or other credit reinforced tool are not considered. The source of the

Company's exposure of credit risk is in Taiwan and diversified credit risks are described as follows:

(1) Cash and equivalent cash

Cash and equivalent cash mainly consist of time deposit, demand deposits and note deposits of banks and domestic banks constitute a majority of correspondent institutes.

(2) Financial asset measured at fair value through profit/loss - current

Debt security

Debt security is mainly the position of government bond, convertible (exchangeable) corporate bond and the R. O. C. Government and domestic legal entity are deemed as the issuer. For more information, please refer to as follows:

A. Bond

The position of bond held by the Company is mostly government bond (included central and local); its credit risk is generally low.

B. Convertible (exchangeable) corporate bond

The position of convertible (exchangeable) corporate bond held by the Company was mostly issued by domestic legal entity; unsecured corporate bond issuers are all large-scale companies at low credit risk.

(3) Reverse Repurchase Agreement (Reverse Repo, RS) on Bond Investment

Bond Reverse Repurchase Agreement (Reverse Repo, RS) refers to a situation that a bond holder sells bonds to the Company and both parties entered into an agreement with agreed price, interest

rate and duration (days); expired bond is further repurchased by counterparty with agreed price. The most of counterparty are located domestically. The Company will reduce counterparty's credit risk-exposed amount with RS agreed bond as collaterals.

(4) Receivable Amount for Margin Loans

Receivable Amount for Margin Loans are for the Company's customers upon completion of Margin Trading and Short Selling procedures; the stock bought by customer financing process is taken as collaterals and the Company controls customer's collateral maintenance ratio through information system under 130% (included) pursuant to the provisions set forth in Regulations Governing the Conduct of Securities Trading Margin Purchase and Short Sale Operations by Securities Firms, where the credit risk is extremely low.

(5) Receivable

The Obligatory Claim generated from business operated by securities firms includes but not limited to settlement price receivable for consignment trades, quoted market price receivable from the sales of operating securities and receivable generated from consignment trades of securities; because such receivables of the Company mainly from consignment business and proprietary business, which are settlement trading with the Taiwan Stock Exchange or over-the-counter (OTC) center, hence, extremely low credit risk.

(6) Other current asset

It mainly refers to the Company's cash with constricted purposes and pending in settlement. It is classified as domestic banking institutes with good creditability like the Company's correspondent banks, which minimizes the credit risk.

(7) Other non-current asset

It mainly consists of Operating margin, clearing and settlement fund and refundable deposits. Operating margin is mainly deposited in a bank with good creditability domestically; clearing and settlement fund is paid to and deposited in the Taiwan Stock Exchange (TSE), which is compensated by TSE to either securities trading party in case of the default of delivery obligations, where institutes that two former margins are deposited have minimum credit risk; refundable deposits refer to cash that the Company has deposited as margin externally or other assets; due to the reason of diversification of domestic banks with good creditability or subjects for such refundable deposits, plus each record shows not high amount, hence, the credit risk is decentralized and overall credit risk exposure of refundable deposit is minimized.

As of December 31, 2020 and 2019, a variety of financial assets held by the Company had normal quality without overdue and not yet been recognized as impairment or impaired financial assets, where the maximum amount of credit risk exposure (excluded collateral fair value) is approximate to the carrying value, not for

additional disclosure.

#### (4) Liquidity risk

##### 1. Source and definition

Liquidity risk refers to the risk arising out of failure of asset realization or with sufficient fund, leading to default of due responsibility (i.e., fund liquidity risk), and the risk arising out of significant fluctuation of market price whenever held positions are intervened or written off due to insufficient market depth or loss of order (i.e., market liquidity risk).

##### 2. Management Procedures for Liquidity Risk

The Company's target of liquidity risk management is to maintain cash and equivalent cash required for operation, securities with high liquidity and sufficient bank lines of credit to assure corporate adequacy of financial flexibility.

Bank loan is an important liquidity source for the Company. As of December 31, 2020 and 2019, the Company's rest of lines of credit were NT\$1,351,000 thousand and NT\$1,852,000 thousand respectively.

