

Concord International Securities Company Limited  
Financial Statements for the  
Years Ended December 31, 2021 and 2020

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# Concord International Securities Company Limited

## Table of Content

Content	Page
1. Cover Page	1
2. Table of Contents	2~4
3. Independent Auditors' Report	5~9
4. Balance Sheets	8~9
5. Statements of Comprehensive Income	10
6. Statements of Changes in Equity	11
7. Statements of Cash Flows	12~13
8. Notes to the Financial Statements	
(1) Overview	14
(2) Approval date and procedures of the financial statements	14
(3) New standards, amendments and interpretations adopted	15~16
(4) Summary of significant accounting policies	16~30
(5) Major sources of significant accounting assumptions, judgments and estimation uncertainty	30~31
(6) Explanation of significant accounts	31~56
(7) Related party transactions	56
(8) Pledged assets	56

Content	Page
(9) Significant contingent liability and unrecognized contract commitment	57
(10) Significant catastrophic loss	57
(11) Significant subsequent events	57
(12) Other	57~69
(13) Other disclosures	
(a) Information on significant transactions	69~70
(b) Related information of investee companies	70
(c) Overseas branches or representative offices	70
(d) Information on investments in the Mainland China	70
(e) Disclosures required for securities firm investing in countries or regions without securities authority	70~71
(14) Segment information	72
9. Statement of major accounting items	73~93
10. Independent Auditors' Review Opinion	94
11. Other disclosure matters	
(1) Business conditions	95~106
(2) Financial overview	107~110
(3) Review and analysis of financial position and financial performance	110~115
(4) CPA information	115

## Independent Auditors' Report

NO.01631100A

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, 2021 and 2020, and the statements of comprehensive income, statements of changes in equity and cash flows for the years ended December 31, 2021 and 2020, 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, 2021 and 2020, and its financial performance and its cash flows for the years ended December 31, 2021 and 2020 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 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters of the Company's financial statements for 2021 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, 2021 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-Financial-Securities-VI-53585

March 15, 2022

Concord International Securities Company Limited

Balance Sheets

For the years ended December 31, 2021 and 2020

(In Thousand NTs of New Taiwan Dollars)

Assets		Notes	December 31, 2021		December 31, 2020	
Codes	Items		Amount	%	Amount	%
110000	Current assets					
111100	Cash and cash equivalents	4,6	\$ 96,077	1	\$ 88,472	2
112000	Current financial assets at fair value through profit or loss	4,7	2,752,172	33	2,029,728	32
114010	Bond investments under resale agreements	4,8	—	—	63,001	1
114030	Margin loans receivable	4,9	1,729,362	21	1,188,146	18
114040	Refinancing margin	4,9	2,951	—	—	—
114050	Refinancing collateral receivable	4,9	2,459	—	—	—
114060	Receivable of securities business money lending	4,9	—	—	840	—
114066	Receivable of money lending-any use	4,9	8,884	—	7,443	—
114130	Accounts receivable	4,9	1,203,151	15	1,274,117	20
114150	Prepayments		1,745	—	2,481	—
114170	Other receivables	4	32,340	—	17,237	—
119000	Other current assets	10	861,387	10	275,426	4
110000	<b>Total current assets</b>		6,690,528	80	4,946,891	77
120000	<b>Non – current assets</b>					
123200	Non-current financial assets at fair value through other comprehensive income	4,11	575,770	7	370,153	6
125000	Property and equipment	4,12	668,037	8	713,604	11
125800	Right-of-use assets	4,13	8,981	—	20,041	—
126000	Investment property	4,14	158,901	2	118,258	2
127000	Intangible assets	4,15	7,804	—	7,462	—
128000	Deferred tax assets	4,25	9,094	—	13,909	—
129000	Other non-current assets	16	278,227	3	274,332	4
120000	<b>Total noncurrent assets, net</b>		1,706,814	20	1,517,759	23
	<b>Total Assets</b>		\$ 8,397,342	100	\$ 6,464,650	100

(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, 2021 and 2020

(In Thousand NTs of New Taiwan Dollars)

Liabilities and Equity		Notes	December 31, 2021		December 31, 2020	
Code	Items		AMOUNT	%	AMOUNT	%
210000	<b>Current liabilities</b>					
211100	Current borrowings	17	\$ 690,000	8	\$ 230,000	4
211200	Commercial paper payable	18	839,688	10	600,825	9
214040	Securities financing refundable deposits	9	46,497	—	51,319	1
214050	Deposits payable for securities financing	9	49,187	1	54,754	1
214110	Notes payable		1,571	—	2,626	—
214130	Accounts payable	19	1,218,156	15	1,297,494	20
214160	Receipts under custody		677,925	8	96,677	2
214170	Other payables	20	72,982	1	63,734	1
214600	Current tax liabilities	4,25	24,016	—	4,194	—
216000	Current lease liabilities		1,101	—	2,170	—
219000	Other current liabilities		582	—	1,040	—
210000	<b>Total current liabilities</b>		3,621,705	43	2,404,833	38
220000	<b>Noncurrent liabilities</b>					
224020	Long-term deferred revenue		1,378	—	2,411	—
226000	Non-current lease liabilities		8,070	—	18,137	—
229030	Guarantee deposit received		720	—	1,071	—
229070	Non-current net defined benefit liability	4,21	40,301	1	64,468	1
220000	<b>Total noncurrent liabilities</b>		50,469	1	86,087	1
	<b>Total Liabilities</b>		3,672,174	44	2,490,920	39
301000	<b>Capital</b>					
301010	Common stock		2,517,398	30	2,374,904	37
302000	Total capital surplus		119,609	1	119,608	2
304000	<b>Retained earnings (or accumulated deficit)</b>					
304010	Legal reserve		135,940	2	90,357	1
304020	Special reserve		915,020	11	866,420	13
304040	Unappropriated retained earnings (accumulated deficit)		764,997	9	455,854	7
305000	<b>Total other equity interest</b>		272,204	3	66,587	1
	<b>Total Equity</b>	22	4,725,168	56	3,973,730	61
	<b>Total liabilities and equity</b>		\$ 8,397,342	100	\$ 6,464,650	100

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

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

Concord International Securities Company Limited

Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

(In Thousand NTs of New Taiwan Dollars)

Codes	Items	Notes	2021		2020	
			AMOUNT	%	AMOUNT	%
400000	Revenues		\$ 1,057,679	100	\$ 729,816	100
401000	Brokerage handling fee revenue	24	367,493	35	234,184	32
404000	Revenues from underwriting business		4,744	—	2,424	—
410000	Gains (losses) on sale of operating securities	24	115,430	11	67,529	9
421200	Interest revenue	24	86,050	8	52,888	7
421300	Dividend revenue		101,537	10	61,808	9
421500	Valuation gains (losses) on operating securities at fair value through profit or loss	24	379,476	36	307,751	42
424100	Futures commission revenues		2,757	—	3,238	1
425300	Impairment loss (impairment gain and reversal of impairment loss)		81	—	(194)	—
428000	Other operating income		111	—	188	—
500000	<b>Total expenditure and expense</b>		<b>(346,746)</b>	<b>(33)</b>	<b>(266,731)</b>	<b>(37)</b>
501000	Brokerage handling fee expense		(24,503)	(2)	(14,559)	(2)
502000	Proprietary handling fee expense		(68)	—	(88)	—
503000	Refinancing processing fee expenses		(28)	—	(60)	—
504000	Underwriting operation processing fee expenses		(72)	—	(54)	—
521200	Finance costs		(10,236)	(1)	(4,279)	(1)
528000	Other operating expense		(2)	—	—	—
531000	Employee benefits expenses		(222,978)	(21)	(169,622)	(23)
532000	Depreciation and amortization expense		(21,064)	(2)	(20,228)	(3)
533000	Other operating expense		(67,795)	(7)	(57,841)	(8)
5xxxxx	<b>Non-operating income(loss)</b>		<b>710,933</b>	<b>67</b>	<b>463,085</b>	<b>63</b>
602000	Other gains and losses	24	28,147	3	27,389	4
902001	<b>Profit (loss) from continuing operations before tax</b>		<b>739,080</b>	<b>70</b>	<b>490,474</b>	<b>67</b>
701000	<b>Income tax expense (benefit)</b>	4,25	<b>(36,060)</b>	<b>(3)</b>	<b>(21,397)</b>	<b>(3)</b>
902005	<b>Profit (loss)</b>		<b>703,020</b>	<b>67</b>	<b>469,077</b>	<b>64</b>
805000	<b>Other comprehensive income</b>					
805500	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>		<b>190,911</b>	<b>18</b>	<b>98,551</b>	<b>14</b>
805510	Gains (losses) on remeasurements of defined benefit plans		(18,383)	(2)	(16,564)	(2)
805540	Unrealized gains (losses) from investments in equity instruments at fair value through other comprehensive income		205,617	20	111,802	15
805599	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		3,677	—	3,313	1
902006	Other comprehensive income		190,911	18	98,551	14
	<b>Total comprehensive income</b>		<b>\$ 893,931</b>	<b>85</b>	<b>\$ 567,628</b>	<b>78</b>
	<b>Earnings per share</b>	23				
975000	Total Basic earnings per share		\$ 2.79		\$ 1.86	
985000	Total Diluted earnings per share		\$ 2.78		\$ 1.86	

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

Chairman: Hsu, Wen Ko, 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, 2021 and 2020

(In Thousand NTs of New Taiwan Dollars)

Items	Common stocks	Capital surplus	Retained earnings			Total other equity interest	Total Equity
			Legal reserve	Special reserve	Accumulated profit or loss	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	
Equity at January 1, 2020	\$ 2,374,904	\$ 119,608	\$ 77,389	\$ 806,609	\$ 203,427	\$ (45,215)	\$ 3,536,722
Appropriation of 2019 earnings							
Legal reserve appropriated			12,968		(12,968)		—
Special reserve appropriated				59,811	(59,811)		—
Cash dividends of ordinary share					(130,620)		(130,620)
Profit (loss)					469,077		469,077
Other comprehensive income					(13,251)	111,802	98,551
Total comprehensive income	—	—	—	—	455,826	111,802	567,628
<b>Equity at December 31, 2020</b>	<b>2,374,904</b>	<b>119,608</b>	<b>90,357</b>	<b>866,420</b>	<b>455,854</b>	<b>66,587</b>	<b>3,973,730</b>
Appropriations of 2020 earnings							
Legal reserve appropriated			45,583		(45,583)		—
Special reserve appropriated				93,815	(93,815)		—
Cash dividends of ordinary share					(142,494)		(142,494)
Stock dividends of ordinary share	142,494				(142,494)		—
Reversal of special reserve				(45,215)	45,215		—
Disgorgement		1					1
Profit (loss)					703,020		703,020
Other comprehensive income					(14,706)	205,617	190,911
Total comprehensive income	—	—	—	—	688,314	205,617	893,931
Equity at December 31, 2021	\$ 2,517,398	\$ 119,609	\$ 135,940	\$ 915,020	\$ 764,997	\$ 272,204	\$ 4,725,168

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

Chairman: Hsu, Wen Ko, Manager: Pan, Hua Jian, Accounting manager: Chou, Tin H

Concord International Securities Company Limited

Statements of Cash Flows

From January 1 to December 31, 2020 and 2019

(In Thousand NTs of New Taiwan Dollars)

Items	2021	2020
	AMOUNT	AMOUNT
Cash flows from (used in) operating activities, indirect method:		
Profit (loss) before tax	\$ 739,080	\$ 490,474
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation expense	17,125	17,620
Amortization expense	3,939	2,608
Expected credit loss (gain) / Provision (reversal of provision) for bad debt expense	(81)	194
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(379,476)	(307,751)
Interest expense	10,236	4,279
Interest income (including financial income)	(88,160)	(56,232)
Dividend income	(101,537)	(61,808)
Loss (gain) on disposal of property, plant and equipment	28	20
Gains on non-operating financial products at fair value	(3,141)	—
Gains on leasehold improvement	(159)	—
Changes in operating assets and liabilities		
Decrease (increase) in financial assets at fair value through profit or loss	(339,827)	(200,741)
Decrease (increase) in bond investments under resale agreements	63,001	(161)
Decrease (increase) in margin loans receivable	(541,216)	(193,817)
Decrease (increase) in refinancing margin	(2,951)	695
Decrease (increase) in refinancing collateral receivable	(2,459)	652
Decrease (increase) in receivable of securities business money lending	(601)	(4,499)
Decrease (increase) in accounts receivable	70,966	(585,345)
Decrease (increase) in other prepayments	736	1,786
Decrease (increase) in other receivable	183	(52)
Decrease (increase) in other current assets	(585,961)	(101,524)
Increase (decrease) in securities financing refundable deposits	(4,822)	3,268
Increase (decrease) in deposits payable for securities financing	(5,567)	2,297
Increase (decrease) in notes payable	(1,055)	(1,407)
Increase (decrease) in accounts payable	(79,338)	568,629
Increase (decrease) in receipts under custody	581,248	93,633
Increase (decrease) in other payable	8,927	28,758
Increase (decrease) in other current liabilities	34	3
Increase (decrease) in net defined benefit liability	(43,393)	(16,579)
Increase (decrease) in long-term deferred revenue	(1,033)	2,411
Cash inflow (outflow) generated from operations	(685,274)	(312,589)
Interest received	72,954	56,301
Dividends received	101,537	61,808
Interest paid	(9,857)	(4,061)
Income taxes refund (paid)	(7,746)	(19,379)
Net cash flows (used in) from operating activities	(528,386)	(217,920)

Concord International Securities Company Limited

Statements of Cash Flows (continued)

January 1 to December 31, 2021 and 2020

(In Thousands of New Taiwan Dollars)

Items	2021	2020
	AMOUNT	AMOUNT
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of property and equipment	(12,464)	(21,055)
Increase in deposits settlement fund	(4,991)	—
Decrease in deposits settlement fund	2,061	2,258
Decrease in guarantee deposit received	594	—
Acquisition of intangible assets	(4,128)	(8,153)
Increase in other non-current assets	(302)	(104)
Net cash flows from (used in) investing activities	(19,230)	(27,054)
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term loans	9,240,000	1,950,200
Decrease in short-term loans	(8,780,000)	(1,850,200)
Increase in commercial papers payable	7,920,000	4,121,000
Decrease in commercial papers payable	(7,681,000)	(3,870,000)
Increase in guarantee deposit received	—	90
Payments of lease liabilities	(1,192)	(2,371)
Cash dividends paid	(142,588)	(130,735)
Disgorgement	1	—
Net cash flows provided from (used in) financing activities	555,221	217,984
Net increase (decrease) in cash and cash equivalents	7,605	(26,990)
Cash and cash equivalents at beginning of period	88,472	115,462
Cash and cash equivalents reported in the statement of financial position	\$ 96,077	\$ 88,472

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

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

Concord International Securities Company Limited

NOTES TO FINANCIAL STATEMENTS

For the years ended December 31, 2021 and 2020

(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 the account of its customers or on its own on a centralized securities exchange market;
- (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 15, 2022

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 (hereinafter referred to as "FSC")

New standards, interpretations and amendments endorsed by FSC effective from 2021 are as follows:

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 phase 2 to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, 'Interest Rate Benchmark Reform'	January 1, 2021
Amendments to IFRS 16, 'Covid-19-Related Rent Concessions Beyond June 30, 2021'	April 1, 2021 (Remark)

Remark: FSC allows the advanced application on 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.

