

CDIB Capital Group and Subsidiaries

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

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2020 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we have not prepared a separate set of consolidated financial statements of affiliates.

Very truly yours,

CDIB CAPITAL GROUP

March 22, 2021

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholder
CDIB Capital Group

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of CDIB Capital Group and subsidiaries as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

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

The key audit matter for the Corporation and its subsidiaries' consolidated financial statements for the year ended December 31, 2020 is stated as follows:

Fair Value Measurement of Financial Instruments with No Quoted Market Prices in An Active Market

Management uses valuation model to calculate the fair value of financial instruments with no quoted market prices in an active market. Parameters used in valuation model are unobservable inputs. For the fact that the inputs involve material managerial estimation and judgment, we identified the valuation as a key audit matter for the year ended December 31, 2020.

Refer to Notes 4, 5 and 28 for the relevant accounting policies, critical accounting judgments, estimation uncertainty, and disclosures of fair value measurement of financial instruments with no quoted market prices in an active market.

We understood and assessed the Corporation's internal control related to the evaluation of financial assets with no quoted market prices in an active market and its operation effectiveness. We selected samples from the financial assets with no quoted market prices in an active market and we evaluated and re-performed the appropriateness of the parameters, such as the selection of comparable companies and reasonableness of the financial multipliers used in the valuation models.

Other Matter

We have also audited the financial statements of the Corporation as of and for the years ended December 31, 2020 and 2019 on which we have issued an unmodified opinion thereon, respectively.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards, International Accounting Standards, and International Financial Reporting Interpretations endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the Corporation and subsidiaries' financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation and subsidiaries' internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation and subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Corporation and subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Corporation and subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Mei-Hui Wu and Kwan-Chung Lai.

Wu Mei Hui

Kwan-chung Lai

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 22, 2021

Notice to Readers

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

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

CDIB CAPITAL GROUP AND SUBSIDIARIES

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

	2020		2019	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6 and 26)	\$ 9,111,356	23	\$ 12,400,992	27
Financial assets at fair value through profit or loss - current (Notes 4, 8, 26 and 28)	80,892	-	281,737	1
Other receivables (Notes 7 and 26)	373,868	1	723,911	2
Current tax assets (Notes 4, 24 and 26)	246,422	1	267,621	-
Other current assets	<u>171,054</u>	<u>-</u>	<u>279,829</u>	<u>1</u>
Total current assets	<u>9,983,592</u>	<u>25</u>	<u>13,954,090</u>	<u>31</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4, 8, 10 and 28)	15,955,385	40	17,050,406	38
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 28)	108,381	-	108,687	-
Amortized cost financial assets - non-current (Notes 4 and 28)	570,066	1	-	-
Investments accounted for using the equity method (Notes 4, 9 and 10)	10,538,287	26	12,457,142	27
Property and equipment (Notes 4 and 11)	486,403	1	527,058	1
Right-of-use assets (Notes 4 and 12)	62,249	-	109,433	-
Investment properties (Notes 4 and 13)	1,076,716	3	1,064,631	2
Other non-current assets (Notes 4, 14 and 24)	<u>1,386,171</u>	<u>4</u>	<u>226,743</u>	<u>1</u>
Total non-current assets	<u>30,183,658</u>	<u>75</u>	<u>31,544,100</u>	<u>69</u>
TOTAL	<u>\$ 40,167,250</u>	<u>100</u>	<u>\$ 45,498,190</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Dividends payable (Note 26)	\$ 1,500,000	4	\$ -	-
Other payables (Note 15)	2,123,994	5	838,612	2
Current tax liabilities (Notes 4, 24 and 26)	574,911	2	673,302	2
Lease liabilities - current (Notes 4 and 12)	47,763	-	48,668	-
Other current liabilities (Note 26)	<u>123,017</u>	<u>-</u>	<u>107,452</u>	<u>-</u>
Total current liabilities	<u>4,369,685</u>	<u>11</u>	<u>1,668,034</u>	<u>4</u>
NON-CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss - non-current (Notes 4, 8, 26 and 28)	48,000	-	-	-
Provisions - non-current (Notes 4, 16 and 17)	151,151	-	146,715	-
Deferred tax liabilities (Notes 4 and 24)	329,017	1	345,775	1
Lease liabilities - non-current (Notes 4 and 12)	14,960	-	61,275	-
Other non-current liabilities (Notes 18, 26 and 29)	<u>393,070</u>	<u>1</u>	<u>509,543</u>	<u>1</u>
Total non-current liabilities	<u>936,198</u>	<u>2</u>	<u>1,063,308</u>	<u>2</u>
Total liabilities	<u>5,305,883</u>	<u>13</u>	<u>2,731,342</u>	<u>6</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT (Note 19)				
Capital	20,411,159	51	20,411,159	45
Capital surplus	590,409	2	590,409	1
Retained earnings				
Legal reserve	15,247,990	38	18,525,309	41
Special reserve	395,150	1	395,150	1
Unappropriated earnings (accumulated deficit)	(1,065,428)	(3)	2,226,807	5
Other equity				
Exchange differences on translation of foreign financial statements	(2,708,634)	(7)	(1,573,280)	(4)
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	<u>1,898,639</u>	<u>5</u>	<u>2,096,789</u>	<u>5</u>
Total equity attributable to owners of the parent	34,769,285	87	42,672,343	94
NON-CONTROLLING INTERESTS	<u>92,082</u>	<u>-</u>	<u>94,505</u>	<u>-</u>
Total equity	<u>34,861,367</u>	<u>87</u>	<u>42,766,848</u>	<u>94</u>
TOTAL	<u>\$ 40,167,250</u>	<u>100</u>	<u>\$ 45,498,190</u>	<u>100</u>

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

CDIB CAPITAL GROUP AND SUBSIDIARIES

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

	2020		2019		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
OPERATING REVENUE					
Dividend income	\$ 298,632	5,823	\$ 195,928	6	52
Share of profit or loss of associates and joint ventures (Notes 4 and 9)	(292,082)	(5,695)	444,143	13	(166)
Gain (loss) on financial assets measured at fair value through profit or loss (Notes 4 and 20)	(629,090)	(12,265)	2,054,323	61	(131)
Consulting service revenue (Note 26)	607,191	11,838	691,768	20	(12)
Other operating revenue	<u>10,220</u>	<u>199</u>	<u>13,670</u>	<u>-</u>	<u>(25)</u>
Total operating revenue	<u>(5,129)</u>	<u>(100)</u>	<u>3,399,832</u>	<u>100</u>	<u>(100)</u>
OPERATING COSTS					
Expected credit loss	<u>49,303</u>	<u>961</u>	<u>-</u>	<u>-</u>	<u>-</u>
GROSS PROFIT (LOSS)	<u>(54,432)</u>	<u>(1,061)</u>	<u>3,399,832</u>	<u>100</u>	<u>(102)</u>
OPERATING EXPENSES (Notes 4, 21, 22 and 26)	<u>(1,825,622)</u>	<u>(35,594)</u>	<u>(1,493,121)</u>	<u>(44)</u>	<u>22</u>
PROFIT (LOSS) FROM OPERATIONS	<u>(1,880,054)</u>	<u>(36,655)</u>	<u>1,906,711</u>	<u>56</u>	<u>(199)</u>
NON-OPERATING INCOME AND EXPENSES					
Foreign exchange gain (loss), net	76,030	1,482	8,291	-	817
Interest income (Notes 4 and 26)	600,086	11,700	195,794	6	206
Interest expense	(1,275)	(25)	(1,539)	-	(17)
Other gains and losses (Notes 23 and 26)	<u>163,773</u>	<u>3,193</u>	<u>138,152</u>	<u>4</u>	<u>19</u>
Total non-operating income and expenses	<u>838,614</u>	<u>16,350</u>	<u>340,698</u>	<u>10</u>	<u>146</u>

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CDIB CAPITAL GROUP AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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

	2020		2019		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
PROFIT (LOSS) BEFORE INCOME TAX FROM CONTINUING OPERATIONS	\$ (1,041,440)	(20,305)	\$ 2,247,409	66	(146)
INCOME TAX EXPENSE (Notes 4 and 24)	<u>(3,344)</u>	<u>(65)</u>	<u>(3,096)</u>	<u>-</u>	8
NET PROFIT (LOSS) FOR THE YEAR	<u>(1,044,784)</u>	<u>(20,370)</u>	<u>2,244,313</u>	<u>66</u>	(147)
OTHER COMPREHENSIVE INCOME (LOSS)					
Items that will not be reclassified subsequently to profit or loss, net of income tax					
Remeasurement of defined benefit plans	(9,995)	(195)	(5,072)	-	97
Share of the other comprehensive income (loss) of associates and joint ventures	(197,858)	(3,857)	629,912	18	(131)
Items that will be reclassified subsequently to profit or loss, net of income tax					
Exchange differences on translation of financial statements of foreign operations	(849,185)	(16,557)	(456,655)	(13)	86
Gain (loss) on debt instruments measured at fair value through other comprehensive income	(309)	(6)	(415)	-	(26)

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CDIB CAPITAL GROUP AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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

	2020		2019		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
Share of the other comprehensive income (loss) of associates and joint ventures	\$ (284,815)	(5,553)	\$ (102,932)	(3)	177
Other comprehensive income (loss) for the period, net of income tax	(1,342,162)	(26,168)	64,838	2	(2,170)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u>\$ (2,386,946)</u>	<u>(46,538)</u>	<u>\$ 2,309,151</u>	<u>68</u>	<u>(203)</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:					
Shareholder of parent company	\$ (1,055,416)	(20,577)	\$ 2,231,889	66	(147)
Non-controlling interests	<u>10,632</u>	<u>207</u>	<u>12,424</u>	<u>-</u>	<u>(14)</u>
	<u>\$ (1,044,784)</u>	<u>(20,370)</u>	<u>\$ 2,244,313</u>	<u>66</u>	<u>(147)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:					
Shareholder of parent company	\$ (2,398,932)	(46,772)	\$ 2,299,717	68	(204)
Non-controlling interests	<u>11,986</u>	<u>234</u>	<u>9,434</u>	<u>-</u>	<u>27</u>
	<u>\$ (2,386,946)</u>	<u>(46,538)</u>	<u>\$ 2,309,151</u>	<u>68</u>	<u>(203)</u>
EARNINGS (LOSS) PER SHARE (Note 25)					
Basic	<u>\$(0.52)</u>		<u>\$1.09</u>		

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

(Concluded)

CDIB CAPITAL GROUP AND SUBSIDIARIES

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

	Equity Attributable to Owners of Parent						Other Equity	Total	Non-controlling Interests	Total Equity
	Retained Earnings					Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income			
	Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficit)					
BALANCE AT JANUARY 1, 2019	\$ 20,411,159	\$ 589,866	\$ 21,525,309	\$ 667,434	\$ 4,041,723	\$ (1,016,683)	\$ 1,467,282	\$ 47,686,090	\$ 87,300	\$ 47,773,390
Appropriation of the 2018 earnings										
Special reserve reversed	-	-	-	(272,284)	272,284	-	-	-	-	-
Cash dividends - NT\$2.11 per share	-	-	-	-	(4,314,007)	-	-	(4,314,007)	-	(4,314,007)
	-	-	-	(272,284)	(4,041,723)	-	-	(4,314,007)	-	(4,314,007)
Cash dividend from legal reserve	-	-	(3,000,000)	-	-	-	-	(3,000,000)	-	(3,000,000)
Net profit for the year ended December 31, 2019	-	-	-	-	2,231,889	-	-	2,231,889	12,424	2,244,313
Other comprehensive income (loss) for the year ended December 31, 2019, net income tax	-	-	-	-	(5,082)	(556,597)	629,507	67,828	(2,990)	64,838
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	2,226,807	(556,597)	629,507	2,299,717	9,434	2,309,151
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	(303)	-	-	-	-	-	(303)	-	(303)
Share-based payment	-	846	-	-	-	-	-	846	-	846
Changes in non-controlling interests	-	-	-	-	-	-	-	-	(2,229)	(2,229)
BALANCE AT DECEMBER 31, 2019	20,411,159	590,409	18,525,309	395,150	2,226,807	(1,573,280)	2,096,789	42,672,343	94,505	42,766,848
Appropriation of the 2019 earnings										
Special reserve	-	-	222,681	-	(222,681)	-	-	-	-	-
Cash dividends - NT\$0.98 per share	-	-	-	-	(2,004,126)	-	-	(2,004,126)	-	(2,004,126)
	-	-	222,681	-	(2,226,807)	-	-	(2,004,126)	-	(2,004,126)
Cash dividend from legal reserve	-	-	(3,500,000)	-	-	-	-	(3,500,000)	-	(3,500,000)
Net profit (loss) for the year ended December 31, 2020	-	-	-	-	(1,055,416)	-	-	(1,055,416)	10,632	(1,044,784)
Other comprehensive income (loss) for the year ended December 31, 2020, net income tax	-	-	-	-	(10,012)	(1,135,354)	(198,150)	(1,343,516)	1,354	(1,342,162)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	(1,065,428)	(1,135,354)	(198,150)	(2,398,932)	11,986	(2,386,946)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	(14,409)	(14,409)
BALANCE AT DECEMBER 31, 2020	<u>\$ 20,411,159</u>	<u>\$ 590,409</u>	<u>\$ 15,247,990</u>	<u>\$ 395,150</u>	<u>\$ (1,065,428)</u>	<u>\$ (2,708,634)</u>	<u>\$ 1,898,639</u>	<u>\$ 34,769,285</u>	<u>\$ 92,082</u>	<u>\$ 34,861,367</u>

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

CDIB CAPITAL GROUP AND SUBSIDIARIES

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

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit (loss) before income tax	\$ (1,041,440)	\$ 2,247,409
Adjustments for reconciliation of net profit (loss)		
Depreciation expense	91,134	93,346
Amortization expense	4,308	9,085
Expected credit loss	49,303	-
Net (gain) loss on financial assets at fair value through profit or loss	629,090	(2,054,323)
Interest expense	1,275	1,539
Interest income	(600,086)	(195,794)
Dividend income	(298,632)	(195,928)
Share of loss (profit) of associates and joint ventures	292,082	(444,143)
Loss on disposal of investments	1,585	-
Others	6,570	(98,400)
Changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	547,668	3,802,455
Other receivables	600,647	323,449
Other current assets	143,413	28,142
Other operating assets	(1,197,198)	217,863
Other payables	1,104,566	241,888
Other current liabilities	18,534	12,203
Other operating liabilities	(127,982)	(35,110)
Cash generated from operations	224,837	3,953,681
Interest received	612,295	197,397
Dividend received	191,601	397,148
Interest paid	(2,326)	(1,918)
Income tax paid	(61,608)	(30,853)
Net cash generated from operating activities	964,799	4,515,455
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of financial assets at fair value through other comprehensive income	-	50,012
Acquisition of financial assets at amortized cost	(550,500)	-
Acquisition of financial assets designated as at fair value through profit or loss	(333,555)	(745,154)
Acquisition of investments accounted for using equity method	(61,621)	(266,457)
Disposal of investments accounted for using equity method	3,834	-
Proceeds from capital reduction of investments accounted for using equity method	888,111	79,600
Acquisition of property and equipment	(14,785)	(8,113)
Others	(1,274)	763
Net cash used in investing activities	(69,790)	(889,349)

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CDIB CAPITAL GROUP AND SUBSIDIARIES

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

	2020	2019
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of the principal portion of lease liabilities	\$ (45,899)	\$ (52,246)
Cash dividends paid	(2,004,126)	(4,314,007)
Cash dividends distributed from legal reserve	<u>(2,000,000)</u>	<u>(3,000,000)</u>
Net cash used in financing activities	<u>(4,050,025)</u>	<u>(7,366,253)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>(134,620)</u>	<u>(132,939)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,289,636)	(3,873,086)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>12,400,992</u>	<u>16,274,078</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 9,111,356</u>	<u>\$ 12,400,992</u>

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

(Concluded)

CDIB CAPITAL GROUP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

CDIB Capital Group (the “Corporation”) was incorporated under the Company Act and relevant regulations of the Republic of China (“ROC”) and started its operations on May 14, 1959. Effective January 1999, the Corporation was converted from a trust corporation into an industrial bank under ROC government’s approval. On December 28, 2001, the Corporation initiated a share swap transaction with China Development Financial Holding Corporation (“CDFH”, the Corporation’s parent company) at a 1:1 ratio, which was approved by the ROC Ministry of Finance (MOF). Thereafter, the Corporation became a wholly-owned subsidiary of CDFH. Pursuant to the ROC Financial Holding Company Act, CDFH’s shares were listed on the Taiwan Stock Exchange (“TSE”) after the aforementioned share swap transaction and the Corporation’s shares were delisted from TSE simultaneously.