##### 3. Maturity analysis of financial asset and financial liability held for liquidity risk management

(1) The Company holds cash and quality interest-accrued assets with high liquidity to perform repayment obligations and potential funding needs in the market. The Company mainly



holds cash and equivalent cash among financial assets to manage liquidity risk, where time deposits all due within one year; listed (OTC) company stocks and debt securities account for a majority of financial assets that were measured at fair value through profit and loss, which all have positions in active market with low liquidity risk.

(2) Please refer to the table below for details of maturity analysis for the rest of the Company contracted non-derivative financial liability during agreed repayment term, which is made pursuant to the date that the Company repayment requested earliest and undiscounted cash flow of financial liability covering interest and the principle.

	December 31, 2020					Total
	Less than 1 year	2~3 years	4~5 years	Over 5 years		
<u>Non derivative financial liabilities</u>						
Short – term borrowing	\$ 230,000	\$ –	\$ –	\$ –	\$ 230,000	
Commercial notes payable	600,825	–	–	–	600,825	
Short selling premium	51,319	–	–	–	51,319	
Short selling guarantee payable	54,754	–	–	–	54,754	
Accounts and notes payable	1,300,120	–	–	–	1,300,120	
Collection receivables	96,677	–	–	–	96,677	
Other receivables	63,734	–	–	–	63,734	
Lease liabilities	2,371	4,742	4,742	9,414	21,269	
Guarantee deposit received	150	501	60	510	1,221	
<b>Total</b>	<b>\$ 2,399,950</b>	<b>\$ 5,243</b>	<b>\$ 4,802</b>	<b>\$ 9,924</b>	<b>\$ 2,419,919</b>	
December 31, 2019						

	Less than 1 year	2~3 years	4~5 years	Over 5 years	Total
Non derivative financial liabilities					
Short—term borrowing	\$ 130,000	\$ —	\$ —	\$ —	\$ 130,000
Commercial notes payable	349,868	—	—	—	349,868
Short selling premium	48,051	—	—	—	48,051
Short selling guarantee payable	52,457	—	—	—	52,457
Accounts and notes payable	732,898	—	—	—	732,898
Collection	3,044	—	—	—	3,044
receivables	35,115	—	—	—	35,115
Other receivables	2,371	4,742	4,742	11,785	23,640
Lease liabilities	—	651	—	480	1,131
Total	<u>\$ 1,353,804</u>	<u>\$ 5,393</u>	<u>\$ 4,742</u>	<u>\$ 12,265</u>	<u>\$ 1,376,204</u>

#### (5) Operational Risk

Operational risk refers to the risk caused by improper or wrong process, staff, system or external events.

1. The control and management of operational risk comprises of standards in connection with internal control including but not limited to information security and maintenance, clearing and settlement, preparation of statements, reserved transaction records and labor power and duty division.
2. The management of operational risk focuses on practices of internal control system and internal audit system. Traders and relevant operators should retain transaction records and traces according to internal control system for future verification. In addition to regular checks by each agency, auditors review pursuant to procedures and highlights of internal control system, wherein every business unit should improve any found defects or

abnormality and the Audit Office should make follow-up report at regular basis after the Audit Report was submitted for approval to make sure that proper improvements have made by related units.

(6) Base of Overall Risk Control and Management

1. Article 13 of the Regulations Governing Securities Firms

(1) After deduction of any occurred liability arising out of Government Bond trades from exterior liability, total liability may not exceed over 6 times as the Company's net capital.

(2) Total current liability may not exceed over total current asset.

(3) In the case of securities firms accepting orders to trade securities or securities dealing, unless otherwise specified by the Financial Supervisory Commission, R.O.C., total exterior liability may not exceed over net capital.

2. Article 16 of the Regulations Governing Securities Firms

The lump sum of held real estate and equipment values for business and total non-operating real estate may not exceed over 60% of the Company's total assets.

3. Article 18 of the Regulations Governing Securities Firms

Securities Firms' use of fund is subject to those items as specified in Article 18 of the Regulations Governing Securities Firms and bound by it.

4. Article 19 of the Regulations Governing Securities Firms

(1) Dealer's total held amount of any one domestic company's shares may not exceed over 10% of the Company total issued number of shares.

(2) The total cost that dealer holds any one domestic company

issued securities may not exceed over 20% of net capital.