- (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 2022 are as follows:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the Conceptual Framework'	January 1, 2022
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 2018–2020	January 1, 2022

The above standards and interpretations have no significant impact on 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	Effective Date by International Accounting Standards Board
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 IFRS 17, 'Initial application of IFRS 17 and IFRS 9-Comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1 and IFRS Practice Statement 2, 'Disclosure of Accounting Policies'	January 1, 2023
Amendments to IAS 8, 'Definition of Accounting Estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction'	January 1, 2023

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

- 1) Cash and cash equivalents of the company mean cash in treasury, bank deposits and highly liquid investment.
- 2) Cash equivalents means the short-term and highly liquid time or 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.

(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.

A. 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

B. 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.

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.

#### C. 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.

#### (2) 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.

### (3) 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

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.

B. Financial liabilities

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.

a. Financial liabilities at fair value through profit and losses

Financial liabilities at fair value through profit and losses, include financial liabilities holding 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.

(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 expenditurearises 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	3~15 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, the lessee's incremental borrowing rate of interest shall be applied.

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 amounted 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 brokerage, 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 remeasurement) 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. Remeasurement, 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, leading 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. Major sources of significant accounting assumptions, judgments and estimation 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, 2021	December 31, 2020
Allowance	\$ 273	\$ 273
Demand deposits	50,753	38,148
Check deposit	51	51
Time deposit	45,000	50,000
Total	<u>\$ 96,077</u>	<u>\$ 88,472</u>

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

	December 31, 2021	December 31, 2020
Time deposit	<u>0.82%</u>	<u>0.82%</u>

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

	December 31, 2021	December 31, 2020
<u>Measured at fair value through profit and losses</u>		
Non derivative financial assets		
Listed Open-Ended Fund and money market instruments	\$ 13,141	\$ —
Operating Securities-dealer	2,729,720	2,029,099
Operating Securities-underwriting	9,311	629
Total	<u>\$ 2,752,172</u>	<u>\$ 2,029,728</u>

(1) Listed Open-Ended Fund and money market instruments

	December 31, 2021	December 31, 2020
<u>Measured at fair value through profit and losses</u>		
Listed Open-Ended Fund, money market instruments and other marketable securities	\$ 10,000	\$ —
Listed Open-Ended Fund, money market instruments and other marketable securities-adjustment for change	3,141	—
Total	<u>\$ 13,141</u>	<u>\$ —</u>

(2) Operating Securities — dealer

	December 31, 2021	December 31, 2020
<u>Measured at fair value through profit and losses</u>		
Centralized Order Market-stock	\$ 1,827,285	\$ 1,516,669
Over-the-counter-stock	91,567	93,549
Emerging stock market-stock	22,606	9,970

Subtotal	1,941,458	1,620,188
Adjustment of Operation Securities - dealer	788,262	408,911
Total	\$ 2,729,720	\$ 2,029,099
<b>(3) Operating Securities – underwriting</b>		
	December 31, 2021	December 31, 2020
<u>Measured at fair value through profit and losses</u>		
Centralized Order Market-stock	\$ 7,305	\$ 582
Over-the-counter-stock	219	—
Over-the-counter-bond	1,616	—
Subtotal	9,140	582
Adjustment of operation Securities -underwriting	171	47
Total	\$ 9,311	\$ 629

8. Bonds purchased under resale agreements

Item	December 31, 2021	December 31, 2020
Central government construct bond	\$ —	\$ 63,001
Resale with interest	\$ —	\$ 63,009
Period for resale	—	110.01.14
Interest rate	—	0.17%

9. Margin loans receivable/Account receivable/Loans receivable

(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, 2021		
Stock number (in thousand NT shares)	Book value	Market price



Margin guarantee securities	56,786	\$	567,860	\$	3,368,936
Short sale lending securities	653	\$	6,530	\$	49,444

December 31, 2020

	Stock number (in thousand NTs shares)		Book value		Market price
Margin guarantee securities	51,727	\$	517,270	\$	2,271,089
Short sale lending securities	801	\$	8,010	\$	55,037

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, 2021 and December 31, 2020 were 1,729,362 thousand NT Dollars and 1,188,146 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 2021 and at December 31, 2020 were 46,497 thousand NT Dollar and 51,319 thousand NT Dollar, and short selling collateral receivable were 49,187 thousand NT Dollar and 54,754 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 2021 and at December 31, 2020 were 2,951 thousand and 0 thousand NT dollars, and receivable on refinancing collateral were 2,459 thousand and 0 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, 2021	December 31, 2020
Receivable of securities business money lending	\$ —	\$ 840
Receivable of securities business money lending nonrestricted	8,884	7,443
Total	<u>\$ 8,884</u>	<u>\$ 8,283</u>

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

Accounts receivable	December 31, 2021	December 31, 2020
Settlement receivable	\$ 1,013,643	\$ 1,180,210
Settlement	176,763	53,558
Receivable on securities purchased for customers	9,138	4,951
Other	3,607	35,398
Less: provisions	—	—
Total	<u>\$ 1,203,151</u>	<u>\$ 1,274,117</u>

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, 2021

	Security financing	Security loan	Security settlement	Not overdue	Total
Expected rate of credit losses	0%	0%	0%	0%	
Total carrying amount	\$ 1,729,362	\$ 8,884	\$ 1,199,544	\$ 3,607	\$ 2,941,397
Allowance for losses (lifetime expected credit	—	—	—	—	—

losses)					
Amortized cost	\$ 1,729,362	\$ 8,884	\$ 1,199,544	\$ 3,607	\$ 2,941,397

**December 31, 2020**

	Security financing	Security loan	Security settlement	Not overdue	Total
Expected credit loss rate	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	\$ 1,188,146	\$ 8,283	\$ 1,238,719	\$ 35,398	\$ 2,470,546

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, 2021 and December 31, 2020 were 3,265 thousand NT Dollar and 34,982 thousand NT Dollar, respectively.

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

	January 1, 2021 to December 31,	January 1, 2020 to December 31,
Opening balance	\$ —	\$ —
Add: current credit impairment losses	—	—
Less: Current offset	—	—
Ending balance	\$ —	\$ —

10. Other current assets

	December 31, 2021	December 31, 2020
Restricted assets	\$ 185,703	\$ 174,286
Pending settlement	2,918	9,321
Authorized underwriting payment for shares	672,408	91,816

Clients' funds in settlement account and separate account ledger	355	—
Others	3	3
Total	\$ 861,387	\$ 275,426

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

	December 31, 2021	December 31, 2020
Time deposit	0.09%~0.82%	0.09%~0.82%

(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

Company	December 31, 2021	December 31, 2020
<u>Equity instruments others</u>		
Taiwan Depository & Clearing Corporation	\$ 19,086	\$ 10,707
Taiwan Futures Exchange	50,983	46,154
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.	459	445
CTC UNION TECHNOLOGIES CO., LTD.	205	205
AURIA SOLAR CO., LTD.	—	—
Subtotal	70,733	57,511
<u>Operating Securities – dealer</u>		
QUINTAIN STEEL CO., LTD.	505,037	312,642
Total	\$ 575,770	\$ 370,153

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

2021						
Item	Opening balance	Adding	Disposal	Reclassification	Effect of exchange rate change	Ending balance
<u>Costs</u>						
Land	\$ 481,322	\$ —	\$ —	\$ —	\$ —	\$ 481,322
Buildings	422,393	—	—	—	—	422,393
Equipment	28,289	11,109	4,652	—	—	34,746
Idle assets-others	73,994	—	—	(71,289)	—	2,705
Subtotal	1,005,998	\$ 11,109	\$ 4,652	\$ (71,289)	\$ —	941,166
<u>Accumulated depreciation and impairment</u>						
Buildings	243,648	\$ 8,267	\$ —	\$ —	\$ —	251,915
Equipment	19,031	5,449	4,624	—	—	19,856
Idle assets-others	29,715	63	—	(28,420)	—	1,358
Subtotal	292,394	\$ 13,779	\$ 4,624	\$ (28,420)	\$ —	273,129
Net	\$ 713,604					\$ 668,037
2020						
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	—	—	28,289
Leasehold improvement costs	176	—	176	—	—	—
Idle assets-others	73,994	—	—	—	—	73,994
Subtotal	987,047	\$ 20,166	\$ 1,215	\$ —	\$ —	1,005,998
<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	279,513	\$ 14,076	\$ 1,195	\$ —	\$ —	292,394
Net	\$ 707,534					\$ 713,604

- (1) The Company's idle assets are part of the floors of Chi Can branch. Ru Shen branch is leased and transferred under the investment property in current period.
- (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	2021			
	Opening balance	Increase	Decrease	Ending balance
<u>Costs</u>				
Land	\$ 24,481	\$ —	\$ 12,170	\$ 12,311
<u>Accumulated depreciation and impairment</u>				
Land	4,440	1,120	2,230	3,330
Net	\$ 20,041	\$ (1,120)	\$ 9,940	\$ 8,981

Item	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	\$ 22,275	\$ (2,234)	\$ —	\$ 20,041

(2) Lease liabilities

Item	December 31, 2021	December 31, 2020
Lease liabilities— current	\$ 1,101	\$ 2,170
Lease liabilities — noncurrent	\$ 8,070	\$ 18,137
Discount rate of lease liabilities	1.05%	1.05%

The leased land for Jiali branch in current period is terminated in advance due to the purchase of a new branch.

(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	2021	2020
Interest expenditure of lease liabilities	\$ 101	\$ 223
Expenditure for short term lease	\$ 108	\$ 10

Total amount of leasing cash outflow	\$ 1,300	\$ 2,381
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14. Investment property

2021						
Item	Opening balance	Adding	Disposal	Reclassification	Effect of exchange rate change	Ending balance
<u>Costs</u>						
Land	\$ 94,484	\$ —	\$ —	\$ 15,366	\$ —	\$ 109,850
Building	54,077	—	—	55,923	—	110,000
Subtotal	148,561	\$ —	\$ —	\$ 71,289	\$ —	219,850
<u>Accumulated depreciation and impairment</u>						
Building	30,303	\$ 2,226	\$ —	\$ 28,420	\$ —	60,949
Net amount	\$ 118,258					\$ 158,901

  

109 年 度 2020						
Item	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	\$ 119,568					\$ 118,258

(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, 2021 and December 31, 2020 were 324,013 thousand NT Dollar and 248,495 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 2021 and 2020 are 5,944 thousand NT Dollar and 5,996 thousand NT Dollar, respectively.

(3) The status of investment property provided for guarantee of borrowing, please refers to Note (29).

15. Intangible assets

2021					
Item	Opening balance	Adding	Interior transfer	Disposal	Ending balance
<u>Cost</u>					
Computer	\$ 11,209	\$ 4,128	\$ —	\$ 1,900	\$ 13,437

software

Accumulated  
depreciation and  
impairment

Computer software	3,747	3,786	—	1,900	5,633
Net amount	\$ 7,462	\$ 342	\$ —	\$ —	\$ 7,804

2020

Item	Opening balance	Adding	Interior transfer	Disposal	Ending 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	\$ 1,797	\$ 5,665	\$ —	\$ —	\$ 7,462

The amortization expenditure amounts recognized and accrued at operation expenditure in statement of comprehensive income by the Company in 2021 and 2020 were 3,786 thousand NT Dollar and 2,488 thousand NT Dollar, respectively.

16. Other noncurrent assets

	December 31, 2021	December 31, 2020
Operation guaranteed deposits	\$ 240,000	\$ 240,000
Clearing and settlement fund	27,383	24,453
Refundable deposits	6,689	7,228
Deferred expenditure	327	178
Prepayment for equipment	3,828	2,473
Total	\$ 278,227	\$ 274,332

(1) Operation guaranteed deposits

	December 31, 2021	December 31, 2020
Firms age business	\$ 240,000	\$ 240,000

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, 2021	December 31, 2020
Clearing and settlement fund—centralized	\$ 17,334	\$ 16,557
Settlement fund—OTC	10,049	7,896
Total	<u>\$ 27,383</u>	<u>\$ 24,453</u>

According to “Regulations Governing Securities Firms”, a security firm operating firms business should deposit basic amount for NT\$15 million 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, 2021	December 31, 2020
Guaranteed borrowing	\$ 640,000	\$ 230,000
Credit loan	50,000	—
Total	<u>\$ 690,000</u>	<u>\$ 230,000</u>
Interest rate interval	<u>0.98%~1.10%</u>	<u>1.00%~1.05%</u>

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

18. Commercial notes payable

	December 31, 2021	December 31, 2020
Commercial notes payable	\$ 840,000	\$ 601,000
Less: Unamortized discount	(312)	(175)
Total	<u>\$ 839,688</u>	<u>\$ 600,825</u>
Interest rate interval	<u>0.45%~0.72%</u>	<u>0.45%~0.72%</u>

For details on providing guarantee or collateral, please refer to Note (29)

19. Accounts payable

	December 31, 2021	December 31, 2020
Settlement receivable	\$ 1,209,469	\$ 1,268,017
Authorized sales payment for shares	3,964	2,789
Others	4,723	26,688
Total	<u>\$ 1,218,156</u>	<u>\$ 1,297,494</u>

20. Other payable

	December 31, 2021	December 31, 2020
Salary payable	\$ 13,706	\$ 13,564
Bonus payable	12,151	9,246
Remuneration payable	7,465	4,821
Commission discount payable	21,688	19,020
Pension payable	1,990	1,368
Vacation payment payable	4,968	4,033
Others	11,014	11,682
Total	<u>\$ 72,982</u>	<u>\$ 63,734</u>

21. Employee pension

(1) Defined contribution plans

The Company established a defined contribution plan pursuant to the “Labor Pension Act”. According to the rule, the monthly contribution rate of employee retirement pension afforded by the Company shall not be lower than 6 % of employees’ monthly salaries and wages. The Company has monthly made the contributions based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance in accordance with the rule.