On May 1, 2015, the Corporation’s board of the directors approved the transfer to KGI Bank of (a) all assets and liabilities associated with the commercial banking business of the Corporation and (b) the Corporation’s holdings of shares in the Corporation’s leasing subsidiaries and in the Taiwan Financial Asset Service Corporation.

On January 19, 2017, under the approval of the board of directors who had been authorized to exercise the rights on behalf of the shareholder’s meeting, China Development Industrial Bank was converted and the name became CDIB Capital Group. The date of conversion was March 15, 2017, and the Corporation will continue to expand its assets management business. The Financial Supervisory Commission (“FSC”) issued an approval letter, Official Letter No. 1600025880 dated March 10, 2017, for the aforementioned conversion.

The Corporation is mainly engaged in the business of securities investments, investments in financial related business, venture capital and other activities approved by the government authorities.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Corporation’s board of directors and were authorized for issue on March 22, 2021.

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

- a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Corporation and subsidiaries’ accounting policies.

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

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

As of the date the consolidated financial statements were authorized for issue, the Corporation and subsidiaries assessed that the amendments to the above-mentioned standards would not have a significant impact on the financial position and financial performance.

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

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

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

Note 2: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022.

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

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

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

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

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

1) Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”

The amendments stipulate that, when the Group sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when the Group loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when the Group sells or contributes assets that do not constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group’s interest as an unrelated investor in the associate or joint venture, i.e., the Group’s share of the gain or loss is eliminated. Also, when the Group loses control of a subsidiary that does not contain a business but retains significant influence or joint control over an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group’s interest as an unrelated investor in the associate or joint venture, i.e., the Group’s share of the gain or loss is eliminated.

2) Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”

The amendments clarify that for a liability to be classified as non-current, the Group shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Group will exercise that right. The amendments also clarify that, if the right to defer settlement is subject to compliance with specified conditions, the Group must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date.

The amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Group’s own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Group’s own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32 “Financial Instruments: Presentation”, the aforementioned terms would not affect the classification of the liability.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Corporation and subsidiaries are continuously assessing the possible impact that the application of other standards and interpretations will have on the Corporation and subsidiaries financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation minus fair value of plan assets. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Principles for Preparing Consolidation Financial Statements

The Corporation and its subsidiaries have been included in the consolidated financial statements. All significant intra-group transactions, balances, income and expenses have been eliminated in full upon consolidation.

The subsidiaries' accounting policies are the same as those used by the Corporation.

The functional currency of the Corporation is the New Taiwan dollars, and the consolidated financial statements are presented in New Taiwan dollars.

As of December 31, 2020 and 2019, the consolidated entities included in the consolidated financial statements included 23 and 20 companies, respectively (please refer to the attached Table 6 for details).

Classification of Current and Non-current Assets and Liabilities

Current assets include:

- a. Assets held primarily for the purpose of trading;
- b. Assets expected to be realized within 12 months after the reporting period; and
- c. Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- a. Liabilities held primarily for the purpose of trading;
- b. Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
- c. Liabilities for which the Corporation and subsidiaries do not have an unconditional right to defer settlement for at least 12 months after the reporting period. 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 that are not classified as current are classified as non-current.

Foreign Currencies

The Corporation recognizes foreign-currency transactions in the respective currencies in which they are denominated, while the subsidiaries recognize at the rates of exchange prevailing at the dates of the transactions. Foreign-currency gains or losses of the Corporation are recorded in New Taiwan dollars using the prevailing rates at the time of the transactions.

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

Nonmonetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising are recognized in profit or loss in the year occurred. Except for exchange differences arising on the retranslation of nonmonetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Nonmonetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Corporation's foreign operations (including subsidiaries and associates in other countries that use currencies which are different from the currency of the Corporation) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the year. Exchange differences arising are recognized in other comprehensive income (attributed to the shareholder of the parent company and non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Corporation and subsidiaries' entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Corporation and subsidiaries losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Cash Equivalents

Cash equivalents include time deposits that can be terminated on demand without reducing principal, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Investments in Associates

An associate is an entity over which the Corporation and subsidiaries have significant influence and that is not a subsidiary.

The Corporation and subsidiaries use the equity method or measure at fair value through profit or loss to account for their investments in associates.

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

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

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

When the Corporation and subsidiaries' share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for by the equity method and long-term interests that, in substance, form part of the Corporation and subsidiaries' net investment in the associate), the Corporation and subsidiaries' discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Corporation and subsidiaries have incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of the investment is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is deducted from the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Corporation and subsidiaries discontinue the use of the equity method from the date on which it ceases to have significant influence over the associate. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Corporation and subsidiaries account for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

When the Corporation and subsidiaries transact with its associate, profits and losses resulting from the transactions with the associate are recognized in the Corporation and subsidiaries' consolidated financial statements only to the extent of interests in the associate that are not related to the Corporation and subsidiaries.

Investments in associates measured at fair value through profit or loss are recognized as financial assets at fair value through profit or loss and the change in fair value is recognized in profit or loss.

Financial Instruments

Financial assets and financial liabilities are recognized when the Corporation and subsidiaries become a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

Financial assets and liabilities

All regular way purchases or sales of financial assets and liabilities are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

a. Measurement categories

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

1) Financial assets at FVTPL

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

A financial asset may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends earned and remeasurement gains or losses on such financial assets are recognized in operating revenue. Fair value is determined in the manner described in Note 28.

2) Financial assets at amortized cost

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

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

On initial recognition, the amortized cost financial assets have been determined by total carrying amount calculated using effective interest method minus impairment loss measured at amortized cost.

Interest revenue is calculated by multiplying effective interest rate by the total carrying amount of financial assets, except for financial assets that subsequently became credit loss, which are calculated by multiplying effective interest rate by amortized cost of the financial assets.

3) Investments in debt instruments at FVTOCI

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

- a) The debt instrument is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial assets; and
- b) The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

b. Impairment of financial assets

The Corporation and subsidiaries recognize a loss allowance for expected credit losses on financial assets at amortized cost, investments in debt instruments that are measured at FVTOCI.

For the financial instruments, the Corporation and subsidiaries recognize lifetime Expected Credit Loss (ECLs) when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Corporation and subsidiaries measure the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

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

For internal credit risk management purposes, the Corporation and subsidiaries determine the situation that internal or external information show that the debtor is unlikely to pay its creditors indicate that a financial asset is in default (without taking into account any collateral held by the Group)

The Corporation and subsidiaries recognize an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of the financial asset.

c. Impairment of financial assets

The Corporation and subsidiaries derecognize a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss.

Equity instruments

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

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

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

Derivative financial instruments

The derivative instruments signed by the Corporation and subsidiaries are cross-currency swap contracts, which are used to manage the Corporation and subsidiaries' interest and exchange rate risk.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Property and Equipment

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

Depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

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

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

Nonfinancial Asset Impairment

The Corporation and subsidiaries evaluate the possibility of impairment loss on nonfinancial assets as of the balance sheet date. If there is sufficient objective evidence of asset impairment, the Corporation and subsidiaries recognize an impairment loss whenever the recoverable amount of the asset or the cash-generating unit is below its carrying amount, and this impairment loss either is charged to accumulated impairment or reduces the carrying amount of an asset directly. After the recognition of an impairment loss, the depreciation (amortization) charged to the assets should be adjusted in future years at the revised asset carrying amount (net of accumulated impairment), less its salvage value, on a systematic basis over its remaining service life. If asset impairment loss (excluding goodwill) is reversed, the increase in the carrying amount resulting from reversal is credited to current income and debited to accumulated impairment or is used to increase the carrying amount of the asset. However, loss reversal should not be more than the carrying amount (net of depreciation) had the impairment not been recognized.

Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when the Corporation and subsidiaries have a present obligation (legal or constructive) as a result of a past event, it is probable that the Corporation and subsidiaries will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the control of the entity, or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or because the amount of the obligation cannot be measured with sufficient reliability. The Corporation and subsidiaries do not recognize contingent liabilities but disclose them in accordance with related rules instead.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the control of the entity. The Corporation and subsidiaries do not recognize contingent assets but disclose them in accordance with related rules when the inflow of economic benefits is probable.

Employee Benefits

a. Short-term employee benefits

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

b. Retirement benefits

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

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement 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 (asset)) are recognized as employee benefits expense in the period they occur. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Corporation and Subsidiaries' defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

Taxation

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

a. Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Law in the ROC, an additional tax of unappropriated earnings is provided in the year the shareholder approve to retain earnings.

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

Since 2003, CDFH and its qualified subsidiaries, including the Corporation, have used the linked-tax system for income tax filings. Under this system, the Corporation adjusts the deferred tax assets (liabilities), income tax payable (receivable) and income tax expense (profit) on a systematic and consistent basis.

Based on the "Income Basic Tax Act," if the basic income tax is greater than the amount of regular income tax, the income tax payable should be the basic income tax. The incremental tax payable is recorded as current income tax expense.

b. Deferred tax

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carryforwards and unused tax credits acquisition to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

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

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

c. Current and deferred taxes for the year

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

Revenue Recognition

Dividend income from investments is recognized when a shareholder's right to receive payment has been established and provided that it is probable that the economic benefits will flow to the Corporation and the subsidiaries and that the amount of income can be measured reliably.

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Corporation and the subsidiaries and the amount of income can be measured reliably. Interest income is accrued on a time basis by reference to the carrying amount and at the applicable effective interest rate.

Leases

At the inception of a contract, the Corporation and subsidiaries assess whether the contract is, or contains, a lease.

For a contract that contains a lease component and non-lease components, the Corporation and subsidiaries allocate the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately.

a. The Corporation and subsidiaries as lessor

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

Lease payments less any lease incentives payable from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

b. The Corporation and subsidiaries as lessee

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

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

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms. However, if leases transfer ownership of the underlying assets to the Corporation and subsidiaries by the end of the lease terms or if the costs of right-of-use assets reflect that the Corporation and subsidiaries will exercise a purchase option, the Corporation and subsidiaries depreciate the right-of-use assets from the commencement dates to the end of the useful lives of the underlying assets.

Lease liabilities are initially measured at the present value of the fixed lease payments. If that rate can be readily determined, the Corporation and subsidiaries uses interest the rate implicit in a lease. If that rate cannot be readily determined, the Corporation and subsidiaries uses the lessee's incremental borrowing rate.

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Corporation and subsidiaries' accounting policies, which are described in Note 4, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Fair value measurement of financial products with no quoted market prices in an active market

Management uses valuation model or refers to the available quotations from other financial institutions in determining the fair value of financial products with no quoted market prices in an active market and takes into consideration the economic influence of COVID-19 in the evaluation. Parameters used in valuation model are unobservable inputs, which involve material managerial estimation and judgment.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2020	2019
Cash on hand	\$ 26	\$ 27
Checking accounts and demand deposits	2,975,463	2,622,900
Cash equivalent		
Time deposits	6,135,867	8,310,412
Short-term notes	-	1,467,653
	<u>\$ 9,111,356</u>	<u>\$ 12,400,992</u>

7. OTHERS RECEIVABLES

	December 31	
	2020	2019
Receivable from securities sold	\$ 208,172	\$ 442,829
Interest receivable	111,574	156,539
Other tax refunds receivable	22,787	-
Accrued incomes	4,310	83,894
Others	<u>27,025</u>	<u>40,649</u>
	<u>\$ 373,868</u>	<u>\$ 723,911</u>

8. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

a. Financial instruments at fair value through profit or loss - current

	December 31	
	2020	2019
<u>Financial assets mandatorily classified as at FVTPL</u>		
Nonderivative financial instrument		
Open-ended funds	<u>\$ 80,892</u>	<u>\$ 281,737</u>

b. Financial instruments at fair value through profit or loss - non-current

	December 31	
	2020	2019
<u>Financial assets</u>		
<u>Financial assets mandatorily classified as at FVTPL</u>		
Nonderivative financial instrument		
Stocks	\$ 8,696,244	\$ 9,362,060
Partnership funds	4,697,489	5,309,881
Others	<u>706,688</u>	<u>798,319</u>
	<u>14,100,421</u>	<u>15,470,260</u>
<u>Financial assets designated as at FVTPL</u>		
Associates	<u>1,854,964</u>	<u>1,580,146</u>
Financial assets at FVTPL	<u>\$ 15,955,385</u>	<u>\$ 17,050,406</u>
<u>Financial liabilities</u>		
<u>Financial liabilities held for trading</u>		
Non-designated hedge derivatives		
Cross-currency swap contracts	<u>\$ 48,000</u>	<u>\$ -</u>

As of December 31, 2020, cross-currency swap contracts which are not designated as hedging instruments also not matured were as follows:

December 31, 2020

Contract Amount (In Thousands)	Maturity Date	Exchange Rate	Payment Ratio	Collection Ratio
USD18,841	May 26, 2022	1,199 (USD/KRW)	8.90%	8.70%

The main objective of the Corporation and subsidiaries made cross-currency transaction, is to hedge the risks which generated by currency asset and liabilities due to the fluctuation of exchange rate and rate.

9. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Associates that are not individually material

	December 31	
	2020	2019
Unlisted companies		
CDIB Partners Investment Holding Corp.	\$ 5,008,371	\$ 5,585,664
CDIB Capital Asia Partners L.P.	2,372,982	2,833,332
CDIB Yida Private Equity (Kunshan) Enterprise (Limited Partnership)	1,199,488	1,331,616
CDIB Private Equity (Fujian) Enterprise (Limited Partnership)	844,123	1,525,410
CDIB Capital Health Ventures Limited	649,127	563,209
CDIB Capital Creative Industries Limited	383,119	532,409
Others	<u>81,077</u>	<u>85,502</u>
	<u>\$ 10,538,287</u>	<u>\$ 12,457,142</u>

As of December 31, 2020 and 2019, associates that are not individually material listed on financial assets designated as at FVTPL were \$1,854,964 thousand and \$1,580,146 thousand, respectively.

Summary of Associates That Are Not Individually Material

	For the Year Ended December 31	
	2020	2019
Share of the Corporation and subsidiaries		
Net income (loss)	\$ (366,552)	\$ 466,592
Other comprehensive income (loss)	<u>(481,392)</u>	<u>529,110</u>
Total comprehensive income (loss) for the year	<u>\$ (847,944)</u>	<u>\$ 995,702</u>

The Corporation and subsidiaries' investments, which are accounted for using equity method, and related share of earnings and other comprehensive income were accounted for based on the audited financial statements.