### 37. Notes to Financial Statements

According to Regulations Governing the Preparation of Financial Reports by Company-Type Stock Exchanges, the information on significant transactions that shall be disclosed is as follows:

(1) Information on significant transactions:

1. Lending funds to others: N/A.
2. Providing endorsements or guarantees for others: N/A.
3. Aggregate purchases or sales of the acquisition of real estate reaching NT\$100 million or 20 percent of paid-in capital or more: N/A.
4. Disposal of real estate reaching NT\$300 million or 20 percent of paid-in capital or more: N/A.
5. Discount on handling fees for transactions with related parties reaching NT\$ 5 million or more: N/A.
6. Accounts receivable from related parties reaching NT\$100 million or 20 percent of paid-in capital or more: N/A.
7. Others: The business relationship between the parent and the subsidiaries and between each subsidiary, and the circumstances and amounts of any significant transactions between them: N/A.

(2) Information on investees:

1. Related information on the investee company, the location...: N/A.
2. Related information on significant transactions: N/A.

(3) Information on setting up branches and representative offices abroad:

N/A.

(4) Information on investment in mainland China: N/A.

(5) Information on major shareholders: Refer to schedule for detail information.

## Information on major shareholders

Name of major shareholders	Shares	Shareholding amount	Shareholding ratio
BOLIDU Investment Co., Ltd.		35,191,052	14.81%
SINCE SHE CO., LTD.		28,881,786	12.16%

Explanation: If exchange-listed and OTC-listed companies are applying for the information in this form from the depository & clearing corporation, explain the following matters in the notes to this form:

1. The major shareholders' information in this table is prepared by Depository & Clearing Corporation on the last business day of each quarter, wherein the ordinary shares and special shares held by shareholders that have been delivered by securities firms without physical registration (including treasure stock) are added up to 5% or more. As for the share capital recorded in the financial report of the securities firms and the actual number of shares delivered without physical registration by the securities firm, there may be differences due to the different basis of the calculation.
2. For the above information, if a shareholder delivers shares to the trust, it means that the trustee opened a trust account for individual sub-accounts. As for shareholders' declarations for insider equity

holdings exceeding 10% in accordance with the Securities and Exchange Act, their shareholding includes their own shareholding plus the shares delivered to the trust and the right to use the trust property, etc. Please refer to the Public Information Observatory for information on insider equity declarations.



### 38. Financial information of the operating department

#### (1) Information on departmental profit and loss, assets and liabilities

For management purposes, we divide operating units into the following reporting operating departments according to different businesses and services:

Self-employed business: securities, bonds.

Brokerage business: securities.

Underwriting business: Securities underwriting.

	Year of 2020				
	Brokerage department	Self-employed department	Underwriting department	Other	Total
Income:					
Revenue from external customers	\$ 290,566	\$ 425,891	\$ 8,969	\$ 4,390	\$ 729,816
Revenue from internalsegment	—	—	—	—	—
Total income	\$ 290,566	\$ 425,891	\$ 8,969	\$ 4,390	\$ 729,816
Segmental profit and loss	\$ 122,015	\$ 418,887	\$ 7,130	\$ (57,558)	\$ 490,474
	Year of 2019				
	Brokerage department	Self-employed department	Underwriting department	Other	Total
Income:					
Revenue from external customers	\$ 203,643	\$ 120,360	\$ 4,121	\$ 5,469	\$ 333,593
Revenue from internalsegment	—	—	—	—	—
Total income	\$ 203,643	\$ 120,360	\$ 4,121	\$ 5,469	\$ 333,593
Segmental profit and loss	\$ 73,096	\$ 115,167	\$ 2,401	\$ (52,189)	\$ 138,475

The accounting policies of the operating departments are the same as the summary description of important accounting policies described in Note 4. The profit and loss of our operating department is measured by pre-tax operating profit and loss, serving as the basis for

evaluating performance.

(2) Regional information: N/A.

(3) We do not have any no customers that account for more than 10% of our revenue.

(4) Our operating decision-makers do not use the assets and liabilities of the operating department as the basis for decision-making, and shall not disclose the assets and liabilities of the operating department based on the regulations.

V. The Company's Individual Financial Reports Audited by Accountants during Recent Years However, the significant accounting items are not included: Please refer to the **pages** in this annual report.

VI. If the Company and its affiliates have experienced financial difficulties in the most recent year and as of the printing date of the annual report, the impact on the financial position of the Company should be stated: None.