(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. Total expense of contribution amount payable according to the rate stated in the plan has been recognized in the statements of comprehensive profit or losses:

	2021	2020
Defined contribution plan	\$ 8,079	\$ 6,218
Defined benefit plan	1,244	1,420
Total	<u>\$ 9,323</u>	<u>\$ 7,638</u>

The following table summarizes the expense of profit or losses

recognized in the defined contribution plan:

	2021	2020
Current service cost	\$ 1,086	\$ 978
Net interest of defined benefit liabilities or assets	158	442
Total	<u>\$ 1,244</u>	<u>\$ 1,420</u>

(3) Amounts recognized as balance sheet are determined as follows:

	December 31, 2021	December 31, 2020
Present value of defined benefit obligations	\$ 119,836	\$ 104,844
Fair value of plan assets	(79,504)	(39,502)
Net defined benefit liabilities	<u>\$ 40,332</u>	<u>\$ 65,342</u>

Net defined benefit liabilities are recognized as follows:

	December 31, 2021	December 31, 2020
Net defined benefit liabilities—current	\$ 31	\$ 874
Net defined benefit liabilities—noncurrent	40,301	64,468
Total	<u>\$ 40,332</u>	<u>\$ 65,342</u>

(4) The reconciliation of the present value of defined benefit obligation and fair value of plan assets is as follows:

1) Year ended December 31, 2021

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
Balance at January 1	\$ 104,844	\$ (39,502)	\$ 65,342
Current service cost	1,086	—	1,086
Interest costs	294	(136)	158
Recognition in profit or losses	1,380	(136)	1,244
Re-measurements			
Experience adjustments	20,194	—	20,194
Changes in financial assumptions	(1,203)	—	(1,203)
Return on plan assets	—	(608)	(608)
Recognition in comprehensive income	18,991	(608)	18,383

Pension fund contribution		—	(44,637)	(44,637)
Paid pension		(5,379)	5,379	—
Balance at December 31	\$	119,836	\$ (79,504)	\$ 40,332

2) Year ended of December 31, 2020

		Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
Balance January 1	at \$	87,269	\$ (21,912)	\$ 65,357
Current service cost		978	—	978
Interest costs		592	(150)	442
Recognition in profit or losses	in	1,570	(150)	1,420
Re-measurements				
Experience adjustments		13,509	—	13,509
Change in financial assumptions	in	3,887	—	3,887
Return on plan assets		—	(832)	(832)
損益 Recognition in other comprehensive income		17,396	(832)	16,564
Pension fund contribution		—	(17,999)	(17,999)
Paid pension		(1,391)	1,391	—
Balance at December 31	\$	104,844	\$ (39,502)	\$ 65,342

- (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:

	December 31, 2021	December 31, 2020
Discount rate	0.4362%	0.2800%
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 31,2021 and 2020 are as follows:

	Effect on present value of a defined benefit obligation	
	Actuarial assumptions of increase by 0.25 %	Actuarial assumptions of decrease by 0.25 %
December 31, 2021		
Discount rate	\$ (2,324)	\$ 2,400
Future salary increase rate	\$ 2,350	\$ (2,287)
	Effect on present value of a defined benefit obligation	
	Actuarial assumptions of increase by 0.25 %	Actuarial assumptions of decrease by 0.25 %
December 31, 2020		
Discount rate	\$ (2,182)	\$ 2,257
Future salary increase rate	\$ 2,208	\$ (2,146)

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 29,480 thousand NT dollars to the defined benefit plans in the next year.

(7) As of December 31, 2021, the weight average lifetime of pension plan is 7.99 years, an analysis of maturity of pension payment is as follows:

In 1 year	\$	4,977
2~5 years		42,022
Over 5 years		35,021
	\$	<u>82,020</u>

## 22. Equity

### (1) Common stock capital

	December 31, 2021	December 31, 2020
Authorized capital stock (in thousand shares)	300,000	300,000
Authorized capital stock	\$ 3,000,000	\$ 3,000,000
Issued and paid shares (in thousand shares)	251,740	237,490
Issued capital	\$ 2,517,398	\$ 2,374,904

On May 4, 2021, the shareholders' meeting agreed to increase capital by surplus transfer of 142,494 thousand NT Dollar. It is calculated to issue 14,249,426 new shares with a par value of NT\$10 per share. The company has completed the change on June 15, 2021, which is taken as reference day.

### (2) Capital surplus

	December 31, 2021	December 31, 2020
Gain on asset disposal	\$ 8	\$ 8
Donated assets	23	23
Consolidation excess	119,577	119,577
Others	1	—
Total	\$ 119,609	\$ 119,608

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) The equivalent digit number of special reserve shall be set aside from current accumulated unappropriated retained earnings based on the current accounted equity deduction according to the regulations. Thereafter, any reversal balance of other equity deduction shall be taken as earnings for allotment.

3) Originally in accordance with Financial Supervisory Commission, R.O.C Letter No. 10500278285 dated August 5, 2016, securities firms should set aside 0.5% ~ 1% of net income after tax as special reserve when distributing the annual earnings of 2016 to 2018. From 2017, the same amount of expense for employee transformation education and training, employee job transfer or relocation emerging from the development of financial technology may be reversed from the above scopes. Only according to the Financial Supervisory Commission, R.O.C Letter No. 1080321644 dated July 10, 2019, securities firms may not only no longer continue to set aside the special reserve but also reserve from the scope of special reserve balance appropriated in previous year



based on the same amount when expending the aforementioned expense from 2019.

(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 2020 and 2019 earnings was resolved by the shareholders on May 4, 2021 and April 30, 2020, respectively. Detail is as follows:

	2020		2019	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Provision of legal reserve	\$ 45,583		\$ 12,968	
Provision of special reserve	93,815		59,811	
Cash dividends	142,494	\$ 0.6	130,620	\$ 0.55
Stock dividends	142,494	0.6	—	—
Total	<u>\$ 424,386</u>		<u>\$ 203,399</u>	

- 4) The earnings distribution for 2021 as resolved by the Board of Directors on March 15, 2022 is set forth below:

	2021	
	Amount	Dividends per share (in dollars)
Provision of legal reserve	\$ 68,831	
Provision of special reserve	137,663	

Cash dividends	151,044	\$	0.60
Stock dividends	151,044		0.60
Total	<u>\$</u>	<u>508,582</u>	

The Company's earnings distribution proposal for 2021 is pending by resolution in the 2022 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, 2021	<u>\$ 66,587</u>
Changes in current period	<u>205,617</u>
Balance at December 31, 2021	<u><u>\$ 272,204</u></u>

	Unrealized profit or losses of financial assets measured at fair value through other comprehensive profit or losses
Balance at January 1, 2020	<u>\$ (45,215)</u>
Changes in current period	<u>111,802</u>
Balance at December 31, 2020	<u><u>\$ 66,587</u></u>

23. Earnings per share

	For the Year Ended December, 31, 2021		
	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	\$ 703,020	251,740	<u>\$ 2.79</u>
Diluted earnings per share			
Effect of potential common stocks with dilution			
— Remuneration for employee	—	752	
Effect of current net profit plus potential common	<u>\$ 703,020</u>	<u>252,492</u>	<u>\$ 2.78</u>

stocks

	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	251,740	\$ 1.86
Diluted earnings per share			
Effect of potential common stocks with dilution			
— Remuneration for employee	—	529	
Effect of current net profit plus potential common stocks	\$ 469,077	252,269	\$ 1.86

The retroactive adjustment has been made to the aforementioned weighted Average outstanding number of shares according to the ration of retained earnings transferred to capital.

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

	2021	2020
Revenues from brokered trading - TWSE	\$ 288,797	\$ 174,111
Revenues from brokered trading - OTC	77,870	59,255
Revenues from short selling handling fee	826	818
Total	\$ 367,493	\$ 234,184

(2) Gains (losses) on sales of Operating Securities

	2021	2020
Trading revenues from sales-dealer	\$ 574,276	\$ 778,331
Trading costs from sales-dealer	(461,106)	(715,861)
Subtotal	113,170	62,470
Trading revenues from sales-underwriting	20,575	40,395

Trading costs from sales-underwriting	(18,315)	(35,336)
Subtotal	2,260	5,059
Total	\$ 115,430	\$ 67,529
(3) Interest revenue		
	2021	2020
Interest revenue from margin loans	\$ 85,610	\$ 52,441
Interest revenue from bonds	46	176
Others	394	271
Total	\$ 86,050	\$ 52,888
(4) Valuation gain (loss) on Operating Securities at fair value through profit or loss		
	2021	2020
Operating Securities -dealer	\$ 379,352	\$ 305,735
Operating Securities-underwriting	124	2,016
Total	\$ 379,476	\$ 307,751
(5) Other gains and losses		
	2021	2020
Financial income	\$ 2,110	\$ 3,344
Net loss on disposal of property and equipment	(28)	(20)
Net profit of lease modification	159	—
Net benefit on non-operating assets at fair value through profit or loss	3,141	—
Other revenues — site usage income	14,602	16,549
Other revenues — rental income	5,944	5,996
Other revenues — others	2,220	1,522
Other non — operating expenses	(1)	(2)
Total	\$ 28,147	\$ 27,389

## 25. Income tax

### (1) Income tax recognized as profit or losses

1) Income tax income (expense) consisted of the following:

	2021	2020
Current income tax		
Current income tax for the period	\$ (25,576)	\$ (11,598)
Tax on undistributed surplus earnings	(3,832)	—
Prior year income tax underestimation (overestimation)	1,840	(6,459)
	<u>(27,568)</u>	<u>(18,057)</u>
Deferred income tax		
Deferred income tax for the period	(8,492)	(3,340)
Income tax income (expense) recognized as profit or losses	<u>\$ (36,060)</u>	<u>\$ (21,397)</u>
2) Reconciliation between income tax expense and accounting profit		
	2021	2020
Tax calculated based on profit before tax and statutory tax rate	\$ (147,816)	\$ (98,094)
Amount disallowed by tax regulation	85,114	64,820
Tax exempt income by tax regulation	41,180	23,385
Differences on basic tax payable	(4,054)	(1,709)
Additional tax on unappropriated earnings	(3,832)	—
Prior year income tax underestimation (overestimation)	1,840	(6,459)
Temporary differences arise and reverse	(8,492)	(3,340)
Income tax income (expense) recognized as profit or losses	<u>\$ (36,060)</u>	<u>\$ (21,397)</u>
(2) Income tax expense recognized as other comprehensive income		
	2021	2020
Deferred income tax		
Deferred income tax for the periods	\$ 3,677	\$ 3,313
(3) Deferred income tax balance		
The change of deferred income tax asset in the Balance Sheet is analyzed as follows:		

	2021			
	Opening balance	Recognized as profit or losses	Recognized as other comprehensive profit or losses	Ending balance
Pension expense	\$ 13,104	\$ (8,679)	\$ 3,677	\$ 8,102
Vacation payment payable	805	187	—	992
Deferred income tax assets	\$ 13,909	\$ (8,492)	\$ 3,677	\$ 9,094

  

	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

(4) Verification of Income Tax

The Company's business income tax for the year ended December 31, 2019 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:

Nature \ Function	2021			2020		
	Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
Employee benefit expense						
Salary expense	\$ —	\$ 189,682	\$ 189,682	\$ —	\$ 141,719	\$ 141,719
Labor health insurance expense	—	16,078	16,078	—	12,591	12,591
Pension expense	—	9,323	9,323	—	7,638	7,638
Other Employee benefit expense	—	7,895	7,895	—	7,674	7,674
Depreciation expense	—	17,125	17,125	—	17,620	17,620
Amortization expense	—	3,939	3,939	—	2,608	2,608

- (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 2021 and

2020 was NT\$7,465 thousand and NT\$4,821 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 2020 and 2019 is stated as follows:

	For the Year Ended December 31, 2020		For the Year Ended December 31, 2019	
	Passed in the resolution of the Board of Directors' Meeting dated March 9, 2021	Passed in the resolution of the Shareholders' Meeting dated May 4, 2021	Passed in the resolution of the Board of Directors' Meeting dated February 10, 2020	Passed in the resolution of the Shareholders' Meeting dated April, 2020
Employee Remuneration	\$ 4,821	\$ 4,821	\$ 1,399	\$ 1,399

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

	2021	2020
Current adding	\$ 11,109	\$ 20,166
Changes on prepayments	1,355	827
Changes on payable	—	62
Cash paid in current	\$ 12,464	\$ 21,055

## 28. Related party transaction

- (1) Material transactions with related party: no.

- (2) Bonus/Remuneration to Top management level

Remuneration to directors and other Top management is stated as follows:

	2021	2020
Short—term benefit	\$ 44,396	\$ 37,466
Termination benefits	1,307	1,192

Total	\$ 45,703	\$ 38,658
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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, 2021 and 2020, the Company's pledged assets are detailed as follows:

Item	Book value		Guarantee usage
	December 31,2021	December 31,2020	
Restricted assets-current	\$ 185,703	\$ 174,286	Bank loan, commercial notes issuance and settlement
Property and equipment	580,793	628,544	Bank loan
Investment property	158,901	118,258	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\$9,747 thousand was pending in the payment as of December 31, 2021.