The Corporation and subsidiaries had not pledged any investments accounted for using the equity method as collateral.

10. INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES

a. Partnership funds investment

The Corporation and subsidiaries hold equities in structured entities but do not have significant influence; the Corporation and subsidiaries have rights and obligations stipulated in the contract.

	December 31	
	2020	2019
Partnership funds investment		
Financial assets at FVTPL	\$ 4,697,489	\$ 5,309,881
Maximum exposure	4,697,489	5,309,881

b. Partnership funds management

The Corporation and subsidiaries have equities in the following structured entities as well as obligations for the investment and management of the entities. The Corporation and subsidiaries have significant influence over the investments and management of such entities.

The funds of unconsolidated structured entities are from the Corporation and subsidiaries and external third parties.

	December 31	
	2020	2019
Partnership funds management		
Total assets	\$ 21,556,752	\$ 24,475,759
Total liabilities	18,052	173,055
Investments accounted for using equity method	4,416,593	5,690,358
Financial assets designated as at FVTPL	1,551,906	1,258,060
Maximum exposure	5,968,499	6,948,418

11. PROPERTY AND EQUIPMENT

	December 31	
	2020	2019
Land	\$ 323,237	\$ 325,894
Buildings and facilities	147,663	181,802
Computer equipment	9,211	9,419
Leasehold improvements	3,711	4,791
Other equipment	2,581	4,952
Transportation equipment	-	7
	<u>486,403</u>	<u>526,865</u>
Prepayments for acquisition of properties	-	193
	<u>\$ 486,403</u>	<u>\$ 527,058</u>

	Land	Buildings and Facilities	Computer Equipment	Leasehold Improvements	Other Equipment	Transportation Equipment	Prepayments for Acquisition of Properties	Total
Cost								
Balance at January 1, 2019	\$ 574,447	\$ 575,848	\$ 27,036	\$ 29,596	\$ 38,635	\$ 68	\$ -	\$ 1,245,630
Additions	-	848	5,894	485	693	-	193	8,113
Disposal	-	(1,597)	(4,274)	-	(4,130)	-	-	(10,001)
Reclassification	(198,241)	(96,526)	-	-	-	-	-	(294,767)
Effect of exchange rate changes	-	-	(304)	(825)	(334)	-	-	(1,463)
Balance at December 31, 2019	<u>376,206</u>	<u>478,573</u>	<u>28,352</u>	<u>29,256</u>	<u>34,864</u>	<u>68</u>	<u>193</u>	<u>947,512</u>
Accumulated depreciation and impairment								
Balance at January 1, 2019	(50,312)	(340,252)	(19,477)	(23,414)	(31,501)	(48)	-	(465,004)
Additions	-	(14,341)	(3,946)	(1,829)	(2,836)	(13)	-	(22,965)
Disposal	-	1,597	4,261	-	4,127	-	-	9,985
Reclassification	-	56,225	-	-	-	-	-	56,225
Effect of exchange rate changes	-	-	229	778	298	-	-	1,305
Balance at December 31, 2019	<u>(50,312)</u>	<u>(296,771)</u>	<u>(18,933)</u>	<u>(24,465)</u>	<u>(29,912)</u>	<u>(61)</u>	<u>-</u>	<u>(420,454)</u>
Balance at December 31, 2019, net	<u>\$ 325,894</u>	<u>\$ 181,802</u>	<u>\$ 9,419</u>	<u>\$ 4,791</u>	<u>\$ 4,952</u>	<u>\$ 7</u>	<u>\$ 193</u>	<u>\$ 527,058</u>
Cost								
Balance at January 1, 2020	\$ 376,206	\$ 478,573	\$ 28,352	\$ 29,256	\$ 34,864	\$ 68	\$ 193	\$ 947,512
Additions	-	1,486	4,140	1,321	193	-	7,645	14,785
Disposal	-	(61,642)	(7,539)	(5,218)	(17,344)	(68)	(193)	(92,004)
Reclassification	(2,657)	(24,820)	(81)	-	45	-	(7,645)	(35,158)
Effect of exchange rate changes	-	-	(261)	(492)	(399)	-	-	(1,152)
Balance at December 31, 2020	<u>373,549</u>	<u>393,597</u>	<u>24,611</u>	<u>24,867</u>	<u>17,359</u>	<u>-</u>	<u>-</u>	<u>833,983</u>
Accumulated depreciation and impairment								
Balance at January 1, 2020	(50,312)	(296,771)	(18,933)	(24,465)	(29,912)	(61)	-	(420,454)
Additions	-	(9,996)	(4,140)	(2,342)	(2,313)	(7)	-	(18,798)
Disposal	-	61,639	7,539	5,218	17,100	68	-	91,564
Reclassification	-	(806)	-	-	-	-	-	(806)
Effect of exchange rate changes	-	-	134	433	347	-	-	914
Balance at December 31, 2020	<u>(50,312)</u>	<u>(245,934)</u>	<u>(15,400)</u>	<u>(21,156)</u>	<u>(14,778)</u>	<u>-</u>	<u>-</u>	<u>(347,580)</u>
Balance at December 31, 2020, net	<u>\$ 323,237</u>	<u>\$ 147,663</u>	<u>\$ 9,211</u>	<u>\$ 3,711</u>	<u>\$ 2,581</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 486,403</u>

The above items of property and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings and facilities

Main building and parking spaces	50 years
Lifting equipment	15 years
Air-conditioning and electrical equipment	5-10 years
Fire and monitoring equipment	5 years
Computer equipment	4-8 years
Transportation equipment	5 years
Other equipment	
Office furniture and equipment	5-8 years
Others	5 years
Leasehold improvements	lower of leasehold lives or useful lives

The Corporation and subsidiaries had not pledged any property and equipment as collateral.

12. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2020	2019
Carrying amount		
Buildings and facilities	\$ 59,013	\$ 107,462
Computer equipment	2,212	211
Transportation equipment	<u>1,024</u>	<u>1,760</u>
	<u>\$ 62,249</u>	<u>\$ 109,433</u>
	For the Year Ended December 31	
	2020	2019
Additions to right-of-use assets	<u>\$ 9,638</u>	<u>\$ 98,131</u>
Depreciation of right-of-use assets		
Buildings and facilities	\$ 47,330	\$ 46,498
Computer equipment	668	235
Transportation equipment	<u>493</u>	<u>281</u>
	<u>\$ 48,491</u>	<u>\$ 47,014</u>

b. Lease liabilities

	December 31	
	2020	2019
Carrying amount		
Current	<u>\$ 47,763</u>	<u>\$ 48,668</u>
Non-current	<u>\$ 14,960</u>	<u>\$ 61,275</u>
	For the Year Ended December 31	
	2020	2019
Interest expense	<u>\$ 835</u>	<u>\$ 1,153</u>

Range of discount rate for lease liabilities were as follows:

	December 31	
	2020	2019
Buildings and facilities	0.71%-1.01%	0.80%-1.01%
Transportation equipment	0.82%-1.07%	0.82%-1.07%
Computer equipment	0.70%-0.73%	0.86%

The maturity analysis of lease liabilities was as follows:

	December 31	
	2020	2019
Not later than 1 year	\$ 48,107	\$ 49,220
Later than 1 year and not later than 5 years	<u>15,243</u>	<u>61,794</u>
	<u>\$ 63,350</u>	<u>\$ 111,014</u>

c. Material lease-in activities and terms

The Corporation and subsidiaries lease buildings and facilities, computer equipment and transportation equipment with lease terms of 1 to 5 years.

d. Other lease information

Lease arrangements under operating leases for the leasing out of investment properties and freehold property, plant and equipment for the Corporation and subsidiaries are referred to Note 13.

	For the Year Ended December 31	
	2020	2019
Expenses relating to short-term leases	\$ 13,532	\$ 19,918
Lease of low-value assets	\$ -	\$ 110
Total cash outflow for leases	\$ 62,943	\$ 67,224

The Corporation and subsidiaries' leases of certain assets qualify as short-term leases or low-value asset leases. The Corporation and subsidiaries have elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

13. INVESTMENT PROPERTIES

	December 31	
	2020	2019
Land	\$ 808,491	\$ 805,834
Buildings and facilities	268,225	258,797
	<u>\$ 1,076,716</u>	<u>\$ 1,064,631</u>

The changes in the Corporation and subsidiaries' investment properties were as follows:

	For the Year Ended December 31	
	2020	2019
<u>Cost</u>		
Beginning balance	\$ 1,425,285	\$ 1,130,518
Reclassification	35,077	294,767
Ending balance	<u>1,460,362</u>	<u>1,425,285</u>
<u>Accumulated depreciation</u>		
Beginning balance	(360,654)	(281,062)
Additions	(23,798)	(23,367)
Reclassification	806	(56,225)
Ending balance	<u>(383,646)</u>	<u>(360,654)</u>
Carrying amount	<u>\$ 1,076,716</u>	<u>\$ 1,064,631</u>

The above items of investment properties are depreciated on a straight-line basis over the estimated economic lives as follows:

Buildings and facilities

Main building and parking spaces	50 years
Lifting equipment	15 years
Air-conditioning and electrical equipment	5-10 years
Fire and monitoring equipment	5 years

The fair values of the Corporation and subsidiaries' investment properties as of December 31, 2020 and 2019 were \$6,380,152 thousand and \$5,580,160 thousand, respectively.

Except for the fair values of China Development Building, which were based on an external valuation report as of the year 2020, the fair values of investment properties as of December 31, 2020 and 2019 were not assessed by an independent appraiser; instead, the fair values were based on an external valuation report as of the year 2017. After evaluating, the Corporation and subsidiaries determined that the fair values reported as at December 31, 2020 and 2019 were still valid, and the fair values of the investment properties were measured at Level 3 inputs. Sales comparison approach and income approach were used in the valuation report as of 2017. The sales comparison approach is based on the transaction and proposed prices of comparable properties which have been recently sold, while in the income approach, fair value is calculated by taking the net operating income of the rent collected and dividing it by the capitalization rate.

China Development Building was sold through open bidding on January 12, 2021, please refer to Note 30.

The Corporation and subsidiaries' investment properties are mainly leased buildings with lease terms of 1 to 10 years.

The maturity analysis of lease payments receivable under operating leases of investment properties as of December 31, 2020 and 2019 is as follows:

	December 31	
	2020	2019
Year 1	\$ 89,852	\$ 49,147
Year 2	32,186	13,917
Year 3	27,353	3,930
Year 4	21,954	3,815
Year 5	3,974	3,240
Year 5 onwards	<u>2,700</u>	<u>5,940</u>
	<u>\$ 178,019</u>	<u>\$ 79,989</u>

The investment properties on operating leases of the Corporation and subsidiaries are depreciated on a straight-line basis based over their estimated useful lives as follows:

	Estimated Useful Lives
Buildings and facilities	5-50 years

All of the investment properties are the Corporation and subsidiaries' own interest, and not pledged as collateral.

14. OTHER NON-CURRENT ASSETS

	December 31	
	2020	2019
Restricted assets	\$ 1,289,303	\$ 119,552
Guarantee deposits paid	80,452	70,761
Computer software	8,154	7,157
Others	<u>8,262</u>	<u>29,273</u>
	<u>\$ 1,389,171</u>	<u>\$ 226,743</u>

After the filing of a certain complaint against Morgan Stanley & Co. International PLC (Morgan Stanley) (Note 29), the Corporation could not access the following funds in connection with transactions made with Morgan Stanley because of its unauthorized disposition: Accounts receivable, deposits, cash security on CDS contracts and the related accrued revenue. Because of the inaccessibility of these funds, these financial assets reclassified as “restricted assets”. The investment collection by the subsidiary from CCAP Tutwo Holdings (Hong Kong) Limited were \$1,139,294 thousand (approximately CNY \$260,000 thousand) also reclassified as “restricted assets”.

15. OTHER PAYABLES

	December 31	
	2020	2019
Amounts collected for others	\$ 1,143,437	\$ -
Accrued expenses	941,987	759,264
Others	<u>38,570</u>	<u>79,348</u>
	<u>\$ 2,123,994</u>	<u>\$ 838,612</u>

16. PROVISIONS - NON-CURRENT

	December 31	
	2020	2019
Provisions for employee benefits	\$ 148,114	\$ 143,714
Others	<u>3,037</u>	<u>3,001</u>
	<u>\$ 151,151</u>	<u>\$ 146,715</u>

17. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Corporation and domestic subsidiaries adopted a pension plan under the Labor Pension Act (the LPA), which is a defined contribution plan. Based on the LPA, the Corporation makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages. The total expenses recognized in profit or loss for the years ended December 31, 2020 and 2019 were \$10,819 thousand and \$10,286 thousand, respectively.

The Corporation's foreign subsidiaries adopted the defined contribution pension plans, and they recognized their contributions as pension expenses amounting to \$2,689 thousand and \$6,445 thousand for the years ended December 31, 2020 and 2019, respectively.

b. Defined benefit plans

The Corporation and domestic subsidiaries adopted a defined benefit pension plan for all formal employees based on the Labor Standards Act. Benefit payments are based on service periods and basic salaries and wages at the time of retirement.

Under the defined benefit plan, the Corporation has made monthly contributions at 13% of salaries and wages to a pension fund. In February 2006, the Corporation changed the contribution rate from 13% to 4.5% and then further adjusted the contribution rate from 4.5% to 3.14% in November 2008. The fund is managed by the Employees' Pension Reserve Supervisory Committee and deposited in the Corporation of Taiwan in the committee's name. Before the end of each year, The Corporation assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Corporation is required to fund the difference in one appropriation that should be made before the end of March of the next year.

The amounts included in the consolidated balance sheets in respect of the Corporation and subsidiaries' defined benefit plans were as follows:

	December 31	
	2020	2019
Present value of defined benefit obligation	\$ 464,460	\$ 469,074
Fair value of plan assets	<u>(319,807)</u>	<u>(328,810)</u>
Net defined benefit liabilities	<u>\$ 144,653</u>	<u>\$ 140,264</u>

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2019	<u>\$ 477,942</u>	<u>\$ (332,394)</u>	<u>\$ 145,548</u>
Current service cost	2,236	-	2,236
Net interest expense (income)	<u>4,182</u>	<u>(2,916)</u>	<u>1,266</u>
Recognized in profit or loss	<u>6,418</u>	<u>(2,916)</u>	<u>3,502</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(12,415)	(12,415)
Actuarial loss - changes in financial assumptions	7,029	-	7,029
Actuarial loss - experience adjustments	<u>10,458</u>	<u>-</u>	<u>10,458</u>
Recognized in other comprehensive income	<u>17,487</u>	<u>(12,415)</u>	<u>5,072</u>
Contributions from the employer	-	(13,858)	(13,858)
Benefits paid	<u>(32,773)</u>	<u>32,773</u>	<u>-</u>
Balance at December 31, 2019	<u>469,074</u>	<u>(328,810)</u>	<u>140,264</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Current service cost	\$ 3,572	\$ -	\$ 3,572
Net interest expense (income)	<u>3,193</u>	<u>(2,246)</u>	<u>947</u>
Recognized in profit or loss	<u>6,765</u>	<u>(2,246)</u>	<u>4,519</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(11,233)	(11,233)
Actuarial loss - changes in financial assumptions	15,094	-	15,094
Actuarial loss - experience adjustments	<u>6,134</u>	<u>-</u>	<u>6,134</u>
Recognized in other comprehensive income	<u>21,228</u>	<u>(11,233)</u>	<u>9,995</u>
Contributions from the employer	-	(10,125)	(10,125)
Benefits paid	<u>(32,607)</u>	<u>32,607</u>	<u>-</u>
Balance at December 31, 2020	<u>\$ 464,460</u>	<u>\$ (319,807)</u>	<u>\$ 144,653</u> (Concluded)

Through the defined benefit plans under the Labor Standards Law, the Corporation and subsidiaries is exposed to the following risks:

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

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

	December 31	
	2020	2019
Discount rate(s)	0.25%	0.70%
Expected rate(s) of salary increase	2.50%	2.50%

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

	December 31	
	2020	2019
Discount rate(s)		
0.25% increase	\$ <u>(8,481)</u>	\$ <u>(8,761)</u>
0.25% decrease	\$ <u>8,727</u>	\$ <u>9,024</u>
Expected rate(s) of salary increase		
0.25% increase	\$ <u>7,652</u>	\$ <u>7,937</u>
0.25% decrease	\$ <u>(7,479)</u>	\$ <u>(7,748)</u>

The sensitivity analysis presented above may not be representative of the actual change in the present value of 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.