## VII. Review, analysis on financial status and performance, as well as risks

- 一、Financial status : The main reasons for significant change on assets, liabilities and equity within 2 fiscal years of the Company and its effect, along with countermeasures for future.

Unit: NT\$1,000

Item \ Year	2020	2019	Difference	
			Amount increase (decrease)	Change Ratio %
Current assets	\$ 4,946,891	\$ 3,583,394	\$ 1,363,497	38.05
Non-current assets	1,517,759	1,399,233	118,526	8.47
Total assets	6,464,650	4,982,627	1,482,023	29.74
Current liability	2,404,833	1,359,983	1,044,850	76.83
Non-current liability	86,087	85,922	165	0.19
Total liability	2,490,920	1,445,905	1,045,015	72.27
Share capital	2,374,904	2,374,904	-	-
Additional Paid In Capital	119,608	119,608	-	-
Earnings reserve	1,412,631	1,087,425	352,206	29.91
Other Equity	66,587	(45,215)	111,802	(247.27)
Total equity	3,973,730	3,536,722	437,008	12.36

Note: The main reasons for significant change on assets, liabilities and equity within 2 fiscal years of the Company (prior period/later period change reached 20% above and the amount of change reached NT\$10 Million) and its effect, along with countermeasures for future.

- (1) Current assets and total assets: The focus is that driven by pandemic COVID-19, home economy rose up Taiwan stock market for the year increased investors' settlements, margin loans and the fair price of security underwriting business significantly.
- (2) Current liability, non-current liability and total liabilities: The focus is that driven by pandemic COVID-19, home economy rose up Taiwan stock market for the year increased customers' marginal receivables and payable to loans and stock settlements.
- (3) Other Equity: The focus is that equity tool held for the year and measured by the fair price of other comprehensive profit/loss generated realized evaluation gains.

II. Financial results: The main reasons for the significant changes in operating income, net operating income and net income before tax for the last two years and the expected sales volume and its basis, the possible impact on the Company's future financial operations and the plan to respond.

Unit: NT\$1,000

Item \ Year	2020	2019	Difference	
			Amount increase (decrease)	Change Ratio
Revenue	\$ 729,816	\$ 333,592	\$ 396,224	118.78
Operating expenses	266,731	221,587	45,144	20.37
Operating profit (loss)	463,085	112,005	351,080	313.45
Non-operating income/loss	27,389	26,470	919	3.47
Net profit before tax	490,474	138,475	351,999	254.20
Income tax profit (fee)	(21,397)	(2,823)	(18,574)	657.95
Net profit after tax	469,077	135,652	333,425	245.79

(1) Analytical details of increase/decrease ratio change within last 2 years (increase/decrease changed up to 10% above):

1. Revenue, net profit before tax, net profit after tax: The focus is that driven by pandemic COVID-19, home economy rose up Taiwan stock market for the year, and the volume increased broker commission income and the net profit of underwriting securities business measured by the fair price of profit/loss.
2. Operating expenses: The focus is that driven by pandemic COVID-19, home economy rose up Taiwan stock market for the year, the volume for the year increased the volume by 64% and salary of salesman.
3. Income tax expense: The focus is that the net profit before tax for the year increased and deferred income tax asset estimated by claim loss decreased.

(2) Possible improvement and countermeasures for the Company's upcoming finance and business: None.

III. Cash flow : Analysis of cash flow change for the latest year, Improvement plan for insufficient liquidity and Cash liquidity analysis for the upcoming year

(1) Analysis of cash flow change for the latest year :

Unit: NT\$1,000

Item	2020	2019	Difference	Note
Operating activity	\$ (217,920)	\$ 76,939	\$ (294,859)	The focus is the net cash outflow of operating activity. The financial assets measured through the fair price of profit/loss increased significantly YoY, thereby increased cash outflow.
Investments	(27,054)	(9,246)	(17,808)	The focus is the net cash outflow of investments, which was mainly resulted from increased procurement of fixed assets and intangible assets.
Financing	217,984	(96,752)	314,736	The focus is the net cash inflow from financing, which was mainly resulted from customer's margin loan increased loans for the year.