(2) Material business lease:

The Company is leaser

(1) Lease Agreement

The Company leased real estate - investment as business lease. The leases due from November 2022 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, 2021, the business rent receivable contracted by the Company is:

	Amount
In 1 year	\$ 5,577
1~5 years	8,100



Total

\$ 13,677

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31. Significant losses on disaster: None.

32. Significant subsequent event: None.

33. Miscellaneous:

(1) 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.

(2) Since the outbreak of COVID-19 in 2020, the economic environment of domestic and oversea market became unstable, resulting in the increase in credit risk of the Company's various financial instrument. During the preparation of the financial report, the relevant influence has been taken into account. However, after the assessment, no significant impact from the pandemic was put on the Company's financial and business situations, the ability of going concern and impairment of assets, and so on.

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" as follows:

Capital adequacy	December 31,2021	December 31,2020
Eligible self-own capital net amount	\$ 4,282,538	\$ 3,645,203
Sum of operation risk equivalent amount	\$ 798,348	\$ 622,653
Self-owned capital adequacy ratio	536%	585%

(2) Capital Adequacy Ratio Management

A security farms should keep 'regulatory capital adequacy ratio above 150% 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

	December 31,2021	December 31,2020
<u>Financial assets</u>		
Financial assets at fair value through other comprehensive income-current	\$ 2,752,172	\$ 2,029,728
Financial assets at fair value through other comprehensive income-noncurrent	575,770	370,153
Financial assets at amortized costs	4,210,683	3,186,363
<u>Financial liabilities</u>		
Financial liabilities at amortized costs	3,596,773	2,398,650

- 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, 2021			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
資 Stock investment	\$ 2,714,494	\$ 22,562	\$ —	\$ 2,737,056
Bond investment	1,975			1,975
Other	13,141			13,141
Financial assets at fair value through other comprehensive income				
Stock investment	505,037	—	70,733	575,770
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

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 2021 and during the period spanning from January 1 to December 31, 2020

4. Financial asset and liability at non-recurring fair value: None.
5. The table below lists Level 3 changes made during the period spanning from January 1 to December 31, 2021:

	Equity security
January 1, 2021	\$ 57,511
Recognized as other profit and loss	13,222
December 31, 2021	\$ 70,733

6. The Company had no Level 3 transferred-in and transferred-out cases in 2021 and 2020.

### 36. Financial risk management target and policy

#### (1) 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, and the maximized corporate value may be created in order to promote the sound development of the capital market by all departments in the Company

##### 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 sets 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 do not require the approval from the Board of Directors. 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 reaching 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 2021 and 2020 will increase/decrease by NT\$275,217 thousand and NT\$202,973 thousand respectively because of the fair value change from the investment by equity tool that was measured at fair value through profit & loss forcefully. Other comprehensive profit or loss will increase/decrease by NT\$ 57,577 thousand and NT\$ 37,015 thousand respectively because of the fair value change from the financial assets at fair value through profit & loss.

### (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 that the counterparty with which the Company trades fails to perform the settlement at the appointed date or the payment obligation, causing the Company suffering the financial loss.

#### 2. Maximum risk-exposed amount of credit risk and centralization

The maximum risk-exposed amount of the Company's Statement of Financial Position 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 cash equivalent
 

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
  - A. Fund
 

The credit risk of the Company is low due to the low fund position.
  - B. 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 collateral 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 of securities business money lending

It provides non-restricted purpose loan to clients, offering the capital accommodation with marketable securities or other products. The Company will regularly evaluate the situations of clients, properly assess their credit facilities, and manage their credit risk. Moreover, according to the regulations governing borrowing or lending money in connection with securities business by securities firms, the loan maintenance ratio is 130%, while currently, the Company's collateral maintenance ratio is larger than regulated ratio; therefore, the credit risk is extremely low.

(6) 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 the Company's receivables, mainly the entrusted business and the operating business, are the settlement of marketable securities with the TWSE or over-the-counter (OTC) center; hence, the credit risk is extremely low.

(7) 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.

(8) 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 (TWSE), which is compensated by TSE to either securities trading party in case of the default of delivery obligations. The institutes that two former margins are deposited in 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, 2021 and 2020, 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, 2021 and 2020, the Company's rest of lines of credit were NT\$1,022,000 thousand and NT\$1,351,000 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's repayment requested earliest and undiscounted cash flow of financial liability covering interest and the principle.

	December 31, 2021				
	Less than 1 year	2~3 years	4~5 years	Over 5 years	Total
<u>Non derivative financial liabilities</u>					
Short—term borrowing	\$ 690,000	\$ —	\$ —	\$ —	\$ 690,000
Commercial notes payable	839,688	—	—	—	839,688
Short selling premium	46,497	—	—	—	46,497
Short selling guarantee payable	49,187	—	—	—	49,187
Accounts and notes payable	1,219,727	—	—	—	1,219,727
Collection receivables	677,925	—	—	—	677,925
Other receivables	72,982	—	—	—	72,982
Lease liabilities	1,191	2,383	2,383	3,602	9,559
Guarantee deposit received	501	30	690	—	1,221
Total	\$ 3,597,698	\$ 2,413	\$ 3,073	\$ 3,602	\$ 3,606,786

	December 31, 2020				
	Less than 1 year	2~3 years	4~5 years	Over 5 years	Total
<u>Non derivative financial liabilities</u>					
Short—term	\$ 230,000	\$ —	\$ —	\$ —	\$ 230,000

borrowing					
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
Collect 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
Total	<u>\$ 2,399,950</u>	<u>\$ 5,243</u>	<u>\$ 4,802</u>	<u>\$ 9,924</u>	<u>\$ 2,419,919</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, transaction confirmation, 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 6 times as the Company's net capital.
  - (2) Total current liability may not exceed 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 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 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: None.
  2. Providing endorsements or guarantees for others: None.
  3. Aggregate purchases or sales of the acquisition of real estate reaching NT\$300 million or 20 percent of paid-in capital or more: None.
  4. Disposal of real estate reaching NT\$300 million or 20 percent of paid-in capital or more: None.
  5. Discount on handling fees for transactions with related parties reaching NT\$ 5 million or more: None.
  6. Accounts receivable from related parties reaching NT\$100 million or 20 percent of paid-in capital or more: None.
  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: None.
- (2) Information on investees:
  1. Related information on the investee company, the location...: None.

2. Related information on significant transactions: None.
- (3) Information on setting up branches and representative offices abroad: None.
- (4) Information on investment in mainland China: None.
- (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.		37,302,515	14.81%
SINCE SHE CO., LTD.		34,453,773	13.68%

Remark 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.

Remark 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 2021				
	Brokerage department	Self-employed department	Underwriting department	Other	Total
Income:					
Revenue from external customers	\$ 457,031	\$ 588,464	\$ 6,459	\$ 5,725	\$ 1,057,679
Revenue from internal segment	—	—	—	—	—
Total income	\$ 457,031	\$ 588,464	\$ 6,459	\$ 5,725	\$ 1,057,679
Segmental profit and loss	\$ 227,381	\$ 581,740	\$ 4,350	\$ (74,391)	\$ 739,080

	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 internal segment	—	—	—	—	—
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

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: None.
- (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.



Concord International Securities Co. Ltd.  
Statement of important accounting items in financial  
report

From January 1 to December 31 of 2021

(The unit shall is NT\$1,000 unless otherwise specified)

Items	Number/Index
Statement of cash and cash equivalents	1
Statement of financial assets at fair value through profit or loss – current	2
Statement of securities margin loans receivable	3
Statement of trade receivables	4
Statement of prepayments	5
Statement of other receivables	6
Statement of other current assets	7
Statement of financial assets measured at fair value through other comprehensive income—not current	8
Statement of changes in property and equipment	Note 12
Statement of changes in accumulated depreciation of property and equipment	Note 12
Statement of changes in right-of-use assets	Note 13
Statement of changes in accumulated depreciation of right-of-use assets.	Note 13
Statement of changes in investment property	Note 14
Statement of changes in accumulated depreciation of investment property.	Note 14
Statement of deferred tax assets	9
Statement of other not current assets	Note 16
Statement of short-term borrowings	10
Statement of promissory commercial note receivable	11
Statement of short sale margins	12
Statement of payables for short sale collateral received	13
Statement of trade payables	14
Statement of other payables.	Note 20
Statement of lease liabilities	15
Statement of other current liabilities	16
Statement of brokerage fee revenue	17
Statement of revenue from underwriting business.	18
Statement of gains (losses) on sale of securities.	19
Statement of interest revenue	Note 24
Statement of finance costs	20
Statement of employee benefits, depreciation, amortization, and other operating expenses.	21

Statement of cash and cash equivalents

December 31, 2021

Statement 1

Unit: In Thousand New Taiwan Dollar

Item	Summary	Amount
Petty cash		\$ 273
Demand deposits		50,753
Checking Deposits		51
Demand deposits	The demand deposits will be expired successively from February 23, 2022 to November 10, 2022, with an annual interest rate of 0.82%	45,000
Total		\$ 96,077

Statement of financial assets at fair value through profit or loss— Current

December 31, 2021

Statement 2

Unit: In Thousand New Taiwan Dollar

Financial instrument	Summary	Amount or lot of shares	Face value	Sum	Interest rate	Acquisition cost	Fair value		Changes in fair value attributable to changes in credit risk	Remark
							Unit price (NTD)	Sum		
Open end Funds and Money Market Instruments										
FH Yu-Jian Winner Fund		392,156				\$ 10,000	33.51	\$ 13,141		
Total						10,000				
Evaluation adjustment						3,141		—		
Net						\$ 13,141		\$ 13,141		

Statement of financial assets at fair value through profit or loss—Current  
December 31, 2021

Statement 2-1

Unit: In Thousand New Taiwan Dollar

Financial instrument	Summary	Amount or lot of shares	Book value	Sum	Interest rate	Acquisition cost	Fair value		Changes in fair value attributable to changes in credit risk	Remark
							Unit price (NTD)	Sum		
Operating Securities-Underwriting										
Public shares:										
1529 Nuvoton		9,985,990	\$ 10	\$ 99,860		\$ 155,546	23.85	\$ 238,166		
2002 China steel		15,600,000	10	156,000		434,148	35.35	551,460		
2017 Quitain Steel		8,323,059	10	83,231		93,877	19.95	166,045		
2323 CMC		29,342,083	10	293,421		289,017	11.45	335,967		
2504 Goldsun		20,567,378	10	205,674		376,271	29.15	599,539		
2633 Taiwan High Speed Rail		3,768,810	10	37,688		98,320	29.60	111,557		
2722 Chateau Hotels & Resorts		8,685,943	10	86,859		199,624	32.00	277,950		
5522 Farglory		3,401,000	10	34,010		122,980	61.80	210,182		
8926 Taiwan Cogeneration Corporation		2,050,000	10	20,500		57,502	37.90	77,695		
Subtotal						1,827,285		2,568,561		
OTC shares:										
8938 Advanced International Multitech		1,847,959	10	18,480		91,567	75.00	138,597		
Emerging shares										
2758 Louisa Coffee		41,923	10	419		5,835	133.64	5,602		
4582 Hengs Technology		32,200	10	322		1,538	47.31	1,523		
6434 TacBrightOptronics		50,316	10	503		295	8.20	413		
6611 Cayenne's Ark Mobile		12,785	10	128		112	8.99	115		
6834 EVER OHMS		372,188	10	3,722		14,422	38.94	14,493		
8465 Tekho Marine Biotech		53,536	10	535		404	7.77	416		
Subtotal						22,606		22,562		
Total										
Deduction: Operating Evaluation adjustment of Securities—self-employed						788,262				
Net						\$ 2,729,720		\$ 2,729,720		

Statement of financial assets at fair value through profit or loss—Current  
December 31, 2021

Statement 2-2

Unit: In Thousand New Taiwan Dollar

Financial instrument	Summary	Amount or lot of shares	Fair value	Sum	Interest rate	Acquisition cost	Fair value		Changes in fair value attributable to changes in credit risk	Remark
							Unit price (NTD)	Sum		
Operating Securities-Self-employed										
Public shares:										
1460 EVEREST		634,000	\$ 10	\$ 6,340		\$ 6,340	9.63	\$ 6,106		
2027 TA CHEN STAINLESS PIPE		20,000	10	200		860	46.25	925		
5215 KO JA		1,000	10	10		105	78.40	78		
Subtotal						7,305		7,109		
OTC shares:										
3652 Unitech elec.		5,000	10	50		105	22.35	112		
5324 SDC		12,000	10	120		114	9.58	115		
Subtotal						219		227		
Convertible bonds:										
31412 ULTRA CHIP, INC.		16	100	1,600		1,616	123.45	1,975		
Total										
Deduction: Operating Evaluation adjustment of Securities—self-employed						171				
Net						\$ 9,311		\$ 9,311		

Statement of securities margin loans receivable

December 31, 2021

Statement 3 Unit: In Thousand New Taiwan Dollar

Name of securities	Amount of shares	Amount	Remark
2504 Goldsun Co., Ltd.	6,098,000	\$ 98,098	
6531 ap memory	1,055,000	182,379	
Other		1,448,885	Balance less than 5%
Total		\$ 1,729,362	

Statement of trade receivables

December 31, 2021

Statement 4 Unit: In Thousand New Taiwan Dollar

Customer	Summary	Amount	Remark
TWSE	Settlement accounts receivable	\$ 1,013,643	
	Settlement price	123,373	
Taipei Exchange	Receivable from the purchase price of securities	9,138	
	Settlement price	53,390	
Other		3,607	Balance less than 5%
Total		\$ 1,203,151	

Statement of prepayment

December 31, 2021

Statement 4

Unit: In Thousand New Taiwan Dollar

Customer	Summary	Amount	Remark
SYSPOWER	Information fee	\$ 285	
Changing	Information fee	450	
Tokio Marine Nawa	Insurance fee	258	
Chateau Hotels & Resorts	Other	174	
Other		578	Balance less than 5%
Total		\$ 1,745	