	December 31	
	2020	2019
Expected contributions to the plans for the next year	\$ <u>9,635</u>	\$ <u>10,405</u>
Average duration of the defined benefit obligation	7.43-8.60 years	7.60-9.36 years

18. OTHER NON-CURRENT LIABILITIES

	December 31	
	2020	2019
Other financial liabilities	\$ 354,235	\$ 373,788
Guarantee deposits received	38,835	36,131
Others	<u>-</u>	<u>99,624</u>
	\$ <u>393,070</u>	\$ <u>509,543</u>

19. EQUITY

a. Capital

Common stock

	December 31	
	2020	2019
Number of shares authorized (in thousands)	<u>9,266,851</u>	<u>9,266,851</u>
Shares authorized	\$ <u>92,668,510</u>	\$ <u>92,668,510</u>
Number of shares issued and fully paid (in thousands)	<u>2,041,116</u>	<u>2,041,116</u>
Shares issued	\$ <u>20,411,159</u>	\$ <u>20,411,159</u>

b. Capital surplus

	December 31	
	2020	2019
Arising from issuance of common shares	\$ 477,409	\$ 477,409
Difference between consideration and carrying amount adjusted arising from changes in percentage of ownership in subsidiaries	98,845	98,845
Arising from share of changes in capital surplus of associates	2,866	2,866
Share-based payments awards	11,269	11,269
Arising from donations	<u>20</u>	<u>20</u>
	<u>\$ 590,409</u>	<u>\$ 590,409</u>

The premium from shares issued in excess of par (share premium from issuance of common shares, treasury share transactions, and excess of the consideration received over the carrying amount of the subsidiaries' net assets during disposal or acquisition) and donations may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital limited to a certain percentage of the Corporation's capital surplus and once a year.

The capital surplus from investments under the equity method may not be used for any purpose.

c. Special reserve

Whenever the components of shareholder's equity which includes unrealized gains or losses on financial instruments and cumulative translation adjustment but not treasury stock have debit balances, a special reserve equal to the total debit balance should be appropriated from the current year's earnings and unappropriated earnings generated in the prior years. Any special reserve appropriated may be reversed to the extent of the decrease in the net debit balance.

When transitioning to IFRSs, the Corporation and subsidiaries recognize or reserve special revenue, under Rule No. 1010012865 issued by the FSC on April 6, 2012 and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs."

d. Appropriation of earnings

To expand the Corporation's operations and increase its profitability as well as to comply with the relevant regulations, the Corporation applied the residual dividend policy. In principle, the Corporation should pay dividends in the form of cash, and the portion of cash dividends should not be less than 10% of the total amount of dividends paid.

The current year's earnings will be first used to settle all taxes payable as well as to cover accumulated deficit. The balance will then be used to appropriate legal reserve and special reserve and to reverse a special reserve in accordance with relevant laws and regulations and the Corporation's Articles of Incorporation. The remainder together with the beginning balance of unappropriated earnings, the board of directors shall draw up the appropriation of earnings motion for the approval of shareholder's meetings.

When the Corporation's legal reserve equals its paid-in capital, the Corporation is no longer subject to the requirement for legal reserve appropriation.

The appropriation of earnings should be presented for approval at the shareholder's meeting in the following year, and given effect to in the financial statements of the year following the year of earnings generation.

Under the Financial Holding Company Act, because the Corporation has only one shareholder, CDFH, the Company Act provisions on shareholder's meetings do not apply to the Corporation and the board of directors is thus entitled to exercise shareholder's meeting functions.

Appropriation of the 2019 and 2018 earnings were approved by the board of directors on behalf of the shareholder on April 27, 2020 and May 27, 2019, respectively; the amounts were as follows:

	2019	2018
Legal reserve	\$ 222,681	\$ -
Reversal of special reserve	-	272,284
Cash dividends (NT\$0.98 and NT\$2.11 per share)	2,004,126	4,314,007

At the board of directors meetings on March 22, 2021, the Corporation proposed reduction of capital to offset deficit and resolved not to distribute dividends.

The proposed reduction of capital to offset deficit of 2020 is waiting for approval by the Corporation's board of directors on behalf of the shareholder's meeting.

On November 23, 2020, the Corporation's board of directors approved on behalf of the shareholder's meeting, the distribution of cash dividends of \$1,500,000 thousand arising from legal reserve to shareholder in accordance with Article 241 of the Company Act. The above case of releasing cash from legal reserve is effective on December 23, 2020 through FSC approval and registration, and the releasing base date is on January 11, 2021.

On March 26, 2020, and May 27, 2019, the Corporation's board of directors approved on behalf of the shareholder's meeting, the distribution of cash dividends of \$2,000,000 and \$3,000,000 thousand arising from legal reserve to shareholder in accordance with Article 241 of the Company Act.

Related information can be accessed through the Market Observation Post System (M.O.P.S.) on the Web site of the Taiwan Stock Exchange (<http://emops.tse.com.tw>).

20. GAIN (LOSS) ON FINANCIAL ASSETS MEASURED AT FVTPL

	For the Year Ended December 31	
	2020	2019
Partnership Funds	\$ 943,969	\$ 1,040,150
Stock	(985,028)	900,647
Others	<u>(588,031)</u>	<u>113,526</u>
	<u>\$ (629,090)</u>	<u>\$ 2,054,323</u>

21. DEPRECIATION AND AMORTIZATION

	For the Year Ended December 31	
	2020	2019
Property and equipment	\$ 18,845	\$ 22,965
Right-of-use asset	48,491	47,014
Investment property	23,798	23,367
Other non-current assets	<u>4,308</u>	<u>9,085</u>
	<u>\$ 95,442</u>	<u>\$ 102,431</u>
An analysis of depreciation by function		
Operating expenses	\$ 67,336	\$ 69,979
Non-operating expenses	<u>23,798</u>	<u>23,367</u>
	<u>\$ 91,134</u>	<u>\$ 93,346</u>
An analysis of amortization by function		
Operating expenses	<u>\$ 4,308</u>	<u>\$ 9,085</u>

22. EMPLOYEE BENEFITS

	For the Year Ended December 31	
	2020	2019
Employee benefit expense		
Salaries and wages	\$ 1,014,047	\$ 877,064
Employee insurance	40,730	39,912
Pension	48,455	20,233
Others	<u>74,261</u>	<u>64,540</u>
	<u>\$ 1,177,493</u>	<u>\$ 1,001,749</u>
An analysis by function		
Operating expense	<u>\$ 1,177,493</u>	<u>\$ 1,001,749</u>

To comply with the Company Act, the Corporation made consequential amendments to the Corporation's Articles of Incorporation approved by the board of directors which was authorized to assume the function of the shareholder's meeting to distribute the compensation of employees at the rates no less than 1% of net profit before paying income tax and the compensation of employees. However, if the Corporation had incurred cumulative losses, the profit should be used to offset the losses.

For the years ended December 31, 2019, the compensation of employees was \$22,000 thousand and approved by the board of directors on March 26, 2020. The corporation is net loss before tax for the year ended December 31, 2020, so no compensation of employees is estimated.

If there is a change in the proposed amounts after the annual consolidated financial statements were authorized for issue, the differences will be recorded as a change in accounting estimate.

There was no difference between the amounts recognized in the financial statements for the years ended December 31, 2020 and 2019.

Related information can be accessed through the Market Observation Post System (M.O.P.S.) on the Web site of the Taiwan Stock Exchange (<http://mops.twse.com.tw/mops/web/index>).

23. OTHER GAINS AND LOSSES

	For the Year Ended December 31	
	2020	2019
Rent revenue	\$ 142,763	\$ 142,932
Other revenue	45,103	19,101
Other loss	<u>(24,093)</u>	<u>(23,881)</u>
	<u>\$ 163,773</u>	<u>\$ 138,152</u>

24. INCOME TAX

a. Income tax expense

	For the Year Ended December 31	
	2020	2019
Current income tax		
Current period	\$ (22,649)	\$ (160,150)
Adjustments for prior year	(20,437)	41,936
Other	<u>25,817</u>	<u>9,027</u>
	(17,269)	(109,187)
Deferred income tax	<u>13,925</u>	<u>106,091</u>
Income tax expense	<u>\$ (3,344)</u>	<u>\$ (3,096)</u>

The reconciliation of accounting income and income tax expense adjustments were as follows:

	For the Year Ended December 31	
	2020	2019
Income tax benefit (expense) at the statutory rate	\$ 208,288	\$ (449,482)
Effect of different tax rates of group entities operating in other jurisdictions	(203,313)	69,608
Permanent differences	87,290	561,207
Prior year's adjustments	(20,437)	41,936
Additional income tax under the Alternative Minimum Tax Act	-	(93,944)
Unrecognized temporary differences	(105,916)	(119,666)
Others	<u>30,744</u>	<u>(12,755)</u>
Income tax expenses	<u>\$ (3,344)</u>	<u>\$ (3,096)</u>

b. The estimated receivables/payables resulting from the use of the linked-tax system on the Corporation's consolidated tax returns were as follows:

	December 31	
	2020	2019
Tax charged from the parent company	<u>\$ 240,257</u>	<u>\$ 211,214</u>
Tax paid to the parent company	<u>\$ 519,807</u>	<u>\$ 515,983</u>

c. Deferred tax assets and liabilities

	December 31	
	2020	2019
<u>Deferred tax assets</u>		
Others	\$ 11,773	\$ 470
<u>Deferred tax liabilities</u>		
Land value increment tax	\$ 241,555	\$ 241,555
Unrealized gain or loss on financial instruments	87,462	104,220
	<u>\$ 329,017</u>	<u>\$ 345,775</u>

d. Unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31	
	2020	2019
Loss carryforwards		
Expiry in 2021	\$ -	\$ 215,144

e. Income tax assessments

The Corporation used the linked-tax system in the filing of the income tax and unappropriated earnings returns of its parent company and eligible subsidiaries.

The Corporation's income tax returns through 2015 had been examined by the tax authorities.

Income tax returns of CDIB Capital Management Corp. through 2018 had been examined by the tax authorities. Income tax returns of CDIB Venture Capital Corporation through for the year 2018 and 2016, had been examined by the tax authorities.

25. EARNINGS (LOSSES) PER SHARE

	Amounts (Numerator)	Weighted Average Outstanding Common Shares Denominator (Shares in Thousands)	Earnings (Losses) Per Share (In Dollars)
<u>For the year ended December 31, 2020</u>			
Net loss attributable to shareholder of parent company	\$ (1,055,416)	2,041,116	\$ (0.52)
<u>For the year ended December 31, 2019</u>			
Net profit attributable to shareholder of parent company	\$ 2,231,889	2,041,116	\$ 1.09

26. RELATED-PARTY TRANSACTIONS

The significant transactions and relationship with related parties (in addition to those disclosed in other notes) are summarized below:

Related Party	Relationship with the Corporation and Subsidiaries
China Development Financial Holding Corporation	Parent company
KGI Securities Co., Ltd. and subsidiaries	Subsidiary of the parent company
KGI Commercial Bank Co., Ltd. and subsidiaries	Subsidiary of the parent company
China Life Insurance Co., Ltd.	Subsidiary of the parent company
China Development Asset Management Corp.	Subsidiary of the parent company
CDIB Capital Asia Partners L.P.	Associate
CDIB Private Equity (Fujian) Enterprise (Limited Partnership)	Associate
CDIB Yida Private Equity (Kunshan) Enterprise (Limited Partnership)	Associate
CDIB Yida Healthcare Private Equity Enterprise (Limited Partnership)	Associate
CDIB Partners Investment Holding Corp.	Associate
CDIB Capital Growth Partners L.P.	Associate
CDIB Capital Healthcare Ventures II (Limited Partnership)	Associate
CDIB Capital Global Opportunities Fund L.P.	Associate
Others	Other related parties

a. Cash in bank (recognized as cash and cash equivalents and other current assets)

	Amount	%
<u>December 31, 2020</u>		
KGI Commercial Bank Co., Ltd.	\$ 6,210,765	67
Subsidiary of the parent company	52	-
<u>December 31, 2019</u>		
KGI Commercial Bank Co., Ltd.	6,097,400	49
Subsidiary of the parent company	26,412	-

For the year ended December 31, 2020 and 2019, the interest revenues from cash in bank were \$28,542 thousand and \$33,283 thousand, respectively.

b. Purchase funds managed by related parties (recognized as financial assets at fair value through profit or loss - current)

	Amount	%
<u>December 31, 2020</u>		
KGI Securities Co., Ltd. and subsidiaries	\$ 80,892	100
<u>December 31, 2019</u>		
KGI Securities Co., Ltd. and subsidiaries	281,737	100

c. Accrued incomes (recognized as other receivables)

	Amount	%
<u>December 31, 2020</u>		
Associate	\$ 104	-
Other related parties	2,760	1
<u>December 31, 2019</u>		
Associate	49,829	7
Other related parties	32,631	5

d. Receivables from securities sold (recognized as other receivables)

	Amount	%
<u>December 31, 2020</u>		
Subsidiary of the parent company	\$ 547	-
<u>December 31, 2019</u>		
Subsidiary of the parent company	46,281	6

e. Other receivables - others

	Amount	%
<u>December 31, 2020</u>		
Associate	\$ 3,428	1
<u>December 31, 2019</u>		
Associate	25,744	4

f. Receivables from parent (recognized as current tax assets)

	December 31			
	2020		2019	
	Amount	%	Amount	%
Parent company	\$ 240,257	92	\$ 211,214	79

The receivables resulted from CDFH and its eligible subsidiaries' adopting the linked-tax system in the filing of tax returns since 2003.

g. Refundable deposits (recognized as other payables)

	December 31, 2020	
	Amount	%
Parent company	\$ 14,323	6

h. Dividends payable

	December 31, 2020	
	Amount	%
Parent company	\$ 1,500,000	100

i. Payables to parent (recognized as current tax liabilities)

	December 31			
	2020		2019	
	Amount	%	Amount	%
Parent company	\$ 519,807	90	\$ 515,983	77

The payables resulted from CDFH and its eligible subsidiaries adopting the linked-tax system in the tiling of tax returns since 2003.

j. Advance receipts (recognized as other current liabilities)