(2) Improvement plan for insufficient liquidity : None ◦

(3) Cash liquidity analysis for the upcoming year

Unit: NT\$1,000

Cash Balances - Beginning of Period(1)	Estimates of Cash Flows from Operating Activities (2)	Estimates of annual cash inflow/outflow (3)	Estimates of cash balance (shortage)(1)+(2)-(3)+(4)	Remedies for estimates of cash shortage	
				Investment plan	Financing plan (4)
\$88,472	\$ 472,254	\$ (413,010)	\$ 147,716	—	—

IV. The effect of significant capital expenditure on finance and business for the latest year: None

V. Reinvestment policy for the latest year, the main reason for profit or loss, improvement plan and investment plan for the upcoming year: The Company has no reinvestment plan.

VI. Analysis and evaluation of risks as of end of the last year:

(1) Fluctuation of interest rate and foreign exchange rate, the effect of inflation on the Company's profit & loss and countermeasures for future:

1. Interest rate change: Margin trading is the major interest rate-affected business, which is mainly to earn financing spread, not affected by interest rate a lot.
2. Fluctuation of Foreign exchange rate: The Company's income is mainly from domestic business, and the effect on the profit/loss by fluctuation of foreign exchange rate accounting for the Company's profit or net profit is few.
3. Inflation: The Company's income is mainly from securities service commission, security trading capital gains and interest income from margin purchase/short sale, not affected by inflation a lot.

(2) Engaging in high-risk, high-leveraging investments, making loans to others, endorsement and trading on derivatives policy, the main reason for profit or loss, improvement plan and investment plan for the upcoming year:

1. The Company was not engaging in high-risk, high-leveraging investments in the last year.
2. The Company had no loans made to others or endorsed for others.
3. The Company had no trades on derivatives in the last year.

(3) The effect of changes on domestic/overseas significant policy and laws on the Company's finance and business, as well as countermeasures.

The Company and related departments have been aware of the progress in the change of domestic/overseas significant policy and laws. We also analyze, evaluate the effect on diversified finance and business, adjust internal operation related policy and procedures to respond such changes, and boost business and profit on condition of compliance.

- (4) The effect of technology and industry change on the Company's finance and business and countermeasures: Financial digitalization has changed the way to operate broker's business. Considering the goal of making company be more competitive for future and professionalism in new economy, the Company has updated span and depth to apply software/hardware step by step, reinforcing security and steadiness of various features of information and trading platform, also keeping promotion on system upgrade and development ceaselessly; in addition, for sustainability, the Company builds client base of e-order platform to improve operating efficiency and maintain competitiveness on market. As a dealer, the Company is paying attention to the shift of financial technology and will seek to create long-term stable profit via proactive role of information technology when the time is right.
- (5) The effect of corporate image shift on business crisis management and countermeasures: None.
- (6) Expected efficiency of Merger & Acquisition (M&A), potential risk and countermeasures: None.
- (7) Expected efficiency of expanding business site, potential risk and countermeasures: None.
- (8) The risk of centralizing business and countermeasures: The customers of the Company are structured by natural persons and legal entities completely, which had no risk of business centralized to single one.
- (9) The effect of directors, supervisors or majority shareholders holding more than 10% shares and large-scale transfer or change of shares on the Company, risks and countermeasures:  
As of December 31, 2020, the Company's directors, supervisors or majority shareholders holding more than 10% shares had no issues of large-scale transfer or change of shares.

(10) The effect of management right alternation on the Company, risk and countermeasures: None.

(11) The Company and its directors, supervisors, General Manager, majority shareholders holding more than 10% shares and affiliates have been judged by the court or were pending in a significant lawsuit, non-lawsuit or administrative litigation cases which may have severe effect on equity or security price and how was it handled as of end of the year: Please refer to Note 33 for details of such lawsuit cases.

(12) Other key risks and countermeasures: None.

#### VII. Response System for Crisis:

In case of incident occurred, every sector of the Company should report to the Company's officers, competent authorities and circumvent agencies, police department, fire service, environmental protection and other related authorities, also will take various necessary countermeasures, initiating crisis response group, mobilization in emergency, SMS contact, contemplating on countermeasures and collaborate internal/external resources effectively to strive for solving it at the first moment, thereby preventing disaster from spread. At the end of crisis, we should discuss the overall condition of the crisis, confirming various measures and measures taken for the aftermath.