Statement of other receivables

December 31, 2021

Statement 6

Unit: In Thousand New Taiwan Dollar

Item	Summary	Amount	Remark
Interest receivable		\$ 31,214	
Site charge receivable		1,070	
Other		169	Balance less than 5%
Total		32,453	
Deduction: bad debt reserve		(113)	
Net		\$ 32,340	

Statement of other current assets

December 31, 2021

Statement 7

Unit: In Thousand New Taiwan Dollar

Item	Summary	Amount	Remark
Restricted assets			
Pledged time deposit	It will be expired from January 19, 2022 to December 30, 2022, with an annual interest rate of 0.09% ~0.82%	\$ 178,000	
Compensatory deposit		7,703	
Pending settlement		2,918	
Collection of underwriting shares		672,408	
Other		358	Balance less than 5%
Net		\$ 861,387	



Statement of financial assets measured at fair value through other comprehensive income—not current  
From January 1, 2021 to December 31, 2021

Statement 8

Unit: In Thousand New Taiwan Dollar

Name	Beginning of period		Increase in this period		Decrease in this period		End of period		Cumulative impairment	Providing guarantee or custody	Remark
	Number of Share	Fair value	Number of Share	Amount	Number of Share	Amount	Number of Share	Fair value			
Not Exchange-Listed and OTC-Listed Companies stock											
TDCC	287,519	\$ 10,707	34,502	\$ 8,379	—	\$ —	322,021	\$ 19,086		N/A	
Taiwan Futures Exchange	1,325,881	46,154	185,623	4,829	—	—	1,511,504	50,983		N/A	
Giantcom International Telecommunication	108,020	—	—	—	—	—	108,020	—		N/A	
Renxiang Construction Co., Ltd.	552	—	—	—	—	—	552	—		N/A	
TAIWAN AFTER PRINT-OUT AUTOMATION CORPORATION	30,680	—	—	—	—	—	30,680	—		N/A	
SAINT SONG CORP.	14,950	—	—	—	—	—	14,950	—		N/A	
JiuhYeh Precision Machinery Co., Ltd.	105,000	—	—	—	—	—	105,000	—		N/A	
TATEH INDUSTRY CO., LTD	800	—	—	—	—	—	800	—		N/A	
ACORP ELECTRONICS CORPORATION	40,000	—	—	—	—	—	40,000	—		N/A	
Huanxun Technology Consulting Co., Ltd.	1,032	—	—	—	—	—	1,032	—		N/A	
NUNEXSMART TECHNOLOGY INC.	397	—	—	—	—	—	397	—		N/A	
KI GIANT TECHNOLOGY INC.	26,459	445	—	14	—	—	26,459	459		N/A	
CTC Union Technologies Co., Ltd	17,451	205	—	—	—	—	17,451	205		N/A	
AURIA SOLAR CO., LTD.	125,100	—	—	—	—	—	125,100	—		N/A	
TENNRICH INTERNATIONAL CORP.	495	—	—	—	—	—	495	—		N/A	
Subtotal		57,511						70,733			
Operating Securities – Self-employed											
2017 QuintainSteel	25,315,125	312,642	—	192,395	—	—	25,315,125	505,037		N/A	
Total		\$ 370,153		\$ 205,617		\$ —		\$ 575,770			

Statement of deferred tax assets

December 31, 2021

Statement 9

Unit: In Thousand New Taiwan Dollar

Item	Summary	Amount	Remark
Pension expenses		\$ 8,102	
Leave payment payables		992	
Total		\$ 9,094	

Statement of short-term borrowings  
December 31, 2021

Statement 10

Unit: In Thousand New Taiwan Dollar

Type of loan	Description	Balance at the end of period	Contract period	Interest rate range	Financing amount limit	Mortgage or guarantee	Remark
Guarantee for defect	Hua Nan Bank-North Tainan Branch	\$ 30,000	November 9, 2021~February 19, 2022	1.00%	\$ 100,000	Refer to Note 29 for detailed information	
Guarantee for defect	Yuanta Commercial Bank-Yongkang Branch	100,000	November 30, 2021~February 23, 2022	0.98%	600,000		
		100,000	December 29, 2021~February 8, 2022	1.00%			
		100,000	December 22, 2021~March 22, 2022	0.98%			
		100,000	December 10, 2021~March 9, 2022	0.98%			
		50,000	December 8, 2021~March 2, 2022	0.98%			
		80,000	December 28, 2021~March 28, 2022	0.98%			
		40,000	December 30, 2021~March 30, 2022	0.98%			
30,000	December 30, 2021~March 30, 2022	0.98%					
Guarantee for defect	Land Bank of Taiwan-Wen Shan Branch	10,000	December 30, 2021~March 30, 2022	1.10%	150,000		
Credit loan	Taiwan Cooperative Bank-Dong Men Branch	20,000	December 24, 2021~December 24, 2022	1.05%	100,000		
Credit loan	KGI Bank	30,000	December 29, 2021~January 14, 2022	1.00%	80,000		
Total		\$ 690,000					

Statement of promissory commercial note receivable  
December 31, 2021

Statement 11

Unit: In Thousand New Taiwan Dollar

Item	Contract period, guarantee or acceptance institution	Contract period	Interest rate range	Amount			Remark
				Issuance amount	Unamortized discount on commercial promissory notes payable	Book amount	
CP2	Grand Bills Finance Corp.	November 24, 2021~January 21, 2022	0.54%	\$ 50,000	\$ 15	\$ 49,985	
		December 30, 2021~February 25, 2022	0.54%	50,000	41	49,959	
	China Bills Finance Corp.	November 26, 2021~January 25, 2022	0.45%	50,000	15	49,985	
		December 21, 2021~February 18, 2022	0.45%	50,000	29	49,971	
	Mega Bills	December 7, 2021~January 4, 2022	0.672%	50,000	3	49,997	
		December 8, 2021~January 5, 2022	0.672%	50,000	4	49,996	
		December 15, 2021~January 12, 2022	0.672%	80,000	16	79,984	
		December 16, 2021~January 13, 2022	0.672%	80,000	18	79,982	
		December 30, 2021~January 27, 2022	0.672%	100,000	48	99,952	
	Ta Ching Bills Finance Corporation	November 16, 2021~January 14, 2022	0.652%	50,000	11	49,989	
		December 28, 2021~February 25, 2022	0.652%	50,000	49	49,951	
	Taiwan Finance	December 6, 2021~January 20, 2022	0.72%	30,000	11	29,989	
	IBFC	November 26, 2021~January 19, 2022	0.65%	50,000	16	49,984	
		November 29, 2021~January 21, 2022	0.65%	100,000	36	99,964	
Total				\$ 840,000	\$ 312	\$ 839,688	

Statement of short sale margins

December 31, 2021

Statement 12		Unit: In Thousand New Taiwan Dollar	
Name of Securities	Shares	Amount	Remark
2498 HTC	58,000	\$ 4,030	
2603 Evergreen	35,000	3,665	
6411 Amazing	18,000	4,991	
Other		33,811	Balance less than 5%
Total		\$ 46,497	

Statement of payables for short sale collateral received

December 31, 2021

Statement 13		Unit: In Thousand New Taiwan Dollar	
Name of Securities	Shares	Amount	Remark
2498 HTC	58,000	\$ 4,324	
2603 Evergreen	35,000	4,051	
6411 Amazing	18,000	4,964	
Other		35,848	Balance less than 5%
Total		\$ 49,187	

Statement of accounts payable

December 31, 2021

Statement 14

Unit: In Thousand New Taiwan Dollar

Customer	Summary	Amount	Remark
TWSE	Settlement accounts payable	\$ 1,209,469	
Taipei Exchange	The price of securities payable on consignment	3,964	
Other		4,723	
Total		\$ 1,218,156	

Statement of lease liabilities  
From January 1, 2021 to December 31, 2021

Statement 15

Unit: In Thousand New Taiwan Dollar

Item	Summary	Rental period	Discount rate	Balance at the end of period	Remark
Land	Land of headquarter office building	June 1, 2017~May 31, 2029	1.05%	\$ 3,320	
	Land of headquarter parking lot	June 1, 2017~May 31, 2029	1.05%	2,693	
	Land of headquarter parking lot	February 1, 2018~January 31, 2030	1.05%	2,605	
	Land of headquarter office building	June 1, 2019~December 31, 2029	1.05%	553	
Total				\$ 9,171	(Within 1 year)

Statement of other current liabilities.

December 31, 2021

Statement 16

Unit: In Thousand New Taiwan Dollar

Item	Summary	Amount	Remark
Clinets' equity in settlement account and separate account ledger		\$ 47	
Advance receipt		3	
Net defined benefit liabilities-current		31	
Deposited margin-Current		501	
Total		\$ 582	



Statement of brokerage fee revenue

From January 1, 2021 to December 31, 2021

Statement 17

Unit: In Thousand New Taiwan Dollar

Month	Commissioned transaction operating charge income		Short sales operating charge income	Other operating charge income	Remark
	Brokerage in a centralized trading market	Brokerage in business premises			
1	\$ 23,474	\$ 6,276	\$ 74	\$ 298	
2	14,055	3,384	37	506	
3	23,534	5,911	48	516	
4	31,019	7,967	65	639	
5	32,610	5,967	91	370	
6	30,294	6,417	74	361	
7	37,776	8,866	83	605	
8	22,653	5,541	109	366	
9	17,126	4,018	72	315	
10	16,070	4,813	70	181	
11	22,072	7,258	52	553	
12	18,114	6,423	51	319	
Total	\$ 288,797	\$ 72,841	\$ 826	\$ 5,029	

Statement of revenue from underwriting business

From January 1, 2021 to December 31, 2021

Statement 18

Unit: In Thousand New Taiwan Dollar

Month	Remuneration for underwriting securities	Agency securities Operating charge income	Underwriting Processing fee income	Underwriting counseling income	Other income	Total	Remark
1	\$ 24	\$ —	\$ 98	\$ 264	\$ —	\$ 386	
2	—	—	5	265	—	270	
3	12	—	107	300	—	419	
4	5	—	45	300	—	350	
5	—	—	41	300	—	341	
6	62	—	26	300	—	388	
7	9	—	43	300	—	352	
8	1	—	63	300	—	364	
9	116	—	91	300	—	507	
10	182	—	106	300	—	588	
11	11	—	122	300	—	433	
12	40	—	168	138	—	346	
Total	\$ 462	\$ —	\$ 915	\$ 3,367	\$ —	\$ 4,744	

Statement of gains (losses) on sale of securities

From January 1, 2021 to December 31, 2021

Statement 19

Unit: In Thousand New Taiwan Dollar

Item		Income from the sale of securities	Cost of securities sold	Profit (loss) from the sale of securities	Remark
Dealer	Buying and selling in a centralized trading market:				
	Stock	\$ 505,779	\$ 399,305	\$ 106,474	
	Buying and selling in business premises:				
	Stock	68,497	61,801	6,696	
	Foreign trading market:	—	—	—	
	Total	\$ 574,276	\$ 461,106	\$ 113,170	
Underwriter	Buying and selling in a centralized trading market:				
	Stock	\$ 12,483	\$ 11,347	\$ 1,136	
	在 Buying and selling in business premises:				
	Stock	8,092	6,968	1,124	
	Foreign trading market:	—	—	—	
	Total	\$ 20,575	\$ 18,315	\$ 2,260	

Statement of finance costs

From January 1, 2021 to December 31, 2021

Statement 20

Unit: In Thousand New Taiwan Dollar

Item	Summary	Amount	Remark
Interest on Financial Scheduling		\$ 10,084	
Lease liability		101	
Securities lending interest expense		51	
Total		\$ 10,236	

Employee Benefits, Depreciation, Amortization and Other Operating Expenses  
List

From January 1, 2021 to December 31, 2021

Statement 21

Unit: In Thousand New Taiwan Dollar

Item	2021	2020	Remark
Employee benefits	\$ 222,978	\$ 169,622	
Salary	181,983	135,730	
Labor & Healthcare Insurance	16,079	12,591	
Pension	9,323	7,638	
Remuneration - Director	7,699	5,989	
Other employee benefits	7,894	7,674	
Depreciation & Amortization expenses	21,064	20,228	
Depreciation	17,125	17,620	
Amortization	3,939	2,608	
Other operating expense	67,795	57,841	
Computer & IT expense	10,137	9,562	
Tax	14,704	11,990	
Postage & Electricity	7,113	6,445	
Utility expenses	4,487	4,666	
Repair service fee	3,295	3,171	
Central Depository service fee	7,437	4,472	
Miscellaneous	20,622	17,535	Balance less than 5%

Remark:

1. The number of employee for the year and the preceding year were 214 and 215 persons respectively, among which, the number of directors who did not take employee position was 11 and 11 persons respectively.
2. The following information should be disclosed in annual accompanying or individual financial report additionally:
  - (1) The average employee benefits for the year was NT\$1,060 thousand ("The lump sum of employee benefits for the year - total amount of remuneration for directors"/"The number of employee for the year - the number of Directors who did not take employee positions concurrently").  
The average employee benefits for the preceding year was NT\$802 thousand ("The lump sum of employee benefits for the preceding year - total amount of remuneration for directors"/ "the number of employee for the preceding year - the number of Directors who did not take employee positions concurrently").
  - (2) The average employee salary for the year was NT\$896 thousand (The lump sum of employee salary for the year/"The number of employee for the year – the number of Directors who did not take employee positions concurrently").  
The average employee salary for the preceding year was NT\$665 thousand (Total amount of salary for the preceding year/"The number of employee for the preceding year - the number of Directors who did not take employee positions concurrently").
  - (3) The adjustments on average employee salary: 34.74% ("The average employee salary for the year was -The average employee salary for the preceding year"/The average employee salary for the preceding year).
  - (4) The Company has set up Audit Committee and the remuneration for independent Director has been disclosed in the remuneration for Directors.
  - (5) Please specify salary & remuneration policy for a securities firm (included Director, Supervisor, manager and employee).  
The Directors of the Company receive monthly fixed remuneration and annual extra paid remuneration is determined by the Chairman within its limit depending on overall operation. Directors have no remuneration.  
The remuneration for manager is subject to company rules.  
The salary/remuneration for employee contained year-end bonus, performance bonus and compensation...etc. in addition to base salary.