	Amount	%
<u>December 31, 2020</u>		
CDIB Capital Growth Partners L.P.	\$ 30,341	25
CDIB Yida Healthcare Private Equity Enterprise (Limited Partnership)	28,173	23
CDIB Private Equity (Fujian) Enterprise (Limited Partnership)	20,739	17
CDIB Capital Healthcare Ventures II (Limited Partnership)	19,120	16
CDIB Yida Private Equity (Kunshan) Enterprise (Limited Partnership)	13,551	11
Subsidiary of the parent company	7,050	6
Other related parties	534	-
<u>December 31, 2019</u>		
KGI Commercial Bank Co., Ltd.	12,104	11
CDIB Private Equity (Fujian) Enterprise (Limited Partnership)	31,347	29
CDIB Capital Growth Partners L.P.	30,412	28
CDIB Yida Private Equity (Kunshan) Enterprise (Limited Partnership)	20,906	19
Subsidiary of the parent company	299	-
Other related parties	534	-

k. Guarantee deposits received (recognized as other non-current liabilities)

	Amount	%
<u>December 31, 2020</u>		
Parent company	\$ 7,475	2
Subsidiary of the parent company	22,743	6
Associate	1,603	-
Other related parties	311	-
<u>December 31, 2019</u>		
Parent company	4,104	1
Subsidiary of the parent company	23,549	5
Associate	1,603	-
Other related parties	311	-

l. Consulting service revenues

	Amount	%
<u>For the year ended December 31, 2020</u>		
CDIB Capital Asia Partners L.P.	\$ 154,972	26
CDIB Capital Growth Partners L.P.	86,555	14
CDIB Capital Global Opportunities Fund L.P.	74,342	12
CDIB Private Equity (Fujian) Enterprise (Limited Partnership)	59,732	10
CDIB Yida Healthcare Private Equity (Kunshan) Enterprise (Limited Partnership)	59,043	10
Subsidiary of the parent company	13,524	2
Associate	55,901	9
Other related parties	57,407	9
<u>For the year ended December 31, 2019</u>		
CDIB Capital Asia Partners L.P.	211,554	31
CDIB Capital Growth Partners L.P.	86,413	12
CDIB Capital Global Opportunities Fund L.P.	83,311	12
CDIB Private Equity (Fujian) Enterprise (Limited Partnership)	80,860	12
CDIB Yida Private Equity (Kunshan) Enterprise (Limited Partnership)	63,173	9
Subsidiary of the parent company	18,782	3
Associate	33,705	5
Other related parties	66,555	10

m. Rental revenue (recognized as non-operating income and expenses)

	Amount	%
<u>For the year ended December 31, 2020</u>		
KGI Commercial Bank Co., Ltd.	\$ 88,170	54
Parent company	30,633	19
Subsidiary of the parent company	3,628	2
Other related parties	7,657	5
<u>For the year ended December 31, 2019</u>		
KGI Commercial Bank Co., Ltd.	90,461	63
Parent company	32,836	23
Subsidiary of the parent company	3,670	3
Other related parties	7,657	5

The rent was based on market prices and receivable quarterly.

n. Donation (recognized as operating expense)

	Amount	%
<u>For the year ended December 31, 2020</u>		
Other related parties	\$ 16,250	1
<u>For the year ended December 31, 2019</u>		
Other related parties	10,000	1

o. Non-maturity derivative financial instrument

December 31, 2020

Related Party	Derivative Financial Instrument Contract Name	Contract Period	Notional Amount	Current Valuation Gain (Loss)	Balance Sheet	
					Account	Balance
Subsidiary of the parent company	Cross-currency swap contract	2020/03/12-2022/05/26	\$ 537,118	\$ (49,784)	Financial liabilities at FVTPL	\$ 48,000

p. Compensation of key management personnel

	<u>For the Year Ended December 31</u>	
	2020	2019
Salary and short-term benefits	\$ 341,888	\$ 246,101
Post-employment benefits	1,378	1,108
Share-based payment	-	741
	<u>\$ 343,266</u>	<u>\$ 247,950</u>

27. CAPITAL RISK MANAGEMENT

The main objective of the Corporation and subsidiaries in capital management is to maintain a healthy financial structure to support the Corporation and subsidiaries' operations and maximize shareholder's interests. The Corporation and subsidiaries will manage and adjust the capital structure based on the economic situation, possibly by adjusting business scale of investments in principal investment and dividends, and issuing or repurchasing new shares.

28. FINANCIAL INSTRUMENTS

a. Fair value hierarchy of financial instruments

1) The definitions of each hierarchy are as follows:

a) Level 1 fair values are quoted prices in active markets for financial instruments.

b) Level 2 fair values refer to directly or indirectly observable inputs other than Level 1 quoted prices, such as the quoted prices of similar financial instruments in active markets; in less active markets, fair values are quoted prices of the same or similar financial instruments or financial instruments that can be generated by using pricing models that use inputs such as interest rates and volatility rates, which are derived from or can be corroborated with observable market data.

c) Level 3 refers to inputs that are not based on observable market data.

2) Fair value hierarchy of financial instruments

The fair value hierarchy of financial instruments were as follows:

December 31, 2020

	(In Thousands of New Taiwan Dollars)			
	Level 1	Level 2	Level 3	Total
Measured at fair value used by repetitive basis				
<u>Nonderivative financial instruments</u>				
Financial assets				
Financial assets at FVTPL				
Financial assets mandatorily classified as at FVTPL				
Stock	\$ 2,347,198	\$ 95,240	\$ 6,253,806	\$ 8,696,244
Partnership fund	-	-	4,697,489	4,697,489
Open-end funds	80,892	-	-	80,892
Others	-	-	706,688	706,688
Financial assets designated as at FVTPL	-	-	1,854,964	1,854,964
Financial assets at FVTOCI				
Bond	-	108,381	-	108,381
<u>Derivative financial instruments</u>				
Financial liabilities				
Financial liabilities at FVTPL				
Financial liabilities held for trading	-	-	48,000	48,000

December 31, 2019

	(In Thousands of New Taiwan Dollars)			
	Level 1	Level 2	Level 3	Total
Measured at fair value used by repetitive basis				
<u>Nonderivative financial instruments</u>				
Financial assets				
Financial assets at FVTPL				
Financial assets mandatorily classified as at FVTPL				
Stock	\$ 2,657,865	\$ 52,410	\$ 6,651,785	\$ 9,362,060
Partnership fund	-	-	5,309,881	5,309,881
Open-end funds	281,737	-	-	281,737
Others	-	-	798,319	798,319
Financial assets designated as at FVTPL	-	-	1,580,146	1,580,146
Financial assets at FVTOCI				
Bond	-	108,687	-	108,687

3) Financial instruments measured at fair value

For financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income, fair value is determined at quoted market prices. When market prices of the Corporation and subsidiaries' various financial instruments are not readily available, fair values are estimated by using appropriate valuation models or other banks' transaction prices. The information the Corporation and subsidiaries use for fair value estimation is consistent with that generally used in the market.

4) Transfers between financial instrument hierarchy between Level 1 and Level 2

Due to the appearance of active market quotations of some financial assets in the year of 2019, the fair value hierarchy of financial instruments transfer from Level 2 to Level 1.

For the Year Ended December 31, 2019	
From Level 1 to Level 2	From Level 2 to Level 1

Financial assets mandatorily classified as at FVTPL

Stock	\$ -	\$ 7,100
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5) Reconciliation of Level 3 items of financial instruments

The movements of financial assets with Level 3 fair value were as follows:

For the Year Ended December 31, 2020

(In Thousands of New Taiwan Dollars)

Items	Beginning Balance	Valuation Gains (Losses) Recognized as Current Income (Loss) or Other Comprehensive Income	Amount of Increase		Amount of Decrease		Ending Balance
			Purchase, Issue or Added	Transfer to Level 3	Sale, Disposal, Settlement or Derecognition	Transfer from Level 3 (Note)	
Financial assets at FVTPL							
Financial assets mandatorily classified as at FVTPL	\$ 12,759,985	\$ (681,436)	\$ 1,174,696	\$ -	\$ 1,548,505	\$ 46,757	\$ 11,657,983
Financial assets designated as at FVTPL	1,580,146	(56,980)	331,798	-	-	-	1,854,964

For the Year Ended December 31, 2019

(In Thousands of New Taiwan Dollars)

Items	Beginning Balance	Valuation Gains (Losses) Recognized as Current Income (Loss) or Other Comprehensive Income	Amount of Increase		Amount of Decrease		Ending Balance
			Purchase, Issue or Added	Transfer to Level 3	Sale, Disposal, Settlement or Derecognition	Transfer from Level 3 (Note)	
Financial assets at FVTPL							
Financial assets mandatorily classified as at FVTPL	\$ 14,851,987	\$ 965,759	\$ 1,977,337	\$ -	\$ 4,959,025	\$ 76,073	\$ 12,759,985
Financial assets designated as at FVTPL	574,064	77,115	929,332	-	365	-	1,580,146

The movements of financial liabilities with Level 3 fair value were as follows:

For the Year Ended December 31, 2020

(In Thousands of New Taiwan Dollars)

Items	Beginning Balance	Valuation Gains (Losses) Recognized as Current Income (Loss) or Other Comprehensive Income	Amount of Increase		Amount of Decrease		Ending Balance
			Purchase, Issue or Added	Transfer to Level 3	Sale, Disposal, Settlement or Derecognition	Transfer from Level 3 (Note)	
Financial liabilities at FVTPL Held for trading	\$ -	\$ 48,000	\$ -	\$ -	\$ -	\$ -	\$ 48,000

Note: For parts of stock investments, the Corporation's subsidiaries acquired their observable market material, causing the applicable level of stock investments transfer from Level 3.

The total gains or losses for the year ended December 31, 2020 and 2019 included losses of \$354,394 thousand and gains of \$810,895 thousand relating to assets measured at fair value on Level 3 fair value measurement and held at the end of reporting date.

The total gains or losses for the year ended December 31, 2020 included losses of \$48,000 thousand related to liabilities measured at fair value on Level 3 fair value measurement and held at the end of reporting date.

6) Quantitative information about significant unobservable inputs (Level 3)

Quantitative information on Level 3 security investments of the Corporation and its subsidiaries was as follows:

	Fair Value at December 31, 2020	Valuation Techniques	Significant Unobservable Inputs	Range (Average Weighted)	The Relationship Between Inputs and Fair Value
Repetitive basic to fair value measurement items Non-derivative financial assets Financial assets at FVTPL	\$ 13,512,947	Market approach	P/B P/S Lack of liquidity discount	0.93-3.86 0.78-2.76 23%-29%	The higher income multiplier, the higher fair value; the higher lack of liquidity discount, the lower fair value.
		Discounted cash-flow method	Lack of liquidity discount WACC Growth rate	23%-29% 4.92%-12.32% 0.50%-5.00%	The higher lack of liquidity discount, the lower fair value; the higher WACC, the lower fair value; the higher growth rate, the higher fair value.
		Net asset adjustment method	Lack of liquidity discount	11%-29%	The higher lack of liquidity discount, the lower fair value.
		Recent transaction price	-	-	-

	Fair Value at December 31, 2019	Valuation Techniques	Significant Unobservable Inputs	Range (Average Weighted)	The Relationship Between Inputs and Fair Value
Repetitive basic to fair value measurement items Non-derivative financial assets Financial assets at FVTPL	\$ 14,340,132	Market approach	P/B P/S Lack of liquidity discount	0.68-2.61 0.43-5.56 23%-29%	The higher income multiplier, the higher fair value; the higher lack of liquidity discount, the lower fair value.
		Discounted cash-flow method	Lack of liquidity discount WACC Growth rate	23%-29% 9.97%-13.58% 4.50%-7.00%	The higher lack of liquidity discount, the lower fair value; the higher WACC, the lower fair value; the higher growth rate, the higher fair value.
		Net asset adjustment method	Lack of liquidity discount	11%-29%	The higher lack of liquidity discount, the lower fair value.
		Binomial tree model	Returns on stock value volatility	32.21%-33.65%	The higher returns on stock value volatility, the higher fair value.
		Recent transaction price	-	-	-

7) Pricing process of level 3 fair value

The Corporation and subsidiaries' pricing models and condition assumptions conform to those generally used in the market and are commonly recognized by the industry as bases for measuring fair value. Further, the Corporation and subsidiaries verifies whether the sources of the information are independent or whether the information itself reasonably reflects prices in normal circumstances, and also examines and adjusts fair value periodically to insure that valuation results are reasonable.

The Corporation and subsidiaries' pricing models and condition assumptions have been considered the influences of COVID-19, including the inflections of investee's operating conditions in the future, which decrease the forecast number of revenue and profit.

b. Financial instruments not carried at fair value

1) Fair value information of financial instrument

Except for financial assets measured at amortized cost, the carrying amounts of the financial instruments not measured at fair value are approximate to their fair value; thus, their fair values are not disclosed.

2) Fair value hierarchy of financial instruments

December 31, 2020

	Level 1	Level 2	Level 3	Total
<u>Financial assets</u>				
Financial assets at amortized cost	\$ -	\$ 607,764	\$ -	\$ 607,764

3) Valuation techniques

The fair value of the financial assets measured at amortized cost is estimated by referring to the discounted expected cash flow, of which the discount rate is reference to interest rates with similar maturity date.

c. Categories of financial instruments

	December 31	
	2020	2019
<u>Financial assets</u>		
Fair value through profit or loss (FVTPL)		
Financial assets mandatorily classified as at FVTPL	\$ 14,181,313	\$ 15,751,997
Designated as at FVTPL	<u>1,854,964</u>	<u>1,580,146</u>
	<u>\$ 16,036,277</u>	<u>\$ 17,332,143</u>
Amortized cost		
Cash and cash equivalent	\$ 9,111,356	\$ 12,400,992
Financial assets at amortized cost	570,066	-
Other receivables	373,868	723,911
Others	<u>80,452</u>	<u>70,761</u>
	<u>\$ 10,135,742</u>	<u>\$ 13,195,664</u>
Fair value through other comprehensive income		
Debt investments	<u>\$ 108,381</u>	<u>\$ 108,687</u>
<u>Financial liabilities</u>		
Fair value through profit or loss (FVTPL)		
Financial liabilities held for trading	<u>\$ 48,000</u>	<u>\$ -</u>
Amortized cost		
Other payables	\$ 3,623,994	\$ 838,612
Lease liabilities	62,723	109,943
Others	<u>393,070</u>	<u>409,919</u>
	<u>\$ 4,079,787</u>	<u>\$ 1,358,474</u>

d. Risk management policies and objective

The Corporation has established its risk management policies, which combine business management and risk management to form a corporate culture and business strategies that place a fundamental importance on risk management. The results of quantified and qualified risk management measures serve as a reference for formulating business strategies. The board of directors has approved the documentation of both overall and specific risk management policies.

The Corporation has established a risk management committee which belongs to the board of directors supervising the implementation of risk management policies, inspecting risk control reports and dealing with related issues. The Corporation also has a business risk committee which belongs to administration department and risk management department that plan and manage the risk management system, supervise the implementation of risk management of subsidiaries and provide related information to the management and the board of directors.