#### VIII. Other important matters: information security policy and specific management plan of

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The Company regularly evaluates its information security policy each year and submits it to the Director's meeting for approval, the most recent date of submission to the Director's meeting being February 10, 2020. The statement is approved by the Board of Directors, and the contents of the statement are disclosed to the Market Observation Post System within three months after the end of the fiscal year.

The main assessment items and specific management plans for information security of the Company are as follows:

(1) Designate an information security officer to be responsible for information security



work, and regularly attend more than 15 hours of professional training on information security each year.

- (2) We conduct employee information and safety training twice a year.
- (3) Network System Security Assessment:
  - (a) Regularly assess network system security (e.g., operating systems, web servers, browsers, firewalls, and anti-virus versions).
  - (b) Fix the security vulnerability of the network equipment regularly.
- (4) Prevention of computer viruses and malware:
  - (a) Install anti-virus software and update programs and virus codes in a timely manner.
  - (b) Regular virus scanning of computer systems
- (5) Periodically check the functions provided by the network order system.
- (6) Regularly assess the capacity of the computer system and conduct regular stress tests on the system capacity.
- (7) Conduct information system vulnerability scans every six months to assess the risks associated with the potential system vulnerabilities identified or to install remedial programs.
- (8) Mobile application testing: The mobile application testing is conducted annually by a third-party testing laboratory certified by the National Accreditation Foundation (TAF), and the scope of testing is based on the basic information security testing benchmark items for mobile applications announced by the Mobile Application Information Security Alliance (MAPA), an executive unit commissioned by the Industrial Development Bureau, Ministry of Economic Affairs.
- (9) Regularly test the fault recovery procedures and seek improvements for test deficiencies.
- (10) Establish an information security information notification mechanism, and to take action against information security incidents related to the information system. Take the proper correction procedure.
- (11) Establish distributed denial of service attack (DDoS) defense and response operational procedures.
- (12) Regularly hold social engineering education training and e-mail social engineering exercises to test, promote and strengthen the education of information security, so that colleagues can understand the risks of using e-mail, improve their awareness of the crisis of social engineering attacks, and continuously rehearse to reduce the risks caused by social engineering attacks, and further achieve the purpose of protecting

customer information and important operation information and services.

## VIII. Special Disclosure

### I. Information about the company's Affiliates

- (I) Consolidated Business Reports of Affiliated Companies: Not applicable.
- (II) Consolidated Financial Statements of Affiliated Companies: Not applicable.
- (III) Affiliation Reports: Not applicable.

### II. For the most recent year and as of the printing date of the annual reportPrivate PlacementThe

Company shall disclose the date and amount approved by the shareholders' meeting or the director's meeting, the basis and reasonableness of the price, the method of selection of the specific person, the reasons for the private placement, the targets of the private placement, the eligibility criteria, the number of subscriptions, the relationship with the Company, the operation of the participating companies, the actual subscription (or conversion) price, the difference between the actual subscription (or conversion) price and the reference price, the impact of the private placement on the shareholders' equity, the progress of implementation of the plan and the effectiveness of the plan since the receipt of the full amount of the shares or the price until the completion of the capital utilization plan, and the use of the funds of the private placement. The Company's shareholder's equity, the use of funds from the private placement of marketable securities from the time the shares or the price are received until the completion of the capital utilization plan, the progress of the implementation of the plan, and the benefits of the plan: Not applicable.

### III. Holding or Disposal of the Company's Shares by Affiliated Companies during the most recent fiscal year as well as the current fiscal year up to the date of publication of the annual report: The Company has no subsidiaries, hence, not applicable.

### IV. Other Necessary Supplementary Notes:

- (I) Merger or consolidation of other companies: None.
- (II) Reorganization: None.
- (III) Affiliation Reports: None.
- (IV) Acquisition or disposal of significant assets: None.
- (V) Significant changes in business practices or business content: None.
- (VI) Information on investment in overseas business: None.

### V. The first listed company shall include a description of material differences from the protection of shareholders' rights and interests in the Republic of China: Not applicable.

VI. In the event of any matter which has had a significant impact on shareholders rights or the price for the securities referred to Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act during the most recent fiscal year as well as the current fiscal year up to the date of publication of the annual report, items should be stated in order: None.

Concord International  
Securities CO., LTD

Chairman HSU, WEN-KO