Concord International Securities Co.,  
Review report of other disclosures in securities firm's financial report

For Review by Concord International Securities Co., Ltd

We conducted our audits of the 2021 financial report of Concord International Securities Co., Ltd. in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” and generally accepted auditing standards in the Republic of China (ROC GAAS), and we also issued an inspection report on March 15, 2022. Our audit purpose is to express opinions on the overall financial report. Other disclosure of the 2021 financial report prepared by Concord International Securities Co., Ltd, was attached, which was prepared separately in accordance with the provisions of the Regulations Governing the Preparation of Financial Reports by Securities Firms, and related information has been audited and reviewed by CPA pursuant to Paragraph 2, Article 32 of the Regulations Governing the Preparation of Financial Reports by Securities Firm formulated by Financial Supervision Commission.

According to CPA's opinion, Concord International Securities Co., Ltd has disclosed related information in 2021 Financial Report pursuant to the Regulations Governing the Preparation of Financial Reports by Securities Firms, presenting financial consistency between the data and that of financial statements without need of significant corrections.

Baker Tilly Clock & Co

Accountant: Cheng, Hsian-Hsiu

Accountant: Chou, Yin-Lai

March 15, 2022

Concord International Securities Co., Ltd

Other Disclosure

Year of 2021

I. Business description

1. Major business matters (that have a major impact on business in the last five years):

- (1) Merger or consolidation with other companies: N/A.
- (2) Split: N/A.
- (3) Reinvestment related enterprises: N/A.
- (4) Reorganization: N/A.
- (5) Purchase or disposal of major assets: N/A.
- (6) Significant changes in management or business content:

The Company ceased to operate the futures brokerage business and began to operate the auxiliary futures trading business on November 17, 2017.

2. Remuneration for Director, Supervisors, General Manager and Deputy General Manager, as well as related information

(1) The remuneration that the Company has paid to Directors (included independent director), supervisors, General Manager and Deputy General Manager over the latest fiscal year as follows:

1. Remuneration for common director and independent directors: (names and payment methods are disclosed by aggregation and scale)

Unit: In Thousand New Taiwan Dollar

Title	Name (Note 1)	Remuneration for Directors								The proportion that total amount of 4 items (A, B, C and D) account for net profit after tax (Note 10)	Remuneration received by concurrent employee								The proportion that total amount of 7 items (A, B, C, D, E, F and G) account for net profit after tax (Note 10)	Received remuneration from foreign reinvestment other than subsidiary or parent company (Note 11)			
		Remuneration (A) (Note 2)		Pension (B)		Remuneration for Director(C) (Note 3)		Business Expenses (D) (Note 4)			Salary, bonus and special expenses etc. (E) (Note 5)		Pension (F)		Remuneration for Employee (G) (Note 6)								
		The Company	All companies of Consolidated Financial Statements (Note 7)	The Company	All companies of Consolidated Financial Statements (Note 7)	本公司 The Company	All companies of Consolidated Financial Statements (Note 7)	The Company (Note 1)	All companies of Consolidated Financial Statements (Note 7)		本公司 The Company	All companies of Consolidated Financial Statements (Note 7)	The Company (Note 2)	All companies of Consolidated Financial Statements (Note 7)	The Company	All companies of Consolidated Financial Statements (Note 7)	The Company				All companies of Consolidated Financial Statements (Note 7)		The Company
Director	Representative, BOLIDU Investment (Co.) Ltd.: HSU, WENG-KE																						
Director	CHEN, BI-JUAN																						
Director	CHEN, RON-JI																						
Director	HUANG, MING-SHAN																						
Director	Representative of Wei Shi Trading Co., Ltd.: Huang, Yi-Ru	\$ 7,131	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 418	\$ -	\$ 7,549 1.07%	-	\$ 4,836	\$ -	\$ -	\$ -	\$ 535	\$ -	\$ -	\$ -	\$ -	\$ 12,920 1.84%	-	N/A
Director	Liu, Jen-Yi																						
Director	BOLIDU Investment (Co.) Ltd.																						
Director	Chen, Pin-Chuan																						
Director	Hsia, Mei-Chi																						
Director	Lee, Wen-Bin																						
Independent Director	Wei, Fu-Chuan																						
Independent Director	Chen, Chien-Chuan	\$ 420	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45	\$ -	\$ 465 0.07%	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 465 0.07%	-	N/A
Independent Director	Hsu, Shuen-Fa																						

1. Please specify remuneration payment policy, system, standard and structure for independent director, and its connection with the paid amount in terms of duty and responsibility, risk, time spent and other factors:  
Independent Director receives monthly fixed remuneration and annual extra paid remuneration is determined by the Chairman within its limit depending on overall operation. Directors have no remuneration.

2. In addition to the disclosure in this table, other remuneration that the Director of the Company provided services (such as to non-employee consultant in parent company/ all companies of financial statements/ reinvestment enterprises) over the latest fiscal year:  
None.

Remark: 1. The total amount herein has contained 1 official vehicles.  
2. The total amount herein has contained 1 official vehicles.



## Remuneration Scale

Remuneration Scale for Every Director of the Company	Directors Names			
	Total amount for Top 4 Remuneration Items (A+B+C+D)		Total amount for Top 7 Remuneration Items (A+B+C+D+E+F+G)	
	The Company (Note 8)	All companies in financial statements(Note 9) H	The Company (Note 8)	All companies in financial statements(Note 9) I
Less than 1,000,000.00	Chen, Ron-Ji, Huang, Ming-Shan, Huang, Yi-Ru, Liu, Jen-Yi, BOLIDU Investment (Co.) Ltd., Chen, Ping-Tsuen, Hsia, Mei-Chi, Lee, Weng-Bin, Wei, Fu-Chuan, Chen, Chien-Chuan, Hsu, Hsuen-Fa	Chen, Ron-Ji, Huang, Ming-Shan, Huang, Yi-Ru, Liu, Jen-Yi, BOLIDU Investment (Co.) Ltd., Chen, Ping-Tsuen, Hsia, Mei-Chi, Lee, Weng-Bin, Wei, Fu-Chuan, Chen, Chien-Chuan, Hsu, Hsuen-Fa	Chen, Ron-Ji, Huang, Ming-Shan, Huang, Yi-Ru, Liu, Jen-Yi, BOLIDU Investment (Co.) Ltd., Hsia, Mei-Chi, Lee, Weng-Bin, Wei, Fu-Chuan, Chen, Chien-Chuan, Hsu, Hsuen-Fa	Chen, Ron-Ji, Huang, Ming-Shan, Huang, Yi-Ru, Liu, Jen-Yi, BOLIDU Investment (Co.) Ltd., Hsia, Mei-Chi, Lee, Weng-Bin, Wei, Fu-Chuan, Chen, Chien-Chuan, Hsu, Hsuen-Fa
1,000,000.00(included)~ 2,000,000.00(excluded)			Chen, Ping-Tsuen	Chen, Ping-Tsuen
2,000,000.00(included)~ 3,500,000.00(excluded)	Hsu, Weng-Ko, Chen, Bi-Juan	Hsu, Weng-Ko, Chen, Bi-Juan	Hsu, Weng-Ko, Chen, Bi-Juan	Hsu, Weng-Ko, Chen, Bi-Juan
3,500,000.00(included)~ 5,000,000.00(excluded)			Lee, Weng-Bin	Lee, Weng-Bin
5,000,000.00(included)~10,000,000.00(excluded)				
10,000,000.00(included)~15,000,000.00(excluded)				
15,000,000.00(included)~ 30,000,000.00(excluded)				
30,000,000.00(included)~ 50,000,000.00(excluded)				
50,000,000.00(included)~ 100,000,000.00(excluded)				
100,000,000.00 above				
TOTAL	13 persons	13 persons	13 persons	13 persons

Note 1 : The names of Directors (Legal entity shareholders shall list names and representatives separately), ordinary directors and independent directors shall be listed separately and the amount paid to them shall be disclosed by aggregation. If a Director takes position of General Manager or Deputy General Manager concurrently, please list him/her in this table and table(3).

Note 2 : It refers to the remuneration paid to directors over the latest year (It contains salary, duty bonus, severance payment, various bonus, incentives etc. paid to a Director).

Note 3 : It refers to the remuneration approved by the Board of Directors for a Director over latest year (If it hasn't been approved by the Board of Directors, please fill out CPA audited accounts).

Note 4 : It refers to expenses for related business execution by Directors over latest years (Ex. travelling fee, special expense, various allowance, dormitory, vehicle and other physical objects etc.). In case that house, car and other transportation tools are provided or dedicated personal expenses are allowed, please disclose the nature and cost of such assets, actual rent or rent calculated on market price base, fuel and other payments. In case of extra driver(s) is provided, please remark remuneration paid by the Company, but exclude it in the remuneration.

Note 5 : It refers to physical objects including but not limited to salary, duty bonus, severance payment, various bonus, incentives, travelling fee, special expenses, various allowance, dormitory, vehicle received by the Director Employee over latest year (included adjunct General Manager, Deputy General manager, other managers and employee). In case that house, car and other transportation tools are provided or dedicated personal expenses are allowed, please disclose the nature and cost of such assets, actual rent or rent calculated on market price base, fuel and other payments. In case of extra driver(s) is provided, please remark remuneration paid by the Company, but exclude it in the remuneration. In addition, salary expenses recognized in accordance with IFRS 2 "Payment by Shares" covering employee share warrant, new shares constricting employee right and participation in share subscription by capital increase in cash etc., also should be included into the remuneration.

Note 6 : It refers that the remuneration approved by the Board of Directors for an employee over latest year should be disclosed in case of director who takes position of employee concurrently (included adjunct General Manager, Deputy General Manager, other Managers and employee); if it is difficult to predict, please calculate the amount planned for this year pursuant to the proportional actual paid one last year (If it hasn't been approved by the Board of Directors, please fill out CPA audited account).

Note 7 : Please disclose the lump sum of various remunerations that all companies of financial statements (included the Company) paid to the Directors of the Company.

Note 8 : Please disclose the names of Directors by belonged scale to whom the Company has paid total amount of various remuneration.

Note 9 : Please disclose the lump sum of remuneration that all companies of financial statements (included the Company) paid various remuneration to every Director and the names of Directors by the scale where they belong to.

Note 10 Net profit after tax refers to that on accompanying or individual financial report.

Note 11 : a. The amount of remuneration that the Directors of the Company receive from foreign reinvestment other than subsidiary or related with parent company shall be filled out explicitly (in case of null, please fill out 'None').

b. The Directors of the Company who receive remuneration related with foreign reinvestment other than subsidiary or parent company shall incorporate such remuneration into Column I of the Remuneration Scale and rename the column as "Parent Company and All Reinvestments".

c. Remuneration refers to those that the Directors of the Company receive with positions of Director, Supervisor or Manager in foreign reinvested company other than subsidiary or parent company (included remuneration for employee, director and supervisor) and business expenses etc.

\* The remuneration disclosed in above table is different from the income of the Income Tax Act; hence, above table is for reference of disclosure only, not for taxation.

2. Remuneration for Supervisors: None.

3. Remuneration for General Manager and Deputy General Manager (Names and payment ways are disclosed by aggregation and scale):

Title	Name (Note 1)	Salary (A) (Note 2)		Pension (B)		Bonus & Special Expenses etc. (C) (Note 3)		Remuneration for Employee (D) (Note 4)				The proportion of the lump sum of four items, A, B, C and D accounting for net profit after tax (%) (Note 8)		Whether received remunerati on from foreign reinvestme nt other than subsidiary (Note 10)
		The Company	All companies in financial statements( Note 5)	The Company	All companies in financial statements( Note 5)	The Company	All companies in financial statements( Note 5)	The Company		All companies in financial statements(Note 6)		The Company	All companies in financial statements( Note 5)	
								In cash	By shares	In cash	By shares			
Director	Lee, Weng-Bing	\$ 10,057	—	—	—	\$ 584	—	\$ 1,120	—	—	—	\$11,761 1.67%	—	—
General Manager	Pan, Yeh-Jen													
Deputy General Manager	Wang, Wen-Tsu													
Deputy General Manager	Zhou, Ting-Ho													
Deputy General Manager	Wu, Huei-Juan													

Description: It contains 3 official vehicles.

## Remuneration Scale

Remuneration Scale that the Company pays to individual General Manager and Deputy General Manager	Names of General Manager and Vice General Manager	
	The Company(Note 6)	All companies in the consolidated financial statements (Note 7) E
Less than NT\$1,000,000		
1,000,000.00(included)~2,000,000.00(excluded)	Zhou, Ting-Ho, Wu, Huei-Juan	Zhou, Ting-Ho, Wu, Huei-Juan
2,000,000.00(included)~3,500,000.00(excluded)	Pan, Yeh-Jen, Wang, Weng-Tsu	Pan, Yeh-Jen, Wang, Weng-Tsu
3,500,000.00(included)~5,000,000.00(excluded)	Lee, Wen-Bin	Lee, Wen-Bin
5,000,000.00(included)~10,000,000.00(excluded)		
10,000,000.00(included)~15,000,000.00(excluded)		
15,000,000.00(included)~30,000,000.00(excluded)		
30,000,000.00(included)~50,000,000.00(excluded)		
50,000,000.00(included)~100,000,000.00(excluded)		
100,000,000.00 above		
Total	5 persons	5 persons

Note 1 : The names of General Manager and Vice General Manager shall be listed separately and every payment is disclosed after aggregation. In the case that Directors concurrently take the position of General Manager or Vice General Manager, please fill out this table and preceding table (1).

Note 2 : It refers to the salary, extra duty fee, resignation fee paid in the latest fiscal year.