1) Market risk

Market risk is defined as an unfavorable change in macroeconomic and financial market variables, (such as interest rates, exchange rates, stock prices and commodity prices) which may cause a potential loss on financial assets held for trading. Market risk as explained as follows:

a) Foreign currency rate risk information

The financial assets and liabilities denominated in foreign currency and with material influence on the Corporation and subsidiaries were as follows:

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	December 31, 2020		
	Foreign Currency	Exchange Rate (Dollar)	New Taiwan Dollar
<u>Financial assets</u>			
Monetary items			
USD	\$ 153,631	28.508	\$ 4,465,227
CNY	527,880	4.382	2,313,117
KRW	23,418,623	0.026	614,645
HKD	44,698	3.677	164,354
JPY	424,929	0.277	117,493
Nonmonetary items			
USD	331,105	28.508	9,439,148
CNY	84,335	4.382	369,546
THB	132,171	0.952	125,827
KRW	4,566,850	0.026	119,862
Investment accounted for using the equity method			
USD	83,239	28.508	2,372,982
CNY	466,365	4.382	2,043,611
<u>Financial liabilities</u>			
Monetary items			
CNY	269,663	4.382	1,181,638
USD	16,470	28.508	469,529

December 31, 2019			
	Foreign Currency	Exchange Rate (Dollar)	New Taiwan Dollar
<u>Financial assets</u>			
Monetary items			
USD	\$ 151,924	30.106	\$ 4,573,833
CNY	218,454	4.323	944,375
HKD	81,115	3.866	313,592
JPY	414,683	0.277	114,909
Nonmonetary items			
USD	354,215	30.106	10,664,003
CNY	89,591	4.323	387,301
THB	159,162	1.010	160,753
KRW	3,851,200	0.026	100,393
Investment accounted for using the equity method			
CNY	660,890	4.323	2,857,026
USD	94,240	30.106	2,837,176
<u>Financial liabilities</u>			
Monetary items			
USD	15,869	30.106	477,763

Sensitivity analysis

The following table details the Corporation and subsidiaries' sensitivity to a 1% increase and decrease in New Taiwan dollars (the functional currency) against the relevant foreign currencies. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicates a (increase) decrease in pre-tax (loss) profit associated with the New Taiwan dollar strengthening 1% against the relevant currency. For a 1% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit, and the balances below would be negative.

Impact on Profit or Loss For the Year Ended December 31		
	2020	2019
Monetary items		
USD	\$ 39,957	\$ 40,961
CNY	11,315	8,970
KRW	6,090	443
JPY	1,175	1,149
HKD	833	3,131

b) Interest rate risk

The primary financial assets of the Corporation and subsidiaries with exposure to interest rates as of December 31, 2020 and 2019 were cash in banks. Management believes that interest rate changes would have been no significant effect on the Corporation and subsidiaries.

c) Other price risk

The Corporation and subsidiaries were exposed to equity price risk through its investments in principal investment business. The Corporation manages this exposure by setting risk acceptance limitation concerning industry, country, affiliated groups, and the same group.

If equity prices had been 1% higher/lower, the post-tax income for the year ended December 31, 2020 and 2019 would increase/decrease by \$152,487 thousand and \$162,521 thousand, as a result of the changes in fair value of financial assets at fair value through profit or loss.

2) Credit risk

The Corporation and subsidiaries are exposed to credit risk due to default on contracts by borrowers, debtors or counter-parties and changes in credit quality. The maximum exposure to credit risk is equal to the book value.

The Corporation and subsidiaries have all kinds of financial instruments of which the maximum exposure to credit risk is equal to the book value.

3) Liquidity risk

The management of liquidity risk is aimed to deal with financing the Corporation's operations and mitigate the effects of fluctuations in cash flows by monitoring and maintaining a level of cash and cash equivalents.

The Corporation's management policies of liquidity risk are as follows:

- a) Dispose of surplus capital should consider possible future capital requirements, de-concentration of capital sources and reasonable liquidity of liability structure.
- b) Pursuant to liquidity risk control, the Corporation use performance index of financial structure and dispatching of funds to set up a system to monitor daily funding gap.

As of December 31, 2020 and 2019, other financial liabilities are \$354,235 thousand and \$373,788 thousand, respectively, and will be paid by financial assets and the rest of non-derivative financial liabilities are \$3,726,157 thousand and \$985,757 thousand, respectively, and are mainly all current liabilities.

29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACTUAL COMMITMENTS

Commitments and contingencies of the Corporation and subsidiaries, except for those disclosed in other Notes were summarized as follows:

- a. In April 2007, the Corporation and Morgan Stanley entered into a credit default swap (CDS) contract that was tied to a synthetic collateralized debt obligation on residential mortgage-backed securities. The representations made to the Corporation by Morgan Stanley during the solicitation process were materially false and misleading and therefore caused significant losses to the Corporation. On July 15, 2010, the Corporation initiated action ("Litigation") against Morgan Stanley & Co. International PLC ("Morgan Stanley") et al. to recover losses the Corporation suffered as a result of its investment in Morgan Stanley's CDS product that had been tied to a synthetic collateralized debt obligation on residential mortgage-backed securities. As of December 31, 2010, the underlying asset pools on the CDS had been liquidated, and the Corporation had recognized all gains and losses from the transaction. The balance of US\$11,978 thousand (NT\$341,469 thousand based on the exchange rate on December 31, 2020) was reclassified to "other financial liabilities". In addition, Morgan Stanley overlooked the

Corporation's efforts and terminated interest rate swap (IRS) contracts (nominal principal amount: KRW24,000,000 thousand) and CDS contracts (nominal principal amount: JPY586,510 thousand) in August 2010; the Corporation reserves the right to legal proceedings. After going through discovery, deposition, and expert discovery phases, the Litigation is pending in the Supreme Court of the State of New York for jury trial. In March 2021, the Corporation reached an agreement to settle the Litigation with Morgan Stanley, and the parties have agreed to discontinue all claims and to release each other from associated claims and liabilities.

- b. Securities and Futures Investors Protection Center sued CDIB Capital Management Corporation and claimed that due to the fact that CDIB Capital Management Corporation is the corporate director of Powercom Ltd., CDIB Capital Management Corporation have but not performed sufficient audits on the contents disclosed in the financial statements which failed to comply the obligation of being a good administrator. Therefore, the plaintiff demanded compensation of \$592,648 thousand and related interests from CDIB Capital Management Corporation and Powercom Ltd. On November 29, 2019, the Taipei District Court judged that CDIB Capital Management Corporation had lost part of the lawsuit, CDIB Capital Management Corporation and its assigned representative should pay not only total of \$31,010 thousand but also interest calculated by the annual interest rate of 5% from November 13, 2013 to the date of settlement, respectively. CDIB Capital Management Corporation had appealed on January 9, 2020. CDIB Capital Management Corporation could not estimate the related possible loss because the case was currently reviewing by the ROC High Court and the final outcome of the court is uncertain.

30. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

The Corporation completed the open bidding of its building on January 12, 2021. The Corporation's building is located at No. 125 and No. 127, Section 5, Nanjing East Road, Songshan District, Taipei City. Shin Kong Life Insurance Co., Ltd. (SKLI) has been awarded the bid for NT\$9.288 billion. The estimated gain on disposal is about \$8 billion, which will be recognized upon completion of the official title transfer procedures.

31. ADDITIONAL DISCLOSURES

- a. and b. following are the additional disclosures required for the Corporation and subsidiaries:

- 1) Financing provided: For the Corporation and subsidiaries' information: None.
- 2) Collaterals/guarantees provided: For the Corporation and subsidiaries' information: None.
- 3) Marketable securities held: Please refer to Table 1 (attached).
- 4) Marketable securities acquired or disposed of, at cost or prices of at least NT\$300 million or 20% of the issued capital (subsidiaries acquired and disposed of marketable securities, at cost or price of at least NT\$300 million or 20% of the issued capital): Please refer to Table 2 (attached).
- 5) Acquisition of individual real estate at cost of at least NT\$300 million or 20% of the issued capital: For the Corporation and subsidiaries' information: None.
- 6) Disposal of individual real estate at price of at least NT\$300 million or 20% of the issued capital: For the Corporation and subsidiaries' information: None.
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: For the Corporation and subsidiaries' information: None.

- 8) Receivables from related parties amounting to NT\$100 million or 20% of the issued capital: Please refer to Note 26 to the consolidated financial statements and Table 3 (attached).
- 9) Derivative transactions: Please refer to Note 8 and Note 28 to the consolidated financial statements.
- 10) Information on investees: Please refer to Table 4 (attached).
- c. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Please refer to Table 5 (attached).
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: For the Corporation and subsidiaries' information: None.
- d. Intercompany relationships and significant intercompany transactions: Please refer to Table 7 (attached).

32. SEGMENT INFORMATION

The Corporation and subsidiaries' main operations include securities investment, investment and transactions in financial instruments linked to the equity securities, and management of private equity fund, the chief operating decision-maker designs the capital allocation from overall corporation perspective, so the corporation and subsidiaries are considered a single operating segment.

Geographical Information

The Corporation and subsidiaries' revenue from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

	Revenue from External Customers	
	For the Year Ended December 31	
	2020	2019
Taiwan	\$ 566,524	\$ 2,440,372
British Cayman Islands	245,735	316,666
British Virgin Islands	(874,263)	118,004
Malaysia	-	476,831
Others	<u>56,875</u>	<u>47,959</u>
	<u>\$ (5,129)</u>	<u>\$ 3,399,832</u>

TABLE 1

CDIB CAPITAL GROUP AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2020

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

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				Note
				Shares/Face Value/Units	Carrying Value	Percentage of Ownership (Note 1)	Fair Value	
The Corporation	<u>Stocks</u>							
	Logitech Inc.	-	Financial assets at fair value through profit or loss	3,261,773	\$ 30,925	10.69	\$ 30,925	
	Solar Fine Chemical Co., Ltd.	-	Financial assets at fair value through profit or loss	241,403	2,249	10.83	2,249	
	Dee Van Enterprise Co., Ltd.	-	Financial assets at fair value through profit or loss	4,225,979	76,786	6.04	76,786	
	Hair O'right International Corp.	-	Financial assets at fair value through profit or loss	1,735,837	118,037	8.53	118,037	
	DaBomb Protein Corp.	-	Financial assets at fair value through profit or loss	2,400,568	51,012	7.97	51,012	
	Ori Vita Bio Application Inc.	-	Financial assets at fair value through profit or loss	858,690	6,055	0.42	6,055	
	Yenyo Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	4,000,000	33,804	9.91	33,804	
	HealthStream Taiwan Inc.	-	Financial assets at fair value through profit or loss	4,774,523	60,681	13.96	60,681	
	Subtron Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	12,316,000	179,567	4.22	179,567	
	Orgchem Technologies, Inc.	-	Financial assets at fair value through profit or loss	1,067,220	12,948	1.95	12,948	
	General Life Biotechnology Co., Ltd.	-	Financial assets at fair value through profit or loss	2,520,000	50,125	8.40	50,125	
	Mec Imex Inc.	-	Financial assets at fair value through profit or loss	4,802,000	54,936	10.52	54,936	
	Yieh United Steel Corp.	-	Financial assets at fair value through profit or loss	5,103,622	41,850	0.19	41,850	
	Hua-jie (Taiwan) Corp.	-	Financial assets at fair value through profit or loss	1,300,403	18,599	6.45	18,599	
	AMIA Co.	-	Financial assets at fair value through profit or loss	6,000,000	122,820	9.54	122,820	
	Up Sciencetech Materials Corp.	-	Financial assets at fair value through profit or loss	4,651,344	81,232	6.85	81,232	
	ARCOA Communication Co., Ltd.	-	Financial assets at fair value through profit or loss	7,567,424	101,429	5.64	101,429	
	Eastern Electronic Co., Ltd.	-	Financial assets at fair value through profit or loss	4,348,680	24,711	6.47	24,711	
	Foresee Pharmaceuticals Co., Ltd.	-	Financial assets at fair value through profit or loss	1,465,107	131,274	1.44	131,274	
	Jochu Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	4,746,720	134,332	5.27	134,332	
	Kaohsiung Rapid Transit Corporation.	-	Financial assets at fair value through profit or loss	3,845,330	19,075	1.38	19,075	
	STL Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	2,743,026	65,147	4.38	65,147	
	DragonJet Corporation	-	Financial assets at fair value through profit or loss	3,534,481	45,140	4.77	45,140	
	Vacronics Technologies Inc.	-	Financial assets at fair value through profit or loss	2,633,241	28,902	5.28	28,902	
	Terawins, Inc.	-	Financial assets at fair value through profit or loss	1,913,996	10,377	6.30	10,377	
	Mosart Semiconductor Corp.	-	Financial assets at fair value through profit or loss	2,408,274	42,490	10.76	42,490	
	EVA Technologies Co., Ltd.	-	Financial assets at fair value through profit or loss	2,150,536	20,060	10.43	20,060	
	Microprogram Co., Ltd.	-	Financial assets at fair value through profit or loss	2,550,000	31,544	7.95	31,544	
	Excelsior Medical Co., Ltd.	-	Financial assets at fair value through profit or loss	33,000	97,213	4.81	97,213	
	Eden Biotech, Inc.	-	Financial assets at fair value through profit or loss	8,382,844	104,699	3.55	104,699	
	Eastern Power and Electric Company Limited	-	Financial assets at fair value through profit or loss	3,201,019	125,827	12.00	125,827	
	Chime Biologicis Limited	-	Financial assets at fair value through profit or loss	8,382,844	147,495	3.55	147,495	
	Beauty Essentials International Ltd.	-	Financial assets at fair value through profit or loss	86,503,067	162,585	8.02	162,585	
	Neo Solar Power Corp.	-	Financial assets at fair value through profit or loss	3,675,000	39,863	0.14	39,863	
	Lightel Technologies, Inc. - preferred stock	-	Financial assets at fair value through profit or loss	3,000,000	75,645	43.44	75,645	
	Apexigen, Inc. - preferred stock	-	Financial assets at fair value through profit or loss	4,970,588	219,168	12.68	219,168	
	<u>Fund</u>							
	Samara Capital Partners Fund I Limited	-	Financial assets at fair value through profit or loss	-	37,588	-	37,588	
	<u>Government bonds</u>							
	A00109	-	Financial assets at fair value through other comprehensive income	7,000,000	7,056	-	7,056	
	A01105	-	Financial assets at fair value through other comprehensive income	100,000,000	101,325	-	101,325	

(Continued)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				Note
				Shares/Face Value/Units	Carrying Value	Percentage of Ownership (Note 1)	Fair Value	
CDIB Capital Management Inc.	<u>Stocks</u>							
	ARCOA Communication Co., Ltd.	-	Financial assets at fair value through profit or loss	783,000	\$ 10,495	0.58	\$ 10,495	
	EVA Technologies Co., Ltd.	-	Financial assets at fair value through profit or loss	297,623	2,776	1.44	2,776	
CDIB Venture Capital Corporation	<u>Fund</u>							
	KGI Victory Money Market Securities Investment Trust Fund	Managed by KGI Securities Investment Trust Co., Ltd.	Financial assets at fair value through profit or loss	-	80,892	-	80,892	
CDIB Venture Capital Corporation	<u>Stocks</u>							
	Azotek Co., Ltd.	-	Financial assets at fair value through profit or loss	989,400	12,892	0.00	12,892	
	Yenyo Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	500,000	4,226	1.24	4,226	
	Hotai Finance Corporation	-	Financial assets at fair value through profit or loss	1,297,000	104,538	0.25	104,538	
	Fukuta Co., Ltd.	-	Financial assets at fair value through profit or loss	1,872,753	179,361	4.68	179,361	
	Handa Pharmaceuticals Inc.	-	Financial assets at fair value through profit or loss	2,809,000	68,540	2.43	68,540	
	Sustainable Development Co., Ltd.	-	Financial assets at fair value through profit or loss	500,000	50,946	1.51	50,946	
	Regal Holding Co., Ltd.	-	Financial assets at fair value through profit or loss	1,101,000	30,773	2.87	30,773	
	Happyfan7 Corp.	-	Financial assets at fair value through profit or loss	4,883,316	224,191	13.20	224,191	
	Sino-American Silicon Products Inc.	-	Financial assets at fair value through profit or loss	3,114,000	552,735	0.53	552,735	
	Fusheng Precision Co., Ltd.	-	Financial assets at fair value through profit or loss	788,000	136,718	0.60	136,718	
	M2Communication, Inc.	-	Financial assets at fair value through profit or loss	647,752	6,478	12.78	6,478	
	GSD Technologies Co., Ltd.	-	Financial assets at fair value through profit or loss	2,650,702	169,910	7.80	169,910	
	Jochu Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	3,725,007	105,418	4.14	105,418	
	STL Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	5,528,901	131,311	8.82	131,311	
	Taiwan Microloops Corp.	-	Financial assets at fair value through profit or loss	1,000,000	45,000	2.67	45,000	
	Greatland Electronics Taiwan Ltd.	-	Financial assets at fair value through profit or loss	1,920,000	18,291	5.50	18,291	
	Excelsior Medical Co., Ltd.	-	Financial assets at fair value through profit or loss	33,000	97,213	4.81	97,213	
	Cvie Therapeutics Company Limited	-	Financial assets at fair value through profit or loss	560,000	5,331	4.15	5,331	
	Viscovery (Cayman) Holding Company Limited	-	Financial assets at fair value through profit or loss	195,317	5,568	1.85	5,568	
	Kkday.com International Company Limited	-	Financial assets at fair value through profit or loss	3,000,000	27,430	0.93	27,430	
	i-Serve	-	Financial assets at fair value through profit or loss	2,232,219	128,959	4.17	128,959	
	Hartec Asia Pte. Ltd.	-	Financial assets at fair value through profit or loss	2,800,000	92,345	10.23	92,345	
	Windtree Therapeutic, Inc.	-	Financial assets at fair value through profit or loss	198,184	28,984	1.17	28,984	
	United Renewable Energy Co., Ltd.	-	Financial assets at fair value through profit or loss	5,105,377	55,378	0.19	55,378	
	Happyfan7 Corp.	-	Financial assets at fair value through profit or loss	833,348	38,259	75.00	38,259	
	iCHEF Co., Ltd. - preferred stock	-	Financial assets at fair value through profit or loss	11,167,513	83,827	40.74	83,827	
	4Gamers Entertainment Inc. - preferred stock	-	Financial assets at fair value through profit or loss	24,000	15,052	20.00	15,052	
	Viscovery (Cayman) Holding Company Limited - preferred stock	-	Financial assets at fair value through profit or loss	304,878	8,691	8.20	8,691	
	Citiesocial Holding Cayman Co., Ltd. - preferred stock	-	Financial assets at fair value through profit or loss	479,635	14,254	18.18	14,254	
	Umbo CV Inc. - preferred stock	-	Financial assets at fair value through profit or loss	1,394,145	19,956	10.29	19,956	
	CCMODA Corp. - preferred stock	-	Financial assets at fair value through profit or loss	666,666	6,646	20.00	6,646	
	Asia Parents Holdings Limited	-	Financial assets at fair value through profit or loss	248,889	15,964	14.74	15,964	
	Kneron Holding Corporation - preferred stock	-	Financial assets at fair value through profit or loss	1,391,752	177,749	9.00	177,749	
	Elixiron Immunotherapeutics (Cayman) Limited - preferred stock	-	Financial assets at fair value through profit or loss	4,559,686	85,524	26.09	85,524	
	Cloud Mile Inc. - preferred stock	-	Financial assets at fair value through profit or loss	502,934	26,453	10.00	26,453	
	Zentera Systems, Inc. - preferred stock	-	Financial assets at fair value through profit or loss	1,324,503	65,778	39.35	65,778	
	FUNP Co., Ltd. - preferred stock	-	Financial assets at fair value through profit or loss	400,000	41,052	20.00	41,052	
	Achieve Made International Limited - preferred stock	-	Financial assets at fair value through profit or loss	168,138	12,544	6.67	12,544	
	Viscovery (Cayman) Holding Company Limited - preferred stock A	-	Financial assets at fair value through profit or loss	200,000	5,702	10.96	5,702	
	FunNow Ltd. - preferred stock A	-	Financial assets at fair value through profit or loss	185,184	31,822	20.00	31,822	
	4Gamers Entertainment Inc. - preferred stock B	-	Financial assets at fair value through profit or loss	8,727	5,473	4.80	5,473	
	Kkday.com International Company Limited - preferred stock B	-	Financial assets at fair value through profit or loss	5,654,616	51,702	8.66	51,702	
	Cloud Mile Inc. - preferred stock B	-	Financial assets at fair value through profit or loss	162,602	8,552	3.41	8,552	
	Traveler Co., Ltd. - preferred stock B	-	Financial assets at fair value through profit or loss	32,077	22,806	10.85	22,806	
	Kkday.com International Company Limited - preferred stock C	-	Financial assets at fair value through profit or loss	5,708,170	52,192	2.47	52,192	
	Fractyl Laboratories, Inc.- preferred stock E	-	Financial assets at fair value through profit or loss	1,305,574	159,645	10.26	159,645	
	Achieve Made International Limited - preferred stock E	-	Financial assets at fair value through profit or loss	336,276	25,087	10.00	25,087	

(Continued)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				Note
				Shares/Face Value/Units	Carrying Value	Percentage of Ownership (Note 1)	Fair Value	
CDIB Venture Capital Corporation	<u>Corporate bond</u> Capital Excel Investment Limited	-	Financial assets at fair value through profit or loss	2,000	\$ 19,487	-	\$ 19,487	
	<u>Convertible (exchange) corporate bond</u> Viscovery (Cayman) Holding Company Limited	-	Financial assets at fair value through profit or loss	300,000	8,552	-	8,552	
	CCMODA Corp.	-	Financial assets at fair value through profit or loss	200,000	5,702	-	5,702	
	FunNow Ltd.	-	Financial assets at fair value through profit or loss	400,000	11,403	-	11,403	
CDIB Capital Investment I Limited	<u>Stocks</u> Best Inc.	-	Financial assets at fair value through profit or loss	1,500,000	US\$ 3,060	0.38	US\$ 3,060	
	Casper Sleep, Inc.	-	Financial assets at fair value through profit or loss	266,690	US\$ 1,640	2.63	US\$ 1,640	
	K Health, Inc.	-	Financial assets at fair value through profit or loss	4,834	US\$ 80	0.03	US\$ 80	
	CCAP Best Logistics Holdings Limited	-	Financial assets at fair value through profit or loss	1,000	US\$ 1,131	11.11	US\$ 1,131	
	Mestay Cayman Islands Limited - preferred stock	-	Financial assets at fair value through profit or loss	13,722,047	US\$ 1,137	3.40	US\$ 1,137	
	Viking 3 Holdings Corporation - preferred stock	-	Financial assets at fair value through profit or loss	18,000,000	US\$ 21,903	100.00	US\$ 21,903	
	Giddy Inc. - preferred stock	-	Financial assets at fair value through profit or loss	666,755	US\$ 7,287	6.26	US\$ 7,287	
	Great Team Backend Foundry Inc. - preferred stock	-	Financial assets at fair value through profit or loss	1,107,165	US\$ 554	1.31	US\$ 554	
	Rokid Corporation Ltd - preferred stock	-	Financial assets at fair value through profit or loss	615,642	US\$ 5,000	1.51	US\$ 5,000	
	K Health, Inc.- preferred stock C	-	Financial assets at fair value through profit or loss	496,376	US\$ 8,209	1.70	US\$ 8,209	
	<u>Fund</u> Carlyle Asia Partners II, L. P.	-	Financial assets at fair value through profit or loss	-	US\$ 131	-	US\$ 131	
	KKR Talk Co-invest L.P.	-	Financial assets at fair value through profit or loss	-	US\$ 16,869	-	US\$ 16,869	
	CC KDC CO-INVEST L.P.	-	Financial assets at fair value through profit or loss	-	US\$ 37,762	-	US\$ 37,762	
	MSD Sports Partners, L.P.	-	Financial assets at fair value through profit or loss	-	US\$ 935	-	US\$ 935	
	BCP QualTek Investor Holdings, L.P.	-	Financial assets at fair value through profit or loss	-	US\$ 10,114	-	US\$ 10,114	
	<u>Corporate bond</u> Garden Fresh (HK) Fruit & Vegetable Beverage Co., Ltd.	-	Financial assets at fair value through profit or loss	41,875,000	US\$ 1,822	-	US\$ 1,822	
	Weave Co-Living Real Estate Limited	-	Financial assets at fair value through profit or loss	20,000,000	US\$ 20,383	-	US\$ 20,383	
	<u>Convertible (exchange) corporate bond</u> Mestay Cayman Islands Limited	-	Financial assets at fair value through profit or loss	7,013,490	US\$ 1,000	-	US\$ 1,000	
SCBS 1 Holding Corporation	<u>Stocks</u> Simplify Compliance Holdings, LLC	-	Financial assets at fair value through profit or loss	2,833,333	US\$ 2,876	2.91	US\$ 2,876	
CDIB Capital Investment II Limited	<u>Stocks</u> Great Rich Technologies Limited	-	Financial assets at fair value through profit or loss	1,660,000	US\$ 1,308	2.46	US\$ 1,308	
	Techmate Korea Daebu Co., Ltd.	-	Financial assets at fair value through profit or loss	45,600	US\$ 2,896	10.00	US\$ 2,896	
	Indostar Capital	-	Financial assets at fair value through profit or loss	631,701	US\$ 8,711	2.88	US\$ 8,711	
	NY4 Holdings Corporation - preferred stock	-	Financial assets at fair value through profit or loss	8,080,000	US\$ 8,080	100.00	US\$ 8,080	
	Indostar Everstone - preferred stock	-	Financial assets at fair value through profit or loss	860,332	US\$ 11,808	8.12	US\$ 11,808	
	<u>Corporate bond</u> Techmate Korea Daebu Co., Ltd.	-	Amortised cost financial assets	22,497,515,793	US\$ 19,997	-	US\$ 21,319	
CDIB Global Markets Limited	<u>Stocks</u> Big Commerce Holdings, Inc.	-	Financial assets at fair value through profit or loss	24,170	US\$ 1,551	0.04	US\$ 1,551	
	Flemingo International (BVI) Ltd. - preferred stock	-	Financial assets at fair value through profit or loss	1,048	US\$ 9,990	50.19	US\$ 9,990	
	Osaro, Inc. - preferred stock B	-	Financial assets at fair value through profit or loss	510,958	US\$ 3,000	100.00	US\$ 3,000	
	<u>Fund</u> Huaxing Capital Partners II LP	-	Financial assets at fair value through profit or loss	-	US\$ 9,751	-	US\$ 9,751	
	CX Partners Fund Alpha Limited	-	Financial assets at fair value through profit or loss	-	US\$ 2,918	-	US\$ 2,918	
	Carlyle Asia Partners III, L.P.	-	Financial assets at fair value through profit or loss	-	US\$ 933	-	US\$ 933	
	Riverwood Capital Partners L.P.	-	Financial assets at fair value through profit or loss	-	US\$ 3,892	-	US\$ 3,892	
	ECP II (Cayman) Ltd. A	-	Financial assets at fair value through profit or loss	-	US\$ 4,505	-	US\$ 4,505	
	KKR Asian Fund II L.P.	-	Financial assets at fair value through profit or loss	-	US\$ 6,238	-	US\$ 6,238	

(Continued)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				Note
				Shares/Face Value/Units	Carrying Value	Percentage of Ownership (Note 1)	Fair Value	
CDIB Global Markets Limited	Carlyle Asia Partners IV, L.P.	-	Financial assets at fair value through profit or loss	-	US\$ 16,730	-	US\$ 16,730	
	Carlyle Giovanna Partners, L.P.	-	Financial assets at fair value through profit or loss	-	US\$ 79	-	US\$ 79	
	Tenaya Capital V, L.P.	-	Financial assets at fair value through profit or loss	-	US\$ 2,085	-	US\$ 2,085	
	Platinum Equity Capital Partners II, L.P.	-	Financial assets at fair value through profit or loss	-	US\$ 667	-	US\$ 667	
	Industry Ventures Fund VI, L.P.	-	Financial assets at fair value through profit or loss	-	US\$ 1,011	-	US\$ 1,011	
	Platinum Equity Capital Partners III, L.P.	-	Financial assets at fair value through profit or loss	-	US\$ 3,578	-	US\$ 3,578	
	Tenaya Capital VI, LP	-	Financial assets at fair value through profit or loss	-	US\$ 6,831	-	US\$ 6,831	
	Formation8 Partners Fund I, L.P.	-	Financial assets at fair value through profit or loss	-	US\$ 8,521	-	US\$ 8,521	
	Blue Point Capital Partners III, L.P.	-	Financial assets at fair value through profit or loss	-	US\$ 4,356	-	US\$ 4,356	
	Riverwood Capital Partners II L.P.	-	Financial assets at fair value through profit or loss	-	US\$ 25,552	-	US\$ 25,552	
	THL Equity Fund VI Investors (Ceridian) VI, L.P.	-	Financial assets at fair value through profit or loss	-	US\$ 1	-	US\$ 1	

Note 1: The ratio of preferred shares is calculated by dividing the number of preferred shares held by the preferred shares outstanding.

Note 2: No securities were treated as collaterals or warrants.

(Concluded)

TABLE 2

CDIB CAPITAL GROUP AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
(THE CORPORATION'S SUBSIDIARIES AMOUNTING TO NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL)
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counterparty	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares/Face Value/Units	Amount	Shares/Face Value/Units	Amount	Shares/Face Value/Units	Amount	Carrying Value	Gain (Loss) on Disposal	Shares/Face Value/Units	Amount
The Corporation	<u>Fund</u> THL Equity Fund VI Investors (Ceridian) VI, L.P.	Financial assets at fair value through profit or loss	-	-	\$ -	\$ 60,650 (Note 1)	\$ -	\$ -	\$ -	\$ 357,921	\$ 60,650 (Note 1)	\$ 297,271	\$ -	\$ -
CDIB Capital Investment I Limited	<u>Corporate bond</u> Weave Co-Living Real Estate Limited	Financial assets at fair value through profit or loss	-	-	-	US\$ -	20,000,000	US\$ 20,000	-	-	-	-	20,000,000	US\$ 20,000
CDIB Capital Investment II Limited	<u>Corporate bond</u> Techmate Korea Daebu Co., Ltd.	Amortised cost financial assets	-	-	-	US\$ -	22,497,515,793	US\$ 19,997 (Note 2)	-	-	-	-	22,497,515,793	US\$ 19,997

Note 1: Initial acquisition cost.

Note 2: Acquisition cost US\$18,618 thousand, payment of previous interest US\$140 thousand, adjustment of discount and premium amortization US\$153 thousand, gain on exchange US\$1,836 thousand and accumulated impairment loss US\$470 thousand.

TABLE 3

CDIB CAPITAL GROUP AND SUBSIDIARIES

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Year	Allowance for Bad Debts
					Amount	Action Taken		
The Corporation	China Development Financial Holding Corp.	Parent company	\$ 240,257 (Note)	-	\$ -	-	\$ -	\$ -

Note: Tax receivable result from linked-tax system.