Note 3 : It refers to the amount of various bonuses, incentives, travelling expenses, special expenses, various allowances, dormitories, vehicles and other remunerations paid to General Manager and Vice General Managers in the latest fiscal year. In case that house, cars and other means of transportation or exclusive personal expenses are provided, the nature and cost of these assets, the actual rent or calculated based on fair market price, fuel and other payments should be disclosed. In addition, if a driver is provided, please give a remark to indicate the related remuneration paid by the company to the driver, but excluded in the remuneration. Furthermore, salary expenses recognized in accordance with IFRS 2 "Share-based Payment" include employee stock options, new shares restricting employee rights and participating in subscription for shares with cash capital increase should also be included in remuneration.

Note 4 : It refers to the remuneration for the employee subordinated under General Manager and Deputy General Manager approved by the Board of Directors in the latest fiscal year (included shares and cash ); if it is difficult to predict, the proposed amount to appropriate this year is calculated based on the proportional actual amount appropriated last year (if it has not yet been approved by the Board of Directors, please fill out CPA audited accounts).

Note 5 : It shall be the lump sum of diversified remuneration that all companies exposed in the consolidated financial statements (included the Company) paid to the General Manager and Deputy General Manager of the Company.

Note 6 : The names of General Manager and Deputy General Manager to whom the lump sum of diversified remuneration paid by the Company are disclosed in the scale where it belongs to.

Note 7 : It shall be the names of General Manager and Deputy General Manager to whom the lump sum of diversified remuneration paid by all companies (included the Company) disclosed in the consolidated financial statements are disclosed in the scale where it belongs to.

Note 8 : Net profit after tax refers to that in the accompanying or individual financial report of the latest fiscal year.

Note 9 : a. The amount of remuneration that the General Manager and Deputy General Manager of the Company receive from foreign reinvestment other than subsidiary or related with parent company shall be filled out explicitly (in case of null, please fill out 'None').

b. The General Managers and Deputy General Managers of the Company who receive remuneration related with foreign reinvestment other than subsidiary or parent company shall incorporate such remuneration into Column E of the Remuneration Scale and rename the column as "Parent Company and All Reinvestments".

c. Remuneration refers to those that the General Manager and Deputy General Manager of the Company receive with positions of Director, Supervisor or Manager in foreign reinvested company other than subsidiary or parent company (included remuneration for employee, director and supervisor) and business expenses etc.

\* The remuneration disclosed in above table is different from the income of the Income Tax Act; hence, above table is for reference of disclosure only, not for taxation.

4. Remuneration for supervisors receiving in Top 5 listed (OTC) securities firms: Not applicable to disclosure criteria.
5. Retired Chairperson and General Manager return back to the consultant position in a security firm: None.
6. Remuneration for Director (included independent Director), supervisor, General Manager, Deputy General Manager and Consultant (disclosed by aggregation).

Remuneration for Director and Supervisor						Remuneration for General Manager and Deputy General Manager, Adjunct employee Director								Remuneration for the Chairman and General Manager who retired from security firms or affiliates returning back to the consultant position (H)	Proportion of eight items included A, B, C, D, E, F, G and H accounting for net profit after tax (Note 7)	Remuneration received from foreign reinvested companies other than subsidiary (Note 8)			
Remuneration for Director and Supervisor (A) (Note 1)		Pension for Director and Supervisor (B)		Remuneration for Director and Supervisor (C) (Note 2)		Business expenses of Director and Supervisor (D) (Note 3)		Salary, bonus and special expenses etc. (E) (Note 4)		Pension (F)		Employee remuneration (G) (Note 5)							
The Company	All companies in the consolidated financial statements (Note 6)	The Company	All companies in the consolidated financial statements (Note 6)	The Company	All companies in the consolidated financial statements (Note 6)	The Company	All companies in the consolidated financial statements (Note 6)	The Company	All companies in the consolidated financial statements (Note 6)	The Company	All companies in the consolidated financial statements (Note 6)	The Company		All companies in the consolidated financial statements (Note 6)		The Company	The Company	All companies in the consolidated financial statements (Note 6)	
												In cash	By shares	In cash	By shares				
\$ 7,551	—	—	—	—	—	\$ 463	—	\$ 11,678	—	—	—	\$ 1,431	—	—	—	—	\$21,123 3.00%	—	—

- Note 1 : It refers to the remuneration (included salary, extra allowance, severance payment, diversified bonus, incentives etc.) for Director and Supervisor over latest fiscal year.
- Note 2 : It refers to the remuneration approved by the Board of Directors to Director and Supervisor over latest fiscal year (in case of pending approval by the Board of Directors, please fill out CPA audited account).
- Note 3 : It refers to business-related expenses paid to Director and Supervisor over latest fiscal year (included travelling expense, special expense, diversified allowance, accommodation, vehicles and other physical articles etc.). In case of expenses from supplied house, car and other transportation tools or exclusive personal expenses, the nature and cost of supplied assets, actual rent or calculated based on fair price, fuel fee and other payments shall be disclosed. In case of a driver given, please remark related remuneration the Company has paid to the driver, but not to be included.
- Note 4 : It refers to remuneration included salary, extra duty fee, severance payment, various bonus, incentives, travelling expenses, special expenses, various allowances, dormitories, vehicles etc. provided objects and other remunerations paid to General Manager, Vice General Managers, Director who concurrently is an employee over the latest fiscal year (included concurrent General Manager, Deputy General Manager, other managers and employee). In case that house, cars and other means of transportation or exclusive personal expenses are provided, the nature and cost of these assets, the actual rent or calculated based on fair market price, fuel and other payments should be disclosed. In addition, if a driver is provided, please give a remark to indicate the related remuneration paid by the company to the driver, but excluded in the remuneration. Furthermore, salary expenses recognized in accordance with IFRS 2 "Share-based Payment" include employee stock options, new shares restricting employee rights and participating in subscription for shares with cash capital increase should also be included in remuneration.
- Note 5 : It refers to the case that General Manager, Deputy General Manager, Director who concurrently is an employee (included concurrent General Manager, Deputy General Manager, other managers and employee) received remuneration as an employee (included shares and cash) over the latest fiscal year shall disclose the same approved by the Board of Directors over the latest fiscal year. In case of difficulty of estimates, the amount proposed to allocate this year shall be calculated based on actual one last year (if it has not been approved by the Board of Directors, please fill out CPA audited account).
- Note 6 : It shall be the lump sum of diversified remuneration that all companies in the consolidated financial statements (included the Company) has paid to Directors, Supervisors, General Manager and Deputy General Manager.
- Note 7 : Net profit after tax refers to that in the accompanying or individual financial report for the latest fiscal year.
- Note 8 : a. The amount of remuneration that the Director, Supervisor, General Manager and Deputy General Manager of the Company receive from foreign reinvestment other than subsidiary or related with parent company shall be filled out explicitly (in case of null, please fill out 'None').  
b. Remuneration refers to those that the Director, Supervisor, General Manager and Deputy General Manager of the Company receive with positions of Director, Supervisor or Manager in foreign reinvested company other than subsidiary or parent company (included remuneration for employee, director and supervisor) and business expenses etc.
- \* The remuneration disclosed in above table is different from the income of the Income Tax Act; hence, above table is for reference of disclosure only, not for taxation.

III. The difference between the number of non-supervisor employee, annual average benefits for employee and those in the preceding year:

	Current year	Preceding Year	Difference
The number of non-supervisor employee	198	188	10
Average benefits for non-supervisor employee	\$ 898	\$ 711	\$ 187

IV. Labor relation

(1) Current significant labor contract and implementation:

1. Employee benefits: The Company organizes cultural and entertaining, wedding, birth and birthday gift.

2. Advanced study and training system

The Company formulates educational training system and advanced study program subject to the regulations by competent authorities.

3. Retirement System:

In accordance with the regulation related with Labor Standards Act, the Company appropriates 4.1% of monthly total salary as a preparation for pension and deposits it into specified account in the Bank of Taiwan. Also, the payment of pension is subject to the Labor Standards Act. Starting from July 1, 2005, employee who chooses pension system applicable to Labor Pension Act shall appropriate 6% of monthly salary to the personal pension account of Labor Insurance Bureau.

4. Other important labor contracts: None.

(2) For losses arising out of labor disputes over the latest fiscal year, current and future potential estimates and countermeasures: None.

(3) Labor check result showed violation of the Labor Standards Act: None.

V. Implementation of Internal Control System:

(1) Statement of Internal Control System

CONCORD INTERNATIONAL SECURITIES CO.  
Statement of Internal Control System

Date: January 26, 2022

The Company is making a statement of 2021 Internal Control System pursuant to self-assessment result as follows:

1. The Company affirms and acknowledges that building, implementing and maintaining internal control system is the responsibility of the Board of Directors and Managers of the Company. The Company has built this system to assure reasonably the achievement of targets including but not limited to operational effect and efficiency (included profitability, performance and protection of asset safety etc.), reliability, immediacy, transparency of reports and compliance of laws and regulations governing reporting specification.
2. Internal control system's inherent constraints blocks assurance to a reasonable extent of achieving above 3 targets by its effect no matter how sound it was designed; besides, the effect may vary with environment and conditions. However, its self-monitoring setting facilitates the Company to take correction measures immediately once defect is identified.
3. The Company, in accordance with the diagnostic items of effect of internal control system specified in the "Handling Guideline of Security & Futures Company Built Internal Control System" (hereinafter referred to as the "Handling Guideline"), determines the effect of design and implementation. These diagnostic items are composed of five categories: 1. control environment, 2. Risk assessment, 3. control operation, 4. information and communication, and 5. monitoring. Every of them consists of some items, please refer to the "Handling Guideline".
4. The Company has adopted above diagnostic items to assess effect of design and implementation of internal control system.
5. With consideration of above assessment result, the Company's reported achievement of internal control system (included monitoring and managing subsidiary) covering effect of operation and achievement of effect target as of December 31, 2020 was recognized reliable, immediate, transparent and conforming to effective design and implementation as prescribed in related specification, law and regulation, which can assure achievement of above target reasonably.
6. This Statement will be made in public as the focus in the annual report and prospectus, in case of false, concealment and other illegal events, it will be charged with legal responsibility as specified in Article 20, 32, 171 and 174 of the Security Trading Act.
7. This Statement has been approved by the Board of Directors on January 26, 2022, where 0 person voted against the motion among 10 Director attendants and rest of them all agreed it.

CONCORD INTERNATIONAL SECURITIES CO.

Chairman: HSU, WENG-KE

General manager: PAN, YEH-JEN

Auditing officer: WU, HUEI-JUAN

Chief information security officer or top executive responsible for information security: HUANG, SHIN-YUAN

CONCORD INTERNATIONAL SECURITIES CO.

Improvements Needed to Be Made and Improvement Plan of Internal Control System (Base Date: December 31, 2021)

Improvements needed to be made	Improvement measures	Estimated completion time
<p>Taipei Exchange conducted the routine audit from August 30, 2021, to September 6, 2021, and the below deficiencies were found: (Securities-TPEX-Intermediaries-Letter No. 11006005121)</p>		
<p>1. Although the core systems (such as the back-end of the securities trading system, the accounting middle-end and Rayin middle-end, and so on) separate the operating and test environments, the segmentation mechanism isn't properly set.</p>	<p>For the problem that the segmentation mechanism isn't appropriately established in the core systems which separate the operating and test environments, one router has been respectively added in the southern and northern centers. The test environment host in the southern center has been amended into 192.9.201.x, while it in the northern center has been amended into 192.10.201.x. The formal and test environments have been separated physically.</p>	<p>Improved.</p>
<p>2. The length of password for the accounts with the highest authority in partial systems (such as trading system back-end, Mitake Mobile, accounting middle-end, SYSTEX Web, XQ AP, and so on) is 6 characters which has violated Article 4 of Guidelines for Management of Accounts with the Highest System Authorization Level stipulated by the Company "the password shall be set with more than 8 characters which shall include numbers and characters".</p>	<p>To respond to the matter that the password length for the accounts with the highest authority in partial systems is 6 characters, the password length for the account with high authority in systems has been adjusted to 8 characters in order to conform the Article 4 of Guidelines for Management of Accounts with the Highest System Authorization Level stipulated by the company.</p>	<p>Improved.</p>
<p>3. Failing to apply for the information technology firm to conduct the maintenance through the remote software connection, and failing to preserve the maintenance record during the software version update and maintenance with the system account which has administrator authority according to the Guidelines for Management of Accounts with the Highest System Authorization Level (covering both operating system and application</p>	<p>In response to the failing to apply for the information technology firm to conduct the maintenance through the remote software connection, and failing to preserve the maintenance record during the software version update and maintenance with the system account which has administrator authority according to the Guidelines for Management of Accounts with the Highest System Authorization Level (covering both operating system and application system) that the approval of the proper supervisor is required for use of an account with the highest</p>	<p>Improved.</p>

Improvements needed to be made	Improvement measures	Estimated completion time
system) that the approval of the proper supervisor is required for use of an account with the highest authorization level, and relevant records shall be retained.	authorization level, and relevant records shall be retained, the “Guidelines of Remote Connection Management” has been amended and the relevant application form for the remote connection has been added. The suppliers’ engineers shall apply when requiring the remote connection and the latest record of remote connection application and the application of relevant connection maintenance record shall be compensated.	
4. Despite for the changes to the application system (including the mobile application), the “system program requirements/ test acceptance form” or “record of software version change” had been filled according to the rules and the terms of acceptance had acquired the final approval in accordance with the above-mentioned forms or been checked if the requirements were conformed through the checkboxes of “whether the amendment test conforms to the requests”, “whether the original software function is affected by the update” and “whether agree with the update to the formal environment”, the test item and content and the related test process record weren’t retained.	In response to the test item and content and the related test, process records aren’t retained for the changes to the application system (including the mobile application), the latest system update has been applied on November 23, tested on November 26, and inspected and accepted on December 1.	Improved.
5. Regarding the account permission of the mobile device application store such as Apple’s app store account permission, in addition to the information technology supplier Mitake Information Corporation and developer permission accounts, the personnel from the Company possess several accounts which have the authority of APP management; however, the above-mentioned permission accounts related to the APP weren’t included in the scope of regular account permission review.	In response to the account permissions of the mobile application, stores weren’t included in the scope of regular account permissions review, the management of account and permission adopts the re-application policy for the company’s accounts which have to be listed out as well. Nevertheless, as the account change will influence the usage of clients; therefore, the change will be executed under circumstances that will not impact the clients, and the transfer and review process which will take time is estimated to be completed by the end of April 2022.	Estimated to be completed by the end of April 2022.
6. The source code of the	In response to the matter that	Improved.