TABLE 4

CDIB CAPITAL GROUP AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2020			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2020	December 31, 2019	Shares (In Thousands)	%	Carrying Amount			
The Corporation	CDIB Venture Capital Corporation	Taiwan	Venture fund	\$ 2,586,087	\$ 8,036,942	476,213	100.00	\$ 4,266,579 (Note 1)	\$ (193,721)	\$ (193,721)	Subsidiary
	CDIB Capital Management Inc.	Taiwan	Management and consulting	-	-	23,094	100.00	496,046 (Note 1)	34,591	34,591	Subsidiary
	CDIB Global Markets Limited	British Virgin Islands	Investment	3,035,254	3,035,254	339	100.00	5,551,857 (Note 1)	US\$ (23,164)	(684,911)	Subsidiary
	CDIB Capital Investment I Limited	British Virgin Islands	Investment	4,156,297	4,156,297	132,800	100.00	6,875,707 (Note 1)	US\$ (25,756)	(761,549)	Subsidiary
	CDIB Capital Investment II Limited	British Virgin Islands	Investment	1,417,214	1,417,214	45,000	100.00	1,705,334 (Note 1)	US\$ 21,690	641,305	Subsidiary
	CDIB Capital International Corporation	Cayman Islands	Private equity advisory services	156,951	156,951	4,700	100.00	249,775 (Note 1)	US\$ (5,473)	(161,837)	Subsidiary
	CDIB Venture Capital (Hong Kong) Corporation Limited	Hong Kong	Venture fund	3,450,855	-	1,010,000	100.00	3,551,015 (Note 1)	HK\$ (19,859)	37,642	Subsidiary
	CDIB Partners Investment Holding Corp.	Taiwan	Investment	3,250,000	3,250,000	313,200	28.71	5,008,371	106,902	30,704	Associates
	CDIB Capital Healthcare Ventures Limited	Taiwan	Venture fund	582,500	582,500	58,250	33.29	630,194	250,595	83,412	Associates
	CDIB Capital Creative Industries Limited	Taiwan	Venture fund	426,800	504,400	42,680	38.80	373,493	(143,764)	(55,781)	Associates
	CDIB Bioscience Ventures I, Inc.	Taiwan	Venture fund	44,314	44,314	4,431	20.00	33,190	5,330	1,066	Associates
	CDIB Bioscience Venture Management (BVI), Inc.	British Virgin Islands	Management of fund	-	4,292	-	-	-	US\$ (22)	(199)	Associates
	CDIB Capital Innovation Accelerator Co., Ltd.	Taiwan	Venture fund	300,000	300,000	30,000	35.71	303,058	(29,031)	Not applicable	Associates
CDIB Venture Capital Corporation	CDIB Capital Growth Partners L.P.	Taiwan	Venture fund	732,971	569,944	800,193	-	748,257	(124,250)	Not applicable	Associates
	CDIB Capital Healthcare Ventures II Limited Partnership	Taiwan	Venture fund	110,020	-	117,982	-	115,307	(11,656)	Not applicable	Associates
	Kuo Heng Investment Holding Corp.	Taiwan	Accommodation and food service activities	50,000	50,000	5,000	38.46	47,887	(4,281)	Not applicable	Associates
CDIB Capital Management Inc.	CDIB Private Equity (Hong Kong) Corporation Limited	Hong Kong	Management and consulting	204,486	204,486	51,900	100.00	340,440 (Note 1)	HK\$ 6,872	Not applicable	Subsidiary
	CDIB Capital Innovation Advisors Corporation	Taiwan	Management and consulting	12,000	12,000	1,200	60.00	15,024 (Note 1)	3,882	Not applicable	Subsidiary
	CDIB Capital Healthcare Ventures Limited	Taiwan	Venture fund	17,500	17,500	1,750	1.00	18,933	250,595	Not applicable	Associates
	CDIB Capital Creative Industries Limited	Taiwan	Venture fund	11,000	13,000	1,100	1.00	9,626	(143,764)	Not applicable	Associates
	CDIB Capital Growth Partners L.P.	Taiwan	Venture fund	29,633	23,000	32,556	-	30,443	(124,250)	Not applicable	Associates
	CDIB Capital Healthcare Ventures II Limited Partnership	Taiwan	Venture fund	4,849	-	5,200	-	5,083	(11,656)	Not applicable	Associates
CDIB Capital Investment I Limited	CDIB Capital Asia Partners L.P.	Cayman Islands	Venture fund	US\$ 100,485	US\$ 100,373	-	-	US\$ 83,239	US\$ (32,748)	Not applicable	Associates
	CDIB Capital Global Opportunities Fund L.P.	Cayman Islands	Venture fund	US\$ 7,857	US\$ 6,199	-	-	US\$ 9,938	US\$ (686)	Not applicable	Associates
	SCBS 1 Holding Corporation	United States of America	Investment Holdings	US\$ 3,578	US\$ 3,578	4	100.00	US\$ 2,974 (Note 1)	US\$ 15	Not applicable	Subsidiary
	CDIB X Finance I Holding Limited (Note 3)	Cayman Islands	Investment Holdings	US\$ 500	US\$ -	1	100.00	US\$ 448 (Note 1)	US\$ (52)	Not applicable	Subsidiary
CDIB Capital International Corporation	CDIB Capital International (Hong Kong) Corporation Limited	Hong Kong	Private equity advisory services	US\$ 2,059	US\$ 2,059	15,400	100.00	US\$ 5,493 (Note 1)	HK\$ 5,562	Not applicable	Subsidiary
	CDIB Capital International (Korea) Corporation	Korea	Private equity advisory services	US\$ 1,932	US\$ 1,932	558	100.00	US\$ 1,375 (Note 1)	KRW(1,109,783)	Not applicable	Subsidiary
	CDIB Capital International (USA) Corporation	United States of America	Private equity advisory services	US\$ 1,166	US\$ 1,166	8,000	100.00	US\$ 2,936 (Note 1)	US\$ 360	Not applicable	Subsidiary
	CDIB Capital Asia Partners Limited	Cayman Islands	Private equity advisory services	US\$ 150	US\$ 150	-	100.00	US\$ 41 (Note 1)	US\$ (19)	Not applicable	Subsidiary
	CDIB Capital Intelligence Partners Limited (Note 4)	Cayman Islands	Private equity advisory services	-	-	-	100.00	-	-	Not applicable	Subsidiary
	CDIB Buyout Partners Limited (Note 5)	Cayman Islands	Private equity advisory services	-	-	-	100.00	-	-	Not applicable	Subsidiary

Note 1: The above companies which are the subsidiaries of the Corporation were eliminated from the consolidated financial statements.

Note 2: CDIB Venture Capital Corporation’s board of the shareholders meeting on July 20, 2020, that 100% of the CDIB Venture Capital (Hong Kong) Corporation Limited holdings were transferred to CDIB Capital Group through physical capital reduction, and July 27, 2020 was set as the reference date for physical capital reduction.

Note 3: CDIB X Finance I Holding Limited conducted registration of establishment on September 2, 2020.

Note 4: CDIB Capital Intelligence Partners Limited conducted registration of establishment on February 28, 2020; however, it had not been injected any capital as of December 31, 2020.

Note 5: CDIB Buyout Partners Limited conducted registration of establishment on November 10, 2020; however, it had not been injected any capital as of December 31, 2020.

TABLE 5

CDIB CAPITAL GROUP AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company Name	Main Businesses and Products	Total Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2020	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2020	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Note 2)	Carrying Value as of December 31, 2020	Accumulated Inward Remittance of Earnings as of December 31, 2020
					Outflow	Inflow						
CDIB Private Equity (China) Corporation	Management and consulting	US\$ 7,000 thousand	Note 1,b,1)	US\$ 7,000 thousand	\$ -	\$ -	US\$ 7,000 thousand	\$ 28,714	100.00	\$ 28,714	\$ 278,213	\$ -
CDIB Private Equity (Fujian) Co., Ltd.	Fund Management	CNY 10,000 thousand	Note 3	-	-	-	-	15,496	70.00	10,847	62,659	-
CDIB Private Equity Management (Fujian) Enterprise (Limited Partnership)	Fund Management	CNY 12,000 thousand	Note 1,b,1)	CNY 6,686 thousand	-	-	CNY 6,686 thousand	(2,664)	70.00	(1,865)	34,638	-
CDIB Private Equity (Fujian) Enterprise (Limited Partnership)	Equity investment	CNY 600,000 thousand	Note 1,b,1),2)	CNY 350,000 thousand	-	-	CNY 350,000 thousand	(230,676)	-	(81,401)	844,123	-
CDIB Yida Private Equity (Kunshan) Co., Ltd.	Fund Management	CNY 7,000 thousand	Note 4	-	-	-	-	14,923	65.00	9,700	66,561	-
CDIB Yida Private Equity Management (Kunshan) Enterprise (Limited Partnership)	Fund Management	CNY 12,000 thousand	Note 1,b,1)	CNY 3,250 thousand	-	-	CNY 3,250 thousand	(1,073)	65.00	(698)	33,415	-
CDIB Yida Private Equity (Kunshan) Enterprise (Limited Partnership)	Equity investment	CNY 898,367 thousand	Note 1,b,1),2)	CNY 300,000 thousand	-	-	CNY 300,000 thousand	(87,989)	-	(26,696)	1,199,488	-
CDIB Yida Healthcare Private Equity (Kunshan) Enterprise (Limited Partnership)	Equity investment	CNY 292,000 thousand	Note 1,b,1),2)	CNY 89,224 thousand	-	-	CNY 89,224 thousand	(72,050)	-	(22,768)	369,505	-

Accumulated Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Limit on Investment
\$5,695,206	US\$356,935 thousand	\$34,333,838

Note 1: The investment types are as follows:

a. Direct investments.

b. Reinvested through a third place by:

1) CDIB Private Equity (Hong Kong) Corporation Limited.

2) CDIB Venture Capital (Hong Kong) Corporation Limited (Note 5).

c. Other.

Note 2: The column “Investment Gain” should state clearly, and the recognition was based on the:

a. Financial statements reviewed by an international CPA firm having a cooperative relation with CPA firms in the Republic of China;

b. Financial statements reviewed by the CPA firm of the parent company in Taiwan;

c. Other.

Note 3: CDIB Private Equity (Fujian) Co., Ltd. was transferred and invested by CDIB Private Equity (China) Corporation.

Note 4: CDIB Yida Private Equity (Kunshan) Co., Ltd. was transferred and invested by CDIB Private Equity (China) Corporation.

Note 5: CDIB Venture Capital Corporation’s board of the shareholders meeting on July 20, 2020, that 100% of the CDIB Venture Capital (Hong Kong) Corporation Limited holdings were transferred to CDIB Capital Group through physical capital reduction, and July 27, 2020 was set as the reference date for physical capital reduction.

TABLE 6**CDIB CAPITAL GROUP AND SUBSIDIARIES****SUBSIDIARIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020**Consolidated entities

Investor Company	Subsidiaries	Main Business and Products	Percentage of Ownership		Note
			December 31, 2020	December 31, 2019	
The Corporation	CDIB Capital Management Corporation	Management and consulting	100.00	100.00	Note 1
	CDIB Venture Capital Corporation	Venture fund	100.00	100.00	
	CDIB Venture Capital (Hong Kong) Corporation Limited	Venture fund	100.00	-	
	CDIB Global Markets Limited	Investment	100.00	100.00	
	CDIB Capital Investment I Limited	Investment	100.00	100.00	
	CDIB Capital Investment II Limited	Investment	100.00	100.00	
	CDIB Capital International Corporation	Private equity advisory services	100.00	100.00	
CDIB Capital International Corporation	CDIB Capital International (Hong Kong) Corporation Limited	Private equity advisory services	100.00	100.00	Note 2 Note 3
	CDIB Capital International (USA) Corporation	Private equity advisory services	100.00	100.00	
	CDIB Capital International (Korea) Corporation	Private equity advisory services	100.00	100.00	
	CDIB Capital Asia Partners Limited	Private equity advisory services	100.00	100.00	
	CDIB Intelligence Partners Limited	Private equity advisory services	100.00	-	
	CDIB Buyout Partners Limited	Private equity advisory services	100.00	-	
CDIB Capital Investment I Limited	SCBS 1 Holding Corporation	Investment Holdings	100.00	100.00	Note 4
	CDIB X Finance I Holding Limited	Private equity advisory services	100.00	-	
CDIB Venture Capital Corporation	CDIB Venture Capital (Hong Kong) Corporation Limited	Venture fund	-	100.00	Note 1
CDIB Capital Management Corporation	CDIB Private Equity (Hong Kong) Corporation Limited	Management and consulting	100.00	100.00	
	CDIB Capital Innovation Advisors Corporation	Management and consulting	60.00	60.00	
CDIB Private Equity (Hong Kong) Corporation Limited	CDIB Private Equity Management (Kunshan) Enterprise (Limited Partnership)	Fund management	27.08	27.08	
	CDIB Private Equity (China) Corporation	Management and consulting	100.00	100.00	
	CDIB Private Equity Management (Fujian) Enterprise (Limited Partnership)	Fund management	56.00	56.00	
CDIB Private Equity (China) Corporation	CDIB Yida Private Equity (Kunshan) Co, Ltd.	Fund management	65.00	65.00	
	CDIB Private Equity (Fujian) Co., Ltd.	Fund management	70.00	70.00	
CDIB Private Equity (Fujian) Co., Ltd.	CDIB Private Equity Management (Fujian) Enterprise (Limited Partnership)	Fund management	20.00	20.00	
CDIB Yida Private Equity (Kunshan) Co, Ltd.	CDIB Private Equity Management (Kunshan) Enterprise (Limited Partnership)	Fund management	58.34	58.34	

(Continued)

- Note 1: CDIB Venture Capital Corporation’s board of the shareholders meeting on July 20, 2020, that 100% of the CDIB Venture Capital (Hong Kong) Corporation Limited holdings were transferred to CDIB Capital Group through physical capital reduction, and July 27, 2020 was set as the reference date for physical capital reduction.
- Note 2: CDIB Capital Intelligence Partners Limited conducted registration of establishment on February 28, 2020; however, it had not been injected any capital as of December 31, 2020.
- Note 3: CDIB Buyout Partners Limited conducted registration of establishment on November 10, 2020; however, it had not been injected any capital as of December 31, 2020.
- Note 4: CDIB X Finance I Holding Limited conducted registration of establishment on September 2, 2020.

(Concluded)

TABLE 7

CDIB CAPITAL GROUP AND SUBSIDIARIES

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

No. (Note 1)	Trader Company	Related Party	Flow of Transactions (Note 2)	Financial Statement Accounts	Amounts	Trading Terms	Transaction Amount/Total Consolidated Revenue or Total Consolidated Assets (Note 3)
1	CDIB Capital International (Hong Kong) Corporation Limited	CDIB Capital International Corporation	3	Consulting service revenues	\$ 268,355	Note 4	5,232.11%
2	CDIB Capital International Corporation	CDIB Capital International (Hong Kong) Corporation Limited	3	Operating expenses	268,355	Note 4	5,232.11%
2	CDIB Capital International Corporation	CDIB Global Markets Limited	3	Consulting service revenues	128,862	Note 4	2,512.42%
3	CDIB Global Markets Limited	CDIB Capital International Corporation	3	Operating expense	128,862	Note 4	2,512.42%

Note 1: The consolidated entities are identified in the No. column as follows: Parent company - 0; subsidiaries - numbered from 1 by company.

Note 2: Transaction flows are as follows: (1) from parent to subsidiary; (2) from subsidiary to parent; and (3) between subsidiaries.

Note 3: The ratio is calculated as follows: For asset and liability accounts - Transaction amount in the ending period/Total consolidated assets; for income and expense accounts - Transaction amount in the midterm/Total consolidated net profit.

Note 4: The transaction criteria for related parties are similar to those for third parties.

Note 5: Transactions each amounted to at least NT\$100 million.