Improvements needed to be made	Improvement measures	Estimated completion time
mobile application wasn't obtained, and the information technology supplier wasn't requested to issue a statement of security.	the source code of the mobile application and the information technology supplier wasn't requested to issue a statement of security, the supplier has been required to issue the statement of code review in respect of the latest changed version of mobile application (IOS version 2.0.5.0). If there is an update for the mobile application afterward, the source code of the mobile application shall be acquired according to the rules or the supplier will be requested to issue a statement of security that conforms to the guidelines of internal control.	
7. Failing to review the information security testing report of the mobile application and retain the review record.	In response to failing to review the information security testing report of the mobile application and retain the review record, the information security testing report of the mobile application acquired this year has been reviewed and the record form has been retained.	Improved.
8. The established vulnerability scanning procedure didn't clearly regulate the evaluation and repair of each level of risky vulnerability. Moreover, the vulnerability scanning of the information system only inspects the security vulnerability of WEB pages that the host operating system and the network layer weren't included in the scanning scope which was therefore incomplete.	In response to the matter that the established vulnerability scanning procedure didn't clearly regulate the evaluation and repairment of each level of risky vulnerability, and the vulnerability scanning of the information system only inspects the security vulnerability of WEB pages that the host operating system and the network layer weren't included in the scanning scope which was therefore incomplete, the amendment is planned to be made to the "Vulnerability Scanning Procedure" and the Company has consulted with the supplier to conduct the vulnerability scanning (request for approval-to Taipei-Management-Signature No. 39). The scanning is planned to be carried out by the supplier in January 2022 and estimated to be completed by the end of April 2022.	Estimated to be completed by the end of April 2022.

Note: The warning from the competent authority and above or the action of the fine which is more than NT\$240 thousands shall be listed out. Moreover, the improvement situation of information security deficiencies found by the competent authority, TWSE, TPEX, and Futures Exchange shall be listed as well.

- (2) CPA consignment of internal control system examination: None.
6. Cyber security management
- (1) Describe the cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management:
- The Company stipulates various guidelines such as cyber security and disaster recovery and so on in order to enhance the information security, prevent the information system and the relevant data from improper use, leakage, diddling, damage and so on, ensure the safety of the information system connected to the internet and its data, maintain the smooth computer operating, the equipment and data with the security, integrity, and privacy, implement the management of the computer information usage, maintain the effective usage of computer resource and make the overall information business smooth.
- The Company continuously improves the management and promotes the defense capability regarding the significant information system in order to conform to the regulations and the requirements to information security, protecting the safety of the significant data.
- The Company regularly reviews the policy of corporate information security, and jointly issues the Statement of Internal Control System (including overall execution situation of information security) according to the overall execution situation of information security in the previous years by Chief information security officer or top executive responsible for information security, general manager, auditing officer, and chairman. The Statement of Internal Control System (including the overall execution situation of information security) shall be submitted to the board of directors for approval and disclosed on the Market Observation Post System within three months after the end of the fiscal year.
- In response to the DDOS attacks, the Company has established ISP mitigation service to avoid attacks. The mobile APP provided to the clients will be carried out the information security inspection by the entrusted certified third-party testing laboratory every year. If critical incidents of information service or cyber security incidents happen, they shall be promptly coped with according to the stipulated notification mechanism of information security. The invested resource which is the salary of IT engineers, procurement of software and hardware, maintenance, and so on for the cyber security management has been budgeted and executed year by year.
- (2) List any losses suffered by the company in the most recent year due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.

## II. Overview of Financial Status

### 1. Condensed balance sheets and statements of comprehensive income

#### (1) Balance Sheet

Unit: In Thousand New Taiwan Dollar

Item	Year	Financial Status over latest 5 fiscal years				
		2017	2018	2019	2020	2021
Current assets		3,575,633	3,237,348	3,583,394	4,946,891	6,690,528
Property and equipment		726,185	717,281	707,534	713,604	668,037
Other non-current assets		832,174	699,319	691,699	804,155	1,038,777
Current liability	Before distribution	1,982,177	1,021,393	1,359,983	2,404,833	3,621,705
	After distribution	2,094,201	1,155,821	1,490,603	2,547,327	To be distributed
Non-current liability		54,305	57,068	85,922	86,087	50,469
Share capital		2,122,835	2,240,475	2,374,904	2,374,904	2,517,398
Capital Surplus	Before distribution	903,021	1,226,746	1,087,425	1,412,631	1,815,957
	After distribution	790,997	957,889	956,805	1,127,643	To be distributed
Total assets		5,133,992	4,653,948	4,982,627	6,464,650	8,397,342
Total liabilities	Before distribution	2,036,482	1,078,461	1,445,905	2,490,920	3,672,174
	After distribution	2,148,506	1,212,889	1,576,525	2,633,414	To be distributed
Equity Total	Before distribution	3,097,510	3,575,487	3,536,722	3,973,730	4,725,168
	After distribution	2,985,486	3,441,059	3,406,102	3,831,236	To be distributed

Note : 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.

(2) Comprehensive Income Statement

Unit: In Thousand New Taiwan Dollar

Year Item	Financial Status over latest 5 fiscal years				
	2017	2018	2019	2020	2021
Net Sales	357,717	378,699	333,592	729,816	1,057,679
Operating Expenses	240,374	256,502	221,587	266,731	346,746
Profit/loss shares of Affiliates and Joint Venture recognized using Equity method	—	—	—	—	—
Other gains and loss	11,761	408,522	26,470	27,389	28,147
Profit/loss before tax	129,104	530,719	138,475	490,474	739,080
Profit/loss after tax	126,139	444,988	135,652	469,077	703,020
Earnings per share (.00)(Note2)	0.53	1.79	0.54	1.86	2.79

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

Note 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.

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

Year	CPA Firm Name	CPA Name	Audit 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
2021	Baker Tilly Clock & Co	Zheng, Hsien-Hsiu, Zhou, Yin-Lai	Unqualified opinion

## II. Significant Financial Ratio Analysis

Analysis item		Financial analysis for latest five fiscal years					
		2017	2018	2019	2020	2021	
Capital structure analysis %	Debt ratio	39.67	23.17	29.02	38.53	43.73	
	Long term funds to fixed assets	434.02	506.43	512.01	568.92	714.88	
Liquidity analysis %	Current ratio	180.39	316.95	263.49	205.71	184.73	
	Quick ratio	180.25	316.75	263.17	205.60	184.69	
Return on investment analysis	Return on total assets(%)	2.65	9.04	2.82	8.20	9.46	
	Return on equity(%)	4.08	13.22	3.81	12.49	16.16	
	Accounted for paid-in capital%	Operation income to capital	5.53	5.45	4.72	19.50	28.24
		Pre-tax income to capital	6.08	23.69	5.83	20.65	29.36
	Net income to sales (%)	35.26	117.50	40.66	64.27	66.47	
	Earnings per share(.00)	0.56	1.79	0.54	1.86	2.79	
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	65.75	30.16	40.88	62.68	77.72	
	Fixed assets to total assets ratio	22.07	24.32	22.79	17.86	13.83	
	Total underwriting amount to the balance of its current assets less current liabilities ratio	2.97	3.52	0.85	0.02	0.88	
	Total Amounts of Margin Loan to Equity Ratio	39.60	23.11	28.11	29.90	36.60	
	Total Amount of Short Sales to Equity Ratio	0.90	0.84	1.48	1.38	1.04	

Note: The reason of change of diversified financial ratios within last 2 years (increase/decrease by up to 20%)

- (1) Long term funds to fixed and Return on equity: The main reasons that the current profit increased.
- (2) Operation income to capital and Pre-tax income to capital: The main reason is that the prosperity of Taiwan stock for the year significantly rose up the broker commission income, net gains on sale of securities held for operations, and gain on valuation of operating securities more than the previous period.
- (3) Earnings per share: The main reason is that the current profit increased.
- (4) Debt to equity ratio: The main reason is that the prosperity of Taiwan stock for the year increased the client financing amount and the loan and authorized underwriting payment for shares, leading to the incline of related ratio.
- (5) Fixed assets to total assets ratio: The main reason is that the prosperity of Taiwan stock for the year inclined the operating securities and margin loans receivable compared to the previous period leading to the decrease of related ratio.
- (6) Total underwriting amount to the balance of its current assets less current liabilities ratio: The main reason is that the current underwriting marketable securities inclined.
- (7) Total amounts of margin loan to equity ratio: The main reasons that the prosperity of Taiwan stock for the year rose the clients' willingness to loan, resulting in increased bond receivable financing, and total amounts of margin loan to equity ratio.
- (8) Total Amount of Short Sales to Equity Ratio: The main reason is that the current short sales amount decreased.

3. Financial crisis occurred to the Company and Affiliates over the latest fiscal year and its effect on the financial status: None.

### III. Review, analysis on financial status and performance, as well as risks

#### 1. Financial status:

Fiscal year Item	2021	2020	Difference	
			Amount increase (decrease)	Change Ratio %
Current assets	\$ 6,690,528	\$ 4,946,891	\$ 1,743,637	35.25
Non-current assets	1,760,814	1,517,759	189,055	12.46
Total assets	8,397,342	6,464,650	1,932,692	29.90
Current liability	3,621,705	2,404,833	1,216,872	50.60
Non-current liability	50,469	86,087	(35,618)	(41.37)
Total liability	3,672,174	2,490,920	1,181,254	47.42
Share capital	2,517,398	2,374,904	142,494	6.00
Additional Paid In Capital	119,609	119,608	1	—
Earnings reserve	1,815,957	1,412,631	403,326	28.55
Other Equity	272,204	66,587	205,617	308.79
Total equity	4,725,168	3,973,730	751,438	18.91

Note : The main reasons for significant change on assets, liabilities and equity within two 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 main reason is that the prosperity of Taiwan stock for the year significantly inclined the margin loans receivable and the operating securities at fair value.
- (2) Current liability, non-current liability and total liabilities: The main reason is that the prosperity of Taiwan stock for the year increased the client financing amount and the loan and authorized underwriting payment for shares, leading to the incline of related ratio.
- (3) Non-current liability: The main reason is that the large sum of pension was appropriated to the special account in current period.
- (4) Earnings reserve: The main reason is that the profit increased in current period.
- (5) Other Equity: The main reason 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 performance:

Item \ Fiscal year	2021	2020	Difference	
			Amount increase (decrease)	Change Ratio %
Revenue	\$ 1,057,679	\$ 729,816	\$ 327,863	44.92
Operating expenses	346,746	266,731	80,015	30.00
Operating profit (loss)	710,933	463,085	247,848	53.52
Non-operating income/loss	28,147	27,389	758	2.77
Net profit before tax	739,080	490,474	248,606	50.69
Income tax profit (fee)	(36,060)	(21,397)	(14,663)	68.53
Net profit after tax	703,020	469,077	233,943	49.87

(1) Analytical details of increase/decrease ratio change within last two years (increase/decrease changed up to 10% above):

1. Revenue: The main reason is that the prosperity of Taiwan stock for the year increased the volume, leading to the incline of broker commission income and the net profit of underwriting securities business measured by the fair price of profit/loss.
2. Operating expenses: The main reason is that the prosperity of Taiwan stock for the year increased the volume YoY and the salary of salesman.
3. Income tax expense: The main reason is that the net profit before tax for the year increased.

(2) Possible improvement and countermeasures for the Company's upcoming finance and business: None.

### 3. Cash flow:

(1) Analysis of cash flow change for the latest year:

1. Operating activity: The main reason is the financial assets measured through the fair price of profit/loss and the margin loans receivable significantly increased YoY, thereby increasing cash outflow.
2. Investments: The main reason is the increase in procurement of fixed assets and the decrease in the intangible assets.
3. Financing: The main reason is the inclined 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: In Thousand New Taiwan Dollar

Cash Balances – Beginning of Period (1)	Estimates of Cash Flows from Operating Activities (2)	(3) 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)
\$ 96,077	\$ 787,634	\$ (564,762)	\$ 318,949	–	–

4. The effect of significant capital expenditure on finance and business for the latest year: None.
5. 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.
6. 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 (including cyber security risk) and industry change on the Company's finance and business and countermeasures:

In response to the technological development, the requirements from the investors to the relevant information and service of securities have been multiplied that the securities firms shall equip with the excellent capability of information technology. The Company will continuously enhance the operating and service efficiency through digitization to respond to the impact imposed by the technological changes. The securities industry has been through decades of financial system revolution and industrial consolidation. The Company responds to the changes in the industrial environment with flexible, independent, and efficient operation modes; hence, the changes in technology and industry have not yet had a significant impact on the Company's finance and business.

For the measurements for cyber security risk, please refer to 6. Cyber security management in Other Disclosure.

- (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 composed of natural persons and legal entities. The customer structured is sound and has no risk of centralizing business to single customer.
- (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, 2021, the Company's directors, supervisors or major 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.
7. 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.
8. Other important matters: None.

#### IV. Certified Public Accountant Profile

##### 1. Public expenses:

(1) The amount of audit cases with public expenses that have been paid to CPA, CPA firms and affiliates accounts and the non-audit case with public expenses, and non-audit service:

Unit: In Thousand New Taiwan Dollar

CPA Firm Name	CPA Name	Duration of Audit	Audit case with public expense	Non-audit case with public expense	Total	Remark
Baker Tilly Clock & CO	ZHENG, HSIEN-HSIU	2021	\$ 1,000	\$ 270	\$ 1,270	
	ZHOU, YIN-LAI					
Service of non-audit case: Mainly the tax compliance audit, business registration, application of capital increase and annual report review, and so on.						

(2) 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.

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

2. Change of CPA: None.

3. Chairman, General Manager, Managers in charge of finance or accounting affairs of the securities firm have taken positions in CPA's Firm or its Affiliates within 1 year: None.